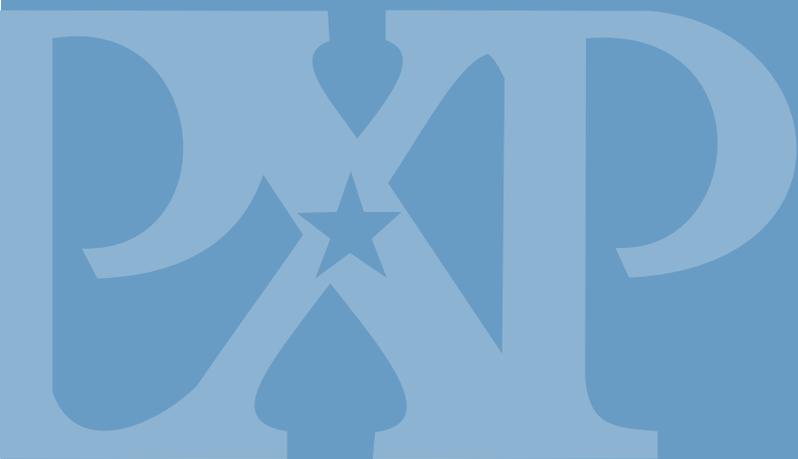


# PXP VIETNAM FUND LIMITED



Interim report (unaudited)  
for the six months ended 31 March 2014





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Interim report (unaudited)  
for the six months ended 31 March 2014

## 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

Financial position	31 March 2014	30 September 2013	% change
Total Net Assets	US\$88,473,000	US\$70,158,000	26.1%
Ordinary shares of US\$0.05 in issue	12,000,000	12,000,000	
Net Asset Value ("NAV") per share	US\$7.373	US\$5.847	26.1%
Share price	US\$6.93	US\$4.82	43.8%
Discount	6.0%	17.6%	

Results for the six-month period ended	31 March 2014	31 March 2013
Net profit	US\$18,301,000	US\$14,176,000
Earnings per share	US\$1.53	US\$1.18
Expense ratio <sup>1</sup>	2.39%	2.62%

### RELATIVE PERFORMANCE

Cumulative performance for periods to 31 March 2014	NAV per share	Viet Nam Index <sup>2</sup> (US\$)
	%	%
6 months	26.1	20.3
1 year	40.1	19.6
2 years	78.9	32.5
3 years	108.3	27.2
4 years	45.9	7.3
5 years	182.4	77.9
6 years	38.3	-12.5
7 years	-32.7	-58.0
8 years	61.1	-11.3
9 years	204.5	80.1
10 years	182.0	59.0

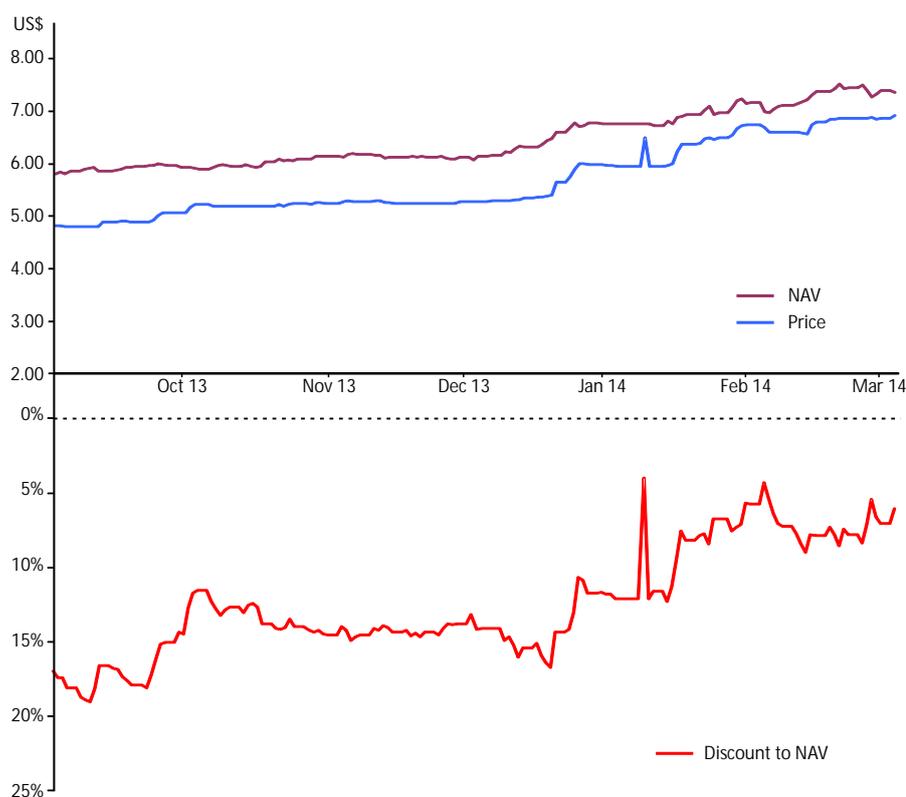
<sup>1</sup> The expense ratio is calculated as total expenses, excluding brokerage commissions, as a percentage of the average month-end net assets for the period, and is presented on an annualised basis.

<sup>2</sup> Viet Nam Index performance is presented in US dollar terms.

## OBJECTIVE AND HIGHLIGHTS (CONTINUED)

### SHARE PRICE

Share price and NAV per share movement in the period to 31 March 2014



Period's high and low

	Six months ended 31 March 2014	
	High	Low
NAV per share	US\$7.519	US\$5.813
Share price	US\$6.93	US\$4.80

Vietnam market data

	31 March 2014	30 September 2013	% change
Vietnamese dong / US dollar exchange rate	21,080	21,119	-0.2%
Viet Nam Index	591.57	492.63	20.1%
Viet Nam Index adjusted US\$ rate	395.47	328.72	20.3%

# INTERIM MANAGEMENT REPORT

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## CHAIRMAN'S STATEMENT

### Performance and outlook

Over the six months to 31 March 2014, the NAV per share of PXP Vietnam Fund Limited increased from US\$5.847 to US\$7.373, a gain of 26.1% compared to an increase in the Viet Nam Index ("VNI") in US dollar terms of 20.3% over the same period. The portfolio of the Company was invested predominantly in Vietnamese listed equities throughout the interim period and the strong performance included notable contributions from Ho Chi Minh City Securities Corporation with a 113% return, FPT Corporation with a 55% return and Hoa Phat Group JSC with a 50% return over the interim period.

The Vietnam macroeconomic situation remained stable through this interim period. The relatively low price inflation of 6.0% for the calendar year 2013 fell further to 4.4% year-on-year to March 2014, a trade surplus for the second consecutive year in 2013 was followed by a surplus of US\$1 billion for the first quarter of 2014, and the Vietnamese dong (the "Dong") continued to be markedly stable with a 0.2% appreciation against the US dollar over the interim period. Vietnam GDP growth of 5.4% for 2013 was an increase from the 2012 figure of 5.0%, but the usual trend of a slow start to the year has continued with GDP for the first quarter of 2014 being only 5.0% greater than the first quarter of 2013. Credit growth in the economy continued to be suppressed by the persisting high level of non-performing loans in the banking system, although the Vietnam Asset Management Company which started operations from July 2013 has made progress in dealing with bad debts.

The Vietnam stock markets moved steadily upwards from the start of the interim period from a closing low for the VNI of 470.16 points on 9 September 2013 to a close of 504.63 points on 31 December 2013. The rally accelerated from January 2014 with a 17% gain in the VNI for the first quarter of 2014 to reach 591.57 points on 31 March 2014. The pick-up in confidence and involvement from domestic investors over this period has been augmented by renewed foreign inflows. Average daily turnover on the Ho Chi Minh City Stock Exchange in March 2014 was US\$140 million, compared to an average daily turnover of US\$50 million for 2013.

After the period-end, the progress of the market was dampened by a tightening of margin lending to domestic retail investors. Then in early May 2014, the siting by a Chinese company of an exploration rig near the disputed Parcel Islands, off the east coast of Vietnam, caused a drop of 8.2% in the VNI over three trading days. After a few days of increased volatility, the market seems to have calmed and returned to an upward trend as at the date of approval of this interim report. Further volatility cannot be ruled out until such time that the repercussions of the ongoing dispute with China become clearer, but the medium-term outlook for the Vietnam stock markets remains positive due to stable economic conditions and the fundamental attractiveness of Vietnamese listed stocks.

### Share price

The share price of the Company increased from US\$4.82 to US\$6.93, a gain of 43.8% over the six-month period. The discount at which shares traded to the Net Asset Value of the Company was 17% at the start of the six-month period and narrowed progressively to 6% as at 31 March 2014, as shown in the graph on page 2. The increase in demand for the shares of the Company reflects a growing interest in the Vietnam market from international investors and recognition of the relative performance of the Company. After the period-end, the share price fell as low as US\$5.75 as the Vietnam stock markets reacted to the maritime dispute with China and the consequences thereof, before recovering and closing at US\$6.00 on 21 May 2014.

### C Share Offer

Following the recommendation of the Board of Directors, at the annual general meeting of the Company held on 31 May 2013 (the "2013 AGM") the shareholders passed a resolution to renew the authority given to the Board at the 2012 annual general meeting (the "2012 AGM") to issue up to 20 million C Shares on the same terms and conditions as approved at the 2012 AGM for a further one year from the date of the 2013 AGM.

## INTERIM MANAGEMENT REPORT (CONTINUED)

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### CHAIRMAN'S STATEMENT (CONTINUED)

#### C Share Offer (continued)

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.

As at the date of approval of this interim financial information, preparations are in progress for the launch of the C Share Offer.

The Directors have put forward a proposal for the consideration of shareholders at the annual general meeting of the Company that will take place on 30 May 2014 (the "2014 AGM") to renew the authority to issue up to 20 million C Shares on the same terms and conditions as approved at the 2012 AGM for a further three months from the date of the 2014 AGM. This extension is being requested to ensure that there is sufficient time to complete all of the listing formalities.

#### Directorate

There were no changes to the Board of Directors during the six-month period to 31 March 2014.

The Directors in office at the date of this interim report will be seeking re-election at the annual general meeting of the Company to be held on 30 May 2014.

Philip Smiley  
Chairman  
21 May 2014

## INTERIM MANAGEMENT REPORT (CONTINUED)

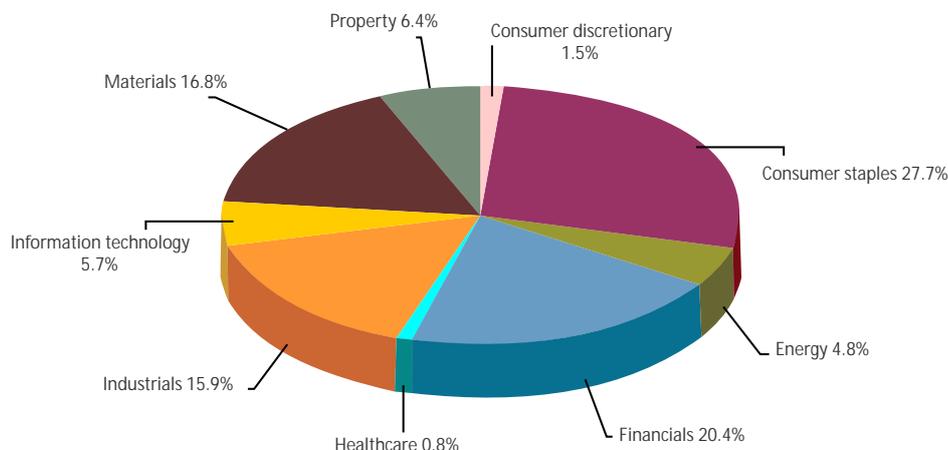


### INVESTMENT MANAGER'S REVIEW

#### Review of the interim period

During the period under review the Company's Net Asset Value ("NAV") per share increased by 26.1%, from US\$5.847 to US\$7.373. This compares with an increase in the Viet Nam Index ("VNI") of 20.3% in US dollar terms over the same period. The Vietnamese dong appreciated by 0.2% over the period under review. The table on page 1 presents NAV performance as compared to that of the VNI in US dollar terms for the stated periods to 31 March 2014.

An analysis of the portfolio at an industry sector level as at 31 March 2014 is included in Note 6 of the accompanying interim financial information and in the chart below.



#### Stock market

A strong performance in the period under review on increasingly bullish sentiment has been largely undone by unexpected developments in the past few weeks, with the Company's NAV per Share retreating to within 4.3% of its starting point by 13 May 2014 and thereby obviating any valid trumpeting by us of prior achievements. The tightening of margin lending facilities to domestic retail investors from mid-April 2014 gave pause to the VNI's impressive advance in the Company's financial year-to-date, before China's siting of an exploration rig off the disputed Paracel Islands in the Eastern Sea (known elsewhere as the South China Sea) in early May caused a one-day rout the like of which has rarely been seen in the Vietnam market, and the resultant unrest knocked the index to a traded low of 508.51 on 13 May 2014 which appears to be a point from which the market is willing to build a base as the situation calms down, or so it seems as at the time of writing.

#### Economy

The Vietnamese Government has undoubtedly made significant progress through the resolute application of consistently strong monetary policy over the past three years. The Dong has been among the most stable currencies in Asia during that period, obviously assisted to an extent by the managed exchange rate against the US dollar, but the pressures previously caused by high inflation and large trade deficits have been negated for the time being at least, and both are expected to continue to improve, the latter more so, and particularly over the longer term as trade surpluses become the norm.

## INTERIM MANAGEMENT REPORT (CONTINUED)

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### INVESTMENT MANAGER'S REVIEW (CONTINUED)

#### Economy (continued)

The Consumer Price Index rose by 6.04% in 2013, a steady improvement after the 18.6% and 9.3% levels recorded by the General Statistics Office for 2011 and 2012 respectively. The rate of inflation has continued to decline into 2014 with the latest reading, for April 2014, now at 4.45% on an annualised basis.

The move up the value chain driven by higher value add manufacturing as the country diversifies production from garments to electronics made a significant contribution to Vietnam achieving another trade surplus last year after the first for 20 years in 2012. This potentially sustained move from deficit to surplus several years ahead of expectations remains at the core of our bullishness from a macroeconomic standpoint, assisting the Government to attain its objectives of keeping inflation under control and the currency stable for considerably longer than the recent three-year boom-bust cycles.

Gross Domestic Product ("GDP") growth was somewhat anaemic for the first three quarters of 2013 at 5.1% after 5% for the whole of 2012 but accelerated in the fourth quarter to reach 5.4% for the full year. Although this compares somewhat poorly with the average of 7% achieved over the previous decade we are confident that 2014 will continue the trend, returning to the mean by the end of 2016. The first quarter of the year is traditionally the slowest period of the year because of the extended Lunar New Year holiday, and the 4.96% expansion for the first three months of 2014 should be compared with the 4.9% for the same period of 2013 rather than the later quarters. Foreign direct investment into the higher end manufacturing sector is picking up pace and although industrial production growth was rather disappointing last year it can be argued that Vietnam's industrial base has been in a period of retooling and retraining and that it is now ready to pick up the pace.

The Vietnamese Government's commitment to resolving the ongoing problem of non-performing loans and reducing inefficiencies at state-owned enterprises appears to remain a priority. The Vietnam Asset Management Company ("VAMC") eventually brought into operation in July 2013 has begun the task of resolving bad loans. The delays evident in the relatively slow progress to date have hampered economic growth but the steady pace of recent bond issuances by the VAMC should act to restore confidence in the Government's determination to follow through with its plans.

#### Outlook and strategy

Where we go from here is currently unclear given the sabre rattling offshore, with the sudden outpouring of anti-Chinese sentiment onshore making the long-term impact of recent events impossible to immediately predict even as macro and stock specific indicators continue to suggest better times ahead. None of what has happened is directly about the stock market since the real story has been the disruption of operations at foreign-owned companies, none of which is listed. A stock index is, however, among other things a barometer of confidence, and understandably Vietnamese stocks have suffered at least temporarily from a sentimental blow due to recent events.

Vietnam is heavily dependent on imports from China of the raw materials and components used in manufacturing and in turn foreign direct investment from, for example, Singapore, Taiwan, Japan and South Korea provides a large part of productive capacity and this dynamic is one of the main drivers of economic growth. One needs mainly at this point to be watchful in case recent events cause long-term damage to the reputation of Vietnam as a manufacturing and production base and thereby threaten continuing economic progress but unless or until this is proven to be the case we feel comfortable maintaining a bullish stance since the current landscape for listed equity remains benign, in our opinion.

A successful capital raising by the Company would demonstrate that we are not alone in this belief and we will be recommending the launch of the C Share Offer immediately after the Annual General Meeting on 30 May 2014 should Shareholders approve the extension of the authority to proceed with such plans.

On behalf of the Investment Manager

Kevin Snowball  
21 May 2014

## INTERIM MANAGEMENT REPORT (CONTINUED)

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### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets consist mainly of listed securities and the principal risks are market related such as price volatility and foreign exchange risk. The Company is exposed to market price risk on all of its investments. Currently over 99% of the investments of the Company are in equity securities of listed Vietnamese companies, resulting in a concentration of market price risk as the value of the financial assets of the Company are particularly heavily dependent on the performance of the Vietnamese stock exchanges. Other risks faced by the Company include performance risks, share price risks, regulatory risks, and control systems risks. These risks, and the way in which they are mitigated and managed, are described in more detail in the Summary Document prepared in connection with the admission to the Official List and trading on the London Stock Exchange's Main Market for listed securities dated 31 March 2010 and under the heading Principal Risks and Uncertainties within the Directors' report in the Annual Report for the year ended 30 September 2013, both of which may be found in the section relating to the Company on the website of PXP Vietnam Asset Management Limited: [www.pxpam.com](http://www.pxpam.com).

The siting by a Chinese company of an exploration rig in disputed waters off the coast of Vietnam in May 2014 may result in increased risks to the Vietnamese economy and stock market. Various risks and uncertainties may arise from this incident, including: uncertainty over the outcome of the dispute with China, uncertainty over the impact on trade with China, and the risk that anti-Chinese protests could damage Vietnam's position as a manufacturing and production base.

The Company's other principal risks and uncertainties have not changed materially since the Annual Report was published and are not expected to change materially for the remaining six months of the Company's financial year.

### RELATED PARTY TRANSACTIONS

Details of related party transactions during the period can be found in Note 11 to the accompanying condensed interim financial information.

### STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT TO THE INTERIM REPORT

The Directors confirm that, to the best of their knowledge:

- The condensed interim financial information on pages 10 to 22 has been properly prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.
- The interim management report on pages 3 to 7 includes a fair review of:
  - Important events that have occurred during the first six months of the financial year;
  - The impact of those events on the condensed interim financial information;
  - A description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - Details of any material related party transactions.

On behalf of the Board of Directors

Philip Smiley  
Chairman  
21 May 2014

## TEN LARGEST INVESTMENTS

Ten largest investments as at 31 March 2014		Valuation	% of NAV
Company and Activities		US\$'000	%
VNM	Viet Nam Dairy Products JSC <sup>3</sup> (Vinamilk) Production and distribution of dairy products	20,345	23.0
HCM	Ho Chi Minh City Securities Corporation Securities brokerage, research and investment banking	6,977	7.9
REE	Refrigeration Electrical Engineering Corporation Mechanical and engineering services, manufacture and distribution of white goods, office leasing and investments in utilities and energy production	6,400	7.2
HPG	Hoa Phat Group JSC Steel production	6,215	7.0
STB	Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank) Commercial banking	5,867	6.6
FPT	FPT Corporation Information and communications technology: mobile telephone distribution, systems integration, software outsourcing and development, provision of internet services and education	5,018	5.7
PVD	Petrovietnam Drilling and Well Services JSC Oil and natural gas drilling, drilling-related services and other technical services	4,239	4.8
HAG	Hoang Anh Gia Lai JSC Real estate development, rubber and sugar production, hydropower and mining	3,227	3.7
VSC	Vietnam Container Shipping JSC Port management and logistics	2,622	3.0
SSC	Southern Seed Corporation Research, production and trading of rice and corn seeds	2,519	2.8
Total		63,429	71.7

<sup>3</sup> "JSC" is an abbreviation for "Joint Stock Company"



## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF PXP VIETNAM FUND LIMITED**

### **Introduction**

We have reviewed the accompanying interim balance sheet of PXP Vietnam Fund Limited (“the Company”) as of 31 March 2014, the related interim income statement, interim statement of profit or loss and other comprehensive income, interim statement of changes in equity, interim statement of cash flows and other explanatory notes for the six-month period then ended.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, “Interim financial reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review and to report our conclusion solely to 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.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Ian S. Lydall  
Chairman

PricewaterhouseCoopers (Vietnam) Limited  
Ho Chi Minh City, SR Vietnam  
21 May 2014

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## INTERIM BALANCE SHEET

	Note	As at	
		31 March 2014	30 September 2013
		US\$'000 (Unaudited)	US\$'000 (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	6	88,387	69,833
Receivables and prepayments		20	154
Cash and cash equivalents		463	317
<b>Total assets</b>		<b>88,870</b>	<b>70,304</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Issued capital	7	600	600
Share premium		33,953	33,953
Cumulative translation reserve		(15,646)	(15,686)
Other reserve	12	(128)	(102)
Retained earnings		69,694	51,393
<b>Total equity</b>		<b>88,473</b>	<b>70,158</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Due to brokers		106	-
Accrued fees and other payables		291	146
<b>Total liabilities</b>		<b>397</b>	<b>146</b>
<b>Total equity and liabilities</b>		<b>88,870</b>	<b>70,304</b>
<b>Net asset value per share (US\$ per share)</b>	<b>8</b>	<b>7.373</b>	<b>5.847</b>

*The attached Notes 1 to 12 form an integral part of this condensed interim financial information.*

## INTERIM INCOME STATEMENT

	Note	Six months ended	
		31 March 2014	31 March 2013
		US\$'000 (Unaudited)	US\$'000 (Unaudited)
Dividend income		1,350	1,129
Net gains on financial assets at fair value through profit or loss	6	17,900	13,789
Net investment income		19,250	14,918
Management fee	11	(760)	(536)
Custodian, administration and secretarial fees		(54)	(42)
Transaction costs		(4)	(10)
Directors' fees	11	(52)	(52)
Foreign exchange loss - net		-	(3)
Other operating expenses - net		(79)	(99)
Total operating expenses		(949)	(742)
Profit before tax		18,301	14,176
Income tax expense		-	-
Net profit for the period		18,301	14,176
Earnings per share - basic (US\$ per share)	8	1.53	1.18

*The attached Notes 1 to 12 form an integral part of this condensed interim financial information.*

## INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended	
		31 March 2014	31 March 2013
		US\$'000 (Unaudited)	US\$'000 (Unaudited)
Net profit for the period		18,301	14,176
Other comprehensive income/(loss):			
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation differences		40	(205)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
C Shares issue fees	12	(26)	21
Total other comprehensive income/(loss) for the period		14	(184)
Total comprehensive income for the period		18,315	13,992

*The attached Notes 1 to 12 form an integral part of this condensed interim financial information.*

## INTERIM STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Cumulative translation reserve	Other reserve	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 October 2012	600	33,953	(15,012)	(111)	29,731	49,161
Net profit for the six month period	-	-	-	-	14,176	14,176
Other comprehensive income/(loss):						
Currency translation differences	-	-	(205)	-	-	(205)
C Shares issue fees (Note 12)	-	-	-	21	-	21
Total comprehensive income/(loss) for the period ended 31 March 2013	-	-	(205)	21	14,176	13,992
Balance at 31 March 2013 (Unaudited)	600	33,953	(15,217)	(90)	43,907	63,153
Net profit for the six month period	-	-	-	-	7,486	7,486
Other comprehensive loss:						
Currency translation differences	-	-	(469)	-	-	(469)
C Shares issue fees (Note 12)	-	-	-	(12)	-	(12)
Total comprehensive income/(loss) for the period ended 30 September 2013	-	-	(469)	(12)	7,486	7,005
Balance at 30 September 2013	600	33,953	(15,686)	(102)	51,393	70,158
Net profit for the six month period	-	-	-	-	18,301	18,301
Other comprehensive income/(loss):						
Currency translation differences	-	-	40	-	-	40
C Shares issue fees (Note 12)	-	-	-	(26)	-	(26)
Total comprehensive income/(loss) for the period ended 31 March 2014	-	-	40	(26)	18,301	18,315
Balance at 31 March 2014 (Unaudited)	600	33,953	(15,646)	(128)	69,694	88,473

*The attached Notes 1 to 12 form an integral part of this condensed interim financial information.*

## INTERIM STATEMENT OF CASH FLOWS

	Six months ended	
	31 March 2014	31 March 2013
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Cash flows from operating activities		
Purchases of financial assets	(1,463)	(2,341)
Proceeds from sales of financial assets	955	2,637
Dividends received	1,475	811
Operating expenses paid	(821)	(798)
	<hr/>	<hr/>
Net cash generated from operating activities	146	309
	<hr/>	<hr/>
Increase in cash and cash equivalents	146	309
Cash and cash equivalents at beginning of the period	317	223
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<u>463</u>	<u>532</u>

*The attached Notes 1 to 12 form an integral part of this condensed interim financial information.*

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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## 1. GENERAL INFORMATION

PXP Vietnam Fund Limited (“the Company”) is a closed-end investment company incorporated in the Cayman Islands on 7 May 2003 under the Companies Law, Cap. 22 (Revised) as an exempted company with limited liability. Its Certificate of Incorporation number is CR-125492.

The Company's shares are listed on the London Stock Exchange plc's Main Market for listed securities.

The address of the Company's registered office is:

CARD Corporate Services Ltd.  
Zephyr House, 122 Mary Street  
PO Box 709  
Grand Cayman, KY1-1107  
Cayman Islands

The principal activity of the Company is investment holding with an objective to seek long term capital appreciation of its assets by investing in a portfolio of equity securities of listed or prelisting Vietnamese companies, whether established with domestic or foreign ownership.

This condensed interim financial information was approved for issue on 21 May 2014.

This condensed interim financial information has been reviewed, not audited.

## 2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 31 March 2014 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2013, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The condensed interim financial information is presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

### 2.1 Going concern

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. The Company therefore continues to adopt the going concern basis in preparing this condensed interim financial information.

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 September 2013, except as described below.

The following amendment to a standard is mandatory for the first time for the financial year beginning 1 October 2013 and has been adopted by the Company in this condensed interim financial information:

- IFRS 13 *Fair Value Measurement*: The disclosures about fair value of financial instruments required by IAS 34 paragraph 16A(j) have been included. See Note 5.3.

There are no other new or amended IFRSs or IFRIC interpretations that are mandatory for the first time for the financial year beginning 1 October 2013 that have an impact on the condensed interim financial information of the Company.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 4. ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2013.

### 5. FINANCIAL RISKS

#### 5.1 Financial risk factors

The Company invests in equity securities for the long term so as to secure its investment objective, as set out in Note 1. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets. These risks include market price risk, interest rate risk, credit risk, liquidity risk, currency risk and conversion risk.

The interim condensed financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at 30 September 2013.

There have been no changes in the risk management policies employed by the Company since 30 September 2013.

#### 5.2 Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than one month	One month to 12 months
	US\$'000	US\$'000
At 31 March 2014		
Due to brokers	106	-
Accrued fees and other payables	181	110
	<u>287</u>	<u>110</u>
Contractual cash out flows	<u>287</u>	<u>110</u>
At 30 September 2013		
Accrued fees and other payables	15	131
	<u>15</u>	<u>131</u>
Contractual cash out flows	<u>15</u>	<u>131</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 5. FINANCIAL RISKS (CONTINUED)

#### 5.3 Fair value estimation

Financial instruments carried at fair value are analysed using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents the Company's financial assets (by class) that are measured at fair value.

	Level 1	Level 2	Level 3	Total balance
	US\$'000	US\$'000	US\$'000	US\$'000
At 31 March 2014				
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	88,199	188	-	88,387
Total financial assets measured at fair value	88,199	188	-	88,387
At 30 September 2013				
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	69,833	-	-	69,833
Total financial assets measured at fair value	69,833	-	-	69,833

All fair value measurements disclosed are recurring fair value measurements.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 5. FINANCIAL RISKS (CONTINUED)

#### 5.3 Fair value estimation (continued)

##### Transfers between levels

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. The following table presents the transfers between levels:

	Level 1	Level 2	Level 3
	US\$'000	US\$'000	US\$'000
Six months ended 31 March 2014			
Transfer between Levels 1 and 2:			
- Equity securities	(188)	188	-

In the interim period to 31 March 2014, the Company transferred one equity holding from Level 1 to Level 2 when the issuer, an investment fund, was delisted from the Ho Chi Minh City Stock Exchange prior to its conversion from a closed-end to an open-ended fund. In the interim period to 31 March 2013, there were no reclassifications of financial assets and no transfers between levels.

In the interim period to 31 March 2014, there were no significant changes in business circumstances that affect the fair value of the Company's financial assets and financial liabilities. Changes in economic circumstances affect the fair value of the Company's financial assets, including the movement in market prices of equities in Vietnam. A commentary on the significant changes is included in the Interim Management Report on pages 3 to 7 of this interim report.

##### Financial instruments in Level 1

The fair values of financial assets traded in active markets are based on their closing prices at the last official close of the relevant stock exchange on or before the balance sheet date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. These instruments are included in Level 1. Instruments included in Level 1 comprise equities listed on the Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange which are designated as financial assets at fair value through profit or loss.

##### Financial instruments in Level 2

The Level 2 financial asset as at 31 March 2014 is a holding in the redeemable shares of an open-ended fund which are not traded in an active market. The fair values of investments in shares of funds that are not traded in an active market are based on the NAV per share of the funds. Management uses its judgement to assess if a premium or discount, if any, should be applied to the NAV figures. As this fund permits its shares to be redeemed on a fortnightly basis with one day's notice at NAV per share, the investment in redeemable shares held in this fund is valued at the latest published NAV per share at the balance sheet date.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 March 2014	30 September 2013
	US\$'000	US\$'000
Financial assets designated at fair value through profit or loss at inception		
- Listed equity securities	88,199	69,833
- Unlisted equity security	188	-
Total financial assets at fair value through profit or loss	88,387	69,833

Movements in financial assets at fair value through profit or loss in the periods:

	Six months ended	
	31 March 2014	31 March 2013
	US\$'000	US\$'000
Opening balance	69,833	49,151
Purchases	1,569	2,228
Sales proceeds	(955)	(3,013)
Net gains recognised in profit or loss	17,900	13,789
Difference arising on translation to presentation currency	40	(206)
Closing balance	88,387	61,949

As at 31 March 2014 and as at 30 September 2013 all of the financial assets at fair value through profit or loss were denominated in Vietnamese dong. The Vietnamese dong/US dollar exchange rate at 31 March 2014 was 21,080 (30 September 2013: 21,119).

Analysis of financial assets at fair value through profit or loss by industrial sector at the balance sheet dates:

	As at			
	31 March 2014		30 September 2013	
	US\$'000	%	US\$'000	%
Consumer discretionary	1,299	1.5	946	1.4
Consumer staples	24,483	27.7	24,111	34.5
Energy	4,239	4.8	3,039	4.4
Financials	18,050	20.4	11,522	16.5
Healthcare	715	0.8	444	0.6
Industrials	14,082	15.9	11,232	16.1
Information technology	5,018	5.7	3,231	4.6
Materials	14,865	16.8	11,509	16.5
Property	5,636	6.4	3,799	5.4
	88,387	100.0	69,833	100.0

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 31 March 2014, the value of one holding in the equity of an issuer within the consumer staples sector is 23.0% of the net asset value of the Company (30 September 2013: 29.0%). There is no other holding with value exceeding 10% of the net asset value of the Company as at 31 March 2014 or as at 30 September 2013.

The Company does not hold any interests of more than 10% in the equity of the issuers.

Net gains arising from changes in the fair values of financial assets in the periods:

	Six months ended	
	31 March 2014	31 March 2013
	US\$'000	US\$'000
Net realised gains on sales of equity securities	168	897
Net unrealised gains on equity securities	17,732	12,892
	17,900	13,789
	17,900	13,789

Net gains arising from changes in the fair values of financial assets as presented above is calculated with reference to the fair values of equity securities held at the start of the period and the costs of equity securities purchased during the period.

### 7. SHARE CAPITAL

The Company's authorised share capital as at 31 March 2014 and as at 30 September 2013 is 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 31 March 2014 and as at 30 September 2013, 12,000,000 Ordinary Shares were issued and fully paid and no C Shares were issued.

Under English law, shares of non-UK companies cannot be held or transferred directly in CREST, which is the UK system for the paperless settlement of trades in securities and the holding of uncertificated securities. Accordingly, the Company has appointed Capita IRG Trustees Limited as its depository to constitute and issue depository interests representing securities issued by the Company. The depository interests may be held, transferred and settled in the CREST system. The Ordinary Shares of the Company are held on trust for the holders of the depository interests. CREST is a voluntary system and shareholders who wish to retain share certificates are able to do so.

As at 31 March 2014 and as at 30 September 2013, Capita IRG Trustees (Nominees) Limited held 11,281,749 (94.0%) of the Company's issued Ordinary Shares. Of the 11,281,749 depository interests that have been issued as at 31 March 2014, Euroclear Nominees Limited holds 5,877,752 depository interests representing 49.0% of the Company's issued Ordinary Shares (30 September 2013: 6,707,846 depository interests) and Citibank Nominees (Ireland) Limited holds 2,581,520 depository interests representing 21.5% of the Company's issued Ordinary Shares (30 September 2013: 3,059,043 depository interests) for the purpose of clearance of such shares through the clearing houses Euroclear and Clearstream Banking S.A., respectively.

Based on information available to the Company, there was one investor with a beneficial interest of more than 10% in the Ordinary Shares of the Company as at 31 March 2014, with an interest of 10.1% (30 September 2013: 10.1%). On 1 April 2014, this beneficial interest was reduced to 9.6% by a sale of shares.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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### 8. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

The net asset value per share is based on net assets of US\$88,473,000 (30 September 2013: US\$70,158,000) and 12,000,000 Ordinary Shares (30 September 2013: 12,000,000) being the number of shares in issue at the period end.

The basic earnings per share is based on 12,000,000 Ordinary Shares (30 September 2013: 12,000,000) being the weighted average number of shares in issue during the period. During the period, the Company did not have dilutive ordinary shares.

### 9. SEGMENT INFORMATION

The Chief Executive Officer ("CEO") of the Investment Manager makes the strategic resource allocations on behalf of the Company. The CEO is responsible for the Company's entire portfolio and makes decisions based on a single, integrated investment strategy with the performance of the Company being evaluated on an overall basis. The internal reports which the CEO uses are prepared on a consistent basis with the recognition and measurement principles of IFRS. Based on the structure of internal reviews, the CEO considers that the Company operates in a single operating segment and there has been no change in the way the Company operates in the interim period to 31 March 2014.

The Company is domiciled in the Cayman Islands and invests only in Vietnamese companies. As at 31 March 2014, the Company is invested in listed Vietnamese companies and one unlisted Vietnamese open-ended fund.

The Company has a diversified shareholder population. The majority of the shares are held on trust by a depository which issues depository interests which may be transferred and settled electronically on the London Stock Exchange. See details in Note 7.

### 10. SEASONALITY

Due to the nature of its business, the Company is not subject to any seasonal fluctuations that have a material impact on the results of the Company within a financial year.

### 11. RELATED PARTY DISCLOSURES

#### Directors

There has been no change to the basis of calculation of Directors' remuneration or to the amounts payable per annum in the six month period to 31 March 2014.

Total Directors' remuneration accrued for the six month period to 31 March 2014 amounted to US\$52,000 (six month period to 31 March 2013: US\$52,000).

#### Investment Manager

There has been no change to the basis of calculation of management fee in the six month period to 31 March 2014.

Total management fee for the six month period to 31 March 2014 amounted to US\$760,000 (six month period to 31 March 2013: US\$536,000) and there was no outstanding fee payable at 31 March 2014 and at 30 September 2013.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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### 12. PROPOSED C SHARE OFFER

Following the recommendation of the Board of Directors, at the annual general meeting of the Company held on 31 May 2013 (the "2013 AGM") the shareholders passed a resolution to renew the authority given to the Board at the 2012 annual general meeting (the "2012 AGM") to issue up to 20 million C Shares on the same terms and conditions as approved at the 2012 AGM for a further one year from the date of the 2013 AGM.

As at the date of approval of this interim financial information, preparations are in progress for the launch of the C Share Offer.

The Directors have put forward a proposal for the consideration of shareholders at the annual general meeting of the Company that will take place on 30 May 2014 (the "2014 AGM") to renew the authority to issue up to 20 million C Shares on the same terms and conditions as approved at the 2012 AGM for a further three months from the date of the 2014 AGM. This extension is being requested to ensure that there is sufficient time to complete all of the listing formalities.

Professional fees and expenses incurred to date in connection with the proposed C Share Offer were recognised within the statement of comprehensive income and posted to "Other reserve" until such time that the proceeds of the issue of C Shares are available for set-off. In the interim period to 31 March 2014, the estimate of fees and expenses incurred has increased by US\$26,000 and this amount has been debited to Other reserve. The total debit balance in Other reserve at 31 March 2014 is US\$128,000 (30 September 2013: US\$102,000).

# DIRECTORY

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## DIRECTORS

Philip Smiley  
Urs Bolzern  
Antony Jordan  
Trinh Thanh Mai  
Christopher Vale

## COMPANY SECRETARY AND REGISTERED OFFICE

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## ADMINISTRATOR

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