

Interim report (unaudited)
for the six months ended 30 June 2012

VIETNAM EMERGING EQUITY FUND LIMITED



Contents

Objective and financial summary	1
Directors' report	2 - 3
Investment Manager's review	4 - 6
Interim balance sheet	7
Interim statement of comprehensive income	8
Interim statement of changes in equity	9
Interim statement of changes in net assets attributable to participating shareholders	10 - 11
Interim statement of cash flows	12
Notes to the condensed interim financial information	13 - 21
Directory	22

OBJECTIVE AND FINANCIAL SUMMARY

OBJECTIVE

The investment objective of Vietnam Emerging Equity Fund Limited ("the Fund" or "the Company") is 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. The Fund may also invest up to 30% of its assets at the time of investment in the shares of overseas listed companies.

FINANCIAL SUMMARY

Financial Position	30 June 2012	31 December 2011	% change
Total Net Assets	US\$34.3m	US\$27.5m	24.81%
Participating shares of US\$0.05 in issue	8,264,515	8,308,692	-0.53%
Net Asset Value ("NAV") per share (average)	US\$4.155	US\$3.311	25.49%
NAV per share (lead series)	US\$4.167	US\$3.311	25.85%
Vietnamese Dong ("VND")/US Dollar ("US\$") exchange rate	20,888	21,033	0.69%
Viet Nam Index	422.37	351.55	20.15%
Viet Nam Index adjusted US\$ rate	284.95	235.54	20.98%

Results for the six-month period ended	30 June 2012	30 June 2011
Net profit/(loss) for the period	US\$6.8m	(US\$4.8m)
Expense ratio ¹	1.44%	1.86%

¹ The expense ratio is calculated as total expenses for the period, excluding brokerage commissions, as a percentage of the average month-end net assets for the period, not annualised.

DIRECTORS' REPORT

PERFORMANCE AND OUTLOOK

During the six month period ended 30 June 2012, the Net Asset Value per share for the lead series of Vietnam Emerging Equity Fund Limited increased by 25.85%, from US\$3.311 to US\$4.167. This compares with an increase in the Viet Nam Index ("VNI") of 20.98% in US dollar terms over the same period.

After the disappointing performance of the Vietnam stock market in 2011 which was due in a large part to domestic macroeconomic factors and in particular the tight monetary policies applied by the Government to address escalating inflation, a rally began in January 2012 which brought the VNI from a low of 336.73 points on 6 January 2012 up to 488.07 points at close on 8 May 2012. The turnaround in performance of the stock market was attributable to the realisation by investors that Government policies were delivering the intended results and the growing belief in a healthier outlook for the Vietnamese economy. After peaking at over 23% year-on-year in August 2011, the reduction in price inflation has continued into 2012, with the consumer price index down to 6.9% year-on-year by June 2012. The Vietnamese Dong (the "Dong") has continued to be relatively stable since the February 2011 devaluation of 9%, devaluing by 1.1% over the remainder of 2011 and strengthening by 0.6% over the six months to 30 June 2012. Lower inflation and a more stable currency have facilitated a controlled reduction in interest rates, by 5% from March to June 2012.

The rally up to 8 May 2012 was followed by a period of retracement with the VNI falling to 422.37 by 30 June 2012. The main concerns weighing on market participants during this period being a slowdown in GDP growth – to 4.38% in the first half of 2012, the extent of bad debts in the domestic banking system and the continual gloomy state of the global economy.

After the period-end, the arrest of a co-founder of Asia Commercial Bank triggered a sell-off in the Vietnam stock market from 21 August 2012, with the VNI falling from 437.28 to 385.78 points in just over a week. The market has remained nervous up to the date of this report, with a number of further arrests amid uncertainty as to whether these are isolated cases or part of a wider crackdown on alleged corporate transgressions.

The heightened aversion to risk in the international investment community has meant that the Vietnam stock market has not benefited from substantial inflows in the year to date. At such point in time that international investors become less risk adverse and increase allocations for frontier markets, the relative value of stocks in the Vietnam market should attract renewed interest, especially if progress can be made in rationalisation of the banking system and the economic environment of reduced inflation, lower interest rates and a relatively stable currency is maintained.

PRINCIPAL RISKS AND UNCERTAINTIES

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 one particular market being the Vietnamese market, resulting in the Company being heavily dependent on the performance of this particular market. Other risks faced by the Company include performance risks, regulatory risks and control systems risks. These risks are described in the Prospectus of the Company dated January 2010 and updated in September 2011 and more details on the market risks are included in the Financial Risks note in the Annual Report for the year ended 31 December 2011, both of which documents may be found in the section relating to the Company on the website of PXP Vietnam Asset Management Limited: www.pxpam.com. The Company's principal risks and uncertainties have not changed materially since the Annual Report for the year ended 31 December 2011 was published and are not expected to change materially for the remaining six months of the Company's financial year.

DIRECTORS' REPORT (CONTINUED)

RELATED PARTY TRANSACTIONS

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

THE BOARD OF DIRECTORS

The members of the Board of Directors during the period and to the date of this report were:

Mr Gregory Hazlett
Mr Antony Jordan
Mr Christopher Vale

DIRECTORS' INTERESTS

At no time during the period and to the date of this report did any director have a direct or indirect interest in the shares of the Company, and the Company has not been a party to any arrangement to enable the directors of the Company to acquire any direct or indirect interest in the shares of the Company.

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

We confirm that the condensed interim financial information has been properly prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

On behalf of the Board of Directors

Gregory Hazlett
Director
11 September 2012

INVESTMENT MANAGER'S REVIEW

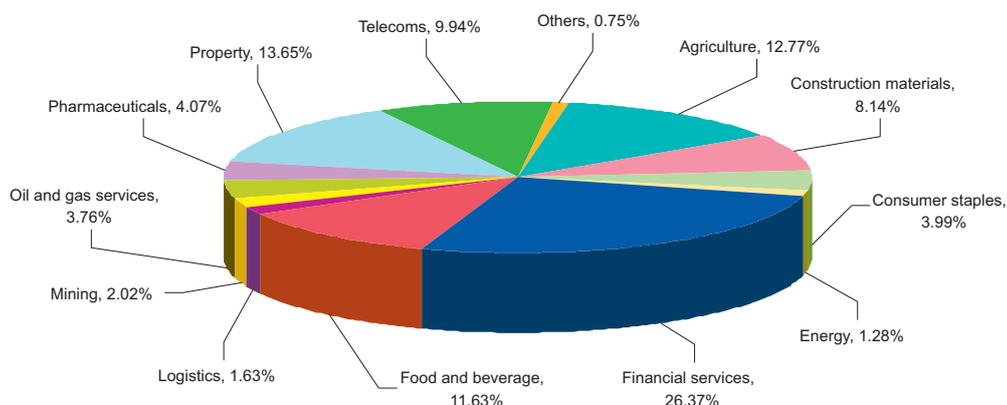


REVIEW OF THE INTERIM PERIOD

During the period under review the Fund's Net Asset Value ("NAV") per share for the lead series increased by 25.85%, from US\$3.311 to US\$4.167. This compares with an increase in the Viet Nam Index ("VNI") of 20.98% in US dollar terms over the same period. The Vietnamese Dong (the "Dong") appreciated by 0.69% over the period under review. The table below represents NAV performance of the lead series as compared to that of the VNI in US dollar terms for the stated periods to 30 June 2012:

	NAV (lead series)	VNI (US\$)
	%	%
6 MONTHS	25.85	20.98
1 YEAR	11.36	-4.09
2 YEARS	-22.70	-23.98
3 YEARS	-8.32	-19.71
4 YEARS	-3.30	-14.73
5 YEARS	-65.68	-68.17
6 YEARS	-36.99	-37.26

An analysis of the portfolio at an industry sector level as at 30 June 2012 is included in Note 6 of the accompanying interim financial information and in the chart below.



INVESTMENT MANAGER'S REVIEW (CONTINUED)

STOCK MARKET

The first half of the Company's Financial Year represented the best start to a calendar year for both the Company and the Viet Nam Index since 2009. At the closing high on 8 May 2012 the VNI was up by 40.1% and was behind only the Hanoi Index (up 43.8%) at the head of Asian market year-to-date returns.

The Vietnamese stock market somewhat unexpectedly thereafter quickly embraced the old adage "sell in May and go away" as investor focus turned from macroeconomic improvements in terms of sharply lower inflation, persistent currency stability and a much-reduced trade deficit to slowing GDP growth, rising non-performing loans and a halt in credit growth. Over the remaining seven weeks or so of the period under review the index pulled back by a little over 14% as profits were taken and interest waned.

Subsequent to the end of the period under review 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, whilst subsequent arrests suggest a broadening investigation into alleged financial wrongdoings so that the market remains in a somewhat jittery state at the time of writing.

ECONOMY

A determined and consistent shift in the focus of monetary policy since the most recent currency devaluation in February 2011 from "growth above everything" toward promoting financial stability has resulted in dramatic improvements in the originally targeted areas of greatest stress within the macroeconomic environment, namely high inflation and the absence of confidence in the domestic currency. The annual rate of inflation peaked in August 2011 at 23.2% and had fallen to 5.0% with the release of the August 2012 data, whilst the Dong has exhibited remarkable stability over the past 18 months or so, trading within a range less than 3% either side of the level set at the date of the last devaluation, and having at no stage to the time of writing been more than 1.7% weaker than that level. A dramatic improvement in the balance of trade has reinforced the stability of the currency, with a US\$150 million deficit at the end of August unlikely to expand to anything more than half of 2011's US\$10.5 billion deficit even allowing for an expected pick-up in imports as the broader economy begins to recover through internal and external stimulus.

The high interest rate regime which was the main contributor to these improvements caused some collateral damage along the way, however, with GDP growth slowing fairly dramatically during 2012 to the extent that the original full year target of 6 to 6.5% has now been lowered to 5.25%, and with many commentators feeling that even that reduced level of ambition is over-optimistic. Credit growth has been negligible year-to-date with banks so far unwilling to lend aggressively even after interest rates were reduced by five percentage points between March and June 2012 due to the previously high rates having contributed to a spike in non-performing loans (NPLs). Official estimates of system NPLs are at around 4% but various government officials including the State bank Governor have recently confirmed market fears that the real level is much higher. We do not for a moment believe recent suggestions that the Vietnamese government will be forced to go cap-in-hand to the International Monetary Fund for a US\$12 to 15 billion system bail-out but rather feel that recognition of the problem is the first step toward finding a less drastic solution.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

OUTLOOK AND STRATEGY

As everyone knows, markets don't like uncertainty and given the current state of play in Vietnam it is difficult to predict when sentiment will improve. Our view of the current crackdown on alleged financial malfeasance is that progress is under way in terms of reforming the way that participants in the economy and the financial markets behave. Once the ramifications of recent developments become clear and when a plan for dealing with the bad debts in the system is announced we are of the opinion that focus will return to the long-term appeal of Vietnam. Whilst this uncertainty persists we expect other markets to prove more attractive to international investors, but we are optimistic that the corner is not too far away. In the meantime we will do our utmost to protect the gains made so far this year within the context of our mandate, and continue to believe that holding the highest quality stocks available in the market is the best route to achieving superior long-term returns.

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

On behalf of the Investment Manager

Kevin Snowball

11 September 2012

INTERIM BALANCE SHEET

	Notes	As at	
		30 June 2012	31 December 2011
		US\$ (Unaudited)	US\$ (Audited)
Assets			
Current assets			
Financial assets at fair value through profit or loss	6	34,312,133	27,288,597
Other receivables and prepayments		44,481	90,505
Cash and cash equivalents		122,922	207,486
Total assets		34,479,536	27,586,588
Equity			
Management shares	7	100	100
Total equity		100	100
Liabilities			
Current liabilities			
Accrued fees and other payables		139,586	72,313
Total liabilities (excluding net assets attributable to participating shareholders)		139,586	72,313
Net assets attributable to participating shareholders	7	34,339,850	27,514,175
Total equity and liabilities		34,479,536	27,586,588
Net asset value per participating share (average)	8	4.155	3.311
Net asset value per participating share (lead series)	8	4.167	3.311

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended	
		30 June 2012	30 June 2011
		US\$ (Unaudited)	US\$ (Unaudited)
Interest income		-	24,875
Dividend income		847,255	467,517
Net gains/(losses) on financial assets at fair value through profit or loss	6	6,430,467	(4,758,664)
Net investment income/(loss)		7,277,722	(4,266,272)
Management fee	11	(329,458)	(250,548)
Performance fee	11	(98,313)	-
Custodian, administration and secretarial fees		(38,575)	(50,663)
Transaction costs		(11,581)	(68,236)
Directors' fees	11	(13,352)	(13,392)
Foreign exchange gain/(loss) – net	12	2,912	(105,415)
Other operating expenses		(15,619)	(25,726)
Total operating expenses		(503,986)	(513,980)
Profit/(loss) before tax		6,773,736	(4,780,252)
Income tax expense		-	(798)
Net profit/(loss) for the period		6,773,736	(4,781,050)
Other comprehensive income/(loss)			
Currency translation differences		151,711	(1,414,294)
Total comprehensive income/(loss) for the period		6,925,447	(6,192,344)

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

INTERIM STATEMENT OF CHANGES IN EQUITY

	Management shares
	US\$
Balance at 1 January 2011	100
Balance at 30 June 2011 (unaudited)	100
Balance at 31 December 2011	100
Balance at 30 June 2012 (unaudited)	100

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

INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTICIPATING SHAREHOLDERS

	Net assets attributable to participating shareholders
	US\$
Balance at 1 January 2011	29,028,634
Comprehensive loss	
Net loss for the six month period	(4,781,050)
Other comprehensive loss	
Currency translation differences	(1,411,294)
Total comprehensive loss for the period ended 30 June 2011	(6,192,344)
Transactions with participating shareholders	
Proceeds from redeemable shares issued	9,250,000
Redemptions of redeemable shares	(5,773,464)
Total transactions with participating shareholders for the period ended 30 June 2011	3,476,536
Balance at 30 June 2011 (unaudited)	26,312,826
Comprehensive loss	
Net loss for the six month period	(3,119,412)
Other comprehensive loss	
Currency translation differences	(582,313)
Total comprehensive loss for the period ended 31 December 2011	(3,701,725)
Transactions with participating shareholders	
Proceeds from redeemable shares issued	5,500,000
Redemptions of redeemable shares	(596,926)
Total transactions with participating shareholders for the period ended 31 December 2011	4,903,074
Balance at 31 December 2011	27,514,175

INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTICIPATING SHAREHOLDERS (CONTINUED)

	Net assets attributable to participating shareholders
	US\$
Balance at 1 January 2012	27,514,175
Comprehensive income	
Net profit for the six month period	6,773,736
Other comprehensive income	
Currency translation differences	151,711
	<hr/>
Total comprehensive income for the period ended 30 June 2012	6,925,447
	<hr/>
Transactions with participating shareholders	
Proceeds from redeemable shares issued	1,250,000
Redemptions of redeemable shares	(1,349,772)
	<hr/>
Total transactions with participating shareholders for the period ended 30 June 2012	(99,772)
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Balance at 30 June 2012 (unaudited)	34,339,850
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The attached Notes 1 to 12 form an integral part of this condensed interim financial information.

INTERIM STATEMENT OF CASH FLOWS

	Six months ended	
	30 June 2012	30 June 2011
	US\$ (Unaudited)	US\$ (Unaudited)
Cash flows from operating activities		
Purchases of financial assets at fair value	(3,831,093)	(5,382,809)
Proceeds from sales of financial assets at fair value	3,394,025	2,226,826
Dividends received	891,843	446,647
Interest received	-	7,982
Operating expenses paid	(439,567)	(670,937)
Income tax paid	-	(798)
	15,208	(3,373,089)
Cash flows from financing activities		
Proceeds from redeemable shares issued	1,250,000	9,250,000
Redemptions of redeemable shares	(1,349,772)	(5,359,768)
	(99,772)	3,890,232
Net (decrease)/increase in cash and cash equivalents	(84,564)	517,143
Cash and cash equivalents at beginning of the period	207,486	97,000
Cash and cash equivalents at end of the period	122,922	614,143

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Vietnam Emerging Equity Fund Limited (“the Fund” or “the Company”) was incorporated in the Cayman Islands on 25 July 2005 under the Companies Law, Cap. 22 (Revised) as an exempted company with limited liability. Its Certificate of Incorporation number is CD-152440.

Initially the Company was a closed-end investment company. The Company converted to an open-ended mutual fund effective from 29 January 2010.

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 Fund 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. The Company may also invest up to 30% of its assets at the time of investment in the shares of overseas listed companies.

This condensed interim financial information was approved for issue on 11 September 2012.

This condensed interim financial information has neither been audited nor reviewed by the auditors.

2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2012 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 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

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 31 December 2011, as described in those annual financial statements.

There are no new or amended IFRSs or IFRIC interpretations that are mandatory for the first time for the financial year beginning 1 January 2012 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 31 December 2011.

5. FINANCIAL RISKS

5.1 Financial risk factors

The Company is exposed to 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 31 December 2011.

There have been no changes in the risk management policies employed by the Company since 31 December 2011.

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.

At 30 June 2012

	Less than one month	One month to 12 months	No stated maturity
	US\$	US\$	US\$
Performance fee accrual	-	98,313	-
Administration and custodian fees payable	17,750	-	-
Directors' fee accruals	-	13,352	-
Legal and professional fees accruals	-	9,891	-
Other payables and accruals	280	-	-
Contractual cash out flows	18,030	121,556	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISKS (CONTINUED)

5.2 Liquidity risk (continued)

At 31 December 2011

	Less than one month	One month to 12 months	No stated maturity
	US\$	US\$	US\$
Administration and custodian fees payable	5,450	-	-
Directors' fees payable	-	27,000	-
Legal and professional fees accruals	20,675	19,000	-
Other payables and accruals	188	-	-
Contractual cash out flows	26,313	46,000	-

5.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's financial assets that are measured at fair value:

At 30 June 2012

	Level 1	Level 2	Level 3	Total balance
	US\$	US\$	US\$	US\$
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	32,957,640	-	1,354,493	34,312,133
Total financial assets	32,957,640	-	1,354,493	34,312,133

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISKS (CONTINUED)

5.3 Fair value estimation (continued)

At 31 December 2011

	Level 1	Level 2	Level 3	Total balance
	US\$	US\$	US\$	US\$
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	25,493,051	-	1,795,546	27,288,597
Total financial assets	25,493,051	-	1,795,546	27,288,597

In the interim period to 30 June 2012, there were no reclassifications of financial assets and no transfers between levels.

In the interim period to 30 June 2012, 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 and appreciation of the Dong during the period. A commentary on the significant changes is included in the Investment Manager's review on pages 4 to 6 of this interim report.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2012	31 December 2011
	US\$	US\$
Financial assets designated at fair value through profit or loss at inception:		
- Listed equity securities	32,957,640	25,493,051
- Prelisting equity securities	1,354,493	1,795,546
Total financial assets at fair value through profit or loss	34,312,133	27,288,597

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

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

	Six months ended	
	30 June 2012	30 June 2011
	US\$	US\$
Opening balance	27,288,597	29,394,717
Purchases	3,831,093	5,382,809
Sales	(3,394,025)	(2,147,492)
Net gains/(losses) recognised in profit or loss	6,430,467	(4,758,664)
Difference arising on translation to presentation currency	156,001	(1,499,141)
	34,312,133	26,372,229

Analysis of financial assets by country of incorporation of issuers at the balance sheet dates:

	As at	
	30 June 2012	31 December 2011
	US\$	US\$
SR Vietnam	34,056,815	27,088,681
Singapore	68,615	52,500
Cayman Islands	186,703	147,416
	34,312,133	27,288,597

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

Analysis of financial assets between industry group of issuers at the balance sheet dates:

	As at			
	30 June 2012		31 December 2011	
	US\$	%	US\$	%
Agriculture	4,382,655	12.77	3,586,339	13.14
Construction materials	2,791,545	8.14	1,729,646	6.34
Consumer staples	1,367,469	3.99	630,271	2.31
Energy	438,825	1.28	317,321	1.16
Financial services	9,049,036	26.37	6,361,198	23.31
Food and beverage	3,988,394	11.63	3,371,653	12.36
Furniture	27,757	0.08	19,324	0.07
Logistics	560,729	1.63	456,555	1.67
Mining	694,127	2.02	652,039	2.39
Oil and gas services	1,290,575	3.76	986,956	3.62
Pharmaceuticals	1,397,138	4.07	1,264,290	4.63
Plastics	-	-	1,056,623	3.87
Property	4,683,033	13.65	3,705,867	13.58
Steel	161,530	0.47	92,432	0.34
Technology	68,615	0.20	52,500	0.20
Telecoms	3,410,705	9.94	3,005,583	11.01
	34,312,133	100.00	27,288,597	100.00

As at 30 June 2012, the value of one holding in the equity of an issuer within the financial services sector is 10.19% of the net asset value of the Company (31 December 2011: 11.27%). There are no other holdings with value exceeding 10% of the net asset value of the Company as at 30 June 2012 or 31 December 2011.

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

Net gains/(losses) arising from changes in the fair values of financial assets in the periods:

	Six months ended	
	30 June 2012	30 June 2011
	US\$	US\$
Sales proceeds	3,394,025	2,147,492
Less: opening carrying value/cost of sales	(2,291,743)	(2,320,269)
Realised gains/(losses) on sales of investments	1,102,282	(172,777)
Unrealised gains/(losses)	5,328,185	(4,585,887)
	6,430,467	(4,758,664)

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

7. SHARE CAPITAL

The Company's authorised share capital at 30 June 2012 and at 31 December 2011 was US\$2,000,000 which was divided into 39,998,000 participating shares of a par value of US\$0.05 each and 100 management shares of US\$1 each.

The 100 management shares were issued to the Investment Manager, PXP Vietnam Asset Management Limited, and were fully-paid on 21 May 2010.

Number of participating shares issued, redeemed and outstanding:

	Six months ended		
	30 June 2012	31 December 2011	30 June 2011
	US\$	US\$	US\$
Beginning of the period	8,308,692	7,032,103	6,084,447
Participating shares issued for cash	308,034	1,436,684	2,360,583
Participating shares redeemed	(352,211)	(160,095)	(1,412,927)
End of the period	8,264,515	8,308,692	7,032,103

Movements are shown in the statement of changes in net assets attributable to participating shareholders.

The following shareholder owns more than 10% of the Company's issued capital at 30 June 2012:

Shareholder	Holding as at			
	30 June 2012		31 December 2011	
	Shares	%	Shares	%
Citic Nominees Limited	1,239,951	15.0	1,925,007	23.2

As at 30 June 2012, the Investment Manager held a beneficial interest of 679,584 shares (8.2%) (31 December 2011: 679,584 shares (8.2%)) in the Company's participating shares.

8. NET ASSET VALUE PER SHARE

	As at	
	30 June 2012	31 December 2011
Net assets attributable to participating shareholders (US\$)	34,339,850	27,514,175
Number of shares in issue	8,264,515	8,308,692
Net asset value per share (US\$ per share) (average)	4.155	3.311

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. NET ASSET VALUE PER SHARE (CONTINUED)

Net asset value per share for each series in issue at the balance sheet dates:

	As at	
	30 June 2012	31 December 2011
	US\$	US\$
Series 1A	4.167	3.311
Series 1B	4.167	3.311
Series 1 (lead series)	4.167	3.311
Series 2	4.150	3.311
Series 3	4.090	3.311
Series 4	4.144	3.311
Series 5	4.129	3.311
Series 6	4.167	-

9. SEGMENT INFORMATION

The Chief Executive Officer ("CEO") of the Investment Manager makes the strategic resource allocations on behalf of the Company. The Company has determined the operating segments based on the reports reviewed by the CEO, which are used to make strategic decisions. The CEO is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The CEO's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis. The Company invests in a portfolio of the equity securities of predominantly Vietnamese companies, which are mostly listed companies, with the objective of seeking long-term capital appreciation of its assets. The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the recognition and measurement principles of IFRS. There were no changes in the reportable segments in the period.

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 TRANSACTIONS

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 30 June 2012.

Total directors' remuneration for the six month period to 30 June 2012 amounted to US\$13,352 (six month period to 30 June 2011: US\$13,392).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Investment manager

There has been no change to the basis of calculation of management fee in the six month period to 30 June 2012. Total management fee for the six month period to 30 June 2012 amounted to US\$329,458 (six month period to 30 June 2011: US\$250,548) and there was no outstanding fee payable at 30 June 2012 (31 December 2011: US\$ Nil).

There has been no change to the basis of calculation of performance fee in the six month period to 30 June 2012. Total performance fee accrued for the six month period to 30 June 2012 was US\$98,313 (six month period to 30 June 2011: US\$ Nil). No performance fee was paid out during the six month period to 30 June 2012 (six month period to 30 June 2011: US\$ Nil).

12. FOREIGN EXCHANGE GAIN/(LOSS) – NET

The foreign exchange gain of US\$2,912 in the six month period to 30 June 2012 (six month period to 30 June 2011: loss of US\$105,415) arose mainly from share redemption payables that were denominated in US dollar.

DIRECTORY



DIRECTORS OF THE COMPANY

Mr Gregory Hazlett
Mr Antony Jordan
Mr Christopher Vale

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CUSTODIAN

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