

PXP VIETNAM EMERGING EQUITY FUND LIMITED

PXP Vietnam Emerging
Equity Fund 



Interim Report (unaudited)
for the six months ended 30 June 2015



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OBJECTIVE AND HIGHLIGHTS

OBJECTIVE

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

ACQUISITION OF THE NET ASSETS OF PXP VIETNAM FUND LIMITED

On 2 February 2015, the Company issued 12,945,960 participating shares with a value of US\$79,747,000 to the shareholders of PXP Vietnam Fund Limited to acquire 100% of the net assets of PXP Vietnam Fund Limited. Former shareholders of PXP Vietnam Fund Limited received 1.07883 participating shares in the Company for each PXP Vietnam Fund Limited ordinary share previously held; the share exchange ratio being based on the respective NAV per share of the Company's Lead Series shares and PXP Vietnam Fund Limited's ordinary shares on the valuation date of 31 December 2014.

FINANCIAL SUMMARY

Financial position	30 June 2015	31 December 2014	% change
Total Net Assets	US\$117,487,000	US\$36,603,000	221.0%
Participating shares of US\$0.05 in issue	18,462,360	5,902,381	212.8%
Net Asset Value (“NAV”) per share (average)	US\$6.364	US\$6.201	2.6%
NAV per share (Lead Series)	US\$6.335	US\$6.089	4.0%

Results for the six-month period ended	30 June 2015	30 June 2014
Net profit for the period	US\$6,063,000	US\$5,951,000
Expense ratio ¹	1.98%	2.34%

VIETNAM MARKET DATA

	30 June 2015	31 December 2014	% change
Vietnamese dong / US dollar (“US\$”) exchange rate	21,725	21,380	1.6%
Viet Nam Index	593.05	545.63	8.7%
Viet Nam Index adjusted US\$ rate	384.68	359.64	7.0%

¹ The expense ratio is calculated as total expenses for the period, excluding brokerage commissions, performance fee, foreign exchange gain/(loss) and transaction charges on the acquisition of assets, as a percentage of the average month-end net assets for the period, and is presented on an annualised basis.

DIRECTORS' REPORT

THE BOARD OF DIRECTORS

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

Mr Antony Jordan	
Mr Christopher Vale	
Mr Brook Tellwright	(resigned on 31 March 2015)
Mr Philip Smiley	(appointed on 16 April 2015; appointed as Chairman on 8 July 2015)
Ms Trinh Thanh Mai	(appointed on 16 April 2015)
Mr Simon Raybould	(appointed on 16 April 2015)

ACQUISITION OF THE NET ASSETS OF PXP VIETNAM FUND LIMITED

On 2 February 2015, the Company issued 12,945,960 participating shares with a value of US\$79,747,000 to the shareholders of PXP Vietnam Fund Limited to acquire 100% of the net assets of PXP Vietnam Fund Limited. Former shareholders of PXP Vietnam Fund Limited received 1.07883 participating shares in the Company for each PXP Vietnam Fund Limited ordinary share previously held; the share exchange ratio being based on the respective NAV per share of the Company's Lead Series shares and PXP Vietnam Fund Limited's ordinary shares on the valuation date of 31 December 2014.

The acquisition of net assets was in the form of a merger in accordance with the provisions of the Cayman Islands Companies Law (2013 Revision), and PXP Vietnam Fund Limited ceased to continue as a separate legal entity. The shareholders of PXP Vietnam Fund Limited had approved the merger by passing a special resolution at the Extraordinary General Meeting held on 17 December 2014 and the holder of management shares of the Company approved the merger on the same date.

The benefits of the acquisition of the net assets of PXP Vietnam Fund Limited include: (i) economies of scale; (ii) the ability of the Company to attract a more diversified shareholder base by being able to attract investors with size restrictions and therefore reducing concentration risk for existing shareholders; and (iii) giving more flexibility in terms of portfolio realisations to fund redemptions. The benefits of being invested in a larger fund are attained without losing focus on the investment objective of the Company, through the combination of the Company's portfolio with a portfolio of similarly focused holdings (both portfolios being over 50% exposed to Vietnam-listed stocks at their respective foreign ownership limits).

OBJECTIVE, STRATEGY AND ACTIVITY

The primary investment objective, strategy and activity of the Company and its investment policies and restrictions have remained unchanged throughout the interim period to 30 June 2015.

PERFORMANCE AND POSITION

Over the six month period ended 30 June 2015, the Net Asset Value per share for the lead series of the Company increased from US\$6.089 to US\$6.335, a gain of 4% compared to an increase in the Viet Nam Index ("VNI") in US dollar terms of 7% over the same period. This relative underperformance against the index – which had been reversed by the end of August 2015 – is explained by the Company's underweighting in state banks, which led the rally at the start of the year, and in stocks held by the Exchange Traded Funds which saw two periods of sustained inflows in the first half of the year. The shift of sentiment toward stocks at their foreign ownership limit – which comprised 52.3% of the Company's portfolio as at 30 June 2015 and are unrepresented in the ETFs – is responsible for the subsequent turnaround.

The table on page 5 presents the historic performance of the Company since its launch in comparison to the VNI.

DIRECTORS' REPORT (CONTINUED)

PERFORMANCE AND POSITION (CONTINUED)

Investments held as at 30 June 2015 were valued at US\$117,062,000 (31 December 2014: US\$36,947,000). Changes to investments are shown in Note 6 of this interim report.

Net assets attributable to participating shareholders at 30 June 2015 amounted to US\$117,487,000 (31 December 2014: US\$36,603,000). The Company had no borrowings as at 30 June 2015 or 31 December 2014.

ECONOMY AND STOCK MARKET

Vietnam GDP growth of 6.3% for the first half of 2015 (compared to the first half of 2014) was the highest level for the corresponding period since 2008, with expanding industrial output being driven by foreign direct investment. Price inflation continued to reduce, from 1.8% for the calendar year 2014 to 1.0% year-on-year to June 2015. Following two consecutive years of trade surplus, there was a trade deficit of US\$3.8 billion for the first half of 2015 with a major contributing factor being the increase in imports of machinery. After remaining relatively stable over the past three years, the Vietnamese dong (the "Dong") depreciated by 1.6% against the US dollar during the interim period.

The favourable economic conditions supported a rally in the Vietnam stock markets early in 2015, with the VNI increasing by 10% from the start of the year to reach the 600 points mark on 4 March 2015. From there, the implementation of a new Decree limiting bank lending for securities investment and the impact of global market factors, including the Greek financial crisis and falling oil prices, dragged down the market to a VNI low of 528.95 points on 18 May 2015. The market rallied from mid-May into June, with investors encouraged by positive developments including progress being made on the Trans Pacific Partnership negotiations and Samsung increasing its multi-billion dollar investments in production plants in Vietnam, and the VNI closed at 593.05 points on 30 June 2015.

The Vietnam stock markets received a long-awaited boost on 26 June 2015 when the Government released Decree 60 which allows the removal of foreign ownership limits on public companies, except for banks and companies in conditional sectors, the list of which is yet to be released. The short-term market response to this development was overtaken by the global turmoil triggered by the 3% devaluation in the Chinese yuan in mid-August. The VNI lost 14% over a turbulent two-week period, but has since recovered half of that loss up to the date of this report.

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. Most 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 Vietnam stock markets. Other risks faced by the Company include performance risks, shareholder risks, regulatory risks and control systems risks. These risks are described in the Prospectus of the Company dated January 2010 and updated in April 2015 and more details on the market risks are included in the Financial Risks note in the Annual Report for the year ended 31 December 2014, both of which documents may be found in the section relating to the Company on the website of PXP Vietnam Asset Management Limited: www.pxepam.com.

The Company's principal risks and uncertainties have not changed materially since the Annual Report for the year ended 31 December 2014 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 10 to the accompanying condensed interim financial information.

DIRECTORS' INTERESTS

There are no service contracts in existence between the Company and any of its Directors.

Following the exchange of shares on the acquisition of the net assets of PXP Vietnam Fund Limited, effective 2 February 2015 a trust of which Philip Smiley's family members are the principal beneficiaries received 44,232 participating shares in the Company in exchange for the 41,000 ordinary shares of PXP Vietnam Fund Limited it previously held.

At no time during the period and to the date of this report did any Director have any other 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

The Directors 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

Philip Smiley
Chairman
5 October 2015

INVESTMENT MANAGER'S REVIEW

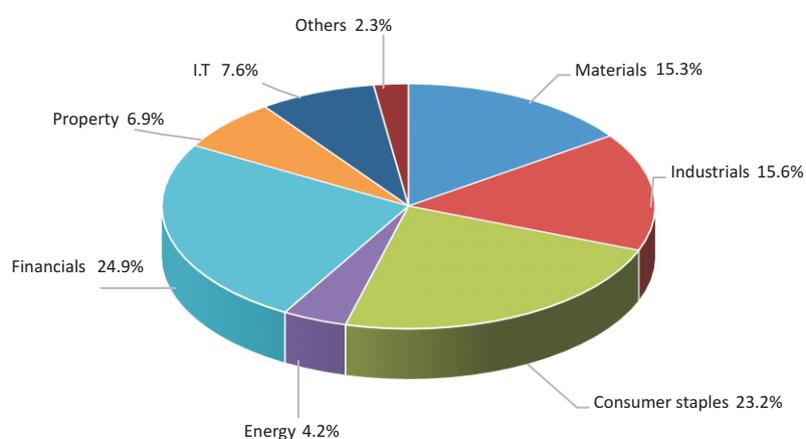


REVIEW OF THE INTERIM PERIOD

During the period under review the Company's Net Asset Value ("NAV") per Share for the Lead Series increased by 4%, from US\$6.089 to US\$6.335. This compares with an increase in the Viet Nam Index ("VNI") of 7% in US dollar terms over the same period. The Vietnamese dong (the "Dong") depreciated by 1.6% over the period under review. The table below presents NAV performance as compared to that of the VNI in US dollar terms for the stated periods to 30 June 2015:

	NAV per share ²	Viet Nam Index ³
	%	%
6 months	4.0	7.0
1 year	1.9	0.7
2 years	31.6	19.7
3 years	52.0	35.0
4 years	69.3	29.5
5 years	17.5	2.6
6 years	39.4	8.4
7 years	47.0	15.1
8 years	-47.8	-57.0
9 years	-4.2	-15.3

An analysis of the portfolio at an industry sector level as at 30 June 2015 is included in Note 6 of the accompanying interim financial information and in the chart below.



² The Company adopted series accounting with effect from 29 July 2011 and from that date onwards the NAV of the Lead Series is the published NAV of the Company. Prior to that date there was a common NAV for all the shares of the Company.

³ Viet Nam Index performance is the total percentage movement in the Viet Nam Index (presented in US dollar terms) for the stated number of years up to 30 June 2015.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

STOCK MARKET

Overall, an uninspired first half of 2015, at least until the last four days of the period under review. The year started well enough, with the VNI advancing 6.1% in January in a state bank-led rally. That was derailed by a Decree limiting bank lending to securities companies for the provision of margin facilities, and when enforcement became reality at a time of concern about Greece and the prospect of higher interest rates in the United States a renewed attempt to breach the 600 level on the VNI turned into a mild rout, with the index falling back just below 530 on 18 May 2015.

The National Assembly began its deliberations the next day and a steady flow of reformist rhetoric inspired a trend reversal which enabled the index to add 10% by 26 June, the day on which the government announced the impending broad removal of foreign ownership limits via Decree 60. That move, to the complete surprise of virtually all market participants, drove the index up a further 10% to within a whisker of the six year high set in September 2014 within three weeks. A couple of attempts to breach the 640 level failed before China pulled the rug from under the world's markets with three devaluations of the Yuan in three days and the VNI plunged by more than 80 points in the latter part of August before investors realised that the impact might in fact be mildly positive given Vietnam's relatively huge trade deficit with China.

We discuss the lack of progress on implementing limitless foreign ownership below, with the index trading water between 560 and 580 at the time of writing whilst waiting for something inspirational to happen.

ECONOMY

The Vietnamese economy continues to reap the rewards of the government's resolute application of consistently strong monetary policy over the past four years, and is now arguably in the best shape it has ever been. The Dong has been among the best performing 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, particularly over the longer term as trade surpluses become the norm. The Dong was not immune to the knock-on effects of the Chinese devaluations in August 2015 but in reality the economy is likely to benefit from the impact of more favourable exchange rates on the country's US\$30 billion trade deficit with China.

The Consumer Price Index rose by 1.8% in 2014, a steady improvement after the 18.6%, 9.3% and 6.0% levels recorded by the General Statistics Office for 2011 to 2013 respectively. The rate of inflation has continued to decline into 2015 with the latest reading, for September 2015, now at zero on an annualised basis. We expect the full year to come in below 1%.

The move up the value chain driven by higher value add manufacturing as the country diversifies production from garments to electronics again made a significant contribution to Vietnam achieving a third consecutive trade surplus in 2014 after the first for 20 years in 2012. This seemingly 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 achieve its objective of keeping inflation under control and the currency stable for considerably longer than the previous three-year boom-bust cycles. A US\$3 billion overall deficit for the first nine months of 2015 should not be considered a negative since a large proportion of the shortfall has been spent on the importation of machinery in tandem with FDI flows, and these will become part of productive capacity for exports.

Gross Domestic Product ("GDP") growth picked up to 5.98% in 2014 after 5.4% in 2013 and 5.0% in 2012 and having already reached the Government's 2015 full year forecast of 6.5% growth after nine months we anticipate an even higher number by year-end, possibly accelerating to as much as 6.8% in 2016.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

ECONOMY (CONTINUED)

The issue of non-performing loans (“NPLs”) in the banking system remains a concern but with lower interest rates and a stronger economy providing some breathing space whilst awaiting the implementation of legislation to enable a more effective long-term resolution than is currently in place we remain hopeful that help is at hand. Foreigners have been allowed to own property since 1 July 2015, and this is likely to prove an important step in the process, as foreigners will now be able to take possession of the collateral backing a large proportion of the NPLs at the same time as potentially providing additional impetus for a gradually thawing property market.

OUTLOOK AND STRATEGY

The supposedly broad removal of foreign ownership limits - announced on 26 June 2015 and enshrined in Decree 60 which theoretically came into effect on 1 September 2015 – should have been a strong catalyst for the market as, on the face of it, in our opinion the most important capital markets reform in this country for almost a decade. Unfortunately, however, the detail in terms of how the law will be implemented, what it will mean in practice for companies becoming majority owned by foreign investors, and which companies will be excluded or restricted as a result of operations in so-called “conditional sectors” has not yet been forthcoming and the delay continues to disappoint an already sceptical market.

Rumour has it that something to the order of 267 conditional sectors have been discovered, defined or invented by the Ministry of Planning and Investment but the list has not yet been released, although it was expected prior to the end of September. The issue, as those of a more cynical bent than I see it, is that in a pair of stock markets currently hosting a shade under 680 listed stocks, 267 conditional sectors averaging anything more than one stock per sector (and it is difficult from a mathematical perspective to imagine how it could be less) starts to seriously impinge on the breadth of the application of said decree. It might also be considered by those same cynics that the over-complication of the implementing regulations by the introduction of such a picky list implies that not everyone in the government is fully on-board with the reform programme, which is a shame. It will, of course be a most unfortunate corollary if Vietnam's dream of re-designation from frontier to emerging market is hampered by continuing legislative stasis as a result of this obfuscation.

To date only one company (Saigon Securities) has taken advantage of the new law by removing its foreign ownership limit. Unfortunately for those looking for a sign that the impact of this reform on the VNI would be as dramatic as we have been preaching, the stock that thrust itself to the fore in the guinea pig race hadn't reached the previous foreign ownership limit when it removed the limit, and at the time of writing is still less than 49% foreign owned, and none of that by the Company.

Thankfully, all is not yet lost (other than perhaps in translation) since the publication of the list of conditional sectors will reportedly effectively automatically remove the foreign ownership limit in all stocks not otherwise restricted. Vinamilk, for example, is not expected to be caught in the complex web of conditionality and we feel confident that it will be the standard bearer for the individual stock benefits that we are predicting. As soon as that happens we would expect the index to push through the bewilderingly illogical but psychologically rigid barriers at 600 and 650, but until then we expect the ebbs and flows of global market nervousness to remain the major factors affecting local sentiment.

In the meantime, as usual, we will continue with our long-term strategy to build and maintain a high conviction portfolio providing Shareholders with access to the highest quality companies listed in Vietnam.

On behalf of the Investment Manager

Kevin Snowball
Ho Chi Minh City
5 October 2015

TEN LARGEST INVESTMENTS

Ten largest investments as at 30 June 2015		Valuation	% of NAV
Company and Activities		US\$'000	%
VNM	Viet Nam Dairy Products JSC⁴ (Vinamilk) Production and distribution of dairy products	24,500	20.9
HCM	Ho Chi Minh City Securities Corporation Securities brokerage, research and investment banking	13,793	11.7
HPG	Hoa Phat Group JSC Steel production	9,314	7.9
FPT	FPT Corporation Information and communications technology: mobile telephone distribution, systems integration, software outsourcing and development, provision of internet services and education	8,855	7.5
STB	Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank) Commercial banking	7,631	6.5
REE	Refrigeration Electrical Engineering Corporation Mechanical and engineering services, manufacture and distribution of white goods, office leasing and investments in utilities and energy production	5,790	4.9
DRC	Da Nang Rubber JSC Tyre production	5,423	4.6
PVD	Petrovietnam Drilling and Well Services JSC Oil and natural gas drilling, drilling-related services and other technical services	4,909	4.2
HAG	Hoang Anh Gia Lai JSC Real estate development, rubber and sugar production, hydropower and mining	4,246	3.6
VSC	Vietnam Container Shipping JSC Port management and logistics	3,239	2.8
		87,700	74.6

⁴ "JSC" is an abbreviation for "Joint Stock Company"

INTERIM BALANCE SHEET

	Note	As at	
		30 June 2015	31 December 2014
		US\$'000 (Unaudited)	US\$'000 (Audited)
Assets			
Current assets			
Financial assets at fair value through profit or loss	6	117,062	36,947
Due from broker		56	-
Other receivables and prepayments		433	13
Cash and cash equivalents		1,321	86
Total assets		118,872	37,046
Liabilities			
Current liabilities			
Redemptions payable		280	-
Subscriptions received in advance		900	-
Performance fee payable	11	39	160
Accrued fees and others payables		166	283
Total liabilities (excluding net assets attributable to participating shareholders)		1,385	443
Net assets attributable to participating shareholders	9	117,487	36,603
Net asset value per participating share (average) (US\$ per share)	10	6.364	6.201
Net asset value per participating share (Lead Series) (US\$ per share)	10	6.335	6.089

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended	
		30 June 2015	30 June 2014
		US\$'000 (Unaudited)	US\$'000 (Unaudited)
Income			
Dividend income		3,257	816
Net gains on financial assets at fair value through profit or loss	6	4,016	6,096
Net investment income		7,273	6,912
Expenses			
Management fee	11	(762)	(382)
Performance fee	11	(39)	(485)
Custodian, administration and secretarial fees		(93)	(49)
Transaction costs		(8)	(16)
Directors' fees	11	(28)	(13)
Foreign exchange loss - net		(7)	-
Expenses incurred on the acquisition of net assets of PXP Vietnam Fund Limited	5	(154)	-
Other operating expenses		(119)	(16)
Total operating expenses		(1,210)	(961)
Profit before tax		6,063	5,951
Income tax expense		-	-
Net profit for the period		6,063	5,951
Other comprehensive income/(loss):			
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation differences		(2,746)	(433)
Increase in net assets attributable to participating shareholders from operations		3,317	5,518

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

	Six months ended		
	30 June 2015	31 December 2014	30 June 2014
	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Net assets attributable to participating shareholders			
- opening balance	36,603	38,750	32,329
Proceeds from participating shares issued	7,591	-	5,000
Redemptions of participating shares	(9,771)	(1,146)	(4,097)
Issue of shares on acquisition of net assets of PXP Vietnam Fund Limited (Note 5)	79,747	-	-
Total transactions with participating shareholders for the period	77,567	(1,146)	903
Net profit/(loss) for the six month period	6,063	(927)	5,951
Currency translation differences	(2,746)	(74)	(433)
Increase/(decrease) in net assets attributable to participating shareholders from operations	3,317	(1,001)	5,518
Net assets attributable to participating shareholders			
- closing balance	117,487	36,603	38,750

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 2015	30 June 2014
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Cash flows from operating activities		
Purchases of financial assets at fair value	(2,544)	(4,430)
Proceeds from sales of financial assets at fair value	2,972	4,231
Dividends received	2,878	785
Performance fee paid	(160)	(591)
Other expenses paid	(1,185)	(466)
Net cash generated from/(used in) operating activities	1,961	(471)
Cash flows from investing activities		
Cash acquired on acquisition of net assets of PXP Vietnam Fund Limited, net of expenses paid	274	-
Net cash generated from investing activities	274	-
Cash flows from financing activities		
Proceeds from participating shares issued	8,491	5,000
Redemptions of participating shares	(9,491)	(4,097)
Net cash (used in)/generated from financing activities	(1,000)	903
Net increase in cash and cash equivalents	1,235	432
Cash and cash equivalents at beginning of the period	86	282
Cash and cash equivalents at end of the period	1,321	714

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

PXP Vietnam Emerging Equity Fund Limited (“the Company”) was incorporated in the Cayman Islands on 25 July 2005 under the provisions of the Companies Law, Cap. 22 (Revised) as an exempted company with limited liability. Its Certificate of Incorporation number is CD-152440. Initially it was a closed-end investment company. The Company was converted to an open-ended mutual fund effective from 29 January 2010. It is registered under Section 4(3) of The Mutual Funds Law (2009 Revision), with registration number 17399.

The name of the Company was changed from Vietnam Emerging Equity Fund Limited to PXP Vietnam Emerging Equity Fund Limited on 20 November 2014.

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. 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 5 October 2015.

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 2015 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 2014, 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 31 December 2014, 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 2015 that have an impact on the condensed interim financial information of the Company.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. ESTIMATES AND JUDGEMENTS (CONTINUED)

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 2014.

5. ACQUISITION OF THE NET ASSETS OF PXP VIETNAM FUND LIMITED

On 2 February 2015, the Company issued 12,945,960 participating shares to the shareholders of PXP Vietnam Fund Limited to acquire 100% of the net assets of PXP Vietnam Fund Limited. Former shareholders of PXP Vietnam Fund Limited received 1.07883 participating shares in the Company for each PXP Vietnam Fund Limited ordinary share previously held; the share exchange ratio being based on the respective NAV per share of the Company's Lead Series shares and PXP Vietnam Fund Limited's ordinary shares on the valuation date of 31 December 2014.

The acquisition of net assets was in the form of a merger in accordance with the provisions of the Cayman Islands Companies Law (2013 Revision), and PXP Vietnam Fund Limited ceased to continue as a separate legal entity. The assets of PXP Vietnam Fund Limited were transferred to the Company and liabilities of PXP Vietnam Fund Limited assumed by the Company as at 2 February 2015.

The following table summarises the cost of the net asset acquisition and the amounts of the assets acquired and liabilities assumed recognised at the net asset acquisition date.

	US\$'000
Consideration at 2 February 2015	
Equity instruments (12,945,960 participating shares)	79,747
Total consideration transferred	79,747
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	435
Financial assets at fair value through profit or loss	79,673
Dividends receivable	25
Due to broker	(356)
Accrued fees and other payables	(30)
Total identifiable net assets	79,747

The fair value of the 12,945,960 participating shares issued on 2 February 2015 is based on the net asset value per share of the Lead Series of the Company on 30 January 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2015	31 December 2014
	US\$'000	US\$'000
Financial assets designated at fair value through profit or loss at inception		
- Listed equity securities	116,298	36,411
- Unlisted equity securities	764	536
Total financial assets at fair value through profit or loss	117,062	36,947

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

	Six months ended	
	30 June 2015	30 June 2014
	US\$'000	US\$'000
Opening balance	36,947	32,538
Purchases	2,188	4,430
Acquired on acquisition of net assets of PXP Vietnam Fund Limited	79,673	-
Sales proceeds	(3,028)	(4,231)
Net gains recognised in profit or loss	4,016	6,096
Difference arising on translation to presentation currency	(2,734)	(422)
Closing balance	117,062	38,411

Analysis of financial assets at fair value through profit or loss by industrial sector:

	As at			
	30 June 2015		31 December 2014	
	US\$'000	%	US\$'000	%
Consumer discretionary	1,023	0.9	-	-
Consumer staples	27,177	23.2	6,961	18.8
Energy	4,943	4.2	2,197	5.9
Financials	29,153	24.9	9,652	26.1
Healthcare	1,043	0.9	544	1.5
Industrials	18,290	15.6	3,616	9.8
Information technology	8,941	7.6	3,282	8.9
Materials	17,872	15.3	6,905	18.7
Property	8,028	6.9	3,143	8.5
Utilities	592	0.5	647	1.8
Total	117,062	100.0	36,947	100.0

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

As at 30 June 2015, the value of one holding in the equity of an issuer within the consumer staples sector is 20.9% of the net asset value of the Company (31 December 2014: 16.5%), the value of one holding in the equity of an issuer within the financials sector is 11.7% (31 December 2014: 11.0%) and the value of one holding in the equity of an issuer within the materials sector is 7.9% (31 December 2014: 12.9%). There are no other holdings with value exceeding 10% of the net asset value of the Company as at 30 June 2015 or 31 December 2014. The Company does not hold any interests of more than 10% in the equity of the issuers.

Analysis of financial assets at fair value through profit or loss by country of incorporation of issuers:

	As at	
	30 June 2015	31 December 2014
	US\$'000	US\$'000
SR Vietnam	116,977	36,876
Singapore	85	71
Total	117,062	36,947

Analysis of financial assets at fair value through profit or loss by currency of denomination:

	As at	
	30 June 2015	31 December 2014
	US\$'000	US\$'000
Vietnamese dong	116,977	36,876
Singapore dollar	85	71
Total	117,062	36,947

Exchange rates at the balance sheet dates were:

	As at	
	30 June 2015	31 December 2014
Vietnamese dong/US dollar	21,725	21,380
Singapore dollar/US dollar	1.35	1.32

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

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

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

	Six months ended	
	30 June 2015	30 June 2014
	US\$'000	US\$'000
Net realised gains on sales of equity securities	369	1,185
Net unrealised gains on equity securities	3,647	4,911
Net gains recognised in profit or loss	4,016	6,096

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. 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 30 June 2015				
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	116,298	177	587	117,062
Total financial assets measured at fair value	116,298	177	587	117,062
At 31 December 2014				
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	36,411	-	536	36,947
Total financial assets measured at fair value	36,411	-	536	36,947

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

7. FAIR VALUE ESTIMATION (CONTINUED)

All fair value measurements disclosed are recurring fair value measurements.

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.

In the interim periods to 30 June 2015 and 30 June 2014, there were no reclassifications of financial assets and no transfers between levels.

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 primarily 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 30 June 2015 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 daily basis with one day's notice at NAV per share, the investment in redeemable shares held in this fund was valued at the latest published NAV per share at the balance sheet date. The holding was redeemed in full in July 2015.

Financial instruments in Level 3

If one or more of the significant inputs required to fair value an instrument is not based on observable market data, the instrument is included in Level 3. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair values.

The Level 3 equity amounts at 30 June 2015 and 31 December 2014 consist of three unlisted equity securities. The methods used for the valuations of the three unlisted equity holdings at 30 June 2015:

- property development company: net asset valuation with a market discount;
- pharmaceutical company: earnings multiple valuation with the application of a marketability discount; and
- telecommunications company: written-down to US\$1.

Valuation process

The research team of the Investment Manager performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The valuations are reviewed by the Chief Financial Officer of the Investment Manager. The valuations are reviewed and approved by the Board of the Company on a quarterly basis.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

7. FAIR VALUE ESTIMATION (CONTINUED)

Financial instruments in Level 3 (continued)

Fair value of unlisted equity securities

The valuation of the holding of shares in a property development company as at 30 June 2015 was US\$532,871 (31 December 2014: US\$486,297) after applying a market discount of 50% (31 December 2014: 50%) to the net asset valuation of the company. The assets of the company comprise a mix of in-progress development projects and land bank. If the net asset valuation was increased/decreased by 20%, this would have resulted in an increase/decrease in value of US\$107,000 (31 December 2014: US\$97,000). If the market discount was higher/lower by 20% this would have resulted in a decrease/increase in value of US\$213,000 (31 December 2014: US\$195,000).

The holding of shares in a pharmaceutical company is valued at US\$54,195 as at 30 June 2015 (31 December 2014: US\$50,143) and reasonable possible changes to the unobservable inputs in the valuation for this holding would not change fair value significantly.

The valuation of the holding of shares in a telecommunications company was marked down to US\$1 as at 31 December 2013 and is unchanged during the interim period to 30 June 2015.

No interrelationships between unobservable inputs used in the Company's valuation of its Level 3 equity investments have been identified.

Movement

The following table presents the movement in Level 3 instruments, all of which are in the equity securities class of financial assets.

	Six months ended	
	30 June 2015	30 June 2014
	US\$'000	US\$'000
Opening balance	536	488
Total gains recognised in profit or loss, included in "Net gains on financial assets at fair value through profit or loss"	63	134
Total losses recognised in other comprehensive income, included in "Currency translation differences"	(12)	(6)
Sales proceeds	-	(111)
Closing balance	<u>587</u>	<u>505</u>
Change in unrealised gains or losses for Level 3 assets held at the period-end and included in "Net gains on financial assets at fair value through profit or loss"	<u>63</u>	<u>22</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. FINANCIAL RISKS

8.1 Financial risk factors

The Company invests in equity securities for the long term so as to achieve 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 31 December 2014.

There have been no changes in the risk management policies employed by the Company since 31 December 2014.

8.2 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 30 June 2015		
Performance fee payable	-	39
Redemptions payable	280	-
Accrued fees and other payables	53	113
	333	152
At 31 December 2014		
Performance fee payable	-	160
Management fee payable	199	-
Accrued fees and other payables	45	39
	244	199

9. SHARE CAPITAL

The Company's authorised share capital at 30 June 2015 and at 31 December 2014 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 are fully-paid.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

9. SHARE CAPITAL (CONTINUED)

Number of participating shares issued, redeemed and outstanding:

	Six months ended		
	30 June 2015	31 December 2014	30 June 2014
Opening balance of shares	5,902,381	6,068,797	5,917,598
Participating shares issued for cash	1,257,916	-	820,749
Participating shares issued on acquisition of net assets of PXP Vietnam Fund Limited	12,945,960	-	-
Participating shares redeemed	(1,646,856)	(166,416)	(655,529)
Participating shares increased/(decreased) on consolidation of series	2,959	-	(14,021)
Closing balance of shares	18,462,360	5,902,381	6,068,797

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

Holdings over 10% of the Company's issued capital

As at 30 June 2015, two shareholders held 2,202,631 participating shares (11.9%) (31 December 2014: 2,202,631 participating shares (37.3%)) and 1,133,016 participating shares (6.1%) (31 December 2014: 927,134 participating shares (15.7%)) respectively.

As at 30 June 2015, the Investment Manager, PXP Vietnam Asset Management Limited, and the owners of the ultimate holding company of the Investment Manager, Mr Kevin Snowball and Ms Joelle Daumas-Snowball, held a combined beneficial interest of 1,477,071 shares (8.0%) (31 December 2014: 788,598 shares (13.4%)) in the Company's participating shares.

No other shareholders held more than 10% of the Company's issued capital as at 30 June 2015 or 31 December 2014.

10. NET ASSET VALUE PER SHARE

	As at	
	30 June 2015	31 December 2014
Net assets attributable to participating shareholders (US\$)	117,487,000	36,603,000
Number of shares in issue	18,462,360	5,902,381
Net asset value per share (US\$ per share) (average)	6.364	6.201

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. 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 2015	31 December 2014
	US\$	US\$
Series 1 (Lead Series)	6.335	6.089
Series 1A	6.576	6.319
Series 1B	6.576	6.319
Series 1C	6.336	-
Series 12 *	-	6.255
Series 13	6.402	6.153
Series 14	6.336	-
Series 15	6.297	-
Series 16	6.304	-
Series 17	6.285	-

* At the beginning of 2015, Series 12 on which a performance fee was payable in respect to the year ended 31 December 2014 was consolidated into the Lead Series.

11. RELATED PARTY TRANSACTIONS

11.1 Directors

Fees

The Board of Directors of the Company determines the fees payable to each Director, subject to a maximum aggregate amount per annum payable to the Board as a whole, as set out in the Prospectus of the Company. The aggregate amount was increased from US\$80,000 to US\$120,000 on the appointment of new Directors on 16 April 2015. With effect from this date, the annual fee payable to each Director was increased from US\$9,000 to US\$20,000.

Directors' remuneration accrued for the six month period to 30 June 2015 amounted to US\$28,250 (six month period to 30 June 2014: US\$13,389).

Shares

Following the exchange of shares on the acquisition of the net assets of PXP Vietnam Fund Limited, effective 2 February 2015 a trust of which Philip Smiley's family members are the principal beneficiaries received 44,232 participating shares in the Company in exchange for the 41,000 ordinary shares of PXP Vietnam Fund Limited it previously held.

At no time during the period did any Director have any other direct or indirect interest in the shares of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

11.2 Investment Manager

Fees

The monthly management fee payable to PXP Vietnam Asset Management Limited was reduced to one-twelfth of 1.5% of the net asset value of the Company with effect from 1 January 2015. Prior to this date the monthly management fee rate was one-twelfth of 2%. Management fee for the six month period to 30 June 2015 amounted to US\$762,455 (six month period to 30 June 2014: US\$381,525) and there was no outstanding fee payable at 30 June 2015 (31 December 2014: US\$199,403).

The performance fee rate was reduced to 15% with effect from 1 January 2015. Prior to this date the performance fee rate was 20%. Performance fee paid out during the six month period to 30 June 2015 was US\$160,031 in respect to performance in 2014 (six month period to 30 June 2014: US\$590,598).

For the interim financial information, performance fee payable is calculated as 15% of the excess of the net asset value per share at the interim balance sheet date above the hurdle for that share which is pro-rated to the interim balance sheet date at 8% per annum. Performance fee is only actually paid if the full year performance exceeds the 8% per annum hurdle, or if shares are redeemed during a year, in which case any accrued performance fee on such shares will be payable to the Investment Manager at the time of the share redemption. Performance fee accrued as at 30 June 2015 is US\$38,614 (31 December 2014: US\$160,031).

Shares

Movements in combined beneficial interests in the Company's participating shares held by the Investment Manager and the owners of the ultimate holding company of the Investment Manager, Mr Kevin Snowball and Ms Joelle Daumas-Snowball:

	Six months ended		
	30 June 2015	31 December 2014	30 June 2014
Opening balance of shares	788,598	788,598	787,598
Participating shares acquired	-	-	1,000
Participating shares received in exchange for shares of PXP Vietnam Fund Limited	795,487	-	-
Participating shares redeemed	(107,014)	-	-
Closing balance of shares	1,477,071	788,598	788,598

Following the exchange of shares on the acquisition of the net assets of PXP Vietnam Fund Limited, effective 2 February 2015 the Investment Manager and the owners of the ultimate holding company of the Investment Manager received a combined beneficial interest of 795,487 shares in the Company's participating shares in exchange for the 737,361 ordinary shares of PXP Vietnam Fund Limited previously held.

12. 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.



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