



Vietnam Emerging
Equity Fund



Interim Report (unaudited)
for the six months ended 30 June 2016

PXP VIETNAM EMERGING EQUITY FUND LIMITED



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This condensed interim financial information for the six months ended 30 June 2016 does not include all the notes of the type normally included in an annual financial statement. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and any public announcements made by PXP Vietnam Emerging Equity Fund Limited during the interim reporting period.

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.

FINANCIAL SUMMARY

Financial position	30 June 2016	31 December 2015	% change
Total Net Assets	US\$119,385,000	US\$129,179,000	-7.6%
Participating shares of US\$0.05 in issue	16,553,947	19,716,955	-16.0%
Net Asset Value (“NAV”) per share (average)	US\$7.212	US\$6.552	10.1%
NAV per share (Lead Series)	US\$7.175	US\$6.531	9.9%
Results for the six-month period ended	30 June 2016	30 June 2015	
Net profit for the period	US\$8,913,000	US\$6,063,000	
Expense ratio ¹	1.80%	1.98%	

VIETNAM MARKET DATA

	30 June 2016	31 December 2015	% change
Vietnamese dong (“VND”)/US dollar (“US\$”) exchange rate	22,304	22,485	-0.8%
Viet Nam Index	632.26	579.03	9.2%
Viet Nam Index adjusted US\$ rate	399.47	362.89	10.1%

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 Philip Smiley (Chairman)
Mr Antony Jordan
Mr Christopher Vale
Ms Trinh Thanh Mai
Mr Simon Raybould

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 2016.

PERFORMANCE AND POSITION

Over the six month period ended 30 June 2016, the Net Asset Value per share for the lead series of the Company increased from US\$6.531 to US\$7.175, a gain of 9.9% compared to an increase in the Viet Nam Index ("VNI") in US dollar terms of 10.1% over the same period.

The table on page 4 presents the historic performance of the Company since its launch in comparison to the VNI.

Investments held as at 30 June 2016 were valued at US\$119,497,000 (31 December 2015: US\$126,540,000). Changes to investments are shown in Note 5 of this interim report.

Net assets attributable to participating shareholders at 30 June 2016 amounted to US\$119,385,000 (31 December 2015: US\$129,179,000). The Company had no borrowings as at 30 June 2016 or 31 December 2015.

ECONOMY AND STOCK MARKET

Vietnam GDP growth of 5.5% for the first six months of 2016 was driven by industries with foreign direct investment and expansion in the domestic retail sector. This rate was lower than the 6.3% growth for the equivalent period in 2015 mainly due to the impact of adverse weather conditions on agricultural output. After a trade deficit in 2015, the first half of 2016 has delivered a trade surplus of US\$1.5 billion. The Vietnamese dong (the "Dong") has been relatively stable year-to-date, appreciating by 0.8% against the US dollar as at 30 June. Price inflation, which was low for the previous two years, started to tick up in 2016 with the CPI increasing by 2.35% over the six months to June.

The Vietnam stock markets were adversely impacted by global market factors in January 2016 - low oil prices and concerns on the slowdown in China - and domestic political uncertainty around the leadership succession, with the VNI falling from 579.03 points on 31 December 2015 to 521.88 points on 21 January. The market recovered robustly from this low, maintaining an upward trend to reach 632.26 points by 30 June. This rally was supported by the recovery in global markets and positive developments in the Vietnamese economic and business environment. The slow implementation of the Government's Decree 60, which allows the removal of foreign ownership limits on public companies except for banks and companies in conditional sectors, has curbed the potential gains in the Vietnam stock markets for the first half of 2016.

DIRECTORS' 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 January 2016 and more details on the market risks are included in the Financial Risks note in the Annual Report for the year ended 31 December 2015, 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 2015 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 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.

A trust of which Philip Smiley's family members are the principal beneficiaries holds 44,232.03 participating shares in the Company.

Simon Raybould subscribed for 16,393.443 participating shares in the Company on 1 February 2016.

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 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
7 September 2016

INVESTMENT MANAGER'S REVIEW

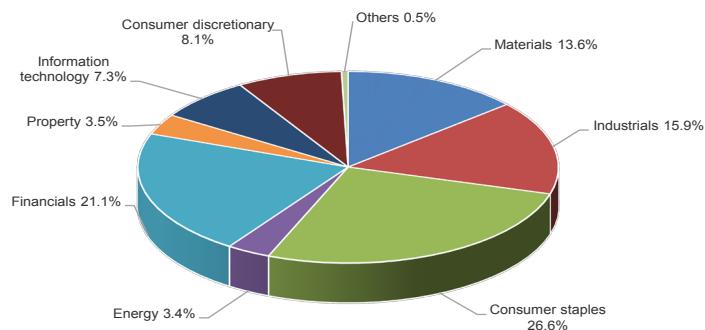


REVIEW OF THE INTERIM PERIOD

During the period under review the Company's Net Asset Value ("NAV") per Share for the Lead Series increased by 9.9%, from US\$6.531 to US\$7.175. This compares with an increase in the Viet Nam Index ("VNI") of 10.1% in US dollar terms over the same period. The Vietnamese dong (the "Dong") appreciated by 0.8% 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 2016:

	NAV per share ²	Viet Nam Index ³
	%	%
6 months	9.9	10.1
1 year	13.3	3.8
2 years	15.4	4.6
3 years	49.0	24.3
4 years	72.2	40.2
5 years	91.7	34.4
6 years	33.1	6.6
7 years	57.9	12.5
8 years	66.5	19.5
9 years	-40.9	-55.4
10 years	8.5	-12.1

An analysis of the portfolio at an industry sector level as at 30 June 2016 is shown 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 2016.

INVESTMENT MANAGER'S REVIEW

STOCK MARKET

In our commentary for the Company's 2015 Annual Report we stated that we expected Vinamilk to have completed all the formalities and removed its foreign ownership limit before the end of May 2016. We were a couple of months early in our prediction, but are pleased to report that the authorities got there in the end, and we stand by our forecasts for the impact of the move. Which is now a fairly easy call with the stock up over 30% to the time of writing since the end of the period under review and ahead of its inclusion in various indices and Exchange Traded Funds ("ETFs").

The period under review started badly, as January 2016 saw the VNI battered in turn by global turmoil and domestic political uncertainty before recouping half of its losses by the end of the month, having been 9.6% down on 21 January after it had become apparent in mid-month that the leadership succession was not proceeding as anticipated. The rally from the 513.82 VNI intra-day low continued with very few pauses for breath during the period under review as political stability followed uncertainty and investors were able to return their focus to matters benign, both macro and micro, with the result that the index was able to prepare for a successful assault on the previously impenetrable 8-year high at 640 immediately after the end of the period.

ECONOMY

We have spent several years extolling the virtues of Vietnam's monetary policy and continue to hold an optimistic view for the coming years. The 6.7% GDP growth figure recorded in 2015 is unlikely to be matched this year, largely as a result of weak oil prices and a first-half drought in the Mekong Delta, but the 6.5% forecast for 2016 coupled with inflation currently running at a little under 2.5% year-on-year is a macro landscape that the developed world can seemingly only dream of.

We are confident that Vietnam's US\$3.2 billion trade deficit in 2015, recorded after three years of surplus, was a one-off and expect a surplus of similar size in 2016 with the first eight months of 2016 at US\$2.5 billion. A large proportion of last year's shortfall was spent on the importation of machinery in tandem with FDI flows, and this is already further driving production for exports. We see Vietnam continuing to move up the value chain thanks to higher value add production as the country further diversifies from garments to electronics, and the success of this move is beginning to attract associated industries which should lead to further margin expansion for the country as a whole.

All of this obviously helps to underpin the currency which remains extremely stable other than some occasional slight jitters caused by Chinese Yuan weakness or US dollar strength and the longer all of this continues the more confident investors will become in Vietnam's long-term prospects.

OUTLOOK AND STRATEGY

The VNI continues to consolidate its gains year-to-date at the time of writing, having risen 32.7% from the January low to the 681.75 mid-July high, beneath which level it currently resides by a little over 2%. Vinamilk has certainly been the main driver since the end of the period under review and it is likely to provide further impetus as the ETFs move to inclusion during September 2016. Once that has worked its way through we hope to see other leading companies follow suit by removing limits to allow foreigners to access other quality stocks and the investor base to further diversify.

The expansion of the market to include more large cap representation has recently been pushed up the agenda, with the northern and southern brewery giants, namely Habeco and Sabeco instructed to list this year before the sale of sizeable stakes by the government, and we do not think that it is too soon to conclude that Vietnam is taking sensible steps towards its goal of re-classification as an emerging market with all of the additional interest that will bring. We remain extremely positive over the short, medium and long-term and feel that our bullish views of the past several years are beginning to be vindicated in 2016.

INVESTMENT MANAGER'S REVIEW

OUTLOOK AND STRATEGY (CONTINUED)

We sincerely thank Shareholders for their support as we 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
7 September 2016

TEN LARGEST INVESTMENTS

Ten largest investments as at 30 June 2016		Valuation	% of NAV
		US\$'000	%
VNM	Viet Nam Dairy Products JSC⁴ (Vinamilk) Production and distribution of dairy products	30,805	25.8
HCM	Ho Chi Minh City Securities Corporation Securities brokerage, research and investment banking	11,960	10.0
HPG	Hoa Phat Group JSC Steel production	10,766	9.0
FPT	FPT Corporation Information and communications technology: mobile telephone distribution, systems integration, software outsourcing and development, provision of internet services and education	8,621	7.2
DRC	Da Nang Rubber JSC Tyre production	7,950	6.7
CTD	Coteccons Construction JSC Construction	6,347	5.3
STB	Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank) Commercial banking	5,567	4.7
VSC	Vietnam Container Shipping JSC Port management and logistics	5,341	4.5
REE	Refrigeration Electrical Engineering Corporation Mechanical and engineering services, manufacture and distribution of white goods, office leasing and investments in utilities and energy production	4,969	4.2
PVD	Petrovietnam Drilling and Well Services JSC Oil and natural gas drilling, drilling-related services and other technical services	4,012	3.4
		96,338	80.8

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

INTERIM BALANCE SHEET

Note	As at		
	30 June 2016		31 December 2015
	US\$'000 (Unaudited)	US\$'000 (Audited)	
Assets			
Financial assets at fair value through profit or loss	5	119,497	126,540
Other receivables and prepayments		573	368
Cash and cash equivalents		6,038	2,628
Total assets		126,108	129,536
Liabilities			
Performance fee payable and accrued	10	973	73
Other accrued fees and payables		75	148
Redemptions payable		2	136
Amounts due to brokers		73	-
Subscriptions received in advance		5,600	-
Total liabilities (excluding net assets attributable to participating shareholders)		6,723	357
Net assets attributable to participating shareholders	8	119,385	129,179

The notes on pages 12 to 21 are an integral part of this condensed interim financial information

INTERIM STATEMENT OF COMPREHENSIVE INCOME

Note	Six months ended	
	30 June 2016	30 June 2015
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Income		
Net gains on financial assets at fair value through profit or loss	5	8,602
Dividend income		2,388
Other income		1
	10,991	7,273
Expenses		
Management fee	10.2	(867)
Performance fee	10.2	(973)
Custodian, administration and secretarial fees		(88)
Transaction costs		(30)
Directors' fees	10.1	(52)
Foreign exchange loss - net		(22)
Expenses incurred on the acquisition of net assets of PXP Vietnam Fund Limited		-
Other operating expenses		(46)
	(2,078)	(1,210)
Profit before tax		8,913
Income tax expense		-
Net profit for the period	8,913	6,063
Other comprehensive income/(loss):		
<i>Items that will not be reclassified to profit or loss:</i>		
Currency translation differences		1,040
Increase in net assets attributable to participating shareholders from operations	9,953	3,317

The notes on pages 12 to 21 are 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 2016	31 December 2015	30 June 2015
	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Net assets attributable to participating shareholders			
- opening balance	129,179	117,487	36,603
Proceeds from participating shares issued	587	28,829	7,591
Redemptions of participating shares	(20,334)	(20,255)	(9,771)
Issue of shares on acquisition of net assets of PXP Vietnam Fund Limited	-	-	79,747
Total transactions with participating shareholders for the period	(19,747)	8,574	77,567
Net profit for the six month period	8,913	6,443	6,063
Currency translation differences	1,040	(3,325)	(2,746)
Increase in net assets attributable to participating shareholders from operations	9,953	3,118	3,317
Net assets attributable to participating shareholders - closing balance	119,385	129,179	117,487

The notes on pages 12 to 21 are an integral part of this condensed interim financial information

INTERIM STATEMENT OF CASH FLOWS

	Six months ended	
	30 June 2016	30 June 2015
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Cash flows from operating activities		
Purchases of financial assets at fair value	(2,458)	(2,544)
Proceeds from sales of financial assets at fair value	19,187	2,972
Dividends received	2,195	2,878
Performance fee paid	(73)	(160)
Other expenses paid	(1,159)	(1,185)
Net cash generated from operating activities	17,692	1,961
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	6,187	8,491
Redemptions of participating shares	(20,469)	(9,491)
Net cash used in financing activities	(14,282)	(1,000)
Net increase in cash and cash equivalents	3,410	1,235
Cash and cash equivalents at beginning of the period	2,628	86
Cash and cash equivalents at end of the period	6,038	1,321

The notes on pages 12 to 21 are 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 7 September 2016.

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 2016 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 2015, 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.

3. ACCOUNTING POLICIES

The Company has prepared its balance sheet as at 30 June 2016 in order of increasing liquidity. The financial assets at fair value through profit or loss comprise equity securities which are intended to be held for the long-term in accordance with the Company's investment objective. The Investment Manager does not classify the equity securities into those that are intended to be sold within 12 months or retained longer. A decision to sell particular holdings could be taken based on new information, new analysis, industry developments, economic or geopolitical events, or more promising alternative investment opportunities. All other assets on the balance sheet are expected to be recovered within 12 months of the reporting date and all liabilities on the balance sheet are expected to be settled within 12 months of the reporting date.

In the six months ended 30 June 2016, the Company has for the first time invested in a holding of over 20% of the issued shares of an investee. The Company has elected to measure investments in associates at fair value through profit or loss as permitted for mutual funds by IAS 28 *Investments in Associates and Joint Ventures*.

The other accounting policies applied in this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2015, 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 2016 that have an impact on the condensed interim financial information of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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 2015.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2016	31 December 2015
	US\$'000	US\$'000
Financial assets designated at fair value through profit or loss upon initial recognition		
- Listed equity securities	117,701	125,901
- Unlisted equity securities	742	639
- Unlisted investment fund shares	1,054	-
Total financial assets at fair value through profit or loss	119,497	126,540

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

	Six months ended	
	30 June 2016	30 June 2015
	US\$'000	US\$'000
Opening balance		
Opening balance	126,540	36,947
Purchases	2,531	2,188
Acquired on acquisition of net assets of PXP Vietnam Fund Limited	-	79,673
Sales proceeds	(19,187)	(3,028)
Net gains recognised in profit or loss	8,602	4,016
Difference arising on translation to presentation currency	1,011	(2,734)
Closing balance	119,497	117,062

On 1 June 2016, the Company invested US\$1,000,000 in PXP Vietnam Smaller Companies Fund Limited, an open-ended mutual fund which is also managed by PXP Vietnam Asset Management Limited, the Investment Manager of the Company. PXP Vietnam Smaller Companies Fund Limited is incorporated in the Cayman Islands and has a primary investment objective to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of smaller Vietnamese companies. As at 30 June 2016, the Company holds an interest of 32.3% in the redeemable non-voting shares of PXP Vietnam Smaller Companies Fund Limited with a fair value of US\$1,054,000.

Other than this holding, the Company does not hold any interests of more than 20% in the equity of the issuers.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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

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

	As at	
	30 June 2016	31 December 2015
	US\$'000	US\$'000
Vietnamese dong	118,364	126,475
US dollar	1,054	-
Singapore dollar	79	65
	119,497	126,540

Exchange rates at the balance sheet dates were:

	As at	
	30 June 2016	31 December 2015
	US\$'000	US\$'000
Vietnamese dong/US dollar	22,304	22,485
Singapore dollar/US dollar	1.35	1.42

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

	Six months ended	
	30 June 2016	30 June 2015
	US\$'000	US\$'000
Net realised gains on sales of equity securities	519	369
Net unrealised gains on equity securities	8,083	3,647
Net gains recognised in profit or loss	8,602	4,016

Net gains arising from changes in the fair values of financial assets as presented above is calculated on an average cost basis 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.

All of the above gains are on financial assets designated at fair value through profit or loss upon initial recognition.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

6. FAIR VALUE ESTIMATION

Financial instruments carried at fair value are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total balance US\$'000
At 30 June 2016				
Financial assets designated at fair value through profit or loss upon initial recognition:				
- Equity securities	117,701	-	742	118,443
- Investment fund shares	-	1,054	-	1,054
Total financial assets measured at fair value	117,701	1,054	742	119,497

At 31 December 2015

Financial assets designated at fair value through profit or loss upon initial recognition:

- Equity securities	125,901	-	639	126,540
Total financial assets measured at fair value	125,901	-	639	126,540

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 2016 and 30 June 2015, there were no reclassifications of financial assets and no transfers between levels.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

6. FAIR VALUE ESTIMATION (CONTINUED)

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 2016 is a holding in the redeemable shares of PXP Vietnam Smaller Companies Fund Limited 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 fund. 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 monthly basis with three months' 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. There were no holdings in Level 2 financial assets as at 31 December 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 2016 and 31 December 2015 consist of three unlisted equity securities. The methods used for the valuations of the three unlisted equity holdings at 30 June 2016 are:

- 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.

Fair value of unlisted equity securities

The valuation of the holding of shares in a property development company as at 30 June 2016 was US\$664,000 (31 December 2015: US\$587,000) after applying a market discount of 50% (31 December 2015: 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\$133,000 (31 December 2015: US\$117,000). If the market discount was higher/lower by 20% this would have resulted in a decrease/increase in value of US\$266,000 (31 December 2015: US\$235,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

6. FAIR VALUE ESTIMATION (CONTINUED)

Financial instruments in Level 3 (continued)

Fair value of unlisted equity securities (continued)

The holding of shares in a pharmaceutical company is valued at US\$78,000 as at 30 June 2016 (31 December 2015: US\$52,000) 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 2016.

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 2016	30 June 2015
	US\$'000	US\$'000
Opening balance	639	536
Total gains recognised in profit or loss, included in “Net gains on financial assets at fair value through profit or loss”	98	63
Total gains/(losses) recognised in other comprehensive income, included in “Currency translation differences”	5	(12)
Closing balance	742	587
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”	98	63

7. FINANCIAL RISKS

7.1 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 2015.

There have been no changes in the risk management policies employed by the Company since 31 December 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

7. FINANCIAL RISKS (CONTINUED)

7.2 Liquidity risk

The following table 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
<i>At 30 June 2016</i>		
Performance fee payable	12	-
Redemptions payable	2	-
Amounts due to brokers	73	-
Other accrued fees and payables	16	59
Contractual cash out flows	103	59
<i>At 31 December 2015</i>		
Performance fee payable	73	-
Management fee payable	136	-
Other accrued fees and payables	39	109
Contractual cash out flows	248	109

8. SHARE CAPITAL

The Company's authorised share capital at 30 June 2016 and at 31 December 2015 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

8. SHARE CAPITAL (CONTINUED)

Number of participating shares issued, redeemed and outstanding:

	Six months ended		
	30 June 2016	31 December 2015	30 June 2015
Opening balance of shares	19,716,955	18,462,360	5,902,381
Participating shares issued for cash	91,086	4,487,541	1,257,916
Participating shares issued on acquisition of net assets of PXP Vietnam Fund Limited	-	-	12,945,960
Participating shares redeemed	(3,254,094)	(3,232,946)	(1,646,856)
Participating shares increased on consolidation of series	-	-	2,959
Closing balance of shares	16,553,947	19,716,955	18,462,360

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

9. NET ASSET VALUE PER SHARE

	As at	
	30 June 2016	31 December 2015
Net assets attributable to participating shareholders (US\$)	119,385,000	129,179,000
Number of shares in issue	16,553,947	19,716,955
Net asset value per share (US\$ per share) (average)	7.212	6.552

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

9. 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 2016 US\$	31 December 2015 US\$
Series 1 (Lead Series)	7.175	6.531
Series 1A	7.516	6.777
Series 1B	7.516	6.777
Series 1C	7.174	6.530
Series 14	7.174	6.530
Series 15	7.138	6.497
Series 16	7.147	6.505
Series 17	7.126	6.487
Series 18	7.174	6.530
Series 19	7.175	6.531
Series 20	7.187	6.530
Series 21	7.152	6.510
Series 22	7.137	6.497
Series 23	7.205	6.530
Series 24	7.172	6.529
Series 25	7.175	-
Series 26	7.101	-
Series 27	7.207	-

10. RELATED PARTY TRANSACTIONS

10.1 Directors

Remuneration

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 2016.

Directors' remuneration accrued for the six month period to 30 June 2016 amounted to US\$52,500 (six month period to 30 June 2015: US\$28,250).

Shares

A trust of which Philip Smiley's family members are the principal beneficiaries holds 44,232.03 participating shares in the Company. Simon Raybould subscribed for 16,393.443 participating shares in the Company on 1 February 2016. 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

10. RELATED PARTY TRANSACTIONS (CONTINUED)

10.2 Investment Manager

Fees

There has been no change to the basis of calculation of management fee in the six month period to 30 June 2016. Management fee for the six month period to 30 June 2016 amounted to US\$866,790 (six month period to 30 June 2015: US\$762,455) and there was no outstanding fee payable at 30 June 2016 and 31 December 2015.

There has been no change to the basis of calculation of performance fee in the six month period to 30 June 2016. Performance fee paid out during the six month period to 30 June 2016 was US\$72,821 in respect to performance in 2015 (six month period to 30 June 2015: US\$160,031).

For the interim financial information, performance fee accrued 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 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 2016 is US\$960,730 in respect to performance for the six month period to 30 June 2016 and performance fee payable at 30 June 2016 is US\$12,093 in respect to performance on shares that were redeemed in June 2016.

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 2016	31 December 2015	30 June 2015
Opening balance of shares	1,477,071	1,477,071	788,598
Participating shares received in exchange for shares of PXP Vietnam Fund Limited	-	-	795,487
Participating shares redeemed	(76,408)	-	(107,014)
Closing balance of shares	1,400,663	1,477,071	1,477,071

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.

11. 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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