Interim Financial statements

Vietnam Opportunity Fund Limited and Its Subsidiaries

For the period ended 31 December 2006

Contents

Chairman’s statement

Dear Valued Shareholders:

I am very pleased to present the interim report of the Vietnam Opportunity Fund Limited (‘the Company’) for the period ended 31 December 2006. The period has proven to be the most exciting to date, both for the country and the Company.

Vietnam ended 2006 with GDP growth of 8.17%, the highest rate among the Southeast Asia countries and just behind China. This growth was driven by three key factors: 1) 22% surge in exports to $39bn; 2) highest level of foreign direct investment (FDI) committents since the Asian Financial Crisis; and 3) industrial production expanded by 17%. The economy is forecast to grow by 8.5% in 2007.

The Company continued its strategy of targeting leading domestic companies and made a number of investments in privatisations of major state-owned enterprises, private sector banks and real estate projects. We feel that this strategy is the best way of invest in the burgeoning consumer market that has emerged in the past few years.

Performance has been very encouraging and the directors are proud that the Vietnam Opportunity Fund had its best year in terms of share price and NAV growth. The NAV increased 65% and the share price rose 118% compared with 31 December 2005. Daily volume in the Company’s shares has increased dramatically in the past twelve months. The Company also organised one of the conferences held at the APEC summit in November 2006 and raised a further US$300 million in its sixth round of fundraising to bring the total fund size to US$560 million at 31 December 2006.

As we enter 2007, the investment environment continues to improve, boosted by a steady stream of Government reforms, disposable income growth, strong foreign investment and expanding exports. Vietnam is also integrating further into the world economy in preparation for imminent WTO entry. I am confident that Company is well placed to take advantage of these opportunities.

Dr. Jonathan Choi
Chairman
Vietnam Opportunity Fund Limited

Directors' report

Directors

Dr. Jonathan Choi — Chairman and Non-Executive Director

Dr. Choi is President of Sun Wah Group, a Hong Kong based property, financial services, technology, infrastructure, media and food-stuffs conglomerate. He is also Chairman of Kingsway International Holdings, a Toronto listed company, and SW Kingsway Capital Group, a Hong Kong listed investment bank and fund manager. He holds the position of Vice Chairman of the Chinese General Chamber of Commerce in Hong Kong and is a member of the National Committee of the Chinese Peoples' Political Consultative Conference (CPPCC) of the People's Republic of China. Dr. Choi has been an active investor in Vietnam since 1971.

Horst Geicke — Non-Executive Director

Mr. Geicke is Chairman and Co-Founder of the VinaCapital Group, as well as Chairman and Founder of the Pacific Alliance Group (PAG), VinaCapital's Hong Kong-based sister company. Mr. Geicke also serves as Director for the Ho Chi Minh International School, the Sofitel Metropole Hotel Hanoi, Thang Loi Textiles, and a number of other listed and private companies in Asia and the United States. Together, VinaCapital and PAG manage over US$1.5 billion in their listed (London: VOF, VNL, ARCH, PAX), closed-end, and hedge funds. Mr. Geicke has over 25 years of operational and investment experience in Asia and has privately completed over US$300 million in investments in the region over the past ten years. He had considerable experience in Vietnam prior to founding VinaCapital, having established and operated a manufacturing plant and completed seven direct private equity investments in the country. Mr. Geicke resides in Hong Kong and is an active member of the Hong Kong business community. He is the founding director of the Hong Kong-Thailand Business Council, a member of the Hong Kong-EU Business Cooperation Committee and the Trade and Industry Advisory Board of the Government of the Hong Kong SAR, and was president of the German Chamber of Commerce in Hong Kong in 1995-1997 and 2001-2003. From 2001 to 2006, he was director of the Regional Board of the Young Presidents' Organization. Mr. Geicke served as Honorary Consul General of The Gambia to Hong Kong and Macau from 1988 to 1991. Mr. Geicke is originally from Germany and received his MBA cum Laude from the University of Hamburg.

Phillip Skevington — Non-Executive Director

Mr Skevington has nearly two decades of experience as an executive in the international banking and financial services industry. He worked in Asia for Standard Chartered Bank for over sixteen years and from 2002 to 2004 he was based in Hanoi as the Chief Executive Officer for Standard Chartered's operations in Vietnam, Cambodia and Laos. He has also worked for the bank in Hong Kong, South Korea, Indonesia, the Philippines and Singapore and is now an independent consultant. Mr. Skevington holds a Bachelor of Arts from Durham University, a Bachelor of Science in Financial Services from Manchester Business School and is an Associate of the UK Chartered Institute of Bankers.

William Vanderfelt — Non-Executive Director

Mr. Vanderfelt has over 30 years of experience as Managing Partner of Petercam, the leading Benelux investment bank, where he is in charge of institutional research and sales. Mr. Vanderfelt is an experienced fund investor and acts as a board director for several listed funds. He is a passionate proponent of good corporate governance and is instrumental in promoting best practices within portfolio companies.

Bernard Grigsby — Non-Executive Director

Mr. Grigsby has more than three decades of experience as a senior and board level executive in the international capital markets and financial services industry. Mr Grigsby retired from the Swiss Re-Insurance Group in December 2005, and currently serves as a non-executive director of JP Morgan Fleming Japan Smaller Companies Investment Trust Plc, Tudor BVI Global Fund Ltd., The Raptor Global Fund Ltd., Corney & Barrow Group Limited, and is a member of the Board of Trustees of Washington & Lee University, among other interests. Mr. Grigsby joined Swiss Re in 2001 as the inaugural Chief Executive of Swiss Re Financial Products and served as the Joint Chief Executive and then as Vice Chairman of Swiss Re Capital Management and Advisory. He also held positions as Chairman of Swiss Re Capital Markets Limited and Swiss Re Capital Markets (Japan) Corporation as well as Vice Chairman of Fox-Pitt, Kelton Limited, among other Swiss Re appointments. Previously, Mr Grigsby was the Joint Chief Executive of Tokai Bank Europe plc from 1995 to 2001, and spent eight years with the Barclays Group from 1987, managing businesses in New York, Tokyo, and London. A dual USA and UK citizen born in Virginia, Mr Grigsby graduated in economics and psychology from Washington & Lee University.

Advisory Committee

The Manager has established an advisory committee which consists of local investment specialists, business leaders and existing and former government officials, as it deems appropriate, to supplement the expertise of the Management team. Excluding the Fund's Chairman Jonathan Choi, there are currently four appointees to the advisory committee:

Bruno Schoepfer

Mr. Schoepfer joined Mövenpick Holdings in 1997 as Managing Director of its Asia Pacific regional operations and was Chief Executive Officer and Managing Director of the Group from 1998 to 2003. Mr. Schoepfer is currently Chairman of Mövenpick Hotel and Resorts S.A., a Swiss premium hospitality company active in the 5-star hotel and 4-star business and airport hotel markets, a well-known hotel and restaurant brand in Europe. Prior to joining the Mövenpick Group, Mr. Schoepfer had a distinguished career in luxury hotel management throughout Asia Pacific and Europe. He previously held senior positions in various leading international hotel groups including Mandarin Oriental, Shangri-la, and Radison-SAS.

Chanthol Sun

Mr. Sun is President of SC Investment Co. Ltd., which provides investment consultancy services in Cambodia, and is the Economic and Finance Advisor to the President of the National Assembly of Cambodia. He is currently a Member of the Cabinet as Ministry of Transport. He was previously Cambodia's Secretary of State for Economy and Finance, and Secretary General of the Council for the Development of Cambodia. Mr. Sun also spent 16 years with General Electric in various senior management positions and was a former member of the board of Royal Air Cambodia. Mr. Sun is a member of the executive board of Wharton Asia, and holds a BBSA from American University, an AMP from the Wharton School of the University of Pennsylvania, and an MPA from the Kennedy School of Government of Harvard University.

Markus Winkler

Mr. Winkler is President of the Board of VGZ Vermoegensverwaltungs-Gesellschaft Zurich, an independent asset management company he founded in 1973. Prior to that, he was trained at Bank Leu AG and UBS AG. He is a founding member and a former Vice-President of the Swiss Association of Asset Managers as well as a founding and Board member of the Swiss Investors' Association. Furthermore, he is a board member on a number of Dublin-listed funds investing mainly in emerging markets. Mr. Winkler was educated at the University of Zurich and the Business School of St. Gall.

Steven Le

Dr. Le is the Chief Investment Officer of SVL Investment Management, a registered investment advisory firm based in California, USA. He has also been a consultant to over 15 organisations in Vietnam including the Corporation for Financing and Promoting Technology (FPT), Master Information Technology (MITEC), CT-IN (telecommunications), and the Medical and Pharmaceutical Company (YTECO) during their respective privatisation programmes. In addition to his advisory work with the World Bank and the Hanoi People's Committee regarding these privatisation issues, Dr. Le led a team of experts to assist and train the Vietnamese Ministry of Finance in valuation and financial settlement procedures for the privatisation of State-Owned Enterprises on behalf of the United Nations Development Programme.

Administration

The Vietnam Opportunity Fund Limited (VOF or the Fund) is listed on the AIM Market of the London Stock Exchange plc. Share price information is available on Bloomberg and Reuters.

The Company

Vietnam Opportunity Fund Limited
P.O. Box 309GT
Ugland House
South Church Street, George Town
Grand Cayman
Cayman Islands

Investment Manager

VinaCapital Investment Management Ltd
Unit 1703, Sun Wah Tower
115 Nguyen Hue Boulevard, District 1
Ho Chi Minh City
Vietnam

Custodian, Administrator and Registrar/Receiving Agent

HSBC Trustee (Cayman) Limited
HSBC House
George Town
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Cayman Islands

Nominated Adviser

Grant Thornton Corporate Finance
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Broker

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Vietnam

(Cayman Islands Law)
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South Church Street, George Town
Grand Cayman
Cayman Islands

Consolidated balance sheet

	Notes	31 Dec 2006 (Unaudited)	31 Dec 2005	30 June 2006
		US$		US$
ASSETS				
Current				
Cash and cash equivalents		**210,272,676**	80,031,754	32,706,460
Trade accounts receivable		**-**		2,951,140
Short-term deposits and other receivables		**64,260,288**	6,014,859	5,494,556
Inventories		**-**		4,319,823
Financial assets at fair value through profit or loss	4	**295,049,675**	71,178,398	164,789,232
Available-for-sale financial assets	7	**4,654,947**		9,183,209
		574,237,586	157,225,011	219,444,420
Non current				
Loan receivable		**16,792,543**	2,447,897	19,659,480
Investment property		**5,433,601**		3,243,221
Investments in associates	5	**29,684,723**	13,335,753	23,844,581
Investment in subsidiaries	6	**13,231,614**	17,343,972	-
Goodwill		**-**		1,719,231
Property, plant and equipment		**-**		6,480,177
Construction in progress		**-**		2,175,270
Other non-current assets		**777,505**		1,375,513
		65,919,986	33,127,622	58,497,473
		640,157,572	190,352,633	277,941,893
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Current				
Short-term borrowing		**-**		118,772
Trade accounts payable		**1,248,930**	348,386	17,476,172
Accrued expenses		**3,380,385**	1,475,609	-
Other payables		**-**		1,332,606
		4,629,315	1,823,995	18,927,550
Shareholders' equity				
Share capital	8	**2,506,484**	1,226,572	1,226,572
Additional paid in capital	8	**459,150,781**	164,950,181	164,950,181
Translation reserve		**-**		(34,084)
Retained earnings		**173,870,992**	22,351,885	78,787,207
Minority interest	9	**-**		14,084,467
		635,528,257	190,352,633	259,014,343
		640,157,572	188,528,638	277,941,893

Consolidated statement of income

	For the period from 1 July 2006 to 31 December 2006 (Unaudited) US$	For the period from 1 July 2005 to 31 December 2005 US$	Year ended 30 June 2006 US$
Incomes			
Sales revenue	**-**	-	24,362,136
Financial income	**112,985,491**	21,229,432	72,985,939
Other income	**118,574**	309,354	14,167,754
Share of profit in associates	**-**	-	385,018
	113,104,065	21,538,786	111,900,847
Expenses			
Cost of sales	-	-	(9,614,287)
Administration expenses	**(6,140,074)**	(2,962,422)	(26,343,605)
Financial expenses	**(920,464)**		(371,372)
Other expenses	**(519,056)**	(79,086)	(116,191)
	(7,579,594)	(3,041,508)	(36,445,455)
Net profit	**105,524,471**	18,497,278	75,455,392

Consolidated statement of changes in equity

	Share capital	Additional paid-in capital	Translation reserve	Retained earning	Minority interest	**Total Equity**
	US$	US$	US$	US$	US$	**US$**
Balance as at 1 Jul 2006	1,226,572	164,950,181	(34,084)	78,787,207	14,084,467	**259,014,343**
Issue of shares	1,279,912	294,200,600	-	-	-	**295,480,512**
Net profit for the period	-	-	-	105,524,471	-	**105,524,471**
Other adjustment	-	-	34,084	(10,440,686)	(14,084,467)	**(24,491,069)**
Balance as at 31 Dec 2006 (unaudited)	2,506,484	459,150,781	-	173,870,992	-	**635,528,257**
Balance as at 1 Jan 2006	1,226,572	164,950,181	-	22,351,885	-	**96,240,596**
Issue of new shares			-	-	-	**73,790,764**
Acquisition of subsidiaries	-	-	-	-	13,561,675	**13,561,675**
Currency translation	-	-	(34,084)	-	-	**(34,084)**
Net profit for the year	-	-	-	56,435,322	522,792	**75,455,392**
Balance as at 30 Jun 2006	1,226,572	164,950,181	(34,084)	78,787,207	14,084,467	**259,014,343**
Balance as at 1 July 2005	751,547	91,634,442		3,854,607		**96,240,596**
Issue of new shares	475,025	73,315,739				**73,790,764**
Acquisition of subsidiaries						
Currency translation						
Net profit for the year				18,497,278		**18,497,278**
Balance as at 31 Dec 2005	1,226,572	164,950,181		22,351,885		**188,528,638**

Consolidated statement of cash flows

	For the period from 1 July 2006 to 31 December 2006 (Unaudited) US$	For the period from 1 July 2005 to 31 December 2005	Year ended 30 Jun 2006 US$
Cash flows from operating activities			
Profit for the period	**105,524,471**	18,497,676	75,455,392
Adjustments for:			
Gain on investments in financial assets	**(100,630,012)**	(14,972,965)	(77,511,981)
Gain on investment properties	**-**	-	(404,399)
Gain on sale of investment	**(8,339,025)**	(1,553,833)	-
Gain on investments in associates	**-**	-	(552,011)
Negative goodwill	**-**	-	(13,685,855)
Unrealised foreign exchange (gain) loss	**(920,464)**	205,020	201,202
Interest and dividend incomes	**(4,016,454)**	(4,907,654)	(4,664,935)
Net loss before changes in working capital	**(8,381,484)**	(2,731,756)	(21,162,587)
Increase in deposit, advances and other	**(42,297,682)**	2,144,015	(3,586,014)
Increase in accounts payable and accrued	**(11,620,710)**	1,121,876	18,014,659
Net cash provided by operating activities	**(62,299,876)**	534,135	(6,733,942)
Cash flows from investing activities			
Interest received	**3,036,570**	-	1,579,775
Dividend received	**929,283**	1,013,088	2,477,631
Purchase of fixed assets and other non-current	**-**	-	(2,175,270)
Acquisition of investments	**(67,399,043)**	(66,668,258)	(114,717,471)
Investment in associates	**(15,622,242)**	-	(1,392,461)
Investment in subsidiaries	**2,128,039**	-	(1,666,751)
Proceeds from sales of investments	**46,993,946**	21,104,955	48,786,145
Other investments	**(12,192,968)**	-	-
Loans	**(5,032,842)**	(2,147,897)	(19,659,480)
Net cash used in investing activities	**(47,159,257)**	(46,698,112)	(86,767,882)
Cash flows from financing activities			
Proceeds of shares issued	**295,480,512**	**73,790,366**	(73,790,764)
Net cash flow provided by financing	**295,480,512**	**73,790,366**	**73,790,764**
Increase in cash and cash equivalents	**186,021,379**	**27,626,389**	**(19,711,060)**
Cash and cash equivalents at the beginning	**24,251,296**	**52,405,365**	**52,417,520**
Cash and cash equivalents at the end of the	**210,272,675**	**80,031,754**	**32,706,460**

Notes to financial statements

31 December 2006

1 Corporate information

Vietnam Opportunity Fund Limited was incorporated in the Cayman Islands as a company with limited liability. The registered office of the Company is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company has the following subsidiaries and associates:

	Proportion of ownership
Asia Value Investment Ltd	100%
Vietnam Enterprise Ltd	100%
Vietnam Investment Property Ltd	100%
Vietnam Investment Property Holdings Ltd	100%
Vietnam Investment Ltd	100%
Vietnam Ventures Ltd	100%
VOF Investment Ltd	100%
Vina QSR Limited	100%
Indochina Building Supplies Pte Ltd	100%
Bivi Investment Corporation	100%
Indotel Limited	57.6%
Pegasus Leisure Limited	100%
Hung Vuong Corporation	30%
International School Ho Chi Minh City	35%
Kido's Ice Cream Corporation	30%
Kinh Do Property Limited	30%
Phong Phu Investment Development Ltd	30%
T.D Corporation	30%
S.E.M Thong Nhat Hotel Metropole	28.8%
Maplecity Investments Limited	25%
Prosper Big Investments Limited	25%

The principal activity of the Company is to invest in listed and unlisted companies, debt instruments, assets and other opportunities in Vietnam and surrounding countries with the objective of achieving medium to long-term capital appreciation and providing investors with an attractive level of investment income from interest and dividends.

2 Principal accounting policies

Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) with an exception on the consolidation method as described in the consolidation note below and in notes 5 and 6 to the consolidated financial statements. The financial statements have been prepared on the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Consolidation

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Company obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation. In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates. All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are recorded in the Group's consolidated statement of income and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities. Items that have been directly recognised in the associate's equity, for example, resulting from the associate's accounting for available-for-sale securities, are recognised in consolidated equity of the Group. Any non-income related equity movements of the associate that arise, for example, from the distribution of dividends or other transactions with the associate's shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognised in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

As at the date of this financial statement the financial information of some subsidiaries as at and for the half year ended 31 December 2006 are not available therefore full consolidation of these subsidiaries were not performed (see note 6). Investments in these subsidiaries were accounted at costs in the Group's financial statements. This is a non compliance with the IAS 27 – Consolidated and Separate financial statements.

Due to unavailability of financial information of associates as at 31 December 2006, the investments in associates were accounted at costs in the Group's financial statements (see note 5). This is a non compliance with the IAS 28 – Investment in associates.

Functional and presentation currency
The financial statements are presented in United States Dollars ("the presentation currency"). The currency of the primary economic environment in which the Company operates ("the functional currency") is the Vietnamese Dong. The reasons for using the United States Dollar as the presentation currency rather than the functional currency are that the shareholders are more familiar with the United States Dollar and certain transactions of the Company are in the United States Dollar.

Foreign currency translation
The accounting records of the Company are maintained in United States Dollars. Transactions in currencies other than the United States Dollar are translated at the exchange rates that approximate those prevailing on transaction dates. Monetary assets and liabilities denominated in currencies other than the United States Dollar are translated at the balance sheet date into United States Dollars at exchange rates that approximate those prevailing on that date. All exchange gains and losses are recognized separately in the statement of income.

Financial assets
The Company's financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognized on their settlement date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if it is the intention of the Company's management to hold them until maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be reclassified.

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the statement of income when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognized in equity is transferred to the statement of income. Losses recognized in the statement of income on equity instruments are not reversed through the statement of income. Losses recognized in prior period statements of income resulting from the impairment of debt securities are reversed through the statement of income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. Trade receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

Property, plant and equipment
Buildings, equipment and machinery, vehicles, fixture and furniture, and other classes of property, plant and equipment are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings and improvements	4% - 20%
Equipment and machinery	15% - 20%
Vehicles	15% - 16.67%
Fixture and furniture	15% - 25%
Others	10%

Cash and cash equivalents
Cash and cash equivalents include cash in bank and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest and dividend income
Interest income is recognized on an accrual or if applicable effective yield basis. Dividend income is recorded when the stockholders' right to receive the dividend is established.

Equity
Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital.

Due to unavailability of financial information of subsidiaries as at 31 December 2006, retained earnings is not included all current and prior period results. This is a non compliance with the IAS 27 – Consolidated and Separate financial statements.

3 Risk management objectives and policies

The Company invests in listed and unlisted equity instruments, debt instruments, assets and other opportunities in Vietnam and surrounding countries with the objective of achieving medium to long-term capital appreciation and providing investors with an attractive level of investment income from interest and dividends.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by its Investment Manager who manages the distribution of the assets to achieve the investment objectives. The most significant financial risks to which the Company is exposed are described below:

Foreign currency risk
While the Company seeks to make investments which are US Dollar based when possible, the Company makes investments in and earns income denominated in local currencies. The Vietnamese Dong is not freely convertible into other currencies. Exchange rate fluctuations and local currency devaluation could have a material effect on the value of that portion of the Company's assets or liabilities denominated in Vietnamese Dong. The Company may seek to hedge against a decline in the value of the Company's Dong denominated investments resulting from currency fluctuations but only when suitable hedging instruments are available on a timely basis and on acceptable terms.

Price risk
Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of income, all changes in market conditions will directly affect net investment income. Price risk is mitigated by the Company's Investment Manager by constructing a diversified portfolio of listed and unlisted instruments. In addition, price risk may be hedged using derivative financial instruments such as options or futures.

Credit risk
The carrying amounts of financial assets shown on the face of the balance sheet best represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk to counter-parties at 31 December 2006.

The Company's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk. The Company has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

Cash flow and fair value interest rate risks
The majority of the Company's financial assets are non-interest-bearing. The Company currently has no financial liabilities with floating interest rates. As a result, the Company is subject to limited exposure to cash flow and fair value interest rate risk. Cash flow and fair value interest rate risks are managed by means of derivative financial instruments, where necessary, to ensure short- to medium term liquidity.

4 Financial assets at fair value through profit and loss

	31 December 2006	31 December 2005	30 June 2006
	US$	US$	US$
Ordinary shares-listed	**203,302,670**	16,889,367	90,345,054
Ordinary share-unlisted	**91,747,005**	54,289,031	69,943,334
Government bonds	-	-	4,500,844
	295,049,675	71,178,398	164,789,232

5 Investments in associates

	31 December 2006	31 December 2005	30 June 2006
	US$	US$	US$
Hung Vuong Corporation	**2,998,744**	1,639,959	2,209,663
International School Ho Chi Minh City	**1,601,666**	1,785,045	1,601,666
Kido's Ice Cream Corporation	**1,167,956**	852,127	1,018,526
Kinh Do Property Limited	**4,117,256**	-	2,261,001
Phong Phu Investment Development Ltd	750,141	754,006	748,492
T.D Corporation	**857,348**	861,766	857,348
Prosper Big Investments Limited	**7,479,895**	-	-
Maple City Investments Limited	**10,711,717**	-	-
AA Land Corporation	**-**	525,885	525,885
S.E.M Thong Nhat Hotel Metropole	**-**	628,338	14,622,000
Petrolimex Land	**-**	-	-
A&B Tower	**-**	1,250,000	-
Other	**-**	5,038,627	-
	29,684,723	**13,335,753**	**23,844,581**

Due to unavailability of financial information of these associates as at 31 December 2006, the investment in this associates were accounted at costs in the Group's financial statements. This is a non compliance with the IAS 28 – Investment in associates.

6 Investments in subsidiaries

	31 December 2006	31 December 2005	30 June 2006
	US$	US$	US$
Indochina Building Supplies Pte Ltd	2,956,347	3,408,107	-
Indotel Limited	5,736,515	10,403,345	-
BiVi Investment Corporation	2,125,164	-	-
Pegasus Leisure Limited	2,413,587	2,528,587	-
Century 21	-	1,003,933	-
TOTAL	**13,231,613**	17,343,972	-

As at the date of these financial statements, the financial information of the above subsidiaries for the half year ended 31 December 2006 is not available therefore full consolidation of these subsidiaries was not performed. Investments in these subsidiaries were accounted for at cost in the Group's financial statements. This is non compliant with IAS 27 – Consolidated and Separate financial statements.

7 Available for sale financial assets

	31 December 2006	31 December 2005	30 June 2006
	US$	US$	US$
Non-listed equity shares	4,129,062	-	6,407,928
Convertible notes	-	-	2,022,242
Others	525,885	-	753,039
	4,654,947	-	9,183,209

8 Paid-in capital

	31 December 2006	31 December 2005	30 June 2006
	US$	US$	US$
Share capital: ordinary shares with nominal value of US$0.01 per shares. Authorised 500,000,000 shares; issued 31 December 2006: 127,991,212 shares; 30 June 2006: 47,502,548 shares.	2,506,484	1,226,572	1,226,572
Additional paid-in capital	459,150,781	164,950,181	164,950,181
	461,657,265	166,176,753	166,176,753

9 Minority interest

	31 December 2006	31 December 2005	30 June 2006
	US$	US$	US$
Minority interest	-	-	14,084,467

Due to the unavailability of financial information of certain subsidiaries as at 31 December 2006, minority interest is not presented in the Group's financial statements. This is non compliant with IAS 27 – Consolidated and Separate financial statements.

10 Net asset value per share

The calculation of the net asset value per share is calculated based on the net asset attributable to the shares as at 31 December 2006 of US$635,528,256 or US$2.54 per share.

11 Basic Earning per share

The calculation of the basic earnings per share for the period is calculated based on the net profit for the half year of US$105,524,471 and the weighted average number of 250,648,414 shares in issue during the period.

12 Taxation

Under the law of the Cayman Islands, the Fund is not required to pay any tax to be levied on profits, income, gains or appreciations and in addition, no tax is to be levied on profits, income, gains, or appreciations or which is in the nature of estate duty or inheritance tax on the shares, debentures or other obligations of the Fund or by way of withholding in whole or part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

The only Government charge to the Fund in the Cayman Islands is an annual charge calculated on the nominal value of the authorized share capital of the Fund which will not exceed US$660 per annum at current rates.

Under Vietnamese laws, upon remitting profits and dividends abroad or retaining profits abroad (including gains made on capital transfers), the Fund is subject to the tax on the amounts remitted at the rates ranging from 3 to 7 percent. However, the profit remittance tax has been removed effective 1 January 2004 in accordance with the newly introduced Law on Business Income Tax.

If the Fund disposes of its interest in its BVI subsidiaries, any gain will not be subject to income tax or capital gains tax.

13 Fees

The management and performance fees are calculated based on the net asset value of the Fund.

Management fee

VinaCapital is entitled to receive an aggregated annual fee from the Fund, payable monthly in arrears at the rate of 2.0 percent of the net asset value of the Fund.

Performance fee

VinaCapital is also entitled to a performance fee amounting to 20 percent of the total increase of the NAV of the Company during a year with a high water mark over an annualised compounding hurdle rate of 8 percent.

Investment Management Agreement

The Investment Management Agreement contains an indemnity in favor of the Manager against claims by third parties except for the cases where the claim is due to the negligence, willful default or fraud of the Manager or any party to whom the Manager has delegated any of its functions.

The Agreement may be terminated by either party by informing the other party in writing not less than six months expiring on or at any time after the second anniversary of the commencement date of the Agreement or otherwise in circumstance (inter alia) where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding-up of one of the parties.

Directors Fee

The fees payable to the Chairman and the other Directors are $10,000 for each person per annum. The fees may be waived at the discretion of each Director.

Custodian, Administration and Registrar fee

HSBC is appointed as custodian of the assets of the Fund and as registrar and administrator of the Fund. HSBC is entitled to receive an annual fee from the Fund of the higher of US$18,000 or 0.08 percent of Net Asset Value per annum with regard to the custody services to be provided and an annual fee of US$2,000 for registrar services.

14 Report distribution

Copies of the report have been sent to shareholders and will also be available, free of charge, from the offices of Grant Thornton Corporate Finance, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP or VinaCapital Investment Management Ltd, Unit 1703, Sun Wah Tower, 115 Nguyen Hue Boulevard, District 1, Ho Chi Minh city, Vietnam, for a period of 30 days from the date of the report.