

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2012**

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2012**

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VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits its report together with the condensed interim consolidated financial statements of VinaCapital Vietnam Opportunity Fund Limited (“the Company”) and its subsidiaries (together “the Group”) for the six month period from 1 July 2012 to 31 December 2012 (“the six month period”).

VinaCapital Vietnam Opportunity Fund Limited is 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.

Principal activities

The Group’s and the Company’s principal activity is to undertake various forms of investment in Vietnam (primarily), Cambodia, Laos and Southern China. The Group and the Company mainly invests in listed and unlisted companies, debt instruments, private equity and real estate assets and other opportunities with the objective of achieving medium to long-term capital appreciation and investment income.

Results and dividend

The results of the Group for the six month period and the state of its affairs as at that date are set out in the condensed interim consolidated financial statements on pages 4 to 24.

The Board of Directors do not recommend payment of a dividend for the six month period (period from 1 July 2011 to 31 December 2011: Nil).

Board of Directors

The members of the Board of Directors of the Company during the six month period and up to the date of this report are:

Name	Position	Date of appointment
William Vanderfelt	Chairman	10 December 2004
Martin Glynn	Director	18 March 2008
Don Lam	Director	18 March 2008
Michael Gray	Director	24 June 2009
Martin Adams	Director	5 February 2013
Steven Bates	Director	5 February 2013

Directors’ interests in the Company

As at 31 December 2012, the interests of the directors in the shares, underlying shares and debentures of the Company are as follows:

	No. of shares		Approximate % of direct and indirect holding
	Direct	Indirect	
Don Lam	1,005,859	235,342	0.382%
William Vanderfelt	-	600,000	0.185%
Michael Gray	100,000	-	0.031%
Martin Glynn	60,000	-	0.018%

Subsequent events after the reporting date

No significant events have occurred since the reporting date which would impact on the financial position of the Group as disclosed in the condensed interim consolidated balance sheet as at 31 December 2012 or on the results of operations and cash flows of the Group for the period then ended.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Board of Directors' responsibility in respect of the condensed interim consolidated financial statements

When preparing the condensed interim consolidated financial statements, the Board of Directors is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii. comply with the disclosure requirements of International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the condensed interim consolidated financial statements;
- iii. maintain adequate accounting records and an effective system of internal control;
- iv. prepare the condensed interim consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- v. control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the condensed interim consolidated financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Group has complied with the above requirements in preparing the condensed interim consolidated financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying Condensed Interim Consolidated Balance Sheet, Condensed Interim Consolidated Statement of Changes in Equity, Condensed Interim Consolidated Statement of Income, Condensed Interim Consolidated Statement of Comprehensive Income, and Condensed Interim Consolidated Statement of Cash Flows, together with the notes thereto, have been properly drawn up and give fair presentation of the financial position of the Group as at 31 December 2012 and the results of its operations and cash flows for the six month period ended on that date in accordance with the International Accounting Standard 34, "Interim Financial Reporting" as issued by the IASB.

On behalf of the Board of Directors

William Vanderfelt
Chairman
27 March 2013



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed interim consolidated financial statements set out on pages 4 to 24 which comprises the condensed interim consolidated balance sheet of VinaCapital Vietnam Opportunity Fund Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 31 December 2012 and the related consolidated condensed interim statements of changes in equity, income, comprehensive income and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The directors of the Company are responsible for the preparation and presentation of the condensed interim consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2013

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	Note	31 December 2012 USD'000 Unaudited	30 June 2012 USD'000 Audited
ASSETS			
Non-current			
Plant and equipment		2,575	800
Investment property		1,750	1,785
Interest in associates	7	185,864	199,137
Loans to related parties	17(d)	1,679	-
Prepayment for acquisition of investment property		7,500	7,500
Available-for-sale financial assets		6,111	6,111
Other non-current assets		916	583
Total non-current assets		206,395	215,916
Current			
Inventories		6,939	6,090
Trade and other receivables		33,439	14,611
Short-term loans to related parties	17(d)	7,527	10,771
Financial assets at fair value through profit or loss	8	456,270	425,281
Available-for-sale financial assets		-	28,450
Cash and cash equivalents (excluding bank overdraft)		51,109	42,209
Total current assets		555,284	527,412
Assets classified as held for sale		2,643	32,127
Total assets		764,322	775,455

The notes on pages 10 to 24 are an integral part of these condensed interim consolidated financial statements

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	31 December 2012 USD'000 Unaudited	30 June 2012 USD'000 Audited
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent			
Share capital	9(a)	3,246	3,246
Additional paid-in capital		722,064	722,064
Treasury shares	9(b)	(58,666)	(17,785)
Revaluation reserve		30,450	28,602
Available-for-sale financial assets reserve		-	14,180
Translation reserve		(16,681)	(17,011)
Retained earnings		71,260	32,349
		751,673	765,645
Non-controlling interests		1,415	-
Total equity		753,088	765,645
LIABILITIES			
Non-current			
Deferred tax liabilities		101	101
Other long-term liabilities		249	175
Total non-current liabilities		350	276
Current			
Short-term borrowings	10	2,666	2,588
Trade and other payables		5,970	4,787
Payables to related parties	17(c)	2,248	2,159
Total current liabilities		10,884	9,534
Total liabilities		11,234	9,810
Total equity and liabilities		764,322	775,455
Net asset value, USD per share	14(c)	2.62	2.45

The notes on pages 10 to 24 are an integral part of these condensed interim consolidated financial statements

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent									
	Share capital USD'000	Additional paid-in capital USD'000	Treasury shares USD'000	Revaluation reserve USD'000	Available-for-sale financial assets reserve USD'000	Translation reserve USD'000	Retained earnings/(Accumulated losses) USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance at 1 July 2011	3,246	722,064	-	27,513	-	(4,834)	3,917	751,906	-	751,906
Loss for the six months period to 31 December 2011	-	-	-	-	-	-	(42,325)	(42,325)	-	(42,325)
Other comprehensive (loss)/income	-	-	-	(502)	-	729	-	227	-	227
Total comprehensive (loss)/income	-	-	-	(502)	-	729	(42,325)	(42,098)	-	(42,098)
Transactions with owners										
Shares repurchased	-	-	(4,841)	-	-	-	-	(4,841)	-	(4,841)
Balance at 31 December 2011 (unaudited)	<u>3,246</u>	<u>722,064</u>	<u>(4,841)</u>	<u>27,011</u>	<u>-</u>	<u>(4,105)</u>	<u>(38,408)</u>	<u>704,967</u>	<u>-</u>	<u>704,967</u>
Balance at 1 July 2012	3,246	722,064	(17,785)	28,602	14,180	(17,011)	32,349	765,645	-	765,645
Profit/(loss) for the six months period to 31 December 2012	-	-	-	-	-	-	38,911	38,911	(27)	38,884
Other comprehensive income/(loss)	-	-	-	1,848	(14,180)	330	-	(12,002)	-	(12,002)
Total comprehensive income/(loss)	-	-	-	1,848	(14,180)	330	38,911	26,909	(27)	26,882
Acquisition of subsidiary (Note 6)	-	-	-	-	-	-	-	-	1,442	1,442
Transactions with owners										
Shares repurchased	-	-	(40,881)	-	-	-	-	(40,881)	-	(40,881)
Balance at 31 December 2012 (unaudited)	<u>3,246</u>	<u>722,064</u>	<u>(58,666)</u>	<u>30,450</u>	<u>-</u>	<u>(16,681)</u>	<u>71,260</u>	<u>751,673</u>	<u>1,415</u>	<u>753,088</u>

The notes on pages 10 to 24 are an integral part of these condensed interim consolidated financial statements

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME

	Note	Six month ended	
		31 December 2012 USD'000 Unaudited	31 December 2011 USD'000 Unaudited
Revenue		5,264	4,541
Cost of sales		(4,078)	(3,419)
Gross profit		1,186	1,122
Dividend income		12,377	6,511
Interest income		1,422	966
Selling, general and administration expenses	11	(9,781)	(10,155)
Net changes in fair value of financial assets at fair value through profit or loss	12	28,287	(38,604)
Gain on disposals of investments		12,179	10,346
Other income		1,133	4,277
Other expenses		(690)	(700)
Operating profit/(loss)		46,113	(26,237)
Finance income		144	209
Finance costs		(271)	(1,662)
Finance costs - net		(127)	(1,453)
Share of losses of associates, net of tax	7	(6,595)	(14,031)
		(6,722)	(15,484)
Profit/(loss) before tax		39,391	(41,721)
Corporate income tax	13	(37)	-
Withholding taxes imposed on investment income	13	(470)	(604)
Profit/(loss) for the period		38,884	(42,325)
Profit/(loss) attributable to:			
Owners of the parent		38,911	(42,325)
Non-controlling interests		(27)	-
		38,884	(42,325)
Earnings/(loss) per share			
- basic and diluted (USD per share)	14(a),(b)	0.13	(0.13)

The notes on pages 10 to 24 are an integral part of these condensed interim consolidated financial statements

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Six month ended</u>	
	<u>31 December</u> 2012 USD'000 Unaudited	<u>31 December</u> 2011 USD'000 Unaudited
Profit/(loss) for the period	38,884	(42,325)
Other comprehensive income/(loss)		
- Share of revaluation reserve of associates	1,848	(502)
- Disposal of available for sale financial assets	(14,180)	-
- Currency translation differences	330	729
	<hr/>	<hr/>
Other comprehensive (loss)/income for the period	(12,002)	227
	<hr/>	<hr/>
Total comprehensive profit/(loss) for the period	26,882	(42,098)
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the parent	26,909	(42,098)
Non-controlling interest	(27)	-
	<hr/>	<hr/>
	26,882	(42,098)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 24 are an integral part of these condensed interim consolidated financial statements

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six month ended	
	31 December 2012 USD'000 Unaudited	31 December 2011 USD'000 Unaudited
Operating activities		
Profit/(loss) before tax	39,391	(41,721)
Adjustments for:		
Depreciation and amortisation	29	28
Unrealised net loss/(gain) from of financial assets at fair value through profit or loss	(26,066)	38,604
Write-off of assets	35	350
Reversal of allowance at subsidiary	-	(2,070)
Impairment of goodwill	449	-
Gains on disposals of investments	(12,179)	(11,504)
Share of losses of associates	6,595	14,031
Unrealised foreign exchange (loss)/gain, net	(82)	1,103
Interest expense	138	109
Profit/(loss) before changes in working capital	8,310	(1,070)
Change in trade receivables and other assets	(2,251)	5,395
Change in inventories	(849)	(4,642)
Change in trade payables and other liabilities	1,346	(2,911)
Withholding taxes imposed on investment income paid	(507)	(604)
Net cash inflow/(outflow) from operating activities	6,049	(3,832)
Investing activities		
Dividends received	3,250	1,128
Acquisition of a subsidiary	(1,235)	-
Purchases of plant and equipment	(199)	(274)
Investments in available for sale financial assets	-	(1,864)
Purchases of financial assets	(37,438)	(22,124)
Investments in associates	-	(550)
Proceeds from disposals of financial assets	37,416	2,678
Proceeds from short-term investments	-	27
Proceeds from shareholder loans refunded	288	124
Proceeds from disposals of investments	42,316	31,436
Shareholder loans provided	(579)	-
Net cash inflow from investing activities	43,819	10,581
Financing activities		
Interest paid	(138)	(109)
Payments for shares repurchased	(40,881)	(4,841)
Loan proceeds from banks	4,570	2,469
Loan repayment to banks	(4,484)	(1,046)
Net cash outflow from financing activities	(40,933)	(3,527)
Net increase in cash and cash equivalents for the period	8,935	3,222
Cash and cash equivalents at the beginning of the period	42,209	62,968
Exchange differences on cash and cash equivalents	(35)	(7)
Cash and cash equivalents at the end of the period	51,109	66,183

The notes on pages 10 to 24 are an integral part of these condensed interim consolidated financial statements

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited (“the Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company’s primary objective is to undertake various forms of investment primarily in Vietnam, but also in Cambodia, Laos and Southern China. The Company is quoted on the AIM market of the London Stock Exchange under the ticker symbol VOF.

The Company does not have a fixed life but the Company’s Admission Document to the AIM market of the London Stock Exchange states that the Board considers it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that a special resolution will be proposed every fifth year that the Company ceases to continue as presently constituted. If the resolution is not passed, the Company will continue to operate. If the resolution is passed, the Directors will be required to formulate proposals to be put to shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. The Board tabled such a special resolution in 2008 and it was not passed, allowing the Company to continue as presently constituted. The next special resolution on the life of the Company will be held during 2013.

The condensed interim consolidated financial statements for the six month period ended 31 December 2012 were approved for issue by the Board of Directors on 27 March 2013.

2 BASIS OF PREPARATION

The Company and its subsidiaries herein are referred as the Group.

These condensed interim consolidated financial statements for the six month period ended 31 December 2012 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required in the annual financial statements which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, these financial statements are to be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as described below.

The Group increased its investment in Yen Viet Joint Stock Company (“Yen Viet”) during the period ended 31 December 2012. As a result, Yen Viet which was an associate has become a subsidiary of the Group. The details of the acquisition is disclosed in Note 6.

The AIM Rules for Companies require comparative figures for the balance sheet for the corresponding period end in the preceding financial year which differs to IAS 34 which requires comparative figures for the balance sheet for the immediately preceding financial year end. The Group continues to elect to report in accordance with IAS 34 and as such has agreed with the London Stock Exchange a derogation from the above requirement of the AIM Rules for Companies in order to comply with IAS 34.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4 ESTIMATES

When preparing the condensed interim consolidated financial statements, the Group undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and may not equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most effect on recognition and measurement of assets, liabilities, income and expenses were the same as those that applied to the last annual financial statements for the year ended 30 June 2012.

5 SEGMENT ANALYSIS

In identifying its operating segments, management generally follows the Group's sectors of investment which are based on internal management reporting information for the Investment Manager's management, monitoring of investments and decision making. The operating segments by investment portfolio include capital markets, real estate (real estate and hospitality), private equity and cash (including cash and cash equivalents, bonds, and short-term deposits) sectors.

Each of the operating segments are managed and monitored individually by the Investment Manager as each requires different resources and approaches. The Investment Manager assesses segment profit or loss using a measure of operating profit or loss from the investment assets. Although IFRS 8 requires measurement of segmental profit or loss the majority of expenses are common to all segments therefore cannot be individually allocated. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT ANALYSIS (CONTINUED)

Segment information can be analysed as follows:

Revenue and other segment profit and loss

	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	Total USD'000
Six month ended 31 December 2012					
Revenue	-	-	5,264	-	5,264
Dividend income	12,377	-	-	-	12,377
Interest income	-	-	-	1,422	1,422
Finance income	33	84	27	-	144
Share of losses of associates	-	(6,595)	-	-	(6,595)
(Loss)/gain on disposals of investments	-	(2,001)	14,180	-	12,179
Other income	8	557	568	-	1,133
Net changes in fair value of financial assets at fair value through profit or loss:					
– Listed and unlisted securities	27,356	-	-	-	27,356
– Corporate and government bonds	931	-	-	-	931
	<u>40,705</u>	<u>(7,955)</u>	<u>20,039</u>	<u>1,422</u>	<u>54,211</u>
Cost of sales					(4,078)
Selling, general and administration expenses					(9,781)
Other expenses					(690)
Finance costs					(271)
Profit before tax					<u><u>39,391</u></u>
Six month ended 31 December 2011					
Revenue	-	-	4,541	-	4,541
Dividend income	6,511	-	-	-	6,511
Interest income	-	-	-	966	966
Finance income	30	59	120	-	209
Share of losses of associates	-	(14,031)	-	-	(14,031)
Gains on disposal of investments	-	2,345	8,001	-	10,346
Other income	426	291	3,560	-	4,277
Net changes in fair value of financial assets at fair value through profit or loss:					
– Listed and unlisted securities	(38,530)	-	-	-	(38,530)
– Corporate and government bonds	(74)	-	-	-	(74)
	<u>(31,637)</u>	<u>(11,336)</u>	<u>16,222</u>	<u>966</u>	<u>(25,785)</u>
Cost of sales					(3,419)
Selling, general and administration expenses					(10,155)
Other expenses					(700)
Finance costs					(1,662)
Loss before tax					<u><u>(41,721)</u></u>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT ANALYSIS (CONTINUED)

ASSETS

	Capital markets	Real estate	Private equity	Cash	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
As at 31 December 2012					
Plant and equipment	-	-	2,575	-	2,575
Financial assets at fair value through profit or loss	424,466	-	9,900	21,904	456,270
Investment property	-	1,750	-	-	1,750
Interest in associates	-	182,744	3,120	-	185,864
Prepayment for acquisition of investment property	-	7,500	-	-	7,500
Available-for-sale financial assets	-	6,111	-	-	6,111
Other non-current assets	-	1,679	916	-	2,595
Cash and cash equivalents	-	-	-	51,109	51,109
Inventories	-	-	6,939	-	6,939
Other current assets	3,216	32,127	5,623	-	40,966
Assets classified as held for sale	-	2,643	-	-	2,643
	<u>427,682</u>	<u>234,554</u>	<u>29,073</u>	<u>73,013</u>	<u>764,322</u>
As at 30 June 2012					
Plant and equipment	-	-	800	-	800
Financial assets at fair value through profit or loss	394,369	-	5,000	25,912	425,281
Investment property	-	1,785	-	-	1,785
Interest in associates	-	193,611	5,526	-	199,137
Prepayment for acquisition of investment property	-	7,500	-	-	7,500
Available-for-sale financial assets					
- Non current	-	6,111	-	-	6,111
- Current	-	-	28,450	-	28,450
Other non-current assets	-	-	583	-	583
Cash and cash equivalents	-	-	-	42,209	42,209
Inventories	-	-	6,090	-	6,090
Other current assets	3,412	15,527	6,443	-	25,382
Assets classified as held for sale	-	27,227	4,900	-	32,127
	<u>397,781</u>	<u>251,761</u>	<u>57,792</u>	<u>68,121</u>	<u>775,455</u>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6 BUSINESS COMBINATION

Acquisition of controlling interest in Yen Viet Joint Stock Company ('Yen Viet')

At 30 June 2012, the Group held a 23% equity interest in Yen Viet which at the time was carried as an associate. The principal activity of this company is to collect and process raw birds-nests and to sell birds-nests products.

On 30 November 2012, the Group became entitled to increase the existing interest from 23% to 55% due to certain conditions in the sale and purchase agreement not being met. On 30 November 2012, the Group also acquired an additional 10% equity interest in Yen Viet for USD1.4 million in cash. Therefore, the interest of the local partners decreased from 67% to 35% and the Group's interest in Yen Viet increased from 33% to 65% which made Yen Viet a subsidiary of the Group.

The following table summarises the consideration paid for Yen Viet, and the amount of the assets acquired and liabilities assumed recognised at the acquisition date.

	30 November 2012 USD'000
Cash paid, representing total consideration paid by the Group	1,440
Fair value of equity interest in Yen Viet held before the business combination	1,829
Total consideration	<u>3,269</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Provisional fair value	
Cash and cash equivalents	205
Plant and equipments	1,733
Trade and other receivables	2,326
Inventory	1,085
Borrowings	(413)
Payables	(674)
Total identifiable net assets	<u>4,262</u>
Non-controlling interest	<u>(1,442)</u>
Goodwill	<u>449</u>
	<u>3,269</u>

As a result of the acquisition, the Group will assist and develop the company in increasing its market presence in the birds-nests industry with the objective of growing the business. The goodwill of USD449,000 arising from the acquisition is attributable to the growth prospects of the birds-nests industry. None of the goodwill recognised and impaired is expected to be deductible for income tax purposes.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6 BUSINESS COMBINATION (CONTINUED)

During the next two to three years, the company will develop its presence in the birds-nests market with its existing brand and will implement strategies to build its distribution and marketing network. Accordingly, on the basis that the company is not expected to contribute positive cash flows in the next two to three years, management assessed that the goodwill of USD449,000 is impaired.

The revenue included in the consolidated statement of income from 30 November 2012 to 31 December 2012 contributed by Yen Viet was USD0.2 million. Yen Viet also contributed a loss of USD0.1 million over the same period.

Had Yen Viet been consolidated from 1 July 2012, the consolidated statement of income for the six month period ended 31 December 2012 would show a proforma revenue of USD1.6 million and proforma loss of USD0.1 million.

There is no contingent liability on acquisition of the Yen Viet.

The fair value of trade and other receivables is USD2.3 million and includes trade receivables with a fair value of USD0.2 million. The gross contractual amount for trade receivables due is USD0.3 million of which USD0.1 million is expected to be uncollectible.

The non-controlling interests have been recognised at a proportion of net assets acquired.

7 INTEREST IN ASSOCIATES

	31 December 2012 USD'000	30 June 2012 USD'000
Investments in associates	150,656	172,341
Long-term loan receivables (Note 17(d))	35,208	35,733
	<hr/>	<hr/>
Interests in associates	185,864	208,074
Less: provision for impairment	-	(8,937)
	<hr/>	<hr/>
Total	<u>185,864</u>	<u>199,137</u>

The movement in investments in associates is analysed as follows:

Opening balance	172,341	199,579
Additions	-	22,107
Share of losses, net of tax	(6,595)	(16,347)
Share of change in revaluation reserve	3,068	(112)
Reclassified to asset held for sale	-	(24,700)
Loan converted to shares, reclassified from loans to related parties (Note 17(d))	-	12,550
Transferred (to subsidiary)/from available-for-sale financial assets	(8,165)	8,165
Dividends income	(3,250)	(4,000)
Disposals	(6,933)	(13,041)
Share of translation differences	190	(11,860)
	<hr/>	<hr/>
Closing balance	<u>150,656</u>	<u>172,341</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7 INTEREST IN ASSOCIATES (CONTINUED)

The Group's share of the results of its significant associates, its aggregated assets (including goodwill) and liabilities at 31 December 2012 and their performance during the period was as follows:

Name	Country of incorporation	As at		For 31 December 2012			
		31 December 2012 % of group interest	30 June 2012 % of group interest	Assets USD'000	Liabilities USD'000	Revenue USD'000	Profit/ (loss) USD'000
S.E.M Thong Nhat Hotel Metropole	Vietnam	50.00	50.00	3,625	3,625	3,625	3,625
Hung Vuong Corporation	Vietnam	40.91	40.91	37,685	21,327	4,093	569
VinaCapital Danang Golf Course Ltd.	Vietnam	25.00	25.00	90,802	24,943	2,322	(6,055)
Prosper Big Ltd.	BVI	25.00	25.00	68,554	64,395	-	(6,627)
VinaCapital Danang Resorts Ltd.	Vietnam	25.00	25.00	68,922	30,171	2,871	(663)
Vinh Thai Co. Ltd.	Vietnam	25.00	25.00	60,299	33,441	-	(4,194)
Vina Alliance Limited ^(*)	Vietnam	15.50	15.50	88,193	15,454	86	(14,728)
Saigon Golf JSC	Vietnam	20.00	20.00	11,758	3,228	56	(126)
Vina Dai Phuoc Corporation ^(*)	Vietnam	18.00	18.00	93,839	34,775	2,813	(3,264)
Phu Hoi City Company Limited ^(*)	Vietnam	17.50	17.50	29,063	19	-	(2,232)
Kotobuki Holdings (Hong Kong) Ltd.	Vietnam	-	38.00	N/A	N/A	N/A	N/A

(*) Although the Group holds less than 20% of the equity of in Vina Alliance Limited, Vina Dai Phuoc Corporation and Phu Hoi City Company Limited, the Group exercises significant influence by having the power to participate in the financial and operating decisions of these entities and therefore these investments are treated as associates of the Group.

The Group has discontinued the recognition of its shares of losses of those associates which have been written down to zero and where the Group has no continuing obligations to the associates. The amount of unrecognised share of losses for the period ended 31 December 2012 and cumulatively is USD2.2 million and USD4.2 million (year ended 30 June 2012 and cumulatively: USD2.5 million and USD3.0 million) respectively.

Disposal of interest in Kotobuki Holdings (Hong Kong) Limited

During the period, the Group disposed of its 38% equity interest of Kotobuki Holdings (Hong Kong) Ltd., which is incorporated in Hong Kong. This company owns and manages the Legend Hotel, a five-star hotel located in District 1, Ho Chi Minh City, Vietnam and an adjoining office building.

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8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2012 USD'000	30 June 2012 USD'000
Financial assets in Vietnam:		
Ordinary shares – listed	313,633	297,074
Ordinary shares – unlisted	100,474	78,974
Corporate bonds	6,558	8,500
Government bonds	15,346	17,412
	<u>436,011</u>	<u>401,960</u>
Financial assets in countries other than Vietnam:		
Ordinary shares – listed	20,259	23,321
Total	<u>456,270</u>	<u>425,281</u>

9 SHARE CAPITAL AND TREASURY SHARES

(a) *Share capital*

The number of shares in issue and fully paid up of the Company is USD3.246 million ordinary shares of USD0.01 each. The Company deemed investors holding more than 10% beneficial interest in the ordinary shares of the Company as major shareholders. At 31 December 2012, there are no investors of the Fund with interests exceeding the 10% threshold.

(b) *Treasury shares*

As at 31 December 2012, the Company has purchased 37,191,670 of its ordinary shares for a total cash consideration of USD58,665,639 at an average cost USD1.58 per share.

	31 December 2012 USD'000	30 June 2012 USD'000
Opening balance	(17,785)	(4,841)
Shares repurchased during the half-year period	(40,881)	(12,944)
Closing balance	<u>(58,666)</u>	<u>(17,785)</u>

10 SHORT-TERM BORROWINGS

Bank borrowings are obtained by subsidiaries of the Group and are secured by its plant and equipment at the reporting date.

Bank borrowings are denominated in VND and are repayable within 12 months. They are subject to interest rates ranging from 11.5% to 15.5% (30 June 2012: 10.5% to 17.5%).

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11 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<u>Six month ended</u>	
	<u>31 December 2012 USD'000</u>	<u>31 December 2011 USD'000</u>
Management fees (Note 17(a))	7,370	7,413
Professional fees	1,318	1,635
Selling and general administration expenses ^(*)	1,093	1,107
	<u>9,781</u>	<u>10,155</u>

^(*) The majority of these expenses relate to operating expenses incurred by subsidiaries of the Group.

12 NET CHANGES IN FAIR VALUE OF FINANCIAL ASSETS
AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>Six month ended</u>	
	<u>31 December 2012 USD'000</u>	<u>31 December 2011 USD'000</u>
Gains from realisations of financial assets, net	2,221	200
Unrealised gains/(losses) on fair value changes	25,135	(30,992)
Unrealised gains/(losses) from foreign exchange differences	931	(7,812)
	<u>28,287</u>	<u>(38,604)</u>

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13 INCOME TAX EXPENSE

VinaCapital Vietnam Opportunity Fund Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, state, corporation, capital gains or other taxes payable by the Company.

The majority of the Group's subsidiaries are domiciled in the British Virgin Islands (BVI) and so have a tax exempt status. Some of the subsidiaries are established in Singapore and have offshore operations in Vietnam and other countries. The income from these offshore operations is also tax exempt in Singapore.

The subsidiaries established in Vietnam are subject to corporate income tax in Vietnam. However no provision for corporate income tax has been made for these subsidiaries because they are all in a position where there are no corporate income taxes payable because they either have incurred losses, or have unutilised tax holidays, or have sufficient carry-forward tax losses to offset any taxable income.

The relationship between the expected income tax expense based on the applicable income tax rate (stated below) and the tax expense actually recognised in the condensed interim statement of income can be reconciled as follows:

	Six months ended	
	31 December 2012 USD'000	31 December 2011 USD'000
Group profit/(loss) before tax	39,391	(41,721)
Group loss multiplied by applicable tax rate (0%)	-	-
Withholding taxes imposed on investment income	(470)	(604)
Income tax on Vietnamese subsidiaries	(37)	-
Tax expense	<u>(507)</u>	<u>(604)</u>

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14 EARNING/(LOSS) PER SHARE AND NET ASSET VALUE PER SHARE

(a) *Basic*

Basic earning/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company from operations by the weighted average number of ordinary shares in issue during the six month period excluding ordinary shares purchased by the Company and held as treasury shares (Note 9).

	Six month ended	
	31 December 2012	31 December 2011
Profit/(loss) for the period (USD'000)	38,911	(42,325)
Weighted average number of ordinary shares in issue ('000)	295,546	324,610
Basic earning/(loss) per share (USD per share)	<u>0.13</u>	<u>(0.13)</u>

(b) *Diluted*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has no category of potentially dilutive ordinary shares. Therefore, diluted earning/(loss) per share is equal to basic earning/(loss) per share.

(c) *Net asset value per share*

Net asset value (NAV) per share is calculated by dividing the net asset value attributable to equity shareholders of the Company by the number of outstanding ordinary shares in issue as at the reporting date excluding ordinary shares purchased by the Company and held as treasury shares (Note 9). Net asset value is determined as total assets less total liabilities.

	As at 31 December 2012	As at 30 June 2012
Net asset value attributable to owners of the Company (USD'000)	751,673	765,645
Number of outstanding ordinary shares on issue ('000)	287,419	312,536
Net asset value per share (USD/share)	<u>2.62</u>	<u>2.45</u>

15 SEASONALITY

The Group's management believes that the impact of seasonality on the condensed interim financial information is not material.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16 DIRECTORS AND MANAGEMENT REMUNERATION

The aggregate director fees for the six month period amounted to USD97,500 (31 December 2011: USD97,500), of which there was no outstanding payable at the reporting date (31 December 2011: nil).

The details of remuneration for each director are summarised below:

	Six month ended	
	31 December 2012 USD	31 December 2011 USD
William Vanderfelt	37,500	37,500
Martin Glynn	30,000	30,000
Michael Gray	30,000	30,000
	<u>97,500</u>	<u>97,500</u>

At the Extraordinary General Meeting held on 17 June 2009, the shareholders approved a resolution to increase Directors' remuneration to a maximum amount of USD300,000 per year, subject to the condition that any fees paid in excess of USD60,000 for services rendered from 1 July 2007 shall result in a corresponding reduction in the management fee paid to VinaCapital Investment Management Limited, the Investment Manager (Note 17).

The Board of Management and certain other individuals who act on behalf of the Group are remunerated by the Investment Manager. However, it is not possible to specifically allocate their costs to the Group. Part of the management fees disclosed in Note 17 can be allocated to the remuneration of these individuals.

17 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) *Management fees*

The Group was managed by VinaCapital Investment Management Limited (the "BVI Investment Manager"), a company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 24 September 2003 (the "Management Agreement"). From 1 January 2011, the Group was managed by VinaCapital Investment Management Limited (the "Investment Manager"), a 100% owned subsidiary company of the BVI Investment Manager incorporated and registered as a licensed fund manager in the Cayman Islands ("CI"), under the novation agreement between the BVI Investment Manager and the CI Investment Manager. The Investment Managers receives a fee based on the net asset value of the Group, payable monthly in arrears, at an annual rate of 2% (31 December 2011: 2%).

Total management fees for the six month period amounted to USD7,369,889 (31 December 2011: USD7,412,535), with USD1,260,104 (31 December 2011: USD1,157,709) in outstanding accrued fees due to the Investment Manager at the reporting date.

(b) *Performance fees*

The Investment Manager is also entitled to a performance fee equal to 20% of the realised returns over an annualised compounding hurdle rate of 8%. There was no performance fee payable for the six month period ended 31 December 2012 and 31 December 2011.

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17 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c)	<i>Receivables/(payables) from/(to) related parties</i>	31 December 2012 USD'000	30 June 2012 USD'000
	Payments on behalf of related parties	2,773	2,559
	Interest receivables from related parties	347	382
	Proceeds from disposal of investments	2,070	-
	Payables to related parties	(2,248)	(2,159)
		<u> </u>	<u> </u>
(d)	<i>Loans to related parties</i>	31 December 2012 USD'000	30 June 2012 USD'000
	Long-term loans to:		
	- Associates under common management (*) (Note 7)	35,208	35,733
	- An associate	1,679	-
		<u> </u>	<u> </u>
	Total long-term loans to related parties	36,887	35,733
		<u> </u>	<u> </u>
	Short-term loans to:		
	- Current portion of long-term loan to an associate	1,249	3,845
	- Other related parties	6,278	6,926
		<u> </u>	<u> </u>
	Total short-term loans to related parties	7,527	10,771
		<u> </u>	<u> </u>
	Total loans to related parties	44,414	46,504
		<u> </u>	<u> </u>

(*) Associates under common management refer to associates which have joint investments in real estate projects with VinaLand Limited, another fund managed by VinaCapital Investment Management Limited. These loans form part of the Group's net investment in the associates as settlements are not planned.

The movement of loans to related parties is as follow:

	31 December 2012 USD'000	30 June 2012 USD'000
Opening balance	46,504	61,443
Loans advanced	670	1,259
Loan repayments received	(288)	(875)
Reclassified a long-term loan to assets held for sale	(760)	(2,527)
Loans converted to shares, reclassified to investment in associates (Note 7)	-	(12,550)
Interest charged	356	874
Interest received	(243)	(649)
Impairment and write off of loan receivables	(1,825)	(471)
	<u> </u>	<u> </u>
Closing balance	44,414	46,504
	<u> </u>	<u> </u>

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17 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) *Loans to related parties (continued)*

The long-term loan to an associate is secured by way of shares of an entity listed on the Vietnam stock exchange, bears interest rate of 15% per annum and has a minimum repayment term of USD0.58 million annually. The remaining balance of the loan of USD2.93 million is due and repayable by May 2013.

The short-term loans to other related parties have repayment terms within 12 months period, are unsecured and carry interest at rates ranging from 1.5% to 15.5% per annum (30 June 2012: 1.5% to 15%).

No provision was required at 31 December 2012 (30 June 2012: nil) for loans to related parties.

18 COMMITMENTS

The Group has a broad range of commitments under investment licences it has received for real estate projects jointly invested with VinaLand Limited, a related party under common management, and other agreements it has entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investments in many of these arrangements are at the Group's discretion.

19 FINANCIAL RISK MANAGEMENT

(a) *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 June 2012.

There have been no changes in the risk management department since year end and or in any risk management policies.

(b) *Fair value estimation*

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial liabilities of the Group which were measured using the fair valuation method as at 31 December 2012 and 30 June 2012.

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

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19 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair value estimation (continued)

The financial assets measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 31 December 2012				
Financial assets at fair value through profit or loss in Vietnam:				
- Ordinary shares – listed	312,252	-	-	312,252
- Ordinary shares – unlisted	-	91,955	9,900	101,855
- Corporate bonds	-	6,558	-	6,558
- Government bonds	15,346	-	-	15,346
Financial assets in countries other than Vietnam:				
- Ordinary shares – listed	20,259	-	-	20,259
Available-for-sale financial assets:				
- Private equity investments	-	-	6,111	6,111
	<u>347,857</u>	<u>98,513</u>	<u>16,011</u>	<u>462,381</u>
As at 30 June 2012				
Financial assets at fair value through profit or loss in Vietnam:				
- Ordinary shares – listed	297,074	-	-	297,074
- Ordinary shares – unlisted	-	65,040	13,934	78,974
- Corporate bonds	-	8,500	-	8,500
- Government bonds	17,412	-	-	17,412
Financial assets in countries other than Vietnam:				
- Ordinary shares – listed	23,321	-	-	23,321
Available-for-sale financial assets:				
- Private equity investments	28,450	-	6,111	34,561
	<u>366,257</u>	<u>73,540</u>	<u>20,045</u>	<u>459,842</u>

During the period ended 31 December 2012, there were no reclassifications of financial assets and no transfers between levels of fair value hierarchy used in measuring the fair value of financial assets.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to those adopted and disclosed in the consolidated financial statement at 30 June 2012.

The fair values of the Group's investments in level 3 financial assets cannot be reliably measured and are therefore excluded from this disclosure. Due to numerous uncertainties regarding the future development of these investees, the fair value of the Group's equity interest in these investments cannot be reliably measured and therefore have been stated at cost less impairment charges.