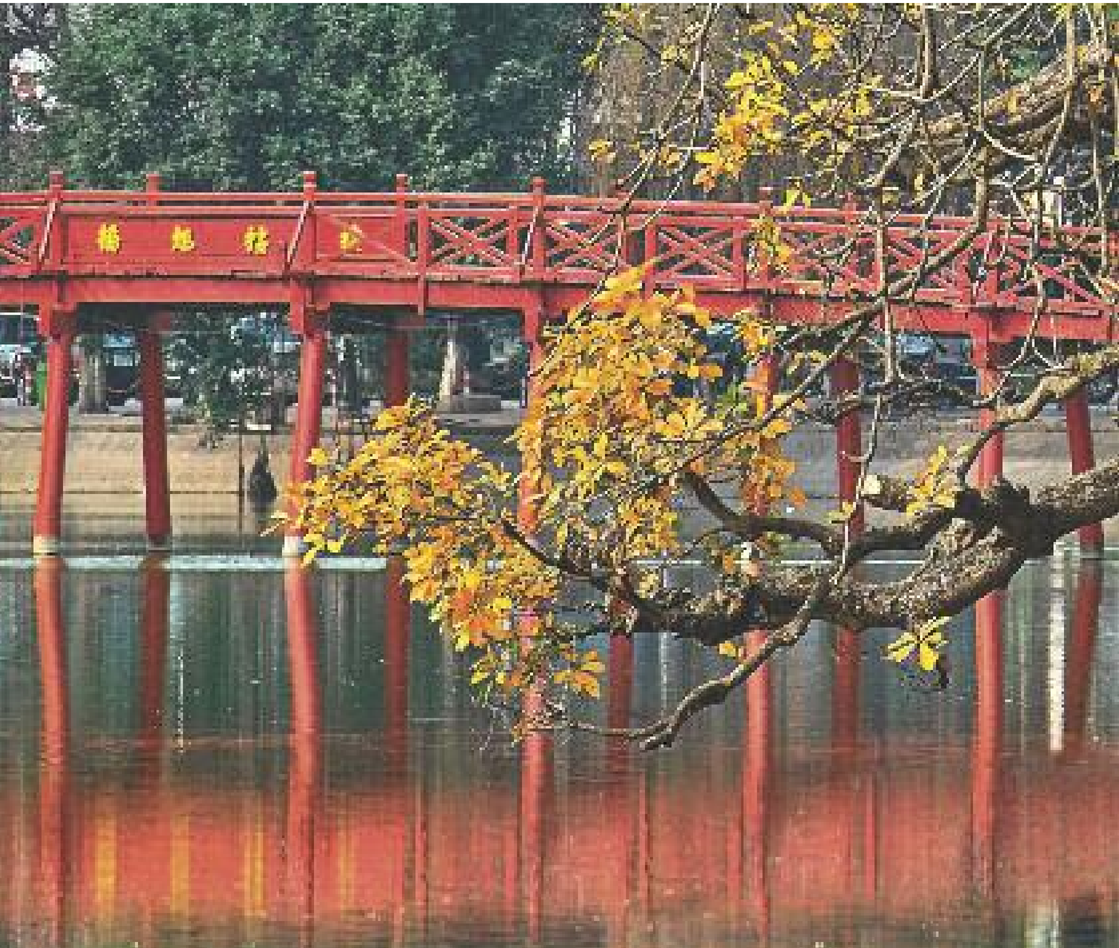
Interim Report
as of 31 December 2010

VietNam Holding



In reflection of important shareholder votes in 2009 and 2010, VNH has fully adopted an investment program of active engagement and the pursuit of sustained value and performance excellence. Vietnam now features PE multiples that are very attractive when compared to those in any other regional market

The Vietnamese photographer Huang The Nhiem has displayed his work with considerable success in exhibitions around the world. His work can be found on www.lotusgallery.com

Highlights

Our continued above-peer performance, exceeding market indices, reflects the involvement of our full team, including board members and advisors. With our share price up 25% in the half-year by 31 December 2010, and the discount of that price to NAV reduced by more than 20%, we are working to expand our investor base and to grow the size of the fund. Our goal remains to build long term shareholder value.

Increase of VNH's Share Price in 2H2010

25%

Reduction of VNH's Share Price Discount to NAV

20%

- Ongoing outperformance of the benchmark VNI
- Sustainable growth of Vietnamese economy
- Financial analysis enhanced by pro-active engagement and sustainability research

Chairperson's Statement
P/E multiples for Vietnamese equities became considerably more enticing in 2010

The second half of 2010 was another rewarding period for VietNam Holding, despite the general lethargy shown by Vietnam's two equity markets during this period. The Company's net asset value (NAV) declined 5%, from USD 1.41 to USD 1.34 per share, broadly in line with the VNI index's performance, and well ahead of the HNX index. However, the Company's share price rose 25% over the period, from USD 0.925 to US$ 1.158 per share. As a result, the Company's discount of share price to NAV contracted from 34% to 13%.

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Vietnam

The macro-economic picture in Vietnam became more complex in the latter half of 2010, with increasingly strong GDP growth and corporate earnings tempered by growing concerns about the trade deficit and balance of payments situation. The State Bank of Vietnam's loose monetary policy and high commercial bank lending growth helped inflationary forces to regain momentum in the latter half of 2010, and the VND remained under devaluation pressure throughout the year. Issues such as these, and the difficulties surrounding Vinashin, prompted two major agencies to downgrade Vietnam's credit rating in December. This in turn helped erode domestic investor confidence in VND-denominated assets, prompting a flight to dollars, gold and property as hedging assets.

The impact on the equity markets – where all shares are denominated in VND – was evident, with fairly lackluster domestic investor interest in listed equities during much of 2010, although foreign investor appetite remained relatively strong, and a measured stock market rally did occur in December. Nonetheless, in the second half of the year the VNI declined by as much as 16%, before ending the period down 4%. This compares unfavorably with the 23% rise in the MSCI EM Asia Index in the latter half of 2010. One consequence is that P/E multiples for Vietnamese equities became considerably more enticing in 2010.
The average P/E ratio for the VNI was around 11.3 at the end of 2010; half what they were in mid-2009, and almost a quarter of where they stood when the Vietnamese index peaked in March 2007.
In comparison, the average P/E ratio for

the MSCI EM Asia Index was 15.8 at year end 2010.

Extensive preparations for the 11th Vietnam Communist Party (VCP) Congress, held in January 2011, may have also distracted domestic investors somewhat in the latter months of 2010, as they waited to see if any major policy changes were imminent. However, at the time of writing, it appears that no major revisions in economic policy direction, nor any greatly unexpected changes in the leadership profile, have emanated from the Congress. The country has a new State President and VCP General Secretary, but there was no change made to the post of Prime Minister. A new government Cabinet will be formally revealed after National Assembly elections are held, in May 2011.

> “Shareholders approved the issuance of up to 100,000,000 C shares, of USD 1 par value, with the precise timing at the discretion of the Board.”

VietNam Holding

The Annual General Meeting of shareholders was held in Frankfurt in late September, at which all the resolutions recommended by the Board were passed. These resolutions included three special items of business. First, shareholders approved a Share Repurchase Program, to buy back up to 10% of the Company's own outstanding ordinary shares on the secondary market, at the discretion of the Board. Shares so purchased would be automatically cancelled. The aim was to bring the Company's share price, as traded on the secondary market, more in line with the underlying NAV of the shares. The Program was activated in November.

Secondly, shareholders at the AGM approved an increase in the Company's share capital, from USD 100,000,000 divided into 100,000,000 shares of par value USD1 each, to USD 200,000,000, divided into 200,000,000 shares of par value USD1 each.

Thirdly, shareholders approved the issuance of up to 100,000,000 C shares, of USD 1 par value, with the precise timing at the discretion of the Board. If enacted, such a 'placing' will provide the Company with flexibility to raise capital at a time when investment opportunities and market sentiment appear most advantageous. The issuance of C shares ensures that the NAV of existing outstanding ordinary shares are not diluted by the expenses associated with the C share placing. The cash proceeds from the C share placing will be kept separate from existing assets of the Company, until the date when the C shares are converted into Ordinary shares, but subject to the same investment policies and restrictions pursued by the Company at present. The mechanism used to make the conversion ensures that the NAV attributable to both the ordinary and C shares are unaffected by the conversion process and the merging of the two respective portfolios.

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Ltd
February 4, 2011

Investment Manager's Report
High levels of foreign investment are building a foundation that ensures future exports and larger financial reserves

In market conditions that were generally stagnant, our company performed with high energy, dedication and above-peer success. Our commitment to identify and successfully engage with investee companies, while delivering sustainable value, gained focus and showed measurable results. Our exclusive commitment to the VietNam Holding fund has allowed us to sharpen and improve the analysis and continued involvement critical to our goal of offering Vietnam's premier sustainable investment opportunity.

Sustainability

The decision of the fund's shareholders in 2009 to incorporate environmental social and governance evaluations in our analysis and portfolio management was an extension of a process begun at our inception. It gave us the opportunity to formalize comprehensive sustainability considerations as a fundamental part of our thinking and of our everyday operations. These important factors have now become the welcome partner of our historically strong financial analysis. Our successful efforts during this new fiscal year have added to our conviction that the best possible portfolio of true long-term value is generated by strong financial results delivered in a transparent way that is both socially considerate and environmentally sensitive. This combination in the companies we review indicates a company strategy and management that are well prepared to capitalize on the promise of a country rich in natural resources, human talent, and business opportunities.

Throughout 2010, we continued the process of engagement developed during our work with Inrate to survey and assess the sustainability of our portfolio. The information that we obtained during extensive investee interviews and data analysis has allowed us to develop a program of engagement that is already assisting our investee companies to become even better performers. The end result will be stronger financial success, improved market recognition, and increasing VNH shareholder value.

Education and Engagement

An important feature of this engagement process continues to be the series of VNH Forums. These gatherings allow us to interact with large groups of investee company personnel in an educational and mutually productive way. The global experts we have brought to Vietnam for forum events have shared a wealth of experience with our portfolio companies and with our own staff. Our interaction with these companies has taken on more purpose and generated expanded mutual benefit. Our visits have been scheduled and conducted to provide maximum information for us and maximum value for the companies.

> “Our exclusive commitment to the VietNam Holding fund has allowed us to sharpen and improve the analysis and continued involvement critical to our goal of offering Vietnam's premier sustainable investment opportunity.”

An important part of this calling program on investee companies has been the direct involvement of the board members of both the fund and our investment management company. This gives evidence of our strong commitment to the sustainability and success of our portfolio companies, and has allowed us to share many collective years of global experience with companies eager to learn and prosper. This hands-on approach on the part of our staff, our managers and our board members makes clear that sustainable investing does not end when the investment is made. In fact, that is when much of it begins.

Offices and Staff

In October we made an important physical move by relocating our Hanoi office to new premises in a more accessible and well-equipped building. This has provided our staff with a more comfortable and efficient work environment at minimal additional cost. Our office in Ho Chi Minh City continues to serve us well, with some capacity for additional growth. Like all successful companies with quality people, we encountered the inevitable staff turnover. We are happy to report that we have been able to attract excellent new analysts in both of our Vietnam offices. Additionally, due to the promotion of our former financial controller to the position of senior sustainability analyst we have recruited a new financial controller.

Our Market

As noted in the preceding letter from the fund’s chairlady, Vietnam' continues to emerge as an investment market of growing strength, momentum and focus. High levels of foreign investment are building a foundation that ensures future exports and larger financial reserves. That road has not always been easy, as the government continues to hone the economic and fiscal tools with which to manage a market engine with still untapped potential. Growth remains strong as the energy of the economy continues to surprise and impress.

Our Future

Working closely with VNH, we focus substantial efforts on the growth of its investor base and relations with it. Our goal is a larger number of well-informed shareholders, and increased liquidity. We visit regularly in numerous European markets to tell our story and explain the exciting investment opportunity that VietNam Holding provides. We look forward to the next chapter, and to delivering to all of the fund’s shareholders the rewards of sound and sustainable investment, the achievement of long-term value, and the realization of excellent financial returns.

Donald Van Stone, Chairman
VietNam Holding Asset Management, Ltd
February 4, 2011

Vietnam's Economy and Stock Market

The economy was growing at over 7% for the latter half of the year, comparing favorably with the 5.3% and 6.3% growth of 2009 and 2008, respectively

Vietnam's economy continued to gain momentum in the latter half of 2010, ending the year with GDP growth of 6.78%, slightly above the government's target of 6.5%. Indeed, the economy was growing at over 7% for the latter half of the year, comparing favorably with the 5.3% and 6.3% growth of 2009 and 2008, respectively. Both the industrial and construction sector and the trade and services sector remained robust, and domestic consumer demand also held up remarkably well. In 2010, industrial output was up 14% on last year, while the construction sector recorded 23% growth. Retail sales reportedly grew by almost 25% during the full year.

The policy emphasis on economic growth has, however, prompted a number of concerns relating to over-heating, including a return of inflationary forces. The consumer price index rose 11.75% in 2010, well above the 7% target set by the government. This has been due in some part to bank credit growth running too high in 2010, at an unsustainable 29.8%. The State Bank of Vietnam kept the prime rate of interest (for the VND) at 8% for much of the year, increasing it by 100 bps for the last two months of 2010, in response to the rise in inflation.

"The strong macro-economic growth figures, and the actual earnings of many listed companies have not been reflected in the overall performance of the Vietnamese stock markets in 2010."

The strong macro-economic growth figures, and the actual earnings of many listed companies, have not been reflected in the overall performance of the Vietnamese stock markets in 2010. In the second half of the year the VNI in Ho Chi Minh City actually fell very slightly, by 4%, while the HNX in Hanoi declined by 28%. For 2010 as a whole, the VNI ended the year down 2% and the HNX retreated by 32%; along with Shanghai, one of the worst stock market performances in East Asia last year. Such a mediocre performance and limited investor appetite inevitably impacted adversely on the pace of new equitisations and listings.

This poor performance of Vietnam's equity indices largely reflected a lack of domestic investor confidence, stemming in turn from inter-related concerns about rising inflation, the weakness of the local currency and the continuing trade deficit. The VND was effectively devalued by 3% in August, but the unofficial exchange rate for the US dollar suggests that downward pressure on the local currency remains. This has prompted many local investors to generally shy away from VND-denominated assets (including shares) and seek the security of gold in particular. During 2010, the VND's value against the US dollar declined by 5.5%.

One of the reasons for the weakness in the VND has been the persistent trade deficit and its likely impact on Vietnam's overall balance of payments situation. Vietnam's total trade deficit for 2010 was estimated to be USD 12.4bn, on exports of USD 71.6bn and imports of USD 84bn. Some of that deficit is typically offset by foreign direct investment inflows: pledges were down in 2010, at USD 18.6bn, although actual disbursements were reported to be up slightly, at around USD 10bn. In addition, inward remittances are thought to have risen in 2010, to USD 8bn, attracted in part by the relatively high interest rate offered on dollar deposits. And spending commitments by the international donor community were maintained.

Nonetheless, all three major credit ratings agencies downgraded Vietnam in the latter part of 2010. Their principal concern has been that while the government was prompt in introducing economic stimulus measures in early 2009 that helped the country weather the global economic downturn remarkably well that year, it has been less adept at tightening monetary policy and finessing a currency depreciation in 2010. That in turn has raised worries about Vietnam's ability to meet its external payment commitments and prevent over-heating.

Such concerns have not helped foreign perceptions of Vietnam's general economic wellbeing, which have been further exacerbated by the severe problems encountered by state-owned Vinashin. While full details of the company's difficulties have yet to be made public, the case has served to underline the weakness of corporate governance practices in even some of the country's largest and most important corporates. Vinashin was the recipient of considerable government largesse, and yet was able to accrue a debt burden of over USD 4bn that it could not ultimately support.

“The pace of GDP growth may need to be lessened and monetary policy tightened, if inflation is to be brought back under control.”

Looking ahead just a little, the first half of 2011 in Vietnam will be dominated in large part by activities in the political sphere, including the 11th Party Congress and National Assembly elections, resulting in various changes to the leadership line-up. However, once those are concluded, there will be a need to regain a firmer policy control on the economy. In particular, the pace of GDP growth may need to be lessened and monetary policy tightened, if inflation is to be brought back under control.

Balance Sheet
as at 31 December 2010 (unaudited)

	Note	Unaudited As at 31.12.10 USD	Unaudited As at 31.12.09 USD	Audited As at 30.06.10 USD
Assets				
Cash and cash equivalents	2	7,673,315	4,485,008	2,982,599
Investments in securities at fair value	2	67,759,576	77,600,814	76,020,986
Accrued interest on bonds and dividends due		119,679	-	82,713
Total assets		**75,552,570**	**82,085,822**	**79,086,298**
Liabilities				
Accrued expenses		516,897	287,209	526,300
Other liabilities		0	52,677	
Total liabilities		**516,897**	**339,886**	**526,300**
Net assets attributable to shareholders		**75,035,673**	**81,745,936**	**78,559,998**

The financial statements on pages 9 to 26 were approved by the Board of Directors on February 4, 2011 and were signed on its behalf by:

Min-Hwa Hu Kupfer
Chairperson

Nguyen Quoc Khanh
Chairman of the Audit Committee

The notes on pages 13 to 26 form an integral part of these financial statements.

Statement of Comprehensive Income
for the 6 months ended 31 December 2010

	Notes	Unaudited 01.07.10-31.12.10 USD	Unaudited 01.07.09 - 31.12.09 USD	Audited 01.07.09 - 30.06.10 USD
Income				
Interest income	5	234	174	509
Dividend income from equity securities designated at fair value through profit or loss		1,503,597	617,584	1,817,915
Realised gain/(loss) on investments		1,364,375	1,948,796	-861,461
Net foreign exchange (loss)/gain	2	-708,445	-542,187	-372,638
Movement in unrealised gain on investments	2	-4,690,318	14,411,651	14,498,355
Net investment income		**-2,530,557**	**16,436,018**	**15,082,680**
Expenses				
Investment Management fee	6	758,641	803,496	1,631,578
Advisory fees		61,500	60,500	124,562
Accounting fees	8	50,000	50,000	100,000
Custodian fee	7	72,500	56,500	132,160
Director fees and expenses	6	125,000	150,000	251,208
Brokerage fees		16,267	7,800	13,237
Audit fees		30,000	30,000	61,753
Publicity and investor relations fees		116,500	40,500	375,013
Insurance fees		22,500	22,500	45,000
Administration expenses		87,650	84,396	203,557
Risk management expenses		145,000	42,000	144,696
Technical assistance		30,000	7,500	37,735
Bank interest		3,219	-	1,896
Total operating expenses		1,518,777	1,355,192	3,122,395
Change in net assets attributable to shareholders		-4,049,334	15,080,826	11,960,285

The notes on pages 13 to 26 form an integral part of these financial statements.

Statement of Changes in Equity
for the 6 months ended 31 December 2010

	Share Capital USD	Retained Earnings USD	Total USD
Balance at July 1, 2009	**112,500,000**	**-45,834,890**	**66,665,110**
Total comprehensive income for the period			
Profit or loss		15,080,826	15,080,826
Balance at December 31, 2009	112,500,000	-30,754,064	81,745,936
Balance at July 1, 2010	112,500,000	-33,365,645	79,134,355
Total comprehensive income for the period			
Profit or loss		-4,049,334	-4,049,334
Redemption of shares during the period	-49,348		-49,348
Balance at December 31, 2010	**112,450,652**	**-37,414,979**	**75,035,673**

The notes on pages 13 to 26 form an integral part of these financial statements.

Statement of Cash Flows
for the 6 months ended 31 December 2010

	Unaudited 01.07.10 - 31.12.10 USD	Unaudited 01.07.09 - 31.12.09 USD	Audited 01.07.09 - 30.06.10 USD
Cash flows from operating activities			
Increase/(decrease) in net assets attributable to shareholders	-4,049,334	15,080,826	11,960,285
Adjustments for:			
Interest income	-234	-174	-509
Dividend income	-1,503,597	-617,584	-1,817,915
Net realised gain on investments	-1,364,375	-1,948,796	861,461
Net unrealised loss/(gain) on debt and equity instruments	4,690,318	-14,411,651	-14,498,355
Unrealised foreign currency loss	-150,632	-443,759	-218,005
	-2,377,854	**-2,341,138**	**-3,713,038**
Net increase/(decrease) in amounts due from brokers	-	-	-
Net increase/(decrease) in other receivables and payables	99,796	-100,728	120,909
Cash used in operations	**-2,278,058**	**-2,441,866**	**-3,592,129**
Interest received	234	174	509
Dividends received	1,503,597	617,584	1,781,711
Net cash used in operating activities	**-774,227**	**-1,824,108**	**-1,809,909**
Cash flows from investing activities			
Purchase of investments	-179,492	-4,278,365	-8,642,200
Proceeds from sale of investments	5,444,455	5,072,960	8,145,941
Net cash from investing activities	**5,264,963**	**794,595**	**-496,259**
Cash flows from financing activities			
Proceeds from redeemable units	-	-	-
Redemption of redeemable units	49,348	-	-
Net cash from financing activities	**49,348**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	**4,540,084**	**-1,029,513**	**-2,306,168**
Cash and cash equivalents at the beginning of the period	2,982,599	5,070,762	5,070,762
Effect of exchange rate fluctuations on cash held	150,632	443,759	218,005
Cash and cash equivalents at the end of the period	**7,673,315**	**4,485,008**	**2,982,599**

The notes on pages 13 to 26 form an integral part of these financial statements.

Notes to the Financial Statements

1 THE COMPANY

VietNam Holding Limited ("VNH" or the "Company") is a closed-end investment holding company incorporated on April 20, 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on June 15, 2006, to invest principally in securities of former State-owned Entities ("SOEs") in Vietnam, prior to, at or after the time such securities become listed on the Vietnam stock exchange, including the initial privatisation of the SOEs. The Company may also invest in the securities of private companies in Vietnam, whether Vietnamese or foreign owned, and the securities of foreign companies if a significant portion of their assets are held or operations are in Vietnam.

The investment objective of the Company is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation.

Vietnam Holding Asset Management Limited (VNHAM) has been appointed as the Company's Investment Manager and is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions.

Credit Suisse Zürich has been appointed to act as custodian of the Company's assets (as can be legally held outside of Vietnam). Vietnamese law requires that the Company's shares in listed companies must be held by a custodian registered as such in Vietnam and these assets will therefore be held by the Vietnam sub-custodian. HSBC (Vietnam) has been appointed to act as sub-custodian. Credit Suisse Asset Management Fund Service (Luxembourg) S.A. has been appointed to act as the administrator of the Company.

The registered office of the Company is CARD Corporate Services Ltd., Fourth Floor, Zephyr House, 122 Mary Street, PO Box 709 GT, Grand Cayman, KY1-1107, Cayman Islands.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations adopted by the International Accounting Standards Board and the European Union.

(b) Basis of preparation

The financial statements are presented in USD and rounded to the nearest USD. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through the profit or loss account. Other financial assets and liabilities are stated at amortised cost.

Notes to the Financial Statements

The shares were issued in USD and the listings of the shares are in USD and Euro. The performance of the Company is measured and reported to the investors in USD, although the primary activity of the Company is to invest in the Vietnamese market. The Board of Directors considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Company's functional and presentation currency.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The Company has adopted IFRS 8 "Operating Segments" as of January 1, 2009. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 "Operating Segments" and is of the view that the Company is engaged in a single segment of business, being investment in Vietnam. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's net asset value, as calculated under IFRS as adopted by the European Union and as per the prospectus, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these financial statements.

(c) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated at the rate ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated to USD at the rates ruling on the year-end date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are included in the statement of comprehensive income. Foreign currency exchange differences relating to financial instruments held-for-trading are included in the realised and unrealised gains and losses on those investments. All other foreign currency exchange differences relating to other monetary items, including cash and cash equivalents, are included in net foreign exchange gains and losses in the statement of comprehensive income.

(d) Financial instruments

(i) Classification

The Company designated all its investments as financial assets at fair value through profit or loss category.

Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange-traded equity instruments and unlisted equity instruments.

Financial assets that are classified as loans and receivables include accrued dividends.

Cash and cash equivalents are valued at amortised cost.

Financial liabilities that are not at fair value through profit or loss include accrued expenses.

(ii) Recognition

The Company recognises financial assets held for trading on the trade date, being the date it commits to purchase the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed its obligation.

(iii) Derecognition

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Financial assets that are sold are derecognised, and corresponding receivables from the buyer for the payment are recognised on the trade date, being the date the Company commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The weighted average method is used to determine realised gains and losses on derecognition.

Notes to the Financial Statements

(iv) Measurement
Financial instruments are measured initially at cost. For financial assets acquired, cost is the fair value of consideration given. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Valuation

Investments are recorded at fair value. The fair value of the securities is based on their quoted bid price at the balance sheet date without any deduction for transaction costs.

If the securities are not listed, the value of the relevant securities is ascertained by the Board of Directors in good faith using valuation methods which it considers fair in the circumstances including quotes received from brokers and other third party sources where possible.

As at December 31, 2010, 15% (December 31, 2009: 16%) of the net assets of the Company was based on quotes obtained from brokers.

Any increases or decreases in values are recognised in the statement of comprehensive income as an unrealised gain or loss.

(v) Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of financial instruments are recognised in the statement of comprehensive income.

(vi) Impairment
Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

(vii) Specific instruments
Cash and cash equivalents
Cash comprises current deposits with banks and fixed deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Interest income and expense

Interest income and expense is recognised in the statement of comprehensive income using the effective rate method.

Interest income includes the amortisation of any discount or premium on zero coupon bonds, which is taken as income on the basis of yield to redemption, from the date of purchase.

(f) Formation expenses

Costs attributable to the establishment of the Company have been expensed in full.

(g) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

(h) Amounts due to/from brokers

Amounts due to/from brokers represent security purchases and sales transactions which are contracted for but not yet delivered at the end of the accounting period.

(i) Taxation

At present, no income, profit, capital, or capital gain taxes are levied in the Cayman Islands, and accordingly, no provision for such taxes has been recorded by the Company in the accompanying financial statements.

In the event that such taxes are levied, the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all such taxes for a period of twenty years from May 2, 2006.

(j) Adoption of new and revised standards

Adoption of new standards and amendments to existing standards.
In addition to the adoption of IFRS 8, in November 2009, the European Union adopted IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments, which became applicable from January 1, 2009. The Company has adopted these amendments in these financial statements.

The amendments require disclosures relating to fair value measurements using a three-level hierarchy that reflects the significance of inputs used in measuring fair values and contains the following three levels:

- 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 (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

The amendments also revise the minimum disclosures on liquidity risk including an analysis of remaining contractual maturities for non derivative financial liabilities, and a maturity analysis for derivative financial liabilities for which those contractual maturities that are essential for an understanding of the timing of cash flows. The amendments also require disclosure of how liquidity risk inherent in these items is managed.

Comparative information has not been presented nor restated as permitted by the transition section of the amendment.

The IASB has issued, and the European Union has adopted several standards, amendments to standards and interpretations that will be effective for the Company applicable from January 1, 2010 or after. The Company has not elected to adopt these standards, amendments to existing standards or interpretations.

Various Improvements to IFRSs have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement, will come into effect not earlier than January 1, 2010. The Company has not yet analysed the likely impact of the improvements on its financial position or performance.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Company include investments in securities, cash and cash equivalents and accrued income. Financial liabilities are comprised of accrued charges. Accounting policies for financial assets and liabilities are set out in note 2.

The Company's investment activities expose it to various types of risk that are associated with the financial instruments and the markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, currency risk, credit risk and liquidity risk.

Asset allocation is determined by the Company's Investment Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Manager.

Market risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether or not those changes are caused by factors specific to the individual asset or factors affecting all assets in the market. The Company is predominately exposed to market risk within its securities purchased on the Vietnamese market.

The overall market positions are monitored continuously by the Investment Manager and at least quarterly by the Board of Directors.

The Company's investments in securities are exposed to market risk and are disclosed by the following generic investment types:

	31.12.10		31.12.09		30.06.10	
Description	Fair value in USD	% of net assets	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Bonds and similar investments	-	-	-	-	-	-
Shares and similar investments - listed	56,250,739	74.96	64,315,432	78.68	59,413,368	75.63
Shares and similar investments - unlisted	11,508,837	15.34	13,285,382	16.25	16,607,618	21.14
	67,759,576	**90.30**	**77,600,814**	**94.93**	**76,020,986**	**96.77**

At December 31, 2010 a 5% reduction in the market value of the portfolio would have lead to a reduction in net asset value of USD 3,387,979. A 5% increase in market value would have lead to an equal and opposite effect.

Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency of USD. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other currencies may change and have an adverse effect on the value of the Company's assets or liabilities denominated in currencies other than USD.

The Company's net assets are calculated every month based on the most up to date exchange rates while the general economic and foreign currency environment is continuously monitored by the investment manager and reviewed by the VNH Board of Directors at least once per quarter.

The Company may enter into arrangements to hedge currency risks if such arrangements become desirable and practicable in the future in the interest of efficient portfolio management.

Notes to the Financial Statements

As at December 31, 2010 the Company had the following currency exposure:

Currency	31.12.10 Fair value in USD	31.12.09 Fair value in USD	30.06.10 Fair value in USD
Vietnamese Dong	72,934,230	76,838,148	75,678,961
Euro	406,857	1,004,706	740,323
Total USD	**73,341,087**	**77,842,854**	**76,419,284**

At December 31, 2010 a 5% reduction in the value of the Vietnamese Dong and Euro would have lead to a reduction in net asset value of USD 3,667,054. A 5% increase in value would have lead to an equal and opposite effect.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

At December 310, 2010, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, accrued dividend and other receivables. The total amount of financial assets exposed to credit risk amounted to USD 75,552,570 (31.12.09: USD 82,085,822).

Substantially all of the assets of the Company are held by Credit Suisse. Bankruptcy or insolvency of the bank and custodian may cause the Company's rights with respect to cash and securities held by the bank and custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the bank and custodian the Company uses.

Liquidity risk

The Company, a closed-end investment company, will invest in companies through listings on the Vietnam stock exchange or on other stock exchanges. There is no guarantee however that the Vietnam stock exchange will provide liquidity for the Company's investments in unlisted companies. The Company may have to resell such investments in privately negotiated transactions.

The Company's overall liquidity risks are monitored on at least a quarterly basis by the Board of Directors. The Company is a closed-end Investment Company so shareholders cannot redeem their shares directly from the Company.

Interest rate risk

The majority of the Company's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

During the period ended December 31, 2010 interest rates ranged from 0.0% to 1.0% (December 31, 2009: 0.0% to 1.0%).

The following table details the Company's exposure to interest rate risks (less than three months):

	31.12.10 Fair value in USD	31.12.09 Fair value in USD
Cash and cash equivalents	7,673,315	4,485,008

At December 31, 2010 a 1% reduction in interest rates would have decreased the net asset value by USD 76,733. A 1% increase in value would have lead to an equal and opposite effect.

4 OPERATING SEGMENTS

Information on realised gains and losses derived from sales of investments are disclosed on the statement of comprehensive income.

The Company is domiciled in the Cayman Islands. Entity wide disclosures are necessary as the Company is engaged in a single segment of business, investing in Vietnam. In presenting information on the basis of geographical segments, segment investments and the corresponding segment net investment income arising thereon are determined based on the country of domicile of the respective investment entities.

All of the Company's investments in securities at fair value are domiciled in Vietnam as at December 31, 2010 and 2009. All of the Company's investment income can be attributed to Vietnam for the years ended June 30, 2010 and 2009.

5 SHARE CAPITAL

The ordinary shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of USD 100,000,000 divided into 100,000,000 ordinary shares of USD 1.00 each. The one ordinary share in issue was transferred to the Investment Manager on April 28, 2006 and purchased by the Company on June 15, 2006 for USD 1.00 and was immediately cancelled.

On June 6, 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD 2.00 per ordinary share at, but conditional upon, admission. The ordinary shares' ISIN number is KYG9361X1043. On November 24, 2010 the Company purchased for cancellation 50,000 ordinary shares. As a result the Company has 56,200,000 ordinary shares, with voting rights, in issue.

The Company strives to invest the capital raised to meet the Company's investment objectives which are to achieve long term capital appreciation through a diversified

Notes to the Financial Statements

portfolio of companies that have high potential in Vietnam. The Company achieves this aim by investing principally in securities of former State-owned Entities ("SOEs") in Vietnam prior to, at or after such securities becoming listed on the Vietnam stock exchange.

The Company does not have any externally imposed capital requirements.

Redeemable shares

A puttable financial instrument that includes a contractual obligation for the Company to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Company to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company over the life of the instrument.

The Company's redeemable shares meet these conditions and are classified as equity.

Incremental costs directly attributable to the issue or redemption of redeemable shares are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

The Company's general intention is to reinvest the capital received on the sale of investments. However, the Board may from time to time and in its discretion, either use the proceeds of sales of investments to meet the Company's expenses or distribute them to shareholders. Alternatively, the Board may redeem ordinary shares with such proceeds for shareholders pro rata to their shareholding upon not less than 30 calendar days' notice to shareholders (subject always to applicable law) or repurchase ordinary shares at a price not exceeding the last published net asset value per share.

6 INTEREST INCOME

	31.12.10 USD	31.12.09 USD	30.06.10 USD
Interest income arising from financial assets that are not at fair value through profit or loss:			
Cash and cash equivalents	234	174	509
Total interest income recognised on financial assets	**234**	**174**	**509**

7 RELATED PARTY TRANSACTIONS

Investment Management fees

The Investment Manager is entitled to an investment management fee of 2% per annum on the monthly net assets under management. The fee is payable monthly in advance and is calculated by reference to the NAV at the end of the preceding month. In addition, the Investment Manager is reimbursed by the Company for administrative functions that it performs on behalf of the Company.

The Company will pay to the Investment Manager a performance bonus each year at the rate of 20% of the annual increase in net asset value over the higher of an annualised hurdle rate of 5% and a "high water mark" requirement.

The total fees accruing to the Investment Manager for the six month period to December 31, 2010 were USD 758,641 (31.12.09: USD 803,495) as a management fee and USD 87,650 (31.12.09: USD 84,396) for administrative support. At December 31, 2010, USD 60,925 due to the Investment Manager are included in accrued expenses (31.12.2009: USD 69,368).

No performance fee was due as at December 31, 2010 nor at December 31, 2009.

Directors' fees and expenses

The Board will determine the fees payable to each Director, subject to a maximum aggregate amount of USD 350,000 per annum being paid to the Board as a whole. The Company will also pay reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company will pay for directors and officers liability insurance coverage.

The charges for the six month period to December 31, 2010 for the Directors fees were USD 125,000 (31.12.10: USD 150,000) and expenses were USD 33,083 (31.12.09: USD 20,142).

Notes to the Financial Statements

Directors' ownership of shares

As at December 31, 2010, Min-Hwa Hu Kupfer held 20,000 (31.12.09: 20,000) ordinary shares of the Company representing 0.04% of the total shares outstanding.

8 CUSTODIAN FEES

The custodian fee is as follows:

The custodian received a fee of:	
Assets held up to USD 20 million:	0.26%
Assets held from USD 20 million to USD 50 million:	0.19%
Assets held above USD 50 million:	0.16%

The charges for the six month period to December 31, 2010 for the Custodian fees were USD 72,500 (31.12.09: USD 56,500).

9 ADMINISTRATION AND ACCOUNTING FEES

The administrator received a fee of 0.1% per annum calculated on the basis of the net assets of the Company during the last half year, with the fee payable at the end of each half year, subject to an annual minimum amount of 100,000 USD per annum.

The charges for the six month period to December 31, 2010 for the Administration and Accounting fees were USD 50,000 (31.12.09: USD 50,000).

10 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at June 30, 2010 or June 30, 2009.

11 FAIR VALUE INFORMATION

For certain of the Company's financial instruments not carried at fair value, such as cash and cash equivalents, accrued dividends and other assets and creditors and accrued charges, the amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Other financial instruments are measured at fair value on the statement of the net assets attributable to shareholders.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value hierarchy

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. This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The carrying amounts of financial assets at December 31, 2010 are as follows (all amounts in USD):

	Level 1	Level 2	Level 3	Total
As at June 30, 2010	USD	USD	USD	USD
Financial assets designated at fair value upon initial recognition				
Equity Investments	56,250,739	-	11,508,837	67,759,576
	56,250,739	**-**	**11,508,837**	**67,759,576**

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing whether an input is significant requires judgement including consideration of factors specific to the asset or liability. Moreover, if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that fair value measurement is a Level 3 measurement.

Notes to the Financial Statements

Level 3 Reconciliation

All amounts stated in USD December 31, 2010	Financial assets designated at fair value through profit or loss
Opening balance	16,607,618
Sales	(4,477,842)
Total gains and losses recognised in profit or loss*	(620,939)
Closing balance	11,508,837

* Total gains or losses recognised in profit or loss for assets and liabilities held at the end of the reporting period, as presented in the statement of comprehensive income.

12 EARNINGS PER SHARE

The calculation of earnings per share at December 31, 2010 was based on the change in net assets attributable to shareholders of USD (4,049,334) (December 31, 2009: USD 15,080,826) and the weighted average number of shares outstanding of 56,200,000 (December 31, 2009: 56,250,000).

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