

VietNam Holding Limited

(a company incorporated with limited liability in the Cayman Islands)

Unaudited Financial Statements
for the six month period from July 01, 2008 until
December 31, 2008

Corporate information	3
Chairperson's statement	4
Investment manager's report	5-6
Balance sheet	7
Income statement	8
Statement of changes in net assets attributable to shareholders	9
Statement of cash flows	10
Notes to the financial statements	11-18

Directors	Min Hwa Hu Kupfer Professor Dr. Rolf Dubs Nguyen Quoc Khanh
Registered Office, Company Secretary and Register	CARD Corporate Services Ltd. Fourth Floor, Zephyr House 122 Mary Street PO Box 709 GT Grand Cayman, KY1-1107, Cayman Islands
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Nominated Broker	JP Morgan Cazenove, UK 20 Moorgate London EC2R 6DA, United Kingdom
Nominated Adviser (Frankfurt Entry Standard)	youmex AG Beethovenstrasse 12-16 D-60325 Frankfurt am Main, Germany
Vietnam Sub-Custodian	The Hong Kong and Shanghai Banking Corporation Limited The Metropolitan 235 Dong Khoi Street District 1 Ho Chi Minh City, Vietnam
Investment Manager	Vietnam Holding Asset Management Ltd. P.O. Box 3175 Road Town, Tortola British Virgin Islands
Administrator	Credit Suisse Asset Management Fund Service (Luxembourg) S.A. 5, rue Jean Monnet L – 2180 Luxembourg
Independent Auditors	KPMG Audit S.à r.l. 9, Allée Scheffer L – 2520 Luxembourg
Custodian	Credit Suisse Paradeplatz 8 CH-8001 Zürich
UK Legal Advisor	DLA Piper Rudnick UK LLP 3 Noble Street London EC2V 7EE, United Kingdom
Legal Advisor to the Company (as to Cayman Islands law)	Charles Adams Ritchie & Duckworth Zephyr House 122 Mary Street, PO Box 709 GT Grand Cayman, KY1-1107, Cayman Islands

Chairperson's statement



"Despite the recent uncertainties, two of the key engines for the country's growth, foreign direct investment (FDI) and consumer consumption, remain strong. In addition, a USD 6 billion stimulus package was recently announced to help firms cut production costs, boost investments and exports, and stimulate domestic demand."

Dear Shareholders,

During the six months ending December 31, 2008 Vietnam, together with most other emerging countries, felt the chill of the global financial crisis and the subsequent economic downturn. With industrial output slowing and exports growth slipping, policy makers moved quickly with a steady program to cut interest rates from a peak of 21% on June 11 to 8.5% by December 19, 2008. Cash reserve ratios were slashed three times and coupled with a number of other measures to improve bank liquidity and credit availability to businesses.

All of these steps were in contrast to the deliberate and equally swift action taken by policy makers as recently as last summer to tighten monetary policy and avert an overheating economy. In response to the government's commitment to address economic challenges head-on, the country reported a 6.23% GDP growth rate in 2008, lower than the 8.5% achieved a year earlier but still respectable. Inflation concerns, a priority in early 2008, have also come under control given the slower growth and falling commodity prices.

Reflecting a falling global market, the Vietnam Index has suffered a 20.98% drop since July 2008, hitting a three-year low of 286.85 on Dec 11 before closing out the year at 315.62. Foreign investors, who were net sellers throughout the fall, finally returned to the market in December prompted by attractive prices with an average P/E of 8.4 times. Total market capitalization for the Ho Chi Minh Stock Exchange (HOSE) year-on-year fell to USD 9.84 billion from a level of USD 21.69 billion at the end of 2007.

Despite the recent uncertainties, two of the key engines for the country's growth, FDI and consumer consumption, remain strong. FDI has been one of the few bright spots in the economy, as a record level of USD 64 billion in FDI commitments was reported at Dec 2008, nearly tripling the 2007 figures, while disbursements have reportedly reached over USD 11.5 billion for the year.

A USD 6 billion stimulus package was recently announced to help firms cut production costs, boost investments and exports, and stimulate domestic demand. The government has also rolled out plans to cut the 30% corporate income tax and delay implementation of an expected 20% capital gains tax. It is expected that the country's sovereign borrowings and budget deficit may rise in 2009 to support these initiatives.

Present market sentiment suggests that 2009 may be a trying year for investing in Vietnam, as for most emerging markets throughout the region. One contributing factor may be the diminished number of suitable large cap issuers, as at present there is only a single stock with a market capitalization over USD 800 million available to foreign investors. This may discourage certain institutional investors, resulting in a subdued investment environment in the near term.

The board takes comfort from the conviction that even after the stress and challenges of 2008, the economic fundamentals of Vietnam and its best companies remain strong and well prepared for the future and for Vietnam's inevitable return to value-based strength and impressive growth. Our Investment Manager continues to be guided by this belief, ensuring the portfolio is optimally shaped and structured in a way that will translate that strength and that growth into maximum investor return.



Min-Hwa Hu Kupfer
Chairperson
VietNam Holding Ltd.
3 March, 2009

Investment manager's report



"Two factors contributing to the comparatively strong performance of our portfolio in a difficult, downward market were an overweighting of the consumer discretionary portfolio segments and our proven value-based investment approach. These two strategic underpinnings were strongly supported by our continuing focus on companies which stayed true to their core areas of expertise."

Dear Shareholders,

This is an extremely challenging time for Vietnam and for markets around the world. A global credit crisis sparked by severe devaluations in mortgage backed securities in the United States soon spread to other sectors of the economy in the US and countries around the world. The result has been lasting systemic disruption, declining securities values, and severely diminished investor confidence.

Vietnam was unable to escape these painful downward trends, as evidenced by the performance of the Vietnam Index (VNI), a capital-weighted index for all listed equities on the Ho Chi Minh stock exchange (HOSE). During the second half of 2008 the index lost 20.98%. For the same six-month period, the VNI net asset value declined by 25.7%, largely due to declining share prices of equity holdings outside the HOSE exchange and foreign currency pressures. With the percentage of the VNI NAV equity holdings increasing from 80% to 91.6% during this six month period, the deterioration in the overall market in Vietnam negatively impacted the performance of your Fund.

These market declines were further aggravated by substantial foreign exchange translation losses, as the VND depreciated 3.7% against the USD. Measured in local currency, the actual performance of Vietnam Holdings' equity portfolio exceeded the benchmark VNI by a margin of over 20% for the last 18 months.

A moderate year-end recovery of the VNI was largely due to purchases by foreign investors. However, buy volume was historically modest. As a result, liquidity stayed low in both volume and value in December with year-end trading volume of 15.7 million shares valued at VND407 billion, the lowest levels since July 2008.

VNH's equity holdings can be categorized as those listed on the HOSE and Hanoi Securities Trading Center (HaSTC) stock exchanges and over-the-counter (OTC) traded shares. The HOSE has a market capitalization of USD9.84 billion compared to USD3.37 billion for the HaSTC. Ho Chi Minh-listed equities, which make up 65% of the VNH equity portfolio, outperformed the VNI over the last 18 month period by 22.2%, with a total performance of -47%. Another 26% of the portfolio is made up of OTC shares which, while lacking an equivalent benchmark for comparison, matched the HOSE portfolio performance at -46%. Lastly, VNH's Hanoi-listed securities account for 9% of the portfolio and closed out the period at -62%, in line with the Hanoi benchmark index which declined by 63%. VNH's total NAV declined by 54% for the 18-month period.

By sector, VNH's largest allocation remains in agro-chemicals and fertilizers. Although these underperformed some of the other sectors due to a decline in agricultural commodity prices, we are convinced of their long-term portfolio value. Similarly in the oil and gas industry, our fifth largest investment sector, underperformance was due to the substantial drop in world oil prices. We believe this will change. The best-performing sectors were Food & Beverage, Health Care and Personal & Household Goods. All of these profited from ongoing high retail sales growth rates, which continued to hover around 30% on a year on year basis for the whole of 2008.

Sectors that are expected to face challenges in the coming year include Finance, Export-Driven businesses such as seafood, textiles, and rubber, shipping and steel, Construction and Real Estate. The Finance sector is expected to face increased pressure in the form of narrowing net interest margins and higher non-performing loans. Although the luxury goods segment may come under margin pressure due to the shift of consumer preference toward cheaper products, consumer-related businesses in general continue to do comparatively well. Power companies are expected to be relatively stable.

Two factors contributing to the comparatively strong performance of our portfolio in a difficult downward market were an overweighting of the consumer discretionary portfolio segments and our proven value-based investment approach. These two strategic underpinnings were strongly supported by our continuing focus on companies which stayed true to their core areas of expertise.



VIETNAM HOLDING LIMITED

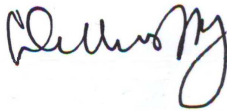
Focused on sound principles of board management, VNH hosted a forum event jointly with the State Capital Investment Corporation (SCIC) on September 23-25, 2008. Forum sessions, which were attended by 120 people from 24 enterprises, were led by Dr. Le Dang Doanh of VNH's Advisory Council and Professor Rolf Dubs of the VNH Board. Dr. Doanh is an advisor to Vietnam's Ministry of Planning and Investments, while Professor Dubs is the former President of the HSG University of St. Gallen, Europe's leading German-speaking economics university. The event, which was extensively covered in the local press and broadcast media, helped to further strengthen VNH's on-the-ground relationships with local business leaders and executives.

To further develop the portfolio and strengthen relationships, as well as to better understand the impact of current trends in the market, we continue to make personal visits to each of our core investment companies. Sector-specialized analysts continually monitor and evaluate the potential challenges and the market opportunities facing our investment companies, to strengthen the portfolio in light of changing market conditions.

We continue our efforts to build the highest quality team of professionals with the necessary skills and experience in our Vietnam and Zurich offices. In November, we appointed as CEO of VNHAM, Ms. Thi Tuong Vi Nguyen, our former Deputy Managing Director in the Ho Chi Minh City office. Ms. Nguyen assumed the position of Managing Director of both the Hanoi and Ho Chi Minh offices following the resignation of Mr. Vinnie Yu for personal reasons. Ms. Nguyen brings to the role in-depth front-line experience, and proven investment management and team management skills. We have also welcomed Mrs. Gabriella McGinnes as Financial Controller in our Zurich Office.

In these trying times of declining NAV, the company has also undertaken broad cost saving measures, including cutbacks in staffing as well as office space and associated costs. These measures will result in a leaner, more consolidated team with both the knowledge and experience necessary for success in the coming years.

Our policy of focusing on value-based investments becomes more important in these turbulent economic times. With continued vigilance, we are watching the market for every opportunity to capitalize on upward trends and promising growth sectors. With the combined strengths of experience and resilience, we look beyond the storms of the current financial crisis to the ultimate rewards to be earned by the patient and committed investor.



Donald Van Stone
Chairman
VietNam Holding Asset Management
3 March, 2009

VietNam Holding Limited
Balance sheet as at December 31, 2008 (unaudited)

		As at 31.12.08	As at 31.12.07
	Note	USD	USD
Assets			
Cash and cash equivalents	2	4,374,779	9,060,719
Investments in securities at fair value	2	47,499,422	122,366,295
Accrued interest on bonds and dividends due		16,030	314,524
Amounts due from broker		-	134,562
		<hr/>	<hr/>
Total assets		51,890,231	131,876,100
Liabilities			
Accrued expenses		440,614	1,339,170
		<hr/>	<hr/>
Total liabilities		440,614	1,339,170
Net assets attributable to shareholders		51,449,617	130,536,930

The financial statements on pages 7 to 18 were approved by the Board of Directors on 3 March 2009 and were signed on its behalf by Min-Hwa Hu Kupfer, Chairperson of the Board of Directors and Nguyen Quoc Khanh, Chairman of the Audit Committee.

Min-Hwa Hu Kupfer
Chairperson of the Board of Directors

Nguyen Quoc Khanh
Chairman of the Audit Committee

VietNam Holding Limited
Income statement for the 6 month period
from July 1, 2008 to December 31, 2008

		01.07.08 – 31.12.08	01.07.07 – 31.12.07
	Notes	USD	USD
Income			
Interest income	5	27,857	1,176,706
Dividend income from equity securities designated at fair value through profit or loss		1,468,340	283,299
Realised (loss)/gain on investments		(3,219,206)	4,571,775
Net foreign exchange (loss)/gain	2	(327,229)	10,108
Movement in unrealised gain on investments	2	(14,285,095)	2,983,758
Net investment income		(16,335,333)	9,025,646
Expenses			
Investment Management fee	6	716,660	1,274,212
Performance fee	6	-	657,754
Advisory fees		87,500	100,000
Accounting fees	8	50,410	64,649
Custodian fee	7	53,725	179,677
Director fees and expenses	6	180,000	262,500
Brokerage fees		5,000	15,000
Audit fees		32,500	20,000
Publicity and investor relations fees		100,000	132,500
Insurance fees		18,500	21,250
Risk management expenses		92,500	272,500
Other operating fees		110,000	245,001
Total operating expenses		1,446,795	3,245,043
Change in net assets attributable to shareholders		(17,782,128)	5,780,603

The notes on pages 11 to 18 form an integral part of these financial statements.

VietNam Holding Limited
Statement of changes in net assets attributable to shareholders
for the 6 month period from July 1, 2008 to December 31, 2008

		01.07.08 – 31.12.08	01.07.07 – 31.12.07
	Notes	USD	USD
Net assets at the beginning of the period		69,231,745	124,756,327
Change in net assets attributable to shareholders as a result of operations		(17,782,128)	5,780,603
Issue of shares during the period	4	-	-
		<hr/>	<hr/>
Net assets at the end of the period		<u>51,449,617</u>	<u>130,536,930</u>

The net asset per share at December 31, 2008 was USD 0.915 (31.12.2007: USD 2.321)

VietNam Holding Limited
Statement of cash flows for the 6 month period
from July 1, 2008 to December 31, 2008

	01.07.08 - 31.12.08	01.07.07 - 31.12.07
	USD	USD
OPERATING ACTIVITIES:		
Interest received	27,857	1,659,919
Dividend received	1,452,310	274,434
Operating expenses paid	(1,006,181)	(5,024,683)
Receipt from repurchase agreements	-	5,027,234
Net foreign exchange loss/(gain) on operating activities	<u>(327,229)</u>	<u>10,108</u>
Cash flows from operating activities	146,757	1,947,011
INVESTING ACTIVITIES		
Purchase of investments	(13,729,175)	(64,226,500)
Proceeds from sale of investments	3,627,503	19,943,491
Cash flows from Investing activities	(10,101,672)	(44,283,009)
FINANCING ACTIVITIES		
Proceeds from issuance of redeemable shares	-	-
Cash flow from financing activities	-	-
Net decrease/increase in cash and cash equivalents	(9,954,915)	(42,335,998)
Cash and cash equivalents at the beginning of the year/period	14,329,694	51,396,716
Cash and cash equivalents at the end of the year/period	<u>4,374,779</u>	<u>9,060,719</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

1 THE COMPANY

VietNam Holding Limited (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 Zurich 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) and interpretations adopted by the International Accounting Standards Board, with the exception of IAS 34 "Interim Financial Reporting". As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and not in accordance with IAS 34 and is therefore not fully compliant with IFRS.

(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 are reported at fair value through the profit or loss account or stated at amortised cost.

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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the 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.

(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 income statement.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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 gain and losses in the income statement.

(d) Financial instruments

(i) Classification

The category of financial assets and financial liabilities at fair value through profit and loss comprises:

Financial instruments held-for-trading. These include forward contracts, options and liabilities from short sales of financial instruments. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held-for-trading.

The Company designated all its investments into the financial assets at fair value through profit and loss category.

Financial instruments designated at fair value through profit and 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 debt and equity instruments, unlisted offshore open-ended investments funds, unlisted equity instruments and commercial paper.

Financial assets that are classified as loans and receivables include balances due from brokers, receivables from reverse repurchase agreements and accounts receivable.

Financial liabilities that are not at fair value through profit and loss include balances due to brokers, payables under repurchase agreements, accounts payable and financial liabilities arising on redeemable shares.

(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.

(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.

Assets held-for-trading 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.

(iv) Measurement

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading. Other financial assets and liabilities not at fair value through profit and loss and non-financial assets and liabilities are stated at amortised cost.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Valuation

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

If quoted market prices are unavailable or do not, in the opinion of the Board of Directors, represent probable realisable values, or 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.

Any increases or decreases in values are recognized in the Income statement 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 income statement.

(vi) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with banks, fixed deposits and bank overdrafts. 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.

Reverse repurchase transactions

Securities purchased under agreements to resell (reverse repurchase agreements) are reported as receivables and are carried in the balance sheet at amortised cost. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised as interest income or interest expense, over the life of each agreement using the effective interest method.

Forward foreign exchange contracts

Forward foreign exchange contracts are stated at market value, with the resulting net realised and unrealised gains and losses reflected in the income statement.

(e) Interest income and expense

Interest income and expense is recognised in the income statement on an accruals basis.

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) Miscellaneous income

Miscellaneous income is recognised in the income statement on an accruals basis.

(g) Formation expenses

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

(h) 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.

(i) 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.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(j) 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.

(k) Adoption of new and revised standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2007.

The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies. However the adoption of IFRS 7 *Financial Instruments: Disclosures* has led to expanding the disclosures provided in these financial statements regarding the Company's financial instruments.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 23 Borrowing Costs (Effective for borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after January 1, 2009).
- The amendments to IAS 32 and IAS 1 (*Puttable Financial Instruments and Obligations Arising on Liquidation*) (Effective for accounting periods beginning on or after January 1, 2009) require that certain types of financial instruments should be classified as equity provided that they have particular features and meet specific conditions.
- IFRS 8 Operating Segments ("IFRS 8") (Effective for accounting periods beginning on or after January 1, 2009). IFRS 8 is a disclosure Standard which has resulted in a redesignation of the Company's reportable segments but has had no impact on the reported results or financial positions of the Company.
- IFRIC 11 IFRS 2: Group and Treasury Share Transactions.
- IFRIC 12 Service Concession Arrangements.
- IFRIC 13 Customer Loyalty Programmes.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction.

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, although the impact due to amendments IAS 32 and IAS 1 still have to be analyzed by the Directors.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Company include investments, receivables from reverse repurchase agreements, cash at banks and with brokers and debtors, prepaid expenses and accrued income. Financial liabilities include bank loans and overdrafts, creditors and 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.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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.

Furthermore, there is no certainty that the market price of the ordinary shares of the Company will fully reflect their underlying net asset value. Shares of closed-end investment companies frequently trade at a discount to net asset value. This characteristic of shares of a closed-end investment company is a risk separate and distinct from the risk that the net asset value may decrease.

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

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

Description	31.12.2008		31.12.2007	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Bonds and similar investments	-	-	-	-
Shares and similar investments - listed	35,196,496	68.41%	15,302,308	11.72%
Shares and similar investments - unlisted	12,302,926	23.91%	107,063,987	82.02%
	<u>47,499,422</u>	<u>92.32%</u>	<u>122,366,295</u>	<u>93.74%</u>

At December 31, 2008 a 5% reduction in the market value of the portfolio would have lead to a reduction in net asset value of 4.62% or USD 2,374,971. 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.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

As at December 31, 2008 the Company had the following currency exposure:

Currency	Assets Fair value 31.12.08 USD	Assets Fair value 31.12.07 USD
Vietnamese Dong	49,426,017	110,683,088

At December 31, 2008 a 5% reduction in the value of the Vietnamese Dong would have lead to a reduction in net asset value of 4.80% or USD 2,472,023. 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 31, 2008, the following financial assets were exposed to credit risk: cash and cash equivalents, investments in debt instruments, receivables from reverse repurchase agreements, accrued interest, amounts due from brokers and other receivables. The total amount of financial assets exposed to credit risk amounted to USD 4,390,809 (31.12.07: USD 15,601,695).

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 Company could be exposed to interest rate risk, due to any investment in fixed interest rate bonds. The prices of these securities are sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the valuations of the fixed interest rate bonds to move in a direction which was not anticipated.

There were no securities exposed to interest rate risk as at December 31, 2008.

4 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. No shares have been issued or redeemed since June 6, 2006.

4 SHARE CAPITAL (continued)

Redeemable shares

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.

5 INTEREST INCOME

	31.12.08	31.12.07
	USD	USD
Interest income arising from financial assets that are not at fair value through profit or loss:		
Cash and cash equivalents	27,857	607,574
Investment in other debt securities and receivables from reverse repurchase agreements	<u> -</u>	<u>569,132</u>
Total	<u>27,857</u>	<u>1,176,706</u>

6 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 period to December 31, 2008 were USD 716,660 (31.12.07: USD 1,274,212) as management fee.

No performance fee was due as at December 31, 2008 (31.12.07: USD 657,754).

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, 2008 for the Directors fees were USD 180,000 (31.12.07: USD 175,000) and expenses were USD 0 (31.12.07: USD 87,500).

Directors' ownership of shares

As at December 31, 2008, Min-Hwa Hu Kupfer held 20,000 ordinary shares of the Company representing 0.04% of the total shares outstanding.

7 CUSTODIAN FEES

The custodian will receive a fee of 0.16% per annum of the value of the assets held by it. The custodian will also charge fees for transactions and is entitled to charge out-of-pocket and any third party expenses.

The charges for the six month period to December 31, 2008 for the Custodian fees were USD 53,725 (31.12.07: USD 179,677).

8 ADMINISTRATION AND ACCOUNTING FEES

The Administrator will receive 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, 2008 for the Administration and Accounting fees were USD 50,410 (31.12.07: USD 64,649).

9 FAIR VALUE INFORMATION

For certain of the Company's financial instruments not carried at fair value, such as cash and cash equivalents, debtors, prepaid expenses and accrued income 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.

10 EARNINGS PER SHARE

The calculation of earnings per share at December 31, 2008 was based on the change in net assets attributable to shareholders of USD (17,782,128) (December 31, 2007: USD 5,780,603) and the number of shares outstanding of 56,250,000 (December 31, 2007: 56,250,000).