



Vietnam Enterprise Investments Limited

Interim Report 2011

Table of Contents

Summary of Financial Information (Unaudited)	1
Investment Manager's Report	2
Report of the Board of Directors	14
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Comprehensive Income	17
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Interim Financial Statements	20
Administration	26
Board of Directors	27
Name Abbreviations	28



Summary of Financial Information (Unaudited)

Performance

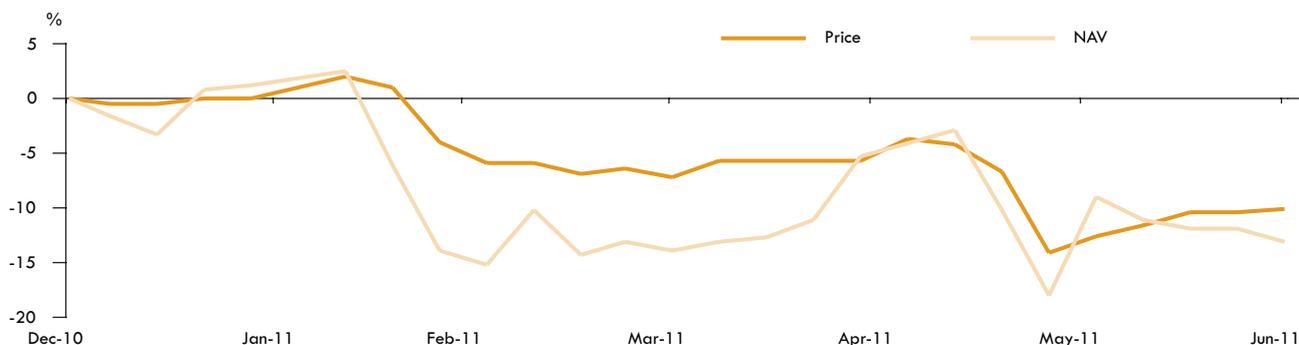
	30 June 2011	31 December 2010	% Change
Total net assets	US\$357,069,584	US\$419,016,120	(14.78)%
Number of outstanding shares	168,217,479	170,107,498	(1.11)%
Net Asset value per share	US\$2.12	US\$2.46	(13.82)%
Share price (mid-price)	US\$1.82	US\$2.02	(9.90)%
Discount	14.15%	17.89%	(20.88)%
US\$/VND exchange rate - Depreciation	20,580	19,500	5.54%
VN Index (price return - VND term)	432.54	484.66	(10.75)%
VN Index (total return - US\$ term) <small>Source: Bloomberg</small>	-	-	(13.33)%

Period's High and Low (US\$)

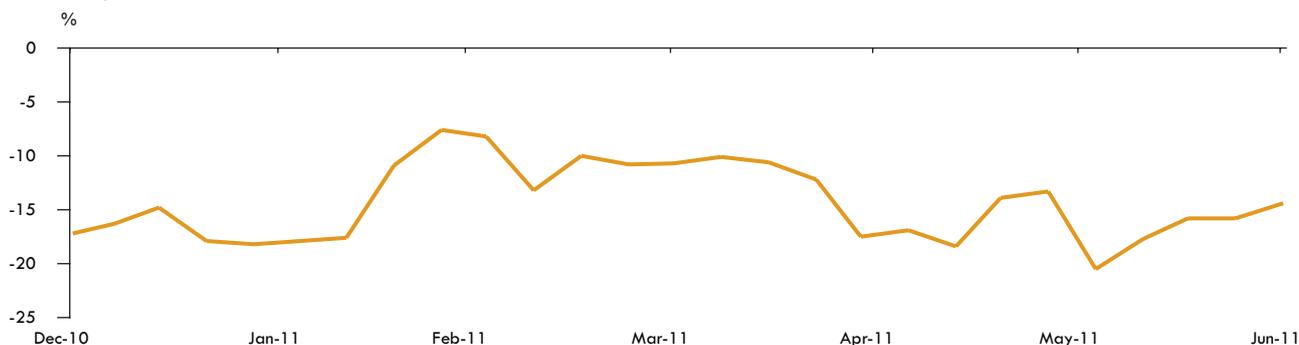
	Year to 30 June 2011		Year to 31 December 2010	
	High	Low	High	Low
NAV per share	2.50	2.00	2.87	2.10
Share price (mid-price)	2.06	1.74	2.07	1.82

Source of Income (US\$)	For the six months ended		% Change
	30 June 2011	30 June 2010	
Dividend income	4,201,716	6,895,495	(39.07)%
Bank interest income	446,416	190,661	134.14%
Other income	-	9,158	(100.00)%
Total	4,648,132	7,095,314	(34.49)%

Share Price & NAV



Premium/(Discount) of Price to NAV



Source: Dragon Capital

Investment Manager's Report

Economy

The Government's vigorous pursuit of its reform agenda since late 2010 has started gaining traction. Loan and money supply growth slowed down, fiscal deficit reduced, foreign exchange ("FX") reserves are being rebuilt and the currency stabilised, with mounting indication that the devaluation cycle may be broken. Inflation, however, remained stubbornly high and is proving to be a tough hurdle. However, we are confident that it will be overcome provided the Government maintains its monetary and fiscal discipline in the coming months. The severe tightening programme inevitably prompted a slow-down of the macro-economic growth and stocks are now trading at exceptionally low levels and offer one of Asia's best value/growth equations by far. This value proposition is further supported by a rising wave of M&A and private placements at premiums which showcase the opportunities that exist in Vietnam.

On the inflation front, Vietnam's August consumer price index ("CPI") came in at 0.9% month-on-month ("MoM"). This is lower than the consensus forecast of 1-1.2% MoM but higher than the historical average of 0.5%, resulting in inflation of 23% year-on-year ("YoY") and 15.6% year-to-date ("YTD"). One of the main culprits was food and foodstuffs which increased +1.4% during the month mostly due to a surge in the pork and rice retail prices. Ex-food CPI increased only 0.4% in August versus 0.5% and 0.6% in July and June respectively. There are signs that YoY inflation has peaked in August and as such the CPI is estimated to come in below 20% by year end.

Vietnam is a net agriculture exporter. Nonetheless, Vietnam's food and foodstuff inflation is 2-3x higher than that of other emerging markets. This is largely due to structural issues such as an inefficient inventory and distribution system, lack of scale in cattle farming, as well as the absence of agricultural insurance, supervisory and inspection mechanisms. An example is that pork retail prices increased 100% YTD whilst wholesale prices only increased 50%, a topic that now has been tabled for discussion at the National Assembly. We expect that a credit policy will be formulated to support the agriculture sector and that more investments will be made to improve the efficiency of the distribution and inventory system.

Total credit growth has slowed down for some months now. At the end of July, credit growth was +7.6% YTD, money supply growth was up modestly +3.6% YTD and total credit growth dropped -0.2% MoM in July. Yet, inflation remains high. When a central bank's independence is limited, monetary policy is no longer the only tool in managing inflation. Instead fiscal policy and state sector investment efficiency become equally important tools. In 2011 the Government therefore imposed stricter limits on non-core businesses of state companies, reducing the capital used for non-core businesses to 15% of paid-in capital from 30% previously. That explains a wave of divestments made by state owned enterprises ("SOEs") recently despite currently cheap valuations. Vietnam Post & Telecommunication divested its large holding in Maritime Bank and state owned commercial banks are offering to sell their stake in other local banks. Investment as a percentage of GDP has reduced significantly from 45% in H1 2010 to 38% in H1

2011 whilst the share of SOE investment in total investment dropped to 34% in 2011 from 43% in 2010. The newly elected Minister of Finance reconfirmed that SOEs need to cut down their investment programme and sell their non-core businesses.

Given the presently high Vietnamese Dong ("VND") lending rates at 22%-24% and signs of decelerating MoM inflation, further tightening of VND liquidity appears unnecessary. However, the State Bank of Vietnam ("SBV") will need to pay more attention to US\$ credit which increased +25% YTD as of end of July. To curb US\$ lending growth, SBV increased the US\$ reserve requirement ratio from 4% to 8%, a 400bps increase over four months. In addition, SBV increased the risk weighting of US\$ lending secured by valuable papers from 20% to 50% for capital adequacy ratio ("CAR") calculation purposes. This makes US\$ lending much more expensive from a bank's point of view in terms of the equity capital it will tie down.

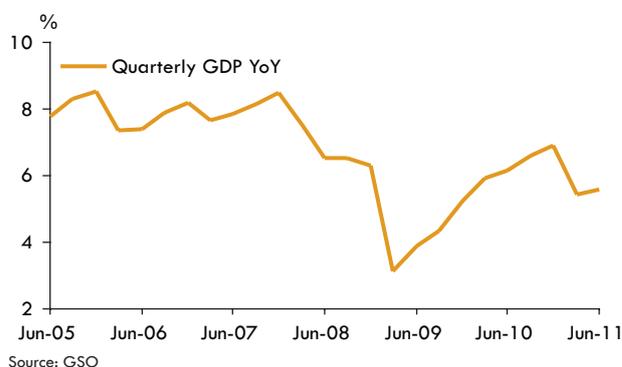
End of August meetings between twelve commercial banks and the SBV governor were a precursor to a larger meeting planned in mid-September where SBV was expected to outline how it intends to reduce VND deposit rates and lending rates especially for the manufacturing and agriculture sector. Meanwhile SBV confirmed that the credit growth and M2 targets (money supply comprising currency outside banks, demand deposits other than those of the central government, and the time, savings, and foreign currency deposits of resident sectors other than that of the central government) will remain unchanged, as will the VND and US\$ deposit ceilings.

Despite high inflation and high lending rates Vietnam recorded an improvement in its trade deficit to US\$5.4bn YTD in July, down from US\$6.4bn during the same period in 2010. As a percentage of GDP, the trade deficit decreased from 13% at the end of 2010 to 10% at the end of July 2011. The core trade balance (defined as trade balance excluding oil and gold) improved from -US\$8.2bn YTD in July 2010 to -US\$6.7bn during the same period in 2011. Core export growth has been decelerating since January, dropping from +42% in January to +31% in June. Meanwhile, core import growth accelerated from 20% in January to 27% in April and reduced to 18% in July. As a result, the 12-month rolling core trade balance, after peaking at -US\$18bn in June 2010, improved to -US\$12.5bn in July 2011.

Q2 2011 GDP growth was reported at 5.7% YoY (5.4% YoY in Q1 2011). Compared to Q1 2011 we saw a mild acceleration in manufacturing in Q2 2011 which grew 8.8% YoY (6.1% YoY in Q1 2011). This increase was seasonal but the increase was less than what we have seen in previous years. The increase can also be explained as an increase in inventories as retail sales, adjusted for inflation, decelerated to 5.7% YoY in H1 2011 compared to 16.4% in H1 2010. The economy is expected to continue slowing in H2 2011 led by the industrial sector as persistent high cost of financing and a cutback in public investment will be cooling construction activities. Our GDP growth forecast is 5.6-5.8% for 2011.

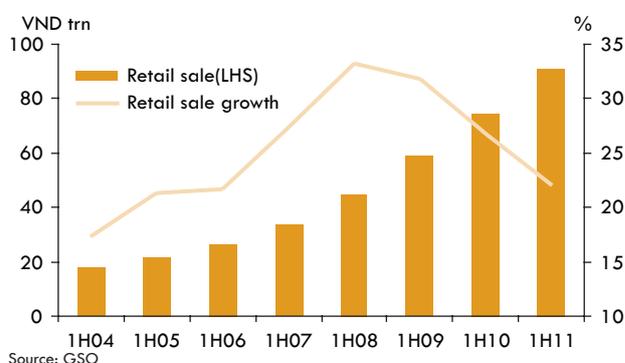
Real GDP Growth

There is no doubt that the very high cost of financing has slowed the economy. According to the General Statistics Office ("GSO") H1 2011 GDP growth dropped to +5.6% compared to 6.2% during the same period last year. While industrial and construction sector growth was as strong as last year, the agricultural sector slowed from 3.5% to 2.1% and the services sector from 7.1% to 6.1%. The economy is expected to continue slowing during the second half as we will see persistent high cost of financing cooling the construction sector. We expect GDP growth in 2011 to reach 5.6-5.8%.



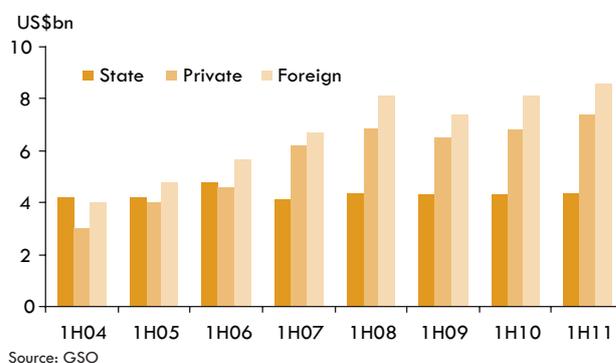
Retail Sales

Retail sales grew modestly at 22.6% during H1 2011, decelerating from 27% in H1 2010. If adjusted for inflation retail sales grew a mere 5.7%, a massive slow down versus 16.4% during the same period last year. Although Vietnamese incomes are relatively well hedged by their substantial gold holdings (estimated some US\$50-60bn), high inflation and high lending rates have significantly reduced consumer spending.



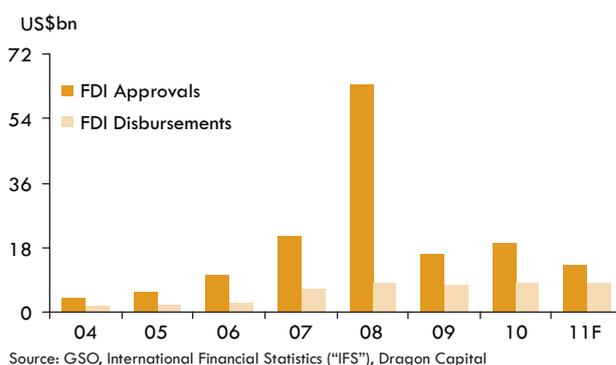
Industrial Production

Industrial production marginally accelerated, despite high cost of financing, from 13.2% in H1 2010 to 14% in H1 2011. This was partly due to the growth in crude oil production of 0.7% in H1 2011 against a drop of 16% last year. The private and foreign sector led the growth with 17.1% and 17.0% respectively while the state sector was, as usual, the laggard with the growth of only +5.3%. Inventories, however, increased sharply in H1 2011 implying that industrial production growth was distorted to some extent by increasing inventories. It therefore won't be a surprise if industrial production slows down in H2 2011.



Foreign Direct Investment

Foreign Direct Investment ("FDI") approvals in H1 2011 reached a mere US\$5.7bn, down 45% against the same period last year as the Government applied a more rigorous project approval process especially in the real estate sector. FDI approvals for real estate totalled just US\$0.3bn while FDI for manufacturing was an impressive US\$3.3bn or nearly 60% of total FDI registered. Disbursements were strong at US\$5.3bn. Some of the key FDI projects: Intel starting production at its US\$1bn wafer plant, Samsung spending US\$820m to double capacity at its consumer electronics plant and First Solar setting up a US\$1bn facility for solar panels.

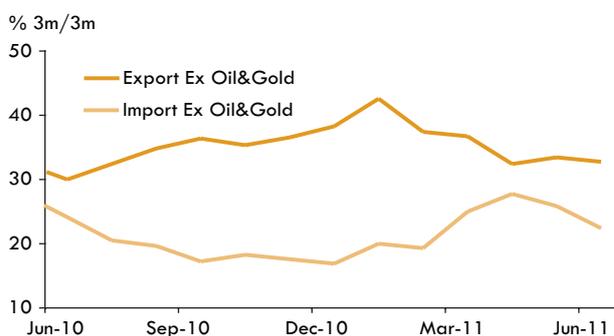


Investment Manager's Report (Continued)

Economy

Export and Import

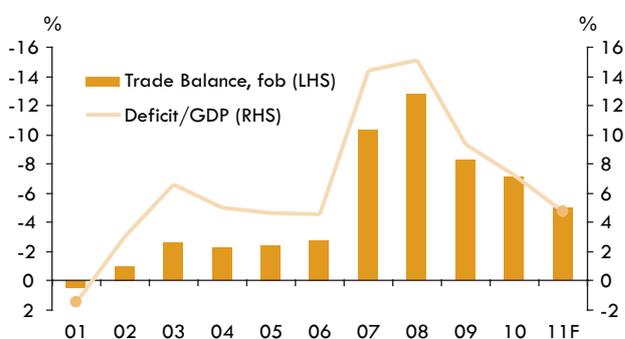
Excluding oil & gold, exports have been decelerating since January, dropping from +42% in January to +32% in June as external demand has slowed. Export growth was led by commodity exports which grew by +39% followed by manufacturing which increased by +24%. Import growth accelerated after the Tet holiday (Lunar New Year) as a result of rising import prices, not because of an increase in domestic demand. Import growth peaked at 29% YoY in April then dropped to 19% YoY in July.



Source: GSO, IFS, Dragon Capital

Trade Deficit

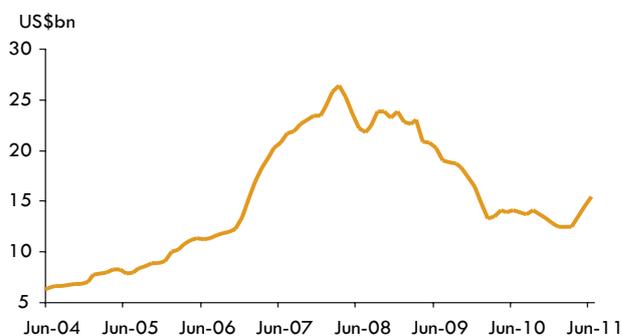
The trade balance continued to improve in H1 2011 as exports consistently outpaced imports. The trade deficit in H1 2011 was reported at US\$6.4bn which is almost the same as last year. However, if oil and gold are excluded, the trade deficit in H1 2011 was US\$6.2bn, down 20% compared to US\$7.5bn last year. The core trade deficit, based on our 12-month rolling analysis, improved to -US\$12.8bn in June 2011 after peaking at -US\$18bn in June 2010. The 2011 full year trade deficit is expected to come in at US\$12-13bn.



Source: GSO, IFS, Dragon Capital

Foreign Currency Reserve

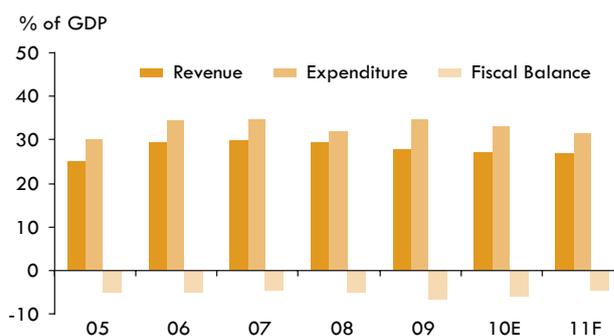
After three years of falling FX reserves, SBV reported that about US\$6bn had been bought since April 2011 to rebuild FX reserves. FX reserves are now estimated at US\$15.5bn as of July 2011 compared to US\$12.5bn at the end of 2010. The main reason for falling reserves in previous years were large errors & omissions ("E&O") which indicated that people were hoarding FX and gold. However, we expect that E&O will be minimal this year compared to US\$12bn and US\$8bn in 2009 and 2010, respectively.



Source: IFS, Dragon Capital

Fiscal Balance

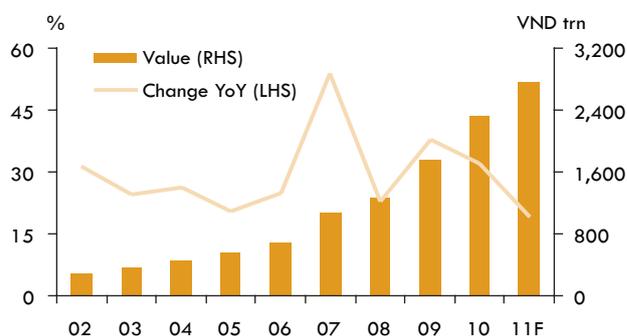
The budget deficit at the end of 2010 was recorded at 5.6%, well below the 2010 plan of 6.2% and 6.9% in 2009. Meanwhile the budget deficit in H1 2011 came in at an estimated 2.6%. If debt repayment is excluded, there was even a marginal budget surplus of 0.04%. Given the recent cut in SOEs, public investment and reduction of recurring expenditure, it is likely that the Government can achieve a budget deficit of 4.3% this year.



Source: Ministry of Finance

Credit Growth

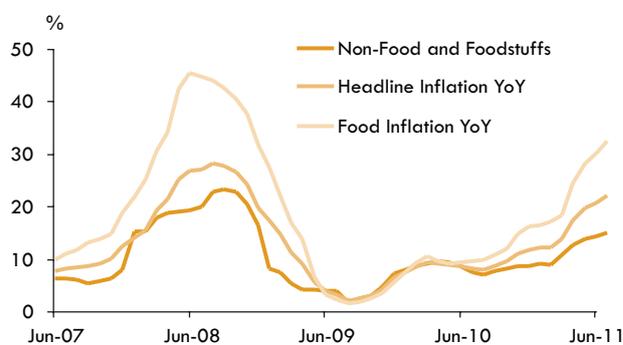
Given escalating inflation, the Government has issued and implemented Resolution 11 very seriously, aiming to combat inflation by both monetary and fiscal policies. Under the Resolution 11, the credit growth target was reduced from 32% to 18-20% and M2 growth target was revised from 26% to 16%. As a result of these tightening measures lending rates increased to well above 20%. In H1 2011 credit increased only 7.2%, pretty much on track for the annual target of 18-20%.



Source: SBV, IFS, Dragon Capital

Inflation

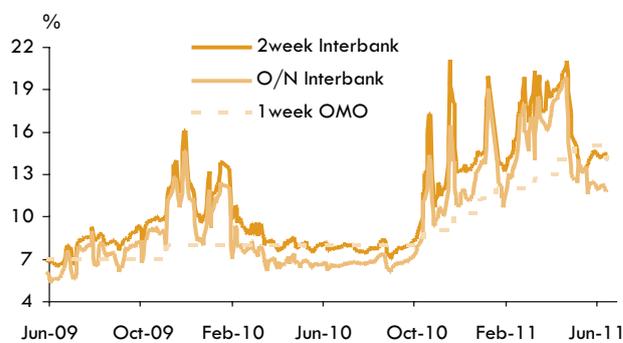
Led by increases in food and transportation costs, inflation accelerated to 21% YoY in June. Prices of food and foodstuffs, which account for 40% of the CPI basket, increased by 30%. Transportation costs increased by 20% YoY due to the petroleum price hike of 30%. The escalating inflation is the result of an excessive credit expansion in 2009-2010, surging input costs (electricity prices increased 15%) and structural market problems. As Resolution 11 gradually takes effect, we expect inflation to peak at 23% in August before coming down to below 20% by year end.



Source: GSO, Dragon Capital

Monetary Policy

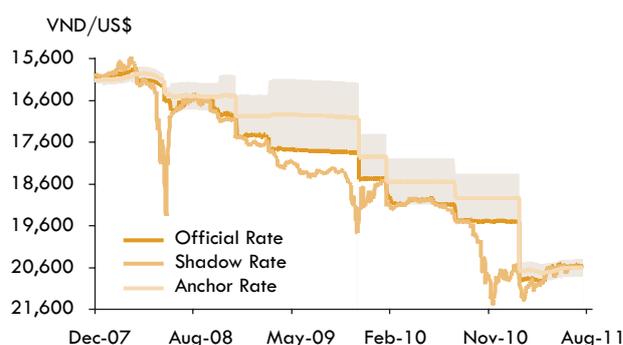
Interbank rates were high at around 19-20% as SBV reduced money supply through the open market operation ("OMO") and refinancing channels. SBV also increased the OMO funding rate by 500bps since the beginning of the year to 15% at the end of June. Lack of short-term liquidity forced banks to compete more aggressively in attracting deposits, pushing lending rates up to 22-25%. This prompted SBV to implement more accommodating monetary policies, among other matters, planning to gradually lower lending rates to 17-19%, without however changing the credit growth target of less than 20%.



Source: SBV, Dragon Capital

Domestic Currency

Even though the trade deficit was improving, the VND was again under depreciation pressure in Q1 2011 as people hoarded US\$ and gold in view of the escalating inflation. The US\$/VND exchange rate surged to 21,400 in February from 20,600 in January. However, the Government introduced the right policies (Resolution 11: package of fiscal and monetary policies to stabilise the economy) the right time to restore confidence on macro policies and thus the local currency. Residents and firms started to sell US\$ to banks, allowing SBV to build up FX reserves. For the first time since 2007, the gap between official and unofficial rates disappeared for months and traded well below the upper trading band.



Source: SBV, Dragon Capital

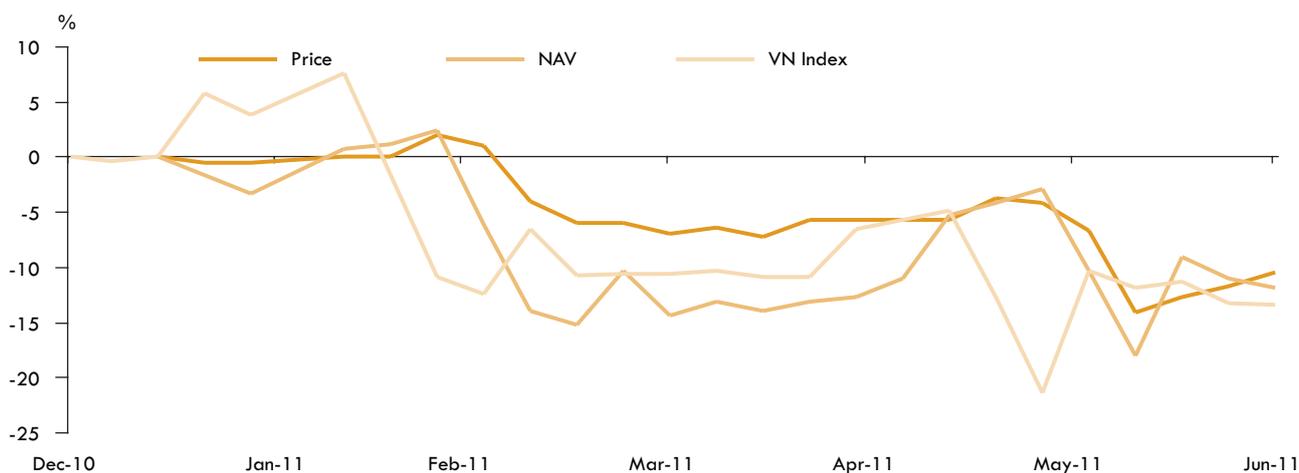
Investment Manager's Report (Continued)

Fund

The VN Index lost 13.3% in US\$ terms for the period ended 30 June 2011 as macro-economic conditions tightened, liquidity plunged and concerns over inflation, exchange rate and trade deficit continued. Vietnam Enterprise Investments Limited ("VEIL" or the "Fund") recorded a loss of 13.8%, underperforming the benchmark slightly by 50bps. Holdings other than Vinamilk and Masan which delivered outstanding returns of 20.0% and 22.4% respectively, made only mediocre contributions. Whilst this is by no means an impressive performance it does not capture the entire picture. Firstly, VEIL's portfolio has an attractive liquidity profile with around 91.0% of the fund allocated to equities and equity-linked securities, mostly in listed blue-chips, as at the end of June 2011. Secondly, VEIL holds significant stakes in key companies in strategic sectors such as Vietnam's top dairy manufacturer (Vinamilk), leading commercial joint

stock banks (ACB and Sacombank) and reputable and dynamic private sector conglomerates (Hoang Anh Gia Lai and Masan Group). Hence, the current valuations for many of these holdings will not reflect the potential value from any strategic merger or acquisition. For instance, in May 2011 Vinamilk successfully issued 10.7 million shares to selective investors, all foreigners, at a premium of 30% over the prevailing market price and the interest in Vinamilk shares continues to be high for any offer of a major stake in the company. This hypothesis was further reconfirmed by the successful divestment of VEIL's entire stake in Sacombank after the close of the reporting period at a substantial premium, which has boosted VEIL's performance since.

Fund Performance



Source: Bloomberg, Dragon Capital

Attribution Analysis

Vinamilk, overweight in VEIL with 17.5% of net asset value ("NAV,") delivered superior performance earning a 20.0% return and contributing a positive 3.1% return to the fund. The dairy manufacturer possesses a solid business, excellent management, sound fundamentals and continues to be a top stock pick for investors. In May 2011, the company organised a successful private placement selling 10.7 million shares to foreign investors at a premium of 30% over the then prevailing market price. The shares came from the company freeing up 3% of shares that were reserved for a planned listing plan in Singapore, thereby increasing foreign ownership to 49% from 46%.

Banks featured heavily with 23.3% of NAV as opposed to their 8.4% weighting in the VN Index and delivered the worst performance in the portfolio, losing 24.4% and reducing VEIL's NAV by 6.4%. ACB with 16.4% of NAV lost 21.8% whilst Sacombank with 6.9% of NAV dropped even more with 29.9%. Inflation remained stubbornly high during the first half of the year which forced the Government to maintain tight fiscal and monetary policies, including maintaining a cap of 20% on credit growth and restricting lending to non-productive sectors like securities and property. This caused Banks to fall out of favour, penalising especially those banks with full foreign room. Even though the importance of the Banks to the economy and their long-term attractiveness are undisputed VEIL moved to reduce its exposure to Banks by successfully selling its entire stake in Sacombank at a very attractive premium to market price after the close of the first half reporting period.

Real Estate, accounting for 13.3% of NAV as opposed to its 23.6% weighting in the VN Index, was the second worst performer, losing 29.0% and reducing VEIL's NAV by 4.6%. Given the unfavourable prospects in Real Estate VEIL's weighting in the sector was deliberately brought down from 26.2% at the end of 2010 to 13.3% in June 2011. A major component in this adjustment was the reclassification of the Hoang Anh Gia Lai into Diversified Financials, motivated by the company's transformation to a conglomerate focusing, besides Real Estate, on rubber plantation and processing, hydro electricity, mining and construction materials. Without this reclassification, VEIL's weight in Real Estate would be 21.6% of NAV which is still underweight to the Index. During the first half of the year, scarce and expensive lending from banks together with very limited liquidity in the capital markets drastically impeded the financing sources for property developers. In addition the Government published Decree 69 and 71 which effectively led to an increase in land use fees paid by developers and stricter regulations for properties, which are intended to create transparency and prevent property bubbles. Whilst these policies are essential for the sustainable development of the industry in long run they will negatively affect, the Real Estate sector's

performance for the foreseeable future. Including of Hoang Anh Gia Lai, Diversified Financials represented 30.3% of VEIL's NAV compared to its 19.5% weighting in the VN Index. This sector fell marginally by 1.7%, negatively impacting the Fund's NAV by 0.3%. Masan Group and its equity-linked debt instrument Masan Promissory Notes, accounting for 3.8% and 16.9% of NAV respectively, still performed well increasing 24.0% and delivering a return of 4.2% to VEIL. However, the rest did not, Hoang Anh Gia Lai lost 31.6% during the period and cost the fund 3.3% of performance. SSI, the country's leading brokerage, was heavily affected by the tight monetary and fiscal policies as well as the bearish stock market, losing 47.0% and reducing VEIL's NAV by 0.5%.

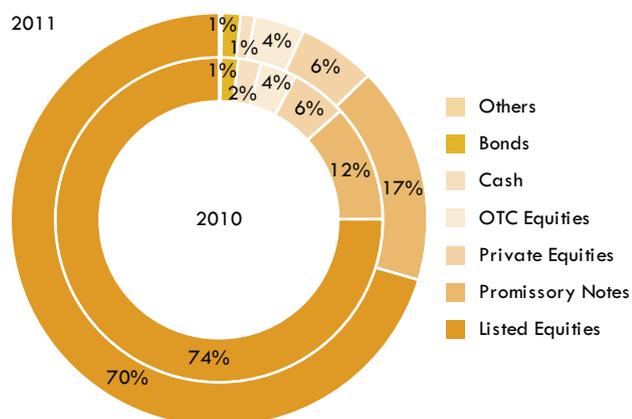
Software & Service, responsible for 2.8% of NAV versus its 2.0% weighting in the VN Index, performed poorly with a drop of 38.7%, impairing the Fund's NAV by 1.5%. FPT, the only holding in this sector at the end of the reporting period, fell 28.9% because of the debate about the planned merger between its Telecom division and EVN Telecom which cost the fund 0.8% of NAV. However, the planned merger was eventually dropped which was in fact very positive for FPT whose share price recovered thereafter. CMG, one of the other sector holdings during period, was divested during the reporting whilst Global Cybersoft was fully provisioned for by the beginning of 2011.

Materials & Resources, accounting for 6.1% of NAV, dropped 25.4% and impaired NAV by 1.8%. Major holdings in the sector were Hoa Phat Group (2.8% of NAV), Olympus Pacific (2.2% of NAV) and Phu My Fertilizer (1.0% of NAV) which all underperformed the VN Index with drops of 25.1%, 30.8% and 16.8% respectively.

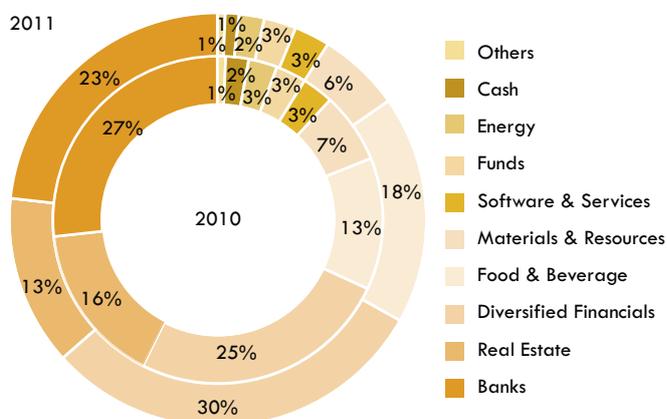
Investment Manager's Report (Continued)

Fund

Asset Allocation by Asset Class



Asset Allocation by Sector



For a full portfolio listing, please see Note 5 to the condensed consolidated interim financial statements.

Sector Return and Contribution

Sector	Portfolio Return (%)	VN Index Return (%)	Portfolio Contribution (%)
Food & Beverage	19.0	2.1	3.0
Pharmaceuticals	(9.7)	(16.8)	(0.0)
Consumer Durables	(23.1)	(24.7)	(0.1)
Diversified Financials	(1.7)	(11.0)	(0.3)
Energy	(15.7)	(24.4)	(0.4)
Funds	(21.7)	0.0	(0.6)
Software & Services	(38.7)	(31.4)	(1.5)
Materials & Resource	(25.4)	(26.7)	(1.8)
Real Estate	(29.0)	(14.1)	(4.6)
Banks	(24.4)	(15.8)	(6.4)

Outlook

The stock market is very attractive with 2011 valuation of a price-earnings ratio ("PER") 7x on 2011's earnings, price-to-book ratio (PB) of 1.7x and Yield of 5.6%. We expect that the stock market performance will improve as the Government gradually starts relaxing its tight monetary and fiscal policies in line with macro-economic improvements during the second half of the year. Therefore, VEIL will continue focusing on being fully invested in companies with sound fundamentals, sustainable growth and good corporate governance. VEIL will also selectively include good companies in sectors such as brokerage and real estate that can add exceptional performance when the market rallies. Meanwhile VEIL will continue its restructuring process to reduce concentration risk in top holdings and to divest its

private equity holdings. The divestment proceeds from selling VEIL's entire stake in Sacombank at a very attractive premium after the close of the reporting period will improve VEIL's performance in 2011, and more importantly provide the needed cash to fund targeted investments at attractive valuations.

Top Five Holdings

Masan Group

Masan Group is a diversified conglomerate with two historic core businesses. One is Masan Consumer, 76.5% owned, the country's top sauce and noodles manufacturer. The other is Techcombank, 31.0% owned, a leading private sector commercial bank. In late 2010 the Masan Group entered the natural resources sector, with the acquisition from funds managed by Dragon Capital of their 70% interest in the Nui Phao polymetallic mine (Masan Group now has a 65% economic interest in Nui Phao, see note / para 5 below). This is a highly strategic project that will account for half of the world's tungsten supply ex-China when production begins in 2013-2014, and will also be globally significant in bismuth and fluorspar. Going forward, Masan Group aims to build a combination of five inter-related divisions: Consumer, Banking, Financial Services, Resources and the fifth one still being considered. It targets selective acquisitions for this purpose, continuing to be focused on companies that keep the key discipline of being highly cash generative with minimum cash investment.

In H1 2011 Masan Group saw its net profit soar +193.0% to US\$31.4m on a revenue gain of just +36.0% to US\$139.0m. This spectacular result contained a better than expected performance by Masan Consumer and Techcombank.

Masan Consumer sales in H1 2011 were +36.5% at US\$137.2m and net profit after tax ("NPAT") of +111% at US\$40.9m. Masan Group's share of earnings after minorities was US\$31.4m. The strong results were mainly derived from volume growth in the existing business lines and increase in operational and financial efficiency. Operating margins increased from 22.0% to 32.0%. The existing business lines are fish and soya sauces, and instant noodles. In the former areas, Masan Group has a huge market share, at a respective 74% and 80%, and is by far the leading player. In noodles, it is number two, with a 15% market share, but it practically monopolises the premium end. Thanks to migrating products up-market, Masan Group was able to sharply improve profitability during H1 2011, with gross margins rising from 39% in H1 2010 to 42% in H1 2011. It also re-launched the Chin-Su brand across the product portfolio, especially an innovative new cooking-oil under the Chin-Su brand name, via rice-extracted products that minimise cholesterol.

Techcombank's NPAT increased +44% in H1 2011 to US\$51.9m. Masan Group's equity-accounted share of Techcombank's earnings, less goodwill provisions of US\$13.9m, was US\$2.1m. Techcombank is the third-largest joint-stock bank in terms of total assets and the second by profitability. It is one of the few banks with a clear strategy for growth, based on developing the retail market in a highly active partnership with HSBC, which owns 20%. It has pushed asset and loan growth hard, at respective five-year compound annual growth rates ("CAGR") of 72% and 57%. Techcombank completed the implementation of the Qualitative Credit Assessment software to help streamline credit ratings process. It is also implementing a program to strengthen the monitoring and handling of bad loans. Loan growth was +10.1% in H1 2011 versus an average of 6% for the market. This was slightly behind deposit growth of +13%. Techcombank's loan-to-deposit ratio is conservative at 63% compared to 65% at the end of 2010, and this enables risk to be diversified in the interbank market, where Techcombank is a big player, and in bond investment.

Masan Resources owns 100% of the Nui Phao mine, as its only asset, and is itself owned 65% by the Masan Group, 15% by a fund managed by Dragon Capital and 20% by Mount Kellett Capital Partners LP, a private equity group. The latter came in at the very end of 2010, paying US\$100m for its stake and valuing the mine at a substantial premium to Masan Group's own acquisition price. Masan Resources has completed the second round of financing for the Nui Phao mine including a US\$90m credit agreement with a Vietcombank led syndicate and a US\$120m debt facility from Vietnam Development Bank. As of 30 June 2011 approximately 91% of land required for construction had been compensated and resettled.

In 2011, we think Masan Group will have another strong year. The Consumer division will maintain high growth via combined product innovation and capacity expansion. Sales are projected at +51%, to US\$406.5m. We revised our NPAT growth forecast of the food division up from +45% to +70%, equivalent to US\$83.0m to US\$96.6m. Meanwhile, due to the tightening of credit growth for the sector, Techcombank is expected to make US\$113.5m in NPAT (+14% YoY) which is lower than our expectation of US\$121.1m (+21% YoY) in 2011. Unfortunately, because there may have been an element of non-recurrent earnings in 2010 results, we are projecting NPAT at only -5% or US\$105.1m. But this may prove conservative.

Market Valuation

US\$73,869,761

H1 2011 Price Return (Local Currency)

29.33%

% of Net Assets

20.7%

Initial Acquisition Date

1 April 2010



Top Five Holdings

Vinamilk

Vinamilk is the leading producer of dairy products in Vietnam with a market share of 38%. The company's products vary from core dairy products such as liquid and powdered milk, to condensed milk, drinking and spoon yoghurt, ice cream and cheese.

In H1 2011 the company achieved US\$491.2m in revenue, a growth of +38%, and US\$102.1m in net profit, a growth of +20.8%, completing 58% of its full year profit target. The substantial increase in revenue stemmed primarily from healthy volume growth (+27%) whilst price increases were less important with sales price increases averaging +12%, thanks to high demand for dairy products and good marketing campaigns. Vinamilk increased the number of its retail sale outlets from 140,000 to 160,000 in H1 2011.

The prices of key products were increased last in January 2011 and have remained unchanged since. As a result, an average increase of +17% in raw material prices - especially for sugar, milk powder, and electricity - caused a deterioration of gross margins from 34% in H1 2010 to 32% in H1 2011. The company successfully mitigated the implications of increasing raw material prices by rigorous cost controls resulting in sales and general administration costs dropping from 11.6% in 2010 to 9.5% in H1 2011. Given the decreasing gross margin, Vinamilk will continue to tightly control sales and general administration cost in H2 2011.

In August 2011, Vinamilk announced the start of operations at the Miraka milk powder plant in New Zealand in cooperation with Miraka Ltd (NZ). Vinamilk invested US\$12.5m for a 19.3% stake in this production facility, its first foreign investment. Miraka has a capacity of 32,000MT per annum which will provide Vinamilk with a stable supply of lower cost milk powder plus dividend income. Miraka is expected to generate US\$109.0m in revenue and US\$7.3m in earnings before interest, taxes, depreciation and amortisation (EBITDA).

The company also spent US\$81.2m on the build-up of a so called 'mega factory' in a three year programme that was scheduled to be completed during 2012 to raise its capacity in powdered milk, liquid milk and yoghurt. However, due to some technical issues, the completion of the plant will be delayed by six months. To enhance its vertical integration Vinamilk has been looking to improve its own supply of input materials.

Financial income was reported at US\$16m in H1 2011, +55% YoY thanks to a sharp increase in deposit interest and bond interest income. This was mainly due to the depositing of US\$67.2m received from the private placement in Q2 at interest rates averaging 17.5% and the significant increase of average deposit rates in 2011 in general.

With an increase in its selling prices of +12% and continued high demand for dairy products we expect the company's sale growth to increase by +39% in 2011, supported by the company's continued aggressive distribution network expansion which will keep it ahead of the competition. Yoghurt consumption growth is projected at above +40% pa for the next few years and the company is well-positioned to maintain its 80% market share. Besides, Vinamilk continued to hold the largest market share in milk powder and nutritious cereals in term of volumes. Liquid milk is slated to move from 43% to 46%, as the company further develops its reputation as the top producer of 'true milk'.

The company's board decided to issue 3% new shares, increasing the foreign room from 46% to 49% in May 2011 whilst scrapping the idea of listing a portion of its shares in Singapore. The private placement went well with the 3% stake sold at an average price of VND129,000 (US\$6.22) per share, or at more than +30% premium to the deal announcement date. Moreover, the company plans to issue bonus shares of 2:1 in early Q4 this year.

At the current price of VND120,000 (US\$5.73), the company continues to look very attractive with an above-market earnings CAGR of 22% for 2010-2012 and PER of 11.5x.

Market Valuation

US\$62,375,647

H1 2011 Price Return (Local Currency)

26.74%

% of Net Assets

17.5%

Initial Acquisition Date

22 October 2003



VINAMILK

Top Five Holdings

ACB

ACB is Vietnam's largest private bank and has maintained its leading position throughout the past five years. The company operates on strong conservative principles with a low loan-to-deposit ratio, stringent credit policy, and strong diversification into non-lending activities. The company was the first bank to set up a formal gold trading exchange to exploit the enormous domestic appetite for gold trading as well as arbitrage opportunities of domestic versus international gold price discrepancies. Profitability since 2006 has been greatly enhanced by these strategic yet opportunistic moves. From 2011 onwards, the company however has to revert to traditional sources such as lending and fees as main income sources as the SBV has imposed various regulations to discourage non-core activities.

ACB has been facing a number of challenges recently in maintaining its high profitability. One of the key reasons was the closure of its gold exchange and margin trading businesses. Further contributing to the disappointing performance was a lack of performance from its subsidiaries. Nonetheless, the company successfully expanded its lending activities which at least offset some of the losses caused by the various negative developments affecting the company.

The company recorded a growth of +20% in profit after tax in H1 2011. Profits were driven by an expansion in net interest margin ("NIM") by 50bps, rapid loan growth of +17% YTD versus a sector growth of +7% and robust fee growth of +50%. The company's NIM remained well below that of its peers, mainly due to its policy of high liquidity and its low proportion of high-risk assets. As a consequence, the company's NIM was substantially lower (roughly 25%) than that of its peers whilst its non-performing loan ("NPL") provisions were the highest. As high credit growth is normally associated with higher risks, its NPL increased from 0.2% in 2010 to 0.8% in H1 2011 due to the difficulties of the business environment, but it is still much lower than the industry average of 2.3%.

ACB has been very active in the interbank market thanks to its good mobilisation system - being a net lender in OMO. With a large network of over 300 branches and trading offices nationwide, the company attained a deposit growth of nearly 32% - much higher than the industry average of only 2%. This is likely to benefit the company in strengthening its asset base. However, as the company's loan book has only 4% room left for growth in H2 2011 given the credit growth cap of +20% imposed by the SBV, it is likely to put pressure on the company's net interest income for the rest of the year.

Whilst its interest-related activities achieved strong growth, the underperformance of its subsidiaries impeded the company's overall performance. The subsidiaries were expected to contribute 5% to the company's profit. However, its largest subsidiary, ACB Securities, reported a loss in profit due to a difficult stock market causing the company's profit to be 9% lower in comparison with unconsolidated results in H1 2011.

For H2 2011, NIMs might get squeezed but ACB is a fund provider in the interbank market and it is therefore expected to benefit from opportunities in this area. For the whole of 2011, we expect NIM to be higher compared to the previous year as the interest spread is normally higher in a volatile rate environment. Therefore, given the macro-economic and regulatory prospects we expect the company to achieve a 15% profit growth on the back of a 25% asset base increase and, in a worst case scenario, of a 20% loan growth. The competitive advantage of ACB allowing it to have a higher premium compared to other peers has been diminishing recently, yet ACB continues to be one of the best banks in Vietnam.

Market Valuation

US\$58,403,883

H1 2011 Price Return (Local Currency)

-19.92%

% of Net Assets

16.4%

Initial Acquisition Date

1 December 1996



Top Five Holdings

Hoang Anh Gia Lai

Hoang Anh Gia Lai is a holding company with five subsidiaries focusing on real estate, rubber, hydropower, furniture and granite production. The company's real estate subsidiary is one of Vietnam's leading residential developers which boasts a large land bank with sites located mainly in Ho Chi Minh City that have been purchased at very low cost and which benefits from the company's complementary businesses in furniture and granite production. In order to strengthen sustainable and long-term growth, the company established other non-real estate businesses that are presently all at different stages of development.

The company is pursuing a cost leadership strategy in all of its businesses. In real estate, Hoang Anh Gia Lai has a potential pipeline of up to twenty projects with focus on the middle/upper-income residential market. The company is able to deliver high quality real estate projects at low costs primarily due to their in-house design team, in-house construction capabilities, low land cost, as well as in-house furniture and material sources. In mining the company operates open-pit iron ores at low costs thanks to favorable geological conditions. The company has also demonstrated the ability to control the cost of construction of hydropower plants and cultivation of rubber trees more efficiently and effectively than others do.

The company is expected to generate cash flows of US\$803.1m from its real estate business over the next seven to ten years to finance its growth plans in rubber, mining and hydropower that require a total investment of US\$701.2m. However, given the challenges in the real estate market in recent years it has been difficult at times to match cash inflows with investment needs. To address such shortfalls the company has resorted to flexible solutions accessing both domestic and international capital markets.

Anticipating a very difficult 2011, Hoang Anh Gia Lai prioritised risk management over earnings growth. Nonetheless, the company set a modest growth target even though other property developers are making losses in the presently gloomy real estate market. In the first quarter of 2011, the company achieved 20% of its target and reported a NPAT growth of +53% YoY while its peers only achieved some 5% to 10% of their full year targets.

Equally impressive, during the first half of 2011, Hoang Anh Gia Lai successfully raised US\$162.9m from selling a 5% stake in its real estate subsidiary for US\$21.5m, issuing US\$86.4m in straight bonds and US\$55.0m in exchangeable bonds. These funds will be sufficient to cover the projected financial needs for the company's growth plans over the next two years regardless of the cash flows generated from the real estate businesses.

In 2012, the company will continue focusing on reducing its dependence on real estate, aiming to increase the profit contribution of non-real estate businesses from 40% to 60% most of which will come from four hydropower projects in full operation and mining activities at full capacity. This will put the company's business performance on a more stable basis from 2012 onwards. From 2013 onwards rubber will start generating profits from its 51,000 ha of rubber plantation which will deliver an annual profit of US\$525.8m when fully exploited in 2020, enabling the company's net profit to grow sustainably by at least +30% annually from 2013 on.

In short, Hoang Anh Gia Lai is a fundamentally sound company that is well prepared for the difficult times in 2011 and 2012 and that offers promising prospects of robust growth from 2013 onwards.

Market Valuation

US\$30,225,574

H1 2011 Price Return (Local Currency)

-27.78%

% of Net Assets

8.5%

Initial Acquisition Date

19 June 2009



Top Five Holdings

Sacombank

Sacombank has the widest network coverage among private banks and is expanding regionally by establishing a presence in Laos and Cambodia. The company's strategy is to focus on the small and medium enterprises (SME) sector which has been the main driving force of growth in the banking sector and Vietnam's economy. In the years to come, we expect the company to also concentrate on providing a wider variety of banking related services to increase the proportion of fees in its total income and to reduce its dependence on lending, its traditional core business activity.

Sacombank was previously structured as a financial holding company which included several subsidiaries in securities, financial leasing, jewelry, investment and asset management. However, the company decided to gradually reduce its holdings in these subsidiaries to less than 50% to raise more capital. This strategy has worked well in 2009 and 2010 with Sacombank receiving healthy premiums on its divestments. On 13 June 2011 Sacombank divested 7.4% of its holding in its largest subsidiary, Sacombank Securities ("SBS"), reducing its ownership in SBS to 49.0% which will have a large impact on Sacombank's consolidated financial statements as SBS accounted for around 5.2% of Sacombank's total asset at the end of 2010.

2011 will be a difficult year for banking due to the issuance of several new banking regulations aimed at tightening monetary and fiscal policies as well as strengthening the banking sector. Sacombank has seen a slowdown in its traditional core business activity. Reported YTD credit growth was -2.5% in H1 2011 but, if credit provided to subsidiaries is excluded, the actual number was +4.9%. Meanwhile deposit growth was flat despite Sacombank's strong network coverage. As a consequence, at the end of H1 2011, Sacombank changed its position from a net lender to a net borrower in the interbank market and its loan-to-customer deposit ratio increased from 105% in 2010 to 107%.

In view of the tightening monetary policies and stricter control on banking activities, Sacombank reported, on the back of a significant increase in net interest income (+81%) and fee income (+2%) coupled with some losses in securities trading, a negative growth in NPAT of -2.5% YoY in H1 2011. The surge in the net interest income was underpinned by a strong expansion in its NIM from 3.6% in 2010 to 4.3% in H1 2011. It should be noted however that NIM may be distorted as some customers received rates higher than the prescribed capped rate of 14%, the difference of which was paid via bonus fees that are recorded in other parts of the bank's accounts. Foreign exchange activities recorded a decline of -109% and the cost-to-income ratio surged to 45% from 43% in 2010 due to Sacombank's on-going strategy of widening its network.

As Sacombank raised its capital over the years, its CAR declined, from 11.4% (2009) to 10.0% (2010) and 9.4% (Q1 2011). This rapid capital increase was the main reason for the deteriorating return on equity (ROE), return on assets (ROA) and negative earnings per share (EPS) growth which is a common problem for many Vietnamese banks.

For 2011, we expect Sacombank to deliver profit growth of +8% based on asset growth of +15% and its ability to control NPL at less than 2%. We anticipate that NIM will decline in H2 2011 as a result of SBV strictly controlling credit growth and stabilising interest rates in order to calm inflation and soften the impact from high interest rate. Nonetheless, we are confident that Sacombank will be able to overcome this transition period and expect net interest income to remain the key earning driver in 2011 and the next two years.

Market Valuation

US\$24,636,353

H1 2011 Price Return (Local Currency)

-25.93%

% of Net Assets

6.9%

Initial Acquisition Date

9 November 2000



Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited (the “Company”) present their report and the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (together referred to as the “Group”) for the period ended 30 June 2011.

Principal Activity

The Company is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands on 20 April 1995. The shares of the Company are listed on the Irish Stock Exchange. The principal activity of the Company is to invest directly or indirectly in a diversified portfolio of listed and unlisted securities in or focused on Vietnam.

Results and Dividends

The Company’s consolidated loss for the period ended 30 June 2011 and its condensed consolidated financial position at that date are set out in the attached condensed consolidated interim financial statements. The Directors have taken the decision not to pay a dividend in respect of the period ended 30 June 2011 (2010: Nil).

Share Capital

Details of movements in the Company’s share capital during the period are set out in the condensed consolidated statement of changes in equity and in Note 6 to the condensed consolidated interim financial statements. As at 30 June 2011, the Company had issued share capital comprising of 168,217,479 redeemable shares and 1,000 management shares (31 December 2010: 170,107,498 redeemable shares and 1,000 management shares).

Directors

The Directors of the Company during the period were:

Non-executive Directors:

Dominic Scriven

Independent non-executive Directors:

Richard McKegney (until 2 September 2011)

Wolfgang Bertelsmeier

Hartmut Giesecke

Derek Eu-Tse Loh (from 3 March 2011)

Richard McKegney tendered his resignation as a Director of the Company with effect from 2 September 2011.

Directors’ Rights to Acquire Shares or Debentures

At no time during the period was the Company a party to any arrangement to enable the Company’s Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors’ Interests in Shares

Dominic Scriven has indirect interests in the share capital of the Company as he is a shareholder and a director of Dragon Capital Group Limited, the parent company of Dragon Capital Limited of which he is also a director, which holds the management shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Markets Limited and Enterprise Investment Management Limited, the Investment Manager of the Company. As at 30 June 2011, Dragon Capital Markets Limited beneficially held 196,960 redeemable shares of the Company for investment and proprietary trading purposes (31 December 2010: 1,446,000 redeemable shares).

Richard McKegney, a Director of the Company, is also a director of NIG Asian Investments Ltd., a wholly-owned investment vehicle of the National Bank of Kuwait, which is a beneficial shareholder of the Company, holding 1,026,770 redeemable shares of the Company as at 30 June 2011 and 31 December 2010.

Apart from the above, no Directors had a direct or indirect interest in the share capital of the Company, or its underlying investments at the end of the period, or at any time during the period.

Directors’ Interests in Contracts

Dominic Scriven has indirect interests in the investment management agreement between the Company and Enterprise Investment Management Limited as he was the director of Enterprise Investment Management Limited during the period, and a director and a shareholder of its parent, Dragon Capital Group Limited. There were no further contracts of significance in relation to the Company’s business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the period or at any time during the period.

Substantial Shareholders

At 30 June 2011, the Company's register of shareholders showed that the following shareholders held more than a 10% interest in the issued redeemable share capital of the Company.

Registered shareholder
Citivic Nominees Limited

Number of redeemable shares held
131,675,280

% of total redeemable shares in issue
75.75%

Registered shareholder
Clearstream Banking SA (POA Fortis Banque Luxembourg)

Number of redeemable shares held
42,085,719

% of total redeemable shares in issue
24.21%

Subsequent Events

Details of the significant subsequent events of the Company are set out in Note 9 to the condensed consolidated interim financial statements.

Auditors

KPMG Limited, Vietnam

Directors' Responsibility in Respect of the Condensed Consolidated Interim Financial Statements

The Board of Directors is responsible for ensuring that the condensed consolidated interim financial statements of the Group are properly drawn up so as to give a true and fair view of the condensed consolidated financial position of the Group as at 30 June 2011 and of the condensed consolidated financial performance and condensed consolidated cash flows for the period then ended. When preparing these condensed consolidated interim financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the condensed consolidated interim financial statements;

- maintain adequate accounting records and an effective system of internal controls;
- prepare the condensed consolidated interim financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the condensed consolidated interim financial statements.

The Board of Directors is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

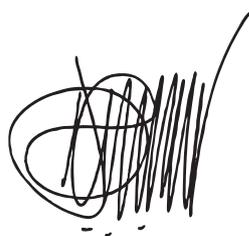
The Board of Directors confirms that they have complied with the above requirements in preparing the condensed consolidated interim financial statements.

The Board of Directors confirms that the Investment Manager's report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

Approval of the Financial Statements

We hereby approve the accompanying the condensed consolidated interim financial statements which give a true and fair view of the condensed consolidated financial position of the Group as of 30 June 2011 and of the condensed consolidated financial performance, condensed consolidated changes in equity and condensed consolidated cash flows for the period ended 30 June 2011 in accordance with IAS 34, *Interim Financial Reporting*.

By Order of the Board



Dominic Scriven O.B.E.
Director
20 October 2011

Condensed Consolidated Statement of Financial Position

As at 30 June 2011 (unaudited)

	Note	30 June 2011 US\$	31 December 2010 US\$	% Change
Current assets				
Financial assets at fair value through profit or loss	5	352,957,156	409,815,661	
Other receivables		449,255	270,735	
Balances due from brokers		-	18,896	
Cash and cash equivalents		4,371,216	14,057,188	
		357,777,627	424,162,480	(15.65)%
Current liabilities				
Accounts payable and accruals		708,043	5,146,360	
		357,069,584	419,016,120	(14.78)%
Equity				
Issued capital	6	1,682,185	1,701,085	
Share premium	6	345,922,586	349,446,892	
Retained earnings		9,464,814	67,868,143	
Total equity		357,069,584	419,016,120	(14.78)%
Number of redeemable shares in issue	6	168,217,479	170,107,498	
Net asset value per redeemable share	7	2.12	2.46	(13.82)%

Approved by the Board of Directors on 20 October 2011.



Dominic Scriven O.B.E.
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended 30 June 2011 (unaudited)

	Note	For the six months ended 30 June 2011 US\$	For the six months ended 30 June 2010 US\$
Income			
Interest income		446,416	190,661
Dividend income		4,201,716	6,895,495
Other income		-	9,158
Net changes in fair value of financial assets at fair value through profit or loss		(53,702,299)	(33,361,852)
(Loss)/gain on disposals of investments		(4,639,352)	11,150,088
Total loss		(53,693,519)	(15,116,450)
Expenses			
Administration fees		(188,708)	(221,289)
Custodian fees		(56,614)	(66,386)
Directors' fees	9	(46,700)	(34,994)
Management fees	9	(3,774,165)	(4,288,379)
Legal and professional fees		(36,561)	(56,932)
Other operating expenses		(186,970)	(304,919)
Total expenses		(4,289,718)	(4,972,899)
Loss before foreign exchange losses		(57,983,237)	(20,089,349)
Exchange losses			
Net foreign exchange losses		(420,092)	(174,357)
Loss before tax		(58,403,329)	(20,263,706)
Income tax		-	-
Loss after tax		(58,403,329)	(20,263,706)
Other comprehensive income		-	-
Total comprehensive loss for the period		(58,403,329)	(20,263,706)
Net loss and comprehensive loss attributable to redeemable shareholders for the period		(58,403,329)	(20,263,706)
Basic losses per redeemable share	8	(0.35)	(0.12)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2011 (unaudited)

	Issued capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
At 1 January 2011	1,701,085	349,446,892	67,868,143	419,016,120
Transactions with shareholders directly recorded in equity:				
Treasury shares acquired (Note 6)	(18,900)	(3,524,306)	-	(3,543,207)
Total comprehensive loss for the period:				
Net loss for the period	-	-	(58,403,329)	(58,403,329)
At 30 June 2011	1,682,185	345,922,586	9,464,814	357,069,584
At 1 January 2010	1,738,240	356,666,449	76,955,739	435,360,428
Transactions with shareholders directly recorded in equity:				
Treasury shares acquired (Note 6)	(31,502)	(6,113,987)	-	(6,145,489)
Total comprehensive loss for the period:				
Net loss for the period	-	-	(20,263,706)	(20,263,706)
At 30 June 2010	1,706,738	350,552,462	56,692,033	408,951,233

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2011 (unaudited)

	For the six months ended 30 June 2011 US\$	For the six months ended 30 June 2010 US\$
Cash flows from operating activities		
Loss for the period	(58,403,329)	(20,263,706)
Adjustments for:		
Dividend income	(4,201,716)	(6,895,495)
Interest income	(446,416)	(190,661)
Other income	-	(9,158)
Losses/(gains) on disposals of investments	4,639,364	(11,150,088)
Net changes in fair value of financial assets at fair value through profit or loss	53,702,299	33,361,852
	(4,709,798)	(5,147,256)
Change in other receivables and balances due from brokers	(188,678)	(191,956)
Change in accounts payable and accruals	(4,438,317)	5,768,839
	(9,336,793)	429,627
Proceeds from disposals of investments	5,815,225	81,840,148
Acquisitions of financial assets at fair value through profit or loss	(7,298,372)	(70,808,423)
Dividends received	4,230,759	6,885,691
Interest received	446,416	199,230
Other income from investments received	-	184,472
Net cash (used in)/generated from operating activities	(6,142,765)	18,730,745
Cash flows from financing activities		
Repurchase of own shares	(3,543,207)	(6,145,489)
Net cash used in financing activities	(3,543,207)	(6,145,489)
Net (decrease)/increase in cash and cash equivalents	(9,685,972)	12,585,256
Cash and cash equivalents at the beginning of the period	14,057,188	3,938,880
Cash and cash equivalents at the end of the period	4,371,216	16,524,136

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended 30 June 2011 (unaudited)

These notes form an integral part of and should be read in conjunction with the accompanying condensed consolidated interim financial statements.

1. The Company

The Company is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands on 20 April 1995. It commenced operations on 11 August 1995, the date on which the initial subscription proceeds were received.

The investment objective of the Company is to invest directly or indirectly in publicly or privately issued securities of companies, projects and enterprises issued by Vietnamese entities, whether inside or outside Vietnam.

The redeemable shares of the Company are listed on the Irish Stock Exchange. The Company is established for an unlimited duration. At an annual general meeting held on 12 July 2010, a special resolution to wind up the Company on 31 December 2012 was put to the meeting, but did not pass. The Company will put before the annual general meeting of every successive even numbered year a special resolution to wind up the Company on 31 December of the second year following the date of that annual general meeting.

As at 30 June 2011 and 31 December 2010, the Group had no employees. The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2011 comprise the Company and its subsidiaries.

As at 30 June 2011 and 31 December 2010, the Company had the following investments in subsidiaries and jointly controlled entity, for the purpose of investment holding:

Subsidiaries and jointly controlled entity	Country of incorporation	% ownership	Principal activities
Grinling International Limited	British Virgin Islands	100%	Investment holding
Wareham Group Limited	British Virgin Islands	100%	Investment holding
Goldchurch Limited	British Virgin Islands	100%	Investment holding
VEIL Holdings Limited	British Virgin Islands	100%	Investment holding
Venner Group Limited	British Virgin Islands	100%	Investment holding
Dragon Financial Holdings Limited	British Virgin Islands	90%	Investment holding
Rickmansworth Limited	British Virgin Islands	100%	Investment holding
Geffen Limited	British Virgin Islands	100%	Investment holding
VEIL Cement Limited	British Virgin Islands	100%	Investment holding
VEIL Estates Limited	British Virgin Islands	100%	Investment holding
VEIL Industries Limited	British Virgin Islands	100%	Investment holding
VEIL Infrastructure Limited	British Virgin Islands	100%	Investment holding
VEIL Paper Limited	British Virgin Islands	100%	Investment holding
PN Holdings Limited	Cayman Islands	47.54%	Investment holding

2. Basis of Preparation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2010.

(b) Estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the sources of estimation were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2010.

3. Summary of Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2010.

4. Financial Risk Management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

5. Financial Assets at Fair Value through Profit or Loss

	30 June 2011	31 December 2010
	US\$	US\$
Listed investments:		
Investments, at cost	196,821,177	199,893,107
Unrealised gains	53,761,853	113,184,805
At fair value	250,583,030	313,077,912
Unlisted investments:		
Investments, at cost	76,487,109	76,571,387
Unrealised gains	25,887,017	20,166,362
At fair value	102,374,126	96,737,749
Total investments at fair value	352,957,156	409,815,661

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the Six Months Ended 30 June 2011 (unaudited)

5. Financial Assets at Fair Value through Profit or Loss (Continued)

As at 30 June 2011, the Group held the following listed and unlisted investments:

<u>Listed investments</u>	Sector	Fair value US\$	% NAV
Overseas listed equities			
Olympus Pacific	Materials & Resources	7,744,613	2.17
Asian Minerals	Materials & Resources	785,885	0.22
		8,530,498	2.39
Vietnam listed equities			
ACB	Banks	58,403,883	16.36
Vinamilk	Food & Beverage	62,375,647	17.47
Hoang Anh Gia Lai	Diversified Financials	30,225,574	8.46
Sacombank	Banks	24,636,353	6.90
REE	Real Estate	10,959,005	3.07
Hoa Phat Group	Materials & Resources	9,995,212	2.80
FPT	Software & Services	9,274,573	2.60
Masan Group	Diversified Financials	13,452,816	3.77
Sudico	Real Estate	5,706,306	1.60
SacomReal	Real Estate	2,256,560	0.63
PV Drilling	Energy	1,659,948	0.46
VFMVF1	Funds	4,168,610	1.17
Phu My Fertilizer	Materials & Resources	3,440,357	0.96
SSI	Diversified Financials	3,946,627	1.11
Phu Nhuan Jewelry	Pharmaceuticals	1,551,061	0.43
		242,052,532	67.79
Total listed investments at fair value		250,583,030	70.18
Unlisted investments			
Vietnam OTC equities			
Sabeco	Food & Beverage	2,024,606	0.57
PV Gas	Energy	5,335,277	1.49
Hoang Anh Housing	Real Estate	5,969,388	1.67
		13,329,271	3.73
Private equities			
Danao	Real Estate	16,536,410	4.63
VFMVF2	Funds	5,468,377	1.53
Global Cybersoft	Software & Services	-	-
		22,004,787	6.16
Unlisted Bonds			
REE 8% 2/8/2011	Real Estate	4,906,305	1.37
Promissory Notes			
Masan Promissory Notes	Diversified Financials	60,416,945	16.92
Warrants			
FPT Warrant	Software & Services	574,187	0.16
Loans			
Danao - Loan 8.5% 3/8/2011	Real Estate	1,142,631	0.32
Total unlisted investments at fair value		102,374,126	28.66

6. Issued Capital

	30 June 2011	31 December 2010
	US\$	US\$
Authorised:		
500,000,000 redeemable shares at par value of US\$0.01 each ("redeemable shares")	5,000,000	5,000,000
300,000,000 conversion shares at par value of US\$0.01 each ("C shares")	3,000,000	3,000,000
1,000 management shares at par value of US\$0.01 each ("management shares")	10	10
	<u>8,000,010</u>	<u>8,000,010</u>
Issued and fully paid:		
173,823,000 redeemable shares at par value of US\$0.01 each	1,738,230	1,738,230
1,000 management shares at par value of US\$0.01 each	10	10
	<u>1,738,240</u>	<u>1,738,240</u>
Treasury shares	(56,055)	(37,155)
Outstanding issued share capital in circulation	<u>1,682,185</u>	<u>1,701,085</u>

Movements in issued capital during the period were as follows:

	US\$
At 1 January 2011	1,701,085
Share repurchase	(18,900)
At 30 June 2011	<u>1,682,185</u>

Movements in share premium during the period were as follows:

	US\$
At 1 January 2011	349,446,892
Share premium from redeemable shares repurchased during the period	(3,524,306)
At 30 June 2011	<u>345,922,586</u>

Following the Company's announcement on 11 June 2010 regarding a repurchase of redeemable shares, the Company purchased through Rickmansworth Ltd., a dedicated wholly owned subsidiary of the Company, 1,890,019 redeemable shares issued and outstanding of the Company at an average price of US\$1.875 per redeemable share during the period from 1 January 2011 to 30 June 2011. Shares repurchased will, for as long as they are held by Rickmansworth Ltd., be held for the benefit of the Company. (See Note 10 for subsequent event)

7. Net Asset Value per Redeemable Share

The calculation of the NAV per redeemable share is based on the net assets attributable to the redeemable shares of the Group as at 30 June 2011 of US\$357,069,584 (31 December 2010: US\$419,016,120) and the number of redeemable shares in issue as at that date of 168,217,479 shares (31 December 2010: 170,107,498 shares).

8. Basic Losses per Redeemable Share

The calculation of basic losses per redeemable share for the period is based on the net consolidated loss for the Group of US\$58,403,329 (period ended 30 June 2010: US\$20,263,706) and the weighted average number of 168,873,659 redeemable shares in issue during the period (period ended 30 June 2010: 172,198,984 shares).

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the Six Months Ended 30 June 2011 (unaudited)

9. Transactions with Related Parties

(a) Directors' interests in shares

Dominic Scriven has indirect interests in the share capital of the Company as he is the shareholder of Dragon Capital Group Limited, the parent of Dragon Capital Limited, which holds the management shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Markets Limited and Enterprise Investment Management Limited, the Investment Manager of the Company. As at 30 June 2011, Dragon Capital Markets Limited beneficially held 196,960 redeemable shares of the Company for investment and proprietary trading purposes (31 December 2010: 1,446,000 redeemable shares).

Richard McKegney, a Director of the Company, is also a director of NIG Asian Investments Ltd., a wholly-owned investment vehicle of the National Bank of Kuwait, which is a beneficial shareholder of the Company, holding 1,026,770 redeemable shares of the Company as at 30 June 2011 and 31 December 2010.

Apart from the above, no Directors had a direct or indirect interest in the share capital of the Company, or its underlying investments at the end of the period, or at any time during the period.

(b) Directors' interests in contracts

Dominic Scriven has indirect interests in the investment management agreement between the Company and Enterprise Investment Management Limited as he was a director of the Investment Manager during the six months ended 30 June 2011, and a shareholder and a director of its parent, Dragon Capital Group Limited. There were no further contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the six months ended 30 June 2011 or at any time during the six months ended 30 June 2011.

(c) Directors' fees

During the six months ended 30 June 2011, the Directors, with the exception of Dominic Scriven, earned US\$46,700 (six months ended 30 June 2010: US\$34,994) for their participation on the Board of Directors of the Company.

(d) Management fees

The Investment Manager is entitled to receive a management fee at 2% per annum of the NAV, payable monthly in arrears on the first business day of such month and calculated by reference to NAV at the end of the preceding month. During the six months ended 30 June 2011 total management fees amounted to US\$3,744,165 (six months ended 30 June 2010: US\$4,288,379). As at 30 June 2011, management fees payable to the Investment Manager were US\$598,106 (31 December 2010: US\$649,878).

(e) Incentive fees

The Investment Manager, under certain circumstances, is entitled to an incentive fee, payable in arrears within 14 days after the Board has approved the annual audited consolidated interim financial statements of the Group in respect of the relevant accounting period. The incentive fee is calculated at a rate of 20% of the relevant amount against which the incentive fee will be calculated ("R"), provided that R is a positive figure and that the value of S in the calculation exceeds the highest value of S by reference to the incentive fee paid in any previous year:

$$R = S - U,$$

where:

R is the relevant amount against which the incentive fee will be calculated;

S is the NAV of the redeemable shares on the last valuation day in that accounting period (adjusted upward by any accruals of incentive fees payable that are reflected in the NAV) plus the NAV of all distribution made in respect of such shares in all prior years (by way of dividend, or return of capital or otherwise);

U is an amount equal to the sum of:

- a) the NAV of the redeemable shares as at the end of the accounting period in respect of which the most recent incentive fee was actually paid compounded at the rate of 8% per annum with effect from the valuation day by reference to which that incentive fee was calculated; and
- b) either (i) the NAV of the C shares as at the end of the accounting period in respect of which the most recent incentive fee was actually paid, compounded at the rate of 8% per annum with effect from the valuation day by reference to which that incentive fee was calculated; or (ii) if no incentive fee has previously been due and payable in respect of the C shares, an amount equal to any amounts of capital raised by the issue of C shares, exclusive of placing fees, compounded at the rate of 8% per annum with effect from the date of issue of those C shares until the last valuation day in that accounting period; and
- c) any amount of capital raised by the issue of new redeemable shares during the period since the valuation day referred to at (a) above, exclusive of placing fees, compounded at the rate of 8% per annum with effect from the date of issue of those shares until the last valuation day in that accounting period.

In order for incentive fees to be payable in respect of the six months ended 30 June 2011, the NAV per redeemable share of the Group as at 30 June 2011 needed to exceed US\$7.38 (31 December 2010: US\$6.87). As at 30 June 2011, the NAV per redeemable share of the Group was US\$2.12 (31 December 2010: US\$2.46).

There was no incentive fee incurred during the six months ended 30 June 2010 (six months ended 30 June 2010: Nil).

10. Subsequent Events

On 1 July 2011, the Company sold through Rickmansworth Limited, a wholly owned subsidiary of the Company, 929,711 redeemable shares in issue and outstanding of the Company at an average price of US\$1.8283 per redeemable share.

On 1 July 2011, the Company announced the change of Custodian, Administrator and Registered Office and Appointment of Company Secretary.

Standard Chartered Bank (the "Custodian") has been appointed to serve as custodian to the Company pursuant to a custodian agreement dated 30 May 2011. The Custodian replaced Credit Suisse International, Dublin Branch, with this role with effect from 1 July 2011.

Standard Chartered Bank (the "Administrator") has been appointed to the Company pursuant to an administration agreement dated 30 May 2011. The Administrator replaced Credit Suisse Administration Services (Cayman) Ltd, with this role with effect from 1 July 2011.

The Company's registered office moved to the offices of ATC Trustees (Cayman) Limited at Landmark Square, 3rd Floor, 64 Earth Close, P.O. Box 30592 Grand Cayman KY1-1203, Cayman Islands with effect from 1 July 2011. The Board of Directors also announced that the Company had appointed ATC Asia Corporate Services Limited as company secretary and registrar.

On 2 September 2011, Richard McKegney, a director of the Company resigned from the Board of Directors of the Company.

11. Seasonal or Cyclical Factors

The Company's results for the periods ended 30 June 2011 and 2010 are not subject to any significant seasonal or cyclical factors.

12. Approval of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 20 October 2011.

Administration

The Company*

Vietnam Enterprise Investments Limited
Landmark Square, 3rd Floor, 64 Earth Close, P.O. Box 30592
Grand Cayman KY1-1203
Cayman Islands, British West Indies

Administrator & Offshore Custodian*

Standard Chartered Bank
Standard Chartered @ Changi
No 7, Changi Business Park Crescent, Level 03
Singapore 486028

Company Secretary & Registrar*

ATC Asia Corporate Services Limited
ATC Trustees (Singapore) Pte. Ltd
80 Raffles Place, #37-01 UOB Plaza 1
Singapore 048624

Enquiries

Dragon Capital Markets Limited
Tel: +84 8 3823 9355, Fax: +84 8 3823 9366
Email: dealing@dragoncapital.com

Investment Manager

Enterprise Investment Management Limited
c/o 1901 Me Linh Point
2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam
Tel: +84 8 3823 9355, Fax: +84 8 3823 9366

Vietnam Custodian*

Standard Chartered Bank (Vietnam) Limited
8th Floor, 49 Hai Ba Trung
Hanoi, Vietnam

Listing Sponsor

McCann FitzGerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2, Ireland

Auditors

KPMG Limited
10/F Sun Wah Tower
115 Nguyen Hue, District 1
Ho Chi Minh City, Vietnam

* Effective from 1 July 2011. The former service providers are stated as below;

Administrator, Registrar & Secretary (until 30 June 2011)

Credit Suisse Administration Services (Cayman) Limited
(until 30 April 2011, known as ABN AMRO Fund Services (Cayman) Limited)
Grand Pavilion Commercial Centre, PO Box 2003
802 West Bay Road, Grand Cayman, KY1-1104
Cayman Islands, British West Indies

Custodian (until 30 June 2011)

Credit Suisse International, Dublin Branch
(until 30 April 2011, known as ABN AMRO Bank (Ireland) Limited)
Fortis House, Park Lane
Spencer Dock, Dublin 1, Ireland

Sub-Administrator & Assistant Secretary (until 30 June 2011)

Credit Suisse (Hong Kong) Limited
(until 30 April 2011, known as ABN AMRO Fund Services (Asia) Limited)
28/F Fortis Tower
77-79 Gloucester Road
Hong Kong

Sub-Custodian (until 30 June 2011)

HSBC Bank (Vietnam) Ltd
The Metropolitan
235 Dong Khoi, District 1
Ho Chi Minh City, Vietnam

Board of Directors

Richard McKegney

Chairman and Director (Appointed October 1995)
Resigned on 2 September 2011

Richard McKegney is a graduate of the University of Puget Sound in Washington State and the American Graduate School in Arizona. Mr. McKegney began his career with American Express Bank and has held numerous positions throughout Asia. He is recently stepped down as the head of the Asia Pacific region for the National Bank of Kuwait, based in Singapore, where he has responsibility for the Asia Pacific region including the bank's representative offices in Ho Chi Minh City, Vietnam, and Shanghai, China. Mr. McKegney was also a director of NIG Asian Investments Ltd., a wholly-owned investment vehicle of the bank, which has been an investor in VEIL since its inception. He has relocated to the United States.

Wolfgang Bertelsmeier

Director (Appointed July 2009)

Wolfgang Bertelsmeier holds a Master's degree in business administration from the University of Frankfurt. He also studied at the Université de Poitiers, France where he received a 'Diplôme d'Etudes Françaises'. He also studied at Harvard Business School and Stanford University. Mr. Bertelsmeier worked for several financial institutions and joined IFC in 1990, working primarily in Africa, Southeast Asia and Latin America. In 1997 he was appointed the first IFC Resident Representative in Vietnam. From 2004 until his retirement from IFC in 2009 he was Special Representative Europe. He sits on the boards of several companies in Africa and Europe. He resides in Washington D.C.

Hartmut Giesecke

Director (Appointed January 2006)

Hartmut Giesecke has a Master of economics degree from Freiburg University, Germany and an MBA from Columbia University Graduate School of Business. Mr. Giesecke joined the Capital Group organisation in Geneva, Switzerland and then moved to Los Angeles to work for Capital Research Company as an analyst covering non-US markets and later as an international portfolio manager. In 1982 he moved to Japan where he headed Capital's Japanese business, starting as representative and director of Capital Research Company and then as general manager and president of Capital International K.K. In the fall of 1992, he transferred to Singapore to assume responsibility as managing director, Asia Pacific of Capital Group International, Inc., the holding company of Capital's global institutional investment business. He retired from active portfolio management in July 2005 but continues to serve as a senior consultant to Capital International, Inc. in Singapore. He resides in Singapore.

Derek Eu Tse Loh

Director (Appointed March 2011)

Derek Loh graduated from Cambridge University with Honours in 1990. He then obtained his barrister-at-law in England before proceeding to his call as an advocate and solicitor in Singapore in 1993. He has spent the past 18 years in active practice in the area of construction and engineering law. He joined TSMP Law Corporation in 2001. He is currently a director of both TSMP and Allens Arthur Robinson TSMP, a Joint Law Venture firm between TSMP and Messrs Allens Arthur Robinson of Australia. He resides in Singapore.

Dominic Scriven O.B.E.

Director (Appointed May 1995)

Dominic Scriven graduated in 1985 from Exeter University with a combined honours degree in law and sociology and was awarded an O.B.E. in 2006. In 1985 he started working with M&G Investment Management London before moving to Hong Kong to work for Sun Hung Kai and Co in 1986, and then Citicorp Investment Bank. In 1991 he moved to Vietnam, spending two years enrolled at Hanoi University, before, in 1994, co-founding Dragon Capital Group. A Vietnamese speaker, Mr. Scriven sits on the boards of numerous Vietnamese and non-Vietnamese companies, including five companies listed on the Vietnam Stock Exchange. He resides in Ho Chi Minh City, Vietnam.

Name Abbreviations

In this report, including the notes to the accounts, entities or securities are referred to by their short names as follows:

Full Name by Sector	Short Name
Banks	
Asia Commercial Joint Stock Bank	ACB
Saigon Thuong Tin Commercial Joint Stock Bank	Sacombank
Consumer Durables	
Phu Nhuan Jewelry Joint Stock Company	Phu Nhuan Jewelry
Diversified Financials	
Masan Group Corporation	Masan Group
Masan Horizon Corporation Promissory Notes	Masan Promissory Notes
Saigon Securities Incorporation	SSI
Energy	
PetroVietnam Drilling and Well Services Joint Stock Company	PV Drilling
PetroVietnam Gas Corporation	PV Gas
Food & Beverage	
Saigon Beer Alcohol and Beverage Company	Sabeco
Vietnam Dairy Products Joint Stock Company	Vinamilk
Funds	
Vietnam Securities Investment Fund - VF1	VFMVF1
Vietnam Securities Investment Fund - VF2	VFMVF2
Materials & Resources	
Asian Mineral Resources Limited	Asian Minerals
Hoa Phat Group Joint Stock Company	Hoa Phat Group
Olympus Pacific Minerals Incorporated	Olympus Pacific
PetroVietnam Fertilizer and Chemicals Corporation	Phu My Fertilizer
Pharmaceuticals	
DHG Pharmaceutical Joint Stock Company	Hau Giang Pharma

Real Estate

Danao International Holdings Limited	Danao
Danao Limited - Loan 8.5% 3/8/2011	Danao Loan 8.5% 3/8/2011
Hoang Anh Gia Lai Joint Stock Company	Hoang Anh Gia Lai
Hoang Anh Construction and Development House Joint Stock Company	Hoang Anh Housing
Refrigeration Electrical Engineering Corporation	REE
Refrigeration Electrical Engineering Corp Bond 8% 2/8/2011	REE 8% 2/8/2011
Saigon Thuong Tin Real Estate Joint Stock Company	SacomReal
Song Da-Thang Long Joint Stock Company	Song Da Thang Long
Song Da Urban & Industrial Zone Investment and Development Joint Stock Company	Sudico

Software & Services

FPT Corporation	FPT
FPT Corporation Warrant 9/10/2012	FPT Warrant
Glass Egg Digital Media Limited	Glass Egg
Glass Egg Digital Media Limited Promissory Notes 9% 31/12/2008	Glass Egg-Promissory Notes 9% 31/12/2008
Global Cybersoft Incorporation	Global Cybersoft

Technology Hardware

CMC Corporation	CMG
-----------------	-----