

Message from Investment Manager

Dear Shareholders,

We are pleased to present the quarterly report for the VinaCapital Vietnam Opportunity Fund (VOF), VinaLand Limited (VNL) and Vietnam Infrastructure Limited (VNI) for the period ending 30 June 2009.

In contrast to the catastrophes engulfing much of the financial world, Vietnam continues to show great resilience and that growth will continue despite what is occurring elsewhere. GDP growth rose to 4.5 percent annualised in the second quarter of 2009, from 3.1 percent in the first quarter; a great result. The service sector led the way with 5.5 percent growth. This GDP performance in the face of a sharp slowdown in global demand was due in part to a successful fiscal stimulus plan that saw subsidised loans support domestic businesses and stimulate demand.

The quarter saw a rising level of transactions in the residential real estate market, particularly in the mid-range market where pent-up demand for modern living accommodations remains strong. This is evident in one VNL-invested residential project that saw reservations for all 53 villas in the project within the past week.

The past quarter has seen steady improvement in the traded prices and liquidity of our funds. Over the first half of 2009, VOF shares rose 96 percent, VNL shares 42 percent and VNI shares over 37 percent. This improvement is in line with the rebounding global equities markets and is also likely due to increased confidence in Vietnam's 2009-2010 economic prospects. While all three funds continue to trade below NAV, we believe the discounts will continue to decrease over the course of 2009.

VOF over the past quarter saw its NAV increase 16.4 percent to USD681 million, or USD2.10 per share, from USD585 million, or USD1.80 per share, at the end of March 2009. The VN Index increased 59.7 percent over the same period, while VOF's capital market investments returned 54.9 percent. VOF as

shown below outperformed comparable Vietnam funds over the 2009 financial year (unaudited figures).

VNL over the past quarter saw its NAV decrease to USD1.34 per share, down 7.6 percent from USD1.45 per share at the end of March 2009. The decrease in NAV is due to the downward revaluation of seven assets in the portfolio following an independent valuation of 11 assets carried out during the quarter. VNL continues to make solid progress with pre-sales of its residential projects, which we believe will help to establish the fund's investment manager as one of the premier residential real estate developers in Vietnam. VNL is also proceeding with exits from several assets, and will update investors shortly.

VNI's NAV declined slightly to USD0.62 per share at the end of June 2009 from USD0.63 per share at the end of March 2009. During the quarter, VNI made its first investment in the environmental utilities sector. VNI continues to research potential investments, with a focus on operating companies or those nearing operational status. Investment and disbursement are likely to pick up pace in the near future to take advantage of the recovering economy and equities markets.

The second quarter of 2009 confirmed that Vietnam has strong economic fundamentals and domestic demand that will drive growth even in the face of the global slowdown. This was reassuring given that the investment strategies of our funds are focused on sectors that benefit from and depend on domestic economic growth.

We look forward to updating you further on our investment results throughout 2009.

Very truly yours,

Don Lam
 CEO
 VinaCapital Group

Performance summary			
Most recent NAV:	VOF	VNL	VNI
	(30 Jun 09)	(30 Jun 09)	(30 Jun 09)
NAV per share (USD) ¹	2.10	1.34	0.62
Return (%) ²	(from May 09)	(from Mar 09)	(from Mar 09)
Previous NAV	2.2	-7.6	-0.4
YTD	12.5	-12.4	-1.0
Since inception	116.5	38.1	-25.5
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares ³	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	681	669	250
Market cap (USDm)	463	340	131
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

¹ Unaudited. VOF NAV is updated monthly; VNL and VNI NAVs are updated quarterly.

² Adjusted for dividends/distributions (see VNI, page 5).

³ VNI holds 930,700 shares in a treasury facility.

Market update

Capital markets

Vietnamese equities had a stellar second quarter, returning 60.8 percent in VND terms (includes dividends) and outperforming the MSCI Asia ex-Japan and MSCI Emerging Market indices by 25.9 and 26.0 percent, respectively. The VN Index closed the quarter at 448.3 after peaking at 509.6 in mid-June.

First-half 2009 results have begun to trickle in and several trends are already visible. Operating profits have remained largely flat relative to H1 2008, a surprising feat given the weak external environment. Notably, earnings have shown a substantial recovery, increasing by over 30 percent year-on-year. The profit recovery reflects a reversal of provisions booked against investments and inventories taken at the end of 2008. This dynamic is clear from results in the insurance, financial services and industrials sectors. Valuations in Vietnam have moved away from the value territory seen in the last quarter, but remain broadly in line with Asian markets, particularly the higher growth countries such as China and India, as well as the MSCI Asia ex-Japan Index. As of 24 July, Vietnam's stocks (HoSE and HaSTC) traded at trailing PE and PB multiples of 18.3x and 2.3x, respectively. This is reasonable considering economic growth is expected to exceed six percent next year, while earnings growth for 2009 looks likely to exceed double-digit levels.

Bond issuance failing to find buyers

The main risk to Vietnamese equity markets stems from the need for the government to fund the cash disbursements underpinning the stimulus package, and plug the fiscal deficit at the same time, in the second half of 2009. The Ministry of Finance has only raised an estimated 10 percent of the VND126 trillion in planned bond issuance thus far this year, with some bond auction participants holding out for higher coupons. Secondary market yields are at 9.4 percent on three-year bonds, and with the State Bank stating that it intends to contain inflation risks in the second half, system liquidity is likely to fall and bond yields climb on rising debt issuance supply. This may well temper the appetite for Vietnamese stocks, even if the external environment (particularly exports) improves further in the coming quarter.

Despite short-term cautiousness on asset prices, there are positive elements to reflect on. Vietnam appears to have contained the effects of the export declines by stimulating bank lending and domestic consumption. Despite this, market valuations are not out of hand and a stable platform for accelerating growth in 2010 appears to have been achieved. The next steps will likely involve accelerated infrastructure spending and further equitisation of SOEs. As such, portfolio investors and funds present in Vietnam remain confident of the opportunities across the market.

Real estate market

Residential market transactions increased and asking prices rose 2-3 percent in Ho Chi Minh City in Q2 2009, although no high-end projects were launched. In Hanoi, prices rose 2-12 percent. The mid-range and affordable segments saw the majority of transactions in both cities, with new launches recording high sales rates. A series of upcoming or proposed regulatory changes will

Rising prices in residential market

Capital market indicators

VN Index	30-Jun	31-Dec	52 wk low	52 wk high
Close	448.3	315.6	235.5	561.9
Change (%)	8.9	42.0	90.4	(20.2)
Trailing PER (x)	24.3			
Trailing P/B (x)	2.7			
Govt Bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	8.5	9.2	9.2	9.2

Real estate market indicators

HCM City market snapshot, Q2 2009

	Luxury	High-end	Mid-end	Low-end	Total
Total supply (units)	209	8,419	9,295	3,684	21,607
New supply (units)	-	112	861	134	1,107
Avr asking price (USD/sq.m)	4,370	1,860	950	683	
% change (q-o-q)	0%	2%	3%	3%	

Hanoi market snapshot, Q2 2009

	Luxury	High-end	Mid-end	Low-end	Total
Total supply (units)	2,591	7,997	24,499	12,150	47,237
New supply (units)	98	314	564	0	976
Avr asking price (USD/sq.m)	2,720	1,630	1,140	770	
% change (q-o-q)	2.0%	5.0%	4.3%	12.3%	

Source: CB Richard Ellis

New regulations on ownership

impact the residential sector. These include allowing foreign individuals to purchase and own one condominium on a 70-year lease (effective on 1 August 2009), and broadening the conditions under which overseas Vietnamese can purchase condominiums or houses (effective 1 September 2009). In addition, the government will provide incentives for developers to increase the supply of low-income social housing.

Office rents across all grades fell 15.2 percent quarter-on-quarter in Ho Chi Minh City, to an average of USD23.6/sq.m per month. The number of new projects coming online combined with low market demand were factors in the decline, particularly in the Grade A market where rents fell a dramatic 28 percent over Q2 2009 to an average of USD41.3/sq.m per month – the lowest level since 2002. The occupancy rate in the Grade A market is now under 75 percent after reaching almost 100 percent from 2006-2008.

Retail plans on pause for international chains

In the retail sector, steady demand from local retailers remained unchanged. However, no new supermarkets opened during the quarter due to international retailers remaining wary of committing to new projects during the economic downturn. Most new retail developments likely to go ahead during 2009 will be supermarkets offering less expensive goods, given current consumption trends. The vacancy rate across the retail market increased to six percent during Q2 2009, as some tenants failed to renew leasing contracts and space went unfilled. More than 12,000sq.m of HCM City retail space is now available and seeking tenants.

USD21bn in loans disbursed

Economy

The government's fiscal stimulus began to take effect over the second quarter, in particular the interest rate subsidies that were a strong catalyst in restarting lending growth. By July, about USD21bn of loans had been disbursed under this successful public-private partnership. The interest bill to the government is thought to be slightly over USD1.0bn, or four percent of loans disbursed. Additionally, interest rate caps on consumer loans were eliminated, which has helped boost domestic consumption, property prices and real estate transactions. Strong earnings reports and the increase in economic activity has led to some optimism Vietnam will be able to reach the revised 2009 target of five percent GDP growth. H1 2009 GDP growth was 3.9 percent annualised (4.5 percent for Q2), well below 6.5 percent of 2008 but still positive compared to the dire forecasts of some analysts at the beginning of 2009. H1 2009 growth was led by the industrial and construction sector (3.5 percent) and the service sector (5.5 percent).

Exports (excluding gold) for H1 2009 were USD25.1 billion, an 18 percent year-on-year decline, due mainly to lower demand in the US and other developed nation markets. Imports were USD29.7 billion, 31.6 percent below H1 2008. Including gold, total exports for H1 2009 reached USD27.6 billion, 42.7 percent of the annual target. For H2 2009, while crude oil may earn more revenue, gold exports will be minimal. Thus, the annual target is unlikely to be achieved. The trade deficit for H1 2009, excluding gold, was USD5.6 billion or 22.3 percent of exports. The deficit is estimated to reach

Macroeconomic indicators and forecast

	2008	Jun-09	YTD	Y-o-Y change
GDP growth	6.2%		3.9%	
Inflation	19.9%	0.6%	2.7%	3.9%
FDI (USDbn)	71.7	2.2	8.9	-77.4%
Imports (USDbn)	80.7	5.9	29.7	-34.1%
Exports (USDbn)	62.7	4.7	27.6	-10.1%
Trade deficit (USDbn)	18.0	1.2	2.1	-72.6%
Exchange rate* (USD/VND)	17,486	17,785	1.8%	
Bank deposit rate (VND %)	7-8.5%	8-8.5%	n/a	n/a

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period.

* Official rate.

USD10 billion for 2009, which the government seems confident of balancing with FDI disbursements and overseas remittances, which have reached USD4.0 billion and USD2.7 billion, respectively, so far this year.

Since mid-June, the VND has weakened 1.1 percent on the open market from a rate which had been stable for almost three months. This is due to several factors including: exporters holding USD in bank accounts; the increasing monthly inflation rates since February; and the re-emergence of a monthly trade deficit of about USD1bn since April. The gradual VND depreciation may continue, although no shocks are expected given State Bank credit and monetary policy, which has stated its intention to maintain a stable VND to control inflation and service the external debt.

Performance update

VOF over the past quarter saw its NAV increase 16.4 percent to USD681 million, or USD2.10 per share, from USD585 million, or USD1.80 per share, at the end of March 2009. The VN Index increased 59.7 percent over the same period, while VOF's capital market investments returned 54.9 percent. The dramatic rise in the VN Index was driven by a few high beta stocks which VOF has historically taken an underweight (or no) position in due to poor governance and/or the weaker medium term prospects of the underlying businesses when compared with other companies in the market. The capital market portfolio's outperformance of the VN Index during Q3 and Q4 2008 and Q1 2009 set the foundation for the portfolio's outperformance of the VN Index for the financial year to 30 June 2009. This coupled with the stable performance of other holdings meant that VOF outperformed the unweighted average of comparable Vietnam funds over the 2009 financial year (unaudited figures; see table below). Top holding Eximbank (OTC) traded up 93.8 percent over the quarter. At the end of June 2009, VOF was 85.6 percent invested with USD68.0 million in cash available, up from USD63.6 million at the end of March.

**VOF shares up 52%
for Q2, 96% for YTD**

VOF's share price meanwhile rose 52.1 percent to USD1.43 per share at the end of June, from USD0.94 per share at the end of March 2009. The discount to NAV at 30 June stood at 31.9 percent, down from 47.8 percent at the end of March 2009. VOF's asset allocation changed over the quarter, as the rising listed and OTC component decreased real estate project exposure to 33.4 percent of NAV at the end of June, from 43.5 percent at the end of March 2009. This trend is likely to continue as VOF explores real estate exits. Equities investments over the quarter include the June purchase of a significant stake in Lam Thao, a leading fertiliser and chemicals company that has over 50 percent market share in northern Vietnam.

Comparison of VOF, VN Index and comparable returns

Period	VOF	Average of key comparable funds*
H1 2009 31 Dec 08 – 30 Jun 09	12.5%	11.9%
FY2009 30 Jun 08 – 30 Jun 09	1.7%	-5.4%

* Unweighted average of NAV change for VGF, VEIL, ICV, and PruBF1. Source: company websites.

Regulatory announcements and press releases

24 June 2009	Appointment of director	19 May 2009	Notice of EGM
17 June 2009	Result of EGM	8 May 2009	April NAV
8 June 2009	May NAV	14 April 2009	March NAV

Fund summary

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM). Download the VOF factsheet at www.vinacapital.com

Fund launch

30 September 2003

Term of fund

Five years subject to shareholder vote for extension

Fund domicile

Cayman Islands

Legal form

Exempted company limited by shares

Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

Auditor

Grant Thornton (Vietnam)

Nominated advisor (Nomad)

Grant Thornton UK LLP

Custodian

HSBC Trustee

Lawyers

Lawrence Graham (UK)

Maples and Calder (Cayman Islands)

Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark.

Investment manager

VinaCapital Investment Management Ltd

Investment policy

Medium to long term capital gains with some recurring income and short term profit taking. Primary investment focus areas are: Privately negotiated equity investments; Undervalued/distressed assets; Privatisation of state-owned enterprises; Real estate; and Private placements into listed and OTC-traded companies.

Investment focus by geography

Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.

Top holdings at 30 June 2009
Top 5 listed investments

Name of investee	Stake (%)	Number of shares '000	Book value 30/06/09 (USD '000)
HPG	5.7	11,109	33,699
VNM	2.9	5,099	26,353
DPM	1.8	6,953	16,560
PNJ	11.7	3,496	13,649
REE	7.1	5,753	13,251

Top 5 OTC investments

Name of investee	Stake (%)	Number of shares '000	Book value 30/06/09 (USD '000)
Eximbank	5.0	36,100	53,843
DIC Corp	10.9	5,420	15,453
Phuoc Hoa Rubber	6.2	5,000	10,154
Halico	19.2	2,026	5,443
Intresco	9.2	2,128	4,972

Top 5 real estate investments

Project	Investment type	Stake (%)
Sofitel Metropole	Hotel	50.0
Dai Phuoc Lotus	Township	18.0
Century 21	Mixed use	21.0
Hung Vuong Plaza	Mixed use/retail	30.0
Danang Beach Resort	Mixed use/golf	25.0

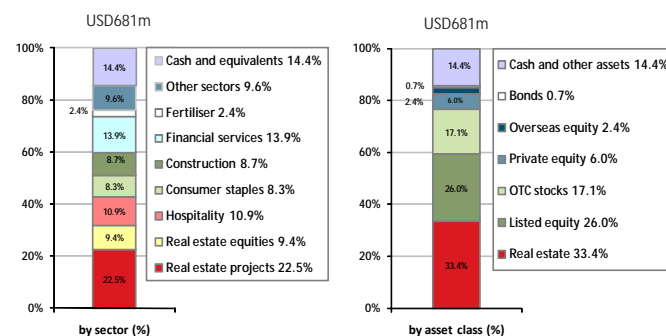
Top 5 private equity investments

Name of investee	Investment type	Stake (%)
Quoc Cuong Gia Lai	Real estate	16.3
SSG – Saigon Pearl	Real estate	5.0
COFICO	Real estate	25.1
Khang Dien Housing	Real estate	15.0
Pho 24	Food and beverage	32.5

NAV and share price performance (30 June 2009)

Performance history (% change on NAV)

	2009	2008	2007	2006
Jan	-1.3%	-2.9%	14.6%	3.9%
Feb	-3.7%	-10.2%	8.3%	6.3%
Mar	1.7%	-11.8%	-0.6%	8.8%
Apr	4.4%	-0.8%	-1.3%	7.6%
May	9.1%	-19.5%	5.1%	-1.0%
Jun	2.2%	-4.7%	-0.8%	1.5%
Jul		5.7%	-3.8%	-6.5%
Aug		9.8%	0.0%	6.4%
Sep		-6.7%	8.1%	3.0%
Oct		-12.4%	4.2%	1.0%
Nov		-1.9%	0.6%	13.5%
Dec		-2.1%	-0.6%	8.1%
YTD	12.5%	-46.6%	37.4%	64.9%
VN Index	42.0%	-66.0%	23.3%	144.5%

VOF portfolio (30 June 2009)


Performance update

VNL's NAV at the end of June 2009 was USD1.34 per share, down 7.6 percent from USD1.45 per share at the end of March 2009. The decrease in NAV is due to the downward revaluation of seven assets in the portfolio following an independent valuation of 11 assets carried out during the quarter. VNL's share price rose 112.5 percent over the quarter, to USD0.68 at the end of June from USD0.32 at the end of March 2009 – reflecting mainly the recovery of global equities markets and the continued health of Vietnam's residential property market, where prices have risen slightly over the quarter due to continued high demand.

Retail sales of residential projects continues to show excellent progress with villa reservations at the Danang Beach Resort and the Garland, and condo sales at the Central Garden complex in Ho Chi Minh City and Golden Westlake apartments in Hanoi.

Project updates

The Ocean Villas, Danang Beach Resort

Soft launch events for the Ocean Villas were held on 16 July in Hanoi and 23 July in HCM City. Phase 1 and 2 of the Danang Beach Resort residential component comprise 80 beach and golf course fronting villas (with two- to five-bedroom options). Savills Vietnam are the exclusive marketing and sales agent, and to date a total of 46 reservation contracts have been signed. Technical infrastructure for Phase 1 commenced April 2009 and is scheduled to be completed by late August, together with three display villas. Foundations for the Phase 1 component are also expected to be complete by late August. Technical infrastructure and foundations for Phase 2 will commence by Q4 2009. With interest from potential buyers strong in both Hanoi and HCM City, it is expected almost all sales will come from domestic buyers. The project's official launch will take place on site, on 29-30 August 2009.

The Garland, HCM City

Piling work commenced during June on Phase 1 of this residential project, comprising 53 water-front villas in District 9, Ho Chi Minh City. The construction of the first 11 villas will reach the ground floor in early November 2009. The show villa will also be complete in November. CB Richard Ellis (Vietnam) has been appointed as the exclusive marketing and sales agent, and over the last week of July secured reservation commitments over all 53 villas, an excellent result. Work is now proceeding with Phase 2 which will comprise a single tower of 160 condominiums, to be soft launched within the next two months.

Fund summary

VinaLand Limited ("VNL") is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM). Download the VNL Factsheet at www.vinacapital.com

Fund launch

22 March 2006

Term of fund

Seven years subject to shareholder vote for extension

Fund domicile

Cayman Islands

Legal form

Exempted company limited by shares

Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

Auditor

Grant Thornton (Vietnam)

Nominated advisor (Nomad)

Grant Thornton UK LLP

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Lawyers

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Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark

Investment manager

VinaCapital Investment Management Ltd

Investment policy

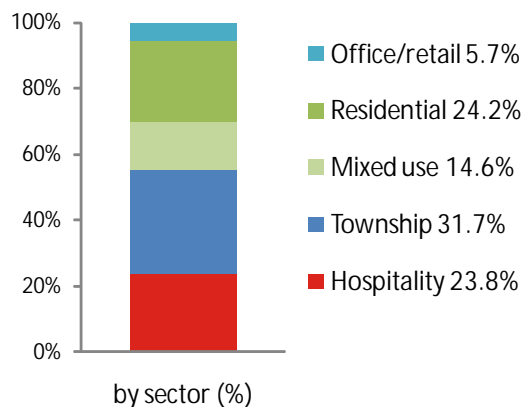
Medium to long term capital gains with some recurring income through investment in the following real estate sectors: Office; Residential; Retail; Township/Industrial (large scale); and Hospitality and Leisure.

Investment focus by geography

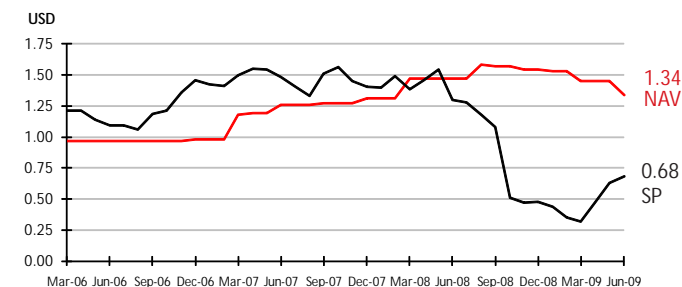
Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.

Regulatory announcements and press releases

17 June 2009	Result of EGM	20 April 2009	Holding in company
22 May 2009	Notice of EGM	14 April 2009	NAV announced
12 May 2009	Holding in company	9 April 2009	Holding in company

VNL portfolio (30 June 2009)

Portfolio by geographic location

Hanoi	19%
Central provinces	25%
Ho Chi Minh City region	56%

NAV and share price performance (30 June 2009)

Performance history (% change on NAV per share)

	2009	2008	2007	2006
Q1	-5.2%	12.5%	22.0%	
Q2	-7.6%	7.1%	6.1%	0.0%
Q3		-0.4%	0.2%	0.0%
Q4		-2.5%	3.2%	0.5%
YTD	-12.4%	17.1%	33.8%	0.5%

Major holdings

Project	Type	Status
Aqua City (Long Hung)	Residential	Planning underway
Century 21	Mixed-use	Investment licence
Danang Beach Resort	Mixed-use	Under construction
Dai Phuoc Lotus	Mixed-use	Under construction
Fideco Binh Duong	Township	Investment licence
Hanoi Golden Westlake	Residential	Sales underway
Pavilion Square	Residential	Investment licence
VinaSquare Tower	Mixed-use	Investment licence
Vinh Thai Nha Trang	Township	Investment licence
WTC Danang	Mixed-use	Under construction

Performance update

VNI's NAV declined slightly to USD0.62 per share at the end of June 2009 from USD0.63 per share at the end of March 2009 following an independent review of the carrying values of investments and other assets. VNI's share price at the end of June was USD0.33, up 73.7 percent from USD0.19 at the end of March. With this recovery of the share price the fund at the end of June traded at a 46.5 percent discount to NAV, a significant improvement on the 69.8 percent discount at the end of March. As with the VNL share price, this is due mainly to improved investor confidence in global equity markets. At the end of June 2009, VNI held total investments of USD116.5 million, with USD133.5 million in cash and equivalents, including cash committed but not yet disbursed.

VNI continues to research potential investments in strong earnings growth companies that are either operating or nearing operational status (with debt financing in place), with a focus on energy, telecoms and transportation. Greenfield projects are unlikely to be considered.

Vietstar JSC

During the quarter, VNI invested USD2.8 million via a convertible bond in Vietstar Joint Stock Company, a private company that is developing a municipal solid waste treatment facility in northern Ho Chi Minh City. Upon conversion of the bond and further subscription of shares, VNI will eventually hold a 34.1 percent equity stake in Vietstar, while Lemna International Inc, a US-based environment company, will hold the remainder.

The facility will treat 1,200 tons of waste daily, with the first phase of operation expected to commence at the end of Q3 2009. The company's revenue once fully operational will be derived from city fees for processing waste, the sale of enhanced compost, and the sale of recycled low-density polyethylene (LDPE) pellets. This is VNI's first investment in the environmental management sector. The company has secured project financing from three international banks.

Project update
Fund summary

Vietnam Infrastructure Limited ("VNI") is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM). Download the VNI Factsheet at www.vinacapital.com

Fund launch

5 July 2007

Term of fund

Ten years subject to shareholder vote for extension

Fund domicile

Cayman Islands

Legal form

Exempted company limited by shares

Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc

Auditor

Grant Thornton (Vietnam)

Nominated advisor (Nomad)

Grant Thornton UK LLP

Custodian

HSBC Trustee

Lawyers

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Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark

Investment manager

VinaCapital Investment Management Ltd

Investment focus

Medium to long term capital gains with some recurring income through investment in the following infrastructure and infrastructure-related sectors: Energy; Transportation; Industrial Parks; Telecommunication; and Water and environmental utilities

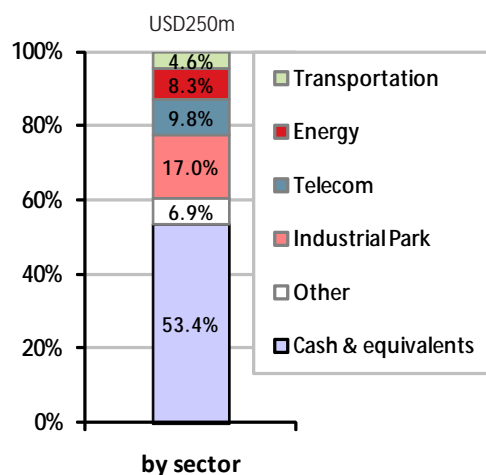
Investment focus by geography

Greater Indochina comprising: Vietnam (minimum of 70 percent); Cambodia; Laos; and southern China

Regulatory announcements

14 April 2009 [NAV announced](#)

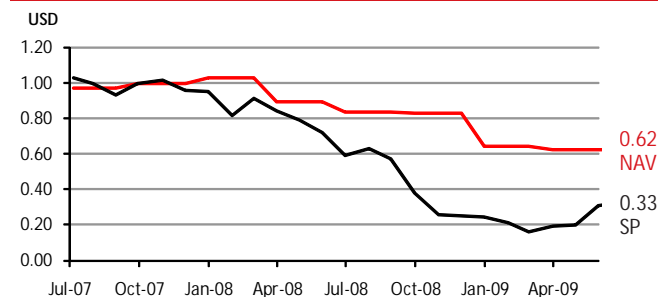
VNI portfolio by sector (30 June 2009)



Portfolio by Asset Class

Listed companies	17.7%
OTC	2.1%
Private equity	16.2%
Greenfield projects	7.4%
Bonds	3.2%
Cash and equivalents	53.4%

NAV and share price performance (30 June 2009)



Performance history (total return)*

	2009	2008	2007
Q1	-0.5%	-12.8%	n/a
Q2	-0.4%	-6.7%	n/a
Q3		-1.0%	2.9%
Q4		-12.0%	3.1%
YTD	-1.0%	-29.1%	6.1%

Total return since inception: -25.5%

* Assumes dividends/distributions reinvested. VNI paid a USD0.10 per share capital distribution on 16 January 2009 (ex date 17 Dec 2008).

Major holdings

Name	Sector	Asset class	NAV (%)
Tan Tao (ITA)	IP	Listed	8.7
Long An S.E.A.	IP	Greenfield	7.3
Pha Lai (PPC)	Energy	Listed	5.0
MIDC	Telecom	Private	4.0
VNC-55	Telecom	Private	3.7

At 30 June 2009, VOF held a 2.9% stake in VNM worth USD26.4m

Vinamilk (VNM)

Vinamilk is the leading dairy products manufacturer and distributor in Vietnam, with over 70 percent market share. VNM offers a wide range of products including fresh and powdered milk, condensed milk, yogurt, and coffee. The company's distribution network covers all supermarkets, 220 regional distributors and 14,000 retailers nationwide.

For FY2009, VNM has targeted revenues of VND9.2 trillion and net income of VND1.3 trillion, year-on-year increases of 10 and 4 percent, respectively. In H1 2009, VNM reported revenue of VND 4.9 trillion and net profit of VND893 billion, 53 and 69 percent of the 2009 target.

VNM expects to outperform the broader market in coming years as it is anticipated that Vietnam's dairy industry will achieve strong growth of 15-20 percent per year due to the young population and the very low dairy consumption per capita, at just 9kg per year compared to 24kg and 60kg for China and Europe, respectively. VNM listed on the Ho Chi Minh Stock Exchange in 2006 and has consistently remained among the top five companies by market capitalisation. In early July, VNM announced a cash dividend of 20 percent over chartered capital and plans for a stock split (a one-for-one bonus issue) to existing shareholders in order to enhance liquidity. VNM trades at forward PER FY2009 of 12.4x and at 12-month trailing PE of 13.9x.

Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	Q1 09A
Revenue	6,648	8,208	2,072
Gross profit	1,812	2,598	666
Gross margin	27%	31%	32%
Net income	963	1,250	496
Net margin	14%	15%	23%
EPS	5,600	7,100	2,832
DPS	5,400	n.a	n.a.

Balance Sheet (VND bn)	FY07A	FY08A	Q1 09A
Total assets	5,425	5,967	6,038
Shareholders' equity	4,224	4,665	5,114
ROE (%)	22%	26%	30%
Book value per share	23,900	26,300	29,000

Valuations (VND bn)	FY07A	FY08A	Q1 09A
PER (x)	16	13	13.9
P/B (x)	3.8	3.5	3.1
Dividend yield (%)	3%	3%	n.a.

As of 30 June 2009, VOF held a 0.1% stake in VCB worth USD5.4m

Vietcombank (VCB)

Vietcombank was established in 1963 and held its IPO in 2007. VCB is one of Vietnam's top three banks in terms of assets and earnings, with a sizable market share in most financial services sub-sectors. Among VCB's investments is Vietcombank Securities, a top five brokerage, and a total of 10 percent of its assets are invested in Military Bank, Eximbank, Orient Bank, VIBank and Gia Dinh Bank. Except for Gia Dinh Bank, these banks are performing well, and VCB as a result can expect significant gains.

VCB forecasts 2009 pre-tax profit of VND3.2 trillion, level with 2008. However with H1 2009 pre-tax profit of VND2.4 trillion, 75% of the forecast, the bank will likely outperform the forecast and our revised target has been raised to VND4.2 trillion. Contributing to profits are reduced provisions for investment losses (70 percent), increase in service income (18 percent), and foreign exchange trading (17 percent) – where VCB enjoys an exclusive position in export collection. VCB currently has the highest NPL ratio among Vietnamese banks, at over 4.5 percent. These debts have been fully provided for and management targets to reduce the NPL ratio to 3.5 percent this year (still above the industry average).

VCB trades at a prospective PE of 20x and PB of 3.8x. It remains a solid long-term investment because of its recognised brand name, its comparative advantage in costs and customer base, and for its good management. In addition, the bank has applied to issue new shares at par value to non-state investors that will reduce 2009 PE and PB to 13x and 2.3x, respectively.

Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	Q1 09A
Interest income	4,005	6,622	1,388
Service income	726	790	222
Foreign exchange trading	355	952	270
Investment and other	634	533	106
Net income	2,380	2,519	1,110
EPS	1,966	2,081	917

Balance sheet (VND bn)	FY07A	FY08A	Q1 09A
Total assets	197,363	221,950	220,493
Deposit from customers	141,589	147,542	157,067
Charter capital	4,429	12,100	12,100
Shareholders' equity	13,527	13,790	14,884
ROE (%)	17%	18%	28%
Book value per share	n.a.	11,396	12,301

Valuations (VND bn)	FY07A	FY08A	Q1 09A
PER (x)	n.a.	24	20
P/B (x)	n.a.	3.9	3.8
Dividend yield (%)	n.a.	2%	2%

At 30 June 2009, VOF held a 10.5% stake in DIC worth USD15.5m

DIC Corp (DIC) – OTC traded

DIC Corp is one of the largest real estate companies in southern Vietnam. It was partially privatised in early 2008, with the state still holding a 61 percent stake. DIC has a very strong asset base with 464ha of compensated land on Dai Phuoc Island, Dong Nai, 16km from central HCM City. Dai Phuoc is a joint venture township development with several foreign partners, including VOF and VNL. In addition, the company owns other property projects in Vung Tau province, and a 447ha township development in Phuc Yen, Vinh Phuc province, a suburb of Hanoi. In addition to DIC's strong management, asset base, and high profitability, VOF's investment in DIC creates a strategic relationship that has resulted in further opportunities, such as the stake in Dai Phuoc Lotus.

For FY2009, DIC has targeted revenues of VND1,450 billion and net income of VND450 billion, with an earnings CAGR of over 30 percent in three years (2007-2009). In H1 2009, DIC reported revenue of VND623 billion and net profit of VND206.5 billion, 43 and 51.5 percent of the 2009 target, respectively. In Q2 2009, the company paid a 27 percent share dividend and exercised a rights issue of 35 percent to its shareholders. Three-year annual earnings growth (2010-2012) is estimated at 20 percent, with income mainly from the sales of land lots, villas and apartments. DIC completed its listing profile in mid-July and its IPO on the Ho Chi Minh Stock Exchange is set for 19 August 2009 at an initial listing price of 6.0x par value. At 28 July 2009, DIC's market price was 6.0x par value per share, compared to 5.5x at the end of June, but trading in very low volumes given limited supply. At a price of 6.0x, DIC's 2009 PE and PB are 8.0x and 3.6x, respectively.

At 30 June 2009, VOF held a 5.7% stake in HPG worth USD33.7m

Hoa Phat Group JSC (HPG)

Hoa Phat Group produces and distributes construction steel and office furniture, among other business lines. The Group has also recently entered into real estate development, drawing on low-cost land acquired by the Group and its ability to execute projects and obtain financing.

HPG has revised upward its target revenue and earnings for 2009 by 10 and 57 percent, respectively. Accordingly, 2009 earnings are expected to grow 8 percent compared to last year. Two new plants will be operational by the end of 2009, a steel plant in Hai Duong province (wholly owned by HPG), and a cement plant in Ha Nam province (50 percent stake). The Group's revenue is expected to increase by at least 30 percent in 2010 as these plants reach capacity. HPG has also acquired a mineral company that will provide 30 percent of the iron ore needed by the steel plant.

HPG plans to issue a straight bond of VND1,000 billion as it expects interest rates will rise and that a long-term bond at current rates is prudent. HPG trades at a prospective PER of 11.5x FY09 EPS. The company intends to pay a dividend of VND3,000 per share in 2009, giving the stock a yield of 5.6 percent.

Financial highlights

Profit and loss (VND bn)	FY07A*	FY08A	H1 09A
Revenue	216.5	624.1	623.5
Gross profit	75.3	138.9	199.1
Gross margin	34.8%	22.3%	31.9%
Net income	40.8	311.0	206.5
Net margin	18.8%	49.8%	33.1%
EPS	n.a.	8,406	5,458
DPS	n.a.	n.a.	n.a.
Balance sheet (VND bn)	FY07A*	FY08A	H1 09A
Total assets	1,445.9	2,502.4	2,652.1
Shareholders' equity	133.6	695.1	1,008.4
ROE (%)	n.a.	44.7%	44.6%
Book value per share	n.a.	0.53x	0.60x
Valuations (VND bn)	FY07A	FY08A	H1 09A
PER (x)	n.a.	6.5x	7.3x
P/B (x)	n.a.	2.9x	3.3x
Dividend yield (%)	n.a.	5.5%	5.5%

* From 1/1/07 to 12/03/08.

Financial highlights

Profit and loss (VND bn)	FY07A	FY08A	H1 09A
Revenue	5,643	8,365	3,617
Gross profit	967	1,258	930
Gross margin	17%	15%	26%
Net income	644	859	687
Net margin	11%	10%	19%
EPS	5,264	4,377	3,481
DPS	1,000	3,000	
Balance sheet (VND bn)	FY07A	FY08A	H1 09A
Total assets	4,757	5,639	7,680
Shareholders' equity	3,143	4,111	4,527
ROE (%)	20%	21%	20%
Book value per share	23,807	20,936	23,056
Valuations (VND bn)	FY07A	FY08A	H1 09A
PER (x)	11.2	13.5	11.5
P/B (x)	2.5	2.8	2.6
Dividend yield (%)	2%	5%	6%

Media highlights**Monastery provides refuge for game addicts**

29 July 2009 – Lao Dong

Some 80 kilometers away from the hustle and bustle of the capital, a solemn monastery is making use of its serenity to cure young people addicted to their wholly modern addictions to video games and the Internet. [Read more.](#)

Banks shrug off crisis in first half

28 July 2009 – Vietnam News

Smart strategies have helped Vietnamese banks rake in the profits in the first half of the year despite the global financial and banking crisis. [Read more.](#)

'Better than Bali': Investors stake claim to Vietnam's China Beach

12 July 2009 – AFP

Investors are lining up for a piece of Vietnam's "China Beach", once a wartime R&R playground for US soldiers, which industry players say could become a tourism hotspot to rival Bali or Phuket. [Read more.](#)

Foreign eyes to now enjoy 20/20 vision

30 June 2009 – Intellasia/Vietnam Investment Review

Foreign investors will no longer suffer confusion over capital contributions and share purchases in Vietnamese enterprises. [Read more.](#)

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