



Interim Report
for the six months ended 31 March 2006

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DIRECTORS AND OFFICERS

Directors

Philip Smiley, Chairman
Dinh Thi Hoa
Antony Jordan
Christopher Vale
Markus Winkler

Secretary and Registered Office

CARD Corporate Services Ltd
4th Floor, Zephyr House
122 Mary Street, PO Box 709 GT
George Town, Grand Cayman
Cayman Islands, British West Indies

Investment Manager

PXP Vietnam Asset Management Limited
3/F, Jardine House
58 Dong Khoi, District 1
Ho Chi Minh City, Vietnam

Auditors

Ernst & Young Vietnam Limited
Chartered Accountants
Saigon Riverside Office Center
2A - 4A Ton Duc Thang Street
District 1
Ho Chi Minh City, Vietnam

Administrator and Registrar

Bank of Bermuda (Cayman) Limited
P.O. Box 513 G7, Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands

Custodian

Deutsche Bank A.G., Hong Kong Branch
52/F Cheung Kong Centre
2 Queen's Road Central
Hong Kong

Legal Adviser to the Company

Freshfields Bruckhaus Deringer
17 Ngo Quyen, Unit 1, 5/F
Hanoi, Vietnam

Placing Agent and Dealing Enquiries

PXP Capital Markets Limited
PO Box 957
Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands
info@pxpcm.com

Website

www.pxpcm.com

CHAIRMAN'S STATEMENT

The Company's net asset value per share increased by 72.74% during the six months ended 31 March 2006, against a 74.17% increase in the Viet Nam Index (VNI) in US\$ terms.

An issue of 3,435,999 additional shares was made on the 21 March 2006, at a price equivalent to the Net Asset Value per Share on 28 February 2006 plus a premium of 10 per cent. As at 31 March 2006 the Company had a total of 12,000,000 authorised and issued shares.

The dilutive effect of the issue of additional shares, which largely contributed to the invested portfolio as a percentage of net assets falling from 95.1% at the end of February 2006 to 67.6% on 31 March 2006, was entirely responsible for the slight underperformance of the Company's net asset value per share during the period under review.

The performance of the Company should once more begin to reflect that of the VNI during the remainder of this Financial Year as the invested level of the portfolio again increases.

We continue to feel optimistic that the development of the stock market is progressing in accordance with the Vietnamese Government's previously announced targets for the end of the current calendar year, and the economic backdrop remains strong.

Further details on the portfolio's performance are given in the Investment Manager's report on pages 6 - 8.

Philip Smiley
Chairman

26 July 2006

REPORT OF THE INVESTMENT MANAGER

During the period under review the Company's net asset value per share increased by 72.74%, from US\$ 2.649 to US\$ 4.576. This compares to a rise in the benchmark VNI of 74.17% in US\$ terms.

During October 2005 the VNI rose 6.25% in US\$ terms, following on from September 2005's near 14% rise prompted by the anticipation and then announcement that foreign ownership limits would be raised from 30% to 49% for listed stocks on October 24th 2005. Local investors pre-empted the predicted sustained increased foreign demand but follow-through disappointed and the market remained fairly static from November 2005 to January 2006 adding only a further 1.60% in US\$ terms. Additional demand from new entrants to the market was lacking. The listing of Vinamilk on 19 January 2006, taking market capitalisation above US\$ 1 billion closely followed by the hyper-bullish Merrill Lynch report, catalysed a renewed domestic fervour in the impending arrival of a wave of foreign money. Average daily turnover soared from US\$ 500,000 in January 2006, eventually peaking at a shade under US\$ 12 million in April 2006 as the VNI advanced 63.76% in the first quarter of 2006. Turnover was, however, overwhelmingly domestic and increasingly margin-financed among a largely retail investor base which the Manager considered an unhealthy development. Rather than raise cash by reducing exposure through sales of core holdings in a market in which foreign participation is restricted, the Manager sought and was granted Board approval to issue the remaining authorised Shares during March 2006. Had this increase in cash not occurred 10 days before the end of the six months under review, the Company's net asset value per share would have comfortably outperformed the VNI over the period after management fees.

The liquidity raised through the issue of additional Shares will be used to add to core holdings once valuations appear more attractive and for the expected rise in equitisations and new listings post the 10th Party Congress.

The Vietnamese economy continued to perform well during the period under review. Once again, rising exports, domestic demand and foreign direct investment ("FDI") were the key drivers of FY2005's Real Gross Domestic Product (GDP) growth of 8.4%, the highest rate recorded since 1996 (Q12006, + 7.2%, the same as in Q12005).

The expansion of trade remains strong. Exports increased by 21.6% for the full

year 2005 (Q12006, + 20.3%). Once again, the continuing strength of crude oil prices played a major role as Vietnam remains one of Asia's few net exporters of oil. In addition, Vietnam's increasing global integration led to healthy rises in exports of furniture, electronics, rice, rubber, electric cables and coal. Garment and footwear exports also increased but at a slower rate than in FY2004 due largely to the removal of quotas for World Trade Organisation members at the beginning of 2005. Import growth of 15.4% (Q12006, + 1.9%) was also slower than in FY2004 as imports of machinery, the largest amongst the inward categories, levelled off. The trade deficit declined by 17.0% versus FY2004 to US\$ 4.7 billion (Q12006, trade surplus of US\$ 60 million). This was more than covered by non-trade flows such as remittances from overseas Vietnamese, which stood at USD 4.00 billion through official channels, up 25% on FY2004. Domestic demand continued to rise, stimulated by sensible Government spending and the increasing number of private companies, up an estimated 24.0% on the previous year. This helped private sector industrial production achieve a growth rate of 24.1%, a new record (Q12006, +20.4%). In addition, retail sales grew by 20.5% (Q12006, +19.3%), slightly higher than FY2004. FDI continues to escalate with new FDI commitments up by 63.0% (Q12006, +1.0%) whilst FDI disbursement rose by 15.3% (Q12006, +14.1%).

Inflation continued to be the main cause for concern during 2005. However, the Government managed to reduce the rate of inflation to 8.4% (Q12006, +2.8%) versus FY2004's 9.5%. Much of this was due to the reduction in the effect of avian flu and also to the decline in the rate at which global commodity prices continued to rise, most importantly those of refined oil products and steel. The Government's aim of WTO membership by the end of the year was not achieved and we now believe that either late 2006 or early 2007 are more realistic.

We remain confident that the macroeconomic environment will continue to advance. GDP growth for 2006 is estimated to be at least 8%, although inflation continues to erode the benefits to a certain extent. This growth will be achieved through the continued rise in trade, increasingly so as WTO entry draws near and mounting FDI, attracted by continuing reform, an attractive working environment and political stability. Both of these drivers will compliment the already vibrant domestic demand.

In summary, the expansion of the stock market is set to continue. The listing of VNM, a company of size and stature, has provided a green light for other similarly sized companies to equitise and list. We are optimistic that this process will

gradually accelerate after the conclusion of the April 2006 10th Party Congress providing an increasing quantity and quality of investment opportunities for the Company during the next several years.

PXP Vietnam Asset Management Limited
Ho Chi Minh City

26 July 2006

STATEMENT OF TOTAL RETURN* for the six month period to 31 March 2006	(Unaudited) Six months to 31-Mar-06			(Unaudited) Six months to 31-Mar-05
	Revenue US\$	Capital US\$	Total US\$	Total US\$
Realised gains/(losses) on investments	-	1,443,328	1,443,328	-
Unrealised gains on investments	-	16,761,416	16,761,416	331,925
Gains (losses) on foreign exchange	-	(7,773)	(7,773)	(3,147)
Income	530,483	-	530,483	171,813
Investment management fee	(256,026)	-	(256,026)	(101,920)
Other expenses	(126,107)	-	(126,107)	(93,437)
Net return before interest payable and taxation	148,350	18,196,971	18,345,321	305,234
Interest payable	-	-	-	-
Return on ordinary activities before taxation	148,350	18,196,971	18,345,321	305,234
Taxation	(6,428)	-	(6,428)	-
Return attributable to ordinary shareholders	141,922	18,196,971	18,338,893	305,234
Transfers to reserves	141,922	18,196,971	18,338,893	305,234
	Revenue	Capital	Total	Total
Return per ordinary share **	0.016	2.075	2.091	0.068

* The revenue column of this statement is the profit and loss account of the Company

** Using the weighted average number of shares for each period (see note 1 on page 13)

No dividend has been declared for the current period.

BALANCE SHEET as at 31 March 2006	(Unaudited) 31-Mar-06 US\$	(Unaudited) 31-Mar-05 US\$
Fixed assets		
Investments	37,098,195	9,893,411
Current assets		
Preliminary Expenses	-	41,175
Cash at bank and in hand	16,457,440	10,631,875
Other receivable	4,262,632	427,500
	20,720,072	11,100,550
Creditors	(2,902,818)	(261,979)
Net current assets	17,817,254	10,838,571
Total assets less current liabilities	54,915,449	20,731,982
Capital and reserves		
Balance brought forward	22,686,524	10,256,998
Called-up share capital	171,499	214,100
Share premium account	13,694,173	9,955,650
Special reserve	-	-
Capital reserve - realised	1,435,555	(3,147)
Capital reserve - unrealised	16,761,416	331,925
Revenue reserve	141,922	(23,544)
Cumulative translation reserve	24,360	-
Total equity shareholders' funds	54,915,449	20,731,982
Net asset value per share	4.576	2.421

CASHFLOW STATEMENT for the six month period to 31 March 2006	(Unaudited) Six months to 31-Mar-06 US\$	(Unaudited) Six months to 31-Mar-05 US\$
Operating activities		
Investment income received	498,013	165,382
Deposit interest received	32,470	6,431
Other cash payments	(648,335)	(379,161)
Net cash outflow from operating activities	(117,852)	(207,348)
Taxation		
Overseas tax paid	(6,428)	-
Net cash outflow from taxation	(6,428)	-
Financial investments		
Purchases of investments	(6,481,252)	(3,413,175)
Increase in other investment receivables	(19,780)	-
Sales of investments	3,604,949	-
Net cash outflow from financial investments	(2,896,083)	(3,413,175)
Financing		
Issue of share capital	12,689,562	10,169,750
Buyback of shares	-	-
Net cash inflow from financing	12,689,562	10,169,750
Net increase in cash & cash equivalents	9,669,199	6,549,227
Cash & cash equivalents at beginning of period	6,788,241	4,082,648
Cash & cash equivalents at end of period	16,457,440	10,631,875

INVESTMENT PORTFOLIO AS AT 31 MARCH 2006

Company	Valuation 31-Mar-06 US\$	% of Net Assets
SACOM CABLE	5,477,364	9.97
VINAMILK	5,466,084	9.95
GEMADEPT	4,103,235	7.47
REE	4,099,210	7.46
SOUTHERN SEED	2,548,215	4.64
HOA AN	1,958,240	3.57
AGIFISH	1,734,090	3.16
TRANSIMEX	1,692,907	3.08
CHAU THOI 620 CONCRETE	1,421,305	2.59
GILIMEX	1,399,999	2.55
BIEN HOA CONFECTIONERY	1,301,098	2.37
SAVIMEX	1,286,874	2.34
HANOI MARITIME	815,973	1.49
NORTH KINHDO FOOD	799,827	1.46
BIMICO	771,551	1.40
VTC TELECOMMUNICATIONS	522,680	0.95
TRIBECO	471,173	0.86
IMEXPHARM	382,417	0.70
HOA BINH RUBBER	336,439	0.61
KHANH HOI	301,252	0.55
BINH MINH PLASTIC	193,329	0.35
TAPACK	14,931	0.03
	37,098,195	67.56

NOTES TO THE INTERIM ACCOUNTS

1. SHARES IN ISSUE

As at 31 March 2006 there were 12,000,000 ordinary shares of US\$ 0.05 each in issue (31st December 2003: 2,040,000; 30 June 2004: 4,282,000; 23 March 2005: 8,564,000, 21 March 2006: 12,000,000).

The financial statements for the six month period ended 31 March 2006 and for the period ended 31 March 2005 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They have neither been audited nor reviewed by the auditors.