

HALF-YEAR INFORMATION GIVEN TO THE NSX

Name of entity

Vietnam Emerging Capital Limited

ABN or equivalent reference #

ABN 69 123 981 537

Reporting period

31-Dec-08

Previous corresponding period

31-Dec-07

The information contained in this report should be read in conjunction with the most recent annual financial report.

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	6 Months ended		Movement	
	31-Dec-08	31-Dec-07		
	\$	\$	\$	%
Revenue	\$94,169	\$17,593	\$76,576	535
Loss for the period	(\$157,968)	(\$225,240)	\$67,272	70
Loss for the period attributable to members	(\$157,968)	(\$225,240)	\$67,272	70

	6 Months ended	
	31-Dec-08	31-Dec-07
	cents	cents
Basic earnings per security	(0.99)	(2.33)
Diluted earnings per security	(0.47)	(1.15)
Net tangible assets per security	3.92	8.83

No dividends have been paid or declared during the period or in the prior period

Current Period Cents	Previous corresponding period - Cents
3.92	8.83

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

3. DETAILS OF SUBSIDIARIES

3.1 Control Gained Over Entities During the Period

Name of entity

n/a

Date control acquired, i.e. date from which profit(loss) has been calculated

n/a

Loss after income tax of the subsidiary (or group of entities) during the current period *since the date on which control was acquired*

\$ n/a

Loss after income tax of the subsidiary (or group of entities) for the whole of the *previous corresponding period*

\$ n/a

3.2 Loss of Control of Entities During the Period

Name of entity

n/a

Date of loss of control, i.e. date until which profit(loss) has been calculated

n/a

Profit (loss) after income tax of the subsidiary (or group of entities) during the current period *to the date on which control was lost*

\$ n/a

Profit (loss) after income tax of the subsidiary (or group of entities) for the whole of the *previous corresponding period*

\$ n/a

Contribution to consolidated profit (loss) from sale of interest leading to loss of control

\$ n/a

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity Accounted Associates and Joint Venture Entities

	% Ownership Interest		Contribution to Net Profit	
	Current Period %	Previous Corresponding Period %	Current Period A\$ '000	Previous Corresponding Period A\$ '000
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a

4.2 Aggregate Share of Profits(Losses) of Associates and Joint Venture Entities

Groups' Share of Associates' and Joint Venture Entities':

Profit(Loss) before tax

Income tax

Net profit(loss)

Adjustments

Share of net profit(loss) of associates and joint venture entities

Current Period A\$ '000	Previous Corresponding Period A\$ '000
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
0	0

5. DIVIDENDS

5.1 Dividends per Share

- Final
- current period
- previous corresponding period
- Interim
- current period
- previous corresponding period

Amount per share	Franked amount per share at	Amount per share of
n/a	n/a	n/a
cents	cents	cents
n/a	n/a	n/a
cents	cents	cents
n/a	n/a	n/a
cents	cents	cents
n/a	n/a	n/a
cents	cents	cents

5.2 Total Dividends

- Interim - n/a
- Final - n/a

Current Period AS '000	Previous Corresponding Period AS '000
n/a	n/a
n/a	n/a
n/a	n/a

All dividends reflected as distributions above were paid during the period.

5.3 Dividend Reinvestment Plans

The company does not currently have a dividend reinvestment plan

The last date for receipt of election notices for participation in any dividend reinvestment plans

n/a

6. ACCOUNTING STANDARDS

The Australian equivalents to International Financial Reporting Standards ("AIFRS") and Australian Accounting Standard 134 "Interim Financial Reporting" have been used in compiling the information contained in this Appendix 3.

7. AUDIT DISPUTES OR QUALIFICATIONS

None

Vietnam Emerging Capital Limited
ABN 69 123 981 537

Directors' Report

Your directors submit the financial report of Vietnam Emerging Capital Limited ("VECL") for the half-year ended 31 December 2008.

Directors

The names of persons who were directors of Vietnam Emerging Capital Limited who held office during or since the end of the half year:

Jack Tan M. App Fin. F. Fin
Minh Hai Nguyen B. Sc. M. Sc.

Lawrence Nguyen B. Pharm. MAICD
James Huey B. Sc. FAICD F. Fin (resigned 14 October 2008)

Review of Operations

Comments on the operations and the results of those operations for the period ended 31 December 2008 are set out below:

- The Healthcare/Pharmacy project has progressed past the due diligence and approvals stage. This project will result in a chain of 'Australian type' pharmacies being established in Vietnam.
- The Lac Trung IT Park Building Project has been approved & active marketing for an anchor tenant has begun. However due to the current economic climate stage 2 funds to commence building have not been committed.
- The equities portfolio held in the Ho Chi Minh City Stock Exchange has been impacted by the drop in the Vietnam share market.
- The Directors have resolved to suspend all director's fees effective from October 2008 and minimise all expenditure so as to conserve working capital.

Auditor's Independence Declaration

A copy of the Independence declaration by the lead auditor under section 307C is Included on page 6 to this half-year financial report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Lawrence Nguyen
Managing Director

SYDNEY
13 March 2009

VIETNAM EMERGING CAPITAL LIMITED
ABN 69 123 981 537
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001
TO THE DIRECTORS OF VIETNAM EMERGING CAPITAL LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

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DREW TOWNSEND

Partner

Date: 13 March 2009

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Lyle Vallance
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Vietnam Emerging Capital Limited
ABN 69 123 981 537
Income Statement
for the Half-Year Ended 31 December 2008

	Note	31 December 2008 \$	31 December 2007 \$
Other Income	2	94,169	17,593
Advertising		(1,488)	(36,851)
Accounting & Audit		(34,500)	(32,000)
Compliance, listing & legal		(22,919)	(23,758)
Consulting fees - other		(32,121)	(15,966)
Depreciation		(2,606)	-
Directors fees		(54,000)	-
Employee benefits expenses		(15,085)	(4,798)
Overseas travel & accommodation		(42,023)	(64,317)
Loss on sale of shares		(10,858)	-
Impairment of financial assets		(21,737)	-
Share based payments		-	(60,699)
Other expenses		(14,798)	(4,444)
(Loss) before income tax expense	3	(157,968)	(225,240)
Income tax expense		-	-
Net (loss) attributable to members		(157,968)	(225,240)
 Earnings per share attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share		(0.99)	(2.33)
Diluted earnings per share		(0.47)	(1.15)

The accompanying notes form part of this financial report.

Vietnam Emerging Capital Limited
ABN 69 123 981 537
Balance Sheet
as at 31 December 2008

	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	504,329	642,602
Trade and other receivables	10,786	35,975
Financial assets	118,914	92,028
Other assets	1,825	1,000
Total Current Assets	<u>635,853</u>	<u>771,605</u>
NON-CURRENT ASSETS		
Property, plant and equipment	<u>6,707</u>	<u>9,312</u>
Total Non-Current Assets	<u>6,707</u>	<u>9,312</u>
TOTAL ASSETS	<u><u>642,560</u></u>	<u><u>780,917</u></u>
CURRENT LIABILITIES		
Trade and other payables	<u>19,611</u>	<u>-</u>
Total Current Liabilities	<u>19,611</u>	<u>-</u>
TOTAL LIABILITIES	<u>19,611</u>	<u>-</u>
NET ASSETS	<u><u>622,949</u></u>	<u><u>780,917</u></u>
EQUITY		
Contributed equity	1,628,148	1,628,148
Reserves	79,206	79,206
Accumulated losses	<u>(1,084,405)</u>	<u>(926,437)</u>
TOTAL EQUITY	<u><u>622,949</u></u>	<u><u>780,917</u></u>

The accompanying notes form part of this financial report.

Vietnam Emerging Capital Limited
ABN 69 123 981 537
Statement of Changes in Equity
for the Half-Year Ended 31 December 2008

	Issued capital \$	Accumulated losses \$	Option reserve \$	Total \$
Balance at 1 July 2007	300,005	260	-	300,265
Loss attributable to members	-	(225,240)	-	(225,240)
Shares issued during the period	888,233			888,233
Expenses of share issue	(101,968)	-	-	(101,968)
Vendor & director share options	-	-	60,699	60,699
Balance at 31 December 2007	1,086,270	(224,980)	60,699	921,989
Balance at 1 July 2008	1,628,148	(926,437)	79,206	780,917
(Loss) attributable to members	-	(157,968)	-	(157,968)
Balance at 31 December 2008	1,628,148	(1,084,405)	79,206	622,949

The accompanying notes form part of this financial report.

Vietnam Emerging Capital Limited
ABN 69 123 981 537
Cash Flow Statement
for the Half-Year Ended 31 December 2008

	31 December 2008 \$	31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	55,105	-
Payments to suppliers and employees	(181,417)	(72,448)
Interest received	19,098	17,593
Dividend received	6,272	
Net cash outflow from operating activities	<u>(100,942)</u>	<u>(54,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	45,209	-
Purchase of investment	(82,540)	-
Net cash outflow from investing activities	<u>(37,331)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on listing	-	(101,968)
Proceeds from issue of shares	-	888,068
Net cash inflow from financing activities	<u>-</u>	<u>786,100</u>
Net (decrease) increase in cash held	(138,273)	731,245
Cash at the beginning of the financial period	642,602	300,157
Cash at the end of the financial period	<u>504,329</u>	<u>1,031,402</u>

The accompanying notes form part of this financial report.

Vietnam Emerging Capital Limited
ABN 69 123 981 537

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 1 Basis of preparation of half-year report

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard 134 "Interim Financial Reporting", Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements Vietnam Emerging Capital Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going concern

The half-yearly report has been prepared on a going concern basis which contemplates the continuity of normal trading activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company has made an operating loss of \$157,968 during the half year ended 31 December 2008.

The directors nevertheless believe that it is appropriate to prepare the half year financial statement on a going concern basis as the directors have guaranteed to provide continued financial support and in the event that further working capital is required, the directors believe they can secure further equity-raising. The going concern basis used in the preparation of the financial report may not be appropriate if the directors do not provide their continuous financial support, the equity raising is not successful, and the business does not generate sufficient positive cash flows in the future. In this event, the company may not be able to realise the full value of its assets and extinguish its liabilities, in the normal course of business at the amount stated in the half year financial statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Impairment

The carrying amounts of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Note 1 Basis of preparation of half-year report (continued)

Impairment (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other payables

Trade and other payables are stated at their amortised cost, are non-interest bearing and are normally settled within 60 days.

Taxation

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are temporary differences are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Share capital transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Vietnam Emerging Capital Limited
ABN 69 123 981 537

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2 Other income

	31 December 2008	31 December 2007
Interest received	19,098	17,593
Dividends received	6,272	-
Realised gain on foreign exchange from sale of shares	11,758	-
GST refund on prior period expenses	16,291	-
Unrealised gain on Foreign exchange	40,750	-
	<u>94,169</u>	<u>17,593</u>

Note 3 Expenses

All significant expense items for the period are disclosed on the face of the income statement.

Note 4 Segment Information

Vietnam Emerging Capital Limited operates solely within one business segment and one geographical segment, being investments in securities of property & stock exchange listed companies in Vietnam.

Note 5 Equity Securities Issued

	Half Year 2008 Shares	Half Year 2008 \$	Half Year 2007 Shares	Half Year 2007 \$
Issues of Securities During the Half-Year				
Ordinary shares issued to subscribers	<u>-</u>	<u>-</u>	<u>6,137,121</u>	<u>888,068</u>
Options exercisable at \$0.25, expiring 30 June 2010	<u>-</u>	<u>-</u>	<u>3,298,444</u>	<u>-</u>

Note 6 Commitments

The planned start of construction of the Lac Trung IT Business Park building project has been deferred due to the current economic downturn. VECL is committed to the future payment of two tranches of \$100,000 each, originally planned for December 2008 and March 2009 on this project. These payments have now been deferred until economic conditions improve.

Note 7 Contingent Liabilities

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date 30 June 2008.

Note 8 Events subsequent to balance date

There have been no subsequent events that would have a material impact on the financial report for the period ended 31 December 2008.

Vietnam Emerging Capital Limited

ABN 69 123 981 537

Directors' Declaration

The directors of the company declare that:

1. The financial statements and accompanying notes as set out on pages 7 to 13:
 - (a) comply with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Lawrence Nguyen
Managing Director

SYDNEY
13 March 2009

VIETNAM EMERGING CAPITAL LIMITED
ABN 69 123 981 537
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
VIETNAM EMERGING CAPITAL LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Vietnam Emerging Capital Limited which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Vietnam Emerging Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Vietnam Emerging Capital Limited on 13 March 2009, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vietnam Emerging Capital Limited is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of the entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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VIETNAM EMERGING CAPITAL LIMITED
ABN 69 123 981 537
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
VIETNAM EMERGING CAPITAL LIMITED

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the half year financial report, which indicates that the company incurred a net loss of \$157,968 during the period ended 31 December 2008. Note 1 also states the directors' reasons for the financial report being prepared on a going concern basis. Should the company not achieve the matters as set forth in Note 1 there is significant uncertainty about the company's ability to continue as a going concern.

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DREW TOWNSEND

Partner

Date: 13 March 2009