

Vietnam Emerging Capital Limited

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Board of Directors:

Jack Tan (Executive Chairman)

Lawrence Nguyen (CEO/
Managing Director)

Minh Hai Nguyen (NonExecutive
Director)

Robert Lees (Chief Financial Officer)

Sponsoring Broker & Nominated Advisor:

Cameron Stockbrokers Ltd

Broker to the Issue:

Pritchard & Partners Pty Ltd

Auditors:

Hall Chadwick

Lawyers:

Allens Arthur Robinson, Vietnam
O'Loughlins, Australia

General Overall Outlook



Lawrence Nguyen
CEO/Managing Director

Vietnam's economy saw a boisterous first half of 2009 along with the global financial markets, first by a dip in early 2009 followed by a quick recovery. The VN index is up 42.0% for the year ended June 30, outperforming the MSCI Asia (ex-Japan) and Emerging Market indices by 9.4 and 10.2% respectively. This strong performance can be explained by a few activities within the economy that mirrored that of the world and

especially Australia. The effectiveness of the government's fiscal stimulus program proved a success as it jump started the economy and bank lending through measures of interest rate subsidies to the value of \$20 billion USD in loans.

This model of subsidization has stimulated enterprise production with more loans going out to businesses and more positive uptakes. Banks are also more motivated to lend to earn on the spread and make profit, whereas if we compare this to the US banks, even though they had capital injection from the government they were still not lending, depositing their money at the central bank and this created credit flatness.

And unlike its worldwide peers Vietnamese banks were well capitalized and had maintained profit earnings through this economic turbulence.

Also the IPO of two prominent financial institutions of Bao Viet and Vietcombank, extended the breadth of the market. This helped the market as well it allowed more foreign direct investments to flow through the system, especially the financial sector.

Exports were down due in dollar terms due to the effects of the world market trading environment but volumes of trade rose by a healthy 11% in June. Vietnamese exports to the US grew at the fastest pace among the top 50 American sources of foreign goods, suggesting that Vietnam's focus on low costs is paying off amid slumping global demand. It was the only country in the world to increase its trade volume during this global period of downturn.

Vietnam's Real Estate market has begun to stabilize. Residential sector has seen an increase in liquidity and recovered from the price correction of 2008 with higher transaction volumes. Tax-incentives for low-end housing projects have also aided this stabilization. Shortage of modern shopping has pushed demand up as well as prices however the office and hospitality and hotel sectors have been the hardest hit, also due to decreasing tourism, one factor that Vietnam hasn't



Despite these indicative parameters, Vietnam has still managed an annualized GDP growth of 3.9% for the first half of 2009. This is compared with most countries roughing through the recession of the first half with negative growth. Industrial and agricultural production grew as well as retail sales grew by 20% year on year, due to the fact inflation slowed considerably compared with last year.

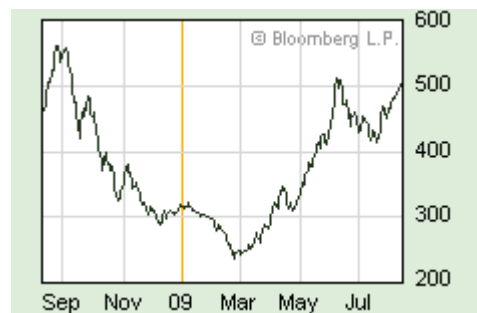
Lastly, the State Capital Investment Corporation (SCIC) has announced that it will be seeking to fully or partially divest 200 state enterprises in its portfolio in the second half of 2009. This will further kick start the economy into full recovery for 2009-2010.

VECL Activities:

Share performance has been strong with our portfolio companies outperforming the VN index and other indices such as the local index of the All Ords

VN index was 448 as at June 30 2009, achieving a 12% gain for the financial year 2008-2009

VECL share portfolio has outperformed the VN Index by +22% and Australia by +35.97% for the financial year 2008-2009.



VN Index-Bloomberg

Returns	Mar-Jun Quarter 09	Financial Year 2008-2009	Since Inception
VECL Portfolio	+56.3%	+10%	+10%
VN Index	+15.7%	+12%	-41.7%
*All Ords Index Australia	+12.6%	-25.97%	-26.90%

*Ref Standards & Poor

Updates on Portfolio Companies:

DPM-Listed-Vietnam's biggest fertilizer producer made pre-tax profits for the first half of 2009 at VND 650 Billion (USD\$36.5 million), sales has been and will be stronger as commodity prices recover throughout the next year. PetroVietnam Fertilizer produced about 400,000 metric tons of urea and imported more than 150,000 tons of other fertilizers between January and June, enough for the entire summer-autumn crop, which was ahead of company targets.

VNM-Listed- Profit before tax was \$1145 Billion VND for the first half 2009 whilst units sale increased by 27.5%. It's still one of the country's strongest companies with high profitability, solid growth and a strong financial position. In March it transferred all its shares in the SAB-Miller joint venture, back to SABMiller. Its diversion from this investment in beer making will allow it to focus on its core activities on dairy and healthy beverages. Focusing on its core strength will no doubt guide it towards further growth in revenue, in the future.

SSI-Listed-First quarter saw a drop in earnings as there was sharp drop in share trading. As the market rebounds and the recent introduction of share trading online-SSI will see a return to strong revenue. SSI plans to raise new funds for its fund management company of around US\$10 million which will broaden its services further and increase revenue.

Property- Our IT property investment has been positive with a favourable valuation outcome from Savills Vietnam. VECL has raised its stake to 40% in this project as it views the longer term potential of this project. The rate of leasable space is viewed to improve in this park. The total leasable income of this investment is projected by Savills at \$3 million USD/year. Once completed, this building will be of international standard, with a 5 star green energy rating, complete with top deck swimming pool, restaurant and conference centre. This twelve storey building consists of office and ground level retail spaces. It will be one of the best buildings within the park. We are currently negotiating terms with providers of construction, engineering and architecture. Sales and Marketing has already commenced and initial stages of construction are under way.

Private Equity-The Board of VECL is currently performing due diligence on the acquisition of a pharmacy chain in Vietnam. The acquisition will only be successfully if VECL can acquire it at the right price, with the longer term potential for our management to add value. This will be subject to the company's ability to attract further capital and may source out other private equity partners to co-invest. The opportunity with a young industry like pharmacy and allied health services offers tremendous growth potential in the coming years.

The Board believes that the worst phase of Vietnam's economic correction and crisis may be ending. Vietnam's resilience and relative stability throughout this difficult period has been outstanding. There's a new sense of optimism and growth and we look further in keeping you updated on our investment and activities throughout 2009.



Lawrence Nguyen
CEO/Managing Director



Proposed IT Building in
Quang Trung Software
Park, Ho Chi Minh City
Vietnam