

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-09

Previous corresponding period

31-Dec-08

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-09	31-Dec-08		
	\$	\$	\$	%
Revenue	\$54,986	\$94,169	(\$39,183)	58
Loss for the period	(\$93,104)	(\$157,968)	\$64,864	59
Loss for the period attributable to members	(\$93,104)	(\$157,968)	\$64,864	59

	6 Months ended	
	31-Dec-09	31-Dec-08
	cents	cents
Basic earnings per security	(0.59)	(0.99)
Diluted earnings per security	(0.28)	(0.47)

Net tangible assets per security	3.14	3.92
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No dividends have been paid or declared during the period or in the prior period

Current Period Cents	Previous corresponding period - Cents
3.14	3.92

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	n/a	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 <i>since the date on which control was acquired</i>	\$ n/a	\$ n/a	\$ n/a
Loss after income tax of the subsidiary (or group of entities) for the <i>whole of the previous corresponding period</i>	\$ n/a	\$ n/a	\$ n/a

3.2 Loss of Control of Entities During the Period

Name of entity	n/a	n/a	n/a
Date of loss of control, i.e. date until which profit(loss) has been calculated	n/a	n/a	n/a
Profit (loss) after income tax of the subsidiary (or group of entities) during the current period <i>to the date on which control was lost</i>	\$ n/a	\$ n/a	\$ n/a
Profit (loss) after income tax of the subsidiary (or group of entities) for the <i>whole of the previous corresponding period</i>	\$ n/a	\$ n/a	\$ n/a
Contribution to consolidated profit (loss) from sale of interest leading to loss of control	\$ n/a	\$ n/a	\$ 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
Lac Trung Investment and Development Joint Stock Co Ltd	40%	20%	nil	nil
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':

	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Profit(Loss) before tax	nil	nil
Income tax	nil	nil
Net profit(loss)	nil	nil
Adjustments	nil	nil
Share of net profit(loss) of associates and joint venture entities	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 cents n/a	n/a cents n/a	n/a cents cents
n/a cents n/a	n/a cents n/a	n/a 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

**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 2009 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.

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, Sydney, NSW 2000



DREW TOWNSEND

Partner

Date: 16 March 2010

Sydney
Level 29
St Martins Tower
31 Market Street
Sydney NSW 2000

GPO Box 3555
Sydney NSW 2001
or
DX 1451 Sydney

Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800
Email: sydney@hallchadwick.com.au

Perth
Telephone: (02) 9687 2100
Facsimile: (02) 9687 2900

Perth
Telephone: (02) 4721 8144
Facsimile: (02) 4721 8155

Melbourne
Telephone: (03) 8678 1600
Facsimile: (03) 8678 1699

Partners
Drew Townsend
David Kenney
Richard Albarran
Gino Malacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta

Associates
Lyle Vallance
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Directors' Report

Your directors submit the financial report of Vietnam Emerging Capital Limited ("VECL") for the half-year ended 31 December 2009.

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

Review of Operations

Comments on the operations and the results of those operations for the period ended 31 December 2009 are set out below:

- The Healthcare/Pharmacy project has progressed past the approvals stage. The Company is seeking partners to establish or purchase a chain of 'Australian type' pharmacies in Vietnam.
- The Lac Trung IT Park Building Project has been approved. The company is negotiating with a potential purchaser of the project. Due to the current economic climate and potential sale, stage 2 funds have not been committed.
- The equities portfolio held in the Ho Chi Minh City Stock Exchange has recovered in value and sale of financial assets has resulted in realised gains of \$48,377.
- The Directors suspended all director's fees effective from October 2008 and have continued to 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
16 March 2010

Vietnam Emerging Capital Limited
ABN 69 123 981 537
Statement of comprehensive income
for the half-year Ended 31 December 2009

	Note	31 December 2009 \$	31 December 2008 \$
Other Income	2	54,986	94,169
Advertising		(286)	(1,488)
Accounting & Audit		(29,817)	(34,500)
Compliance, listing & legal expenses		(14,352)	(22,919)
Consulting fees - other		(27,779)	(32,121)
Depreciation expense		(734)	(2,606)
Directors fees		-	(54,000)
Employee benefits expenses		(6,427)	(15,085)
Overseas travel & accommodation expense		(1,817)	(42,023)
Loss on sale of shares		-	(10,858)
Impairment loss of financial assets at fair value through profit or loss		(37,550)	(21,737)
Realised foreign exchange loss		(14,790)	-
Other expenses		(14,538)	(14,798)
(Loss) before income tax expense	3	(93,104)	(157,968)
Income tax expense		-	-
Net (loss) for the period		(93,104)	(157,968)
Other comprehensive income		-	-
Total comprehensive income for the period		(93,104)	(157,968)
Loss attributable to members		(93,104)	(157,968)
Total comprehensive income attributable to members		(93,104)	(157,968)
Earnings per share attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share		(0.59)	(0.99)
Diluted earnings per share		(0.28)	(0.47)

The accompanying notes form part of this financial report.

Vietnam Emerging Capital Limited
ABN 69 123 981 537
Statement of financial position
as at 31 December 2009

	Note	31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		160,253	262,060
Other receivables		5,300	8,263
Financial assets		201,065	201,563
Other assets		1,100	-
Total Current Assets		<u>367,718</u>	<u>471,886</u>
NON-CURRENT ASSETS			
Investments accounted for using the Equity Method	5	140,609	140,609
Plant and equipment		6,698	7,432
Other assets		3,635	3,635
Total Non-Current Assets		<u>150,942</u>	<u>151,676</u>
TOTAL ASSETS		<u>518,660</u>	<u>623,562</u>
CURRENT LIABILITIES			
Trade and other payables		20,273	32,071
Total Current Liabilities		<u>20,273</u>	<u>32,071</u>
TOTAL LIABILITIES		<u>20,273</u>	<u>32,071</u>
NET ASSETS		<u>498,387</u>	<u>591,491</u>
EQUITY			
Contributed equity	6	1,628,148	1,628,148
Reserves		79,206	79,206
Accumulated losses		(1,208,967)	(1,115,863)
TOTAL EQUITY		<u>498,387</u>	<u>591,491</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 2009

	Issued capital	Accumulated losses	Option reserve	Total
	\$	\$	\$	\$
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
Balance at 1 July 2009	1,628,148	(1,115,863)	79,206	591,491
(Loss) attributable to members	-	(93,104)	-	(93,104)
Balance at 31 December 2009	1,628,148	(1,208,967)	79,206	498,387

The accompanying notes form part of this financial report.

Vietnam Emerging Capital Limited
ABN 69 123 981 537
Statement of cash flows
for the half-year Ended 31 December 2009

	31 December 2009 \$	31 December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	55,105
Payments to suppliers and employees	(154,039)	(181,417)
Interest received	2,681	19,098
Dividend received	1,174	6,272
Net cash outflow from operating activities	<u>(150,184)</u>	<u>(100,942)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets	283,314	45,209
Purchase of financial assets	(234,937)	(82,540)
Net cash inflow from investing activities	<u>48,377</u>	<u>(37,331)</u>
Net (decrease) increase in cash held	(101,807)	(138,273)
Cash at the beginning of the financial period	262,060	642,602
Cash at the end of the financial period	<u><u>160,253</u></u>	<u><u>504,329</u></u>

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note 1 Basis of preparation

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB134 "Interim Financial Reporting". Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Vietnam Emerging Capital Limited ('the company'). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the entity. It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2009 together with and any public announcements made during the half year.

The same accounting policies and methods of computation have been consistently applied by the entity and are consistent with those in the 30 June 2009 financial statement except for the adoption of the following new accounting standards:

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments

The entity has adopted AASB 8 *Operating Segments* and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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 \$93,104 during the half year ended 31 December 2009 (half year to 31 December 2008 \$157,968). In respect of Lac Trung Development Investment Joint Stock Co Ltd, the company is committed to the future payment of two tranches of \$100,000 each which have been deferred until 30 September 2010.

The directors nevertheless believe that it is appropriate to prepare the half year financial report on a going concern basis as 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 and at the amount stated in the half year financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note 2 Other income

	31 December	31 December
	2009	2008
Interest received	2,681	19,098
Dividends received	1,174	6,272
Gain from sale of financial assets	48,377	11,758
Gain of financial assets at fair value through profit or loss	2,754	-
GST refund on prior period expenses	-	16,291
Unrealised foreign exchange gain	-	40,750
	54,986	94,169

Note 3 Expenses

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

Note 4 Operating Segments

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

Note 5 Investments accounted for using the equity method

	31 December	30 June
	2009	2009
Interest in Joint Venture Entity		
Opening balance	140,609	-
Contributions made during the year	-	85,811
Write back of impairment	-	54,798
	140,609	140,609

The company holds a 40% interest in Lac Trung Development Investment Joint Stock Co Ltd. ('LTDI'). The principle activity is the proposed construction of a 12 level office building at Quang Trung Software City, District 12, Ho Chi Minh City. LTDI commissioned Savills Vietnam Limited to provide a valuation report on the land for investment purposes that has supported the valuation at cost. The valuation provided is based on a discounted cash flow of future estimated rental earnings of the building development using market based assumptions. The valuation report is used to support the carrying value of the interest in the joint venture.

Vietnam Emerging Capital Limited
ABN 69 123 981 537

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note 6 Equity Securities

	31 December 2009 Shares	31 December 2009 \$	30 June 2009 Shares	30 June 2009 \$
Securities balance for the Half-Year				
Ordinary shares	<u>15,882,626</u>	<u>1,628,148</u>	<u>15,882,626</u>	<u>1,628,148</u>
Options exercisable at \$0.25, expiring 30 June 2010	<u>17,818,557</u>	<u>-</u>	<u>17,818,557</u>	<u>-</u>

Note 7 Commitments

With reference to LTDI, the planned start of construction of the Lac Trung IT Business Park office building project was deferred in 2008/09 due to the economic downturn. The company 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 by the joint venture until 30 September 2010. Negotiations for the sale of the 40% interest in LTDI are currently in progress.

Note 8 Contingent Liabilities

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date 30 June 2009.

Note 9 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 2009.

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 are in accordance with the Corporations Act 2001, including
 - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting
 - (b) giving a true and fair view of the entity's financial position as at 31 December 2009 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
16 March 2010

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 statement of financial position as at 31 December 2009, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Vietnam Emerging Capital Limited (the company) 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 consolidated entity's financial position as at 31 December 2009 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 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the entity for the half-year ended 31 December 2009 included on the website of Vietnam Emerging Capital Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Sydney
Level 29
St Martins Tower
31 Market Street
Sydney NSW 2000

GPO Box 3555
Sydney NSW 2001
or
DX 1451 Sydney

Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800
Email: sydney@hallchadwick.com.au

Parramatta
Telephone: (02) 9687 2100
Facsimile: (02) 9687 2900

Perth
Telephone: (02) 4721 8144
Facsimile: (02) 4721 8155

Melbourne
Telephone: (03) 8678 1600
Facsimile: (03) 8678 1699

Partners
Drew Townsend
David Kenney
Richard Albaran
Gino Malacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta

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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**

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, provided to the directors of Vietnam Emerging Capital Limited on 16 March 2010, 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:

- giving a true and fair view of the entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Without qualification to the conclusion expressed above, attention is drawn to the following matters:

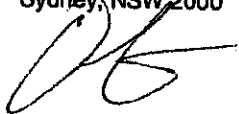
Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 1 in the half year financial report, which indicates that the company incurred a net loss of \$93,104 during the period ended 31 December 2009. 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.

Inherent Uncertainty Regarding the Carrying Value of Interest in Joint Venture

We draw attention to Note 5 in the half year financial report. The company has assessed the carrying value of its interest in the joint venture based on value in use calculations, which indicate that the balance of \$140,609 is recoverable. If the cash flow projections used in the value in use calculations are not met, the carrying value of interest in the joint venture may be impaired.

Hall Chadwick
Level 29,31 Market Street
Sydney, NSW 2000



DREW TOWNSEND

Partner

Date: 16 March 2010