



VIETNAM EMERGING EQUITY FUND LIMITED

Interim report (unaudited)
for the six months ended 30 June 2010





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SPECIAL CONSIDERATIONS AND RISK FACTORS

THE INVESTMENT OBJECTIVE OF VIETNAM EMERGING EQUITY FUND LIMITED ("the Fund" or "the Company") is to seek long-term capital appreciation of its assets by investing in a portfolio of equity securities of listed or prelisting Vietnamese companies, whether established with domestic or foreign ownership. The Fund may also invest up to 30% of its assets at the time of investment in the shares of overseas listed companies.

SHAREHOLDERS SHOULD BE AWARE THAT THE RISKS INHERENT IN THE INVESTMENTS of the Fund in Vietnam are of a nature and degree not typically encountered when investing in securities of companies listed on the major securities markets. Such risks include, but are not limited to, political and economic risks in addition to the normal risks inherent in any equity investment. A description of the risks involved in investment in the Fund can be found in the Prospectus.

INVESTMENT IN THE FUND SHOULD BE REGARDED AS LONG-TERM IN NATURE. There can be no guarantee that the Fund's investment objectives will be achieved.

SHAREHOLDERS SHOULD BE AWARE THAT THE VALUE OF THE COMPANY'S SHARES and the income from them may fluctuate.

REPORT OF THE BOARD OF DIRECTORS

OVERVIEW

The Company was incorporated in the Cayman Islands on 25 July 2005 under the provisions of the Companies Law, Cap. 22 (Revised) as a closed-end investment company with limited liability. The number of the Company's Certificate of Incorporation is CD-152440.

The principal activity of the Company is investment holding with an objective to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of listed or prelisting Vietnamese companies, whether established with domestic or foreign ownership. The Company may also invest up to 30% of its assets at the time of investment in the shares of overseas listed companies.

CONVERSION TO AN OPEN-ENDED FUND

At an Extraordinary General Meeting of the Company on 21 December 2009, the shareholders of the Company passed resolutions to adopt amended and restated Memorandum and Articles of the Company and a replacement Prospectus. A resolution was also passed to increase the Company's authorised capital from US\$500,000 to US\$750,000 and for such authorised capital to be divided into 14,998,000 redeemable participating shares of a par value of US\$0.05 each and 100 management shares of US\$1 each. These resolutions enabled the Company to convert to an open-ended mutual fund which was effective when the Cayman Islands Monetary Authority issued a certificate of registration dated 29 January 2010 to confirm the registration of the Company under Section 4(3) of the Mutual Funds Law (2009 Revision).

THE BOARD OF DIRECTORS

The members of the Board of Directors during the period and to the date of this report were:

Mr Philip Smiley	Chairman
Mr Gregory Hazlett	Director
Mr Antony Jordan	Director
Mr Christopher Vale	Director

DIRECTORS' INTERESTS

At no time during the period and to the date of this report did any director have a direct or indirect interest in the shares of the Company, and the Company has not been a party to any arrangement to enable the directors of the Company to acquire any direct or indirect interest in the shares of the Company.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT TO THE INTERIM REPORT

We confirm that:

- The condensed interim financial statements have been properly prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.
- The Interim Management Report includes a fair review of:
 - Important events that have occurred during the first six months of the year;
 - The impact of those events on the condensed financial statements;
 - A description of the principal risks and uncertainties for the remaining six months of the financial year; and
 - Details of any material related party transactions.

On behalf of the Board of Directors

Philip Smiley
Chairman
27 August 2010

INTERIM MANAGEMENT REPORT



REVIEW OF THE INTERIM PERIOD

During the period under review the Fund's Net Asset Value ('NAV') per share decreased by 4.58%, from US\$5.650 to US\$5.391. This compares with a fall in the Viet Nam Index ('VNI') of 0.65% in US\$ terms over the same period. The Vietnamese Dong ('VND') depreciated by 3.17% over the period under review. The table below represents NAV performance as compared to that of the VNI in US\$ terms for the stated periods to 30 June 2010:

	NAV	VNI (US\$)
	%	%
1 YEAR	18.61	5.83
2 YEARS	25.11	12.18
3 YEARS	-55.60	-58.13
4 YEARS	-18.48	-17.47

STOCK MARKET

Sentiment through the first half of calendar 2010 is best regarded through a rear-view mirror as having been optimistic yet lacking in conviction, hence the negligible net movement in the Viet Nam Index during the period under review. An equally torpid July nudged the index below the December 2009 closing level by 0.86 of a point, and it might be argued that had it not been for the February 2010 devaluation nothing would have happened at all. Enter August, however, and the market was snapped from its torpor by a Vietnamese triple witching, with waves of selling emanating from banks and state-owned enterprises in reaction to the spectre of increased capital adequacy ratios and the near-collapse of Vinashin respectively, and triggering margin calls which led to margin selling, provoking further margin calls and so on; hopefully not ad infinitum.

At the time of writing the market had fallen 14.8% in US\$ terms in August 2010 and although the 420 level on the index is holding for the time being local sentiment remains bearish. Indeed, the break through the 440 level on 24 August 2010, representing a 20% fall from the 2010 high just above 550 points in early May 2010 puts us in a technical bear market if confirmation were needed. On a more positive note, the VNI is now on a single-digit multiple of 2010 forward earnings, with many stocks significantly cheaper than the average which might be considered to make the market attractive to long-term fundamental investors at this level. Fortune favours the brave, but not always.

ECONOMY

The Vietnamese economy appears to be in much better shape than much of the rest of the world, with real GDP growth likely to come in at the upper levels of the government's 6.5 to 7% forecast for 2010, inflation likely close to the 8% target and the trade deficit potentially averaging less than US\$ 1 billion per month for the year but more than covered by FDI disbursements and remittances from overseas Vietnamese as usual. Industrial production continues to improve at better than forecast rates of growth and the economy is once again underpinned by strong domestic demand.

INTERIM MANAGEMENT REPORT (CONTINUED)

ECONOMY (CONTINUED)

With an absence of shocks one might assume reasonable levels of confidence in the direction of the economy but the overall picture continues to be negatively impacted by concerns about currency stability following three de facto devaluations in the past nine months. General bearishness will need to be addressed before sentiment will permit focus on the positives.

STRATEGY

As we trust Shareholders are aware, the Investment Manager believes that the Company will benefit from a merger with Vietnam Lotus Fund, a proposal for which should be forthcoming in the near future. The recent conversion of the Company to an open-ended structure requires more consideration to be given to the liquidity of the underlying holdings in order to fund redemptions and to ensure efficient allocation of subscriptions but this is unlikely to prove challenging until the assets under management are significantly larger. Given recent falls and a continuing positive medium- and long-term outlook, focus is otherwise on adjusting beta in order to ensure continued relative upside outperformance against the Viet Nam Index whilst limiting downside risk where possible.

OUTLOOK

Whilst recent external market moves and global double-dip fears might be interpreted by some that the VNI has again acted as a leading indicator for the world's stock markets (having collapsed months before the Lehman bust in 2008 and also beginning the recovery earlier in 2009 than elsewhere), we will content ourselves here outlining a mild conviction that we are in a relatively short-term sentiment-driven bear market. Recent action demonstrates the dangers inherent in a predominantly margin-financed investor base which prefers not to hang on too long in sideways markets with interest rates as high as they are. Whilst we do not expect a sustained advance as long as that continues to be the case, the recent selling has resulted in some interesting valuations and the poor relative performance year-to-date against other South East Asian markets in particular is beginning to attract interest as investors look for laggards. Once the share of daily market turnover attributable to foreign investors is able to regularly surpass 15% (from an 18-month average closer to 5%) we are confident that a structural change will be under way and that fundamentals will make an occasional appearance at the table. All in all, we expect the remainder of the Company's financial year to present some more interesting possibilities than the preceding 8 months and will continue to do our best to ensure full participation to the upside.

RELATED PARTY TRANSACTIONS

See Note 7 to the condensed interim financial statements for details of related party transactions during the period.

On behalf of the Investment Manager

Kevin Snowball
27 August 2010

CONDENSED BALANCE SHEET (UNAUDITED)

	Notes	As at	
		30 June 2010	31 December 2009
		US\$	US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss	4	11,006,627	11,997,198
Due from broker		607,057	85,259
Other receivables and prepayments		8,061	21,118
Cash and cash equivalents		44,836	42,735
Total assets		11,666,581	12,146,310
Liabilities			
Current liabilities			
Accrued fees and other payables		(169,656)	(98,613)
Liabilities (excluding net assets attributable to holders of participating shares)		(169,656)	(98,613)
Net assets attributable to shareholders		11,496,925	12,047,697
Represented by:			
Net assets attributable to participating shareholders	5	11,496,825	-
Management shares	5	100	-
Ordinary shares	5	-	106,620
Share premium	5	-	22,519,783
Cumulative translation reserve		-	(3,984,495)
Accumulated profits/(losses)		-	(6,594,211)
		11,496,925	12,047,697
Net asset value per participating share (2009: Net asset value per ordinary share)		5.391	5.650

The attached Notes 1 to 8 form an integral part of this condensed interim financial information.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Six months ended	
		30 June 2010	30 June 2009
		US\$	US\$
Dividend income		214,584	223,530
Net (losses)/gains on financial assets at fair value	4	(170,486)	9,996,150
Net investment income		44,098	10,219,680
Management fee	7	(122,016)	(214,783)
Custodian, administration and secretarial fees		(40,096)	(20,693)
Transaction costs		(2,025)	(33,796)
Directors' fees	7	(20,332)	-
Foreign exchange (loss)/gain – net		(840)	4,026
Other operating expenses - net		(22,709)	(18,338)
Total operating expenses		(208,018)	(283,584)
(Loss)/profit before tax		(163,920)	9,936,096
Income tax expense		(4,014)	(16,658)
Net (loss)/profit for the period		(167,934)	9,919,438
Other comprehensive income/(loss)			
Currency translation differences		(382,938)	(476,170)
Total comprehensive (loss)/income for the period		(550,872)	9,443,268
(Loss)/earnings per share – basic (US\$ per share)	6	(0.08)	1.44

The attached Notes 1 to 8 form an integral part of this condensed interim financial information.

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTICIPATING SHAREHOLDERS (UNAUDITED)

	Ordinary shares	Share premium	Cumulative translation reserve	Accumulated profits/(losses)	Net assets attributable to participating shareholders	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2009	383,188	45,649,918	(3,121,073)	(19,179,261)	-	23,732,772
Redemption of share capital	(213,508)	(17,537,309)	-	-	-	(17,750,817)
Net profit for the six month period	-	-	-	9,919,438	-	9,919,438
Other comprehensive loss:						
Currency translation differences	-	-	(476,170)	-	-	(476,170)
Total comprehensive income for the period ended 30 June 2009	-	-	(476,170)	9,919,438	-	9,443,268
Balance at 30 June 2009	169,680	28,112,609	(3,597,243)	(9,259,823)	-	15,425,223
Redemption of share capital	(63,060)	(5,592,826)	-	-	-	(5,655,886)
Net profit for the six month period	-	-	-	2,665,612	-	2,665,612
Other comprehensive loss:						
Currency translation differences	-	-	(387,252)	-	-	(387,252)
Total comprehensive income for the period ended 31 December 2009	-	-	(387,252)	2,665,612	-	2,278,360
Balance at 31 December 2009	106,620	22,519,783	(3,984,495)	(6,594,211)	-	12,047,697
Net loss for January 2010	-	-	-	(161,427)	-	(161,427)
Other comprehensive loss:						
Currency translation differences	-	-	(3,094)	-	-	(3,094)
Total comprehensive loss for January 2010	-	-	(3,094)	(161,427)	-	(164,521)
Balance at 29 January 2010	106,620	22,519,783	(3,987,589)	(6,755,638)	-	11,883,176
Conversion to open-ended fund	(106,620)	(22,519,783)	3,987,589	6,755,638	11,883,176	-
Total comprehensive loss for the five months to 30 June 2010	-	-	-	-	(386,351)	(386,351)
Net assets attributable to participating shareholders at 30 June 2010	-	-	-	-	11,496,825	11,496,825

The attached Notes 1 to 8 form an integral part of this condensed interim financial information.

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended	
	30 June 2010	30 June 2009
	US\$	US\$
Cash flows from operating activities		
Purchases of financial assets at fair value	(538,664)	(710,272)
Proceeds from sales of financial assets at fair value	454,384	16,900,022
Dividends received	228,780	314,171
Operating expenses paid	(138,113)	(337,768)
Income tax paid	(4,014)	(16,658)
Net cash generated from operating activities	2,373	16,149,495
Cash flows from financing activities		
Contribution of share capital	100	-
Redemption of share capital	-	(15,755,647)
Net cash flows generated from/(used in) financing activities	100	(15,755,647)
Net increase in cash and cash equivalents	2,473	393,848
Cash and cash equivalents at beginning of the period	42,735	366,203
Effects of exchange rate changes on cash and cash equivalents	(372)	-
Cash and cash equivalents at end of the period	44,836	760,051

The attached Notes 1 to 8 form an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Vietnam Emerging Equity Fund Limited ("the Fund" or "the Company") was incorporated in the Cayman Islands on 25 July 2005 under the Companies Law, Cap. 22 (Revised) as an exempted company with limited liability. Its Certificate of Incorporation number is CD-152440.

Initially the Company was a closed-end investment company. The Company converted to an open-ended mutual fund, and has registered under Section 4(3) of the Mutual Funds Law (2009 Revision) of the Cayman Islands, as confirmed by the certificate of registration dated 29 January 2010 issued by the Cayman Islands Monetary Authority.

The address of the Company's registered office is:

CARD Corporate Services Ltd.
Zephyr House, 122 Mary Street
PO Box 709
Grand Cayman, KY1-1107
Cayman Islands

The principal activity of the Fund is investment holding with an objective to seek long term capital appreciation of its assets by investing in a portfolio of equity securities of listed or prelisting Vietnamese companies, whether established with domestic or foreign ownership. The Company may also invest up to 30% of its assets at the time of investment in the shares of overseas listed companies.

This condensed interim financial information was approved for issue on 27 August 2010.

This condensed interim financial information has neither been audited nor reviewed by the auditors.

2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2010 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES

Except as described in Note 3.1 below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

3.1 Redeemable shares

Following the conversion of the Company to an open-ended mutual fund with effect from 29 January 2010, the Company has issued one class of participating shares which are redeemable at the holder's option. Participating shares can be put back to the Company, on the terms set out in the Prospectus, for cash equal to a proportionate share of the Fund's net asset value as adjusted for any applicable redemption fee, price adjustments and transactions costs as set out in the Prospectus. Such shares are classified as financial liabilities.

The participating shares are carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the share back to the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.1 Redeemable shares (continued)

Participating shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of participating shares by the total number of outstanding participating shares. In accordance with the Prospectus of the Company, investment positions are based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

3.2 Amendments to existing standards and new interpretations effective in 2010 but not currently relevant to the Company

- IFRS 1 (amendment) *First Time Adoption of IFRS - Additional Exemptions for First-time Adopters*, effective from 1 January 2010. This is not relevant to the Company, as it is an existing IFRS preparer.
- IFRS 2 (amendment) *Share-based Payments - Group Cash-settled and Share-based Payment Transactions*, effective from 1 January 2010. The Company does not have employees, so this amendment is not relevant to the Company.
- IFRS 3 (revised) *Business Combinations* and consequential amendments to IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures* are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Company has not been involved in any business combinations so this revised standard is currently not relevant to the Company.
- IAS 39 (amendment) *Financial Instruments: Recognition and Measurement on Eligible Hedged Items*, effective for annual periods beginning on or after 1 July 2009. This amendment is currently not relevant to the Company, as the Company does not apply hedge accounting as described in IAS 39.
- IFRIC 17 *Distributions of Non-cash Assets to Owners*, effective for annual periods beginning on or after 1 July 2009 and to be applied prospectively. This is not currently applicable to the Company, as it has not made any non-cash distributions in the period ended 30 June 2010.
- IFRIC 18 *Transfers of Assets from Customers*, effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Company, as it has not received any assets from customers.
- Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010.

3.3 New standards, new interpretations and amendments to standards and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

- IFRS 9 *Financial Instruments - Classification and Measurement*, effective from 1 January 2013. There are significant changes to existing guidance in IAS 39, including the multiple classification and measurement models in IAS 39 being replaced with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Adoption of IFRS 9 will result in changes to the presentation and disclosure of financial assets in the financial statements of the Company, but will not impact on the recognition and measurement of the financial assets.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.3 New standards, new interpretations and amendments to standards and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted (continued)

- IFRS 1 (amendment) *First Time Adoption of IFRS - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*, effective from 1 July 2010. This is not relevant to the Company, as it is an existing IFRS preparer.
- IAS 24 (amendment) *Related Party Disclosures*, effective from 1 January 2011. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities; and clarifies and simplifies the definition of a related party. Management expects that the revised definition of a related party will not result in the Company being required to make additional disclosures.
- IAS 32 (amendment) *Financial Instruments: Presentation - Classification of Rights Issues*, effective from 1 February 2010. This amendment relates to rights issues that are denominated in a currency other than the functional currency of the issuer and is not relevant to the Company.
- IFRIC 14 (amendment) *Prepayments of a Minimum Funding Requirement*, effective from 1 January 2011. The Company does not have employees, so this amendment is not relevant to the Company.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*, effective from 1 July 2010. This interpretation provides guidance on the accounting for debt for equity swaps and is not currently relevant to the Company.
- Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective 1 January 2011.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2010	31 December 2009
	US\$	US\$
Financial assets designated at fair value through profit or loss at inception		
- Listed equity securities	10,890,983	10,256,448
- Prelisting equity securities	50,139	1,583,808
	10,941,122	11,840,256
Financial assets held for trading		
- Derivatives	65,505	156,942
	65,505	156,942
Total financial assets at fair value through profit or loss	11,006,627	11,997,198

All the Company's financial assets designated at fair value through profit or loss at inception at the balance sheet dates were investments in equity securities.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As quoted prices for the prelisting equity securities were not available in an active market on the balance sheet dates, the Company has determined the fair value using valuation techniques. The main method used for the valuation of these prelisting holdings at 30 June 2010 and at 31 December 2009 is an average of the valuation results from earnings multiples and discounted cash flow analysis with the application of an appropriate marketability discount.

Movements in financial assets at fair value through profit or loss in the periods:

	Six months ended	
	30 June 2010	30 June 2009
	US\$	US\$
Opening balance	11,997,198	23,399,479
Purchases	538,664	710,272
Sales	(976,182)	(16,900,022)
<i>In specie</i> distribution for share redemptions	-	(1,865,870)
(Losses)/gains recognised in profit or loss	(170,486)	9,996,150
Difference arising on translation to presentation currency	(382,567)	(476,170)
Closing balance	11,006,627	14,863,839

Analysis of equity securities by country of incorporation at the balance sheet dates:

	As at	
	30 June 2010	31 December 2009
	US\$	US\$
SR Vietnam	10,837,551	11,847,001
Singapore	169,076	150,197
	11,006,627	11,997,198

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Analysis of equity securities between industry groups at the balance sheet dates:

	As at			
	30 June 2010		31 December 2009	
	US\$	%	US\$	%
Agriculture	1,281,889	11.65	1,048,117	8.74
Construction and materials	415,613	3.78	402,871	3.36
Financial services	2,693,078	24.47	3,281,279	27.35
Food and beverages	1,189,885	10.81	1,117,194	9.31
Furniture	90,601	0.82	65,758	0.55
Consumer discretionary	65,068	0.59	-	-
Garments	43,075	0.39	47,637	0.39
Logistics	462,985	4.21	639,034	5.33
Mining	1,385,384	12.59	1,188,048	9.90
Packaging	429,245	3.90	477,453	3.98
Pharmaceuticals	406,388	3.69	635,317	5.30
Plastics	517,820	4.70	726,871	6.06
Property	1,548,330	14.07	1,819,768	15.17
Steel	171,876	1.56	183,541	1.53
Technology	169,077	1.53	150,197	1.25
Telecoms	136,313	1.24	214,113	1.78
	11,006,627	100.00	11,997,198	100.00

Net (losses)/gains arising from changes in the fair values of financial assets in the periods:

	Six months ended	
	30 June 2010	30 June 2009
	US\$	US\$
Sales proceeds	976,182	16,900,022
Value of securities distributed <i>in specie</i>	-	1,865,870
Less: opening carrying value/cost of sales	(943,377)	(13,480,219)
Realised gains on sales of investments	32,805	5,285,673
Unrealised (losses)/gains	(203,291)	4,710,477
	(170,486)	9,996,150

Net (losses)/gains arising from changes in the fair values of financial assets as presented above is calculated with reference to the fair values of investment securities held at the start of the period and the costs of investment securities purchased during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. SHARE CAPITAL

Ordinary shares

	Number of issued shares	Ordinary shares	Share premium	Total
		US\$	US\$	US\$
Balance at 30 June 2010	-	-	-	-
Balance at 31 December 2009	2,132,403	106,620	22,519,783	22,626,403

Management shares

	Number of issued shares	Amount paid-up	Total
		US\$	US\$
Balance at 30 June 2010	100	100	100
Balance at 31 December 2009	-	-	-

Prior to 21 December 2009, the Company's authorised share capital was 10,000,000 ordinary shares with a par value of US\$0.05 per share. 2,132,403 shares were issued and fully paid as at 21 December 2009.

Up to 21 December 2009, the ordinary shares constituted the only class of shares in the Company. All shares had the same rights, whether in regard to voting, dividends, return of share capital and otherwise. Each issued and fully paid ordinary share was entitled to dividends when declared and carried one voting right.

At an Extraordinary General Meeting of the Company on 21 December 2009, the shareholders of the Company passed resolutions to adopt amended and restated Memorandum and Articles of the Company and a replacement Prospectus. A resolution was also passed to increase the Company's authorised capital from US\$500,000 to US\$750,000 and for such authorised capital to be divided into 14,998,000 participating shares of a par value of US\$0.05 each and 100 management shares of US\$1 each. These resolutions enabled the Company to convert to an open-ended mutual fund which was effective when the Cayman Islands Monetary Authority issued a certificate of registration dated 29 January 2010 to confirm the registration of the Company under Section 4(3) of the Mutual Funds Law (2009 Revision).

The ordinary shares have been cancelled as at 29 January 2010, with no gain or loss arising on cancellation. The net assets attributable to equity holders as at 29 January 2010 of US\$11,883,176 funded the issue of 2,132,403 fully-paid participating shares.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. SHARE CAPITAL (CONTINUED)

The management shares have been issued to PXP Vietnam Asset Management Limited, the Investment Manager, for the purpose of enabling all the shares to be redeemed without liquidating the Company and to enable the Investment Manager to vote on issues affecting the Company which require the vote of shareholders, but to not materially effect or prejudice the rights attaching to the participating shares. The management shares are not redeemable, do not carry any rights to dividends, and on a winding-up rank only for a return of paid up nominal capital *pari passu* out of the assets of the Company after the return of capital paid up on the participating shares. The management shares are fully paid as at 30 June 2010.

The participating shares are redeemable on the terms set out in the replacement Prospectus, which include a minimum holding period and the Company has the ability to limit monthly cash redemptions in specified circumstances. The participating shares do not carry a right to vote; they carry rights to dividends and rights to share in any surplus assets in a winding up after the return of nominal capital paid up on the management shares. All issued participating shares are fully paid.

To determine the net asset value of the Fund for subscriptions and redemptions, investments are valued based on their last traded market prices as of the close of business on the relevant trading day.

The Fund's net asset value per participating share as at 30 June 2010 is US\$5.391 (31 December 2009: net asset value per ordinary share of US\$5.650).

During the period ended 30 June 2010, the number of participating shares issued, redeemed and outstanding was as follows:

	Six months ended 30 June 2010
At 1 January 2010	-
Participating shares issued on conversion to open-ended fund	2,132,403
Participating shares redeemed	-
At 30 June 2010	2,132,403

There were redemptions of 99,906 participating shares in July 2010 for a consideration of US\$531,950.

The following shareholders own more than 10% of the Company's issued capital at 30 June 2010:

Shareholder	Holding as at			
	30 June 2010		31 December 2009	
	Shares	%	Shares	%
Citivic Nominees Limited	892,633	41.86	936,669	43.93
Swisstor & Co as Nominees	434,135	20.36	434,135	20.36
Clearstream Banking S.A.	242,044	11.35	198,008	9.29

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. (LOSS)/EARNINGS PER SHARE

	Six months ended	
	30 June 2010	30 June 2009
Net (loss)/profit for the period (US\$)	(167,934)	9,919,438
Weighted average number of participating shares (2009: ordinary shares) for earnings per share	2,132,403	6,885,215
(Loss)/earnings per share (US\$ per share)	(0.08)	1.44

7. RELATED PARTIES

Investment management agreement

The Fund is managed by the Investment Manager, PXP Vietnam Asset Management Limited, a company incorporated with limited liability under the laws of the British Virgin Islands. The Fund pays to the Investment Manager a monthly management fee which is equal to one-twelfth of 2% of the net asset value of the Fund, is payable monthly in advance and is calculated by reference to the valuation day at the end of the preceding month. Total management fee for the six month period to 30 June 2010 amounted to US\$122,016 (six month period to 30 June 2009: US\$214,783) and the outstanding fee payable at 30 June 2010 was US\$42,031 (31 December 2009: US\$ Nil).

The Fund will pay to the Investment Manager a performance fee payable annually in arrears or upon redemption of shares for which a performance fee is accrued. The performance fee is allocated to shareholders by applying a process of equalisation. Such fee is 20% of the amount by which the total return attributable to the shares in the financial year exceeds the higher of the benchmark and the high water mark for those shares. For shareholders who held shares in the Company prior to the conversion from a closed-end investment company to an open-ended mutual fund, the high water mark for those shares will remain at the level that was established as at 31 December 2007 until such future date that a new high water mark above the 31 December 2007 level is established. No accrual has been made for performance fee for the six month period to 30 June 2010 (six month period to 30 June 2009: Nil). There is no outstanding performance fee as at 30 June 2010 (31 December 2009: US\$ Nil).

PXP Vietnam Asset Management Limited, the Investment Manager of the Fund holds 195,873 participating shares in the Company as at 30 June 2010 (31 December 2009: 135,495 ordinary shares).

As described in Note 5, after the open-ending of the Fund effective 29 January 2010, 100 management shares were issued to the Investment Manager, representing 100% of the management shares of the Company. The management shares were fully paid on 21 May 2010.

Directors' remuneration

The Board of Directors determines the fees payable to each director, subject to a maximum aggregate amount of US\$50,000 per annum being paid to the members of the Board.

Total directors' remuneration for the six month period to 30 June 2010 amounted to US\$20,332 (six month period to 30 June 2009: US\$ Nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. SUBSEQUENT EVENTS

During the year ended 31 December 2009, the Board of Directors of the Company held preliminary discussions with the directors of Vietnam Lotus Fund Limited, a company for which the four directors of the Company currently in office also serve as directors and which also has an investment management agreement with PXP Vietnam Asset Management Limited, regarding a possible business combination. This would involve the Company making an offer to acquire all of the outstanding shares in Vietnam Lotus Fund Limited via a share exchange at the net asset values of the respective funds on the closing date of the offer. The discussions have continued during 2010. However, as at the date of approval of this interim financial information, no decision has been made in regard to the contemplated business combination.

DIRECTORY

DIRECTORS OF THE COMPANY

Mr Philip Smiley
Mr Gregory Hazlett
Mr Antony Jordan
Mr Christopher Vale

THE COMPANY

Vietnam Emerging Equity Fund Limited
CARD Corporate Services Ltd.
Zephyr House, 122 Mary Street
PO Box 709
Grand Cayman, KY1-1107
Cayman Islands

ADMINISTRATOR AND REGISTRAR up to 31 January 2010

HSBC Trustee (Cayman) Limited
PO Box 484
HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

ADMINISTRATOR AND REGISTRAR from 1 February 2010

Deutsche Bank AG, Singapore Branch
One Raffles Quay
South Tower Level 16
Singapore 048583

CUSTODIAN up to 31 January 2010

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

CUSTODIAN from 1 February 2010

Deutsche Bank AG, Singapore Branch
One Raffles Quay
South Tower Level 16
Singapore 048583

INVESTMENT MANAGER

PXP Vietnam Asset Management Limited
PO Box 957
Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

ADMINISTRATOR'S AND REGISTRAR'S SERVICE PROVIDER up to 31 January 2010

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

VIETNAM SUB-CUSTODIAN up to 31 January 2010

HSBC Bank (Vietnam) Ltd.
The Metropolitan
235 Dong Khoi Street
District 1, Ho Chi Minh City
Vietnam

VIETNAM SUB-CUSTODIAN from 1 February 2010

Deutsche Bank AG, Ho Chi Minh City Branch
Saigon Centre, 65 Le Loi Boulevard
District 1, Ho Chi Minh City
Vietnam

DIRECTORY

LEGAL ADVISER TO THE COMPANY

Freshfields Bruckhaus Deringer

11th Floor, Saigon Tower
29 Le Duan Street
District 1, Ho Chi Minh City
Vietnam

AUDITORS

PricewaterhouseCoopers

PO Box 258
Strathvale House
Grand Cayman, KY1-1104
Cayman Islands

LEGAL ADVISER TO THE COMPANY ON CAYMAN ISLANDS' LAW

Charles Adams Ritchie & Duckworth

Zephyr House, 122 Mary Street
PO Box 709
Grand Cayman, KY1-1107
Cayman Islands

