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TEMPLETON EMERGING MARKETS FUND  
Form N-CSRS  
April 30, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-4985  
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TEMPLETON EMERGING MARKETS FUND  
-----

(Exact name of registrant as specified in charter)

500 EAST BROWARD BLVD., FORT LAUDERDALE, FL 33394-3091  
-----

(Address of principal executive offices) (Zip code)

MURRAY L. SIMPSON, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: (954) 527-7500  
-----

Date of fiscal year end: 8/31  
-----

Date of reporting period: 2/29/04  
-----

ITEM 1. REPORTS TO STOCKHOLDERS

FEBRUARY 29, 2004

[photo omitted]

SEMIANNUAL REPORT AND SHAREHOLDER INFORMATION

INTERNATIONAL

TEMPLETON  
EMERGING MARKETS FUND

[graphic omitted]

[franklin templeton logo omitted]  
FRANKLIN[R] TEMPLETON[R]  
INVESTMENTS

Franklin o TEMPLETON o Mutual Series

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Franklin Templeton Investments

GAIN FROM OUR PERSPECTIVE

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SPECIALIZED EXPERTISE

TRUE DIVERSIFICATION

RELIABILITY YOU CAN TRUST

Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups--Franklin, Templeton and Mutual Series.

Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

FRANKLIN. Founded in 1947, Franklin is a leader in tax-free investing and a driving force in fixed income investing around the globe. They also bring expertise in growth- and value-style U.S. equity investing.

TEMPLETON. Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with research offices in over 25 countries, they offer investors the broadest global reach in the industry.

MUTUAL SERIES. Established in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among undervalued stocks, arbitrage situations and distressed companies.

Because our management groups work independently and adhere to distinctly different investment approaches, Franklin, Templeton and Mutual Series funds typically have a low overlap of securities. That's why our funds can be used to build truly diversified portfolios covering every major asset class.

At Franklin Templeton Investments, we seek to consistently provide investors with exceptional risk-adjusted returns over the long term, as well as the reliable account services that have helped us become one of the most trusted names in financial services.

MUTUAL FUNDS | RETIREMENT PLANS | 529 COLLEGE SAVINGS PLANS | SEPARATE ACCOUNTS

[photo omitted]

Not part of the semiannual report

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Semiannual Report

Templeton Emerging Markets Fund

YOUR FUND'S GOAL AND PRIMARY INVESTMENTS: Templeton Emerging Markets Fund seeks long-term capital appreciation by investing, under normal market conditions, at least 80% of its net assets in emerging country equity securities.

GEOGRAPHIC DISTRIBUTION

Based on Total Net Assets as of 2/29/04

[PIE CHART OMITTED]

Table with 2 columns: Geographic Region and Percentage. Rows include Asia (55.7%), Europe (16.6%), Middle East & Africa (12.7%), Latin America (12.1%), Short-Term Investments & Other Net Assets (2.9%).

Dear Shareholder:

We are pleased to bring you Templeton Emerging Markets Fund's semiannual report for the period ended February 29, 2004.

PERFORMANCE OVERVIEW

For the six months ended February 29, 2004, Templeton Emerging Markets Fund delivered a +24.86% cumulative total return based on market price and +30.88% based on net asset value, as shown in the Performance Summary on page 6. The Morgan Stanley Capital International (MSCI) Emerging Markets Index and Standard & Poor's/International Finance Corporation (S&P/IFC) Investable Composite Index posted 28.55% and 28.76% cumulative total returns for the

THE DOLLAR VALUE, NUMBER OF SHARES OR PRINCIPAL AMOUNT, AND NAMES OF ALL PORTFOLIO HOLDINGS ARE LISTED IN THE FUND'S STATEMENT OF INVESTMENTS (SOI). THE SOI BEGINS ON PAGE 8.

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same period. 1 We are pleased with our long-term results, as well, which you will find in the Performance Summary. For example, for the 10-year period ended February 29, 2004, the Fund delivered a +52.64% cumulative total return based on market price and a +64.76% cumulative total return based on net asset value,

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compared to the MSCI Emerging Market Index's 10.31% cumulative return for the same period. 1

### ECONOMIC AND MARKET OVERVIEW

Most emerging markets recorded good stock market performances over the six-month reporting period as investors regained confidence. Of the four primary emerging markets regions, Latin America performed best as political and financial issues that engulfed the region during 2003 subsided. Brazil and Argentina experienced renewed investor interest as their governments strived to implement key structural reforms and sealed agreements with the International Monetary Fund. Asian markets benefited from strong macroeconomic data and diminished investor concerns over the avian flu outbreak. South Africa's economy expanded at a 1.9% rate in 2003. 2 The U.S. dollar's decline contributed to the South African rand's strength, which helped contain inflation. Eastern European markets continued an upward trend as European Union candidates within the region worked toward the fulfillment of accession goals. To the south, investor confidence in Turkey seemed to remain unshaken despite November's terrorist attacks. In fact, Turkey was the top-performing emerging market during the six months under review.

### INVESTMENT STRATEGY

Our investment strategy employs a bottom-up, value-oriented, long-term approach. We focus on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. As we look for investments, we focus on specific companies and undertake in-depth research to construct an action list from which we make our buy decisions. Before we make a purchase, we examine the company's potential for earnings and growth over a five-year horizon. During our analysis, we also consider the company's position in its sector, the economic framework and political environment.

### TOP 10 COUNTRIES

Based on Equity Investments as of 2/29/04

|              | % OF TOTAL<br>NET ASSETS |
|--------------|--------------------------|
| South Korea  | 13.1%                    |
| South Africa | 12.5%                    |
| Taiwan       | 11.1%                    |
| Hong Kong    | 9.3%                     |
| China        | 7.5%                     |
| Singapore    | 6.3%                     |
| Brazil       | 6.1%                     |
| Mexico       | 5.2%                     |
| Hungary      | 3.2%                     |
| India        | 2.5%                     |

1. Source: Standard & Poor's Micropal. The MSCI Emerging Markets Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets. The S&P/IFCI Composite Index is a market capitalization-weighted index designed to measure performance of emerging market stocks. It tracks approximately 2,000 securities in countries such as Brazil, Mexico, China and South Korea. Performance represents total return in \$US. The indexes are unmanaged and include reinvested dividends. One cannot invest directly in an index, nor is an index representative of the Fund's portfolio.

2. Source: Statistics South Africa, 2/24/04.

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TOP 10 HOLDINGS  
2/29/04

| COMPANY<br>SECTOR/INDUSTRY, COUNTRY   | % OF TOTAL<br>NET ASSETS |
|---|--------------------------|
| Anglo American PLC<br>METALS & MINING, SOUTH AFRICA   | 4.5%                     |
| SABMiller PLC<br>BEVERAGES, SOUTH AFRICA  | 2.8%                     |
| China Mobile (Hong Kong) Ltd., fgn.<br>WIRELESS TELECOMMUNICATION SERVICES,<br>HONG KONG              | 2.6%                     |
| Lukoil Holdings, ADR<br>OIL & GAS, RUSSIA   | 2.3%                     |
| Citic Pacific Ltd.<br>INDUSTRIAL CONGLOMERATES, HONG KONG   | 2.2%                     |
| Hyundai Motor Co. Ltd.<br>AUTOMOBILES, SOUTH KOREA  | 2.2%                     |
| Telefonos de Mexico SA de CV (Telmex),<br>L, ADR<br>DIVERSIFIED TELECOMMUNICATION SERVICES,<br>MEXICO | 1.8%                     |
| Kimberly Clark de Mexico SA de CV, A<br>HOUSEHOLD PRODUCTS, MEXICO                                    | 1.8%                     |
| Fraser & Neave Ltd.<br>BEVERAGES, SINGAPORE   | 1.7%                     |
| Keppel Corp. Ltd.<br>INDUSTRIAL CONGLOMERATES, SINGAPORE  | 1.6%                     |

## MANAGER'S DISCUSSION

The Fund's underweighted positions relative to the MSCI Emerging Markets Index in South Korean and Malaysian companies, as well as its overweighted positions in Turkish and Austrian companies, contributed to the Fund's performance. However, the Fund's underweighting in Mexican companies was detrimental to its overall results. In line with our investment strategy, we did not invest in what we considered were expensively valued stocks such as LG Electronics (South Korea) and Taiwan Semiconductor Manufacturing (Taiwan), decisions that contributed positively to performance.

By industry, the Fund's holdings in the diversified telecommunication services, and oil and gas industries yielded the greatest contribution relative to the MSCI Emerging Markets Index during the period. Strong contributors in the diversified telecommunication services industry included PT Indosat (Indonesia) and Singapore Telecommunications (Singapore). In the oil and gas industry, the Fund's overweighted positions in SK Corp. (South Korea) and PTT Exploration & Production Public (Thailand) contributed the greatest returns relative to the index. Alternatively, the Fund's underweighted position in the metals and mining

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industry worked against it as many such companies performed well during the reporting period.

During the period, we made investments mainly in Asia and Europe as we continued to find stocks that, in our view, were trading at attractive valuations, consistent with our strategy. In Asia, we made purchases in Hong Kong, Taiwan, and among China's H and Red Chip shares. Key additions included China Mobile (Hong Kong) and China Telecom, China's dominant wireless and diversified telecommunication services providers, respectively; Acer (Taiwan), a major player in the global personal computer market; and HSBC Holdings (U.K.), one of the world's largest emerging markets banking and financial services organizations. Conversely, we undertook selective sales in Indonesia and Singapore as some stocks became expensive, in our view, according to our value investing criteria.

In Latin America, we repositioned our holdings in Brazil and Mexico to some degree. We increased our position in Telefonos de Mexico, the country's largest diversified telecommunication services provider, and purchased Brazil's Cia De Bebidas Das American (Ambev), one of the world's largest beer and soft drink producers. Meanwhile, we reduced the Fund's exposure to Petroleo Brasileiro and Cia Vale do Rio Doce (Brazil) and divested our interests in Cemex (Mexico), allowing the Fund to realize gains and enhancing its total return during the period.

Our European additions were mainly in Greece, the Czech Republic and Poland, while we sold holdings in Austria and Denmark. Key buys included telecommunications operators such as Telekomunikacja Polska (Poland), Hellenic

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Telecommunications Organization (Greece) and Cesky Telecom (Czech Republic). As a result of these purchases and investments in Asian telecommunication companies, the Fund's exposure to the diversified telecommunication services sector increased during the period. To the south, we sold some of our Turkish positions, locking in gains. In South Africa, we eliminated our exposure to Barloworld as it reached our sale target.

We thank you for your interest in Templeton Emerging Markets Fund and look forward to serving your future investment needs.

Sincerely,  
[photo of mark mobius omitted]

/s/Mark Mobius

Mark Mobius  
President and Chief Executive Officer --  
Investment Management  
Templeton Emerging Markets Fund

THIS DISCUSSION REFLECTS OUR ANALYSIS, OPINIONS AND PORTFOLIO HOLDINGS AS OF FEBRUARY 29, 2004, THE END OF THE REPORTING PERIOD. THE WAY WE IMPLEMENT OUR MAIN INVESTMENT STRATEGIES AND THE RESULTING PORTFOLIO HOLDINGS MAY CHANGE DEPENDING ON FACTORS SUCH AS MARKET AND ECONOMIC CONDITIONS. THESE OPINIONS MAY NOT BE RELIED UPON AS INVESTMENT ADVICE OR AN OFFER FOR A PARTICULAR SECURITY. THE INFORMATION IS NOT A COMPLETE ANALYSIS OF EVERY ASPECT OF ANY MARKET, COUNTRY, INDUSTRY, SECURITY OR THE FUND. STATEMENTS OF FACT ARE FROM SOURCES CONSIDERED RELIABLE, BUT THE INVESTMENT MANAGER MAKES NO REPRESENTATION OR WARRANTY AS TO THEIR COMPLETENESS OR ACCURACY. ALTHOUGH HISTORICAL PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS, THESE INSIGHTS MAY HELP YOU UNDERSTAND OUR

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INVESTMENT MANAGEMENT PHILOSOPHY.

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Performance Summary as of 2/29/04

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities. Total return reflects the Fund's dividend income, capital gain distributions, if any, and any unrealized gains or losses. All total returns include reinvested distributions according to the terms specified in the Fund's dividend reinvestment and cash purchase plan and do not reflect any sales charges paid at inception or brokerage commissions paid on secondary market purchases. The performance table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.

## PRICE AND DISTRIBUTION INFORMATION

|                                | CHANGE  | 2/29/04  | 8/31/03 |
|--------------------------------|---------|----------|---------|
| Net Asset Value (NAV)          | +\$3.07 | \$13.89  | \$10.82 |
| Market Price (NYSE)            | +\$2.66 | \$14.50  | \$11.84 |
| DISTRIBUTIONS (9/1/03-2/29/04) |         |          |         |
| Dividend Income                |         | \$0.2319 |         |

## PERFORMANCE

|                                 | 6-MONTH | 1-YEAR  | 5-YEAR  | 10-YEAR |
|---------------------------------|---------|---------|---------|---------|
| Cumulative Total Return 1       |         |         |         |         |
| Based on change in NAV          | +30.88% | +66.22% | +73.58% | +64.76% |
| Based on change in market price | +24.86% | +85.26% | +57.55% | +52.64% |
| Average Annual Total Return 1   |         |         |         |         |
| Based on change in NAV          | +30.88% | +66.22% | +11.66% | +5.12%  |
| Based on change in market price | +24.86% | +85.26% | +9.51%  | +4.32%  |

## ENDNOTES

PERFORMANCE DATA QUOTED REPRESENTS PAST PERFORMANCE. ONGOING MARKET VOLATILITY CAN SIGNIFICANTLY AFFECT SHORT-TERM PERFORMANCE; MORE RECENT RETURNS MAY DIFFER FROM THOSE SHOWN. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE WITH MARKET CONDITIONS. SPECIAL RISKS ARE ASSOCIATED WITH FOREIGN INVESTING, INCLUDING CURRENCY VOLATILITY, ECONOMIC INSTABILITY AND SOCIAL AND POLITICAL DEVELOPMENTS OF COUNTRIES WHERE THE FUND INVESTS. EMERGING MARKETS INVOLVE HEIGHTENED RISKS RELATED TO THE SAME FACTORS, IN ADDITION TO THOSE ASSOCIATED WITH THEIR RELATIVELY SMALL SIZE AND LESSER LIQUIDITY. YOU MAY HAVE A GAIN OR LOSS WHEN YOU SELL YOUR SHARES.

1. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Six-month return has not been annualized.

FOR MOST RECENT MONTH-END PERFORMANCE FIGURES, CALL FRANKLIN TEMPLETON INVESTMENTS AT 1-800/342-5236.

6 | Past performance does not guarantee future results. | Semiannual Report  
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Templeton Emerging Markets Fund

## FINANCIAL HIGHLIGHTS

|   | SIX MONTHS ENDED<br>FEBRUARY 29, 2004<br>(UNAUDITED) |           | YEAR ENDED<br>2003<br>2002<br>2001 |           |
|---|--|-----------|------------------------------------|-----------|
| <b>PER SHARE OPERATING PERFORMANCE</b><br>(for a share outstanding throughout the period) |  |           |                                    |           |
| Net asset value, beginning of period .....  | \$10.82  | \$8.76    | \$8.86                             | \$11.00   |
| Income from investment operations:  |  |           |                                    |           |
| Net investment income a .....   | .03  | .18       | .15                                | .00       |
| Net realized and unrealized gains (losses) ....   | 3.27   | 2.03      | (.14)                              | (2.00)    |
| Total from investment operations .....  | 3.30   | 2.21      | .01                                | (2.00)    |
| Less distributions from:  |  |           |                                    |           |
| Net investment income .....   | (.23)  | (.15)     | (.11)                              | (.00)     |
| Net realized gains .....  | --   | --        | --                                 | --        |
| Total distributions .....   | (.23)  | (.15)     | (.11)                              | (.00)     |
| Net asset value, end of period .....  | \$13.89  | \$10.82   | \$8.76                             | \$8.00    |
| Market value, end of period b .....   | \$14.50  | \$11.84   | \$8.00                             | \$8.00    |
| Total return (based on market value per share) c  | 24.86%   | 50.83%    | (2.82)%                            | (9.17)%   |
| <b>RATIOS/SUPPLEMENTAL DATA</b>   |  |           |                                    |           |
| Net assets, end of period (000's) .....   | \$245,601  | \$191,076 | \$154,640                          | \$156,300 |
| Ratios to average net assets:   |  |           |                                    |           |
| Expenses .....  | 1.65% d  | 1.84%     | 1.64%                              | 1.60%     |
| Net investment income .....   | 0.50% d  | 1.94%     | 1.67%                              | 1.20%     |
| Portfolio turnover rate .....   | 25.33%   | 48.69%    | 65.13%                             | 63.60%    |

aBased on average daily shares outstanding.

bBased on the last sale on the New York Stock Exchange.

cTotal return is not annualized for periods less than one year.

dAnnualized.



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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, FEBRUARY 29, 2004 (UNAUDITED)

|  | INDUSTRY                               | S  |
|--|--|----|
| -----  |  |    |
| COMMON STOCKS 93.2%  |  |    |
| ARGENTINA .8%  |  |    |
| Tenaris SA .....   | Energy Equipment & Services            |    |
| Tenaris SA, ADR .....  | Energy Equipment & Services            |    |
|  |  |    |
| AUSTRIA 2.3%   |  |    |
| a Bank Austria Creditanstalt, Reg S .....                    | Commercial Banks                       |    |
| OMV AG .....   | Oil & Gas                              |    |
|  |  |    |
| BELGIUM .3%  |  |    |
| Interbrew .....  | Beverages                              |    |
|  |  |    |
| BRAZIL 2.3%  |  |    |
| Centrais Eletricas Brasileiras SA .....                      | Electric Utilities                     | 67 |
| Embraer-Empresa Brasileira de Aeronautica SA .               | Aerospace & Defense                    |    |
| Souza Cruz SA .....  | Tobacco                                |    |
| Unibanco Uniao de Bancos Brasileiros SA, GDR .               | Commercial Banks                       |    |
|  |  |    |
| CHINA 7.5%   |  |    |
| Beijing Enterprises Holdings Ltd. ....                       | Industrial Conglomerates               |    |
| China International Marine Containers Co.,<br>Ltd., B .....  | Machinery                              |    |
| China Petroleum & Chemical Corp., H .....                    | Oil & Gas                              | 8  |
| China Resources Enterprise Ltd. ....                         | Distributors                           | 1  |
| China Telecom Corp. Ltd., H .....                            | Diversified Telecommunication Services | 6  |
| China Travel International Investment Hong<br>Kong Ltd. .... | Hotels Restaurants & Leisure           | 5  |
| Cofco International Ltd. ....                                | Food Products                          |    |
| Huadian Power International Corp Ltd. ....                   | Electric Utilities                     | 3  |
| PetroChina Co. Ltd., H .....                                 | Oil & Gas                              | 5  |
| TCL International Holdings Inc. ....                         | Household Durables                     | 3  |
| Tingyi (Cayman Islands) Holding Corp. ....                   | Food Products                          | 2  |
| Travelsky Technology Ltd., H .....                           | IT Services                            |    |
|  |  |    |
| CROATIA .8%  |  |    |
| Pliva D D, GDR, Reg S .....                                  | Pharmaceuticals                        |    |
|  |  |    |
| CZECH REPUBLIC .9%   |  |    |
| a Cesky Telecom AS .....                                     | Diversified Telecommunication Services |    |
| CEZ AS .....   | Electric Utilities                     |    |
|  |  |    |
| EGYPT .2%  |  |    |
| Commercial International Bank Ltd. ....                      | Commercial Banks                       |    |

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GREECE 1.7%

|   |  |  |
|---|--|--|
| Coca-Cola Hellenic Bottling Co., SA ..... | Beverages                              |  |
| Hellenic Telecommunications Organization  |  |  |
| SA (OTE) .....                            | Diversified Telecommunication Services |  |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, FEBRUARY 29, 2004 (UNAUDITED) (CONTINUED)

|   | INDUSTRY                               |   |
|---|--|---|
| -----   |  |   |
| COMMON STOCKS (CONT.)   |  |   |
| GREECE (CONT.)  |  |   |
| Titan Cement Co. ....   | Construction Materials                 |   |
|   |  |   |
| HONG KONG 9.3%  |  |   |
| Cheung Kong Holdings Ltd. ....                                  | Real Estate                            |   |
| Cheung Kong Infrastructure Holdings Ltd. ....                   | Construction Materials                 |   |
| China Mobile (Hong Kong) Ltd., fgn. ....                        | Wireless Telecommunication Services    | 1 |
| a China Oriental Group Co. Ltd. ....                            | Metals & Mining                        |   |
| Citic Pacific Ltd. ....   | Industrial Conglomerates               | 1 |
| Dairy Farm International Holdings Ltd. ....                     | Food & Staples Retailing               |   |
| Guoco Group Ltd. ....   | Diversified Financial Services         |   |
| Hang Lung Group Ltd. ....                                       | Real Estate                            |   |
| Henderson Investment Ltd. ....                                  | Real Estate                            | 1 |
| Hong Kong Land Holdings Ltd. ....                               | Real Estate                            |   |
| a Hopewell Highway Infrastructure Ltd, wts.,<br>8/05/2006 ..... | Transportation Infrastructure          |   |
| MTR Corp. Ltd. ....   | Road & Rail                            |   |
| Shanghai Industrial Holdings Ltd. ....                          | Industrial Conglomerates               |   |
| Tack Fat Group International Ltd. ....                          | Specialty Retail                       | 2 |
| VTech Holdings Ltd. ....  | Communications Equipment               |   |
|   |  |   |
| HUNGARY 3.2%  |  |   |
| Egis RT .....   | Pharmaceuticals                        |   |
| Gedeon Richter Ltd. ....  | Pharmaceuticals                        |   |
| Matav RT .....  | Diversified Telecommunication Services |   |
| MOL Magyar Olaj-Es Gazipari RT .....                            | Oil & Gas                              |   |
|   |  |   |
| INDIA 2.5%  |  |   |
| Ashok Leyland Ltd. ....   | Machinery                              |   |
| Hero Honda Motors Ltd. ....                                     | Automobiles                            |   |
| Hindustan Petroleum Corp. Ltd. ....                             | Oil & Gas                              |   |
| Mahanagar Telephone Nigam Ltd. ....                             | Diversified Telecommunication Services |   |
| Nestle India Ltd. ....  | Food Products                          |   |
| Tata Tea Ltd. ....  | Food Products                          |   |
| Union Bank of India Ltd. ....                                   | Commercial Banks                       |   |

INDONESIA 1.8%

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|   |  |  |   |
|---|--|--|---|
|   | PT Gudang Garam TBK .....                | Tobacco                                |   |
|   | PT Indosat (Persero) TBK .....           | Diversified Telecommunication Services | 1 |
| a | PT Perusahaan Gas Negara .....           | Gas Utilities                          |   |
| a | PT Perusahaan Gas Negara, 144A .....     | Gas Utilities                          |   |
|   | PT Telekomunikasi Indonesia TBK, B ..... | Diversified Telecommunication Services | 1 |

|                         |                     |
|-------------------------|---------------------|
| ISRAEL                  |                     |
| Elbit Systems Ltd. .... | Aerospace & Defense |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, FEBRUARY 29, 2004 (UNAUDITED) (CONTINUED)

|                       |  | INDUSTRY                               |   |
|-----------------------|--|--|---|
| -----                 |  |  |   |
| COMMON STOCKS (CONT.) |  |  |   |
| MALAYSIA .9%          |  |  |   |
|                       | Golden Hope Plantations Bhd. ....                      | Food Products                          |   |
|                       | Petronas Dagangan Bhd. ....                            | Oil & Gas                              |   |
|                       | Resorts World Bhd. ....                                | Hotels Restaurants & Leisure           |   |
|                       | SIME Darby Bhd. ....                                   | Industrial Conglomerates               |   |
|                       | Southern Bank Bhd., fgn. ....                          | Commercial Banks                       |   |
|                       | SP Setia Bhd. ....                                     | Real Estate                            |   |
|                       | Tanjong PLC .....                                      | Hotels Restaurants & Leisure           |   |
| a                     | YTL Corporation Bhd. ....                              | Electric Utilities                     |   |
|                       | YTL Power International Bhd. ....                      | Electric Utilities                     | 1 |
|                       |  |  |   |
| MEXICO 5.2%           |  |  |   |
|                       | Embotelladoras Arca SA .....                           | Food & Staples Retailing               |   |
|                       | Embotelladoras Arca SA, 144A .....                     | Food & Staples Retailing               |   |
|                       | Fomento Economico Mexicano SA de CV Fems,<br>ADR ..... | Beverages                              |   |
| a                     | Grupo Bimbo SA de CV, A .....                          | Food Products                          |   |
|                       | Grupo Carso SA de CV .....                             | Industrial Conglomerates               |   |
|                       | Grupo Continental SA .....                             | Beverages                              |   |
|                       | Kimberly Clark de Mexico SA de CV, A .....             | Household Products                     | 1 |
|                       | Telefonos de Mexico SA de CV (Telmex), L, ADR          | Diversified Telecommunication Services |   |
|                       |  |  |   |
| PERU                  |  |  |   |
|                       | Credicorp Ltd. ....                                    | Commercial Banks                       |   |
|                       |  |  |   |
| PHILIPPINES .9%       |  |  |   |
|                       | San Miguel Corp., B .....                              | Beverages                              | 1 |
|                       |  |  |   |
| POLAND 2.0%           |  |  |   |
| a                     | BRE Bank SA .....                                      | Commercial Banks                       |   |
|                       | Polski Koncern Naftowy Orlen SA .....                  | Oil & Gas                              |   |
|                       | Telekomunikacja Polska SA .....                        | Diversified Telecommunication Services |   |

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### RUSSIA 2.4%

|                                     |  |  |
|-------------------------------------|--|--|
| Aeroflot .....                      | Airlines                               |  |
| AvtoVAZ .....                       | Metals & Mining                        |  |
| Lukoil Holdings, ADR .....          | Oil & Gas                              |  |
| Yuzhnaya Telecommunication Co. .... | Diversified Telecommunication Services |  |

### SINGAPORE 6.3%

|  |                                     |   |
|--|-------------------------------------|---|
| Comfortdelgro Corp. Ltd. ....                | Road & Rail                         | 1 |
| DBS Group Holdings Ltd. ....                 | Commercial Banks                    |   |
| Fraser & Neave Ltd. ....                     | Beverages                           |   |
| Keppel Corp. Ltd. ....                       | Industrial Conglomerates            |   |
| MobileOne (Asia) Ltd. ....                   | Wireless Telecommunication Services |   |
| Singapore Press Holdings Ltd. ....           | Media                               |   |
| Singapore Technologies Engineering Ltd. .... | Aerospace & Defense                 |   |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, FEBRUARY 29, 2004 (UNAUDITED) (CONTINUED)

|  | INDUSTRY                               |   |
|--|--|---|
| -----                                  |  |   |
| COMMON STOCKS (CONT.)                  |  |   |
| SINGAPORE (CONT.)                      |  |   |
| Singapore Telecommunications Ltd. .... | Diversified Telecommunication Services | 2 |
|  |  |   |
| SOUTH AFRICA 12.5%                     |  |   |
| Anglo American PLC .....               | Metals & Mining                        |   |
| BHP Billiton PLC .....                 | Metals & Mining                        |   |
| Imperial Holdings Ltd. ....            | Air Freight & Logistics                |   |
| Nampak Ltd. ....                       | Containers & Packaging                 |   |
| Nedcor Ltd. ....                       | Commercial Banks                       |   |
| Old Mutual PLC .....                   | Insurance                              |   |
| Rengro Ltd. ....                       | Industrial Conglomerates               |   |
| SABMiller PLC .....                    | Beverages                              |   |
| Sappi Ltd. ....                        | Paper & Forest Products                |   |
| Sasol Ltd. ....                        | Oil & Gas                              |   |
|  |  |   |
| SOUTH KOREA 13.1%                      |  |   |
| CJ Corp. ....                          | Food Products                          |   |
| Dong-A Pharmaceutical Co. Ltd. ....    | Pharmaceuticals                        |   |
| Hite Brewery Co., Ltd. ....            | Beverages                              |   |
| Hyundai Autonet Co. ....               | Auto Components                        |   |
| Hyundai Development Co. ....           | Construction & Engineering             |   |
| Hyundai Motor Co. Ltd. ....            | Automobiles                            |   |
| a Kangwon Land Inc. ....               | Hotels Restaurants & Leisure           |   |
| Korea Electric Power Corp. ....        | Electric Utilities                     |   |
| Korea Gas Corp. ....                   | Gas Utilities                          |   |
| KT Corp. ....                          | Diversified Telecommunication Services |   |
| KT&G Corp. ....                        | Tobacco                                |   |
| LG Cable Ltd. ....                     | Electrical Equipment                   |   |
| LG Home Shopping Inc. ....             | Internet & Catalog Retail              |   |

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|  |                                  |
|--|----------------------------------|
| LG Household & Health Care Ltd. ....   | Household Products               |
| LG International Corp. ....            | Trading Companies & Distributors |
| POSCO                                  | Metals & Mining                  |
| Samsung Corp. ....                     | Trading Companies & Distributors |
| Samsung Fine Chemicals ....            | Chemicals                        |
| Samsung Heavy Industries Co. Ltd. .... | Machinery                        |
| SK Corp. ....                          | Oil & Gas                        |

### TAIWAN 11.1%

|  |  |   |
|--|--|---|
| Acer Inc. ....                                 | Computers & Peripherals                | 1 |
| a Cheng Shin Rubber Industry Co. Ltd. ....     | Auto Components                        |   |
| Chinatrust Financial Holding Co. Ltd. ....     | Commercial Banks                       | 1 |
| Chunghwa Telcom Co. Ltd. ....                  | Diversified Telecommunication Services |   |
| D-Link Corp. ....                              | Communications Equipment               | 1 |
| Delta Electronics Inc. ....                    | Electronic Equipment & Instruments     | 2 |
| Elan Microelectronics Corp. ....               | Software                               | 1 |
| Elite Semiconductor Memory Technology Inc. ... | Electrical Equipment                   |   |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, FEBRUARY 29, 2004 (UNAUDITED) (CONTINUED)

|  | INDUSTRY                                 |   |
|--|--|---|
| -----  |  |   |
| COMMON STOCKS (CONT.)                            |  |   |
| TAIWAN (CONT.)                                   |  |   |
| Fubon Financial Holding Co. Ltd. ....            | Diversified Financial Services           | 1 |
| Lite-on Technology Corp. ....                    | Computers & Peripherals                  | 1 |
| Mega Financial Holdings Co. Ltd. ....            | Commercial Banks                         | 1 |
| a Micro-Star International Co. Ltd. ....         | Computers & Peripherals                  |   |
| Phoenixtec Power Co. Ltd. ....                   | Electrical Equipment                     |   |
| President Chain Store Corp. ....                 | Food & Staples Retailing                 |   |
| Princeton Technology Corp. ....                  | Semiconductors & Semiconductor Equipment |   |
| Sunplus Technology Co. Ltd. ....                 | Semiconductors & Semiconductor Equipment | 1 |
| Taiwan Cellular Corp. ....                       | Wireless Telecommunication Services      | 2 |
| a Tatung Co. Ltd. ....                           | Industrial Conglomerates                 |   |
| Tsann Kuen Enterprise Co. Ltd. ....              | Household Durables                       |   |
| UNI-President Enterprises Corp. ....             | Food Products                            | 1 |
| Yuanta Core Pacific Securities Co. ....          | Diversified Financial Services           | 1 |
|  |  |   |
| THAILAND 2.3%                                    |  |   |
| Delta Electronics (Thailand) Public              |  |   |
| Co. Ltd., fgn. ....                              | Electronic Equipment & Instruments       |   |
| Hana Microelectronics Co. Ltd., fgn. ....        | Electronic Equipment & Instruments       |   |
| Krung Thai Bank Public Co. Ltd., fgn. ....       | Commercial Banks                         | 1 |
| National Finance Public Co. Ltd., fgn. ....      | Consumer Finance                         |   |
| PTT Exploration & Production Public Co.          |  |   |
| Ltd., fgn. ....                                  | Oil & Gas                                |   |
| Siam Makro Public Company Ltd., fgn. ....        | Food & Staples Retailing                 |   |
| a Telecomasia Corp. Public Co. Ltd., purch. rts. | Diversified Telecommunication Services   |   |
| Thai Airways International Public Co. Ltd., fgn. | Airlines                                 |   |
| a Thai Military Bank Public Company              |  |   |
| Limited, fgn. ....                               | Commercial Banks                         | 5 |

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Thai Union Frozen Products Ltd., fgn. .... Food Products

**TURKEY 2.1%**

|   |                          |     |
|---|--------------------------|-----|
| Arcelik AS, Br. ....                      | Household Durables       | 487 |
| Migros Turk T.A.S. ....                   | Food & Staples Retailing | 227 |
| Tupras-Turkiye Petrol Rafineleri AS ..... | Oil & Gas                | 137 |

**UNITED KINGDOM .8%**

|                         |                  |  |
|-------------------------|------------------|--|
| HSBC Holdings PLC ..... | Commercial Banks |  |
|-------------------------|------------------|--|

TOTAL COMMON STOCKS (COST \$161,130,605)

**PREFERRED STOCKS 3.9%**

**BRAZIL 3.9%**

|  |                  |  |
|--|------------------|--|
| Banco Bradesco SA, ADR, pfd. ....                      | Commercial Banks |  |
| Cia de Bebidas Das Americas (Ambev),<br>ADR, pfd. .... | Beverages        |  |
| Cia Vale do Rio Doce, ADR, pfd., A .....               | Metals & Mining  |  |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, FEBRUARY 29, 2004 (UNAUDITED) (CONTINUED)

|  | INDUSTRY                |   |
|--|-------------------------|---|
| -----  |                         |   |
| PREFERRED STOCKS (CONT.)   |                         |   |
| BRAZIL (CONT.)   |                         |   |
| Duratex SA, pfd. ....  | Building Products       | 2 |
| Metalurgica Gerdau SA, pfd. ....   | Metals & Mining         |   |
| Petroleo Brasileiro SA, ADR, pfd. ....                                   | Oil & Gas               |   |
| Suzano, pfd. ....  | Paper & Forest Products |   |
| Usinas Siderurgicas de Minas Gerais SA, pfd. .                           | Metals & Mining         |   |
|  |                         |   |
| TOTAL PREFERRED STOCKS (COST \$6,880,578)                                |                         |   |
|  |                         |   |
| SHORT TERM INVESTMENTS (COST \$5,688,636) 2.3%                           |                         |   |
| b Franklin Institutional Fiduciary Trust Money<br>Market Portfolio ..... |                         | 5 |
|  |                         |   |
| TOTAL INVESTMENTS (COST \$173,699,819) 99.4%                             |                         |   |
| OTHER ASSETS, LESS LIABILITIES .6% .....                                 |                         |   |
|  |                         |   |
| NET ASSETS 100.0% .....  |                         |   |

aNon-income producing.

bSee Note 6 regarding investments in the Franklin Institutional Fiduciary Trust Money Market Portfolio.

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Templeton Emerging Markets Fund

## FINANCIAL STATEMENTS

### STATEMENT OF ASSETS AND LIABILITIES

February 29, 2004 (unaudited)

#### Assets:

|   |               |
|---|---------------|
| Investments in securities:                  |               |
| Cost .....                                  | \$173,699,819 |
|   | =====         |
| Value .....                                 | 244,142,982   |
| Foreign currency, at value (cost \$394,935) | 398,096       |
| Receivables:                                |               |
| Investment securities sold .....            | 3,365,014     |
| Dividends and interest .....                | 697,264       |
|   | -----         |
| Total assets .....                          | 248,603,356   |
|   | -----         |

#### Liabilities:

|  |               |
|--|---------------|
| Payables:                              |               |
| Investment securities purchased .....  | 1,846,773     |
| Affiliates .....                       | 267,946       |
| Funds advanced by custodian .....      | 259,299       |
| Deferred tax liability (Note 1f) ..... | 377,390       |
| Other liabilities .....                | 250,684       |
|  | -----         |
| Total liabilities .....                | 3,002,092     |
|  | -----         |
| Net assets, at value .....             | \$245,601,264 |
|  | =====         |

#### Net assets consist of:

|  |                |
|--|----------------|
| Undistributed net investment income .....  | \$ (1,383,007) |
| Net unrealized appreciation (depreciation) | 70,081,404     |
| Accumulated net realized gain (loss) ..... | (28,175,069)   |
| Capital shares .....                       | 205,077,936    |
|  | -----          |
| Net assets, at value .....                 | \$245,601,264  |
|  | =====          |
| Shares outstanding .....                   | 17,680,325     |
|  | =====          |
| Net asset value per share .....            | \$13.89        |
|  | =====          |

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Templeton Emerging Markets Fund

## FINANCIAL STATEMENTS (CONTINUED)

### STATEMENT OF OPERATIONS

for the six months ended February 29, 2004 (unaudited)

#### Investment income:

(Net of foreign taxes of \$252,254)

Dividends .....\$ 2,337,023

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|   |              |
|---|--------------|
| Interest .....  | 3,003        |
|   | -----        |
| Total investment income   | 2,340,026    |
| Expenses:   |              |
| Management fees (Note 3) .....  | 1,358,819    |
| Administrative fees (Note 3) .....  | 163,808      |
| Transfer agent fees .....   | 44,000       |
| Custodian fees .....  | 123,700      |
| Reports to shareholders .....   | 23,800       |
| Registration and filing fees .....  | 21,200       |
| Professional fees .....   | 37,200       |
| Trustees' fees and expenses .....   | 22,700       |
| Other .....   | 4,400        |
|   | -----        |
| Total expenses .....  | 1,799,627    |
|   | -----        |
| Net investment income .....   | 540,399      |
|   | -----        |
| Realized and unrealized gains (losses):                                       |              |
| Net realized gain (loss) from:  |              |
| Investments (net of foreign taxes of \$1,076,692) (Note 1f) .....             | 14,857,977   |
| Foreign currency transactions .....   | (88,082)     |
|   | -----        |
| Net realized gain (loss) .....  | 14,769,895   |
| Net unrealized appreciation (depreciation) on:                                |              |
| Investments .....   | 42,913,337   |
| Translation of assets and liabilities denominated in foreign currencies ..... | 23,343       |
| Deferred taxes (Note 1f) .....  | 89,359       |
|   | -----        |
| Net unrealized appreciation (depreciation) .....                              | 43,026,039   |
|   | -----        |
| Net realized and unrealized gain (loss) .....                                 | 57,795,934   |
|   | -----        |
| Net increase (decrease) in net assets resulting from operations .....         | \$58,336,333 |
|   | =====        |

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Templeton Emerging Markets Fund

FINANCIAL STATEMENTS (CONTINUED)

STATEMENTS OF CHANGES IN NET ASSETS  
for the six months ended February 29, 2004 (unaudited)  
and the year ended August 31, 2003

|  |       |
|--|-------|
|  | ----- |
| Operations:  |       |
| Net investment income .....  | \$    |
| Net realized gain (loss) from investments and foreign currency transactions .....  | 14,   |
| Net unrealized appreciation (depreciation) on investments,<br>translation of assets and liabilities denominated<br>in foreign currencies, and deferred taxes ..... | 43,   |
|  | ----- |
| Net increase (decrease) in net assets resulting from operations .....  | 58,   |
| Distributions to shareholders from net investment income .....   | (4,   |

SIX MONTH  
FEBRUARY



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|   |                 |
|---|-----------------|
| Capital share transactions (Note 2) .....                   | -----           |
| Net increase (decrease) in net assets .....                 | 54,<br>-----    |
| Net assets:   |                 |
| Beginning of period .....                                   | 191,<br>-----   |
| End of period .....   | \$245,<br>===== |
| Undistributed net investment income included in net assets: |                 |
| End of period .....   | \$ (1,<br>===== |

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Templeton Emerging Markets Fund

### NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

#### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Templeton Emerging Markets Fund (the Fund) is registered under the Investment Company Act of 1940 as a closed-end, diversified investment company. The Fund seeks long-term capital appreciation by investing mainly in emerging country equity securities. The following summarizes the Fund's significant accounting policies.

##### A. SECURITY VALUATION

Securities listed or traded on a recognized national exchange or NASDAQ are valued at the last reported sales price. Over-the-counter securities and listed securities for which no sale is reported are valued within the range of the latest quoted bid and asked prices. Investments in open-end mutual funds are valued at the closing net asset value. Foreign securities are valued at the close of trading of the foreign exchange or the NYSE, whichever is earlier. If events occur that materially affect the values of securities after the prices or foreign exchange rates are determined, or if market quotations are not readily available, the securities will be valued at fair value as determined following procedures approved by the Board of Trustees.

##### B. FOREIGN CURRENCY TRANSLATION

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

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### C. FOREIGN CURRENCY CONTRACTS

When the Fund purchases or sells foreign securities it may enter into foreign exchange contracts to minimize foreign exchange risk from the trade date to the settlement date of the transactions. A foreign exchange contract is an agreement between two parties to exchange different currencies at an agreed upon exchange rate on a specified date. Realized and unrealized gains and losses are included in the Statement of Operations.

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Templeton Emerging Markets Fund

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. FOREIGN CURRENCY CONTRACTS (CONTINUED)

The risks of these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the possible inability of the counterparties to fulfill their obligations under the contracts.

#### D. INCOME TAXES

No provision has been made for income taxes because the Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and to distribute substantially all of its taxable income.

#### E. SECURITY TRANSACTIONS, INVESTMENT INCOME, EXPENSES AND DISTRIBUTIONS

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Certain income from foreign securities is recorded as soon as information is available to the Fund. Interest income and estimated expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date.

#### F. DEFERRED TAXES

The Fund is subject to a tax imposed on net realized gains of securities of certain foreign countries. The Fund records an estimated deferred tax liability for net unrealized gains on these securities as reflected in the accompanying financial statements.

#### G. ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

#### H. GUARANTEES AND INDEMNIFICATIONS

Under the Trust's organizational documents, its officers and trustees are indemnified against certain liability arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust

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enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, the Trust expects the risk of loss to be remote.

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Templeton Emerging Markets Fund

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

### 2. SHARES OF BENEFICIAL INTEREST

The Board of Directors of the Fund previously authorized an open-market share repurchase program pursuant to which the Fund may purchase, from time to time, shares of the Fund's common stock in open-market transactions, at the discretion of management. This authorization remains in effect.

At February 29, 2004, the Fund's authorized number of shares of beneficial interest (without par value) is unlimited. During the period ended February 29, 2004, 23,888 shares were issued for \$284,125 from reinvested distributions. During the year ended August 31, 2003, there were no share transactions; all reinvested distributions were satisfied with previously issued shares purchased in the open market.

### 3. TRANSACTIONS WITH AFFILIATES

Certain officers of the Trust are also officers or trustees of the following entities:

| ENTITY   | AFFILIATION            |
|--|------------------------|
| Templeton Asset Management Ltd. (TAML)         | Investment manager     |
| Franklin Templeton Services, LLC (FT Services) | Administrative manager |

The Fund pays an investment management fee to TAML of 1.25% per year of the average daily net assets of the fund. The Fund pays an administrative fee to FT Services of 0.15% per year of the average daily net assets of the fund.

### 4. INCOME TAXES

At February 29, 2004, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

|  |               |
|--|---------------|
| Cost of investments                        | \$175,616,177 |
|  | -----         |
| Unrealized appreciation                    | 70,229,503    |
| Unrealized depreciation                    | (1,702,698)   |
|  | -----         |
| Net unrealized appreciation (depreciation) | \$ 68,526,805 |
|  | =====         |

Net investment income and net realized capital gains differ for financial statement and tax purposes primarily due to differing treatments of passive foreign investment companies, wash sales and losses realized subsequent to October 31 on the sale of foreign currencies.

At August 31, 2003, the Fund had tax basis capital losses which may be carried over to offset future capital gains. Such losses expire as follows:

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|                                      |              |
|--------------------------------------|--------------|
| Capital loss carryovers expiring in: |              |
| 2008                                 | \$ 1,056,614 |
| 2009                                 | 2,373,131    |
| 2010                                 | 30,608,800   |
| 2011                                 | 7,846,360    |
|                                      | -----        |
|                                      | \$41,884,905 |
|                                      | =====        |

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Templeton Emerging Markets Fund

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

#### 4. INCOME TAXES (CONTINUED)

At August 31, 2003, the Fund had deferred currency losses occurring subsequent to October 31, 2002 of \$270,525. For tax purposes, such losses will be reflected in the year ending August 31, 2004.

#### 5. INVESTMENT TRANSACTIONS

Purchases and sales of investment's (excluding short-term securities) for the period ended February 29, 2004 aggregated \$54,133,770 and \$63,518,791, respectively.

#### 6. INVESTMENTS IN FRANKLIN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Fund may invest in the Franklin Institutional Fiduciary Trust Money Market Portfolio (the Sweep Money Fund), an open-end investment company managed by Franklin Advisers Inc. (an affiliate of the investment manager). Management fees paid by the Fund are reduced on assets invested in the Sweep Money Fund in an amount not to exceed the management fees paid by the Sweep Money Fund. The Fund earned \$13,889 of dividend income from investment in the Sweep Money Fund for the period ended February 29, 2004.

#### 7. REGULATORY MATTERS

On February 4, 2004, the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts filed an administrative complaint against Franklin Resources, Inc. and certain of its subsidiaries (the "Company"), alleging violations of the Massachusetts Uniform Securities Act. The complaint arises from activity that occurred in 2001 during which time an officer of a Company subsidiary was negotiating an agreement with an investor relating to investments in a mutual fund and a hedge fund.

The Fund, in addition to other entities within Franklin Templeton Investments, including the Company and other funds, has been named in shareholder class and derivative lawsuits related to the matter described above, as well as actions seeking the return of certain management and other fees to the Fund. The Fund's management believes that the claims made in the lawsuit are without merit and it intends to defend vigorously against the allegations. It is anticipated that the Fund may be named in additional similar civil actions related to the matter described above.

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## Edgar Filing: TEMPLETON EMERGING MARKETS FUND - Form N-CSRS

Templeton Emerging Markets Fund

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

### 7. REGULATORY MATTERS (CONTINUED)

In addition, as part of ongoing investigations by the U.S. Securities and Exchange Commission (the "SEC"), the U.S. Attorney for the Northern District of California, the New York Attorney General, the California Attorney General, the U.S. Attorney for the District of Massachusetts, the Florida Department of Financial Services, and the Commissioner of Securities and the Attorney General of the State of West Virginia, relating to certain practices in the mutual fund industry, including late trading, market timing and sales compensation arrangements, the Company and its subsidiaries, as well as certain current or former executives and employees of the Company, have received requests for information and/or subpoenas to testify or produce documents. The Company and its current employees are providing documents and information in response to these requests and subpoenas. In addition, the Company has responded to requests for similar kinds of information from regulatory authorities in some of the foreign countries where the Company conducts its global asset management business.

The Staff of the SEC has informed the Company that it intends to recommend that the Commission authorize an action against an affiliate of the Fund's investment adviser relating to the frequent trading issues that are the subject of the SEC's investigation. These issues were previously disclosed as being under investigation by government authorities and the subject of an internal inquiry by the Company in its Annual Report on Form 10-K and on its public website. The Company currently is in discussions with the SEC Staff in an effort to resolve the issues raised in their investigation. The Fund's management has been advised that the Company cannot predict the likelihood of whether those discussions will result in a settlement and, if so, the terms of such settlement. The impact, if any, of these matters on the Fund is uncertain at this time. If the Company finds that it bears responsibility for any unlawful or improper conduct, it has committed to making the Fund or its shareholders whole, as appropriate.

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Templeton Emerging Markets Fund

### ANNUAL MEETING OF SHAREHOLDERS, FEBRUARY 27, 2004

The Annual Meeting of Shareholders of the Fund was held at the Fund's offices, 500 E. Broward Blvd., Fort Lauderdale, Florida, on February 27, 2004. The purpose of the meeting was to elect four Trustees of the Fund. At the meeting, the following persons were elected by the shareholders to serve as Trustees of the Fund: Harmon E. Burns, Charles B. Johnson, Frank A. Olson and Constantine D. Tseretopoulos.\* No other business was transacted at the meeting.

The results of the voting at the Annual Meeting are as follows:

The election of four (4) Trustees:

|                     |     | % OF<br>OUTSTANDING<br>SHARES | % OF<br>VOTED<br>SHARES | WITHHELD | % OF<br>OUTSTANDING<br>SHARES |
|---------------------|-----|-------------------------------|-------------------------|----------|-------------------------------|
| TERM EXPIRING 2007: | FOR |                               |                         |          |                               |

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|                                 |                 |        |        |              |       |
|---------------------------------|-----------------|--------|--------|--------------|-------|
| Harmon E. Burns                 | 14,832,116.3195 | 83.90% | 98.42% | 237,598.6964 | 1.34% |
| Charles B. Johnson              | 14,819,267.3195 | 83.82% | 98.34% | 250,447.6964 | 1.42% |
| Frank A. Olson                  | 14,817,969.3195 | 83.82% | 98.33% | 251,745.6964 | 1.42% |
| Constantine D.<br>Tseretopoulos | 14,837,488.3195 | 83.93% | 98.46% | 232,226.6964 | 1.31% |

\* Harris J. Ashton, Nicholas F. Brady, Frank J. Crothers, S. Joseph Fortunato, Edith E. Holiday, Gordon S. Macklin and Fred R. Millsaps are Trustees of the Fund who are currently serving and whose terms of office continued after the Annual Meeting of Shareholders.

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Templeton Emerging Markets Fund

### DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Fund offers a Dividend Reinvestment and Cash Purchase Plan (the "Plan") with the following features:

Shareholders must affirmatively elect to participate in the Plan; Stock dividends and capital gains distributions will be reinvested automatically; Mellon Investor Services, P.O. Box 3338, South Hackensack, NJ 07606-1938, will provide additional Plan information upon request.

Whenever the Fund declares dividends in either cash or shares of the Fund, if the market price is equal to or exceeds net asset value at the valuation date, the participant will receive the dividends entirely in shares at a price equal to the net asset value, but not less than 95% of the then current market price of the Fund's shares. If the market price is lower than net asset value or if dividends and/or capital gains distributions are payable only in cash, the participant will receive shares purchased on the New York Stock Exchange or otherwise on the open market.

A participant has the option of submitting additional payments to Mellon Bank, N.A. (the "Plan Agent"), in any amounts of at least \$100, up to a maximum of \$5,000 per month, for the purchase of Fund shares for his or her account. These payments shall be made by check or money order payable to "Mellon Bank, N.A." and sent to Mellon Investor Services, P.O. Box 382009, Pittsburgh, PA 15250-8009, Attn: Templeton Emerging Markets Fund. The Plan Agent shall apply such payments (less a \$5.00 service charge and less a pro rata share of trading fees) to purchases of Fund shares on the open market.

The automatic reinvestment of dividends and/or capital gains does not relieve the participant of any income tax that may be payable on dividends or distributions.

The participant may withdraw from the Plan without penalty at any time by written notice to the Plan Agent sent to Mellon Investor Services, P.O. Box 3338, South Hackensack, NJ 07606-1938. Upon withdrawal, the participant will receive, without charge, share certificates issued in the participant's name for all full shares held by the Plan Agent; or, if the participant wishes, the Plan Agent will sell the participant's shares and send the proceeds, less a service charge of \$5.00 and less trading fees.

Whenever shares are purchased on the New York Stock Exchange or otherwise on the open market, each participant will pay a pro rata portion of trading fees.

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Trading fees will be deducted from amounts to be invested.

Effective March 3, 2004, the Plan Agent's fee for a sale of shares through the Plan will be \$15.00 per transaction plus a \$0.12 per share trading fee. All other terms and conditions of the Plan remain in effect and have not been modified or amended.

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Templeton Emerging Markets Fund

TRANSFER AGENT  
Mellon Investor Services LLC  
85 Challenger Road  
Ridgefield Park, NJ 07660  
1-800-416-5585  
www.melloninvestor.com

### SHAREHOLDER INFORMATION

Shares of Templeton Emerging Markets Fund are traded on the New York Stock Exchange under the symbol "EMF." The Fund's shares are also listed and traded on the Pacific Exchange. Information about the net asset value and the market price is published each Monday in the Wall Street Journal, weekly in Barron's and each Saturday in The New York Times and other newspapers. Daily market prices for the Fund's shares are published in the New York Stock Exchange Composite Transactions section of newspapers.

For current information about dividends and shareholder accounts, call 1-800/416-5585. Registered shareholders can access their Fund account on-line with Investor ServiceDirect[R]. For information go to Mellon Investor Services' web site at <http://vault.melloninvestor.com/isd> and follow the instructions.

The daily closing net asset value as of the previous business day may be obtained when available by calling Franklin Templeton Fund Information after 7 a.m. pacific time any business day at

1-800/DIAL BEN[R] (1-800/342-5236). The Fund's net asset value and dividends are also listed on the NASDAQ Stock Market, Inc.'s Mutual Fund Quotation Service ("NASDAQ MFQS").

Shareholders not receiving copies of the Reports to Shareholders because their shares are registered in the name of a broker or a custodian can request that they be added to the Fund's mailing list, by writing Templeton Emerging Markets Fund, 100 Fountain Parkway, P.O. Box 33030, St. Petersburg, FL 33733-8030.

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Templeton Emerging Markets Fund

### PROXY VOTING POLICIES AND PROCEDURES

The Fund has established Proxy Voting Policies and Procedures ("Policies") that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at 1-954/847-2268 or by sending a written request to: Franklin Templeton Companies, LLC, 500 East

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Broward Boulevard, Suite 1500, Fort Lauderdale, FL 33394, Attention: Proxy Group.

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### Literature Request

For a brochure and prospectus, which contains more complete information, including charges, expenses and risks, call Franklin Templeton Investments at 1-800/DIAL BEN[R] (1-800/342-5236). Please read the prospectus carefully before investing or sending money. To ensure the highest quality of service, we may monitor, record and access telephone calls to or from our service departments. These calls can be identified by the presence of a regular beeping tone.

### FRANKLIN TEMPLETON INVESTMENTS

#### INTERNATIONAL

Mutual European Fund  
Templeton China World Fund  
Templeton Developing Markets Trust  
Templeton Foreign Fund  
Templeton Foreign Smaller Companies Fund  
Templeton International (Ex EM) Fund

#### GLOBAL

Franklin Global Aggressive Growth Fund  
Franklin Global Growth Fund  
Mutual Discovery Fund  
Templeton Capital Accumulator Fund  
Templeton Global Long-Short Fund  
Templeton Global Opportunities Trust  
Templeton Global Smaller Companies Fund  
Templeton Growth Fund  
Templeton World Fund

#### GROWTH

Franklin Aggressive Growth Fund  
Franklin Capital Growth Fund  
Franklin Flex Cap Growth Fund  
Franklin Small-Mid Cap Growth Fund  
Franklin Small Cap Growth Fund II 1

#### VALUE

Franklin Balance Sheet Investment Fund 2  
Franklin Equity Income Fund  
Franklin Large Cap Value Fund  
Franklin MicroCap Value Fund 2  
Franklin Small Cap Value Fund  
Mutual Beacon Fund  
Mutual Qualified Fund  
Mutual Recovery Fund 3



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### Mutual Shares Fund

#### BLEND

Franklin Blue Chip Fund  
Franklin Convertible Securities Fund  
Franklin Growth Fund  
Franklin Rising Dividends Fund  
Franklin U.S. Long-Short Fund 4

#### SECTOR

Franklin Biotechnology Discovery Fund  
Franklin DynaTech Fund  
Franklin Global Communications Fund  
Franklin Global Health Care Fund  
Franklin Gold and Precious Metals Fund  
Franklin Natural Resources Fund  
Franklin Real Estate Securities Fund  
Franklin Utilities Fund  
Franklin Technology Fund  
Mutual Financial Services Fund

#### ASSET ALLOCATION

Franklin Templeton Corefolio Allocation Fund  
Franklin Templeton Founding Funds Allocation Fund

#### TARGET FUNDS

Franklin Templeton Conservative Target Fund  
Franklin Templeton Growth Target Fund  
Franklin Templeton Moderate Target Fund

#### INCOME

Franklin Adjustable U.S. Government Securities Fund 5  
Franklin's AGE High Income Fund  
Franklin Federal Money Fund 5, 6  
Franklin Floating Rate Daily Access Fund  
Franklin Floating Rate Trust 3  
Franklin Income Fund  
Franklin Money Fund 5, 6  
Franklin Short-Intermediate U.S. Government Securities Fund 5  
Franklin Strategic Income Fund  
Franklin Strategic Mortgage Portfolio  
Franklin Templeton Hard Currency Fund  
Franklin Total Return Fund  
Franklin U.S. Government Securities Fund 5  
Templeton Global Bond Fund

#### TAX-FREE INCOME 7

##### NATIONAL FUNDS

Double Tax-Free Income Fund  
Federal Tax-Free Income Fund  
High Yield Tax-Free Income Fund  
Insured Tax-Free Income Fund 8  
Tax-Exempt Money Fund 5, 6

##### LIMITED-TERM FUNDS

California Limited-Term Tax-Free Income Fund  
Federal Limited-Term Tax-Free Income Fund  
New York Limited-Term Tax-Free Income Fund

##### INTERMEDIATE-TERM FUNDS

California Intermediate-Term Tax-Free Income Fund  
Federal Intermediate-Term Tax-Free Income Fund

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New York Intermediate-Term Tax-Free Income Fund

### STATE-SPECIFIC 7

Alabama  
Arizona  
California 9  
Colorado  
Connecticut  
Florida 9  
Georgia  
Kentucky  
Louisiana  
Maryland  
Massachusetts 8  
Michigan 8  
Minnesota 8  
Missouri  
New Jersey  
New York 9  
North Carolina  
Ohio 8  
Oregon  
Pennsylvania  
Tennessee  
Virginia

### INSURANCE FUNDS

Franklin Templeton Variable Insurance  
Products Trust 10

- 1.The fund is closed to new investors. Existing shareholders can continue adding to their accounts.
- 2.The fund is only open to existing shareholders as well as select retirement plans.
- 3.The fund is a continuously offered, closed-end fund. Shares may be purchased daily; there is no daily redemption. However, each quarter, pending board approval, the fund will authorize the repurchase of 5%-25% of the outstanding number of shares. Investors may tender all or a portion of their shares during the tender period.
- 4.Upon reaching approximately \$350 million in assets, the fund intends to close to all investors.
- 5.An investment in the fund is neither insured nor guaranteed by the U.S. government or by any other entity or institution.
- 6.No assurance exists that the fund's \$1.00 per share price will be maintained. It is possible to lose money by investing in the fund.
- 7.For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
- 8.Portfolio of insured municipal securities.
- 9.These funds are available in two or more variations, including long-term portfolios, portfolios of insured securities, a high-yield portfolio (CA) and limited-term, intermediate-term and money market portfolios (CA and NY).
- 10.The funds of the Franklin Templeton Variable Insurance Products Trust are generally available only through insurance company variable contracts.

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[Franklin Templeton logo omitted]  
FRANKLIN[R] TEMPLETON[R]  
INVESTMENTS

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100 Fountain Parkway  
P.O. Box 33030  
St. Petersburg, FL 33733-8030

SEMIANNUAL REPORT AND SHAREHOLDER INFORMATION  
TEMPLETON EMERGING  
MARKETS FUND

INVESTMENT MANAGER  
Templeton Asset Management Ltd.

TRANSFER AGENT  
Mellon Investor Services LLC  
85 Challenger Road  
Ridgefield Park, NJ 07660  
1-800/416-5585  
www.mellon.com

FUND INFORMATION  
1-800/342-5236

Investors should be aware that the value of investments made for the Fund may go down as well as up. Like any investment in securities, the value of the Fund's portfolio will be subject to the risk of loss from market, currency, economic, political and other factors. The Fund and its investors are not protected from such losses by the Investment Manager. Therefore, investors who cannot accept this risk should not invest in shares of the Fund.

To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.

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### ITEM 2. CODE OF ETHICS.

(A) THE REGISTRANT HAS ADOPTED A CODE OF ETHICS THAT APPLIES TO ITS PRINCIPAL EXECUTIVE OFFICERS AND PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER.

(C) N/A

(D) N/A

(F) PURSUANT TO ITEM 10(A), THE REGISTRANT IS ATTACHING AS AN EXHIBIT A COPY OF ITS CODE OF ETHICS THAT APPLIES TO ITS PRINCIPAL EXECUTIVE OFFICERS FINANCIAL AND ACCOUNTING OFFICER.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

(A) (1) THE REGISTRANT HAS AN AUDIT COMMITTEE FINANCIAL EXPERT SERVING ON ITS AUDIT COMMITTEE.

(2) THE AUDIT COMMITTEE FINANCIAL EXPERTS ARE FRED R. MILLSAPS AND FRANK A. OLSON, WHO ARE "INDEPENDENT" AS DEFINED UNDER THE RELEVANT SECURITIES AND EXCHANGE COMMISSION RULES AND RELEASES.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

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Members of the Audit Committee are: Fred R. Millsaps, Frank J. Crothers, Frank A. Olson and Constantine D. Tseretopoulos.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. N/A

ITEM 8. PURCHASE OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANIES AND AFFILIATED PURCHASERS. N/A

ITEM 9. SUBMISSION OF MATTERS OF A VOTE SECURITY HOLDERS.

There have been no changes to the procedures by which shareholders may recommend nominees to the Registrant's Board of Trustees that would require disclosure herein.

ITEM 10. CONTROLS AND PROCEDURES.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Shareholder Report on Form N-CSR, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(B) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Shareholder Report on Form N-CSR.

ITEM 11. EXHIBITS

(A) CODE OF ETHICS FOR PRINCIPAL EXECUTIVE AND SENIOR FINANCIAL OFFICERS.

(B) (1) CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 OF JIMMY D. GAMBILL, CHIEF EXECUTIVE OFFICER - FINANCE AND ADMINISTRATION, AND DIOMEDES LOO-TAM, CHIEF FINANCIAL OFFICER

(B) (2) CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 OF JIMMY D. GAMBILL, CHIEF EXECUTIVE OFFICER - FINANCE AND ADMINISTRATION, AND DIOMEDES LOO-TAM, CHIEF FINANCIAL OFFICER

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEMPLETON EMERGING MARKETS FUND

By /s/JIMMY D. GAMBILL  
Chief Executive Officer - Finance and Administration  
Date April 30, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/JIMMY D. GAMBILL  
Chief Executive Officer - Finance and Administration  
Date April 30, 2004

By /s/DIOMEDES LOO-TAM  
Chief Financial Officer  
Date April 30, 2004