

**DWS Vietnam Fund Limited**

**Consolidated Interim Unaudited Report  
for the six months ended  
30 June 2007**

# DWS VIETNAM FUND LIMITED

<b><u>CONTENTS</u></b>	<b>Page</b>
General Information	2
Investment Manager's Report	3
Consolidated Portfolio of Investments	9
Consolidated Portfolio of Changes	12
Consolidated Income Statement	13
Consolidated Statement of Changes in Net Assets	14
Consolidated Balance Sheet	15
Consolidated Cash flow Statement	16
Notes to the Financial Statements	17
Other Information	25

# **DWS VIETNAM FUND LIMITED**

## **GENERAL INFORMATION**

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus.

DWS Vietnam Fund Limited (the “Company”) was incorporated in the Cayman Islands on 13 September 2006 under the Companies Law, Cap. 22 (Revised) of the Cayman Islands as an exempted company with limited liability.

The Company is a closed-end investment company, with an authorised share capital of US\$500,000,000, consisting of 500,000,000 Shares of par value of US\$1.00 each. The Company is listed on the Irish Stock Exchange.

The Company’s assets will be managed by the Investment Manager and will not be subject to the supervision of the Board. The Investment Manager may, in its discretion, appoint any number of Investment Advisors and Segregated Fund Managers. All investments made on behalf of the Company, whether by the Investment Manager or by a Segregated Fund Manager, shall comply with all investment objectives, policies and restrictions of the Company.

## **INVESTMENT MANAGEMENT ARRANGEMENTS**

The Company is managed by Deutsche Asset Management (Asia) Limited pursuant to the Investment Management Agreement, dated 15 November 2006. The Investment Manager will make investment decisions based on its knowledge of the Vietnamese securities and investment market in accordance with the investment policies, objectives and restrictions of the Company.

## **CUSTODIAN**

The Company has appointed State Street Custodial Services (Ireland) Limited as Custodian of its assets, other than its assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local custodian, pursuant to the Custodian Agreement. The Custodian provides safe custody for the Company’s assets that can be legally held outside of Vietnam. The Investment Manager will ensure that adequate custody arrangements have been entered into by any fund in which the assets of the Company are invested.

Under the Custodian Agreement the Custodian, and/or any other duly appointed sub-custodian will hold all assets of the Company received by the Custodian in accordance with the terms of the Custodian Agreement. Under the Custodian Agreement the Custodian acknowledges that investments of the Company may be made in markets where custodial and/or settlement systems are not fully developed, such as Vietnam, and that the assets of the Company and its subsidiaries which are traded in such markets may be required to be held by local sub-custodians operating and established in such jurisdictions.

## **DIVIDENDS**

It is not the current intention of the directors to pay dividends to the Shareholders.

## **SHARES**

The Shares constitute the only class of shares in the Company. All Shares have the same rights, in relation to voting, dividends, return of share capital and other matters as set out in the Articles.

## **MINIMUM INVESTMENT**

The minimum number of Shares that may be subscribed for by an investor is 100,000 Shares.

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

### Investment Manager's Report for the six months ended 30 June 2007

January to June 2007

#### Executive Summary

The DWS Vietnam Fund "DVF" was launched on December 8<sup>th</sup> 2006. The fund NAV per Share is 1.0098 as of June 30<sup>th</sup> 2007. The fund manager is building a diversified portfolio of listed equity (offshore and onshore), private equity, funds investing in Vietnam and fixed income securities. The long term objective of the fund is to deliver a sustainable capital appreciation of assets for investors.

#### *Fund holdings as of June 30<sup>th</sup> 2007*

	Market Value (USD)	% of portfolio @ 30June07 (%)
Cash &Cash equivalents	261,241,761.87	55.33%
Closed End Funds	63,362,128.72	13.42%
Credit Linked Note	20,218,000.00	4.28%
Government Bonds	32,982,602.93	6.99%
Offshore equities	24,805,216.56	5.25%
Onshore Equities	57,001,802.16	12.07%
Direct Investments	12,517,253.91	2.65%
<b>Total NAV</b>	<b>472,128,766.15</b>	<b>100.00%</b>
* Note: Realised gains are included in Cash and Cash Equivalents after fees		
** Note: Realised gains on Government Bond Investments includes capital repayments and coupons		

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

Investment Manager's Report for the six months ended 30 June 2007 Cont/d

The fund is currently diversified across asset classes and Global Industry Classification Standard "GICS" sectors as follows:

### *Asset class breakdown and GICS sector breakdown of listed & OTC equities*

<b>Assets Class</b>	<b>No of Holdings</b>
<b>Onshore Equity</b>	<b>13 stocks</b>
<b>Offshore Equity (with Vietnam exposure)</b>	<b>7 stocks</b>
<b>Direct Investments</b>	<b>4 stocks</b>
<b>Vietnam Funds</b>	<b>7 stocks</b>

<b>Sector Breakdown of listed and OTC equities</b>	<b>% of equity holdings</b>
<b>Utilities</b>	<b>10.50%</b>
<b>Telecommunications</b>	<b>10.00%</b>
<b>Information Technology</b>	<b>1.00%</b>
<b>Industrial</b>	<b>41.50%</b>
<b>Consumer Discretionary</b>	<b>1.10%</b>
<b>Consumer Staples</b>	<b>22.30%</b>
<b>Energy</b>	<b>6.70%</b>
<b>Healthcare</b>	<b>5.50%</b>
<b>Financials</b>	<b>1.30%</b>

We are pursuing a prudent and patient approach to investing into Vietnam by seeking out value opportunities across asset classes. As of June 30<sup>th</sup> the fund is approximately 45% invested in Vietnam risk (excl. VND exposure) with the remainder in onshore and offshore cash deposits. We feel that this is an appropriate allocation given current market conditions and our objective to seek out long term capital appreciation of assets. The fund is well positioned to take advantage of any market corrections, and to take positions in the expected up-coming listings of major corporations.

We take this opportunity to provide a commentary on the fund across asset classes and how the fund is positioned to take advantage of trends in the market going forward.

### *Onshore Equity*

The fund has limited its exposure to the Vietnam stock market to around 25% through a strategy of selective stock holdings and Vietnam Funds.

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

Investment Manager's Report for the six months ended 30 June 2007 Cont/d

Onshore Equities		
1	<b>General Forwarding &amp; Agency Corp</b>	<b>Industrial</b>
2	<b>Pha Lai Thermal Power</b>	<b>Utilities</b>
3	<b>Cables &amp; Telecom</b>	<b>Telecommunications</b>
4	<b>PetroVietnam Drilling Co</b>	<b>Energy</b>
5	<b>Vietnam Dairy</b>	<b>Consumer Staples</b>
6	<b>Southern Seed</b>	<b>Healthcare</b>
7	<b>Savimex Corp</b>	<b>Industrial</b>
8	<b>HCM City Infra</b>	<b>Industrial</b>
9	<b>Bentre Aqua Product</b>	<b>Consumer Staples</b>
10	<b>Imex Pharma</b>	<b>Healthcare</b>
11	<b>An Giang Fishery</b>	<b>Consumer Staples</b>
12	<b>Sacom Bank</b>	<b>Financials</b>
13	<b>Refrigeration Elec Eng</b>	<b>Industrial</b>

At the launch of the fund the Vietnam stock market was still relatively small (consisting of approximately 60 stocks with a market capitalization of approximately 9 Billion USD<sup>1</sup>). The stock market at the time was not representative of the economy as a whole and subsequently after the launch of the DWS Vietnam Fund there has been a rush of new listings on the exchange (there is in excess of 100 listings on the index as of June 30<sup>th</sup> 2007<sup>2</sup>). This concentration of listings fuelled hype around listed equities in Vietnam. This hype attracted significant new foreign and local capital into the market prompting a liquidity and momentum driven increase in prices.

<sup>1</sup> BaoViet Daily Market Report December 29<sup>th</sup> 2006

<sup>2</sup> BaoViet Daily Market Report June 28<sup>th</sup> 2007

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

Investment Manager's Report for the six months ended 30 June 2007 Cont/d

*The performance of the Ho Chi Minh Stock Index since fund launch:*



**VN Index since Launch – source Bloomberg**

The fund strategy is to take a prudent and patient approach to our listed equity investments in Vietnam. Our caution and patience is based on our opinion that stocks currently in the index are trading at abnormally high prices, with multiples in excess of 70x <sup>3</sup>earnings not uncommon. We do not buy into the theory that Vietnam is a new paradigm where the normal rules of investing do not apply.

Whilst valuations continue to be buoyed by liquidity in the market, since its peak on March 12<sup>th</sup> at 1170<sup>4</sup> the index has fallen back 12% to close out the end of June at 1024<sup>5</sup>. However in our opinion the index may have further to fall as the prices of firms on the index are still not truly reflective of the underlying fundamental values of the firms.

### ***Vietnam Funds***

The fund maintained its strategy over the past six months of purchasing shares in closed end Vietnam funds that were trading at a significant discount to their NAV on the OTC market. Our reason for purchasing these funds is based on our opinion that the funds have an attractive portfolio of underlying assets and that the funds are only temporarily trading at a discount. It is an excellent opportunity for the fund to add to its portfolio of Vietnam assets at a ten to twenty percent discount to the underlying asset prices.

<sup>3</sup> SSI Report May 21<sup>st</sup> “Vietnamese Securities: The Story of Growth”

<sup>4</sup> Source BaoViet Securities Report March 12<sup>th</sup> 2007

<sup>5</sup> Source BaoViet Securities Report June 29<sup>th</sup> 2007

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

### Investment Manager's Report for the six months ended 30 June 2007 Cont/d

#### *Offshore Equities*

Approximately 5% of the fund is invested in offshore equities, which have returned approximately 15% to date. In the current market we feel that offshore equities' valuations continue to offer better value than onshore ones and are more liquid. We currently hold 7 offshore stocks in three markets, namely Hong Kong, Singapore and Taiwan ranging across all industries in consumer and manufacturing sectors. Our largest holding is Fraser & Neave, a conglomerate with substantial brewery operations in Vietnam. It is also moving into properties through its property subsidiary, Fraser Centrepoint. We have also selectively taken some profits in some stocks like Luks Group, a cement company and Sanyang Industries, a 2-wheeler manufacturer.

#### *Equitizations*

During the past six months we have been very disappointed by the pace of privatizations of state owned enterprises. There have only been three notable companies privatizing during this period:

1. PetroVietnam Fertilizer and Chemicals Corporation "PVFCC"
2. BaoViet Insurance Corporation "BVI"
3. PetroVietnam Insurance Corporation "PVI"

We participated in the first two auctions and obtained shares in PVFCC at the minimum auction price. For BVI we were not successful in our bid as the average winning bid was well above our fair valuation of the firm. Our bid price seems to be justified as we now see the shares trading at a significant discount to the average auction price on the OTC market. Shares in BVI are trading as low as VND 64,000 on the OTC; a 13.5 % discount to the average auction price<sup>6</sup>.

In a climate of limited supply with excess demand a type of "auction fever" is a significant risk given the process of offerings of new equity in state owned enterprises and private enterprises (shares are usually offered in a closed auction bid process). Auction fever has the potential to intoxicate investors and can lead to inflated valuation, with investors paying a premium above the fair valuation for firms. DVF will maintain its pricing discipline to ensure that we maximize long term returns to our investors. We are actively investigating a range of alternative avenues and strategies in order to obtain stakes in these companies pre-IPO. We are currently in early stage discussions with a number of corporations regarding taking strategic private placements prior to public auction.

Although there have been mixed signals from the government regarding the timetable for privatizations of the major state owned companies, it had been initially indicated that a number of firms will be coming to market in Q3 and Q4 2007. However, over the past couple weeks the government has suggested through the press that it may review the timetable of privatizations<sup>7</sup>, slowing down the offerings this year.

In our opinion this change in attitude may be based on concerns that a glut of new additions to the market in a short period of time would soak up too much liquidity and weaken prices. It is also worth noting that the secondary market for the most recent privatizations was weak.

From the perspective of the fund, the sooner the major state companies come onto the market the better. These offerings will help soak up considerable excess capital and we believe that it is one of the catalysts necessary for a return to more rational pricing in the market.

#### *Pre Listed Equity*

Direct Investments		
1	NamViet Corp	Consumer Staples
2	PetroVietnam Fertilizer & Chem	Industrial
3	Saigon Paper	Industrial

<sup>6</sup> Source Financial Times "Hanoi Signals Delay to Planned Listings" report July 10<sup>th</sup> 2007

<sup>7</sup> Source Financial Times "Hanoi Signals Delay to Planned Listings" report July 10<sup>th</sup> 2007



# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

### **Investment Manager's Report for the six months ended 30 June 2007 Cont/d**

The fund has been actively building exposure to un-quoted equities. We feel there are tremendous opportunities in this area, and by sticking to our valuation discipline this will provide a strong contribution to returns. We have just added to our portfolio of private equity investments in June by agreeing to purchase a 3.5% stake in one of the leading outdoor furniture exporters in Vietnam 'Truong Thanh Furniture Corp'.

Three positions have been purchased earlier in the year and several more opportunities are at advanced stage of due diligence. This segment has also been affected by an increase in price expectations, driven by stock market exuberance and excess capital chasing deals. However, through our relationships, brand and discipline we have been able to enter into discussions with some very promising companies.

### **Fixed Income Review**

#### **Investment:**

We have invested in a credit linked note (CLN) which is linked to the performance of the domestic Vietnam 5-year government bonds. The Fund benefited from its investment as the Vietnam domestic interest rates declined during the period. Interest rates fell 91bp in the first half of 2007. However, the Vietnamese Dong has so far depreciated by about 0.5% against the US Dollar somewhat muting the overall returns.

The Fund's investments in the Vietnam external debt has also been profitable despite a rise in US interest rates and has returned approximately 4% on its investment.

#### **Fixed Income Outlook**

The government is targeting GDP growth to average 7.5 - 8.0% for the period 2006-2010 (Source: The Five-Year Socio-Economic Development Plan 2006 – 2010) and aims to keep inflation below real economic growth. We believe that there is room for Vietnam domestic interest rates to trend higher from here given the inflationary pressures. We will continue to look for good opportunities to increase the Fund's exposure to VND-denominated bonds, both corporate and government. The currency is expected to remain relatively stable in the coming months.

#### **General Outlook and Fund Strategy**

Our view continues to be one of strong optimism for Vietnam. This optimism is based on a fundamental analysis of the country. Vietnam has a very young, well educated and highly motivated population. There is stable government that is in favor of reforming the markets. We continue to believe Vietnam is on the right track, and the outlook for the real economy is excellent. The prospect for companies operating in Vietnam is very positive, and as ever a focus on pricing discipline will be rewarded. The fund is committed to following a disciplined approach to valuation and will use the extensive resources available to it to continue to accumulate exposure to undervalued assets.

#### **Summary**

We believe that we are taking a very prudent approach to investing in Vietnam. As a consequence of the disciplined approach taken to date the Fund is in an excellent position to participate in any corrections in the stock market, to take major stakes in upcoming privatizations and to play a strong role in direct investments.

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

Consolidated Portfolio of Investments as at 30 June 2007

Nominal	Security	Coupon %	Maturity	Value US\$	Fund %
<b>Collective Investment Schemes</b>					
<b>Cayman Islands</b>					
1,343,500	PXP Vietnam Fund			11,554,100	2.47
939,000	Vietnam Emerging			9,546,500	2.04
233,640	Vietnam Growth Fund Ltd			6,658,740	1.42
1,043,951	Vietnam Lotus Fund			5,567,739	1.19
300,000	Vietnam Resource			3,000,000	0.64
<b>Ireland</b>					
4,056,000	Vietnam Enterprise			20,077,200	4.29
<b>Vietnam</b>					
2,500,000	Vietnam Investment Fund			5,020,143	1.07
<b>Common Stock</b>					
<b>Bermuda</b>					
1,399,000	Luks Industrial Group			2,079,379	0.44
1,888,000	Yue Yuen Industrial Holding			5,856,304	1.25
<b>Singapore</b>					
1,638,000	Fraser & Neave Ltd			5,836,804	1.25
1,816,000	Ellipsiz Ltd			967,694	0.21
5,288,000	New Toyo International			1,123,672	0.24
<b>Taiwan</b>					
6,388,000	Sanyang Industry			4,849,407	1.04
8,388,000	Tainan Spinning			4,057,969	0.87
<b>Vietnam</b>					
378,000	Ben Tre Aquaproduct			2,459,870	0.53
247,608	Cables & Telecom			2,532,093	0.54
118,000	General Forwarding			1,075,054	0.23
850,000	NamViet Corporation			5,935,337	1.27
637,720	Petrovietnam Drill			2,818,063	0.60
1,189,100	Petrovietnam Fertilizer & Chemicals			4,765,735	1.02
550,000	Saigon Paper Corp			1,704,369	0.36
338,000	Savimex Corp			1,424,481	0.30
88,000	Vietnam Dairy Product			981,717	0.21

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

Consolidated Portfolio of Investments as at 30 June 2007 Cont/d

Nominal	Security	Coupon %	Maturity	Value US\$	Fund %
<b>Long Term Bonds</b>					
<b>Vietnam</b>					
21,000,000	Vietnam (Socialist Republic of)	6.875	15/01/2016	21,843,990	4.68
8,608,696	Vietnam (Socialist Republic of) (a)	6.250	12/03/2016	8,633,833	1.85
<b>United Kingdom</b>					
20,000,000	Deutsche Bank AG (a)		31/01/2012	20,118,000	4.30
<b>Warrants</b>					
<b>Germany</b>					
71,000	Deutsche-CW16 (Cables & Telecom)			718,733	0.15
77,000	Deutsche P Notes (General Forward)		17/08/2009	694,463	0.15
688,150	Deutsche P Notes (HCM City Infra Investment Co)			2,828,985	0.60
<b>Hong Kong</b>					
2,169,840	HSBC P Notes (An Giang Fisher)		02/07/2007	1,385,877	0.30
2,505,700	HSBC P Notes (Imex Pharm)		02/07/2007	1,973,239	0.42
3,880,000	HSBC P Notes (Sacom Cable)		02/07/2007	3,945,572	0.84
<b>Luxembourg</b>					
71,000	Deutsche-CW16 (Cables & Telecom)			127,601	0.03
388,000	HSBC P Notes (Sacom Cable)			692,890	0.15
<b>Netherlands</b>					
897,091	Merrill P Notes (General Forward)			8,175,190	1.75
744,900	Merrill-CW12 (Pha Lai Thermal Power)			3,074,803	0.66
348,000	Merrill-CW12 (Savimex Corporation)		19/01/2012	1,467,168	0.31
<b>United Kingdom</b>					
1,949,403	Deutsche P Notes (Pha Lai Thermal Power)			7,655,305	1.64
445,900	Deutsche P Notes (Vietnam Dairy)			4,924,519	1.05
<b>USA</b>					
188,000	Citigroup Global Markets Inc (General Forward)			1,704,784	0.36
92,877	Citigroup P Notes (Sacombank)			337,359	0.07
4,140	Citigroup P Notes (Refrigerated Electrical Engineering)			38,307	0.01
764,800	Citigroup P Notes (Southern Seed)			3,232,045	0.69
241,921	Deutsche P Notes (Sacombank)			873,413	0.19

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

Consolidated Portfolio of Investments as at 30 June 2007 Cont/d

Nominal	Security	Coupon %	Maturity	Value US\$	Fund %
<b>Deposits with Credit Institutions</b>					
477,440,885,630	HSBC Vietnam	3.75	02/07/2007	29,590,386	6.32
565,859,845,762	HSBC Vietnam	3.25	02/07/2007	35,070,334	7.49
54,860,000	State Street Bank	5.00	02/07/2007	54,860,000	11.72
20,000,000	The Export Import Bank of Korea	0.01	25/07/2007	19,754,322	4.22
20,000,000	Anz Banking Group	0.01	31/07/2007	19,756,371	4.22
20,000,000	UBS AG	0.01	31/07/2007	19,756,371	4.22
<b>Portfolio of investments</b>				<b>383,126,230</b>	<b>81.87</b>
Net Current Assets				84,818,912	18.13
<b>Net Assets</b>				<b>467,945,142</b>	<b>100.00</b>

(a) Floating Rate Note

### Net Asset Value per financial statements

Net asset value	US\$467,945,142
Number of Shares in Issue	467,532,897
Net Asset Value per Share	US\$1.0008

### NAV reconciliation

Net asset value per financial statements	US\$467,945,142
NAV Adjustment *	4,183,624
Net asset value per dealing NAV**	<u>US\$472,128,766</u>

\* The NAV adjustment represents the difference between the close of business dealing net asset value at mid market prices, per the prospectus and the close of business net asset value at bid prices as required by IFRS 39.

\*\* In accordance with the valuation methodology disclosed in the Prospectus

# DWS VIETNAM FUND LIMITED

## DWS VIETNAM FUND LIMITED

### Schedule of Portfolio Changes for the Half Year Ended 30 June 2007

<b>Major Purchases</b>	<b>Coupon %</b>	<b>Maturity</b>	<b>Cost US\$</b>
Deutsche Bank AG (a)	0.001	31/01/2012	20,000,000
Socialist Republic of Vietnam	6.875	15/01/2016	12,889,000
Vietnam Enterprise			12,552,700
Merrill P Notes (General Forward)			9,565,537
PXP Vietnam Fund			8,778,764
Deutsche P Notes (Pha Lai Thermal Power)			8,119,916
Vietnam Growth Fund Ltd			6,915,006
Yue Yuen Industrial Holding			6,321,015
Deutsche P Notes (Sacom Cable)		07/02/2012	5,628,382
NamViet Corporation			5,315,989
Vietnam Investment Fund			5,180,745
Sanyang Industry			5,082,290
Merrill-CW12 (Pha Lai Thermal Power)			4,330,872
Petrovietnam Drill			4,260,345
Tainan Spinning			3,878,015
Petrovietnam Fertilizer & Chemical			3,787,423
Deutsche P Notes (Vietnam Dairy)			3,666,334
Vietnam Emerging Equity			3,170,363
Deutsche P Notes (HCM City Infra Investment Co)			3,113,707
Vietnam Resource			3,060,000
 <b>Major Sales</b>			 <b>Proceeds US\$</b>
Sanyang Industry			1,400,366
Luks Industrial Group			337,294

# DWS VIETNAM FUND LIMITED

## Consolidated Income Statement for the period ending 30 June 2007

	Notes	30/06/2007 US\$	31/12/2006 US\$
Investment income	4	6,931,259	1,300,304
Net gain / (loss) on investments	3	(3,036,922)	(1,059,490)
Net foreign exchange gain / (loss)	5	(297,612)	(10,201)
<b>Net Investment Income</b>		<b>3,596,725</b>	<b>230,613</b>
Investment Management fees	6	(5,577,614)	(412,990)
Custodian fees	6	(126,456)	(7,288)
Administration fees	6	(342,598)	(21,637)
Professional fees	6	(118,989)	(7,878)
<b>Operating expenses</b>		<b>(6,165,657)</b>	<b>(449,793)</b>
<b>Net gain/(loss) for the period before withholding tax</b>		<b>(2,568,932)</b>	<b>(219,180)</b>
Less non reclaimable withholding tax		(87,833)	-
<b>Net loss</b>		<b>(2,656,765)</b>	<b>(219,180)</b>
<b>Earnings per Share</b>		<b>US\$</b>	<b>US\$</b>
Basic		(0.61c)	(0.06c)
Diluted		(0.61c)	(0.06c)
<b>Weighted average shares outstanding</b>			
Basic		437,462,912	362,113,961
Diluted		437,462,912	362,113,961

## DWS VIETNAM FUND LIMITED

### Statement of Changes in Net Assets for the period ending 30 June 2007

	Share Capital US\$	Share Premium US\$	Retained loss US\$	Total Equity US\$
<b>Balance at the start of the period</b>	<b>384,139,342</b>	<b>(364,649)</b>	<b>(219,180)</b>	<b>383,555,513</b>
Issue of Share Capital	83,393,555	3,565,006	-	86,958,561
Net Loss	-	-	(2,568,932)	(2,568,932)
<b>Balance at 30 June 2007</b>	<b>467,532,897</b>	<b>3,200,357</b>	<b>(2,788,112)</b>	<b>467,945,142</b>

# DWS VIETNAM FUND LIMITED

## Consolidated Balance Sheet as at 30 June 2007

		30/06/2007 US\$	31/12/2006 US\$
<b>Assets</b>			
Cash and cash equivalents	9	263,233,899	346,988,217
Investments (trading securities)		204,338,446	40,304,102
Debtors	8	4,151,875	954,178
<b>Total Assets</b>		471,724,220	388,246,497
<b>Liabilities</b>			
Creditors	10	(3,779,078)	(4,690,984)
<b>Total liabilities</b>		(3,779,078)	(4,690,984)
<b>Net assets</b>		<b>467,945,142</b>	<b>383,555,513</b>
<b>Shareholder's equity</b>			
Share capital		467,532,897	384,139,342
Share premium	12	3,200,357	(364,649)
Retained losses		(2,788,112)	(219,180)
<b>Total shareholder's equity</b>		<b>467,945,142</b>	<b>383,555,513</b>

**On behalf of the Board of Directors**



## DWS VIETNAM FUND LIMITED

### Consolidated Cash flow statement for the six months ended 30 June 2007

	<b>30/06/2007</b>	<b>31/12/2006</b>
	<b>US\$</b>	<b>US\$</b>
<b>Operating activities</b>		
Net loss for the year	(2,568,932)	(219,180)
<i>Adjustment for non-cash items:</i>		
Net gains on trading investments during the period	2,949,089	1,061,898
<i>Changes in operating assets and liabilities</i>		
Net securities held for trading	(168,807,244)	(41,366,000)
Increase in debtors	(3,197,698)	(954,178)
Increase in creditors	911,906	4,690,984
	<hr/>	<hr/>
Cash flows from operating activities	(170,712,879)	(36,786,476)
<b>Financing activities</b>		
Issue of shares during the period	86,958,561	383,774,693
	<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(83,754,318)</b>	<b>346,988,217</b>
Cash balance at the start of the period	346,988,217	-
	<hr/>	<hr/>
<b>Cash balance at the end of the period</b>	<b>263,233,899</b>	<b>346,988,217</b>
	<hr/>	<hr/>
<b>Cash flows from operating activities include:</b>		
Dividends received	1,315,004	-
Dividends paid	2,655,050	-
Interest received	1,595,202	753,489

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2007

### 1 Incorporation and principal activity

The DWS Vietnam Fund (the “Company”) is a closed ended exempted company with limited liability formed under the laws of the Cayman Islands on 13 September 2006.

The Company’s investment objective is to achieve long-term capital appreciation of its assets by investing directly or indirectly in a diversified portfolio of securities such as equity and debt instruments of entities that do some or all of their business in Vietnam.

The Company seeks to achieve its investment objective through investing primarily in securities of listed and unlisted entities, including Vietnamese-Listed Companies, Overseas Companies and Unlisted Companies. Such entities may also include listed and unlisted closed-end fund vehicles. It may also invest in securities issued by Governmental agencies.

The Company may structure any or all of its investments through wholly owned subsidiary companies which act as special purpose holding companies incorporated outside of Vietnam, subject to the prior approval of the Irish Stock Exchange. The Company has 8 wholly-owned special purpose companies, incorporated as exempted companies with limited liability in the Cayman Islands having the purpose of acting as trading conduits of the Company for the sole purpose of opening and operating trading accounts with brokers in Vietnam. These special purpose companies have the following names:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Siglap Limited
5. Greystanes Limited
6. Swindon Limited
7. Teignmouth Limited
8. Tewkesbury Limited

As at 30 June 2007, the Company has no employees. The investment activities of the Company are managed by Deutsche Asset Management (Asia) Limited (the “Investment Manager”) and the administration of the Company is delegated to State Street Fund Services (Ireland) Limited. The registered office of the Company is located at: Second Floor Zephyr House, 122 Mary Street, PO Box 709, George Town, Grand Cayman KY1-1107, Cayman Islands.

### 2 Significant accounting policies

#### Statement of Compliance

The non-statutory financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). IFRS 7 (Financial Instruments: Disclosures), which was issued by the International Accounting Standards Board on 18 August 2005 has not been applied to the financial statements. The significant accounting policies adopted by the Company are as follows :

#### a) Basis of preparation

The financial statements are presented in US Dollars. The measurement currency of the Company is the US Dollar and not the local currency of the Cayman Islands reflecting the fact that substantially all of the Company’s assets and liabilities are denominated in US Dollars and the participating shares of the Company are issued in US Dollars. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2007 Cont/d

### 2 Significant accounting policies Cont/d

#### a) Basis of preparation Cont/d

A Company only balance sheet is not included in these financial statements as the results and reserves of the Company are not different from those of the consolidated group.

The preparation of financial statements, in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Company.

#### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of DWS Vietnam Fund and its subsidiaries for the six months ended 30 June 2007. Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred from the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain the benefits from its activities.

#### c) Financial Instruments

##### *(i) Classification*

The Company has adopted the amended IAS 32 and 39 and designated all its investments into the financial assets and financial liabilities at fair value through profit or loss category. The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held-for-trading. These include investments in equity securities, futures, contracts for differences and liabilities from short sales of financial instruments.

Financial assets that are classified as loans and receivables include accounts receivable. Financial liabilities that are not at fair value through profit or loss include accounts payable.

##### *(ii) Recognition*

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

##### *(iii) Measurement*

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not a fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2007 Cont/d

### 2 Significant accounting policies Cont/d

#### c) Financial Instruments Cont/d

##### *(vi) Fair value measurement principles*

Investments which are quoted, listed or normally dealt in on a securities market or other regulated market will normally be valued at the official close of business price on the principal market for such security at the Valuation Date. Where such security is listed or dealt in on more than one securities market the Administrator after consultation with the Investment Manager may in its absolute discretion select any one of such markets for the foregoing purposes. The value of any investment which is not listed or dealt in on a securities market shall be the value thereof as ascertained by or on behalf of the Administrator, in good faith.

##### *(vi) Impairment*

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the income statement as the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

If in the subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

##### *(vii) Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

The Company uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

##### *(viii) Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### d) Translation of foreign currencies

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US Dollars at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains and losses on investments and net gain/(loss) on derivatives, respectively. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the income statement.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2007 Cont/d

### 2 Significant accounting policies cont/d

#### e) Interest income

Interest income and expense is recognized in the income statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

#### f) Dividend income

Dividend income relating to exchange-traded equity investments is recognized in the income statement on the ex-dividend date.

In some cases, the Company may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Company recognizes the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment.

Income distribution from private equity investments and other investment funds are recognised in the income statement as dividend income when declared.

#### g) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the profit or loss line item "Net foreign exchange gains / (losses)" are net foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified at fair value through profit or loss.

#### h) Share Capital

Costs associated with the raising of share capital of the Company have been charged to the share premium account.

### 3 Net gain / (loss) on investments at fair value for the period ended 30 June 2007

The net gain / (loss) on investments during the period comprise :

	<b>30/06/2007</b>	<b>31/12/2006</b>
	<b>US\$</b>	<b>US\$</b>
Proceeds from sales of investments during the period	2,755,886	-
Original cost of investments sold during the period	(3,239,204)	-
Gains realised on investments sold during the period	(483,318)	-
Net unrealised movement for the period	(2,553,604)	(1,059,490)
Net gain / (loss) on investments	(3,036,922)	(1,059,490)

### 4 Investment income for the six months ended 30 June 2007

	<b>30/06/2007</b>	<b>31/12/2006</b>
	<b>US\$</b>	<b>US\$</b>
Fixed deposit interest	5,050,597	1,208,756
Dividend Income	332,370	-
Bond interest	889,546	17,646
Bank interest	658,746	73,902
	6,931,259	1,300,304

### 5 Other gains / losses

	<b>30/06/2007</b>	<b>31/12/2006</b>
	<b>US\$</b>	<b>US\$</b>
<b>Other losses comprise:</b>		
Foreign exchange (losses)/gains	(297,612)	(10,201)

# DWS VIETNAM FUND LIMITED

Notes to the financial statements for the six months ended 30 June 2007 Cont/d

6	<b>Expenses</b>	<b>30/06/2007</b>	<b>31/12/2006</b>
		US\$	US\$
	<b>Payable to the Investment Manager</b>		
	Investment Manager fee	(5,577,614)	(412,990)
	<b>Payable to the Custodian</b>		
	Custody fees	(126,456)	(7,288)
	<b>Payable to the Administrator</b>		
	Administration fees	(335,510)	(18,987)
	Transfer Agency fees	(7,088)	(2,650)
		<u>(342,598)</u>	<u>(21,637)</u>
	<b>Other expenses</b>		
	Directors fees	(24,989)	(7,878)
	Directors insurance	(37,825)	-
	Legal fees	(56,175)	-
		<u>(118,989)</u>	<u>(7,878)</u>
	<b>Total Expenses</b>	<u><u>(6,165,657)</u></u>	<u><u>(449,793)</u></u>

## 7 Directors' Remuneration

The Board will determine the fees payable to each Director subject to a maximum aggregate amount of US\$75,000 per annum for the Board.

## 8 Debtors

	<b>30/06/2007</b>	<b>31/12/2006</b>
	US\$	US\$
Sales awaiting settlement	1,498,478	
Accrued income	2,653,397	954,178
	<u>4,151,875</u>	<u>954,178</u>

## 9 Cash and cash equivalents

	<b>30/06/2007</b>	<b>31/12/2006</b>
	US\$	US\$
Cash and bank balances	84,446,115	22,738,217
Fixed deposits	178,787,784	324,250,000
	<u>263,233,899</u>	<u>346,988,217</u>

All cash and bank balances and fixed deposits are held with State Street Bank & Trust Company.

## 10 Creditors

	<b>30/06/2007</b>	<b>31/12/2006</b>
	US\$	US\$
Purchases awaiting settlement	(1,860,138)	(3,791,192)
Accrued expenses	(1,918,940)	(899,792)
	<u>(3,779,078)</u>	<u>(4,690,984)</u>

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2007 Cont/d

### 11 Share capital

#### Shares - Equity

The authorised share capital of the Company is US\$500,000,000 divided into 500,000,000 Shares of a par value of US\$1.00 each, having the rights set out in the Articles.

The Shares constitute the only class of shares in the Company. All Shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise.

At a general meeting on a show of hands every Shareholder of record present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) shall have one vote and on a poll every Shareholder of record present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the Register.

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify as such in the notice calling it. The Directors may convene general meetings. Extraordinary general meetings may also be convened on such requisition.

Upon a winding up of the Company, the Shares carry a right to a return of the nominal capital paid up in respect of such Shares, and the right to share in the surplus assets.

There are no pre-emptive rights in connection with the Shares.

The Company issues one subscriber share which was subsequently repurchased by the company at par.

	<b>30/06/2007</b>
	<b>US\$</b>
Shares at start of period	384,139,342
Shares issued during the period	83,393,555
Shares redeemed during the period	-
Shares at end of period	<u>467,532,897</u>

### 12 Share premium

	<b>30/06/2007</b>
	<b>US\$</b>
Balance at start of period	(364,649)
Premium arising on issuing of shares	3,636,646
Expense on issuing of shares	(71,640)
Balance at 30 June 2007	<u>3,200,357</u>

### 13 Earnings per share

The calculation of the basis and diluted earnings per share is based on the following data:

	<b>US\$</b>
Earnings for the purpose of the basic and diluted earnings per share is net loss attributable to shareholders	(2,656,765)
Weighted average number of shares for the basis and diluted earnings per share	437,462,912

The average net asset value for one share during the period was US\$ 1.0147.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2007 Cont/d

### 14 Significant Agreements

#### **Custodian**

State Street Custodial Services (Ireland) Limited acts as Custodian to the Company, pursuant to the Custodian Agreement dated 10 November 2006. The Custodian fees are charged based on the Net Asset Value of the Company on a monthly basis. The current rate for the Custodian fee is 3 basis points. The Custodian will also be entitled to be reimbursed by the Company for all transaction costs attributable to the Company and subsidiaries and incurred by the Custodian from time to time and all other reasonable out-of-pocket and any appropriately incurred third party fees and expenses, including fees of any sub-custodian appointed by the Custodian at market rates, which will be invoiced as and when incurred and which shall be inclusive of value added tax (if payable).

#### **Administrator**

The Company and the Manager have appointed State Street Fund Services (Ireland) Limited (SSIL) pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly assets. The current rates for the Administration fee are 9 basis points for the first US\$100 million net assets, 8 basis points for net assets between US\$100 to US\$300 million and 6 basis points for net assets in excess of US\$300 million subject to a minimum monthly charge of US\$8,000 per sub fund.

#### **Discretionary Investment Adviser**

Pursuant to an agreement dated 15 November 2006, DWS Vietnam Fund Limited has delegated its discretionary investment management function to Deutsche Asset Management (Asia) Limited. The Investment Manager fees are charged based on the Net Asset Value of the Company on a monthly basis. The current rate for the Investment Manager Fee is 170 basis points.

In addition to management fees, the Company agrees to pay performance fees to the Investment Manager, any Investment Advisors and any Segregated Fund Managers calculated according to the performance of the Company's Investments. The Company shall pay performance fees to the Investment Manager in arrears within 30 days from the end of each Calculation Period and shall be calculated by reference to the unaudited accounts of the Company. The Company shall pay a performance fee on the Investment Manager's Sub Portfolio if the Investment Manager's Sub-Portfolio generates a return greater than 8 per cent on an annualized basis during a Calculation Period.

### 15 Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Council of the Cayman Islands, under the Tax Concessions Law (1999 Revision), exempting it from all local income, profits and capital taxes until 26 September 2026. Accordingly, no provision for income taxes is included in these financial statements.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as finance costs.

### 16 Related Party Transactions

Deutsche Asset Management (Asia) Limited has been appointed as Investment Manager to the Company. For these services in the period, Deutsche Asset Management (Asia) Limited earned a fee of US\$ 1,330,816, all of which was outstanding at the period end.

The two subsidiaries currently in operation are being managed by Deutsche Asset Management (Asia) Limited, all transactions between the company and its subsidiaries are on an arms length basis. As at the period end, Deutsche Bank AG (Vietnam) issued warrants to the Company as disclosed in the Portfolio of Investments. Four of the directors Lawrence Wolfe, Lindsay Wright, Stephen Duerden, and Andrew Fay are employees of Deutsche Bank A.G. related entities.



# DWS VIETNAM FUND LIMITED

## 17 Net asset value per share

The Net Asset Value per Share of the portfolio is determined by dividing the net assets of the portfolio by the total number of Participating Shares in issue.

## 18 Exchange rates to USD

EUR	Euro	0.75835
HKD	Hong Kong Dollar	7.77725
SGD	Singapore Dollar	1.53430

## 19 Consolidated portfolio of investments

The consolidated portfolio of investments is on pages 10 to 12 of these financial statements.

## 20 Soft Commission Arrangements

There were no soft commission arrangements during the period.

## 21 Significant events during the period

A second offering for shares in the Company took place on March 2007

A third offering for shares in the Company took place on April 2007

## 22 Significant events after the period end

The Company appointed PXP Vietnam Asset Management to manage US\$35 million with effect from 1 July 2007.

The Company issued 9,435,037 additional shares on 17 July 2007 based on 30 June 2007 Net Asset Value per Share of US\$1.0098

## 23 Approval of the financial statements

The accounts were approved by the Board of Directors on 30 August 2007.

# DWS VIETNAM FUND LIMITED

## **Other Information,**

### **REGISTERED OFFICE**

Second Floor Zephyr House  
122 Mary Street  
PO Box 709  
George Town  
Grand Cayman KY1-1107  
Cayman Islands

### **DIRECTORS**

Stephen Duerden  
Andrew Fay  
Ronan Guilfoyle (resigned 7 February 2007)  
Richard Harrison (appointed 7 February 2007)  
Gordon Mattison (appointed 7 February 2007)  
Don M. Seymour (resigned 7 February 2007)  
Lawrence Wolfe  
Lindsay Wright

### **INVESTMENT MANAGER**

Deutsche Asset Management (Asia) Limited  
One Raffles Quay,  
#17-10,  
Singapore 048583

### **CUSTODIAN**

State Street Custodial Services (Ireland) Limited  
Guild House  
Guild Street  
International Financial Services Centre  
Dublin 1

### **ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT**

State Street Fund Services (Ireland) Limited  
Guild House  
Guild Street  
International Financial Services Centre  
Dublin 1  
Ireland

### **PLACING AGENT**

Deutsche Asset Management (Asia) Limited  
One Raffles Quay,  
#17-10,  
Singapore 048583

### **LEGAL ADVISOR TO THE COMPANY ON VIETNAMESE LAW**

Freshfields Bruckhaus Deringer  
Saigon Tower, Suite 1108  
29 Le Duan Boulevard  
District 1, Ho Chi Minh City  
Vietnam

# DWS VIETNAM FUND LIMITED

## **Other Information Cont/d**

### **LEGAL ADVISOR TO THE COMPANY ON CAYMAN ISLANDS LAW**

Charles Adams Ritchie & Duckworth  
Attorneys-at-Law  
Zephyr House  
122 Mary Street  
PO Box 709  
Grand Cayman KY1-1107  
Cayman Islands  
British West Indies

### **CORPORATE SECRETARY**

CARD Corporate Services Limited  
Zephyr House  
122 Mary Street  
PO Box 709  
George Town  
Grand Cayman KY1-1107  
Cayman Islands

### **AUDITORS**

KPMG  
Chartered Accountants  
1 Harbomaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

### **IRISH LISTING AGENT AND IRISH PAYING AGENT**

NCB Stockbrokers Limited  
3 George's Dock  
International Financial Services Centre  
Dublin 1  
Ireland

### **DEALING ENQUIRIES**

Deutsche Asset Management (Asia) Limited  
One Raffles Quay,  
#17-10,  
Singapore 048583