

**DWS Vietnam Fund Limited**

**Consolidated Interim Unaudited Report  
for the six months ended  
30 June 2009**

**Deutsche Asset Management**  
**Deutsche Bank Group**



# DWS VIETNAM FUND LIMITED

<b><u>CONTENTS</u></b>	<b>Page</b>
General Information	2
Statement of Director's Responsibilities	3
Investment Manager's Report	4
Consolidated Portfolio of Investments	17
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Changes in Net Assets	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24
Other Information	36

# **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 dated 17<sup>th</sup> November 2006.

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 are managed by the Investment Manager and are subject to the supervision of the Board. The Investment Manager may, in its discretion, appoint any number of Sub-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, 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<sup>th</sup> November 2006. The Investment Manager makes 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 and any Sub Custodian appointed by the Custodian provides safe custody for the Company’s assets that can be legally held outside of Vietnam. The Investment Manager ensures that adequate custody arrangements have been entered into by any fund in which the assets of the Company are invested.

The Custodian, and any other duly appointed sub-custodian holds 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 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 are 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 of Association.

## **DWS VIETNAM FUND LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES**

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards and the listing rules of the Irish Stock Exchange. The Directors are responsible for ensuring that the financial statements give a true and fair view.

They are also responsible for safeguarding the assets of the Company and in fulfillment of this responsibility, they have entrusted the assets of the Company to the Custodian for safekeeping in accordance with the Memorandum and Articles of Association of the Company. The Directors are responsible for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

**The Interim Management Report includes a fair review of:**

- Important events that have occurred during the first six months of the year;
- The import of those events on the financial statements; and
- A description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Details of any material related party transactions are disclosed in note 16 to the financial statements.

On behalf of the board of Directors



Stephen Duerden  
Director

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009

### **Investment Objective**

The primary investment objective of the Company is to seek long term capital appreciation of its assets by investing in a diversified portfolio of Vietnamese – related securities (onshore and offshore), such as equity, fixed income and money market instruments and closed-end fund vehicles which may or may not be listed. In addition, the Company may invest in private equity securities and real estate funds and through structured notes, leveraged notes or any other derivative instruments which provide Vietnam exposure.

### **NAV Update**

The Net Asset Value (“NAV”) per share of the DWS Vietnam Fund (“Fund”) as of June 30, 2009 was USD 0.5168, up 11.86% from USD 0.462 as of December 31, 2008.

### **Portfolio Manager's Commentary**

The year began with subdued hopes for growth and earnings, and risk aversion worldwide at a historic high as many an investor had been scarred by the dramatic collapse in global financial markets in 2008. In Vietnam, the decisive stimulus package passed by the government and swift policy response from the State Bank of Vietnam (“SBV”) combined to alleviate the credit squeeze that afflicted businesses last year and bolster growth prospects for the economy. The major macroeconomic indicators for the first half of 2009 signal a positive change, apart from sectors such as Foreign Direct Investment (“FDI”) and export which are quite vulnerable to the rest of the world<sup>1</sup>. While other export-reliant countries in the region like Thailand and Malaysia spent the first half mired in recession, Vietnam economy grew by 3.9% of which Q1 growth was 3.1% and Q2 considerably better at 4.5%<sup>2</sup>.

Vietnam was the only one of the top 30 exporters to the U.S. to increase shipments (by 3% to USD3.75 billion) to the world's largest economy during the first four months of the year<sup>3</sup>. Vietnam is benefiting from a “re-balancing” in exports amid the global economic recession due to lower labor costs and because many companies are reluctant to become too dependent on Chinese production<sup>4</sup>. Aided by this shift, especially in clothing and footwear exports coupled with reduced demand for imported goods, Vietnam's trade deficit for 1H09 totaled USD2.1 billion, much smaller than the same period last year (approximately USD15 billion) as imports declined 34% YoY to USD29.7 billion while exports decreased only 10% to USD27.6 billion<sup>5</sup>.

One area of concern was FDI. FDI promised to Vietnam in the first half fell 77% YoY to USD8.87 billion, and FDI actually released to projects during this period totaled USD4 billion, down 18% YoY<sup>6</sup>. However, domestic factors show encouraging signs: Industrial production increased by 7% in the second quarter of 2009, with monthly figures showing consistent improvement (April 5.6%, May 7.2%, June 8.2%)<sup>7</sup>. The inflation rate was also relatively tame at 3.94% in June<sup>8</sup>.

Credit growth of 17% in the first half<sup>9</sup> raised concern in some quarters, but with the official target for the full year set at 25-27%, there is little room for further credit expansion in the rest of the year. The strong stance of the SBV on this issue should keep inflation in check and alleviate any concerns about the currency.

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<sup>1</sup> Sacombank Securities Company Report, 30 June 2009

<sup>2</sup> Bloomberg, 1 July 2009

(<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=ayP.OV3e0.1M>)

<sup>3</sup> U.S. International Trade Commission

<sup>4</sup> The American Chamber of Commerce in Ho Chi Minh City

<sup>5</sup> Vietnam General Statistics Office Statement

<sup>6</sup> Ministry of Planning and Investment

<sup>7</sup> Sacombank Securities Company Report, 30 June 2009

<sup>8</sup> Reuters / Kim Eng Report 25th June 2009

<sup>9</sup> Horizon Securities Report, 7 July 2009

## DWS VIETNAM FUND LIMITED

### Investment Manager's Report for the six months ended 30 June, 2009 cont/d

#### Portfolio Manager's Commentary cont/d

As of June 30, 2009, Vietnam's benchmark equity index, the VNINDEX, stood at 448.29 points, up 39.5% for the year (percentage change as measured in USD terms). Over the same period, the three-year Vietnam government bond yield fell by 4.2% in line with the downward pressure on interest rates exerted by the central bank's stance to loosen monetary policy. The over the counter (OTC) market witnessed several transitions into the listed market with Vietcombank and Bao Viet Holdings being some of the more talked about listings. The Fund's exposure to various asset classes and their performance in the first half of the year are discussed in detail in the section titled Portfolio Analysis.

#### Peer Group Analysis

The Investment Manager conducted a peer group analysis based on daily published data from LCFR. However, investors should note that the secondary market for closed-end funds such as this Fund is not very transparent. There may be several market makers for each fund, but price quotes from these market makers may not be publicly recorded or available. The analysis presented in this section is indicative only and based on prices quoted by LCFR, unless specified otherwise.

At the end of June, the Fund traded in the secondary market at a discount of 42% to NAV, compared to the average peer group discount of 33%. Historically, closed-end funds have traded at a slight discount to their NAV. The tumult in world financial markets over the past 18 months reduced investor risk appetite considerably and this change in investor attitude was exacerbated by equities in developed markets being cheaper relative to emerging market equities. As a result, demand for emerging market equities dropped sharply in Q1 2009, causing the discount to widen significantly.

Additionally, for the DWS Vietnam Fund, supply side factors could also be critical. The Fund's investors at inception were predominantly clients of private banks. Amidst the rumblings in financial markets over the last year, some of these investors may have experienced margin calls on other investments or liquidity pressures in general, potentially forcing a distressed sale of their shares in the Fund. The net effect was a situation where supply far exceeded demand, leading to the discount on closed-end emerging market country funds widening. Once the current attitude of extreme risk aversion abates – and to some extent, it already has – prices of closed-end funds in the secondary market should recover and the discount to NAV should narrow.

Peer group	NAV 31/12/2008	NAV 30/06/2009	NAV Change YTD	Discount to NAV (30/06/2009)	Mid Price 31/12/2008*	Mid Price 30/06/2009*
<b>DWS Vietnam Fund</b>	<b>0.46</b>	<b>0.52</b>	<b>12%</b>	<b>-42%</b>	<b>0.25</b>	<b>0.30</b>
PXP Vietnam	2.91	4.09	41%	-33%	1.75	2.75
PXP Emerging Equity	3.18	4.46	40%	-11%	2.25	3.95
VEIL Dragon Capital	2.17	2.91	34%	-40%	1.45	1.75
VGF Dragon Capital	13.30	15.52	17%	-39%	10.50	9.50
VOF VinaCapital	1.86	2.10	13%	-32%	0.70	1.43
ICV Indochina	4.66	5.16	11%	-24%	2.48	3.90
PXP Lotus	2.12	2.16	2%	-54%	1.15	1.00
PCA Prudential	6.44	5.89	-9%	-24%	4.50	4.50
<b>AVERAGE</b>			<b>18%</b>	<b>-33%</b>		

\* Prices as reported by LCFR. Price of DWS Vietnam Fund as of 30 June 2009 is the average of quotes from 3 brokers as this better reflects the increased secondary market activity in the fund following the addition of a new market maker.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### **Peer Group Analysis cont/d**

It is worth noting that the funds with the best performance on a NAV basis during this period were those that invest primarily in listed domestic equities (PXP Emerging Equity, PXP Vietnam, VEIL Dragon Capital). The strength of the DWS Vietnam Fund lies in its diversified multi asset class exposure, due to which it is less volatile than funds investing purely in the stock market. As a result of its diversified portfolio construction and lower risk profile, the Fund tends to outperform funds with a high exposure to listed equities during down markets due to the higher beta of these funds, while in up markets, it tends to underperform.

### **Portfolio Analysis**

#### **1. Listed Equity (Onshore and Offshore)**

As of June 30, 2009, Vietnam's benchmark equity index, the VNINDEX, stood at 448.29 points, up 39.5% from December 31, 2009 (percentage change as measured in USD terms). At this level, the VNINDEX was one of the top 3 best performing equity markets worldwide from a year ago. The VNINDEX spent the early part of the year languishing in the depths and hit a low of 235.5 points on February 24. From this point, a gradual stream of steadily improving national economic data, positive investor sentiment and a revival in sectors such as construction and real estate spurred by the Government's stimulus package led the index to a peak of 512.46 points on June 9, an increase of 117% from its low in February 2009. This rapid rise led to a widespread expectation of an imminent correction amid a sentiment that returns from equity markets were outpacing the gradual improvement in macroeconomic conditions. These expectations proved to be correct as the market has since fallen about 19% from its peak (as of July 21, 2009).

Securities companies had an extremely good first half in terms of stock performance as they were direct beneficiaries from increased investor participation in an exuberant stock market. Consumer goods and staples also performed well given their naturally defensive stance. The loan subsidies offered as part of the government's fiscal stimulus package jumpstarted several construction projects, benefitting companies in the real estate and building materials sector.

#### **Portfolio**

The Fund's direct exposure to listed equities represented 40.4% of the Fund as of June 30, 2009. During the first half of the year the listed equity portfolio returned 27.3% compared to a market return of 39.5%. The rally in the listed equity market in Vietnam since it bottomed out at the end of February has been led mainly by the financial, insurance and securities companies stocks. This is a sector where the Fund Manager ("FM") was either unable to gain exposure, due to foreign ownership limits being reached, or uncomfortable holding the underlying securities due to higher risks associated with some of these companies. In the first half of the year, the Fund's listed equity portfolio was relatively defensive with a higher exposure to pharmaceutical and food companies. This defensive position was also one of the factors contributing to relative underperformance. Since the listing of Vietcombank and BaoViet Holdings at the end of June, the exposure of the Fund to the financial and insurance sectors has increased significantly.

In the second quarter, the FM exited entirely from offshore listed equities such as F&N and New Toyo International, so as to reinvest the proceeds in domestic Vietnamese equities which were at more attractive levels compared to historical valuations. In May & June, the Vietnam equity market started to gather steam and registered significant gains, driven to a significant extent by exuberant retail investors, leading the FM to reduce the onshore listed equity portfolio by about USD11 million in anticipation of a correction in the market and consolidate gains in cash instead.

The FM continues to maintain a defensive stance with significant holdings in consumer staples, infrastructure and power, while opportunistically adding to sectors such as banking and finance. A brief note on some of the Fund's largest listed equity holdings follows.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 1. Listed Equity (Onshore and Offshore) cont/d

1. **Vietnam Dairy Products (Vinamilk)** – Vinamilk is one of the largest food producers in Vietnam, with a market share of 37% and over 1,400 distributors throughout North and South Vietnam. The company has well known brand names, solid management and remains focused on its core business. While competition from imports does exist, we believe that with their strong distribution and focus on costs that they should continue to grow their business as well as take advantage of other complimentary distribution opportunities. Their EPS growth has been 25-35% between 2006 and 2008, and according to recent reports are on target to report solid earnings again this financial year.
2. **Vietcom Bank (VCB)** - Vietcom Bank is the third largest bank in Vietnam and one of the largest listed stocks in stock market. This stock listed at the end of June 2009. The company's strength lies in trade financing and loans to SMEs, and we believe that VCB will be able to grow both areas substantially over the coming years as the country continues on the path of economic liberalization.
3. **PetroVietnam Fertilizer and Chemical (DPM)** - DPM is the only listed fertilizer company in Vietnam, and with over a 40% share of the domestic market, also the largest. Over the past year its profits have been hurt by the fall in the global urea price, however as agriculture is a key component of the Vietnamese economy, we would expect that the demand for urea and other fertilizers will continue to be strong. DPM is increasing capacity, though this is only expected to come on stream in 2012 or later. Given the company's strong market share, above industry profitability and the growth characteristics of the domestic market, DPM provides the fund with good exposure to the agricultural market.
4. **Petrovietnam Drilling and Well Services (PVD)** - One of the larger listed companies, PVD provides drilling and maintenance services to the oil sector. They own and contract out several onshore and offshore oil rigs, as well as 3 jack-up rigs with several on order. The company is well run, has margins above their comparable regional peers, and has had a 6 year compound annual growth rate of 80.3%. While the price of oil is a major influence on margins and thus margins have come under some pressure, PVD is well positioned to cater for the growing domestic oil exploration market.
5. **Gemadep Corporation (GMD)** - Gemadep is the 2nd largest shipping company in Vietnam. While the global shipping industry has been badly affected by the economic downturn, and GMD is no exception, the company has above average operating margins, a fairly young fleet and investments in several port and infrastructure facilities to provide it with additional services revenue and greater control over its operations. GMD provides the fund with exposure to the continued growth of the domestic economy, which is fairly reliant on coastal and inland shipping, as well as the export market.
6. **Pha Lai Thermal (PPI)** – PPI is the largest thermal power company in Vietnam, generating approximately 10% of the country's total power needs. While the company is largely state owned, it benefits from a steady and increasing sales stream as power needs increase in line with economic development of the country. In terms of diversification, Pha Lai has chosen to take strategic positions in other power companies, rather than building additional capacity itself. Over time the company should end up with a well diversified revenue stream derived from the country's growing power needs. We believe that Pha Lai provides the fund with a low risk exposure to critical infrastructure.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### Outlook

The FM favours sectors such as staples – particularly food and dairy, technology & telecommunications, industrials and transport. Vinamilk continues to be one of our favourites. The company, whose mainstay is the production of milk and milk powder, made a pre-tax profit of VND1,152 billion in 1H2009, achieving 69% of its target for the year. Banking and financial services is an area that can be expected to grow in sync with economic development and for the long term, this is a sector holding immense potential. However at present, given expectations of rising Non Performing Loans (NPLs), the FM prefers to maintain selective exposure to banks with low leverage and stringent credit evaluation processes.

The FM believes that the Fund's tactical approach of harvesting profits over the months of May and June and waiting for the right entry valuation levels to reinvest those proceeds will be rewarding over the long term for the fund's investors.

#### 2. Fixed Income

Over the first half of 2009, the 3 year Vietnam government bond yield fell by 4.2% in line with the downward pressure on interest rates exerted by the loosening of monetary policy. While the Government stimulus program ensured sufficient VND liquidity in the banking system, some banks raised VND deposit rates to as high as 10%, just slightly below the ceiling lending rate of 10.5%, in a move to make deposits competitive compared to the stock market which attracted large retail flows due to its performance. The SBV however continued to hold the base rate at 7% and implied that it would remain unchanged until the end of the year<sup>10</sup>.

According to the State Bank of Vietnam, total outstanding loans increased 17% YoY during the first six months of this year<sup>11</sup>. However, some economists are concerned by the rapid expansion in credit so far this year and are suggesting that the government's focus at this stage should be on macroeconomic stability rather than sustaining growth. For instance, in April, the government extended by two years a lending-stimulus program that pays 4% interest on any loans by Vietnamese banks to the business sector, encouraging banks to lend more aggressively<sup>12</sup>. To counter these fears, the State Bank of Vietnam announced in June that it had asked commercial lenders to inspect their subsidiaries and ensure safety and tighter controls in consumer lending.<sup>13</sup> Also, inflation continues to be sober for now: Vietnam's CPI in June rose by 0.9% month on month, while the annual inflation rate dropped to 3.9% – the lowest level since January 2004 – with food prices falling nearly 10%<sup>14</sup>.

Vietnam's long-term local-currency credit rating was cut one grade to BB- by Fitch Ratings, which cited a "steady deterioration" in the budget deficit<sup>15</sup>. At the same time, the nation's long-term foreign currency rating was affirmed at BB-, and the outlook on both ratings was revised to "stable" from "negative". Worries regarding the country's foreign debt burden are lessened when one considers the Ministry of Planning and Investment's recent announcement that Vietnam, which has a foreign currency reserve of \$20 billion, plans to pay \$930 million in foreign debts this year<sup>16</sup>. As discussed in previous newsletters, one must also remember that the majority of Vietnam's outstanding debt is not only long dated but it has also been borrowed from international development agencies such as the Asian Development Bank and the World Bank.

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<sup>10</sup> Sacombank Securities Report, 30<sup>th</sup> June 2009

<sup>11</sup> Horizon Securities Report 7<sup>th</sup> July 2009

<sup>12</sup> Wall Street Journal (<http://online.wsj.com/article/SB124647255493581637.html>)

<sup>13</sup> Kim Eng Report 23<sup>rd</sup> June 2009

<sup>14</sup> Reuters / Kim Eng Report 25<sup>th</sup> June 2009

<sup>15</sup> Bloomberg 30<sup>th</sup> June 2009

([http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aGTVHSxsF\\_oA](http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aGTVHSxsF_oA))

<sup>16</sup> Ministry of Planning and Investment on the Dau Tu Chung Khoan Website

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 2. Fixed Income cont/d

##### **Portfolio**

The Fund's exposure to the Vietnam fixed income market is primarily through USD and VND denominated government bonds and a Credit Linked Note (CLN), an unleveraged note which is directly linked to underlying domestic government bonds. In June, a historical mispricing of the CLN was corrected by the issuer; in addition, a credit charge from the issuer of the note was imputed into the price of the note (a new requirement by the issuer in light of the global financial crisis). As a result, there was a 17.5% drop in the value of the CLN from the previous month. The CLN is priced independently by the issuer.

The Fund also has a small exposure to corporate bonds, which comprises about 3% of the Fund, through the Vietnam Electricity bonds. Established in 1995, Electricity of Vietnam (EVN) is a state-owned corporation that operates in the areas of generation, transmission, distribution and sales of electric power. It is the largest generator and distributor of electricity in Vietnam, and accounts for 80% of the total electricity output, operating essentially as a monopoly over the distribution network.

The Fund's exposure to fixed income securities stood at 17.5% as at June 30, 2009. The fixed income portfolio returned -0.3% during the six month period ending in June 2009. Gains in USD and VND denominated sovereign bonds were reversed by the significant pricing change affecting the CLN, as discussed above.

##### **Outlook**

The official SBV inflation target for 2009 is 7%. But economists have suggested the government needs to remain vigilant in keeping inflation under control. We cannot forget that inflation last year went as high as 22%. As the government forges ahead with economic stimulus measures, including loan subsidies that are buoying bank lending, to stimulate the economy, we cannot ignore the fact that this will also have an impact on the inflation figures as the money flows through to the real economy.<sup>17</sup> Other external sources of increased inflation for 2009 may emerge as global demand for hard commodities such as crude oil and steel increases as the global economy rebounds.

We are already seeing signs that the domestic economy is recovering earlier than the developed economies, which are the major trading partners for Vietnam. The growing demand for import of materials and machinery from this economic expansion could widen the trade deficit to around USD8-10 billion later in the year as domestic economy powers ahead<sup>18</sup>.

The government and the central bank have acknowledged that inflation, and not growth, is the key risk facing the economy in 2009. Hence, while interest rates are expected to remain flat until the end of Q4 the first sign of a pickup in inflation (MoM of about 1%) may lead to higher rates before the end of the year.

Given forex market sentiment and the critical shortage of US dollars in the system, some market participants expect a 3-5% depreciation of the VND against the greenback in 2009. But the SBV's decision to rein in full year credit growth at 25-27% and 1H growth of 17% imply little room for further credit expansion in the 2H. The SBV's assertive stance on credit growth should ease any inflationary pressures from that quarter which could necessitate a devaluation of the currency. Lower credit growth seems to be the price the government is willing to pay to avoid falling into an inflationary trap right after averting a recession.<sup>19</sup>

<sup>17</sup> Horizon Securities Report, 15<sup>th</sup> July, 2009

<sup>18</sup> Sacombank Securities Report, 30<sup>th</sup> June 2009

<sup>19</sup> Ho Chi Minh Securities Corporation Newsletter

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 2. Fixed Income cont/d

The FM will continue to closely monitor the trajectory of interest rates and rebalance the fixed income portfolio accordingly.

#### 3. Unlisted Equities Investments

Over the past 18 months, the Fund has completed a number of private, unlisted and PIPE (Private Investment in a Public Company) investments. Among these, shares of companies that trade on the OTC market are valued at the average mid-point quote obtained from three brokers. Due to the global economic slowdown over the last 12-18 months, the Investment Manager felt it was prudent to perform a review and revaluation of the Fund's direct investment holdings, for which no active secondary market exists, as at the end of June. Prior to this review, the direct investment holdings were held at cost due to the absence of any material revaluation events (with the exception of the Fund's equity investment in Vicostone which was marked-to-market).

Going forward, a quarterly review of direct investments will be performed by the Investment Manager, using the following methodology. Where the investment into the firm is in the form of two tranches, one being equity and the other being convertible debt, the pure equity and convertible debt are valued separately. For the equity portion, a combination of a DCF and P/E based multiple approach is used to derive the best estimate of the company's equity value. The inputs to the DCF and P/E based approaches are based on observable market proxies. The convertible bond portion is valued using a pricing model that takes into consideration the spot value of equity, implied volatility of conversion, recovery rates, credit spreads and credit volatility. The inputs to the convertible bond model are derived from market proxies as they are not directly observable. On a blended basis, the total portfolio of direct investments in Prime Group, Vicostone and An Phat Plastics was revalued down by 1% from their May 2009 valuation.

The fund's exposure to unlisted equities stood at 12.9% on June 30, 2009. During the first half of the year, the unlisted equities portfolio returned 27.8%.<sup>20</sup> One of the key drivers of this return was the post-listing rally of Vietcombank and Bao Viet Holdings described in the following pages.

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<sup>20</sup> Vietcombank and Bao Viet Holdings are included in the calculation of unlisted equities' performance as of June 30, 2009 as these securities listed very near the end of the half year period. Going forward, these securities will comprise a part of the listed equities portfolio.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 3. Unlisted Equities Investments cont/d

##### (i) Prime Group JSC

In October 2008, the Fund completed a USD19.7 million investment for a 10.4% equity interest (fully diluted) in Prime Group JSC ("Prime"). The investment was made via a combination of USD5.2 million of secondary common shares and USD14.5 million in a convertible bond.

Prime is among the top five ceramic tile manufacturers in the world in terms of capacity. The Company has a total annual capacity of 90 million m<sup>2</sup> catering almost entirely to the domestic market. Prime is by far the largest player in Vietnam with 30% market share compared with the No.2 player with 8% market share. In addition to its large size, one of Prime's key competitive advantages is being the lowest cost producer, thanks to its control over key raw material sources.

The ceramic tile industry in Vietnam is expected to consolidate as inefficient and small players are weeded out. Prime will be in a strong position to increase its market share given its dominance and control over key resources once the industry consolidates.

Prime weathered extremely challenging conditions in the later part of 2008 thanks to the scale of its operations. Sales (USD116.8 million) and net profit (USD8.5 million) grew by a healthy 48% and 29% respectively year on year ("y-o-y"), in a very trying economic climate. The company's order book has witnessed a strong surge since April, benefiting from the revival in construction projects stemming from the government's stimulus package. For the first half of 2009, the company registered sales of USD83.5 million (+35% y-o-y) and net profit of USD9.3 million (+75% y-o-y).

Prime is a privately held company whose shares are neither listed nor traded on the OTC market. Hence the investment is revalued by the Investment Manager every quarter, or earlier in case of a material redemption event. As of June 30, 2009, the total investment in Prime was marked down by 19% from carrying value to USD15.0 million to reflect slower than expected growth in sales and profits in the aftermath of the credit crisis.

##### (ii) Vinaconex Advanced Compound Stone Company

In May 2008, the Fund completed a USD7.5 million negotiated investment in the listed-Vinaconex Advanced Compound Stone Company ("Vicostone"). The investment was structured in two parts, with the Fund investing in both primary common shares and a convertible bond instrument.

The company manufactures natural composite stones (used in kitchen tops, vanity tops, wall cladding and flooring) and is one of the only two manufacturers in Asia (the other being in South Korea). There are only 40 companies globally with licenses to manufacture natural composite stones using the patented Italian technology. The Company's products are mainly targeted at the export market with over 90% of current production being exported.

Vicostone has had a strong business performance since the Fund invested in April 2008. Net profit in 2008 grew by 88% y-o-y to USD4.4 million. For 2009, orders are slow to fill the expanded capacity given the current economic slowdown but for the existing capacity, its order book remained robust as orders are being diverted to Vietnam from more expensive producing locations such as Spain, Italy and Germany.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 3. Unlisted Equities Investments cont/d

##### **(ii) Vinaconex Advanced Compound Stone Company cont/d**

Even though 2008 was a tough year for the Vietnamese economy, Vicostone has been able to grow revenue by 43% and is on track for 19% growth in 2009. The company reported sales of USD13.6 million (+32% y-o-y) and net profit of USD2.4 million (+6% y-o-y) for the first half of the year.

Vicostone's ordinary equity shares are valued at a discount to the price obtained from the Hanoi Stock Exchange ("HNX") on which the company is listed. The discount is applied to reflect the illiquidity arising from the remaining lock up period on the ordinary shares. The convertible bond is revalued by the Investment Manager every quarter, or earlier in case of any material revaluation event. As of June 30, 2009, the total investment was marked up by 34% from carrying value to USD10.6 million, reflecting the company's sustained cost advantage relative to manufacturers in Europe.

##### **(iii) An Phat Plastics JSC**

At the end of 2007, the Fund made a USD 2 million structured equity investment An Phat Plastics JSC ("An Phat"). In April 2009, the Fund made a follow on investment of USD 2.9 million via a convertible bond instrument, to fund the expansion plans of the company.

An Phat is the largest plastic recycler in North Vietnam, recycling a significant amount of the discarded plastic from the northern part of the country. The recycled plastic is manufactured into bio-degradable plastic bags and re-usable plastic bags for both the domestic and international markets.

An Phat continues to perform strongly despite the recent capital market turmoil in Vietnam and globally. During 2008 management exceeded both revenue and profit targets and have continued to do so in 2009. Increased demand arising from a step-up in marketing efforts is being met by expanding capacity at the current plant. An Phat is also planning to expand into Cambodia due to availability of recycled plastics. Construction of a plant in Cambodia is expected to begin in 2010. The company made sales of USD 9.3 million (+70.8% y-o-y) and net profit of USD 1 million (+53% y-o-y) for the first half of the year.

The shares in the company do not trade in sufficient liquidity on the OTC market to get a reliable price. So the Fund's investment in An Phat is revalued by the Investment Manager every quarter, or earlier in case of any material revaluation event. As of June 30, 2009, the investment was marked up by 1% from carrying value to USD4.4 million.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 3. Unlisted Equities Investments cont/d

##### **(iv) Saigon Paper JSC**

In March 2007, the Fund made a USD 1.8 million structured equity investment in Saigon Paper JSC ("SGP") for a 2.7% stake in the company.

SGP is a leading manufacturer of both household and industrial paper products. SGP has one of the strongest domestic brands in the toilet paper and tissue markets. SGP is also one of the leading manufacturers of industrial paper in Vietnam, i.e. cardboard boxes for packaging. Industrial paper accounts for approximately 50% of SGP's revenues.

2008 and 1H 2009 were extremely difficult times for the domestic industrial paper industry. During this period, Chinese manufacturers started dumping excess capacity industrial paper into the Vietnamese market at very competitive pricing which has resulted in many smaller manufacturers shutting down. SGP, too, has had to scale back some of its plans to expand its industrial paper business. SGP started to focus more closely on the toilet and tissue paper markets. However, this transition has been very difficult and SGP is currently restructuring its business plan to focus on this sector.

Full year profit for 2008 was down by 83% compared to 2007 due to the impact of dumping from the Chinese industrial paper manufacturers. We are currently working with management to see how we can best position the company for 2009.

Although not yet listed, shares in SGP are traded on the Vietnam OTC market. Shares are re-priced monthly by the Fund's administrator, by taking an average of quoted prices from three independent brokerage firms in Vietnam.

##### **(v) Saigon Beer Alcohol and Beverage JSC**

In July 2008, the Fund made a USD 1.3 million straight equity investment in Saigon Beer Alcohol and Beverage JSC ("Sabeco") for a 0.09% stake in the domestic brewer.

Sabeco is the largest domestic brewer in Vietnam with a 31% share of the beer market. Sabeco has one of the best known brands in Vietnam and is in a leading position to capitalize on the expected growth in this market.

A 2009 report by an international research house on the Vietnamese F&B industry stated that alcoholic drink sales in Vietnam are forecast to increase by 51.4% to 2.9 billion litres in 2013 from 1.92 billion litres in 2008. Beer sales, which accounted for an estimated 97.9% of alcoholic drinks sales in 2008, will remain the primary segment to benefit from this increase in sales.

Sabeco has recently announced that the company reached total revenue of over 6.603 trillion dong (370 M USD) in the first six months of 2009 and it earned profit after tax of 547.48 billion dong (30.9 MUSD)<sup>21</sup>.

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<sup>21</sup> Vietnammarkets.com article 2009-07-15

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June, 2009 cont/d

### Portfolio Analysis cont/d

#### 3. Unlisted Equities Investments cont/d

##### **Saigon Beer Alcohol and Beverage JSC cont/d**

Sabeco's management board revealed in a recent article that although the business environment in Q1 of 2009 was considered difficult due to purchase of raw materials at a high point in the market at the end of 2008, the business environment improved considerably in Q2 with the introduction of the government's program to support borrowing with preferential interest rates.

Sabeco plans to hold a shareholders' meeting in July to discuss its plan with shareholders to list shares on the Ho Chi Minh Stock Exchange in Q4 of 2009. Although not yet listed, shares in Sabeco are traded on the Vietnam OTC market. Shares are re-priced monthly by the Fund's administrator, by taking an average of quoted prices from three independent brokerage firms in Vietnam. Sabeco is expected to list on the Ho Chi Minh Stock Exchange ("HoSE") in late 2009.

#### **Exit Strategy**

The FM has defined an exit from our unlisted portfolio as the stage when an unlisted company lists on a liquid exchange. At this point the Fund's listed equity portfolio manager takes responsibility for the stock. In the first six months of 2009, three of the private companies that the Fund had invested in listed on a domestic exchange.

##### **(i) Ha Tien 2 Cement**

In October 2007, the Fund made a USD 3.8 million straight equity investment in the public auction of shares in Ha Tien 2 Corporation ("HT2") for a 2.7% stake in the company. Over the first half of 2008, the Fund Manager continued to increase the Fund's position in this company via the purchase of equity on the OTC market. On a fully blended basis the Fund has a 5.16% position in HT2. The Fund's investment in HT2 moved to the listed portfolio of the Fund when the company listed in March 2009.

HT2 is one of the leading producers of cement and clinker in South Vietnam, with a 24% market share. HT2 is an excellent infrastructure play that provides the Fund with an indirect exposure to the construction sector in Vietnam. HT2 has a significant cost advantage over many of its competitors in the south of the country, as it produces enough clinker (clinker being the main raw material used in the production of cement) to meet its internal demand. In order to further increase competitiveness and reduce costs, HT2 is looking to expand its capacity and upgrade its technology. HT2 plans to invest in three major projects over the next two years.

HT2 made a profit of USD7.2 million in 2008 from sales of USD 76 million. HT2 listed on 26 March 2009 on the HoSE at a price of VND 20,000 per share. As of June 30, 2009, HT2 closed at VND 15,100 per share.

# **DWS VIETNAM FUND LIMITED**

## **Investment Manager's Report for the six months ended 30 June, 2009 cont/d**

### **Portfolio Analysis cont/d**

#### **3. Unlisted Equities Investments cont/d**

##### **Exit Strategy cont/d**

###### **(ii) Vietcombank**

At the end of 2007, the Fund made a USD 26.75 million equity investment in Vietcombank ("VCB") for a 0.27% stake in the bank.

VCB is the second largest bank in Vietnam by assets and was the most profitable bank in Vietnam in 2007 and 2008. VCB is strongly positioned due to its ubiquitous network of branches in the country. Capitalising on its strong branding campaign, the bank expects to further extend its reach into the retail banking and consumer finance space. The Fund believes that this is an unexploited market in Vietnam with considerable growth potential, in which VCB is well-positioned to be a market leader.

VCB listed 112 million shares on the HoSE on June 30, 2009 at VND 50,000 per share and promptly rallied to the full extent permissible on the first day of trading to close at VND 60,000 per share

###### **(iii) Bao Viet Insurance**

In May and June 2008, the Fund made a USD 0.6 million straight equity investment in Bao Viet Insurance ("BVI") for a 0.08% stake in the insurance company.

BVI is the largest domestic non-life insurer in Vietnam and the number one player in the Property and Casualty insurance market with a market share of 38%. BVI has a market capitalization of approx. USD 1.5 billion and the company made a net profit of USD 27.7 million in 2008.

Shares of BVI listed on the HoSE on June 25, 2009 at VND 38,500 per share. The listing was greeted with much enthusiasm and the shares rose 37.7% to close at VND 53,000 on June 30, 2009.

##### **Outlook**

The FM is currently in the final stages of assessment of the largest private healthcare provider and a leading player in the agricultural sector in Vietnam. The FM targets to complete the two investments before the end of 2009. The FM will disclose further details upon completion of the respective investments. The FM expects to continue to add to the unlisted equity portfolio allocation in future.

# **DWS VIETNAM FUND LIMITED**

## **Investment Manager's Report for the six months ended 30 June, 2009 cont/d**

### **Portfolio Analysis cont/d**

#### **4. Closed End Fund of Funds Investments**

As of June 30, 2009, the Closed End Funds constitute 11.9% of the fund. Funds in this portfolio include funds managed by PXP Asset Management and Dragon Capital. The FM gained exposure to many of these funds at a significant discount to their respective NAVs, giving the Fund beta exposure to the market at a significant discount to the listed equity valuations.

An example is the PXP Vietnam Emerging Equity Fund (VEEF). The fund traded in the secondary market at a discount to NAV of 30% in December 2008. Recently, VEEF offered an in-specie redemption of holdings giving shareholders the option to receive the underlying shares and cash in exchange for the shares held in VEEF. In response to this, the price of the fund shot up by 76%<sup>22</sup> in the first half of the year, while the discount to NAV narrowed to 11%. The mechanics of this transaction are expected to be completed in August 2009. The closed end funds portfolio returned 35% during the first half of 2009, reflecting gains in the broader equity market.

Investors may refer to the Financial Statements accompanying this document for a complete list of the Fund's holdings.

#### **Share Buy-back**

The Fund repurchased 3,762,941 shares during the six month period ended on June 30, 2009 through Epsom Limited, a wholly owned subsidiary.

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

The FM would like to re-iterate his belief that the global economic recession will portend a subdued economic scenario for Vietnam. While many other emerging economies in the region are mired in recession, Vietnam is experiencing only a slowdown in growth. The FM remains optimistic on the medium to long term structural story of Vietnam. We continue to believe that fundamental trends such as an emerging middle class, rising disposable incomes, a well educated workforce, strength in light manufacturing, hard and soft commodities, remain intact and supportive. Over the coming months, the FM will be looking to increase the Fund's exposure to direct investments and to increase the Fund's exposure to the domestic listed equity market as and when value opportunities arise.

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<sup>22</sup> Price as reported by LCFR

# DWS VIETNAM FUND LIMITED

## Consolidated Portfolio of Investments as at 30 June 2009

Nominal	Security	Coupon %	Maturity	Value US\$	Fund %
<b>Collective Investment Schemes 10.02% (Dec 2008: 8.51%)</b>					
<b>Cayman Islands 10.02% (Dec 2008: 8.51%)</b>					
1,391,918	PXP Vietnam Fund Limited *			3,549,391	1.44
1,261,200	Vietnam Emerging Equity Fund*			4,414,200	1.80
4,729,000	Vietnam Enterprise Investment Limited *			7,802,850	3.18
628,167	Vietnam Growth Fund *			5,771,285	2.35
1,013,330	Vietnam Lotus Fund Limited *			1,038,663	0.42
446,000	Vietnam Resource Investments *			2,029,300	0.83
<b>Total Collective Investment Schemes</b>				24,605,689	10.02
<b>Common Stocks 39.92% (Dec 2008:43.21%)</b>					
<b>Bermuda Nil (Dec 2008: 0.77%)</b>					
<b>Singapore Nil (Dec 2008: 3.61%)</b>					
<b>Vietnam 39.92% (Dec 2008: 38.83%)</b>					
25,000	An Giang Fisheries			30,805	0.01
800,000	An Phat Plastics and Packing **			842,131	0.34
465,000	Bao Viet Insurance			1,386,654	0.56
136,070	Ben Tre Aquaproduct			335,333	0.14
25,000	Binh Chanh Construction Investment JSC			58,516	0.02
25,000	Binh Dinh Minerals JSC			94,244	0.04
118,000	Binh Minh Plastics			428,234	0.17
9	Cables and Telecom			14	—
142,850	Can Don Hydro Power Joint Stock			117,347	0.05
791,965	Corp for Financing and Promo Techno			3,119,200	1.27
25,000	Cuu Long Pharmaceutical JSC			91,431	0.04
45,000	Domesco Medical Import Export			156,980	0.07
115,000	Dong Phu Rubber Joint Stock			276,937	0.11
114,570	Dry Cell & Storage Battery Joint			325,538	0.13
1,489,240	Gemadept Corp			3,829,307	1.56
4,246,760	Hatien 2 Cement			3,608,061	1.47
609,510	Haugiang Pharmaceutical Joint Stock			3,875,239	1.58
393,170	Ho Chi Minh City Infrastructure			798,595	0.33
175,000	Ho Chi Minh City Securities			590,784	0.24
280,350	Hoa An Joint Stock Co			413,277	0.17
200,000	Hoa Binh Rubber Joint Stock			390,480	0.16
187,670	Hoa Phat Group Joint Stock			570,201	0.23
348,320	Imexpharm Pharmaceutical JSC			1,185,695	0.48
2,360,753	KinhDo Corporation			5,831,151	2.37
2,539,510	Nam Viet Corporation			2,400,482	0.98
25,000	National Seed JSC			67,518	0.03
217,090	Petroleum Technical Services JSC			414,075	0.17
1,810,920	Petrovietnam Drilli			8,202,276	3.34
3,484,770	Petrovietnam Fertilizer & Chemicals			8,313,411	3.39
3,397,910	Pha Lai Thermal Power			5,123,726	2.09
1,702,000	Prime Group **			3,934,050	1.60
125,006	Refrigeration Electrical Engineering			288,373	0.12
1,050,000	Sabeco **			2,284,384	0.93
550,000	Saigon Paper Corp **			239,304	0.10
665,000	Saigon Thuong Tin			1,305,829	0.53
333,333	SMC Investment Trading			478,253	0.19
820,260	Songda Urban & Industrial Zone			4,476,747	1.82
200,000	Southern Seed Corporation			437,743	0.18
500,000	SSgA Construction Real Estate **			1,537,219	0.63
22,409	Tan Tao Industrial Park			43,751	0.02
160,000	Tan Tien Plastic Packaging Joint			344,793	0.14
129,720	Tay Ninh Rubber Co			320,413	0.13
818,420	Thu Duc Housing Development			3,200,371	1.30
4,000,000	Vietcom Bank			13,503,629	5.50
50,000	Vietnam Container Shipping JSC			181,455	0.07
2,099,370	Vietnam Dairy Product			10,867,160	4.43
100,000	Vietnam Petroleum Transport JSC			85,523	0.03
868,725	Vinaconex Advanced			1,621,802	0.66

# DWS VIETNAM FUND LIMITED

## Consolidated Portfolio of Investments as at 30 June 2009

Nominal	Security	Coupon %	Maturity	Value US\$	Fund %
<b>Common Stocks 39.92% (Dec 2008: 43.21%) Cont/d</b>					
<b>Vietnam 39.92% (Dec 2008: 38.83%) Cont/d</b>					
<b>Total Common Stocks</b>				98,028,441	39.92
<b>Corporate Debt 1.47% (Dec 2008: 0.00%)</b>					
<b>Vietnam 1.47% (Dec 2008: 0.00%)</b>					
50,000,000,000	An Phat Plastics and Packing JSC	8.500%	13/04/2013	3,602,093	1.47
<b>Total Corporate Debt</b>				3,602,093	1.47
<b>Long Term Bonds 26.01% (Dec 2008: 32.59%)</b>					
<b>United Kingdom 6.71% (Dec 2008: 8.98%)</b>					
20,000,000	Deutsche Bank AG ** A+ (rating)	7.5623%	31/01/2012	16,472,000	6.71
<b>Vietnam 19.30% (Dec 2008: 23.61%)</b>					
240,000,000,000	Prime Group ZCP ** NR	0.000%	17/10/2011	11,024,363	4.49
100,000,000,000	VCS Bond ** NR	10.500%	22/05/2011	8,987,790	3.66
6,695,652	Vietnam (Socialist Republic of) (a)*** BB	6.250%	12/03/2016	5,893,406	2.40
50,000,000,000	Vietnam (Socialist Republic of) ** BB	7.700%	31/01/2012	2,687,804	1.09
50,000,000,000	Vietnam (Socialist Republic of) ** BB	8.400%	12/01/2012	2,712,691	1.11
40,000,000,000	Vietnam (Socialist Republic of) ** BB	8.500%	17/01/2013	2,186,874	0.89
30,000,000,000	Vietnam (Socialist Republic of) ** BB	8.700%	25/08/2011	1,602,990	0.65
6,000,000	Vietnam (Socialist Republic of) ** BB	6.875%	15/01/2016	5,985,390	2.44
120,000,000,000	Vietnam Electricity (a) ** NR	9.540%	20/07/2011	6,312,947	2.57
<b>Total Long Term Bonds</b>				63,866,255	26.01
<b>Warrants 4.91% (Dec 2008: 5.65%)</b>					
<b>Germany 1.13% (Dec 2008: 0.97%)</b>					
1,380,967	Deutsche Bank AG London ( HCM City Infrastructure Investment Co.)		01/09/2017	2,781,958	1.13
<b>Hong Kong 0.47% (Dec 2008: 1.12%)</b>					
3,536,270	HSBC P Notes (Imex Pharm)		07/02/2012	1,164,741	0.47
<b>Netherlands Nil (Dec 2008: 0.29%)</b>					
<b>United Kingdom 1.70% (Dec 2008: 2.12%)</b>					
445,900	Deutsche (Cw09 Vietnam Dairy)		17/08/2009	2,289,162	0.94
1,240,286	Deutsche Bank AG London (CW17 Phai Lai Thermal Power)		30/03/2017	1,861,793	0.76
<b>United States 1.61% (Dec 2008: 1.15%)</b>					
546,563	Citigroup Global Markets Holdings Inc ( Germadept Corp)		20/01/2010	1,358,209	0.55
1,128,800	Citigroup Global Markets Holdings Inc (Southern Seed)		20/01/2010	2,601,884	1.06
<b>Total Warrants</b>				12,057,747	4.91
*Closed end Funds					
**Unlisted Securities (all other securities not highlighted are listed.)					
*** (a) Floating Rate Note					
Note: Source for Credit Ratings – Standard & Poors			NR – Not Rated		
<b>Portfolio of Investments</b>				<b>202,160,225</b>	<b>82.33</b>
Cash and bank balances held with State Street Bank & Trust Company				46,720,920	19.03
Other Net Current Liabilities				(3,344,961)	(1.36)
<b>Net Assets</b>				<b>245,536,184</b>	<b>100.00</b>

## DWS VIETNAM FUND LIMITED

### Consolidated Portfolio of Investments as at 30 June 2009

<b>Net Asset Value per financial statements</b>	<b>30/06/2009</b>	<b>31/12/2008</b>
Net asset value	US\$245,536,184	US\$218,057,579
Number of Shares in Issue (excluding own shares repurchased)	476,168,451	479,931,392
Net Asset Value per Share	US\$0.5156	US\$0.4544
<b>NAV reconciliation (unaudited)</b>		
Net asset value per financial statements	US\$245,536,184	US\$218,057,579
NAV Adjustment *	2,903,830	6,386,987
Value of shares invested in DWS Vietnam Fund **	3,201,975	1,102,500
Adjustment for overstatement of net loss on investments	-	(606,726)
Net asset value per dealing NAV	251,641,989	US\$224,940,340

\* 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 IAS 39

\*\* In the period Repurchase of 3,762,941 DWS Vietnam Fund Ltd. shares (US\$3,201,975) by Epsom Ltd. a wholly owned subsidiary company.

## DWS VIETNAM FUND LIMITED

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2009

	Notes	30/06/2009	31/12/2008	30/06/2008
		US\$	US\$	US\$
		Unaudited	Audited	Unaudited
<b>Income</b>				
Investment income	4	2,868,661	15,237,214	8,693,162
Net gain/(loss) on investments at fair value through profit & loss	3	34,390,558	(265,168,834)	(203,182,679)
Other losses	5	(21,000)	(3,028,200)	(633,329)
<b>Net Investment Income / (Loss)</b>		37,238,219	(252,959,820)	(195,122,846)
<b>Operating expenses</b>	6	(9,170,465)	(6,657,263)	(3,517,279)
<b>Net gain/(loss) for the period before withholding tax</b>		<b>28,067,754</b>	<b>(259,617,083)</b>	<b>(198,640,125)</b>
Less non reclaimable withholding tax		(24,678)	(156,969)	(81,627)
<b>Net gain/(loss)</b>		<b>28,043,076</b>	<b>(259,774,052)</b>	<b>(198,721,752)</b>
<b>(Loss) / Earnings per Share</b>		US\$	US\$	US\$
Basic	13	5.89c	(54.02c)	(41.28c)
Diluted	13	5.89c	(54.02c)	(41.28c)
<b>Weighted average shares outstanding</b>		Shares	Shares	Shares
Basic	13	476,168,451	480,848,059	481,420,403
Diluted	13	476,168,451	480,848,059	481,420,403

The accompanying notes form an integral part of these financial statements.

## DWS VIETNAM FUND LIMITED

### Consolidated Statement of Changes in Equity for the six months ended 30 June 2009

	Share Capital US\$	Share Premium US\$	Retained Gains/Losses US\$	Total Equity US\$
<b>Balance at 01 January 2009</b>	<b>486,931,392</b>	<b>(2,518,933)</b>	<b>(266,354,880)</b>	<b>218,057,579</b>
Issue of Share Capital	-	-	-	-
Repurchase of Share Capital	-	(564,471)	-	(564,471)
Net gain	-	-	28,043,076	28,043,076
<b>Balance at 30 June 2009</b>	<b>486,931,392</b>	<b>(3,083,404)</b>	<b>(238,311,804)</b>	<b>245,536,184</b>

	Share Capital US\$	Share Premium US\$	Retained Gains/Losses US\$	Total Equity US\$
<b>Balance at 01 January 2008</b>	<b>486,931,392</b>	<b>(620,951)</b>	<b>(6,580,828)</b>	<b>479,729,613</b>
Issue of Share Capital	-	-	-	-
Repurchase of Share Capital	-	(1,897,982)	-	(1,897,982)
Net Loss	-	-	(259,774,052)	(259,774,052)
<b>Balance at 31 December 2008</b>	<b>486,931,392</b>	<b>(2,518,933)</b>	<b>(266,354,880)</b>	<b>218,057,579</b>

	Share Capital US\$	Share Premium US\$	Retained Gains/Losses US\$	Total Equity US\$
<b>Balance at 01 January 2008</b>	<b>486,931,392</b>	<b>(620,951)</b>	<b>(6,580,828)</b>	<b>479,729,613</b>
Issue of Share Capital	-	-	-	-
Repurchase of Share Capital	-	(1,802,982)	-	(1,802,982)
Net Loss	-	-	(198,721,752)	(198,721,752)
<b>Balance at 30 June 2008</b>	<b>486,931,392</b>	<b>(2,423,933)</b>	<b>(205,302,580)</b>	<b>279,204,879</b>

The accompanying notes form an integral part of these financial statements.

## DWS VIETNAM FUND LIMITED

### Consolidated Statement of Financial Position as at 30 June 2009

		30/06/2009 US\$ Unaudited	31/12/2008 US\$ Audited	30/06/2008 US\$ Unaudited
<b>Assets</b>				
Cash and cash equivalents	9	46,720,920	20,471,954	35,207,786
Investments in securities designated at fair value through profit & loss.		202,160,225	196,161,172	242,682,223
Accounts Receivable	8	3,976,951	4,051,594	3,936,615
<b>Total Assets</b>		252,858,096	220,684,720	281,826,624
<b>Liabilities</b>				
Accounts Payable	10	(7,321,912)	(2,627,141)	(2,621,745)
<b>Total Liabilities</b>		(7,321,912)	(2,627,141)	(2,621,745)
<b>Net Assets</b>		<b>245,536,184</b>	<b>218,057,579</b>	<b>279,204,879</b>
<b>Shareholder's equity</b>				
Share capital		486,931,392	486,931,392	486,931,392
Share premium	12	(3,083,404)	(2,518,933)	(2,423,933)
Retained losses		(238,311,804)	(266,354,880)	(205,302,580)
<b>Total shareholder's equity</b>		<b>245,536,184</b>	<b>218,057,579</b>	<b>279,204,879</b>

The accompanying notes form an integral part of these financial statements.

## DWS VIETNAM FUND LIMITED

### Consolidated Statement of Cash Flows for the period ended 30 June 2009

	30/06/2009 US\$ Unaudited	31/12/2008 US\$ Audited	30/06/2008 US\$ Unaudited
<b>Operating activities</b>			
Net gain/(loss) for the period	28,043,076	(259,774,052)	(198,721,752)
<i>Adjustment for non-cash items:</i>			
Net unrealised movement on investments designated at fair value through profit or loss	(82,743,637)	217,368,875	198,014,909
<i>Changes in operating assets and liabilities</i>			
Cash outflow due to net purchases and sales of investments	76,744,584	(12,923,630)	(40,090,717)
Decrease / (Increase) in debtors	74,643	7,996,292	8,111,271
(Decrease) / Increase in creditors	4,694,771	936,368	930,973
	<hr/>	<hr/>	<hr/>
Cash flows from operating activities	26,813,437	(46,396,147)	(31,755,316)
<b>Financing activities</b>			
Repurchase of Share Capital	(564,471)	(1,897,983)	(1,802,982)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<hr/>	<hr/>	<hr/>
	26,248,966	(48,294,130)	(33,558,298)
Cash balance at the start of the period	20,471,954	68,766,084	68,766,084
	<hr/>	<hr/>	<hr/>
<b>Cash balance at the end of the period</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	46,720,920	20,471,954	35,207,786
Cash flows from operating activities include:			
Interest received	2,168,820	9,926,596	3,543,297
Dividends received	795,926	5,310,618	2,811,708

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009

### 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 include listed and unlisted closed-end fund vehicles. It also invests in securities issued by governmental agencies.

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose holding companies incorporated outside of Vietnam. 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 the period end, all of these special purpose Companies were in operation, however Swindon Limited, Teignmouth Limited and Tewkesbury Limited have had no activity to date.

As at 30 June 2009, 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.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB), the reporting requirements of the Irish Stock Exchange and the EU Transparency Directive for closed-ended funds. The financial statements have been prepared on the basis of the accounting policies set out in the most recent set of annual financial statements. The Company has adopted IAS 34 ‘Interim Financial Reporting’ and has prepared a condensed set of interim financial statements. As a result, these financial statements do not include all of the disclosures that the annual financial statements include to comply with International accounting standards, the most notable change being the removal of disclosures relating to IFRS 7 relating to ‘Financial Instruments’. The significant accounting policies adopted by the Company are as follows :

IAS 1 (revised), ‘Presentation of Financial Statements’ states that components of comprehensive income must be shown in a performance statement.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### Significant accounting policies

#### Basis of preparation Cont/d

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has elected to present one statement: a Statement of Comprehensive Income. The interim financial statements have been prepared under the revised disclosure requirements. The adoption of IAS 1 (revised), impacted the presentation of financial information but had no impact on the financial position of the Company.

The financial statements are presented in US Dollars. The functional 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 liabilities at fair value through profit or loss and derivative financial instruments. Other financial assets and liabilities are stated at amortised cost.

The preparation of the consolidated 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 period ended 30 June 2009. 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 Group classifies 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.
- Financial Instruments designated at fair value through the profit or loss upon initial recognition.

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 Group 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.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### 2 Significant accounting policies Cont/d

#### c) Financial Instruments Cont/d

##### *(iii) Measurement*

Financial instruments are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately while on other financial instruments they are amortised. 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 statement of comprehensive income.

##### *(iv) 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 using an average of available broker prices, provided the variance between broker prices is not significant, or using an alternative estimation technique to measure fair value where no broker prices are available, as set out within the valuation policy in the Prospectus, if this is considered the best estimate of fair value at period end.

##### *(v) 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.

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

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

Cash comprises current deposits with banks. Cash and 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 or other purposes. Cash and cash equivalents are valued at their face value.

#### d) Translation of foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing 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 statement of financial position 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 statement of comprehensive income. 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 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.

Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the statement of comprehensive income.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### Significant accounting policies Cont/d

#### 2 e) **Interest Income**

Interest income and expense are recognized in the statement of comprehensive income as it accrues, using the original effective interest rates of the instrument calculated at the acquisition or origination date. Interest income includes the amortization 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 recognised in the statement of comprehensive income on the ex-dividend date.

In some cases, the Group may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Group recognises 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 statement of comprehensive income as dividend income when declared.

#### g) **Expenses**

All expenses, including management fees and custodian fees are recognised in the consolidated statement of comprehensive income on an accruals basis.

#### h) **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.

#### i) **Share Capital**

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

#### j) **Purchase of own shares in DWS Vietnam Fund**

The Company held equity shares in itself at the period end date as part of its investments portfolio. The market value of such investments are included in the dealing net asset value at the period end date. In compliance with International Financial Reporting Standards, such investments are excluded from the net asset value as calculated for financial statement purposes. The difference between the dealing net asset value and the financial statement net asset value arising from the exclusion of the market value of these shares is reconciled at the end of the schedule of investments. The cost of shares purchased in itself is shown as a movement through the share premium account as disclosed in the Consolidated Statement of Changes in Net Assets.

#### k) **Segmental analysis**

Securities are analysed by country in the Portfolio of Investments on pages 17-19

## DWS VIETNAM FUND LIMITED

### Notes to the financial statements for the six months ended 30 June 2009 Cont/d

<b>3</b>	<b>Net gains/(losses) on investments at fair value for the period ended 30 June 2009</b>			
	The net gains/(losses) on investments during the period comprise:	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
		<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
		<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	Proceeds from sales of investments during the period	38,172,244	120,668,331	48,687,488
	Original cost of investments sold during the period	(86,525,323)	(168,468,290)	(53,855,258)
	Gains/(losses) realised on investments sold during the period	(48,353,079)	(47,799,959)	(5,167,770)
	Total unrealised movement for the period	82,743,637	(217,368,875)	(198,014,909)
	Net gain/(loss) on investments	<u>34,390,558</u>	<u>(265,168,834)</u>	<u>(3,036,922)</u>
<b>4</b>	<b>Investment income for the period ended 30 June 2009</b>			
		<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
		<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
		<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	Fixed deposit interest	73,259	730,529	474,332
	Bond interest	1,999,476	8,981,441	5,705,428
	Bank interest	-	214,626	-
	Dividend income	795,926	5,310,618	2,513,402
		<u>2,868,661</u>	<u>15,237,214</u>	<u>8,693,162</u>
<b>5</b>	<b>Other gains / losses</b>			
		<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
		<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
		<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>Other losses comprise:</b>			
	Net foreign exchange loss	(21,000)	(3,028,200)	(633,329)

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

6	<b>Expenses</b>	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
		<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
		<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>Investment Manager</b>			
	Investment Manager fee	(1,941,417)	(5,340,179)	(3,075,434)
	Investment Advisor fee	(94,763)	(278,482)	(157,864)
	Performance fee	(6,675,412)	-	-
		<u>(8,711,592)</u>	<u>(5,618,661)</u>	<u>(3,233,298)</u>
	<b>Custodian</b>			
	Custody fees	(126,130)	(285,167)	(130,801)
	<b>Administrator</b>			
	Administration fees	(121,729)	(130,473)	13,503
	Transfer Agency fees	(3,000)	(824)	-
		<u>(124,729)</u>	<u>(131,297)</u>	<u>13,503</u>
	<b>Other expenses</b>			
	Directors fees	(27,500)	(55,000)	(62,432)
	Directors Insurance	(5,000)	(10,000)	-
	Professional fees	(32,538)	(233,470)	(104,251)
	Miscellaneous expenses	(116,343)	(262,406)	-
	Audit Fee	(26,633)	(61,262)	-
		<u>(208,014)</u>	<u>(622,138)</u>	<u>(166,683)</u>
	<b>Total Expenses</b>	<u>(9,170,465)</u>	<u>(6,657,263)</u>	<u>(3,517,279)</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 Accounts Receivable

	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
Sales awaiting settlement	1,960,857	664,564	-
Dividend receivable	53,166	170,857	255,529
Interest receivable	1,962,928	3,216,173	3,681,086
	<u>3,976,951</u>	<u>4,051,594</u>	<u>3,936,615</u>

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### 9 Cash and cash equivalents

	30/06/2009	31/12/2008	30/06/2008
	US\$	US\$	US\$
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
Cash and bank balances	46,720,920	20,471,954	35,207,786

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

### 10 Accounts Payable

	30/06/2009	31/12/2008	30/06/2008
	US\$	US\$	US\$
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
Purchases awaiting settlement	(210,634)	(1,868,319)	(1,623,344)
Accrued expenses	(7,111,278)	(758,822)	(998,401)
	(7,321,912)	(2,627,141)	(2,621,745)

Purchases awaiting settlement are paid on agreed settlement date and expenses are paid within 1 month.

### 11 Share capital

#### Shares - Equity

The authorised share capital of the Company is US\$500,000,000 made up of 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.

The objectives of the special purpose companies are outlined in the Investment Managers Report. The Fund strives to invest the subscriptions of shares into the Fund in investments that meet the Fund's investment objectives while maintaining sufficient liquidity.

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.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### 11 Share capital cont/d

#### Shares - Equity cont/d

There are no pre-emptive rights in connection with the Shares. The Company issued one subscriber share which was subsequently repurchased by the company at par.

During the period 3,762,941 DWS Vietnam Fund Ltd. shares were repurchased by Epsom Ltd., a wholly owned subsidiary company as noted on page 19.

	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
Shares at start of period	479,931,392	483,431,392	483,431,392
Shares issued during the period	-	-	-
Shares repurchased during the period	(3,762,941)	(3,500,000)	(3,000,000)
Shares at end of period	<u>476,168,451</u>	<u>479,931,392</u>	<u>480,431,392</u>

### 12 Share premium

	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
Balance at start of period	(2,518,933)	(620,951)	(620,951)
Re-purchase of Shares in DWS Vietnam	(564,471)	(1,897,982)	(1,802,982)
Balance at end of period	<u>(3,083,404)</u>	<u>(2,518,933)</u>	<u>(2,423,933)</u>

### 13 Earnings per share

The calculation of the basic and diluted earnings per share are based on the following data:

	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
Earnings for the purpose of the basic and diluted earnings per share is net loss attributable to shareholders	28,043,076	(259,774,052)	(198,721,752)
Weighted average number of shares for the basic and diluted earnings per share	476,168,451	480,848,059	481,420,403

### 14 Significant Agreements

#### Custodian

State Street Custodial Services (Ireland) Limited acts as Custodian to the Company and Group, pursuant to the Custodian Agreement dated 10 November 2006. The Custodian fees are charged based on the Net Asset Value of the Group on a monthly basis in arrears. The current rate for the Custodian fee is 3 basis points.

#### Administrator

The Group and the Manager have appointed State Street Fund Services (Ireland) Limited 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. The Administration agreement specifies a maximum administration fee of 12 basis points.

# DWS VIETNAM FUND LIMITED

Notes to the financial statements for the six months ended 30 June 2009 Cont/d

## 14 Significant Agreements Cont/d

### **Discretionary Investment Adviser**

Pursuant to an agreement dated 15 November 2006, the Company has appointed Deutsche Asset Management (Asia) Limited as its discretionary Investment Manager. 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 Group. The Group 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% on an annualized basis during a Calculation Period.

## 15 Taxation

There are no taxes on income or gains in the Cayman Islands and the Group 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 Group 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.

The Company anticipates that the tax consequences for the Company of its investments in Vietnam will be as follows:

### **Dividends**

The Company will not be subject to any additional corporate income tax in Vietnam on dividends the Company receives from the tax-paid profits of Vietnamese companies. Remittance of the dividends outside of Vietnam is also free of tax as there is no longer any profit remittance tax applicable to foreign investors in Vietnam.

### **Interest**

Interest income from bonds is subject to a 0.1 per cent deemed profit tax at the time of each interest payment except in the case of tax exempt bonds. For this deemed tax, interest is defined as the amount of interest income plus the value of the principal amount of the bond. The tax is included within non-reclaimable withholding tax on the profit and loss account with a corresponding liability until the payment is processed.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### 15 Taxation cont/d

#### Dispositions

The Company will be subject to a "deemed profits" tax in Vietnam when the Company disposes of any securities of its Investee Companies where the Company does not participate directly in the management of the company. This tax is equivalent to 0.1 per cent of the value of the securities sold. No relief is allowed for transaction costs and no allowance is taken for the cost of investments (i.e., the existence of actual profits is irrelevant). The tax is included within non-reclaimable withholding tax on the profit and loss account with a corresponding liability until the payment is processed.

For Investee Companies where the Company invests in the legal capital and participates in the management (e.g., certain private equity transactions), the Company will be subject to a "capital assignment" tax on any gain made when the Company sells or transfers this ownership interest to another party. This tax will be charged at a rate of 28.0 per cent on the difference between the assignment proceeds and the original value of the assigned capital, less the transaction costs. The original value of the assigned capital is the actual capital amount which has been contributed by the transferor as at the assignment date, as supported by and based on accounting books and documents.

#### Tax on profit on ordinary activities:

	2009	2008
Gain/(loss) on ordinary activities before tax	28,043,076	(198,721,752)
Taxation on profit/ (loss) on ordinary activities at 0.00% (2008: 0.00%)	-	-
Tax effect due to higher rates of tax	-	-
Total tax charge	-	-

### 16 Related Party Transactions

Deutsche Asset Management (Asia) Limited has been appointed as Investment Manager to the Group. For these services in the period, Deutsche Asset Management (Asia) Limited earned a fee of US\$8,616,829 (Dec 2008: US\$5,618,661) of which US\$386,301 was outstanding at the period end (Dec 2008: US\$670,614)

The subsidiaries currently in operation are being managed by Deutsche Asset Management (Asia) Limited, all transactions between the company and its subsidiaries are on an arm's length basis. As at the period end, Deutsche Bank AG (Vietnam) issued warrants to the Group as disclosed in the Portfolio of Investments. Three of the directors Stephen Duerden, Stephen Harris and Tri Pham are employees of Deutsche Bank A.G. related entities.

### 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 Soft Commission Arrangements

The Company did not enter into any soft commission arrangements during the period.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### 19 Fair Value Information

All of the Fund's financial instruments are carried at fair value on the balance sheet. Usually the fair value of the financial instruments can be reliably determined with a reasonable range of estimates. For certain other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of the Fund's financial assets and financial liabilities at the balance sheet date approximated their fair values.

### 20 Accounting estimates and judgements

As indicated in note 19, many of the Fund's financial instruments are measured at fair value on the balance sheet and it is usually possible to determine their fair values within a reasonable range of estimates.

For a certain number of the Fund's financial instruments, quoted market prices are readily available. However, for other financial instruments, for example, unquoted securities are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same (subject to the appropriate adjustments).

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision.

### 21 Exchange rates to USD

		<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2008</b>
EUR	Euro	0.7129	0.7193	0.6347
HKD	Hong Kong Dollar	7.7500	7.7502	7.7974
SGD	Singapore Dollar	1.4474	1.4408	1.3586
TWD	Taiwan Dollar	32.8100	32.8180	30.3530
VND	Vietnam Dong	17,773.0000	17,483.0000	16,842.0000

### 22 Consolidated portfolio of investments

The consolidated portfolio of investments is on pages 17-19 of these financial statements.

# DWS VIETNAM FUND LIMITED

## Notes to the financial statements for the six months ended 30 June 2009 Cont/d

### 23 Significant events during the period

On 1 April 2009, Richard Harrison resigned as a Director of the Company. On the same date Stephen Harris was appointed a Director of the Company.

With effect from 30 April 2009 (the "Effective Date"), Deutsche Asset Management (Asia) Limited ("DeAM Asia"), the appointed discretionary investment manager of the DWS Vietnam Fund Limited (the "Company"), pursuant to its authority and discretion under the terms of the amended and restated investment management agreement between DeAM Asia and the Company dated 14 February 2007 (the "IMA"), delegated certain of its investment management duties under the IMA to Duxton Asset Management Pte. Ltd. ("Duxton").

Duxton is a newly formed specialist asset manager based in Singapore. There is no material change in the personnel responsible for the management of assets of the Company as the key staff of Duxton who carry out the investment management duties are former employees of DeAM Asia, including the core team previously responsible for the management of the Company. This delegation does not change the investment objectives of the Company. After the Effective Date, Duxton is entitled to appoint Segregated Fund Managers and Investment Advisors (as defined in the IMA and the Prospectus of the Company dated 20 February 2007 (the "Prospectus")).

Ultimate discretion over the assets of the Company remains with DeAM Asia as the appointed discretionary investment manager under the terms of the IMA. There is no increment in the management fees payable by the Company and any fees due and payable to Duxton are paid by DeAM Asia. However, as disclosed in the Prospectus, the Company will be responsible for all costs and expenses incurred by its manager, sub-managers and investment advisers, including Duxton.

### 24 Significant events after the period end

There were no significant events after the period end.

### 25 Approval of the financial statements

The accounts were approved by the Board of Directors on 31 August 2009.

# 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  
Richard Harrison (Independent) (resigned 1 April 2009)  
Gordon Mattison (Independent)  
Tri Pham  
Stephen Harris (appointed 1 April 2009)  
*All Directors are non-executive.*

### **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  
Ireland

### **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 Harbourmaster 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