



No. 499

Hochiminh City, 20 April 2006

**AUDITOR'S REPORT**  
**ON THE FINANCIAL STATEMENTS FROM 01/01/2005 TO 31/12/2005**  
**TO THE ORGANIZATION VIETNAM PLUS IN VIETNAM**

We have audited the financial statements from 1<sup>st</sup> January 2005 to 31<sup>st</sup> December 2005 on pages from 02 to 10 including Balance Sheet, Report of Result of Operation and Notes to the Financial Statements in Duc Linh and Tanh Linh districts of Binh thuan province and district Long Mỹ of Hau Giang province.

The Organization's Director is responsible for the preparation of the financial statements. Our responsibility is to form an independent opinion based on our audit.

*Basis of opinion*

We conducted our audit in accordance with Vietnamese Standards on Accounting and Auditing as well as with international standards accepted by the Socialist Republic of Vietnam. We checked most of documents related with two programs of Organization: Economic program and Social program. An audit includes examination, on a test basis, of evidence relevant to the amounts and explanations in the financial statements, in order to make conclusion that the financial statements are free from significant material misstatement. We consider that our audit provides us reasonable basis for our opinion.

*Opinion*

In our opinion, in the all material respects, the financial statements give a true and fair view of the financial statement as at 31<sup>st</sup> December 2005. The Report of expenses, Report of result of Operations reflected truly real activities of your Organization in Binh thuan province for audited period from 01/01/2005 to 31/12/2005. The form of Reports have been prepared in accordance with accepted international standards and their contents are in accordance with characteristic and particulars of projects performed by your Organization in Binh Thuan, Hau Giang provinces.

Yours faithfully



**PHUNG THI THANH THUY**  
Registration No: 0126/KTV

AUDITOR

**LE THI THUY HANG**  
Registration No.: A05.0074/HTK

VNPLUS

**BALANCE SHEET**

From January 1 to December 31, 2005



| <u>Code</u> | <u>ITEMS</u>                     | <u>At 31/12/2005</u> | <u>At 31/12/2004</u> |
|-------------|----------------------------------|----------------------|----------------------|
|             | <b>ASSETS</b>                    |                      |                      |
|             | <b>Fixed Assets</b>              |                      |                      |
| 010         | Intangible assets- shop          |                      |                      |
| 014         | Intangible assets- Others        |                      |                      |
| 028         | Tangible assets                  | 579.549.896          | 482.290.096          |
| 040         | Financial Assets                 | 1.261.945.600        | 2.323.474.600        |
| <b>044</b>  | <b>Total assets (I)</b>          | <b>1.841.495.496</b> | <b>2.805.764.696</b> |
|             | <b>Current assets (II)</b>       |                      |                      |
| 050         | Stock of raw materials           | 2.572.000            | 2.572.000            |
| 060         | Stock of goods                   |                      |                      |
| 064         | Advances, repayment under orders |                      |                      |
| 068         | Repayment under order            | 290.245.000          | 364.575.000          |
| 072         | Other payables                   | 64.151.200           | 42.748.916           |
| 084         | Cash in bank                     | 2.388.608.423        | 1.335.378.969        |
| 088         | Cash on hand                     | 21.441.893           | 66.683.312           |
| 092         | Prepaid expenses                 |                      |                      |
| <b>096</b>  | <b>Total II</b>                  | <b>2.767.018.516</b> | <b>1.811.958.197</b> |
| <b>110</b>  | <b>TOTAL (I+II)</b>              | <b>4.608.514.012</b> | <b>4.617.722.893</b> |
|             | <b>LIABILITIES &amp; EQUITY</b>  |                      |                      |
|             | <b>Ownership</b>                 |                      |                      |
| 120         | Social or individual capital     | 2.212.169.323        | 2.212.169.323        |
| 124         | Difference from revaluation      |                      |                      |
| 126         | Legal provisions                 |                      |                      |
| 130         | Regulated provisions             |                      |                      |
| 132         | Other provisions                 |                      |                      |
| 134         | Carried to new accounting year   | 1.048.815.755        | 1.874.317.022        |
| 136         | Current year result              | 274.405.856          | (825.501.267)        |
| 140         | Regulated provisions             |                      |                      |
| <b>142</b>  | <b>Total ownership (I)</b>       | <b>3.535.390.934</b> | <b>3.260.985.078</b> |
|             | <b>DEBTS</b>                     |                      |                      |
| 154         | Provision for risks and expenses |                      |                      |
| 156         | Loan and dept                    | 751.854.028          | 1.224.337.465        |



VNPLUS

**OPERATION RESULT**

From January 1 to December 31, 2005

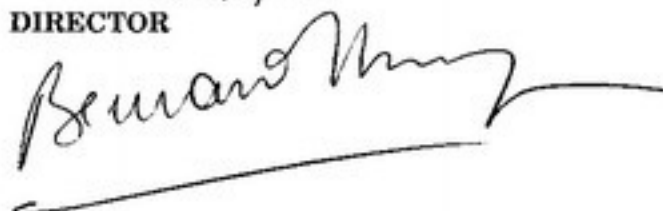
Unit : VND

| <u>Code</u>     | <u>Description</u>                           | <u>2005</u>          | <u>2004</u>          |
|-----------------|--|----------------------|----------------------|
| <b>INCOME</b>   |  |                      |                      |
| 70              | <b>Sale of product</b>                       | <b>50.348.000</b>    | <b>13.886.700</b>    |
| 701             | Sales of product                             | 45.268.000           | 13.886.700           |
| 703             | Sales of assets                              | 5.080.000            | -                    |
| 71              | <b>Sales of services</b>                     | <b>9.790.000</b>     | <b>809.000</b>       |
| 72              | <b>Difference in re-assessment of assets</b> | <b>3.218.562</b>     | <b>3.429.580</b>     |
| 74              | <b>Subsidy</b>                               | <b>5.289.504.762</b> | <b>1.943.697.763</b> |
|                 | Subsidy from Sponsor                         | 5.158.411.012        | 1.894.794.763        |
|                 | Other subsidy                                | 131.093.750          | 48.903.000           |
| 76              | <b>Financial profits</b>                     | <b>14.166.554</b>    | <b>544.526.478</b>   |
| 766             | Difference of exchange rate                  | 0                    | 29.455.618           |
| 768             | Interest from bank                           | 11.944.054           | 8.306.860            |
| 768             | Interest fro credit activities               | 2.222.500            | 506.764.000          |
| <b>232</b>      | <b>Total of income</b>                       | <b>5.367.027.878</b> | <b>2.506.349.521</b> |
| <b>EXPENSES</b> |  |                      |                      |
| 60              | <b>Purchase of material and provision</b>    | <b>465.621.300</b>   | <b>428.785.987</b>   |
| 601             | Purchase of material                         | 348.890.634          | 238.545.673          |
| (*)             | Purchase of other material, fuel             | 100.000.700          | 174.225.576          |
| 606             | Purchase of energy                           | 16.729.966           | 16.014.738           |
| 61              | <b>External services purchase</b>            | <b>2.997.235.308</b> | <b>1.666.212.669</b> |
| 613             | Location                                     | 33.129.500           | 43.539.500           |
| 615             | Reparation expenses                          | 170.212.518          | 119.926.019          |
| 617             | Training , stationary & research expenses    | 2.765.266.840        | 1.470.774.650        |
| 618             | Other External services purchase             | 28.626.450           | 31.972.500           |
| 62              | <b>Other moving &amp; services</b>           | <b>185.386.190</b>   | <b>160.931.332</b>   |
| 64              | <b>Staff expenses</b>                        | <b>1.219.575.700</b> | <b>1.049.415.700</b> |
| 65              | <b>Other management expenses</b>             | <b>26.579.007</b>    | <b>-</b>             |
| 66              | <b>Financial expenses</b>                    | <b>198.224.517</b>   | <b>26.505.100</b>    |
| 67              | <b>Special expenses</b>                      | <b>0</b>             | <b>-</b>             |
|                 | <b>Total of expenses</b>                     | <b>5.092.622.022</b> | <b>3.331.850.788</b> |
|                 | <b>RESULT OF OPERATION</b>                   | <b>274.405.856</b>   | <b>(825.501.267)</b> |
|                 | profit taxes                                 |                      |                      |
|                 | <b>PROFITS/LOSS</b>                          | <b>274.405.856</b>   | <b>(825.501.267)</b> |

(\*) Total of code 602:605

HCMC Date 18/4/ 2006

DIRECTOR



VIETNAM PLUS

Duc Linh District, Binh Thuan Province

## NOTES TO FINANCIAL STATEMENTS

For fiscal year 2005

### 1. Organization characteristics

Structure of ownership: Vietnam Plus is a French charity organization operating under the License No AU084 extended to 01 October 2006 of the Commission for Non-Government Organization.

Scope of operation: The principal activities are in the sectors of Health, Education and Community Development as:

- Saving – Credit
- Agriculture – Veterinarian
- Employment Creation
- Community Communication
- Education Health
- Compulsory education
- Popularizing computer

Place of operation: liaison offices in Ho Chi Minh city, Duc Linh District and Tanh Linh District (since March, 2001) in Binh Thuan Province, in Binh Minh District of Vinh Long Province (since January, 2002), in Chau Thanh District of Dong Thap province ( since January,2004) and in Long My District of Hau Giang province(since September ,2004) and HCM City..

### 2. Forms of filing:

Using software WBILAN of COTE QUEST-FRANCE accounting software company to check the use of sponsored fund and operations stipulated in the License no AU 084/UB-HD.

### 3. Financial indicators:

These below financial indicators have been performed in Ho Chi Minh City, Duc Linh anh Tanh Linh District of Binh Thuan Province , in Long My District of Hau Giang province.

#### 3.1. Operating assets

Assets include all working equipment with their value is more than 1.000.000 VND. Annual depreciation is not allocated. The reported value is the original value.

The total of fixed-asset in 2005:

|                  | <u>Beginning</u><br><u>balance</u> | <u>Increasing</u> | <u>Decreasing</u> | <u>Ending balance</u> |
|------------------|------------------------------------|-------------------|-------------------|-----------------------|
| Assets and tools | 482.290.096                        | 116,894,800       | 19,635,000        | 579,549,896           |

|                     |             |            |            |             |
|---------------------|-------------|------------|------------|-------------|
| <i>In Duc Linh</i>  | 212.369.500 | 44.434.800 | 10.435.000 | 246.369.300 |
| <i>In Tanh Linh</i> | 97.678.596  | 4.280.000  | 9.200.000  | 92.758.596  |
| <i>In Vinh Long</i> | 0           |            |            | 0           |
| <i>In Long My</i>   | 7.510.000   |            |            | 7.510.000   |
| <i>At schools</i>   | 164.732.000 | 68.180.000 |            | 232.912.000 |

**Note:** Stock of raw materials at Dec 31<sup>st</sup>, 2005 that is of Vnd 2.572.000 is transferred from 2003 including equipments of biogas systems. VN Plus bought them to sell for farmers. Now, they are not sold completely.

### 3.2 Employee status

| <u>Items</u>                                       | <u>Current year</u> | <u>Previous year</u> |
|--|---------------------|----------------------|
| Total of employees (person)                        | 27                  | 29                   |
| Total of salary (Vnd)                              | 1.025.917.000       | 864.089.000          |
| Average salary of each employee (Vnd/person/month) | 3.249.744           | 2.483.014            |

The total of salary increases by 22% in comparison with the year of 2004 .

- In 2005, the policy of increasing salary for staffs do not change as 2004.: Employee who has worked enough one year increased by 500.000 Vnd/time and has worked enough six months increased salary one time with three degrees as bellows:

- ☞ Degree A: 300.000 Vnd/time
- ☞ Degree B: 200.000 Vnd/time
- ☞ Degree C: 100.000 Vnd/time

The VNPLUS's policy is to give loans to staffs to purchase motorbike for business trip by monthly installment manner. The total loans and advance of employees at 31 December 2005 is of Vnd 64.151.200 . In 2005 , bad debt of Nguyen Thi Hien with the amount VND 74.330.000 have recollectd .The bad debt of Pham Hong Hanh now is prosecute to the court to recollect money including:

|                   |                      |
|-------------------|----------------------|
| ➤ Pham Hồng Hạnh: | 290.245.000 đ        |
| <b>Total</b>      | <b>290.245.000 đ</b> |

VNPLUS set up the social insurance regime in its organization by itself, add 9% of monthly salary expenses to raise the insurance fund. As at 31 December 2005 its value is of Vnd 290.599.050 .

### 3.3 Credit operation

Groups carry out loan operations. Interest rate of 1,2% per month is applied for the credit of economic development. Fixed interest rate is pre-calculated within eight weeks after giving loan. Loan of economic support as follows: in phase 1 - Vnd 500.000/ person, in phase 2 - Vnd 800.000/ person and in phase 3 - Vnd 1.000.000/ person, in phase 4 - Vnd 1.200.000/person, in phase 5 - Vnd 1.500.000/person, in phase 6 - Vnd 2.000.000/person and

VNPlus is carrying out special loan project :Vnd500.000/person and Vnd1.000.000/person. Besides,Pilot scheme that help feminine members act as a guarantee for the feminine outsider to borrow money Vnd 10.000.000 to 5 people to support to set up production with interest rate is 1%/month. Loan for social support with no interest rate Vnd250.000/person or Vnd 300.000/person to help them making latrine(special loan).Moreover,VN plus have implemented the loan scheme with no interest rate to assist the poor families so that these families improve their life such as cultivation,cattle-breeding,small business...

The loan status such as follows:

3.3.1 Supplying credit:

|                                    | <u>Turn</u><br><u>of</u><br><u>phase</u> | <u>Total</u><br><u>Vnd</u> | <u>Turn of</u><br><u>phase</u> | <u>Eco.program</u><br><u>Vnd</u> | <u>Social program</u><br><u>Turn</u><br><u>of</u><br><u>phase</u> | <u>Vnd</u>         |
|------------------------------------|--|----------------------------|--------------------------------|----------------------------------|---|--------------------|
| <b>Total</b>                       |  | <b>112.000.000</b>         | <b>0</b>                       | <b>92.000.000</b>                |   | <b>20.000.000</b>  |
| <i>Special loan</i>                |  | <i>112.000.000</i>         |                                | <i>92.000.000</i>                |   |                    |
| <i>Assistance to poor families</i> |  | <i>399.900.000</i>         |                                |                                  |   | <i>399.900.000</i> |

3.3.2. Outstanding balance of credit loan:

|                   | <u>Total</u><br><u>Vnd</u> | <u>Eco. Program</u><br><u>Vnd</u> | <u>Social program</u><br><u>Vnd</u> |
|-------------------|----------------------------|-----------------------------------|-------------------------------------|
| As at Dec 31,2005 | 702.385.100                | 623.129.100                       | 79.256.000                          |
| Duc Linh          | 402.429.100                | 325.911.100                       | 76.518.000                          |
| Tanh Linh         | 294.163.000                | 291.970.000                       | 2.193.000                           |
| Binh Minh         | 5.793.000                  | 5.248.000                         | 545.000                             |

The overdue 30 week credit so high: Vnd 535.927.100

- **Tánh Linh: 258.650.000**
  - Lạc Tánh: 83.061.000
  - Đồng Kho: 43.890.000
  - Gia An: 10.002.000
  - Mãng Tử: 43.845.000
  - Gia Huynh: 53.020.000
  - Đồng Kho chợ: 24.832.000
- **Đức Linh: 272.911.100**
  - Tân Hà: 80.185.500
  - Đức Hạnh: 15.455.000
  - Đức Tín: 18.406.000
  - Nam Chính: 115.828.600
  - Sùng Nhơn: 3.776.000
  - Mê Puc: 16.675.000
  - Vũ Hoà: 12.796.000
  - Đa Kai: 9.789.000
- **Bình Minh: 4.366.000**
  - Thuận An: 654.000

3.3.3 Income from credit operation in the year of 2005 is of Vnd 2.222.500.

#### 3.4 Operation expenses

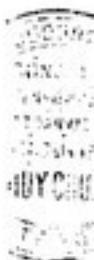
In 2005, operation expenses increase a lot in comparison with last year. Some reasons: new activities occur and expending the action areas are there:

- Granting scholarships to excellent poor pupils with 300.000 Vnd/scholarship. Conditions to granted scholarship are: the pupils have to capacity from fair and over and their families are in the list of poor families of villages or take part in the saving – credit operation of VN Plus.
- Organizing marathon prize to respond The Day of No Smoking World.
- Responding The World Environment Day, April 22 by collecting nylon to fund for school to take cake and train pupils).
- Planting trees to creat employments and shade for streets.
- Pilot project to rubbish treatment to make microorganism

Detail of costs as bellows:

| Items   | Amount(VND)          |
|---|----------------------|
| <b>1. Cost of material</b>                            | <b>348.890.634</b>   |
| 1.1. Cost of handicrafts                              | 269.676.634          |
| 1.2. Cost of manioc leaves                            | 79.214.000           |
| <b>2. Cost of other material, fuel</b>                | <b>100.000.700</b>   |
| 2.1 Cost of stationery                                | 26.934.700           |
| 2.2 Cost of equipments and tools for management       | 73.066.000           |
| <b>3. Cost of energy</b>                              | <b>16.729.966</b>    |
| 3.1 Cost of gas, electricity, water                   | 16.729.966           |
| <b>4. Cost of location</b>                            | <b>33.129.500</b>    |
| 4.1 Cost of hiring offices                            | 33.129.500           |
| <b>5. Cost of reparation, petrol</b>                  | <b>170.212.518</b>   |
| 5.1 Cost of motorbike for staffs go on mission        | 170.212.518          |
| <b>6. Cost of traing &amp; equipments, stationery</b> | <b>2.761.732.040</b> |
| 6.1 Cost of responding The Day of No Smoking          | 42.920.600           |
| 6.2 Cost of training new saving – credit members      | 15.467.600           |
| 6.3 Cost of traing saving – credit group leaders      | 140.000              |
| 6.4 Cost of traing collaborators                      | 16.119.000           |
| 6.5 Cost of traing in agriculture and livestock       | 384.904.600          |
| 6.6 Cost of traing in handicraft                      | 3.932.000            |
| 6.7 Cost of education materials                       | 236.070.200          |
| 6.8 Cost of traing heath in schools                   | 85.535.200           |

|  |               |                             |
|--|---------------|-----------------------------|
| 6.9 Cost of equipment for schools            | 85.535.200    |                             |
| 6.10 Cost of medicines for schools           | 6.325.500     |                             |
| 6.11 Scholarships                            | 326.839.300   |                             |
| 6.12 Cost of traing computer for staffs      | 8.038.000     |                             |
| 6.13 Cost of counterparts                    | 117.791.800   |                             |
| 6.14 Cost of traing staffs                   | 53.379.950    |                             |
| 6.15 Cost of acting in plays                 | 220.113.200   |                             |
| 6.16 Cost of traing for team of theatre      | 135.708.500   |                             |
| 6.17 Cost of malaria medicine                | 19.124.000    |                             |
| 6.18 Cost of Community Wells                 | 149.475.000   |                             |
| 6.19 Cost of auditing                        | 15.877.990    |                             |
| 6.20 Cost of expertise for evaluation        | 615.000       |                             |
| 6.21 Cost of training & Consulting services  | 266.000.000   |                             |
| 6.22 Cost of latrines, environmental hygiene |               |                             |
| 6.23 Cost of planting trees                  | 493.407.800   |                             |
| 6.24 Cost of collecting nylon                | 78.411.600    |                             |
| <b>7. Cost of other external services</b>    |               | <b>28.626.450</b>           |
| 7.1 Cost of miscelaneous                     | 28.626.450    |                             |
| <b>8. Cost of moving and other services</b>  |               | <b>185.386.190</b>          |
| 8.1 Cost of transports                       | 12.047.000    |                             |
| 8.2 Cost of going on mission                 | 79.040.000    |                             |
| 8.3 Cost of telephone, fax, sending letters  | 87.531.333    |                             |
| 8.4 Bank charges 22                          | 3.928.661     |                             |
| 8.5 Bank charges 23                          | 116.000       |                             |
| 8.6 Bank charges 14                          | 460.000       |                             |
| 8.7 Bank charges 21                          | 2.135.696     |                             |
| 8.8 Bank charges 74                          | 25.000        |                             |
| 8.9 Bank charges 54                          | 102.500       |                             |
| <b>9. Staff expenses</b>                     |               | <b>1.246.154.707</b>        |
| 9.1 Cost of salary for staffs                | 1.052.917.000 |                             |
| 9.2 Cost of salary for Director              | 26.579.007    |                             |
| 9.3 Cost of salary for collaborators         | 98.241.000    |                             |
| 9.4 Cost of accident insurance for staffs    | 8.619.000     |                             |
| 9.5 Cost of social insurance for staffs      | 59.798.700    |                             |
| <b>10. Financial expense</b>                 |               | <b>198.224.517</b>          |
| 10.1 Interest charges                        | 198.224.517   | <b>198.224.517</b>          |
| <b>Total</b>                                 |               | <b><u>5.089.087.222</u></b> |



#### 4. Sponsorship

4.1 The sponsored sources received in 2005:

|                          | <u>Vnd</u>           |
|--------------------------|----------------------|
| <b><u>I. Sources</u></b> | <b>5.158.411.012</b> |
| AJWS                     | 39.597.500           |
| M.Janssens               | 188.670.000          |
| OPUSA                    | 884.921.950          |
| Viet Nam Plus Pari       | 1.088.269.930        |
| Mc Knight                | 553.016.950          |
| NEBF                     | 15.845.000           |
| Viet Nam Plus Bi         | 521.325.000          |
| Louvain Development      | 998.850.000          |
| Solidarite Cedex         | 686.239.000          |
| Thiện Chí                | 105.555.932          |
| United Way               | 76.119.750           |

The remaining amount at end of 2005: VND 3.535.390.934

4.2. Loans:

|                            | <u>Increasing of 2005</u> | <u>Decreasing of</u> | <u>Ending balance of</u> |
|----------------------------|---------------------------|----------------------|--------------------------|
|                            | <u>Vnd</u>                | <u>2005</u>          | <u>2005</u>              |
|                            |                           | <u>Vnd</u>           | <u>Vnd</u>               |
| <b><u>Total</u></b>        | <b>395.520.000</b>        | <b>866.783.437</b>   | <b>753.074.028</b>       |
| Deposit of credit receiver | <i>18.180.000</i>         | <i>595.785.000</i>   | <i>170.855.000</i>       |
| Individuals                |                           |                      | <i>47.478.388</i>        |
| Franternite Saint Paul     |                           |                      | <i>165.057.378</i>       |
| Loan from UP               | <i>377.340.000</i>        | <i>127.416.738</i>   | <i>369.683.262</i>       |
| Loan from Zebunet          |                           | <i>143.581.699</i>   | -                        |

HCM City 16/1/2006  
DIRECTOR

