

TYM FUND - VIETNAM WOMEN'S UNION

Address: No. Hang Chuoi - Hai Ba Trung - Ha Noi

FINANCIAL STATEMENTS

For the fiscal year ended 31st December 2005

CONTENTS

	Page
1. Management Board's Report	1-3
2. Independent Audit Report	4-5
3. Balance Sheet as at 31st December 2005	6
4. Income Statement for the year 2005	7
5. Cash Flow Statement for the year 2005	8
6. Notes to the Financial Statements for the year 2005	9 - 15

TYM FUND - VIETNAM WOMEN'S UNION

Address: 39 Hang Chuoi - Hai Ba Trung - Ha Noi

For the fiscal year ended 31st December 2005

THE MANAGEMENT BOARD'S REPORT

We, the Management Board of TYM Fund (hereinafter called "TYM"), present our report together with the audited Financial Statements for the year ended 31 December 2005.

Introduction of TYM Fund

TYM was established by Vietnam Women's Union under Circular No. 563/KTDN dated 20 February 1992 by the Council of Ministers (currently, the Office of Government) permitting to operate in poor regions. Due to the Decision No. 14/QD/DCT dated 12 January 1998 by the Central Presidium of Vietnam Women's Union, TYM Fund is permitted to become a separate subsidiary directly under the Presidium. With Decision 1170/QT/DCT dated 30/12/2005, the Presidium of the Vietnam Women's Union decided to transform TYM into a "Income Generating Unit" operating as a legal entity under Decree 10/CP dated 16/1/2002.

Fund's Mission:

The TYM mission is to improve the quality of life and status of poor women and their families through an united financial system by establishing women's credit and savings groups, creating favorable opportunities for them to participate in social-economic activities, thus improving their knowledge, production skills, business management, job diversification and development for income generation and improvement of their awareness and knowledge on social life.

Head Office and Branch offices:

The Head Office of is located at the Vietnam Women's Union whose address is at No.39 Hang Chuoi - Hai Ba Trung - Ha Noi.

Up to 31 December 2005, TYM has operated the following 16 branches:

- | | |
|---|--------------|
| ▪ Soc Son District - Ha Noi | : 2 branches |
| ▪ Me Linh District - Vinh Phuc province | : 1 branch |
| ▪ Phuc Yen town – Vinh Phuc province | : 1 branch |
| ▪ Binh Xuyen District - Vinh Phuc province | : 1 branch |
| ▪ Kim Dong District - Hung Yen province | : 2 branches |
| ▪ Y Yen District - Nam Dinh Province | : 2 branches |
| ▪ Hung Nguyen District - Nghe An Province | : 2 branches |
| ▪ Nghi Loc District - Nghe An Province | : 2 branch |
| ▪ Ninh Giang District - Hai Duong Province | : 1 branch |
| ▪ Yen Lac District - Vinh Phuc Province | : 1 branch |
| ▪ Quang Xuong District - Thanh Hoa Province | : 1 branch |

Significant events which effect to TYM's operation

With Decision 1170/QT/DCT dated 30/12/2005, the Presidium of the Vietnam Women's Union decided to transform TYM into a "Income Generating Unit" operating as a legal entity under Decree 10/CP dated 16/1/2002. A Board of Directors was set up to guide and supervise the operations of TYM. The Director of TYM, Mrs. Nguyen Bich Vuong, retired as of / /2005 because she reached pension age. As of 1/1/2006, Mrs. Ho Thi Quy was assigned Director of TYM.

TYM FUND - VIETNAM WOMEN'S UNION

Address: 39 Hang Chuoi - Hai Ba Trung - Ha Noi

THE BOARD OF DIRECTER REPORT (continue)

Operation results

The financial position of TYM as at 31 December 2005, and the results of its operations and its cash flow for the year ended are presented in the attached Financial Statements (from page 06 to page 15).

Events since the balance sheet date

TYM's Board of Management confirm that there have been no significant events occurring after the balance sheet date, which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

At present, the members of the Board of Directors are:

<u>Mrs. Nguyen Thi Thanh Hoa</u>	<u>Chairperson</u>
<u>Mrs. Ho Thi Quy</u>	<u>Deputy Chairperson</u>
<u>Mrs. Duong Thi Thanh Tam</u>	<u>Member</u>

The Management Board

At present, the members of the Management Board are:

<u>Mrs. Ho Thi Quy</u>	<u>Director</u>
<u>Mrs. Nguyen Thi Hoai Thu</u>	<u>Deputy Director</u>

Auditor

The auditors of Capital Auditing Consultancy Company Limited (CACC) were responsible for the audit of TYM's Financial Statements for the fiscal year ended 31st December 2005.

Statement of the Management Board's responsibility in respect of the Financial Statements

TYM's Board of Management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Organization and of its operational results and cash flows for the year. In preparing those financial statements, Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the basis of compliance with accounting standards and system and other related regulations;
- Prepare the financial statements on going concern basis unless it is inappropriate to presume that TYM will continue in business

Management is responsible for ensuring that proper accounting records are kept which reflect, with reasonable accuracy at any time, the financial position of TYM and to ensure that the accounting records comply with the International Accounting Standards.

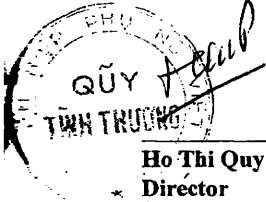
TYM FUND - VIETNAM WOMEN'S UNION

Address: 39 Hang Chuoi - Hai Ba Trung - Ha Noi

THE BOARD OF DIRECTER REPORT (continue)

It is responsible for safeguarding the assets of TYM and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

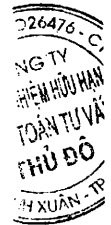
We, the Management Board, confirm that the financial statements for the fiscal year ended 31 December, 2006 prepared by us, give a true and fair view of the financial position at 31 December, 2006, its operation results and cash flows in the year 2006 of Company accordance with the Vietnamese Accounting System and comply with relevant statutory requirements.



Ho Thi Quy

Director

Date 30th September 2006





No:...../2006/BCTC-CACC

INDEPENDENT AUDITOR'S REPORT

**On the Financial Statements of TYM Fund
For the year ended 31 December 2005**

TO: THE BOARD OF DIRECTORS OF TYM FUND

We have audited the accompanying Financial Statements of TYM Fund (hereinafter called "the Fund") including Balance Sheet as at 31 December 2005; Income Statements, Cash Flow Statement and accompanying Notes to the Financial Statements for the year then ended, as set out on page 06 to 15.

The Management Board is responsible for the preparation and explanation of the Financial Statements, which give a true and fair view. Our responsibility is to form an independent opinion on these Financial Statements, based on our audit.

BASIS OF THE AUDITORS' OPINION

We have conducted our audit in accordance with Vietnamese Standards on Auditing; the accepted Internationally Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Financial Statements are free of material misstatement.

An audit includes examination, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting standard and accounting principles used and significant estimates made by Director, as well as evaluating the overall adequacy of financial statement representation. We believe that our audit provides a reasonable basis for our opinion.

LIMITATION ON THE SCOPE

We did not observe the counting of cash on hand, physical inventories and fixed assets of the Fund as at 31 December 2005 since this date was prior to our engagement as the auditor. Therefore, in this report, we are unable to form any opinion on their existence

OPINION OF AUDITOR

In our opinion, except for the effects (if any) on the Financial Statements of the matters stated as limitation on the scope, in all material aspects, the Financial Statements for the fiscal ended 31 December 2005 or TYM are properly drawn up:

- a) So as to give a true and fair view of the state of assets, liabilities and implementing capital of the Fund as at 31 December 2005 as well as its operating results and cash flows for the year then ended.
- b) In accordance with the International Accounting Standards.

For and on behalf of
CAREAL AUDITING CONSULTANCY Co., Ltd.



Khương Tat Thanh – Deputy Director
CPA No: 0410/KTV.

Le Thi Thanh Binh - Auditor
CPA No :0927/KTV

Ha Noi, October 2006

TYM FUND - VIETNAM WOMEN'S UNION

Address: No.39 Hang Chuoi - Hai Ba Trung - Ha Noi

FINANCIAL STATEMENT*For the fiscal year ended 31st December 2005***BALANCE SHEET****As at 31st December 2005***Unit: VND*

<u>Items</u>	<u>Notes</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
ASSETS			
Current assets			
Cash on hand		830,606,376	1,202,870,859
Placements with other Banks	III.1	9,661,253,952	8,067,209,252
Lending to the members	III.2	50,378,199,600	38,457,273,260
Lending to the staff		275,060,000	125,557,700
Other current assets	III.3	231,101,275	178,747,410
Total current assets		61,376,221,203	48,031,658,481
Fixed assets	III.4	421,854,907	393,141,293
TOTAL ASSETS		61,798,076,110	48,424,799,774
LIABILITIES AND OWNER'S EQUITY			
Liabilities			
Savings by members and staff	III.5	24,308,682,332	17,951,026,542
Mutual funds	III.6	842,528,680	719,914,480
Other payables	III.7	1,040,862,714	516,609,899
Total liabilities		26,192,073,726	19,187,550,921
Owner's equity			
Sources funded by Donors	III.8	23,621,910,761	22,218,354,819
Accumulated Profit		11,797,006,623	6,982,406,034
Fixed assets revaluation reserve		187,085,000	36,488,000
Total owner's equity		35,606,002,384	29,237,248,853
TOTAL LIABILITIES AND OWNER'S EQUITY		61,798,076,110	48,424,799,774

*Ha Noi, 30th September 2006***Accountant in charge****Director****Nguyen Thi Minh Thuong****Ho Thi Quy**

TYM FUND - VIETNAM WOMEN'S UNION

Address: No.39 Hang Chuoi - Hai Ba Trung - Ha Noi

FINANCIAL STATEMENT*For the fiscal year ended 31st December 2005***INCOME STATEMENT****Year 2005***Unit: VND*

Items	Notes	Year 2005	Year 2004
Interest income			
Loan interest income	III.9	10,416,504,500	7,617,244,300
Bank interest		257,198,317	198,425,982
Total interest income		10,673,702,817	7,815,670,282
Interest expense		(1,231,513,245)	(844,614,968)
Net interest income		9,442,189,572	6,971,055,314
Other income			
Provision returns		773,710,840	912,529,840
Other income		4,578,100	131,712,150
Total other income		778,288,940	1,044,241,990
Provision for bad debt cost		(1,040,500,150)	(1,021,487,100)
Operating Expenditures	III.10	(4,365,377,764)	(3,141,296,955)
Total provision cost and operating expenditures		(5,405,877,914)	(4,162,784,055)
Net profit		4,814,600,598	3,852,513,249

*Ha Noi, 30th September 2006***Accountant in charge****Director****Nguyen Thi Minh Thuong****Ho Thi Quy**

TYM FUND - VIETNAM WOMEN'S UNION

Address: No.39 Hang Chuoi - Hai Ba Trung - Ha Noi

FINANCIAL STATEMENT

For the fiscal year ended 31st December 2005

CASH FLOW STATEMENT

(Under indirect method)

Items	Notes	Unit: VND	
		Year 2005	Year 2004
I. Cash flow from operating activities			
1. <i>Net profit</i>		4,814,600,598	3,852,513,240
2. <i>Adjustment for:</i>			
- Fixed assets depreciation		134,131,386	143,725,357
- Loss from provision returns		266,212,660	108,941,340
- Profit, loss from investing activities			-
3. <i>Operating profit before changes in working capital</i>		5,214,944,644	4,105,179,937
- Increase, decrease in loans		(12,336,641,300)	(5,719,589,700)
- Increase, decrease in deposits and saving		6,357,655,790	6,306,099,985
- Increase, decrease in receivable		(29,250,852)	(20,774,376)
- Increase, decrease in payables		524,252,815	207,332,234
- Increase, decrease in prepaid expenses		(23,103,022)	22,260,044
- Other cash receipts from operations			
- Other cash paid to operations			
<i>Net cash flow from operating activities</i>		(292,141,925)	4,900,508,124
II. Cash flow from investing activities			
1. Investing fixed assets and other long-term fixed assets		(162,845,000)	(37,267,200)
<i>Net cash flow from investing activities</i>		(162,845,000)	(37,267,200)
III. Cash flow from financing activities			
1. Funds received		1,403,555,942	3,131,800,000
2. Proceeds from long-term borrowings			(1,175,598,360)
3. Increase, decrease in fixed asset revaluation reserve		150,597,000	36,488,000
4. Increase, decrease in mutual funds		122,614,200	143,774,580
<i>Net cash flow from financing activities</i>		1,676,767,142	2,136,464,220
Net cash flow in the year		1,221,780,217	6,999,705,144
Opening balance of cash		9,270,080,111	2,270,375,027
Effect of exchange rate differences		-	-
Closing balance of cash		10,491,860,328	9,270,080,111

Ha Noi, 30th September 2006

Accountant in charge

Director

Nguyen Thi Minh Thuong

Ho Thi Quy

TYM FUND - VIETNAM WOMEN'S UNION

Address: 39 Hang Chuoi - Hai Ba Trung - Ha Noi

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS

I. PRINCIPLE ACTIVITIES

TYM Fund ("the Fund") was established by Vietnam Women's Union in 1992. With Decision No. 14/QD/DCT dated 12 January 1998, the President of Vietnam Women's Union permitted TYM Fund to become a separate subsidiary directly under the Presidium. With Decision 1170/QT/DCT dated 30/12/2005, the Presidium of the Vietnam Women's Union decided to transform TYM into a "Income Generating Unit" operating as a legal entity under Decree 10/CP dated 16/1/2002

Fund's Mission:

The TYM mission is to improve the quality of life and status of poor women and their families through an united financial system by establishing women's credit and savings groups, creating favorable opportunities for them to participate in social-economic activities, thus improving their knowledge, production skills, business management, job diversification and development for income generation and improvement of their awareness and knowledge on social life.

Head Office and Branch offices:

The Head Office of the Fund is located at the Vietnam Women's Union whose address is at No. 39 Hang Chuoi-Hai Ba Trung-Hanoi.

Up to 31 december 2005, the Fund has operated the following 16 branches:

▪ Sos son District – Hanoi	:	2 Branches;
▪ Me Linh District – Vinh Phuc Province	:	1 Branch;
▪ Phuc Yen town – Vinh Phuc Province	:	1 Branch ;
▪ Binh Xuyen District – Vinh Phuc Province	:	1 Branch ;
▪ Kim Dong District – Hung Yen Province	:	2 Branches;
▪ Y Yen District – Nam Định Province	:	2 Branches;
▪ Hung Nguyen District - Nghệ An Province	:	2 Branches;
▪ Nghi Loc District - Nghệ An Province	:	2 Branches;
▪ Ninh Giang District - Hai Duong Province	:	1 Branch ;
▪ Yen Lac District – Vinh Phuc Province	:	1 Branch ;
▪ Quang Xuong District – Thanh Hoa Province	:	1 Branch.

II. MAIN ACCOUNTING POLICIES

1. Accounting basis

The Financial Statements have been prepared in Vietnam Dong under the historical costs conversion.

Currently, TYM has not yet established a consistent accounting system as well as accounting method for the Central project office and sub-offices at the project sites under Vietnamese Accounting Systems. Instead, the Fund has applied the principles and forms provided by the Donors in accordance with the International Accounting System.

The fiscal year is from 01 January to 31 December annually.

TYM FUND - VIETNAM WOMEN'S UNION

Address 39 Hang Chuoi – Hai Ba Trung – Hanoi

FINACIAL STATEMENTS

For the fiscal year ended 31 December 2005

Notes to the Financial Statements (continue)

2. Basis for preparing the Financial Statements

The Head Office of the Fund is responsible for consolidating the Financial Statement based on the financial reports prepared by Branch offices. The liabilities and payables between the Head Office and Branches would be balanced upon consolidating the Financial Statements.

3. Fixed assets and depreciation

Fixed assets have been accounted under the historical cost, depreciation and net book value. The original costs of fixed assets were recorded under cost basis including costs and expenses that incurred in acquiring a fixed assets and other related expenses occurred to bring to the readily working conditions for its intended use.

TYM records value of assets plus other costs related to asset investment such as transportation, installation, testing and import duty toward a new asset.

Depreciation of tangible fixed assets has been charged under the straight-line method over the estimated useful lives of assets.

In the past, TYM recognized total historical cost of fixed assets as expenditure and follow-up fixed assets resource as same as value of historical cost. Those postings are in accordance with regulation on management, use and deduction of fixed asset depreciation applied for Administrative Unit. When TYM deducted fixed asset depreciation, the accumulated depreciation is presented at Balance Sheet with both deduction of historical cost and deduction of fixed asset resource. Otherwise, the time and method of depreciaton of fixed asset deduction are in accordance with the Decision No. 206/2003/QĐ-BTC dated 12th December 2003 issued by Ministry of Finance applied for State Enterprises.

Loss and profit from fixed assets liquidation would be accounted as a loss or profit accounts.

4. Foreign currency conversion

The currency used for record keeping and preparation of the Financial Statements is Vietnam Dong (VND) and converted into USD.

Source funded from supporters are reflected upon the real amount received in USD or other foreign currency which exchange to USD rulling at the accounting exchange rate at the same time.

Opening balances of other items in the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statement are converted from VND to USD at the ruling exchange rate of 15,739 VND/USD. Closing balances are converted at the rate of 15,872 VND/USD.

Arising differences of conversion are included in Resource item presented in the Balance Sheet.

5. Recognition of the fund

The funded sources were recognized based on actual received amounts.