

**INFORMATICS SERVICE
PROVIDER INCORPORATION
(ISP INC.)**

**AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2006**

CONTENTS

	Pages
Chief Executive Officer's report	1 - 3
Auditor's report	4 - 5
Audited financial statements	
Balance sheet as of 31 December 2006	6 - 9
Income statement for the year ended 31 December 2006	10
Statement of cash flows for the year ended 31 December 2006	11 - 12
Notes to the financial statements	13 - 26

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.) CHIEF EXECUTIVE OFFICER'S REPORT

Informatics Service Provider Incorporation (ISP Inc.) (referred to as The Company) presents this report and the audited financial statements of The Company for the year ended on 31 December 2006.

1. Background

Informatics Service Provider Incorporation (ISP Inc.), formerly known as Informatics Service Provider Co., Ltd., was incorporated under Business registration certificate No. 4103002093 issued by Ho Chi Minh City Department for Planning and Investment on 11 February 2004.

The Company's head office is located at 208-210 Khanh Hoi street, Ward 6, District 4, Ho Chi Minh City.

The Company's principal activities comprise:

- Producing, assembling, repairing informatics and electronics products.
- Trading in household appliances, informatics and electronics products, office equipments, cables, kinds of snap-in, electronic components.
- The consignment of goods agent, trading agency, office machine for rent, trading in telephones, fax, PABX switchboard (included 32 numbers).
- Trading, installing, and maintaining informatics and electronics equipment, informatics network. Trading, producing, installing, maintaining telecommunications equipment, providing telecommunications service agent. Trading and producing informatics software, designed web.
- Scientific services: integrating systems, making over information technology. Providing information upload to internet; Providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology.
- Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting transfer technology. Vocational training. Trading software, machine, equipment in radio-broadcasting and television.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.) CHIEF EXECUTIVE OFFICER'S REPORT

2. Members of the Board of Management

Members of the Board of Management during 2006 and on the date of this report include:

<u>Full Name</u>	<u>Position</u>
Mr. Tran Tuyen Duc	Chairman
Mr. Nguyen Duc Quang	Member
Mr. Do Van Hao	Member
Mr. Hoang Hai Thinh	Member
Mr. Le Hong Phong	Member

3. Members of the Board of General Directors

Members of the Board of General Directors during 2006 and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr. Nguyen Duc Quang	Chief Executive Officer (CEO)
Mr. Do Van Hao	Chief Operator Officer (COO)
Mr. Vo Dinh Bao Quoc	Chief Business Officer (CBO)
Mr. Tran Dinh Dung	Chief Marketing Officer (CMO)
Mr. Tran Anh Tuan	Chief Business Development Officer (assigned in 2007)
Mr. Hoang Hai Thinh	Chief Executive Officer - Hanoi Branch

4. Members of the Control Committee

Members of the Control Committee during 2006 and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Ms. Mai Thuy Mai	Chief of Control Committee
Mr. Pham Manh Hung	Member
Ms. Hoang Thi Tu Anh	Member

**INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
CHIEF EXECUTIVE OFFICER'S REPORT**

5. Financial review

The financial position as of 31 December 2006 and the result of The Company's business operations for the year then ended are shown on the accompanying financial statements audited by DTL Auditing Company.

6. Chief Executive Officer's Commitment

The CEO is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of The Company and for preparing the financial statements in accordance with the Vietnamese Accounting Standards and System.

The CEO is responsible for safeguarding the assets of The Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The CEO ensures that there are no unusual items that may render any amount stated in the financial statements misleading, and The Company has no any contingent liability or other liability that will or may substantially affect the ability of The Company to meet its obligations as and when they fall due.

As of the date of this report, The CEO was not aware of any irregularities that render the figures in the financial statements misleading and The Company has ability to pay all debts when they fall due.

7. Auditor

DTL Auditing Company has been appointed to audit the 2006 financial statements of the Company.

8. Chief Executive Officer's statement

In the CEO's opinion, the accompanying financial statements give a true and fair view of the financial position of The Company as at 31 December 2006 and of the results of its operation, its cash flows and notes to the financial statements for the year then ended in accordance with the Vietnamese Accounting System/Standards.

.....May 2007



NGUYEN DUC QUANG



No. 07.263/BCKT

INDEPENDENT AUDITORS' REPORT

To: The Board of Management
The Board of General Directors
INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

We have audited the accompanying balance sheet of Informatics Service Provider Incorporation (ISP Inc.) (The Company) as at 31 December 2006 and related income statement, cash flow statement and notes to the financial statements for the year then ended. These financial statements are the responsibility of The Chief Executive Officer. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion. However, our opinion is qualified by the following matters:

We did not observe the counting of the physical cash, inventories and fixed assets as of 31 December 2006 since that date was prior to the time we were initially engaged as auditors for The Company. At the same time we were unable to satisfy ourselves as to the above items by other audit procedures.

Opinion

In our opinion, except for the effects of the above matter and based on the documents provided by The Company, the accompanying financial statements give a true and fair view of the financial position of Informatics service provider incorporation (ISP Inc.) as at 31 December 2006 and of the results of its operation and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System.

Ho Chi Minh City, 14 May 2007

PARTNER



[Handwritten signature]
LUC THI VAN
CPA No. 0172/KTV

AUDITOR

NGO THANH BINH
CPA No. 0524/KTV

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
BALANCE SHEET

As at 31 December 2006

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Note	Closing Balance	Opening Balance
A. CURRENT ASSETS	100		46,262,334,559	29,060,008,753
I. Cash and cash equivalent	110		2,901,883,131	1,291,000,586
1. Cash	111	(5.1)	2,901,883,131	1,291,000,586
2. Cash equivalent	112			
II. Short-term investments	120			
1. Short-term investments	121			
2. Provision for the diminution in value of short-term securities	129			
III. Accounts receivable	130	(5.2)	27,424,400,830	18,417,548,206
1. Trade receivables	131		23,395,637,923	15,358,915,801
2. Advances to suppliers	132		3,859,099,664	2,736,052,314
3. Receivables from related parties	133		169,663,243	322,290,091
4. Construction contractor receivables based on agreed progress billings	134			
5. Other receivables	135			290,000
6. Provision for doubtful debts	139			
IV. Inventories	140	(5.3)	12,616,943,178	6,549,447,206
1. Inventories	141		12,616,943,178	6,549,447,206
2. Provision for inventory obsolescence	149			
V. Other current assets	150		3,319,107,420	2,802,012,755
1. Prepaid expenses	151		2,329,100	157,243,831
2. VAT deductible	152		56,081,810	21,749,446
3. Tax receivables and other receivable from the State	154			
4. Other current assets	158	(5.4)	3,260,696,510	2,623,019,478

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

BALANCE SHEET

As at 31 December 2006

Expressed in Vietnam dong unless otherwise stated

ASSETS	Code	Note	Closing Balance	Opening Balance
B. NON-CURRENT ASSETS	200		29,117,086,226	9,268,587,104
I. Long-term receivables	210			
1. Long-term trade receivables	211			
2. Equity capital allotted to subsidiary	212			
3. Long-term receivables from related parties	213			
3. Other long-term receivables	218			
4. Provisions for doubtful long-term receivables	219			
II. Fixed assets	220		29,041,961,399	9,181,328,150
1. Tangible fixed assets	221	(5.5)	28,467,818,094	8,498,867,649
- Cost	222		38,252,754,157	12,495,744,742
- Accumulated depreciation	223		(9,784,936,063)	(3,996,877,093)
2. Finance leases	224			
- Cost	225			
- Accumulated depreciation	226			
3. Intangible fixed assets	227	(5.6)	144,422,930	252,740,126
- Cost	228		324,951,590	324,951,590
- Accumulated depreciation	229		(180,528,660)	(72,211,464)
4. Construction in progress	230	(5.7)	429,720,375	429,720,375
III. Investment properties	240			
- Cost	241			
- Accumulated depreciation	242			
IV. Long-term investments	250		75,124,827	75,124,827
1. Investments in subsidiaries	251			
2. Investments in associates, joint-ventures	252		75,124,827	75,124,827
3. Other long-term investments	258			
4. Provision for long-term investments	259			
V. Other long-term assets	260			12,134,127
1. Long-term deferred expenses	261			12,134,127
2. Deferred income tax asset	262			
3. Other long-term assets	268			
TOTAL ASSETS	270		75,379,420,785	38,328,595,857

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

BALANCE SHEET

As at 31 December 2006

Expressed in Vietnam dong unless otherwise stated

RESOURCES	Code	Note	Closing Balance	Opening Balance
A. LIABILITIES	300		55,102,711,780	22,485,973,554
I. Current liabilities	310		45,482,711,780	22,488,716,370
1. Short-term loans and debts	311	(5.11)	27,341,503,807	10,369,345,829
2. Trade payables	312	(5.8)	8,633,628,688	5,175,976,435
3. Advances from customers	313	(5.8)	6,514,708,371	5,286,766,751
4. Statutory obligations	314	(5.9)	1,075,676,492	444,142,970
5. Payables to employees	315			869,454,251
6. Accruals	316			
7. Payables to related parties	317		169,663,243	322,290,091
8. Construction contractor payables based on agreed progress billings	318			
9. Other payables	319	(5.10)	1,747,531,179	20,740,043
10. Short-term provision	320			
II. Long-term liabilities	330		9,620,000,000	(2,742,816)
1. Long-term trade payables	331			
2. Long-term payables to related parties	332			
3. Other long-term payables	333			
4. Long-term loans and debts	334	(5.11)	9,500,000,000	
5. Deferred income tax payables	335			
6. Provision for unemployment funds	336		120,000,000	(2,742,816)
7. Long-term provision	337			
B. OWNERS' EQUITY	400		20,276,709,005	15,842,622,303
I. Equity	410		20,277,707,005	15,799,253,750
1. Contributed legal capital (Share capital)	411	(5.12)	18,000,000,000	14,216,939,129
2. Capital surplus	412			
3. Other contributed capital	413			
4. Treasury shares	414			
5. Asset revaluation surplus	415			
6. Foreign exchange differences	416			
7. Investment and development fund	417		349,878,228	
8. Financial reserved fund	418		129,288,777	200,000,000
9. Other funds within owners' equity	419			
10. Undistributed earnings	420	(5.14)	1,798,540,000	1,382,314,621
11. Capital expenditure fund	421			
II. Other capital, funds	430		(998,000)	43,368,553
1. Bonus and welfare funds	431		(998,000)	43,368,553
2. Subsidy funds	432			
3. Funds invested in fixed assets	433			
TOTAL LIABILITIES AND OWNERS' EQUITY	440		75,379,420,785	38,328,595,857

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

BALANCE SHEET

As at 31 December 2006

Expressed in Vietnam dong unless otherwise stated

OFF BALANCE SHEET ITEMS	Note	Closing Balance	Opening Balance
1. Assets under operating lease			
2. Goods held under trust or for processing			
3. Goods held by the company on consignment			
4. Bad debts written off			
5. Foreign currencies + USD		270,21	5,529.99
6. Budgeted operating expenses			

CHIEF ACCOUNTANT



HA THE THAP

15 February 2007

CHIEF EXECUTIVE OFFICER



NGUYEN DUC QUANG

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
INCOME STATEMENT

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

Items	Code	Note	Current year	Previous year
1. Sales	01		102,902,569,256	83,707,602,509
2. Deductions	02		2,796,420,112	1,291,163,591
3. Net sales (10=01-02)	10		100,106,149,144	82,416,438,918
4. Cost of sales	11		77,187,604,119	65,607,764,672
5. Gross profit (20=10-11)	20		22,918,545,025	16,808,674,246
6. Financial income	21		63,743,803	44,064,613
7. Financial expenses	22	(6.1)	2,100,368,260	647,672,476
<i>In which: Interest expense</i>	23		2,076,574,668	482,725,167
8. Selling expenses	24	(6.2)	7,036,197,686	4,940,847,605
9. General and administration expenses	25	(6.3)	10,952,847,525	9,024,903,991
10. Operating profit/(loss) {30=20+(21-22)-(24+25)}	30		2,892,875,357	2,239,314,787
11. Other income	31	(6.4)	3,131,525,589	530,631,718
12. Other expenses	32	(6.5)	2,707,153,407	465,514,563
13. Net other income/(expense) (40=31-32)	40		424,372,182	65,117,155
14. Accounting profit before tax (50=30+40)	50	(6.6)	3,317,247,539	2,304,431,942
15. Current tax expense	51	(6.6)	928,829,311	645,240,944
16. Deferred tax expense	52			
17. Net profit/(loss) after tax (60=50-51-52)	60	(6.6)	2,388,418,228	1,659,190,998

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

CASH FLOW STATEMENT

(DIRECT METHOD)

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Note	Current year	Previous year
CASH FLOWS FROM OPERATING ACTIVITIES				
1. Cash receipts from customers	01		102,844,563,490	92,386,972,269
2. Cash paid to suppliers	02		(116,660,294,751)	(82,449,940,671)
3. Cash paid to employees	03		(7,219,758,185)	(4,522,516,459)
4. Interest paid	04		(2,081,055,301)	(435,233,955)
5. Income taxes paid	05		(386,982,419)	
6. Other cash inflows from operating activities	06		20,890,784,785	18,188,755,908
7. Other cash outflows from operating activities	07		(21,860,726,940)	(31,686,073,745)
Net cash from/(used in) operating activities	20		(24,473,469,321)	(8,518,036,653)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchase of fixed assets and other long-term assets	21		(2,011,343,617)	(60,598,377)
2. Proceeds from disposals of fixed assets and other long-term assets	22		2,507,682,797	
3. Loans to other entities and payments for purchase of debt instruments of other entities	23			
4. Repayments from borrowers and proceeds from sales of debt instruments of other	24			
5. Payments for investments in other entities	25			766,608,982
6. Proceeds from sales of investments in other entities	26			
7. Interest and dividends received	27		26,116,606	29,321,566
Net cash from/(used in) investing activities	30		522,455,786	735,332,171

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
CASH FLOW STATEMENT
(DIRECT METHOD)

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

ITEMS	Code	Note	Current year	Previous year
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Capital contribution	31			
2. Capital redemption	32			
3. Borrowings	33		62,329,712,114	32,346,878,667
4. Loan repayment	34		(35,865,501,413)	(29,496,889,394)
5. Finance lease principal paid	35			
6. Dividends paid	36		(902,314,621)	
Net cash from/(used in) financing activities	40		25,561,896,080	2,849,989,273
NET INCREASE/(DECREASE) IN				
CASH (50=20+30+40)	50		1,610,882,545	(4,932,715,209)
Cash and cash equivalents at beginning of year/(period)	60		1,291,000,586	6,223,715,795
Impact of exchange rate fluctuation	61			
Cash and cash equivalents at end of year/(period) (70=50+60+61)	70		2,901,883,131	1,291,000,586

CHIEF ACCOUNTANT



HA THE THAP



NGUYEN DUC QUANG

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Background

1.1. Structure of ownership

Informatics Service Provider Incorporation (ISP Inc.) (referred to as The Company), formerly known as Informatics Service Provider Co., Ltd., was incorporated under Business registration certificate No. 4103002093 issued by Ho Chi Minh City Department for Planning and Investment on 11 February 2004.

The Company's head office is located at 208-210 Khanh Hoi street, Ward 6, District 4, Ho Chi Minh City.

1.2. Business industry

Producing, assembling, repairing informatics and electronics products.

Trading in household appliances, informatics and electronics products, office equipments, cables, kinds of snap-in, electronic components.

The consignment of goods agent, trading agency, office machine for rent, trading in telephones, fax, PABX switchboard (included 32 numbers).

Trading, installing, and maintaining informatics and electronics equipment, informatics network. Trading, producing, installing, maintaining telecommunications equipment, providing telecommunications service agent. Trading and producing informatics software, designed web.

Scientific services: integrating systems, making over information technology. Providing information upload to internet; Providing internet services agent (not including internet service providing agent in head office). Consultant, training informatics and telecommunications technology.

Office for rent. Trading, installing, repairing, maintaining electrical equipment, automatic control equipment (not including processing mechanic, producing electroplate, recycling waste at head office). Consulting transfer technology. Vocational training. Trading software, machine, equipment in radio-broadcasting and television.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

2. Fiscal year, reporting currency

2.1. Fiscal year

The fiscal year is from 1 January to 31 December annually.

2.2. Reporting currency

The Company maintains its accounting records in Vietnam dong.

3. Accounting standard, accounting system

3.1. Adopted accounting standards

The Company has adopted Vietnamese Accounting Standard and system.

3.2. Accounting book form

Journal Voucher.

3.3. Statement of compliance with Vietnamese accounting standards

The Company's financial statements for the year ended 31 December 2006 are prepared in accordance with Vietnamese Accounting Standards and system.

4. Significant accounting policies

4.1. Recognition of cash and cash equivalents

Recognition of cash equivalents

Cash comprises cash on hand, cash in transit and demand deposits. Cash equivalents are short-term investments (for a period not exceeding 3 months) that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Foreign currency translations

Transactions in foreign currencies are translated into reporting currencies at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currencies at the rate of exchange ruling at the balance sheet date. Gains or losses resulting from the foreign currency transactions are taken to the Income Statement.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

4.2. Inventories

Inventory measurement

Inventories are determined at cost. Where the net realizable value is lower than cost, inventories are measured at the net realizable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present current location and condition.

The costs of purchase comprise the purchase price, non-reimbursable taxes and duties, and transport, handling and other costs directly attributable to the purchase. Trade discount and sales rebates on substandard and obsolete goods purchased are deducted from the costs of purchase.

Method of determining closing balance of inventories

The closing balance of inventories is determined by the specific identification method.

Method of accounting for inventories

Inventories are recorded under the perpetual inventory method.

Provision for decline in inventory

The Company makes the provision for decline in inventory based on inventories stocked over 6 months and the provision is reversed when inventories are sold.

4.3. Trade receivables and other receivables

Recognition method

Trade receivables and other receivables are stated at expected collectible value.

Provision for doubtful debts

Doubtful debt policy has yet to be applied.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

4.4. Recognition, depreciation and amortization of fixed assets

Tangible fixed asset recognition

Tangible fixed assets are initially recognized at its cost. Cost of a tangible fixed asset is the amount of all expenses paid by The Company to acquire an asset at the time the asset is put into operation for its intended use.

Intangible fixed asset recognition

Intangible fixed assets are initially recognized at its cost. Cost of an intangible fixed asset is the amount of all expenses paid by The Company to acquire an asset at the time the asset is put into operation for its intended use.

Depreciation and amortization

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives.

The estimated useful lives are as follows:

	<i>Years</i>
Buildings, structures	25 years
Machinery and equipment	2 – 5 years
Means of transportations, transmitters	3 – 5 years
Management equipment and devices	1 - 3 years
Accounting software	3 years

4.5. Recognition of revenues

Revenue from selling goods is measured at the fair value of the consideration received or receivable. In most cases, revenue is recognized when transferring the risks and rewards of the ownership to the buyer.

4.6. Opening balances

Certain prior year balances have been reclassified to conform to the current year method of presentation.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5. Additional information for items shown in the balance sheet**5.1. Cash and cash equivalents**

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	140,259,030	99,708,016
Cash in bank	<u>2,761,624,101</u>	<u>1,191,292,570</u>
Total	<u>2,901,883,131</u>	<u>1,291,000,586</u>

5.2. Short - term receivables

	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables (5.2.1)	23,395,637,923	15,358,915,801
Advances to suppliers (5.2.2)	3,859,099,664	2,736,052,314
Receivables from related parties	169,663,243	322,290,091
Other receivables	<u>-</u>	<u>290,000</u>
Total	<u>27,424,400,830</u>	<u>18,417,548,206</u>
Provision for bad debts	<u>-</u>	<u>-</u>
Net realizable value of short term receivable	<u>27,424,400,830</u>	<u>18,417,548,206</u>

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

(5.2.1) Composition is as followed:

	<i>31/12/2006</i>
VDC	8,544,449,220
VDC2	3,575,426,706
VTI	3,235,801,276
EXXONMOBIL Vietnam Co., Ltd.	1,055,649,228
VP Bank	890,386,804
Hutchison Telecommunications (Vietnam) S.A.R.L	731,414,214
Management Board of Project "Software Industrial park - HCMC National University"	686,762,000
Abbott Laboratories S.A	528,708,154
International Consulting and Construction Company	500,584,111
State Treasury	345,305,662
Investment and Development IT Company	337,913,104
Others	<u>2,963,237,444</u>
Total	<u>23,395,637,923</u>

(5.2.2) Advances to suppliers are as followed:

	<i>31/12/2006</i>
DTS Communication Technologies Corporation	2,775,525,000
Vietravel	262,426,775
Mekong Consultancy & Trade Building Co., Ltd.	191,675,000
Cisco System International BV, Netherlands	162,168,316
U & M.E Joint-Stock Company	105,200,948
Pho Canh Co., Ltd.	100,000,000
Others	<u>262,103,625</u>
Total	<u>3,859,099,664</u>

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5.3. Inventory

	<i>Ending balance</i>	<i>Beginning balance</i>
Merchandises	<u>12,616,943,178</u>	<u>6,549,447,206</u>
Total costs of inventories	12,616,943,178	6,549,447,206
Provision for decline in inventory	<u>-</u>	<u>-</u>
Net realizable value of inventories	<u>12,616,943,178</u>	<u>6,549,447,206</u>

5.4. Short-term other assets

	<i>Ending balance</i>	<i>Beginning balance</i>
Advances	580,772,164	270,840,833
Deferred expenses	270,763,534	-
Short-term deposits	(*) <u>2,409,160,812</u>	<u>2,352,178,645</u>
Total	<u>3,260,696,510</u>	<u>2,623,019,478</u>

(*) Warranty deposits for tender and for payment of orders.

5.5. Increase/decrease in tangible fixed assets

	<i>Building, structurs</i>	<i>Machinery and equipment</i>	<i>Means of transportations, transmitter</i>	<i>Management equipments and devices</i>	<i>Total</i>
Costs					
Opening	-	6,573,197,785	2,183,870,158	3,738,676,799	12,495,744,742
Increase	15,208,922,546	12,187,302,121	2,535,636,091	1,969,805,314	31,901,666,072
Decrease	<u>-</u>	<u>6,144,656,657</u>	<u>-</u>	<u>-</u>	<u>6,144,656,657</u>
Closing	<u>15,208,922,546</u>	<u>12,615,843,249</u>	<u>4,719,506,249</u>	<u>5,708,482,113</u>	<u>38,252,754,157</u>
Accumulated depreciation					
Opening	-	2,442,858,496	688,211,945	865,806,652	3,996,877,093
Increase	152,089,225	7,216,026,035	849,570,408	1,055,618,747	9,273,304,415
Decrease	<u>-</u>	<u>3,485,245,445</u>	<u>-</u>	<u>-</u>	<u>3,485,245,445</u>
Closing	<u>152,089,225</u>	<u>6,173,639,086</u>	<u>1,537,782,353</u>	<u>1,921,425,399</u>	<u>9,784,936,063</u>
Net book value					
Opening	<u>-</u>	<u>4,130,339,289</u>	<u>1,495,658,213</u>	<u>2,872,870,147</u>	<u>8,498,867,649</u>
Closing	<u>15,056,833,321</u>	<u>8,623,231,551</u>	<u>3,181,723,896</u>	<u>1,606,029,326</u>	<u>28,467,818,094</u>

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5.6. Increase/decrease in intangible fixed assets

	<i>Accounting software</i>
Costs	
Opening	324,951,590
Increase	-
Decrease	-
Closing	<u>324,951,590</u>
Accumulated depreciation	
Opening	72,211,464
Increase	108,317,196
Decrease	-
Closing	<u>180,528,660</u>
Net book value	
Opening	<u>252,740,126</u>
Closing	<u>144,422,930</u>

5.7. Construction in progress

	<i>Ending balance</i>	<i>Beginning balance</i>
Construction in progress	(*) <u>429,720,375</u>	<u>429,720,375</u>
Total	<u>429,720,375</u>	<u>429,720,375</u>

(*) Oracle software has been used at The Company.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5.8. Trade payables

	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payables (5.8.1)	8,633,628,688	5,175,976,435
Advances from customer (5.8.2)	<u>6,514,708,371</u>	<u>5,286,766,751</u>
Total	<u>15,148,337,059</u>	<u>10,462,743,186</u>

(5.8.1) Trade payables are as followed:

	<i>31/12/2006</i>
Telecommunication Technology & Information Technology Service Corporation ITSC	4,804,508,573
Vietnam Information Management Solution Co., Ltd.	1,443,720,810
Sun Viet Technologies Co., Ltd. (SV Tech)	393,519,804
Quang Dung Trading Technologies Co., Ltd.	285,892,348
M- Security Technologies Indochina Pte. Ltd	241,016,247
Others	<u>1,464,970,906</u>
Total	<u>8,633,628,688</u>

(5.8.2) Advances from customers are as followed:

	<i>31/12/2006</i>
Vina Game Software Service Corporation (Vinagame)	2,300,281,294
VTI2	1,965,600,000
Ho Chi Minh City Television	436,966,014
Talisman Vietnam Limited	436,502,698
University of Technology_ HCMC National University	430,575,417
An Binh Bank (ABB)	243,869,951
Eastern Asia Bank (EAB)	152,000,000
VDC1	104,926,080
Others	<u>443,986,917</u>
Total	<u>6,514,708,371</u>

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5.9. Tax and payable to the State

	<i>Ending balance</i>	<i>Beginning balance</i>
VAT	487,311,743	557,611,856
Import duties	56,949,457	20,698,511
Corporation income tax	515,849,600	(154,414,439)
Personal income tax	<u>15,565,692</u>	<u>20,247,042</u>
Total	<u>1,075,676,492</u>	<u>444,142,970</u>

5.10. Other payables and obligations

	<i>Ending balance</i>	<i>Beginning balance</i>
Trade Union expenditure	43,025,276	14,301,880
Health & social insurance	84,707,251	6,438,163
Unearned earnings	407,490,404	-
Other payables	(*) <u>1,212,308,248</u>	<u>-</u>
Total	<u>1,747,531,179</u>	<u>20,740,043</u>

(*) In which, payable to Ms. Mai Thuy Mai is VND 1,200,000,000.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5.11. Loans

		<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	(5.11.1)	27,341,503,807	10,369,345,829
Long-term loans	(5.11.2)	<u>9,500,000,000</u>	<u>-</u>
Total		<u>36,841,503,807</u>	<u>10,369,345,829</u>

(5.11.1) Composition of short-term loans is as followed:

	<i>31/12/2006</i>
VIB bank – Ho Chi Minh Branch	(*) 23,709,124,790
Others	<u>3,632,379,017</u>
Total	<u>27,341,503,807</u>

(*) Equivalent to USD 559,662.34 and VND 14,857,670,782, with the following respective information:

- Contract No. 0293/HĐTD-VIBHCM dated 26 May 2005.
- Credit limit: USD 1,300,000,000.00.
- Duration: 12 months.
- Interest rate: 0.96% per month (in VND) and 6.7% per annum (in USD).

(5.11.2) It represents a long-term loan from HSBC Bank – HCMC Branch, with the following respective information:

- Contract No. VNM CDT 060255 dated 3 August 2006.
- Loan purposes: buying head office at 208 -210 Khanh Hoi, Ward 4, Dist 4, Ho Chi Minh City.
- Duration: 78 months (from 7 August 2006 to 7 August 2013).
- Interest rate: 0.95%/month.
- Assets mortgage: the above fixed assets.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

5.12. Owner's Equities

The paid-in capital is 18 billion dong up to 31 December 2006 as prescribed in the Business registration licence.

5.13. Capital transactions with owners and distribution of dividends, profits

	<i>Ending balance</i>	<i>Beginning balance</i>
Owner's equity	14,216,939,129	12,897,028,125
Beginning contributed capital	-	-
Current year's contributed capital increases	3,783,060,871	1,319,911,004
Current year's contributed capital decreases	-	-
Ending contributed capital	18,000,000,000	14,216,939,129

5.14. Retained earnings

Retained earnings as at 1 January 2006	1,382,314,621
Transferred to owner's equity	(480,000,000)
Dividends of 2005 paid	(902,314,621)
Profit of year 2006	3,317,247,539
Provision for CIT of 2006(*)	(928,829,311)
Distributed to funds	(589,878,228)
Retained earnings as at 31 December 2006 (**)	1,798,540,000

(*) Corporation income tax of 2006 will be adjusted for the tax-finalization.

(**) Dividends of 2006 payable.

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

6. Additional information for items shown in the balance sheet

6.1. Financial expenses

	<i>Current year</i>	<i>Previous year</i>
Interest expenses	2,076,574,668	482,725,167
Foreign exchange loss	<u>23,793,592</u>	<u>164,947,309</u>
Total	<u>2,100,368,260</u>	<u>647,672,476</u>

6.2. Selling expenses

	<i>Current year</i>	<i>Previous year</i>
Staff salary expenses	2,586,364,625	1,011,296,497
Tool and equipment expenses	143,280,605	249,512,643
Training expenses	37,695,994	31,760,792
Order related expenses	1,938,330,341	2,498,841,359
Guarantee expenses	134,686,968	100,752,114
Outside expenses	145,660,434	64,042,898
Pre – Sale expenses	2,049,996,901	783,919,482
Selling expenses – Hanoi Branch	<u>181,818</u>	<u>200,721,820</u>
Total	<u>7,036,197,686</u>	<u>4,940,847,605</u>

6.3. General and administration expenses

	<i>Current year</i>	<i>Previous year</i>
Staff salary expenses	4,717,447,123	4,674,238,776
Tool and equipment expenses	798,888,004	455,997,565
Training expenses	1,308,897,882	413,043,322
Depreciation and amortization expenses	1,992,126,607	1,309,470,406
Telephone expense	79,229,536	65,794,884
Outside expenses	1,436,254,765	1,157,461,018
Other expenses	607,440,630	414,473,188
Administration exp. – Hanoi Branch	<u>12,562,978</u>	<u>534,424,832</u>
Total	<u>10,952,847,525</u>	<u>9,024,903,991</u>

INFORMATICS SERVICE PROVIDER INCORPORATION (ISP INC.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2006

Expressed in Vietnam dong unless otherwise stated

6.4. Other Income

	<i>Current year</i>	<i>Previous year</i>
Proceed from disposal of assets	2,500,115,797	394,547,368
Other income	<u>631,409,792</u>	<u>136,084,350</u>
Total	<u>3,131,525,589</u>	<u>530,631,718</u>

6.5. Other expenses

	<i>Current year</i>	<i>Previous year</i>
Carrying amount of disposed assets	2,659,411,212	426,388,445
Other expenses	<u>47,742,195</u>	<u>39,126,118</u>
Total	<u>2,707,153,407</u>	<u>465,514,563</u>

6.6. Deferred tax expenses and net profit/(loss) after tax

	2006	2005
Accounting profit before tax	3,317,247,539	2,304,431,942
Taxable profit	3,317,247,539	2,304,431,942
Corporate income tax payable	<u>(928,829,311)</u>	<u>(645,240,944)</u>
Net profit after tax	<u>2,388,418,228</u>	<u>1,659,190,998</u>

15 February 2007

CHIEF ACCOUNTANT



HA THE THAP

CHIEF EXECUTIVE OFFICER



NGUYEN DUC QUANG