

CONSOLIDATED BALANCE SHEET
as at 31 December 2008



TAN TAO GROUP

TAN TAO INVESTMENT & INDUSTRY CORPORATION

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Ho Chi Minh City, date....month..... 2009

SUPERVISORY BOARD REPORT

(For fiscal year 2008 at the 2009 Annual General Shareholders Meeting)

Dear General Shareholders Meeting

- In accordance with the Enterprise Law No. 60/2005/QH 11 dated November 29, 2005 of the National Assembly (effective on July 1, 2006)
- According to the powers and duties of the Supervisory Board stipulated in the Charter of Tan Tao Investment & Industry Corporation
- According to the Management Assessment Report of the Management Board, the final report of 2008 business and production activities and 2009 plan of Company's President.
- According to the 2008 financial statements which were audited by the Ernst & Young Audit Company

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- Pursuant to the inspection and supervision results of the Supervisory Board in 2008

The Supervisory Board of Tan Tao Investment & Industry Corporation would like to report to the General Shareholders Meeting the inspection and supervision results of Company operations in 2008 as follows:

I. Activities of the Supervisory Board

The Supervisory Board has undertaken inspection and supervision in compliance with the Enterprise Law, the Company's Charter, the Resolution of the 2008 General Shareholders Meeting in management and operation of all business activities of Company as follows:

- Examining and evaluating the performance of the Management Board in the course of the term regarding the implementation of the 2008 financial plan after it has been approved by General Shareholders Meeting
- Examining the suitability of decisions of the Management Board, the Board of Directors in management; Inspecting orders, procedures of promulgation of Company in accordance with the laws and the Company's Charter.
- Inspecting and evaluating primary processes of company in order to discover potential risks or shortcomings, thereof proposing appropriate suggestions and solutions.
- Examining periodical reports conducted by the Board of Directors
- Inspecting and supervising quarterly financial statements to make proper assessment of financial figures. At the same time, coordinating with independent auditors to consider the impacts of main accounting and auditing errors on financial reports; monitoring the leadership team in the carry-out of suggestions proposed by the Audit Committee
- Supervising the Company implementation of laws

II. Supervision results of Management Board and Board of Directors

- The Management Board and the Board of Directors have fully complied with the legal regulations on administrative management and transaction. The members of the Management Board, the Board of Directors and managerial staffs have exercised the assigned powers and duties according to the regulations of the Enterprise Law, the Company's Charter and the Resolution of the General Shareholders Meeting.
- The meetings of the Management Board have been convened and organized in compliance with the Enterprise Law, the company's Charter and regulations of structure and operation of the Management Board.
- The minutes of the Management Board include all signatures of participating members

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- The resolutions of the Management Board are validly promulgated based on the minutes of meeting of the Management Board or written opinion statements of members of the Management Board and in conformity with the Enterprise Law and the Company's Charter.
- The resolutions and decisions of the Management Board focusing on the implementation of resolutions of the 2008 General Shareholders Meeting have been timely promulgated, fulfilling the administrative functions of the Management Board and satisfying the management requests of the Board of Directors in business and production operation.
- The decisions of the Board of Directors have been legally and timely issued with relevant powers, all decisions exceeding the powers of the Board of Directors have been issued only after having them submitted to and receiving the approval from the Management Board.
- The important economic contracts of Company in 2008 have been legally formulated to guarantee interests of Company and shareholders
- In 2008, Company had no disputes arising from business and production activities and had no conflict of interests with any related persons.
- Company has fully and earnestly complied with the laws and regulations of the Stock Exchange on information announcement of public joint stock companies and listed companies

III. Evaluation of execution of 2008 business plan and implementation of resolutions of General Shareholders Meeting

A. Evaluation of 2008 business plan performance

1. Business and production in 2008 (Group)

Unit: VND

No.	ITEM	PLAN	IMPLEMENTATION
1	Revenue & other incomes	1,238,000,000,000	1,358,788,415,000
2	After tax profit	300,000,000,000	296,707,794
3	State budget remittance	250,000,000,000	272,242,000,000
4	Average salary per employee	5,000,000	6,500,000

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2. Financial situation of Company as of December 31, 2008 (consolidated financial statement)

VND'000

<i>Cod e</i>	<i>ASSETS</i>	<i>Note s</i>	<i>Ending balance</i>	<i>Beginning balance (As restated – Note 27)</i>
100	A. CURRENT ASSETS		2,159,352,162	3,415,916,262
110	I. Cash and cash equivalents	4	116,307,643	994,959,669
111	1. Cash		115,507,643	644,853,549
112	2. Cash equivalents		800,000	350,106,120
120	II. Short-term investments	12	7,509,872	159,338,700
121	1. Short-term investments		42,264,230	172,723,050
129	2. Provision for short-term investments		(34,754,358)	(13,384,350)
130	III. Accounts receivable		622,923,084	515,404,169
131	1. Trade receivables	5	394,077,148	166,449,776
132	2. Advances to suppliers	6	188,568,547	275,037,178
135	3. Other receivables	7	40,277,389	73,917,215
140	IV. Inventories	8	1,390,447,620	1,554,632,852
141	1. Inventories		1,390,447,620	1,554,632,852
150	V. Other current assets		22,163,943	191,580,872
151	1. Prepaid expenses		958,933	600,915
152	2. Value-added tax deductible		4,349,928	1,368,399
154	3. Tax and other receivable from the State		355,333	-
158	4. Other current assets	9	16,499,749	189,611,558
200	B. NON-CURRENT ASSETS		3,909,248,688	1,770,690,065
210	I. Long-term receivables		577,710,409	475,367,012
211	1. Long-term trade receivables	5	577,710,409	475,367,012
220	II. Fixed assets		70,923,195	52,425,787
221	1. Tangible fixed assets	10	49,533,115	37,142,546
222	Cost		68,528,537	51,842,007
223	Accumulated depreciation		(18,995,422)	(14,699,461)
227	2. Intangible fixed assets	11	20,796,377	15,283,241
228	Cost		20,992,325	15,349,728
229	Accumulated amortisation		(195,948)	(66,487)
230	3. Construction in progress		593,703	-
250	III. Long-term investments	12	3,259,549,516	1,242,254,036
252	1. Investments in associates		158,436,427	1,142,011,346
258	2. Other long-term investments		3,120,560,614	100,242,690
259	3. Provision for long-term investments		(19,447,525)	-

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 (formerly Tan Tao Industrial Park Corporation)

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260	IV. Other long-term assets		878,871	435,789
261	1. Long-term prepaid expenses		776,278	-
268	2. Other long-term assets		102,593	435,789
269	V. Goodwill		186,697	207,441
280	TOTAL ASSETS		6,068,600,850	5,186,606,327

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<i>Cod e</i>	<i>RESOURCES</i>	<i>Note s</i>	<i>Ending balance</i>	<i>Beginning balance (As restated – Note 27)</i>
300	A. LIABILITIES		1,451,102,307	1,744,486,853
310	<i>I. Current liabilities</i>		1,066,542,068	1,378,088,109
311	1. Short-term loans	14	240,960,244	85,742,401
312	2. Trade payables		101,868,397	64,807,770
313	3. Advances from customers		153,313,308	287,100,467
314	4. Statutory obligations	15	28,396,607	105,036,003
316	5. Accrued expenses	16	487,746,539	810,697,935
319	6. Other payables	17	54,256,973	24,703,533
330	<i>II. Non-current liabilities</i>		384,560,239	366,398,744
333	1. Other long-term liabilities		2,633,899	1,709,577
334	2. Long-term loans	18	292,324,978	332,152,713
335	3. Deferred tax liabilities	24.2	87,482,823	31,763,280
336	4. Provision for severance allowance		2,118,539	773,174
400	B. OWNERS' EQUITY	19	4,624,736,788	3,437,580,503
410	<i>I. Capital</i>		4,588,036,788	3,437,580,503
411	1. Issued share capital		1,322,447,640	971,932,540
412	2. Share premium		2,557,853,519	1,676,647,023
414	3. Treasury shares		(2,941,100)	(18,000)
417	4. Investment and development fund		-	7,654,986
418	4. Financial reserve fund		9,154,986	-
420	5. Undistributed earnings		701,521,743	781,363,954
430	<i>II. Other fund</i>		36,700,000	-
431	1. Bonus and welfare fund		36,700,000	-
500	C. MINORITY INTERESTS	20	(7,238,245)	4,538,971
440	TOTAL LIABILITIES AND OWNERS' EQUITY		6,068,600,850	5,186,606,327

3. Observations and evaluation:

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- In 2008, the net revenue and other incomes are VND (1,238) billion, achieving (107.8%) of the year plan, the before tax profit reaches VND 383 billion, after tax profit is VND 296 billion.

- Dividend payout ratio: 30 %

- The financial statement has reflected faithfully and properly the main aspects of financial situation of Company as of December 31, 2008, the business and production results and the cash flow for the fiscal year within the same period, and in accordance with the current corporate accounting standards of Vietnam and related legal regulations

B. Evaluation of implementation of the resolutions of General Shareholders Meeting:

1. Implementation

- The management and operation of Company has been undertaken according to the company's Charter; the organization of business activities has followed the resolutions of the 2008 General Shareholders Meeting stimulating the implementation of projects: Tan Duc Industrial Park - Phase 2, Tan Duc E. City urban zone, Kien Luong Power Center-Phase 1. In addition, Company has swiftly undertaken necessary legal procedures in preparation for the projects with the possibility to be carried out in 2009 and 2010: Agrita Industrial Park, Hanita Industrial Park, Saigon – Mekong urban zone, Hai Au Island sea reclamation...etc.

- While the world economy is tumbling into deep recession due to the downturn of the U.S economy which has caused serious impacts on Asian economies and Vietnam, the Management Board and the Board of Directors of the Group have provided strong efforts to manage effectively Company's activities, timely proposed policies to enhance business efficiency of Company, making an economy by reducing about 10 % of electricity cost in 2008, good customers care and debt collection....

Therefore, Tan Tao Group is still keeping on with successes as of the previous years to become a strong economic group and maintain its flagship advantages.

+ **Firstly:** Taking the lead in attracting foreign and domestic investments, particularly domestic investments

+ **Secondly:** Taking the lead in the number of business enterprises in operation in its industrial parks

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+ **Thirdly:** Taking the lead in Industrial Parks' investment and development with numerous completed and ongoing projects.

- In order to maintain a leading position and to meet the confidence of all shareholders in the implementation of the resolutions of General Shareholders Meeting, the Group Management Board, particularly Chairwoman, has planned and made the right, earnest decisions in the operations of the Group, such as:

+ Providing short-term, medium-term and long-term strategies and making necessary adjustments in time.

+ Being active and creative in the management and operation of company, providing directions and orientations to leaders of affiliated companies of Group to apply advanced management models into their operation to enhance efficiency.

+ Focusing on the development and improvement of human resources: to search and invite excellent and experienced individuals to join the Group or cooperate with the Group on part-time basis; to care about the training policies in time and materials for employees in the Group to study, enhance their professional skill, specialization and regularly creating favorable conditions for managerial staffs to participate in foreign trips to seek investment and cooperation opportunities and to acquire management experiences.

+ Improving the implementation of social policies on the behalf of labors and social responsibility, organizing annually sightseeing tours for staff and employees for relief and health regeneration, motivating staff and employees for more dedication, enthusiasm and creativeness in their jobs.

+ Caring and supporting the activities of labor unions. The Company has established a Vietnam Communist Party Cell, a Ho Chi Minh Communist Youth Union Branch, a Company Labor Union and a Veteran Branch. The labor unions and branches have been actively engaged in many activities showing their important role in the development of the Company.

+ In addition to the implementation of business activities, the Group leadership team has always had the desire to promote social activities. Throughout the foundation and development, Group has donated thousands of charity houses, offered schools and kindergardens to poor localities, actively participated in supporting people suffering from floods, hurricanes and other natural calamities in the country and also in Laos and Cambodia; supporting favour return activities: raising Vietnamese heroic mothers, visiting and offering

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gifts to policy families during the Tet holidays and on the Martyrs and Wounded Soldiers' Day.

- Continue to develop 3 ITA Foundations created in 2007 to support poor individuals nationwide.

- In 2008, the Group coordinated with the Ministry of Education and Training to organize the Hoa Trang Nguyen Scholarship Prize to attribute scholarships to top outstanding students across the country, to provide scholarships to top students of Colleges and Universities. The scholarships will be annually attributed.

- In addition, the Group always looks after intellectual activities of the youth and workers in the industrial parks of Group such as: by frequently coordinating with enterprises to organize low-price-product fairs to serve the youth and workers, coordinating with branches and unions to hold consulting sessions of employment, psychology, health, love and marriage..., by organizing cultural and music performances, sports programs in Tan Tao and Tan Duc Industrial Parks. In particular, on the Vietnamese Women's Day, October 20, 2009, the "Singing Competition Festival for staff and employees in Tan Tao Industrial Park" has attracted a large number of workers of the enterprises in the Industrial Park and the Final Night was attended by Mrs. Truong My Hoa, former Vice State President. On the occasion of the Lunar New Year, the Group coordinated with the Youth Union of the Ho Chi Minh Export Processing and Industrial Zones Authority and leaders of the People's Committee of Ho Chi Minh City to offer gifts to workers living far away from their families in the Tan Tao Industrial Park.

With the achievements in the past year, Tan Tao Group has been awarded prestigious awards by Government and local authorities:

+ The Business Superstar Award in international integration period which was awarded by the Economist magazine and World and Vietnam newspaper

+ The Thanh Giong Golden Cup – Outstanding Vietnamese Entrepreneur in 2008 which was awarded by the Vietnam Chamber of Commerce and Industry (VCCI) and the Vietnam Television (VTV).

+ The Vietnam Golden Star in 2008 which were organized and selected among enterprises across the country by VCCI and VTV

+ The ISO Gold Cup 2008 which was awarded by the Ministry of Science and Technology

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- + The Southern Golden Star 2008 which was awarded by the Ho Chi Minh City Business Association
- + The Title “Top 15 Vietnamese Enterprises 2008” which was awarded by the Ministry of Industry and Trade
- + The Title “Elite Vietnamese Brands” which was honored by the World and Vietnam newspaper

Moreover, many Certificates of Merit have been granted to excellent staffs and employees by departments and branches.

2. Evaluation

In 2008, the Management Board and the Board of Directors have successfully managed and developed the Company to meet the interests of shareholders. However, there are still drawbacks to overcome as follows:

Drawbacks:

- The compensation and site clearance of projects have been improved, however, it hasn't met the plan proposed by the Management Board due to objective factors such as few local people don't agree to move in accordance with the policy approved by local authorities.
- The appraisal and approval of design of several projects have been carried out slower compared with the assigned plan, thus affecting the implementation's progress of projects.
- The Supervisory Board hasn't really had the coordination in its operation with shareholders.

Suggestions:

- To speed up compensation and site clearance, to complete projects' documents, design documents in order to promptly obtain approvals and to accelerate the designs' speed which still advances slower than scheduled.
- To urge companies which have signed leasing contracts in Tan Tao and Tan Duc Industrial Parks to speed up construction of factories, warehouses for their operation.

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- The Supervisory Board, in the next coming term, will need to level up its responsibilities toward shareholders.

The above is the content of supervision and examination of the Supervisory Board to submit to the General Shareholders Meeting. We wish to receive sincere observations and contributions of shareholders to better understand and fulfill our duty in the next term.

On behalf of the Supervisory Board, I'd like to gratefully present thanks to the Management Board, the Board of Directors, the leadership teams of affiliated companies of the Group and different departments for their cooperation in helping us fulfill our duty.

Best wishes for a successful General Shareholders Meeting

CHAIRMAN OF SUPERVISORY BOARD