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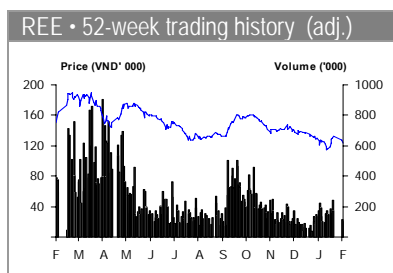
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## Ownership

<b>State</b>	6.07%	3,476,140
<b>Foreign</b>	49.00%	28,057,588
<b>Domestic</b>	44.93%	25,726,660
<b>Outstanding shares</b>		57,260,388



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## 4QFY2007: Marginally above expectation

## Company's Statistics

<b>Exchange</b>	HOSE	<b>BPS</b>	VND37,968	US\$2.37
<b>Sector</b>	Multi-industry	<b>EPS</b>	VND5,321	US\$0.33
<b>Index weight</b>	2.01%	<b>EPS trailing</b>	VND5,321	US\$0.46
<b>Market cap. (mn)</b>	VND7,100 • US\$441	<b>DPS</b>	n.a	n.a
<b>52-week high and low</b>	VND190,000 – 58,333	<b>ROCE</b>		17.4%
<b>30-day average daily turnover</b>	USD1.1mn	<b>Dividend yield</b>		0.0%
<b>Beta</b>	1.1	<b>PER</b>		23.3
<b>30-day VaR (5%)</b>	n.a	<b>P/BV</b>		3.3

Results (US\$ mill.)	2003	2004	2005	2006	4Q 2007	FY 2007E	2008f	2008p
<b>Sales</b>	23.1	22.6	24.1	51.2	25.4	69.9	72.5	n.a.
<b>Earnings</b>	2.4	3.5	4.2	13.8	n.a.	17.4	18.9	n.a.
<b>Net margin</b>	10.5	15.5	17.5	27.0	n.a.	24.9	26.0	n.a.

p – management projections; f – Mekong Securities' forecasts; \*earnings estimate for FY2007

## Results Highlights

- Real estate- key earnings driver.** REE's profit before tax (PBT) for the 4QFY07 decreased marginally by 5.4% compared to the corresponding period last year mainly due to lower financial investment. The real estate segment became the major earnings driver with y-o-y growth of 108.1% and contributed 33.2% of total PBT, followed by M&E (32.6%), financial investment income (21.4%), and air-conditioning system (11.1%).

PBT (US\$m)	4Q 2006	4Q 2007	Change YoY %	Cum. 2006	Cum. 2007	Change Y-o-Y%
M&E	2.1	2.0	(6.0)	3.3	4.0	21.5
Air-conditioner	0.6	0.7	21.2	1.7	2.0	24.1
Real Estate	1.0	2.0	108.1	4.1	6.2	52.8
Financial Investment	2.8	1.3	(52.1)	9.3	11.5	23.9
Others	0.0	0.1	472.9	0.3	0.4	39.2
<b>TOTAL</b>	<b>6.5</b>	<b>6.2</b>	<b>(4.6)</b>	<b>18.6</b>	<b>24.2</b>	<b>30.1</b>

- Double digit growth recorded in all segments.** For the full financial year of 2007, the Group's PBT grew by 30.1% with all business segments recording double digit growth. The real estate has enjoyed the strongest PBT growth of 52.8%, followed by air conditioning system (24.1%), financial income (23.9%) and M&E (21.5%). The full year earnings came marginally above our forecast due to the higher than expected contribution from the M&E activities.
- Financial investment income remains the key earnings component.** Despite having lower earnings contributions in 4QFY07, financial investment income continued to account for almost half of REE's PBT in 2007. According to the management, the market value of REE's investment holdings reached US\$163mn in the end of 2007. This translates into an unrealized holdings surplus of \$78mn compared with its book value of \$85mn despite the weakness in Vietnam stock market during the period.
- Correction in stock market posed risks to the Group's investment portfolio.** However, we are concerned that the continued weakness stock market may lead to the potential deterioration of the Group's asset quality as REE had aggressively expanded its investment portfolio in 2007. As a result, the ratio of total investment asset over total assets has expanded from 27.2% at the end of 2006 to 53.1% at the end of 2007. The large amount of investment holdings has exposed the Group to the volatility of the stock market.

## Refrigeration Electrical Engineering Corporation

15<sup>TH</sup> FEBRUARY 2008

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- **Real estate to be the main driver....** With full earnings contribution from E-town 2 this year and the expected completion of E-town 3 and 4 by the second half of 2008, we expect the revenue from real estate to grow by 25% in 2008. Furthermore, we believe that there could be an upside potential for office rental fee in the medium term in view of the supply shortage of office buildings in Ho Chi Minh City.
- **... expect lower financial income in the coming quarter.** We remain optimistic that REE is able to maintain a double-digit growth in its real estate, M&E, and air-conditioner segments in 2008 given the robustness of the real estate and construction sectors. Nonetheless, we expect lower financial income in the coming quarter in view of the current weakness in the stock market.
- **Fully value!!!** REE's stock price has dropped recently in line with the weakness in domestic stock market. Upon stripping out the potential financial gains for FY08 and adjusting the Group's share valuation with its unrealized investment surplus, the Group is currently trading at a forward PER of 30.7x which we continue to deem as rich.

Quarterly Results (US\$m)	4Q 2006	3Q 2007	4Q 2007	Change QoQ %	Change YoY %
Revenue	24.0	15.5	25.4	63.5%	6.0%
Gross Profit	5.3	4.3	6.5	52.8%	24.4%
Operating Profit (ex. net financial income)	3.9	2.9	4.0	37.2%	3.2%
Operating Profit	6.5	3.9	5.9	49.9%	-9.0%
Pre-Tax Profit	6.5	4.0	6.2	55.0%	-4.6%
Gross Profit Margin (%)	22.0%	27.6%	25.8%	-6.6%	17.4%
Operating Margin (%)	27.1%	25.4%	23.3%	-8.3%	-14.2%
Pre-tax Margin (%)	26.9%	25.6%	24.3%	-5.2%	-10.0%

Cumulative Quarterly Results (US\$m)	FY2006	FY2007E	Change YoY %
Revenue	51.2	69.9	36.5%
Gross Profit	13.5	18.7	39.2%
Operating Profit (ex. net financial income)	9.6	12.0	25.2%
Operating Profit	18.4	26.3	42.6%
Pre-Tax Profit	18.6	24.2	30.3%
Gross Profit Margin (%)	26.3%	26.8%	2.0%
Operating Margin (%)	36.0%	37.6%	4.5%
Pre-tax Margin (%)	36.3%	34.6%	-4.6%
Net Margin (%)	51.2	69.9	36.5%

Income statement (US\$m)	2004	2005	2006	*2007	2008F
Revenue	22.6	24.1	51.2	69.9	72.5
Gross profit	7.5	8.6	13.5	18.7	18.6
Operating profit	4.2	4.8	9.6	12.0	11.3
Profit before tax	4.0	5.4	18.4	26.3	26.2
Net profit	4.0	5.0	18.6	24.2	26.2
Operating margin (%)	3.5	4.2	13.8	17.4	18.9
Pre-tax margin (%)	17.6%	22.4%	36.0%	37.6%	36.2%
Net margin (%)	17.8%	20.9%	36.3%	34.6%	36.2%
Revenue growth (%)	15.5%	17.5%	27.0%	24.9%	26.0%
Operating growth (%)	-2.3%	6.5%	112.8%	36.5%	3.8%
Pre-tax profit growth (%)	11.5%	15.1%	56.7%	39.2%	-0.8%
Net profit growth (%)	33.8%	25.1%	269.3%	30.3%	8.4%

\* unaudited financial results for 2007. estimated net profit for FY2007

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