

# **HPT VIETNAM CORPORATION**

**Audited Financial Statements  
For the year ended December 31, 2007**



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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of HPT Vietnam Corporation (the Company) has the pleasure in presenting this report and the audited financial statements of the Company for the year ended December 31, 2007.

### 1. Incorporation

The Company was established based on the change from a Limited Liabilities Company to a Joint-Stock Company. The Company's Certificate of Business Registration No. 4103002304 dated May 11, 2004 and the 5<sup>th</sup> amendment of certificate registration dated June 01, 2007 are issued by the Department for Planning and Investment of Ho Chi Minh City.

According to the business registration, the Company's principle activities are:

- Provide warranty, maintenance and repairing services for IT products.
- Purchase, sell, deliver and install IT products.
- Agent in trade and consign goods.
- Build projects, join in bids, organize project implementation, and install PC and network systems.
- Providing application software and developing software.
- Provide additional service on telecommunications network.

The Company's Head Office is located at 60 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City. The Company has 4 branches:

- HPT System Integrated Center at 62 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City.
- Hanoi Branch at 133 Bui Thi Xuan Street, Hai Ba Trung District, Hanoi City.
- HPT Software Development Center at the floor 9, Vitek Tower, 63 Vo Van Tan Street, District 3, Ho Chi Minh City.
- HPT Warranty Center at 62 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City.

### 2. The Board of Directors and the Board of Management

The members of the Board of Directors and the board of Management during the year 2007 and at the date of this report are:

	Full name	Board of Directors	Board of Management
Mr.	Ngo Vi Dong	Chairman	General Director
Mrs.	Dinh Ha Duy Trinh	Member	Deputy General Director
Mr.	Dinh Ha Duy Linh	Member	Division Director
Mrs.	Huynh Thi Cao Thi	Member	Division Director
Mr.	Nguyen Duc Tien	Member	
Mrs.	Han Nguyet Thu Huong	Member	Vice Division Director
Mrs.	Nguyen thi Hong Hai		Chief Accountant

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HPT VIETNAM CORPORATION  
**REPORT OF THE BOARD OF DIRECTORS**

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**3. Operation results in 2007**

The Company's financial position and the results of its operations for the year ended December 31, 2007 are presented at the page 9 of the financial statements.

During the year, there are no contingent liabilities or other liabilities that may substantially affect the Company's the results of its operations.

**4. The charter capital**

At December 31, 2007, the Company's charter capital is VND 36,000,000,000 divided into 3,600,000 shares at par value of VND 10,000.

**5. The subsequent event after December 31, 2007.**

There have been no events subsequent to year-end which require adjustment of or disclosure in the financial statements or Notes thereto.

**6. The Board of Management's Statement of responsibility**

The Board of Management of the Company is responsible for preparing the financial statements of the year which give a true and fair view of the Company's financial position as at December 31, 2007. In preparing those financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis.

The Board of Management confirms that the Company has complied with the above requirements in preparing the financial statements.

The Board of Management is responsible for ensuring that proper accountings are kept, which disclose, with reasonable accuracy at any time the Company's financial position and to ensure that the Company's financial statements comply with Vietnamese Accounting System, Vietnamese Standards and existing guiding circulars in Vietnam as mentioned at item 3 of the Notes to the financial statements. The Board of Management is also responsible for safeguarding the Company's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**7. Auditors**

BDO AFC Certified Public Accountants (BDO AFC) has been appointed to perform the audit of the Company's annual financial statements.

HPT VIETNAM CORPORATION  
**REPORT OF THE BOARD OF DIRECTORS**

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**8. Approval of financial statements,**

On behalf of the Board of Directors, we hereby approve the accompanying audited financial statements. The financial statements were prepared according to Vietnamese Accounting Standards and Vietnamese Accounting System to present fairly the Company's financial position as at December 31, 2007, the results of its operations and its cash flows for the year then ended.

Date : April 10, 2008

On behalf of the Board of Directors



**NGO VI DONG**  
*Chairman*





**BDO AFC**  
Certified Public Accountants

**Ho Chi Minh City Head Office**  
Indochina Park Tower  
4 Nguyen Dinh Chieu Street, 2/F  
District 1, Ho Chi Minh City  
Tel: (08) 2200237  
Fax: (08) 2200265  
Email: bdoafc.hcmc@bdoafc.vn

No : 288/BCKT-2007

*Ho Chi Minh City, April 10, 2008*

## **REPORT OF INDEPENDENT AUDITORS**

**To: The Board of Directors and the Management  
HPT Vietnam Corporation**

We have audited the accompanying financial statements of HPT Vietnam Corporation ("the Company") including the balance sheet as at December 31, 2007, and the related statements of income, cash flows and the notes to the financial statements for the year then ended. The financial statements are the responsibility of the Company's Management. 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 and International Standards on Auditing applicable in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The 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.

### **Opinion**

In our opinion, in all material respects, the accompanying financial statements give a true and fair view of the financial position of HPT Vietnam Corporation as at December 31, 2007, the result of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

**Auditor**

**LE NGOC HAI**  
Certificate No. 0179/KTV

**General Director**



**VU THI THO**  
Certificate No. D.0065/KTV

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## HPT VIETNAM CORPORATION

**BALANCE SHEET**

As at December 31, 2007

Currency Unit: VND

Form : B 01-DN

ASSETS	Code	Notes	Ending balance	Beginning balance
<b>A. CURRENT ASSETS</b>	100		<b>169,774,674,740</b>	<b>91,832,367,324</b>
<i>I. Cash and cash equivalents</i>	110	5.1	<b>56,882,030,073</b>	<b>23,342,534,107</b>
1. Cash	111		56,882,030,073	23,342,534,107
2. Cash equivalents	112		-	-
<i>II. Short-term financial investments</i>	120		<b>123,793,600</b>	<b>453,793,600</b>
1. Short-term investments	121	5.2	123,793,600	453,793,600
2. Provision for decline in value of short-term investments	129		-	-
<i>III. Accounts receivable</i>	130	5.3	<b>93,598,562,539</b>	<b>53,337,665,661</b>
1. Trade receivables	131		89,941,200,052	50,842,192,260
2. Advance to suppliers	132		3,657,362,487	2,393,367,574
3. Short-term intercompany receivables	133		-	-
4. Receivable on construction work in progress	134		-	-
5. Other receivables	135		-	150,000,000
6. Provision for doubtful debts	139		-	(47,894,173)
<i>IV. Inventories</i>	140	5.4	<b>11,759,456,023</b>	<b>11,189,837,102</b>
1. Inventories	141		11,759,456,023	11,189,837,102
2. Provision for decline in value of inventory	149		-	-
<i>V. Other current assets</i>	150	5.5	<b>7,410,832,505</b>	<b>3,508,536,854</b>
1. Short-term prepayment	151		5,562,680,026	2,260,439,830
2. VAT deductible	152		1,222,761,508	292,194,653
3. Tax and receivables from the State Budget	154		-	75,056,187
4. Other current assets	158		625,390,971	880,846,184

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## HPT VIETNAM CORPORATION

**BALANCE SHEET**

As at December 31, 2007

Currency Unit: VND

Form : B 01-DN

ASSETS	Code	Notes	Ending balance	Beginning balance
<b>B. FIXED ASSETS AND LONG TERM INVESTMENT</b>	<b>200</b>		<b>59,078,497,419</b>	<b>11,495,099,889</b>
<i>I. Long-term receivables</i>	210		-	-
1. Long-term receivable – Trade	211		-	-
2. Subsidiaries' equity receivables	212		-	-
3. Long-term intercompany receivables – Trade	213		-	-
4. Other long-term receivables	218		-	-
5. Provision for doubtful long debts	219		-	-
<i>II. Fixed assets</i>	220		<b>51,983,258,766</b>	<b>7,946,436,985</b>
1. Tangible fixed assets	221	5.7	5,474,376,487	7,085,710,417
- Original cost	222		13,573,451,906	12,548,389,838
- Accumulated depreciation	223		(8,099,075,419)	(5,462,679,421)
2. Leased financial assets	224		-	-
- Original cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.8	46,138,011,188	860,726,568
- Original cost	228		46,734,839,775	1,210,435,675
- Accumulated amortization	229		(596,828,587)	(349,709,107)
4. Construction in progress	230		370,871,091	-
<i>III. Investment Property</i>	240	5.7	-	-
- Original cost	241		-	-
- Accumulated depreciation	242		-	-
<i>IV. Long-term investments</i>	250		<b>1,175,000,000</b>	<b>30,000,000</b>
1. Investment in subsidiaries	251		-	-
2. Investment in joint ventures and associates	252		-	-
3. Other long-term investments	258	5.9	1,175,000,000	30,000,000
4. Provision for long-term investments	259		-	-
<i>V. Other long-term assets</i>	260		<b>5,920,238,653</b>	<b>3,518,662,904</b>
1. Long-term deferred expenses	261	5.6	4,778,688,143	2,413,835,152
2. Deferred tax assets	262		-	-
3. Other long-term assets	268	5.10	1,141,550,510	1,104,827,752
<b>TOTAL ASSETS</b>	<b>270</b>		<b>228,853,172,159</b>	<b>103,327,467,213</b>



## HPT VIETNAM CORPORATION

**BALANCE SHEET**

As at December 31, 2007

Currency Unit: VND

Form : B 01-DN

RESOURCES	Code	Notes	Ending balance	Beginning balance
<b>A. LIABILITIES</b>			<b>187,746,156,010</b>	<b>79,982,816,945</b>
<i>I. Current liabilities</i>	310		<b>147,901,636,010</b>	<b>79,751,166,945</b>
1. Short-term borrowings	311	5.11	91,539,288,187	38,951,892,676
2. Trade payables	312	5.12	40,314,681,573	30,398,408,098
3. Advance from customers	313		5,660,062,431	7,472,289,360
4. Tax and payables to the State	314	5.13	7,007,430,693	1,727,390,652
5. Payables to employees	315		1,604,284,800	200,000
6. Accruals expenses	316		1,420,267,104	338,549,237
7. Inter-company payables	317		-	-
8. Construction contractor payables based on agreed progress billings	318		-	-
9. Other payables	319	5.14	355,621,222	862,436,922
10. Provisions for current liabilities	320		-	-
<i>II. Long-term liabilities</i>	330		<b>39,844,520,000</b>	<b>231,650,000</b>
1. Long-term trade payables	331		-	-
2. Intercompany long-term payables	332		-	-
3. Other long-term payables	333		6,650,000	6,650,000
4. Long-term borrowings	334	5.15	39,837,870,000	225,000,000
5. Deferred tax payables	335		-	-
6. Provisions for severance allowances	336		-	-
7. Provisions for long-term liabilities	337		-	-
<b>B. OWNER'S EQUITY</b>	400		<b>41,107,016,149</b>	<b>23,344,650,268</b>
<i>I. Capital</i>	410		<b>40,871,691,817</b>	<b>23,102,406,956</b>
1. Owners' paid in capital	411	5.16	36,000,000,000	20,000,000,000
2. Surplus of share capital	412		139,500,000	1,199,000,000
3. Other capitals	413		-	-
4. Treasury stocks	414		(730,500,000)	(208,800,000)
5. Difference on revaluation of assets	415		-	-
6. Foreign exchange differences	416		-	-
7. Investment and development funds	417		342,240,000	342,240,000
8. Financial reserve funds	418		89,538,370	(64,610,870)
9. Owners' other funds	419		-	-
10. Retained earnings	420		5,030,913,447	1,834,577,826
11. Fund for capital investments	421		-	-
<i>II. Other capital, funds</i>	430		<b>235,324,332</b>	<b>242,243,312</b>
1. Bonus and welfare funds	431		235,324,332	242,243,312
2. Fund for subsidized expenses	432		-	-
3. Welfare fund that formed fixed assets	433		-	-
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>228,853,172,159</b>	<b>103,327,467,213</b>

HPT VIETNAM CORPORATION

## BALANCE SHEET

As at December 31, 2007

Currency Unit: VND

Form : B 01-DN

OFF BALANCE SHEET ITEMS	Notes	Ending balance	Beginning balance
1. Operating lease assets		-	-
2. Goods held under trust or for processing		-	-
3. Goods received on consignment for sale		-	-
4. Bad debts written off		47,894,173	-
5. Foreign currencies (USD)		3,056.41	12,397.58
6. Budget for operating activities		-	-

CHIEF ACCOUNTANT



NGUYEN THI HONG HAI

Hanoi, Vietnam, April 10, 2008

GENERAL DIRECTOR



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## HPT VIETNAM CORPORATION

**INCOME STATEMENT**

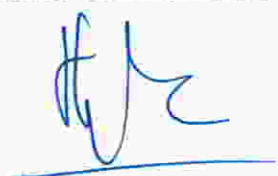
For the year ended December 31, 2007

Currency Unit: VND

Form B 02-DN

Items	Code	Notes	Current year	Previous year
1. Revenues from goods sold and services rendered	01		427,385,711,121	247,118,550,203
2. Deductions from revenue	02		14,862,901,367	827,547,994
3. Net sales of good sold and services rendered	10	6.1	412,522,809,754	246,291,002,209
4. Cost of goods sold	11	6.2	362,590,233,375	212,768,007,287
5. Gross profit on goods sold and services rendered	20		49,932,576,379	33,522,994,922
6. Financial income	21	6.3	1,312,588,021	225,518,162
7. Financial expense	22	6.4	7,513,864,361	3,276,392,233
- In which: interest expense	23		6,405,269,869	2,799,205,223
8. Selling expenses	24	6.5	27,178,602,245	22,193,011,689
9. General and administrative expenses	25	6.6	11,140,036,137	7,448,930,396
10. Operating profit	30		5,412,661,657	830,178,766
11. Other income	31		1,622,880,847	1,759,215,992
12. Other expense	32		58,063,529	57,452,153
13. Other profit / (loss)	40		1,564,817,318	1,701,763,839
14. Profit / (loss) before tax	50		6,977,478,975	2,531,942,605
15. Current income tax expenses	51		1,953,694,113	708,943,929
16. Deferred income tax expenses	52		-	-
17. Profit / (loss) after tax	60		5,023,784,862	1,822,998,676
18. Earning per share		6.7	1,584	980

CHIEF ACCOUNTANT



NGUYEN THI HONG HAI

Ho Chi Minh City, April 10, 2008

GENERAL DIRECTOR



NGO VI DONG



## HPT VIETNAM CORPORATION

**CASH FLOW STATEMENT (prepared on Indirect Method)**


Form No. B 03-DN

For the year ended December 31, 2007

Currency Unit: VND

ITEMS	Code	Notes	Current year	Previous year
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
1 Net profits (loss) before tax	01		6,977,478,975	2,531,942,605
2 Adjustments for:				
- Depreciation and amortization	02		3,591,478,644	2,857,969,877
- Provisions	03			
- Unrealized foreign exchange (gain) / loss	04			
- (Gain) loss on investments	05		(384,802,175)	(105,600,124)
- Interest expenses	06		6,405,269,869	2,799,205,223
3 Operating profits before changes in working capital	08		<b>16,589,425,313</b>	<b>8,083,517,581</b>
- (Increase) decrease in accounts receivable	09		(40,940,872,782)	(9,542,130,411)
- (Increase) decrease in inventories	10		(569,618,921)	3,159,636,508
- Increase (decrease) in accounts payable	11		14,377,461,706	18,592,443,810
- (Increase) decrease prepayments	12		(3,316,920,187)	(3,317,004,938)
- Interest expenses paid	13		(8,787,301,369)	(2,791,712,183)
- Corporate income tax paid	14		(693,026,079)	(1,128,472,571)
- Other cash inflows from operating activities	15			1,450,325,866
- Other cash outflows from operating activities	16		(6,918,976)	(25,043,171)
<b>Net cash flow from operating activities</b>	<b>20</b>		<b>(23,347,771,295)</b>	<b>14,481,560,491</b>
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
1. Purchase of fixed assets and other long-term assets	21		(47,677,278,964)	(4,340,093,211)
2. Proceeds from disposals of fixed assets and other long - term assets	22		17,845,652	18,731,428
3. Loans to other entities and payments for purchase of debt instrument of other entities	23		(11,400,000)	(550,793,600)
4. Payments from borrowers and proceeds from sales of debt instruments of other entities	24		341,400,000	77,000,000
5. Payments for investments in other entities	25		(1,145,000,000)	-
7. Interest and dividends received	27		415,935,062	86,868,696
<b>Net cash flow from investment activities</b>	<b>30</b>		<b>(48,058,498,250)</b>	<b>(4,708,286,687)</b>
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
1. Capital contribution	31		13,417,200,000	5,641,000,000
2. Capital redemption	32		(671,700,000)	(4,000,000)
3. Borrowings	33		313,537,091,664	114,103,928,558
4. Loan repayment	34		(221,336,826,153)	(119,828,212,634)
6. Dividends paid	36			(1,624,252,000)
<b>Net cash flow from financial activities</b>	<b>40</b>		<b>104,945,765,511</b>	<b>(1,711,536,076)</b>
<b>NET CASH INFLOWS/(OUTFLOWS)</b>	<b>50</b>		<b>33,539,495,966</b>	<b>8,061,737,728</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>60</b>		<b>23,342,534,107</b>	<b>15,280,796,380</b>
Effect of foreign exchange difference	61			
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>70</b>	5.1	<b>56,882,030,073</b>	<b>23,342,534,108</b>

CHIEF ACCOUNTANT



NGUYEN THI HONG HAI

Ho Chi Minh City, April 10, 2008

GENERAL DIRECTOR



NGO VI DONG



For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**1. BUSINESS HIGHLIGHTS:**

HPT Vietnam Corporation ("The Company") was established based on the change from a Limited Liability Company to a Joint-Stock Company and under the Certificate of Business Registration No 4103002304 dated May 11, 2004 issued by The Department for Planning and Investment of Ho Chi Minh City. The registration had been amended as follows:

Time	Date	Amended items
2nd	18/10/2005	Increase the charter capital from 10 billion to 15 billion VND.
3rd	09/08/2006	Increase the charter capital to 20 billion VND and addition to business line.
4th	29/03/2007	Increase the charter capital to 36 billion VND.
5th	01/06/2007	Addition warehouse.

As at December 31, 2007, The Charter capital of the Company is VND 36,000,000,000 (36 billion) divided into 3,600,000 shares, and the par value per share is VND 10,000.

According to the business registration, the principle activities of the Company are:

- Provide warranty, maintenance and repairing services for IT products.
- Purchase, sell, deliver and install IT products.
- Agent in trade and consign goods.
- Build projects, join in bids, organize project implementation, and install PC and network systems.
- Providing application software and developing software.
- Provide additional service on telecommunications network.

The Company's head office is located at 60 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City. The Company has branches:

- HPT System Integrated Center at 62 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City.
- Hanoi Branch at 133 Bui Thi Xuan Street, Hai Ba Trung District, Hanoi City.
- HPT Software Development Center at the floor 9, Vitek Tower, 63 Vo Van Tan, District 3, Ho Chi Minh City.
- HPT Warranty Center at 62 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City.

Up to December 31, 2007, the number of employees is 344.

**2. PERIOD, CURRENCY UNIT ACCOUNTING**

The financial year starts from January 1 and ends on December 31 annually.

The currency unit for accounting: Vietnam dong (VND)



For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**3. COMPLIANCE WITH VIETNAMESE ACCOUNTING SYSTEM AND STANDARDS****3.1 Preparation of financial statements**

Financial statements are prepared in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

Financial statements are prepared at the historical cost. The company applies the accounting principles consistent and complies with the principles which are applied in the previous years.

**3.2 Compliance with Vietnamese accounting system and standards**

The Company's Management is aware of twenty-six (26) Vietnamese Accounting Standards, which have been issued by the Ministry of Finance.

To comply with the decisions and circulars on Vietnamese Accounting Standards, the Company's management has selected Vietnamese Accounting System, Vietnamese Accounting Standards which are applied to the Company's operations in Vietnam to prepare the financial statements.

**3.3 Form of accounting books**

Accounting books system : Voucher Journal

**4 SIGNIFICANT ACCOUNTING POLICIES****4.1 Cash and cash equivalents**

Cash include cash on hand and cash in banks. Cash equivalents are the short-term investments having high liquidity, easily transfer to cash, having no risk in modifying the value and are used to pay commitment in short-term purposes rather than investment or other purposes.

**4.2 Foreign currency transactions**

During the period, transaction which occurs with currency other than VND will be translated into VND at the actual rates of the transaction date. Gain or loss arising from these transactions is transferred into the income statement.

Assets and liabilities denominated in foreign currency will be revaluated at the rate promulgated by State Bank at the closing date of the year. Difference from the revaluation will be recorded in financial income or expense of the year.

**4.3 Account receivables**

Trade receivables and other receivable are presented at historical cost less provision for doubtful debts.

Provision for doubtful debts is set up according to circular No. 13/2006/TT-BTC dated February 27, 2006 issued by the Ministry of Finance.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**4.4 Inventories**

Inventories are goods purchased for selling (include computer equipments, software right license) and technology services for installing, adjusting equipments for customers.

Inventories are presented at original cost less provision for decline in value of inventories and obsolescence. Original cost includes purchase cost and related expenses.

The company applies the perpetual inventory and cost applies first in first out method

Goods out - put to fit up for customers and technology services were carried out but have not checked are recorded as inventories.

**4.5 Tangible fixed assets**

Tangible fixed assets are recognized by original cost, including purchase cost and related expenses, and recorded according to each component part. Expenditure for purchase, upgrade and renewals are capitalized, expenditure for maintenance and repair are charged to income statement.

Gain or losses from disposal are recognized as other income or expense.

Depreciation is provided on the straight-line basis over the estimated useful lives of fixed assets. The depreciation rates are in conformity with regulations of the State. The annual depreciation rates applied to fixed assets over their estimated useful lives are as follows:

Machinery and equipments	5 – 10 Years
Transportation	6 Years
Office equipment	3 – 5 Years

**4.6 Intangible fixed assets*****The land use right***

Intangible fixed assets is the land use right at 205A Hoang Van Thu Street, Phu Nhuan District, Ho Chi Minh City and is not amortised because the using time is not determine in the land use right license. All expenditures which the Company have paid to acquire the land use right are regconized in the original cost. The land is used for constructing the office building.

***Accounting software***

Accounting software is recognized as intangible fixed asset and amortised over 5 years in a straight-line method.

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**4.7 Trade and other payables**

Trade and other payables are presented at original cost.

**4.8 Owner's equity****Charter Capital**

The Charter capital reflects contributed capital from issuing par value shares.

**Share capital surplus**

Share capital surplus is recognized when there is difference occurred from issuing stock over / (under) par value or from reissuing over / (under) the purchase price of treasury stock.

**Treasury stocks**

When issuing stocks are bought back by the Company, the amount which includes purchase cost and related expenses are recorded in the owner's capital item (written in negative figures) as treasury stock until it is broken down. Earnings from selling or reissuing the treasury stocks are recorded as owner equity.

**4.9 Recognition revenue**

Revenue from goods sold and services rendered are presented in the income statements when the company has transferred the majority of risks and benefits associated with the right to own the products or goods to the buyer;

Revenue cannot recognize whether there are items materially related to the uncertainty for collection of receivables related to the ability of goods return.

**4.10 Current and deferred corporate income tax expense**

The Company has to pay corporate income tax (CIT) at the rate of 28% on taxable profit.

CIT expenses are comprised of current and deferred corporate income tax expenses.

Current CIT is the amount of income taxes payable in respect of the current year taxable profit and the current tax rates. Taxable profit differs from accounting profit due to adjustment the temporary difference between carrying amount of assets or liabilities in the balance sheet and its tax base as well as the adjustment of revenue and expense which are free of tax or are not deductible

Deferred CIT is the CIT payable or recoverable in future periods due the temporary difference between carrying amount of assets or liabilities in the balance sheet and its tax base. A deferred tax liability should be recognized for all taxable temporary differences. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**4.11 Social and health insurances**

Social and health insurances are calculated on the basic salary as follows

- Social insurance is charged to income statement at the rate 15% and deduction of salaries of employees at the rate of 5%
- Health insurance is charged to income statement at the rate 2% and deduction of salaries of employees at the rate of 1%

**4.12 Comparison**

Some informations are reclassified, adjusted to suitable with current audited financial statement presentation.

**5 SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS****5.1 Cash and cash equivalents**

	31/12/2007	01/01/2007
Cash on hand – VND	2,066,932,380	3,725,226,293
Cash in bank – VND	54,770,331,169	19,422,885,333
Cash in bank – USD	44,766,524	194,422,481
<b>Total</b>	<b>56,882,030,073</b>	<b>23,342,534,107</b>

**5.2 Short-term investment**

	31/12/2007	01/01/2007
Short-term securities investment	123,793,600	453,793,600

**5.3 Short-term receivables**

	31/12/2007	01/01/2007
Trade receivables	89,941,200,052	50,842,192,260
Advances to suppliers	3,657,362,487	2,393,367,574
Other receivables	-	150,000,000
Provision for doubtful debts	-	(47,894,173)
<b>Total</b>	<b>93,598,562,539</b>	<b>53,337,665,661</b>

(\*) In which: significant account receivables:

Techcombank Vietnam	23,045,109,619
General Tax Department – Ministry of Finance	11,968,136,795
Mobile Telecom Services Co.	8,298,750,000
Dai A Bank	6,577,317,480
Gold Lotus Securities Co.	3,046,650,000
Incombank Vietnam	9,330,533,907
SaoBacDau Technologies Group	3,330,478,978

**5.4 Inventories**

	31/12/2007		01/01/2007
Inventories	11,759,456,023	(*)	11,189,837,102

(\*) in which:

Equipment (goods)	9,988,195,082
Direct expenses relate to setting process or supplying services	1,771,260,941

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

## 5.5 Other current assets

	31/12/2007	01/01/2007
Short-term prepaid expenses	5,562,680,026	2,260,439,830
- Office and space rental expenses	1,819,664,000 (*)	111,043,833
- H- Soft staff deferred expenses	3,332,445,097	1,287,339,261
- Other deferred expenses	410,570,929	862,056,736
VAT deductible	1,222,761,508	292,194,653
Tax and receivables from the State Budget	-	75,056,187
Other current assets	625,390,971	880,846,184
- Advance	505,164,358	316,038,352
- Short-term deposits	120,226,613	564,807,832
<b>Total</b>	<b>7,410,832,505</b>	<b>3,508,536,854</b>

(\*) : includes Ha noi office rental expenses at 195, block 47, Kim Lien Ward, Dong Da District which amount is VND1,731,059,000 is prepaid for 18 months.

## 5.6 Long-term prepaid expenses

	31/12/2007	01/01/2007
Training, technology science research expenses	681,224,376	543,229,657
Office maintenance expenses	506,777,882	533,151,456
Tools and equipments deferred expenses	1,240,512,885	1,337,454,039
Loan interest expenses, purchased land expenses for constructing office	2,350,173,000	-
<b>Total</b>	<b>4,778,688,143</b>	<b>2,413,835,152</b>

## 5.7 Tangible fixed assets

	Machinery	Transportation	Office equipment	Total
<b>Cost</b>				
Opening balance	11,062,956,930	1,344,995,779	140,437,129	12,548,389,838
Purchases	1,257,486,440	425,972,742	98,544,591	1,782,003,773
Disposes	(728,295,887)	-	(28,645,818)	(756,941,705)
Closing balance	11,592,147,483	1,770,968,521	210,335,902	13,573,451,906
<b>Accumulated depreciation</b>				
Opening balance	5,117,944,648	251,034,333	93,700,440	5,462,679,421
Charge for the year	3,032,039,697	271,496,267	40,823,200	3,344,359,164
Disposes	(679,458,511)	-	(28,504,655)	(707,963,166)
Closing balance	7,470,525,834	522,530,600	106,018,985	8,099,075,419
<b>Net book value</b>				
Opening balance	5,945,012,282	1,093,961,446	46,736,689	7,085,710,417
Closing balance	4,121,621,649	1,248,437,921	104,316,917	5,474,376,487

As at December 31, 2007,

- The closing balances of tangible fixed assets fully depreciated but still in use are VND 1,835,777,209.

- Net book value of transportations which are mortgaged to guarantee for long-term borrowings from VIB – Sai Gon branch is VND 971,406,888



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**5.8 Intangible fixed assets**

	<i>Software</i>	<i>Land use right</i>	<i>Total</i>
<b>Cost</b>			
Opening balance	1,210,435,675	-	<b>1,210,435,675</b>
Purchases	74,404,100	45,450,000,000	45,524,404,100
Closing balance	<u>1,284,839,775</u>	<u>45,450,000,000</u>	<u><b>46,734,839,775</b></u>
<b>Accumulated amortization</b>			
Opening balance	349,709,107	-	<b>349,709,107</b>
Charge for the year	247,119,480	-	247,119,480
Closing balance	<u>596,828,587</u>	<u>-</u>	<u><b>596,828,587</b></u>
<b>Net book value</b>			
Opening balance	860,726,568	-	<b>860,726,568</b>
Closing balance	<u>688,011,188</u>	<u>45,450,000,000</u>	<u><b>46,138,011,188</b></u>

On December 31, 2007, the land use right at 205A, Hoang Van Thu Street, Phu Nhuan District, Ho Chi Minh City is used to guarantee for long-term borrowings at BIDV-Ho Chi Minh City branch.

**5.9 Other long-term investments**

	<b>31/12/2007</b>	<b>01/01/2007</b>
Government bonds	30,000,000	30,000,000
Phu Nhuan Economic Development Joint-Stock Company	1,145,000,000	-
<b>Total</b>	<u><b>1,175,000,000</b></u>	<u><b>30,000,000</b></u>

**5.10 Other long-term assets**

	<b>31/12/2007</b>	<b>01/01/2007</b>
Long-term deposits for rental prepaid expenses	780,285,641	780,285,641
Deposits for warranty, contract implementation and others	361,264,869	324,542,111
<b>Total</b>	<u><b>1,141,550,510</b></u>	<u><b>1,104,827,752</b></u>

**5.11 Short-term borrowings and current portion of long-term borrowings**

	<b>31/12/2007</b>		<b>01/01/2007</b>
Short-term borrowings	89,264,288,187 (*)		38,751,892,676
Current portion of long-term borrowings	2,275,000,000 (**)		200,000,000
<b>Total</b>	<u><b>91,539,288,187</b></u>		<u><b>38,951,892,676</b></u>

(\*) in which :

Borrowings from VIB	<b>38,278,796,433</b>	(a)
- VND	12,944,050,394	
- USD	25,334,746,039	
Borrowings from BIDV	<b>46,957,111,246</b>	(b)
- VND	30,842,724,533	
- USD	16,114,386,713	
Individual borrowings	<b>4,028,380,508</b>	(c)
- VND	1,755,520,000	
- USD	2,272,860,508	
	<u><b>89,264,288,187</b></u>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**Short-term borrowings and current portion of long-term borrowings (continued)**

(a) These are the credit balance from VIB according to loan contract No 050/HDTD2 – VIB625/07 dated May 30, 2007, and credit limit is VND 50,000,000,000 or equivalent in foreign currency.

- Duration: 12 months from May 30, 2007 to May 30, 2008.
- Interest rate (VND): 6 month deposit rate + 0.27%/month
- Interest rate (USD): 6 month Sibor rate + 2%/year.

These loans are partly guaranteed by real estate owned by Mr. Ngo Vi Dong, the Chairman of the Board of Directors of the Company.

(b) These are the credit balance from BIDV according to short-term loan contract No 107/2007/999250 dated November 8, 2007, and credit limit is VND 80,000,000,000 or equivalent in foreign currency.

- Duration: 1 year
- Interest rate: depend on specific short-term loan contracts (about 7,5%/year for borrowing in USD and 10,06%/year for borrowing in VND).

(c) For individual borrowings, USD rate is 6%/year and VND rate is 12%/year for 12 months borrowing, and interest expense will be paid at the maturity.

(\*\*) See Notes 5.15 below

**5.12 Payables**

	31/12/2007		01/01/2007
Trade payables	40,314,681,573	(*)	30,398,408,098

(\*) In which: significant account payables:

Dong Nam A Software Co., Ltd.	9,317,071,974
Jupiter Network Protect Co., Ltd.	8,314,970,754
Branch of FPT Distribution Co., Ltd.	4,168,304,656
Netpro – ITI Co.	2,774,562,586
FPT Information System Co., Ltd.	1,640,327,298

**5.13 Taxes and obligations to the State**

	31/12/2007	01/01/2007
VAT	3,976,792,558	1,292,377,645
Export, import duty	1,523,750,928	304,735,209
Corporate income tax	1,185,611,848	-
Other taxes	321,275,359	130,277,798
<b>Total</b>	<b>7,007,430,693</b>	<b>1,727,390,652</b>

**5.14 Other payables**

	31/12/2007	01/01/2007
Social insurance	-	48,000
Loan interest	305,462,300	337,320,800
Other payables	50,158,922	525,068,122
<b>Total</b>	<b>355,621,222</b>	<b>862,436,922</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**5.15 Long-term borrowings and liabilities**

	31/12/2007	01/01/2007
Long-term borrowings		
- Borrowing from BIDV	31,500,000,000 (a)	-
- Borrowing from VIB	475,000,000 (b)	425,000,000
<b>Total</b>	<b>31,975,000,000</b>	<b>425,000,000</b>
Less : Current portion of long-term borrowings		
- Borrowing from BIDV	(2,000,000,000)	-
- Borrowing from VIB	(275,000,000)	(200,000,000)
<b>Total</b>	<b>(2,275,000,000)</b>	<b>(200,000,000)</b>
<b>Closing balance</b>	<b>29,700,000,000</b>	<b>225,000,000</b>
Convertible bond	10,137,870,000 (c)	-
<b>Total</b>	<b>39,837,870,000</b>	<b>225,000,000</b>

- (a) This is the borrowing balance from BIDV according to credit contract 00310/2007/0000935 on May 2, 2007 follows:
- The amount of borrowings : 31,5 billion
  - The period of the loan is 9 years and grace period is 9 months.
  - Interest rate: rate of saving 12 month account, interest payable at maturity plus 2,9%/year
  - Purpose: Purchased land for constructing building office;
  - Guarantee: mortgaged the 1.024m<sup>2</sup> – land use right at 205A, Hoang Van Thu Street, Phu Nhuan District, Ho Chi Minh City
  - Up to December 31, 2007, and statutory obligation is VND 2 billion
- (b) These are the loan balances from VIB for purchasing cars according to contract No. 03086/VIBHCM dated August 29, 2005, No. 0270/HDTD2-VIB dated May 20, 2006 and No. 0023/HDTD2-VIB625/07 dated April 4, 2007 with interest rate at 1,05%/month, the borrowings amount of each contract will be paid by instalments every quarter at the amount of VND 25,000,000VND. As at December 31, 2007, current portions of long-term borrowing are VND 275 million.
- (c) According to the announcement of the Chairman of Board of Directors dated November 9, 2007 about the issuance of convertible bonds in 2007, the Company issued convertible bonds of which duration is 2 years, the issued amount is 3,600,000 and the par value is VND 10,000 ; issuing price equals to the face value ; the rate of interest is 10%/year and the interest will be paid annually on December 31 ; the bonds are just issued to partner and employees of the Company in order to collect capital for contributing office building, the period for issuing was from December 28, 2007 to December 31, 2007 and these bonds will be converted into shares at ratio 1:1 on December 31, 2009.

As at December 31, 2007, the Company has collected VND 10,137,870,000 from issuing 1,013,787 bonds.



## NOTES TO THE FINANCIAL STATEMENTS

Form B09-DN

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

## 5.16 Owner's equity

## a) Comparison schedule for changes in owner's equity

	Paid in capital	Surplus	Treasury stock	Investment and development fund	Financial reserve fund	Undistributed profit	Total
<b>Previous year beginning balance</b>	15,000,000,000	558,000,000	(205,000,000)	243,740,000	32,490,000	1,966,480,585	17,595,710,585
Previous year capital increases	4,442,000,000	1,199,000,000	-	-	-	-	5,641,000,000
Transferred to increase capital	558,000,000	(558,000,000)	-	-	-	-	-
Previous year profit increases	-	-	-	-	-	-	-
Set up funds	-	-	-	-	-	1,822,998,676	1,822,998,676
Set up bonus and welfare fund	-	-	-	98,500,000	138,000,000	(98,500,000)	138,000,000
Dividend	-	-	-	-	-	(236,600,000)	(236,600,000)
Purchase treasury stock	-	-	-	-	-	(1,624,252,000)	(1,624,252,000)
Other increase/(decrease)	-	-	(4,000,000)	-	-	-	(4,000,000)
	-	-	200,000	-	(235,100,870)	4,450,565	(230,450,305)
<b>Previous year ending balance</b>	20,000,000,000	1,199,000,000	(208,800,000)	342,240,000	(64,610,870)	1,834,577,826	23,102,406,956
<b>Current year beginning balance</b>	20,000,000,000	1,199,000,000	(208,800,000)	342,240,000	(64,610,870)	1,834,577,826	23,102,406,956
Current year capital increases	10,000,000,000	3,267,200,000	-	-	-	-	13,267,200,000
Transferred to increase capital	4,326,700,000	(4,326,700,000)	-	-	-	-	-
Current year profit increases	-	-	-	-	-	-	-
Set up fund	-	-	-	-	-	5,023,784,862	5,023,784,862
Dividend by share	1,673,300,000	-	-	-	154,149,240	(154,149,240)	-
Purchase treasury stock	-	-	-	-	-	(1,673,300,000)	-
Sells treasury stock	-	-	(671,700,000)	-	-	-	(671,700,000)
	-	-	150,000,000	-	-	-	150,000,000
<b>Current year ending balance</b>	36,000,000,000	139,500,000	(730,500,000)	342,240,000	89,538,370	5,030,913,447	40,871,691,817

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2008

(Expressed in VND unless otherwise stated)

**b) Dividend**: dividend is announced after the end of fiscal year with the rate of 12% (on common stock), in which paid in cash is 5% and paid by issuing bonus shares is 7%.

**c) Shares**

	31/12/2007	01/01/2007
Authorized shares	3,600,000	2,000,000
Issued and paid-up shares	3,600,000	2,000,000
Repurchased shares	55,660	20,880
Outstanding shares	3,544,340	1,979,120
- Common shares	3,544,340	1,979,120
- Preferred shares	-	-
The par value of common share	VND 10,000	VND 10,000

**d) Funds**

According to the charter of the Company, the Board of Directors will decide to set up financial reserve fund and other funds from retain earnings. Thus, financial reserve fund was set up in minimum 5% of profit after tax until it equals to 10% of the charter capital. Investment and development fund is set up at the rate 15%, bonus and welfare funds are set up at the 10% of the profit after tax.

In 2007, the Company just set up financial reserve fund which amount is valued at VND 154,1149,240 from realized profit of 2006.

**6 SUPPLEMENTAL INFORMATIONS TO ITEMS SHOWN ON INCOME STATEMENT****6.1 Revenue**

	Current year	Previous year
Revenue from supplying equipments, components	419,378,098,199	247,118,550,203
Revenue from rendering of services	8,007,612,922	-
<b>Total</b>	<b>427,385,711,121</b>	<b>247,118,550,203</b>
Deduction: Sales returns	(14,862,901,367)	(827,547,994)
<b>Net sales</b>	<b>412,522,809,754</b>	<b>246,291,002,209</b>

**6.2 Cost of goods sold**

	Current year	Previous year
Cost of goods sold	362,539,838,240	212,768,007,287
Other of cost of goods sold	50,395,135	-
<b>Total</b>	<b>362,590,233,375</b>	<b>212,768,007,287</b>

**6.3 Financial incomes**

	Current year	Previous year
Bank interest	153,658,156	86,868,696
Dividend received	4,026,906	-
Foreign exchange gain	896,652,890	135,537,349
Other financial incomes	258,250,069	3,112,117
<b>Total</b>	<b>1,312,588,021</b>	<b>225,518,162</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2008

(Expressed in VND unless otherwise stated)

**6.4 Financial expenses**

	<b>Current year</b>	<b>Previous year</b>
Interest expenses	6,405,269,869	2,799,205,223
Foreign exchange loss	1,106,987,222	475,631,760
Other financial expenses	1,607,270	1,555,250
<b>Total</b>	<b>7,513,864,361</b>	<b>3,276,392,233</b>

**6.5 Selling expenses**

	<b>Current year</b>	<b>Previous year</b>
Salaries	15,625,009,233	14,112,032,757
Depreciation	2,343,892,901	1,910,573,927
Office rental expenses	3,724,446,000	3,150,331,006
Telephone expense	1,155,753,641	1,134,452,538
Other expenses	4,329,500,470	1,885,621,461
<b>Total</b>	<b>27,178,602,245</b>	<b>22,193,011,689</b>

**6.6 General and administrative expenses**

	<b>Current year</b>	<b>Previous year</b>
Salaries	4,705,590,078	2,290,484,501
Depreciation	1,247,585,743	947,395,950
Utility expenses	962,985,506	854,346,789
Bank expense	1,106,295,334	605,149,930
Other expenses	3,117,579,476	2,751,553,226
<b>Total</b>	<b>11,140,036,137</b>	<b>7,448,930,396</b>

**6.7 Earning per share**

	<b>Current year</b>	<b>Previous year</b>
Accounting profit after tax	5,023,784,862	1,822,998,676
Profit or loss allocated to common stockholders	5,023,784,862	1,822,998,676
Weighted average of outstanding common share	3,170,603	1,860,530
Earning per share	1,584	980

**Chief Accountant**

**NGUYEN THI HONG HAI**

Ho Chi Minh City, April 10, 2008

**General Director****NGO VI DONG**