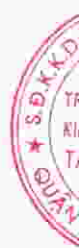


# **HPT VIETNAM CORPORATION**

**Audited Financial Statements  
For the year ended December 31, 2008**



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**REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors of HPT Vietnam Corporation has the pleasure in presenting this report and the audited financial statements of the Company for the year ended December 31, 2008.

**1. Incorporation**

HPT Vietnam Corporation (the Company) is a joint – stock company established per the Certificate of Business Registration No. 4103002304 dated May 11, 2004. During the company's operating, the changes in charter capital, as well as activities are approved by the Ho Chi Minh's Department of Planning and Investment in accordance with the 2<sup>nd</sup> amendment certificate of business registration dated October 18, 2005, the 3<sup>rd</sup> amendment date August 09, 2006, the 4<sup>th</sup> amendment dated March 29, 2007 and the 5<sup>th</sup> amendment dated June 01, 2007.

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

The member of the Board of Directors and the Board of Management during the year 2008 and at the date of this report are:

Mr.	Ngo Vi Dong	Chairman / General Director
Mrs.	Dinh Ha Duy Trinh	Vice Chairman/ Deputy General Director
Mr.	Dinh Ha Duy Linh	Member / Deputy General Director
Mr.	Nguyen Duc Tien	Member
Mrs.	Han Nguyet Thu Huong	Member
Mr.	Nguyen Quyen	Member
Mr.	Tran Anh Hoang	Member
Mrs.	Nguyen Thi Hong Hai	Chief Accountant

**3. Head Office**

The Company's Head Office is located at 60 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City, the branch is located at Dong Da District, Ha Noi City.

**4. Principle operation**

- 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, install PC and network systems.
- Providing application software and developing software.
- Provide additional service on telecommunications network.

**5. Operation results in 2008**

The Company's financial position and results of its operation for the year ended December 31, 2008 are presented in the accompanying financial statements.



**6. Extraordinary and subsequent event**

Up to the date of this report, the Board of Management considered that no event could cause misstatement of figures and information presented in the audited financial statements.

**7. Independent auditors**

Auditing and Accounting Financial Consulting Co., Ltd. (AFC) has been appointed to perform the audit of the Company's financial statements for the year ended December 31, 2008.

**8. Statement of the Management's responsibility in respect of the Financial Statements**

The Management is responsible for the financial statements of the year, which give a true and fair view of the state of affairs of the Company for the year ended December 31, 2008 and of its results and cash flows for the year then ended. In preparing those financial statements, the Management is required to:

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

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

The Management is responsible for ensuring that proper accounting records that are kept disclose with reasonable accuracy at any time, the financial position of the Company and the accounting records comply with the Vietnamese Accounting System, the Vietnamese Accounting Standards and relevant statutory requirements. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**9. The approval of the Management**

On behalf of the Management, we hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at December 31, 2008 and the results of its operations for the year ended December 31, 2008 in accordance with the Vietnamese accounting standard system and comply with relevant statutory requirements.

Ho Chi Minh City, March 31, 2009

On behalf of the Management   
  
Chairman

NGO VI DONG



**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

Ref: 00047HCM/174.2008

*Ho Chi Minh City, March 31, 2009*

## **REPORT OF INDEPENDENT AUDITORS**

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

We have audited the separate financial statements of HPT Vietnam Corporation ("the Company") including the Balance sheet as at December 31, 2008, and the related statements of income and cash flows and the notes to the financial statements for the year then ended.

The preparation and presentation of 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.

### **The basis of our 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a basis for our opinion.

### **Auditors' opinion**

In our opinion, the accompanying financial statements, in all material respect, give a true and fair view of the financial position of HPT Vietnam Corporation as at December 31, 2008, the results of its operations and its cash flows for the year then ended in conformity with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.



**NGUYEN THI THANH**  
**Director**  
Certificate No. 0185/KTV

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





**BALANCE SHEET**

As at December 31, 2008

Currency Unit : VND

Form: B 01-DN

ASSETS	Code	Notes	Ending Balance	Beginning Balance
<b>A-CURRENT ASSETS</b>	100		<b>200,957,570,897</b>	<b>169,774,674,740</b>
<i>I. Cash and cash equivalents</i>	110		<b>15,870,175,069</b>	<b>56,882,030,073</b>
1. Cash	111	5.1	15,870,175,069	56,882,030,073
2. Cash equivalents	112		-	-
<i>II. Short – term financial investments</i>	120	5.2	<b>40,500,000</b>	<b>123,793,600</b>
1. Short – term investments	121		123,793,600	123,793,600
2. Provision for decline in value of short – term investments	129		(83,293,600)	-
<i>III. Accounts receivable</i>	130	5.3	<b>119,629,675,049</b>	<b>93,598,562,540</b>
1. Trade receivables	131		115,637,538,155	89,941,200,053
2. Advance to suppliers	132		3,992,136,894	3,657,362,487
3. Short – term inter – company receivables	133		-	-
4. Receivable on contraction work in progress	134		-	-
5. Other receivables	135		-	-
6. Provision for doubtful debts	139		-	-
<i>IV. Inventories</i>	140	5.4	<b>63,752,153,494</b>	<b>11,759,456,023</b>
1. Inventories	141		63,752,153,494	11,759,456,023
2. Provision for decline in value of inventory	149		-	-
<i>V. Other current assets</i>	150	5.5	<b>1,665,067,285</b>	<b>7,410,832,504</b>
1. Short – term prepayment	151		333,616,650	5,562,680,026
2. VAT deductible	152		147,232,114	1,222,761,508
3. Tax and receivables from the State Budget	154		-	-
4. Other current assets	158		1,184,218,521	625,390,970

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**BALANCE SHEET (Cont)**

As at December 31, 2008

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>13,157,685,881</b>	<b>59,078,497,419</b>
<i>I. Long – term receivables</i>	210		-	-
1. Long – term receivable – Trade	211		-	-
2. Subsidiaries' equity receivables	212		-	-
3. Long – term inter – company receivables – Trade	213		-	-
4. Other long – term receivables	218		-	-
5. Provision for doubtful long – debts	219		-	-
<i>II. Fixed assets</i>	220		<b>5,269,888,908</b>	<b>51,983,258,766</b>
1. Tangible fixed assets	221	5.7	4,812,619,192	5,474,376,487
- Original cost	222		16,320,629,960	13,573,451,906
- Accumulated depreciation	223		(11,508,010,768)	(8,099,075,419)
2. Leased financial assets	224		-	-
- Original cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.8	457,269,716	46,138,011,188
- Original cost	228		1,284,839,775	46,734,839,775
- Accumulated amortization	229		(827,570,059)	(596,828,587)
4. Contraction in progress	230		-	370,871,091
<i>III. Investment Property</i>	240		-	-
- Original cost	241		-	-
- Accumulated depreciation	242		-	-
<i>IV. Long – term investments</i>	250	5.9	<b>4,245,000,000</b>	<b>1,175,000,000</b>
1. Investment in subsidiaries	251		1,650,000,000	-
2. Investment in joint – ventures and associates	252		1,440,000,000	-
3. Other long – term investments	258		1,155,000,000	1,175,000,000
4. Provision for long – term investments	259		-	-
<i>V. Other long – term assets</i>	260		<b>3,642,796,973</b>	<b>5,920,238,653</b>
1. Long – term deferred expenses	261	5.6	2,744,810,950	4,778,688,143
2. Deferred tax assets	262		-	-
3. Other long – term assets	268	5.10	897,986,023	1,141,550,510
<b>TOTAL ASSETS</b>	<b>270</b>		<b>214,115,256,778</b>	<b>228,853,172,159</b>

**BALANCE SHEET (Cont)**

As at December 31, 2008

Currency Unit: VND

Form B 01-DN

RESOURCES	Code	Notes	Ending balance	Beginning balance
<b>A. LIABILITIES</b>	300		<b>168,272,279,648</b>	<b>187,746,156,010</b>
<b>I. Current liabilities</b>	310		<b>107,455,079,648</b>	<b>147,901,636,010</b>
1. Short – term borrowings	311	5.11	73,669,209,356	91,539,288,187
2. Trade payables	312	5.13	21,775,360,213	40,314,681,574
3. Advance from customers	313	5.13	1,477,295,718	5,660,062,431
4. Tax and payables to the State	314	5.12	5,127,778,107	7,007,430,693
5. Payables to employees	315	5.13	2,000,432,313	1,604,284,800
6. Accruals expenses	316	5.13	3,353,423,774	1,420,267,104
7. Inter-company payables	317		-	-
8. Construction contractor payables based on agreed progress billings	318		-	-
9. Other payables	319	5.14	51,580,167	355,621,221
10. Provisions for current liabilities	320		-	-
<b>II. Long – term liabilities</b>	330		<b>60,817,200,000</b>	<b>39,844,520,000</b>
1. Long – term trade payables	331		-	-
2. Inter – company long – term payables	332		-	-
3. Other long – term payables	333		6,650,000	6,650,000
4. Long – term borrowings	334	5.15	60,810,550,000	39,837,870,000
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>45,842,977,130</b>	<b>41,107,016,149</b>
<b>I. Capital</b>	410	5.16	<b>45,834,834,596</b>	<b>40,871,691,817</b>
1. Owners' paid – in capital	411		38,476,550,000	36,000,000,000
2. Surplus of share capital	412		139,500,000	139,500,000
3. Other capitals	413		-	-
4. Treasury stocks	414		(730,500,000)	(730,500,000)
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		339,538,370	89,538,370
9. Owners' other funds	419		-	-
10. Retained earnings	420		7,267,506,226	5,030,913,447
11. Fund for capital investments	421		-	-
<b>II. Other capital, funds</b>	430		<b>8,142,534</b>	<b>235,324,332</b>
1. Bonus and welfare funds	431		8,142,534	235,324,332
2. Fund for subsidized expenses	432		-	-
3. Welfare fund that formed fixed assets	433		-	-
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>214,115,256,778</b>	<b>228,853,172,159</b>



**BALANCE SHEET (Cont)**

As at December 31, 2008

Currency Unit: VND

Form B.01-DN

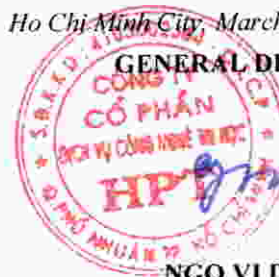
<b>OFF BALANCE SHEET ITEMS</b>	<i>Notes</i>	<b>Ending balance</b>	<b>Beginning balance</b>
1. Operating lease assets		-	-
2. Goods held under trust or for processing		-	-
3. Goods received on consignment for sale		-	-
4. Bad debts written off		47,894,173	47,894,173
5. Foreign currencies (USD)		12,754.70	3,056.41
6. Budget for operating activities		-	-

CHIEF ACCOUNTANT

NGUYEN THI HONG HAI

Ho Chi Minh City, March 31, 2009

GENERAL DIRECTOR



NGO VI DONG



**HPT VIETNAM CORPORATION**  
**INCOME STATEMENT**

Form B 02-DN

As at December 31, 2008

Currency Unit: VND

ITEMS	Code	Notes	Ending balance	Beginning balance
<b>Revenues from goods sold and services rendered</b>				
1. rendered	01		459,952,455,760	427,385,711,121
2. Deductions from revenue	02		8,992,434,601	14,862,901,367
3. <b>Net sales of good sold and services rendered</b>	10	6.1	450,960,021,159	412,522,809,754
4. Cost of goods sold	11	6.2	377,780,104,767	362,590,233,375
<b>Gross profit on goods sold and services rendered</b>				
5. rendered	20		73,179,916,392	49,932,576,379
6. Financial income	21	6.3	3,533,473,399	1,312,588,021
7. Financial expense	22	6.4	13,789,767,172	7,513,864,361
- In which: interest expense	23		9,408,501,462	6,405,269,869
8. Selling expenses	24		38,928,115,949	27,178,602,245
9. General and administrative expenses	25	6.5	14,864,789,030	11,140,036,137
10. <b>Operating profit</b>	30		9,130,717,640	5,412,661,657
11. Other income	31		3,020,228,653	1,622,880,847
12. Other expense	32		543,262,652	58,063,529
13. <b>Other profit / (loss)</b>	40		2,476,966,001	1,564,817,318
14. <b>Profit / (loss) before tax</b>	50		11,607,683,641	6,977,478,975
15. Current income tax expenses	51	6.5	2,527,885,363	1,953,694,113
16. Deferred income tax expenses	52		-	-
17. <b>Profit/(loss) after tax</b>	60		9,079,798,278	5,023,784,862
18. <b>Income per share</b>	70	6.6	2,394	1,584

CHIEF ACCOUNTANT

NGUYEN THI HONG HAI

Ho Chi Minh City, March 31, 2009

GENERAL DIRECTOR



NGO VI DONG

## HPT VIETNAM CORPORATION

## CASH FLOW STATEMENT

For the year ended in December 31, 2008

Currency Unit: VND

Form B 03-DN

ITEMS	Code	Notes	Ending balance	Beginning balance
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
1 Net profits (loss) before tax	01		11,607,683,641	6,977,478,975
2 Adjustments for:				
- Depreciation and amortization	02		3,639,676,821	3,591,478,644
- Provisions	03		83,293,600	-
- Unrealized foreign exchange (gain) / loss	04		-	-
- (Gain) loss on investments	05		(325,687,423)	(384,802,175)
- Interest expenses	06		9,408,501,462	6,405,269,869
3 Operating profits before changes in working capital	08		<b>24,413,468,101</b>	<b>24,158,810,026</b>
- (Increase) decrease in accounts receivable	09		(25,270,846,179)	(40,940,872,782)
- (Increase) decrease in inventories	10		3,121,845,710	(569,618,921)
- Increase (decrease) in accounts payable	11		(23,076,153,146)	14,377,461,706
- (Increase) decrease prepayments	12		(1,474,621,266)	(3,316,920,187)
- Interest expenses paid	13		(9,661,970,588)	(8,787,301,369)
- Corporate income tax paid	14		(2,028,209,747)	(693,026,079)
- Other cash inflows from operating activities	15		-	-
- Other cash outflows from operating activities	16		(979,822,927)	(6,918,976)
<b>Net cash flow from operating activities</b>	<b>20</b>		<b>(34,956,310,042)</b>	<b>(23,347,771,295)</b>
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
1. Purchase of fixed assets and other long – term assets	21		(2,747,178,054)	(47,677,278,964)
2. Proceeds from disposals of fixed assets and other long – term assets	22		-	17,845,652
3. Loans to other entities and payments for purchase of debt instrument of other entities	23		-	(11,400,000)
4. Payments from borrowers and proceeds from sales of debt instruments of other entities	24		20,000,000	341,400,000
5. Payments for investments in other entities	25		(3,090,000,000)	(1,145,000,000)
6. Proceeds from sales of investments in other entities	26		-	-
7. Interest and dividends received	27		325,687,423	415,935,062
<b>Net cash flow from investment activities</b>	<b>30</b>		<b>(5,491,490,631)</b>	<b>(48,058,498,250)</b>
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
1. Capital contribution	31		-	13,417,200,000
2. Capital redemption	32		-	(671,700,000)
3. Borrowings	33		286,153,533,713	313,537,091,664
4. Loan repayment	34		(283,050,932,544)	(221,336,826,153)
5. Finance lease principal paid	35		-	-
6. Dividends paid	36		(3,666,655,500)	-
<b>Net cash flow from financial activities</b>	<b>40</b>		<b>(564,054,331)</b>	<b>104,945,765,511</b>
<b>NET CASH INFLOWS/(OUTFLOWS)</b>	<b>50</b>		<b>(41,011,855,004)</b>	<b>33,539,495,966</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>60</b>		<b>56,882,030,073</b>	<b>23,342,534,107</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>15,870,175,069</b>	<b>56,882,030,073</b>

CHIEF ACCOUNTANT

NGUYEN THI HONG HAI

Ho Chi Minh City, March 31, 2009

GENERAL DIRECTOR

  
  
 NGUYEN THI HONG HAI

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**1 BUSINESS HIGHLIGHTS**

HPT Vietnam Corporation (the Company) is a joint – stock company established per 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 had been 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.

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, 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:

- Ha Noi Branch: 195, Phuong Lien Ward, Dong Da District, Ha Noi City
- HPT Warranty Center at 62 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City.
- HPT Software Development Center (HPT soft) 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, 2008, the number of employees is 316, in which 18 staffs has labor contract with duration of 2 months.

**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)



**NOTES TO THE FINANCIAL STATEMENTS**

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 occurs with currency other than VND will be translated into VND at the actual rates of the transaction date.

Assets and liabilities denominated in foreign currency will be revaluated at the rate promulgated by State Bank at closing date of the year 2008 (16,977 VND/USD).

Gain or loss arising from these transactions is transferred into the income statement.

**4.3 Account receivables**

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

Provisions for doubtful debts are made for estimated loss from not collectible account receivables at reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**4.4 Inventories**

Inventories are presented at original cost less provision for decline in value of inventories and obsolescence and ensure that recognized cost is lower than original cost and market value. Original cost includes purchases cost, processing cost and other related direct cost.

The Company applies the perpetual inventory and cost applies first in first out method.

Provision for devaluation of inventories is recognized when their costs are higher than their net realizable values at the yearend. Gain or loss from provision is record in cost of goods sold in the fiscal year.

**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.

When assets are sold, original cost and accumulate depreciation are written-off in financial statement. Gain or losses from disposal are recognized as other income or expense.

Depreciation is provided on straight-line basis over the estimated useful lives as regulated in Decision No.206/2003/QĐ-BTC issued on December 12, 2003. The estimated useful live of fixed assets 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***

Land use right on the land located at 205 A Hoang Van Thu street, Phu Nhuan district, Ho Chi Minh City is presented at cost which is all expenses the Company spent for acquisition the right of using this land to build an office building. According to the certificate, land use right is hand over for a non-determined period, therefore can not be depreciated.

As at december 2008, land use right is reclassified as a property merchandise due to the change of the purpose of using this land from the purpose to build an office to the one to transfer the land use right to other subjects.

***Accounting software***

Accounting software is recognized as intangible fixed asset and amortized in 5 years, applied straight – line method.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**4.7 Long-term prepayment**

Long-term prepayment include : training expenses, technology research, maintaining and repairing office, equipments.

**4.8 Investments**

Short-term investments were recognized according to original cost.  
Provision for the decline of short-term investment when market value is lower than book value.  
Investment in subsidiary, associated company and other long-term investment which are presented in financial statements applied original price method.

**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 can not recognized whether there are items materially related to the uncertainty for collection of receivables related to the ability of goods return.

**4.10 Income tax expense**

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

The Company applies Circular No. 03/2009/TT-BTC dated on January 13, 2009 of Ministry of Finance for the relief of CIT in quarter IV/ 2008.

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

**Current corporate income tax expense.**

Current CIT is the amount of income taxes payable or recoverable 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 corporate income tax expense.**

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)

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

	<b>31/12/2008</b>	<b>01/01/2008</b>
Cash on hand – VND	179,077,659	2,066,932,380
Cash in bank – VND	15,474,560,868	54,770,331,169
Cash in bank – USD	216,536,542 (*)	44,766,524
<b>Total</b>	<b>15,870,175,069</b>	<b>56,882,030,073</b>

(\*) equivalent to 12,754.70 USD

**5.2 Short-term investment**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Short-term securities investment	123,793,600	123,793,600
Provision for decline in value of short – term investments	(83,293,600)	-
	<b>40,500,000</b>	<b>123,793,600</b>

**5.3 Short-term investment**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Trade receivables	115,637,538,155 (*)	89,941,200,052
Advances to suppliers	3,992,136,894	3,657,362,487
<b>Total</b>	<b>119,629,675,049</b>	<b>93,598,562,539</b>

(\*) in which:

	<b>31/12/2008</b>
	Foreign currency Equivalent to VND
Trade receivable in VND	41,926,934,056
Trade receivable in USD	4,346,201,78 USD 73,710,604,099
<b>Total</b>	<b>115,637,538,155</b>

**5.4 Inventories**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Spare part, equipment	7,690,506,616	9,988,195,082
Direct expenses relate setting process or supplying services	947,103,697	1,771,260,941
Property merchandise	55,114,543,181	-
<b>Total</b>	<b>63,752,153,494</b>	<b>11,759,456,023</b>

The value of property merchandise is all expenses spent for acquisition land use right of 1,024 m<sup>2</sup> of land located at 205 A Hoang Van Thu, Phu Nhuan District, HCMC, which include purchase expense, loan interest and related expenses. Property merchandise is mortgaged for guarantee bank borrowing. (Ref to 5.15)



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**5.5 Other current assets**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Short-term repaid expenses	333,616,650	5,562,680,026
- Office rental	295,041,650	1,819,664,000
- H – Soft staff deferred expenses	-	3,332,445,097
- Other deferred expenses	38,575,000	410,570,929
VAT deductible	147,232,114	1,222,761,508
Tax and receivables from the State Budget	-	-
Other	1,184,218,521	625,390,971
- Advance	1,184,218,521	505,164,358
- Short – term deposits	-	120,226,613
<b>Total</b>	<b>1,665,067,285</b>	<b>7,410,832,505</b>

**5.6 Long – term repaid expenses**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Training, technology science research expenses	418,763,217	681,224,376
Office repair expenses	1,132,149,566	506,777,882
Tools and equipments deferred expenses	1,193,898,167	1,240,512,885
Other	-	2,350,173,000
<b>Total</b>	<b>2,744,810,950</b>	<b>4,778,688,143</b>

**5.7 Tangible fixed assets**

	<b>Machinery</b>	<b>Transportation</b>	<b>Office equipment</b>	<b>Total</b>
<b>History cost</b>				
Opening balance	11,592,147,483	1,770,968,521	210,335,902	13,573,451,906
Purchased	2,747,178,054	-	-	2,747,178,054
Reclassified	(3,208,584)	-	3,208,584	-
Closing balance	14,336,116,953	1,770,968,521	213,544,486	16,320,629,960
<b>Accumulated depreciation</b>				
Opening balance	7,470,525,834	522,530,600	106,018,985	8,099,075,419
Depreciated	3,074,091,183	295,161,424	39,682,742	3,408,935,349
Reclassified	103,176,722	(104,913,418)	1,736,696	-
Closing balance	10,647,793,739	712,778,606	147,438,423	11,508,010,768
<b>Net book value</b>				
Opening balance	4,121,621,649	1,248,437,921	104,316,917	5,474,376,487
Closing balance	3,688,323,214	1,058,189,915	66,106,063	4,812,619,192

Up to December 31, 2008,

- The closing balances of cost of tangible fixed assets fully depreciated but still in use are VND 6,574,484,210

- Net book value of transportations which are mortgaged to guarantee for long-term borrowing from VIB-Saigon branch is VND 549,505,231

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**5.8 Intangible fixed assets**

	<i>Land use right</i>	<i>Software</i>	<i>Total</i>
<b>History cost</b>			
Opening balance	45,450,000,000	1,284,839,775	46,734,839,775
Transferred to property merchandise	(45,450,000,000)	-	(45,450,000,000)
Closing balance	-	1,284,839,775	1,284,839,775
<b>Accumulated amortization</b>			
Opening balance	-	596,828,587	596,828,587
Amortized for the year	-	230,741,472	230,741,472
Closing balance	-	827,570,059	827,570,059
<b>Net book value</b>			
Opening balance	45,450,000,000	688,011,188	46,138,011,188
Closing balance	-	457,269,716	457,269,716

**5.9 Long – term investments**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Investment in Subsidiary	1,650,000,000 (a)	-
Investment in Associated companies	1,440,000,000 (b)	-
Other long-term investment	1,155,000,000	1,175,000,000
- Government bonds	10,000,000	30,000,000
- Phu Nhuan Economic Development Joint-Stock Company (10% of charter capital)	1,145,000,000	1,145,000,000
<b>Total</b>	<b>4,245,000,000</b>	<b>1,175,000,000</b>

(a) This is the invested amount in HPT Link Corporation to hold 55% of its charter capital. Up to December 31, 2008, the Company has fully contributed its part in HPT Link Corporation. The subsidiary's principal activities are: producing broadcast machine, electric equipments, providing software..., and head office located at 139 B Pasteur Street, Ward 6, District 3, Ho Chi Minh City.

(b) This is the invested amount in Tong Yang High Technology Company to hold 30 % of its charter capital. Up to December 31, 2008, the Company had contributed 1.44 billion VND, capital remain to contribute is 3.36 billion VND.

**5.10 Other long – term assets**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Long – term deposits		
- Rental prepaid expenses	573,181,520	780,285,641
- Other	324,804,503	361,264,869
<b>Total</b>	<b>897,986,023</b>	<b>1,141,550,510</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**5.11 Short – term borrowings and statutory obligations**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Short-term borrowings – USD	50,147,003,334	43,721,993,260
Short-term borrowings – VND	20,972,206,022	45,542,294,927
	71,119,209,356 (a)	89,264,288,187
Statutory obligations	2,550,000,000 (b)	2,275,000,000
<b>Total</b>	<b>73,669,209,356</b>	<b>91,539,288,187</b>

(a) in which:

- 2,453,672.86 USD equivalent to 41,207,242,495 VND and 12,695,347,199 VND are the ending balance of short-term borrowing from BIDV Vietnam-Ho Chi Minh Branch according to loan contract No 44/2008/999250 dated November 10, 2008, with
  - Limit credit: 80 billion VND
  - Duration : up to October 31, 2009
  - Period of the loan: depend on specific short-term loans notes.
  - Interest rate: 11.5%/year for VND, 5.5%/year for USD
  - Guarantee: mortgaged the land use right, cash in bank.
- 471,541.19 USD equivalent to 8,009,736,612 VND and 7,795,076,423 VND are the ending balance of short-term borrowing from VIB-Sai Gon Branch according to loan contract No 0086/HĐTD2-VIB625/08 dated June 10, 2008, with
  - limit credit: 75 billion VND
  - Duration: up to June 10, 2009
  - Interest rate: 13%/year for VND and 8% /year for USD
  - Guarantee: mortgaged the apartment-personal property which located at Phu My Hung urban area, District 7 is VND 5,327,000,000 and real estate at Tan Binh District valued at VND 3,727,000,000, deposit saving at VIB of USD 30,000.

(b) Ref 5.15 Long-term borrowing and liabilities

**5.12 Taxes and obligations to the State**

	<b>31/12/2008</b>	<b>01/01/2008</b>
VAT	2,741,994,280	3,976,792,558
Corporate income tax	1,685,287,463	1,185,611,848
Personal income tax	700,496,364	321,275,359
<b>Total</b>	<b>5,127,778,107</b>	<b>7,007,430,693</b>

**5.13 Other short-term payables**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Trade payables	21,775,360,213 (*)	40,314,681,574
Advance from customer	1,477,295,718	5,660,062,431
Payable to employees	2,000,432,313	1,604,284,800
Accruals expenses	3,353,423,774	1,420,267,104
<b>Total</b>	<b>28,606,512,018</b>	<b>48,999,295,909</b>

(\*) in which

	<b>31/12/2008</b>
	USD currency Equivalent to VND
Trade payables-VND	5,693,385,280
Trade payables-USD	965,042,02
	<b>21,775,360,213</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**5.14 Other short-term payables**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Borrowing interest payables	51,580,167	305,462,300
Other	-	50,158,922
<b>Total</b>	<b>51,580,167</b>	<b>355,621,222</b>

**5.15 Long – term borrowings and liabilities**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Long-term borrowing-BIDV	29,500,000,000 (a)	31,500,000,000
Medium-term borrowing-VIB	200,000,000 (b)	475,000,000
	<b>29,700,000,000</b>	<b>31,975,000,000</b>
(Less) Current portion of long-term borrowing in 2009		
Long-term borrowing-BIDV	(2,400,000,000)	(2,000,000,000)
Medium-term borrowing-VIB	(150,000,000)	(275,000,000)
	<b>(2,550,000,000)</b>	<b>(2,275,000,000)</b>
Net book value		
Long-term borrowing-BIDV	27,100,000,000	29,500,000,000
Medium-term borrowing-VIB	50,000,000	200,000,000
	<b>27,150,000,000</b>	<b>29,700,000,000</b>
Convertible bond	33,660,550,000 (c)	10,137,870,000
<b>Total</b>	<b>60,810,550,000</b>	<b>39,837,870,000</b>

(a) This is the borrowing balance from BIDV according to credit contract 00310/2007/0000935 dated May 2, 2007 as follow:

- The amount of borrowing: 31.5 billion VND
- Period of the loan is 9 years and grace period is 9 months
- Interest rate: rate of 12 month saving account, interest payable at maturity plus 2.9%/year
- Purpose: Acquisition land use right for constructing building office
- Repayment borrowing : according to repayment schedule
- Up to December 31, 2008, current portion of long-term borrowing is VND 2,400,000,000 which is paid in 4 portions

(b) These are medium-term borrowing from VIB for purchasing cars according to loan contracts No. 0270/HDTD2-VIB dated May 20, 2006 and 0023/HDTD2-VIB625/07 April 4, 2007, interest rate is 1.05%/month. Borrowings returned each month. Up to December 31, 2008, current portion is VND 150,000,000.

(c) This is value of 3,366,055 convertible bonds which were issued according to Chairman decision dated November 9, 2007. The par value is 10,000 VND, interest rate is 10%/year and paid at December 31 annually.

Bonds are only issued for existing shareholders and employees of the Company. The purpose of this issuing is used for mobilizing capital for constructing building office. Bonds will be transfer to stock at ratios 1:1 on December 31, 2009.



**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>	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
Previous 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)	-	-	-	-	-
Previous year increase	-	-	-	-	-	5,023,784,862	5,023,784,862
Set up funds	-	-	-	-	154,149,240	(154,149,240)	-
Dividend by stock	1,673,300,000	-	-	-	-	(1,673,300,000)	-
Purchased treasury stock	-	-	(671,700,000)	-	-	-	(671,700,000)
Sold treasury stock	-	-	150,000,000	-	-	-	150,000,000
Other increase/(increase)	-	-	-	-	-	-	-
<b>Previous year ending balance</b>	36,000,000,000	139,500,000	(730,500,000)	342,240,000	89,538,370	5,030,913,448	40,871,691,818
<b>Current year beginning balance</b>	36,000,000,000	139,500,000	(730,500,000)	342,240,000	89,538,370	5,030,913,448	40,871,691,818
Current year profit increases	-	-	-	-	-	9,079,798,278	9,079,798,278
Financial reserve funds	-	-	-	-	250,000,000	(250,000,000)	-
Set up bonus and welfare funds	-	-	-	-	-	(450,000,000)	(450,000,000)
Dividend by cash	-	-	-	-	-	(3,666,655,500)	(3,666,655,500)
Dividend by stock	2,476,550,000	-	-	-	-	(2,476,550,000)	-
Other increase/(increase)	-	-	-	-	-	-	-
<b>Current year ending balance</b>	38,476,550,000	139,500,000	(730,500,000)	342,240,000	339,538,370	7,267,506,226	45,834,834,596

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

c) *Dividend*: dividend is announced after the end of fiscal year with rate of 5%/year (on common stock).

**d) Shares**

	<b>31/12/2008</b>	<b>01/01/2008</b>
Authorized shares	3,847,655	3,600,000
Issued	3,847,655	3,600,000
Purchased shares	55,660	55,660
Outstanding shares	3,791,995	3,544,340
- Common stock	3,791,995	3,544,340
- Preferred stock	-	-
The par value of common stock(VND)	10,000	10,000

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

	<b>Current year</b>	<b>Previous year</b>
Revenue	459,952,455,760	427,385,711,121
Minus: deductions from revenue	(8,992,434,601)	(14,862,901,367)
<b>Net sales</b>	<b><u>450,960,021,159</u></b>	<b><u>412,385,711,121</u></b>

**6.2 Cost of goods sold**

	<b>Current year</b>	<b>Previous year</b>
Cost of goods sold	377,780,104,767	362,590,233,375

**6.3 Financial income**

	<b>Current year</b>	<b>Previous year</b>
Bank interest	315,941,287	153,658,156
Dividend received	4,873,068	4,026,906
Foreign exchange gain	3,212,659,044	896,652,890
Other	-	258,250,069
<b>Total</b>	<b><u>3,533,473,399</u></b>	<b><u>1,312,588,021</u></b>

**6.4 Financial expenses**

	<b>Current year</b>	<b>Previous year</b>
Interest expenses	9,408,501,462	6,405,269,869
Foreign exchange loss	4,297,962,945	1,106,987,222
Provision for decline value of stocks	83,293,600	-
Other	9,165	1,607,270
<b>Total</b>	<b><u>13,789,767,172</u></b>	<b><u>7,513,864,361</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2007

(Expressed in VND unless otherwise stated)

**6.5 Deferred corporate income tax expense**

	<b>Current year</b>	<b>Previous year</b>
Profit before tax	11,607,683,641	6,977,478,975
Total income before tax	11,607,683,641	6,977,478,975
- Income in the first 3 quarters of 2008	3,009,278,218	
- Income in quarter IV-2008	8,598,304,429	
Income tax rate	28%	28%
<b>Current corporate income tax expense</b>		
- Common income tax rate – 28%	3,250,151,419	1,953,694,113
- Decreased 30% CIT of quarter IV-2008	(722,266,056)	-
- <b>Income tax payable</b>	<b>2,527,885,363</b>	<b>1,953,694,113</b>

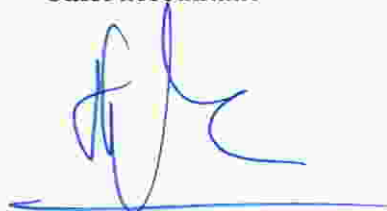
**6.6 Earning per share**

	<b>Current year</b>	<b>Previous year</b>
Accounting profit after tax	9,079,798,278	5,023,784,862
Profit or loss allocated to common stockholders	9,079,798,278	5,023,784,862
Weighted average of outstanding common share	3,791,995	3,170,603
Earning per share	2,394	1,584

**7. Other information**

- 7.1** In March, 2009, address of Ha Noi – Branch was change from 193, unit 47, Kim Lien Ward, Dong Da District, Ha Noi City to 123 Xa Dan, Phuong Lien Ward, Dong Da District, Ha Noi City.

Chief accountant



NGUYEN THI HONG HAI

Ho Chi Minh City, March 31, 2009

General Director



NGO VI DONG