

SAOBACDAU TECHNOLOGIES  
CORPORATION

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2007

## CONTENTS

---

	Page
Chief Executive Officer's report	1 - 3
Auditor's report	4
Audited financial statements	
Balance sheet as of 31 December 2007	5 - 8
Income statement for the year ended 31 December 2007	9
Statement of cash flows for the year ended 31 December 2007	10 - 11
Notes to the financial statements	12 - 27



# SAOBACDAU TECHNOLOGIES CORPORATION

## CHIEF EXECUTIVE OFFICER'S REPORT

---

SaoBacDau Technologies Corporation (referred to as The Company) presents this report and the audited financial statements of The Company for the year ended on 31 December 2007.

### 1. Background

SaoBacDau Technologies Corporation, formerly known as Informatics Service Provider Co. Ltd., was incorporated under Business registration certificate No. 4103002093 issued by Ho Chi Minh City Department for Planning and Investment on 11 February 2004 and other Amendment Licenses.

The Company has registered as a public company at the Ho Chi Minh City Stock Exchange on 11 December 2007.

The Company's head office and branches are as follows:

- Head Office: 208-210 Khanh Hoi street, Ward 6, District 4, Ho Chi Minh City.
- Ha Noi Branch: Room 404, D40 Giang Vo street, Ba Dinh District, Ha Noi City.
- Da Nang Representative Office: 15 Quang Trung, Hai Chau District, Da Nang City.

The Company's principal activities comprise:

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

SAOBACDAU TECHNOLOGIES CORPORATION  
**CHIEF EXECUTIVE OFFICER'S REPORT**

---

**2. Members of the Board of Management**

Members of the Board of Management on the date of this report include:

<u>Full Name</u>	<u>Position</u>	<u>Appointment date</u>
Mr. Nguyen Duc Quang	Chairman	17 Dec. 2007
Mr. Tran Tuyen Duc	Vice Chairman	17 Dec. 2007
Mr. Do Van Hao	Member	
Mr. Dang Nam Son	Member	25 May 2007
Mr. Tran Anh Tuan	Member	25 May 2007
Mr. Hoang Hai Thinh	Member	
Mr. Le Hong Phong	Member	

**3. Members of the Board of General Directors**

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

<u>Full Name</u>	<u>Position</u>	<u>Appointment date</u>
Mr. Tran Anh Tuan	Chief Executive Officer (CEO)	17 Dec. 2007
Mr. Hoang Hai Thinh	Chief Operator Officer (COO)	17 Dec. 2007
Mr. Le Hong Phong	Chief Business Officer (CBO)	

**4. Members of the Control Committee**

Members of the Control Committee during 2007 and on the date of this report include:

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

SAOBACDAU TECHNOLOGIES CORPORATION  
**CHIEF EXECUTIVE OFFICER'S REPORT**

---

**5. Financial review**

The financial position as of 31 December 2007 and the result of The Company's business operations for the year then ended are shown on the accompanying financial statements audited by DTL Auditing Company.

**6. Chief Executive Officer's Commitment**

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

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

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

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

**7. Auditor**

DTL Auditing Company has been appointed to audit the 2007 financial statements of the Company.

**8. Chief Executive Officer's statement**

In the CEO's opinion, the accompanying financial statements give a true and fair view of the financial position of The Company as at 31 December 2007 and of the results of its operation, its cash flows and notes to the financial statements for the year then ended in accordance with the Vietnamese Accounting System and Standards.

Ho Chi Minh City, 5 April 2007

**CHIEF EXECUTIVE OFFICER**

  
TRẦN ANH TUAN

No. 08.118A/BCKT

## INDEPENDENT AUDITOR'S REPORT

**To:**           **The Board of Management**  
                  **The Board of General Directors**  
                  **SAOBACDAU TECHNOLOGIES CORPORATION**

We have audited the accompanying balance sheet of SaoBacDau Technologies Corporation (The Company) as at 31 December 2007 and related income statement, cash flow statement and notes to the financial statements for the year then ended. These financial statements are the responsibility of The Chief Executive Officer. Our responsibility is to express an opinion on these financial statements based on our audit.

### Basis of opinion

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

### Opinion


In our opinion, based on the documents made available to us, the accompanying financial statements give a true and fair view of the financial position of SaoBacDau Technologies Corporation as at 31 December 2007 and of the results of its operation and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System.

Ho Chi Minh City, 5 April 2008

**GENERAL DIRECTOR**  
  
D.T.L.

**DANG XUAN CANH**  
CPA No. D.0067/KTV

**AUDITOR**



**LUC THI VAN**  
CPA No. 0172/KTV

SAOBACDAU TECHNOLOGIES CORPORATION

**BALANCE SHEET**

As at 31 December 2007

Currency unit: VND

ASSETS	Code	Note	Ending Balance	Beginning Balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>100,113,583,210</b>	<b>46,262,334,559</b>
<b>I. Cash and cash equivalent</b>	<b>110</b>		<b>5,088,880,267</b>	<b>2,901,883,131</b>
1. Cash	111	5.1	5,088,880,267	2,901,883,131
2. Cash equivalent	112			
<b>II. Short-term investments</b>	<b>120</b>			
1. Short-term investments	121			
2. Provision for the diminution in value of short-term securities	129			
<b>III. Accounts receivable</b>	<b>130</b>		<b>54,279,128,385</b>	<b>27,424,400,830</b>
1. Trade receivables	131		44,499,422,434	23,395,637,923
2. Advances to suppliers	132		8,405,673,273	3,859,099,664
3. Receivables from related parties	133		67,073,976	169,663,243
4. Construction contractor receivables based on agreed progress billings	134			
5. Other receivables	135	5.2	1,306,958,702	
6. Provision for doubtful debts	139			
<b>IV. Inventories</b>	<b>140</b>		<b>35,578,633,891</b>	<b>12,616,943,178</b>
1. Inventories	141	5.3	35,578,633,891	12,616,943,178
2. Provision for inventory obsolescence	149			
<b>V. Other current assets</b>	<b>150</b>		<b>5,166,940,667</b>	<b>3,319,107,420</b>
1. Prepaid expenses	151		63,229,090	2,329,100
2. VAT deductible	152		67,918,817	56,081,810
3. Tax receivables and other receivable from the State	154			
4. Other current assets	158	5.4	5,035,792,760	3,260,696,510

## SAOBACDAU TECHNOLOGIES CORPORATION

## BALANCE SHEET

As at 31 December 2007

Currency unit: VND

ASSETS	Code	Note	Ending Balance	Beginning Balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>38,037,882,401</b>	<b>29,117,086,226</b>
<b>I. Long-term receivables</b>	<b>210</b>			
1. Long-term trade receivables	211			
2. Equity capital allotted to subsidiary	212			
3. Long-term receivables from related parties	213			
3. Other long-term receivables	218			
4. Provisions for doubtful long-term receivables	219			
<b>II. Fixed assets</b>	<b>220</b>		<b>18,719,462,401</b>	<b>29,041,961,399</b>
<b>1. Tangible fixed assets</b>	<b>221</b>	5.5(a)	<b>6,700,477,167</b>	<b>28,467,818,094</b>
- Cost	222		11,576,360,189	38,252,754,157
- Accumulated depreciation	223		(4,875,883,022)	(9,784,936,063)
<b>2. Finance leases</b>	<b>224</b>			
- Cost	225			
- Accumulated depreciation	226			
<b>3. Intangible fixed assets</b>	<b>227</b>	5.5(b)	<b>11,963,760,511</b>	<b>144,422,930</b>
- Cost	228		12,487,335,080	324,951,590
- Accumulated depreciation	229		(523,574,569)	(180,528,660)
<b>4. Construction in progress</b>	<b>230</b>		<b>55,224,723</b>	<b>429,720,375</b>
<b>III. Investment properties</b>	<b>240</b>			
- Cost	241			
- Accumulated depreciation	242			
<b>IV. Long-term investments</b>	<b>250</b>		<b>19,318,420,000</b>	<b>75,124,827</b>
1. Investments in subsidiaries	251	5.6(a)	9,114,000,000	
2. Investments in associates, joint-ventures	252	5.6(b)	10,204,420,000	75,124,827
3. Other long-term investments	258			
4. Provision for long-term investments	259			
<b>V. Other long-term assets</b>	<b>260</b>			
1. Long-term deferred expenses	261			
2. Deferred income tax asset	262			
3. Other long-term assets	268			
<b>TOTAL ASSETS</b>	<b>270</b>		<b>138,151,465,611</b>	<b>75,379,420,785</b>



## SAOBACDAU TECHNOLOGIES CORPORATION

## BALANCE SHEET

As at 31 December 2007

Currency unit: VND

RESOURCES	Code	Note	Ending Balance	Beginning Balance
<b>A. LIABILITIES</b>	<b>300</b>		<b>88,154,220,686</b>	<b>55,102,711,780</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>81,469,035,501</b>	<b>45,482,711,780</b>
1. Short-term loans and debts	311	5.7(a)	49,348,358,425	27,341,503,807
2. Trade payables	312		12,058,531,019	8,633,628,688
3. Advances from customers	313		15,262,193,407	6,514,708,371
4. Statutory obligations	314	5.8	2,145,831,559	1,075,676,492
5. Payables to employees	315		1,316,255,299	
6. Accruals	316			
7. Payables to related parties	317		67,073,976	169,663,243
8. Construction contractor payables based on agreed progress billings	318			
9. Other payables	319	5.9	1,270,791,816	1,747,531,179
10. Short-term provision	320			
<b>II. Long-term liabilities</b>	<b>330</b>		<b>6,685,185,185</b>	<b>9,620,000,000</b>
1. Long-term trade payables	331			
2. Long-term payables to related parties	332			
3. Other long-term payables	333			
4. Long-term loans and debts	334	5.7(b)	6,685,185,185	9,500,000,000
5. Deferred income tax payables	335			
6. Provision for unemployment funds	336			120,000,000
7. Long-term provision	337			
<b>B. OWNERS' EQUITY</b>	<b>400</b>		<b>49,997,244,925</b>	<b>20,276,709,005</b>
<b>I. Equity</b>	<b>410</b>		<b>49,997,244,925</b>	<b>20,277,707,005</b>
1. Contributed legal capital (Share capital)	411	5.10(b)	37,563,790,000	18,000,000,000
2. Capital surplus	412	5.10(a)	7,960,553,900	
3. Other contributed capital	413			
4. Treasury shares	414			
5. Asset revaluation surplus	415			
6. Foreign exchange differences	416			
7. Investment and development fund	417	5.10(a)	349,878,228	349,878,228
8. Financial reserved fund	418	5.10(a)	93,419,877	129,288,777
9. Other funds within owners' equity	419			
10. Undistributed earnings	420	5.10(a)	4,029,602,920	1,798,540,000
11. Capital expenditure fund	421			
<b>II. Other capital, funds</b>	<b>430</b>			<b>(998,000)</b>
1. Bonus and welfare funds	431	5.10(a)		(998,000)
2. Subsidy funds	432			
3. Funds invested in fixed assets	433			
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>440</b>		<b>138,151,465,611</b>	<b>75,379,420,785</b>

# SAOBACDAU TECHNOLOGIES CORPORATION

## BALANCE SHEET

As at 31 December 2007

Currency unit: VND

OFF BALANCE SHEET ITEMS	Note	Ending Balance	Beginning Balance
1. Assets under operating lease			
2. Goods held under trust or for processing			
3. Goods held by the company on consignment			
4. Bad debts written off			
5. Foreign currencies			
+ USD		270.54	270.21
6. Budgeted operating expenses			

5 April 2008

CHIEF ACCOUNTANT



HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION  
**INCOME STATEMENT**

For the year ended on 31 December 2007

Currency unit: VND

Items	Code	Note	Current year	Previous year
<b>1. Sales</b>	<b>01</b>		<b>203,110,230,486</b>	<b>102,902,569,256</b>
2. Deductions	02		1,607,200	2,796,420,112
<b>3. Net sales (10=01-02)</b>	<b>10</b>		<b>203,108,623,286</b>	<b>100,106,149,144</b>
4. Cost of sales	11		167,244,563,102	77,187,604,119
<b>5. Gross profit (20=10-11)</b>	<b>20</b>		<b>35,864,060,184</b>	<b>22,918,545,025</b>
6. Financial income	21		308,362,101	63,743,803
7. Financial expenses	22	6.1	4,634,638,939	2,100,368,260
<i>In which: Interest expense</i>	23		4,197,621,898	2,076,574,668
8. Selling expenses	24	6.2	14,246,866,481	7,036,197,686
9. General and administration expenses	25	6.3	12,303,905,338	10,952,847,525
<b>10. Operating profit/(loss)</b> {30=20+(21-22)-(24+25)}	<b>30</b>		<b>4,987,011,527</b>	<b>2,892,875,357</b>
11. Other income	31	6.4	4,122,553,202	3,131,525,589
12. Other expenses	32	6.5	4,038,782,896	2,707,153,407
<b>13. Net other income/(expense) (40=31-32)</b>	<b>40</b>		<b>83,770,306</b>	<b>424,372,182</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>5,070,781,833</b>	<b>3,317,247,539</b>
15. Current tax expense	51	6.6	1,419,818,913	928,829,311
16. Deferred tax expense	52			
<b>17. Net profit/(loss) after tax (60=50-51-52)</b>	<b>60</b>	6.6	<b>3,650,962,920</b>	<b>2,388,418,228</b>

5 April 2008

CHIEF ACCOUNTANT



HO THI HONG HANH

CHIEF EXECUTIVE OFFICER



TRAN ANH TUAN

## SAOBACDAU TECHNOLOGIES CORPORATION

**CASH FLOW STATEMENT****(DIRECT METHOD)**

For the year ended on 31 December 2007

Currency unit: VND

ITEMS	Code Note	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Cash receipts from customers	01	317,678,374,232	102,844,563,490
2. Cash paid to suppliers	02	(324,032,887,344)	(116,660,294,751)
3. Cash paid to employees	03	(13,789,235,530)	(7,219,758,185)
4. Interest paid	04	(4,197,621,898)	(2,081,055,301)
5. Income taxes paid	05	(1,122,573,052)	(386,982,419)
6. Other cash inflows from operating activities	06	1,842,083,456	20,890,784,785
7. Other cash outflows from operating activities	07	(1,994,685,882)	(22,763,041,561)
<b>Net cash from/(used in) operating activities</b>	<b>20</b>	<b>(25,616,546,018)</b>	<b>(25,375,783,942)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Purchase of fixed assets and other long-term assets	21	(4,759,829,103)	(2,011,343,617)
Proceeds from disposals of fixed assets and other long-term assets	22	6,621,177,454	2,507,682,797
Loans to other entities and payments for			
3. purchase of debt instruments of other entities	23		
Repayments from borrowers and proceeds			
4. from sales of debt instruments of other	24		
5. Payments for investments in other entities	25	(19,318,420,000)	
6. Proceeds from sales of investments in other entities	26		
7. Interest and dividends received	27		26,116,606
<b>Net cash from/(used in) investing activities</b>	<b>30</b>	<b>(17,457,071,649)</b>	<b>522,455,786</b>

SAOBACDAU TECHNOLOGIES CORPORATION  
**CASH FLOW STATEMENT**  
**(DIRECT METHOD)**

For the year ended on 31 December 2007

Currency unit: VND

ITEMS	Code	Note	Current year	Previous year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
1. Capital contribution	31		27,488,475,000	
2. Capital redemption	32			
3. Borrowings	33		114,805,839,570	62,329,712,114
4. Loan repayment	34		(95,613,799,767)	(35,865,501,413)
5. Finance lease principal paid	35			
6. Dividends paid	36		(1,419,900,000)	
<b>Net cash from/(used in) financing activities</b>	<b>40</b>		<b>45,260,614,803</b>	<b>26,464,210,701</b>
<b>NET INCREASE/( DECREASE ) IN</b>				
<b>CASH (50=20+30+40)</b>	<b>50</b>		<b>2,186,997,136</b>	<b>1,610,882,545</b>
<b>Cash and cash equivalents at beginning of year/(period)</b>	<b>60</b>	5.1	<b>2,901,883,131</b>	<b>1,291,000,586</b>
Impact of exchange rate fluctuation	61			
<b>Cash and cash equivalents at end of year/(period) (70=50+60+61)</b>	<b>70</b>	5.1	<b>5,088,880,267</b>	<b>2,901,883,131</b>

CHIEF ACCOUNTANT



HO THI HONG HANH

5 April 2008

CHIEF EXECUTIVE OFFICER

TRAN ANH TUAN

SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

---

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

**1. Background**

**1.1. Structure of ownership**

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

The Company has registered as a public company at the Ho Chi Minh City Stock Exchange on 11 December 2007.

The Company's head office and branches are as follows:

- Head Office: 208-210 Khanh Hoi street, Ward 6, District 4, Ho Chi Minh City.
- Ha Noi Branch: Room 404, D40 Giang Vo street, Ba Dinh District, Ha Noi City.
- Da Nang Representative Office: 15 Quang Trung, Hai Chau District, Da Nang City

**1.2. Business industry**

Producing, assembling, repairing informatics and electronics products.

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

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

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

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

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

Producing, trading and releasing films, films tabs and discs of being granted for circulations.

Real trading estates. Construction of Industrial Civil Project.

Plane tickets agent.

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

---

**2. Fiscal year, reporting currency**

**2.1. Fiscal year**

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

**2.2. Reporting currency**

The Company maintains its accounting records in Vietnam dong.

**3. Accounting standards, accounting system**

**3.1. Adopted accounting standards**

The Company has adopted Vietnamese Accounting Standards and System.

**3.2. Accounting book form**

Journal Voucher.

**3.3. Statement of compliance with Vietnamese accounting standards**

The Company's financial statements for the year ended 31 December 2007 are prepared in accordance with Vietnamese Accounting Standards and System.

**4. Significant accounting policies**

**4.1. Cash and cash equivalents**

**Recognition of cash equivalents**

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

**Foreign currency translations**

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

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

---

**4.2. Trade receivables and other trade receivables**

**Recognition method**

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

**Provision for doubtful debts**

The Company has yet to make the provision for doubtful debts.

**4.3. Inventories**

**Inventory measurement**

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

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present current location and condition. The costs of purchase comprise the purchase price, non-reimbursable taxes and duties, and transport, handling and other costs directly attributable to the purchase. Trade discount and sales rebates on substandard and obsolete goods purchased are deducted from the costs of purchase.

**Method of determining closing balance of inventories**

The closing balance of inventories is determined by First-in-First-out method (FIFO).

**Method of accounting for inventories**

Inventories are recorded under the perpetual inventory method.

**Provision for decline in inventory**

The Company has yet to make the provision for decline in inventory.

**4.4. Fixed assets**

**Tangible fixed asset recognition**

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

**Intangible fixed asset recognition**

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



# SAOBACDAU TECHNOLOGIES CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

### **Depreciation**

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

The estimated useful lives are as follows:

	2007	2006
Buildings, structures	25 years	25 years
Machinery and equipment	2 – 3 years	2 – 5 years
Means of transportations, transmitters	5 years	3 – 5 years
Management equipment and devices	3 years	1 - 3 years
Accounting software	3 years	3 years

### **4.5. Financial Investment**

#### **Recognition method**

Financial investments are accounted for under the cost method.

#### **Provision for decline in financial investment**

The Company has yet to make provision for the decline in financial investments.

### **4.6. Borrowing cost**

Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized during the period of time to get ready for its intended use.

The other borrowing costs incurred are recognized as an expense in the profit and loss statement.

### **4.7. Payable expenses and provisions**

Payables expenses are recognized based on information available at the year-end and estimates by past experience.

4.8. Owner's equity

**Dividend**

Dividend is recorded as a trade payable at the dividend declaration date.

**Reserve funds from profit after tax**

Reserve funds are created from the profit after tax in accordance with The Company's Charter.

4.9. Recognition of revenue

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

Revenue of a transaction involving the rendering of services is recognized when the outcome of these transactions can be estimated reliably. In case, Revenue from rendering of services is attributable to several periods, each period's revenue should be measured by reference to the stage of completion at the balance sheet day.

**Investment income**

Investment income including dividends on investments is recognized when the shareholder's rights to receive payment is established.

SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**5. Additional information for items shown in the balance sheet**

**5.1. Cash and cash equivalents**

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	1,039,161,117	140,259,030
Cash in bank	4,796,510,740	2,761,624,101
Cash in transit	<u>(746,791,590)</u>	<u>-</u>
<b>Total</b>	<b><u>5,088,880,267</u></b>	<b><u>2,901,883,131</u></b>

**5.2. Other trade receivables**

Mainly represented by a receivable from Cisco Systems International BV, Netherlands regarding VIP 10 honor prize awarded by Cisco on 31 July 2007 in amount of VND 1,121,050,000 (equivalent to USD 70,000.00).

**5.3. Inventory**

Inventories are stored in the following locations:

	<i>Ending balance</i>	<i>Beginning balance</i>
The Company	11,747,862,053	829,986,399
Goods issued but not yet invoiced	23,320,495,892	11,503,329,911
Leased warehouse	337,296,997	192,300,782
Ha Noi branch	<u>172,978,949</u>	<u>91,326,086</u>
<b>Total</b>	<b><u>35,578,633,891</u></b>	<b><u>12,616,943,178</u></b>

**5.4. Other short-term assets**

	<i>Ending balance</i>	<i>Beginning balance</i>
Advances for staff	2,893,242,086	580,772,164
Prepaid expenses	-	270,763,534
Mortgage, collateral and short-term deposits	<u>2,142,550,674</u>	<u>2,409,160,812</u>
<b>Total</b>	<b><u>5,035,792,760</u></b>	<b><u>3,260,696,510</u></b>

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**5.5. Fixed assets**

**a. Tangible fixed assets**

	<i>Building</i>	<i>Machinery equipment</i>	<i>Means of transportation</i>	<i>Total</i>
<b><u>Historical cost</u></b>				
As at 1 Jan. 2007	15,208,922,546	18,324,325,362	4,719,506,249	38,252,754,157
Purchasing	467,574,727	2,112,362,759	1,136,363,636	3,716,301,122
Disposals	-	(12,917,286,520)	(5,855,869,885)	(18,773,156,405)
Transferred to intangible asset	(11,516,569,200)	(102,969,485)	-	(11,619,538,685)
<b>As at 31 Dec. 2007</b>	<b><u>4,159,928,073</u></b>	<b><u>7,416,432,116</u></b>	<b><u>-</u></b>	<b><u>11,576,360,189</u></b>
<b><u>Accumulated Depreciation</u></b>				
As at 1 Jan. 2007	152,089,225	8,095,064,485	1,537,782,353	9,784,936,063
Depreciation	194,571,440	3,909,578,495	713,450,465	4,817,600,400
Disposals	-	(7,372,451,138)	(2,251,232,818)	(9,623,683,956)
Transferred to intangible asset	-	(102,969,485)	-	(102,969,485)
<b>As at 31. Dec. 2007</b>	<b><u>346,660,665</u></b>	<b><u>4,529,222,357</u></b>	<b><u>-</u></b>	<b><u>4,875,883,022</u></b>
<b><u>Net book value</u></b>				
As at 1 Jan. 2007	15,056,833,321	10,229,260,877	3,181,723,896	28,467,818,094
<b>As at 31. Dec. 2007</b>	<b><u>3,813,267,408</u></b>	<b><u>2,887,209,759</u></b>	<b><u>-</u></b>	<b><u>6,700,477,167</u></b>

Cost of tangible fixed assets were fully depreciated but still in use are :

VND 2,895,108,069.

Historical cost of tangible fixed assets pledged for borrowings are VND 467,574,727.

SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**b. Intangible Fixed Assets**

	<i>Land use right</i>	<i>Accounting software</i>	<i>Total</i>
<b><u>Historical cost</u></b>			
As at 1 Jan. 2007	-	324,951,590	324,951,590
Transferred from tangible fixed asset	11,516,569,200 (*)	102,969,485	11,619,538,685
Purchasing	-	542,844,805	542,844,805
<b>As at 31 Dec. 2007</b>	<b><u>11,516,569,200</u></b>	<b><u>970,765,880</u></b>	<b><u>12,487,335,080</u></b>
<b><u>Accumulated Depreciation</u></b>			
As at 1 Jan. 2007	-	180,528,660	180,528,660
Depreciation's year	-	240,076,424	240,076,424
Transferred from tangible fixed asset	-	102,969,485	102,969,485
<b>As at 31 Dec. 2007</b>	<b><u>-</u></b>	<b><u>523,574,569</u></b>	<b><u>523,574,569</u></b>
<b><u>Net book value</u></b>			
As at 1 Jan. 2007	-	144,422,930	144,422,930
<b>As at 31 Dec. 2007</b>	<b><u>11,516,569,200</u></b>	<b><u>447,191,311</u></b>	<b><u>11,963,760,511</u></b>

(\*) Land use rights of the building at 208 – 210 Khanh Hoi, District 4, Ho Chi Minh City was separated from the cost of tangible fixed asset (included the land use rights and building) in accordance with Appraisal Report No. 2807/HDTD/HQ date on 21 July 2006 of Real Estate Appraisal Hoang Quan Ltd.

The historical cost of intangible fixed assets pledged for borrowings are:

VND 11,516,569,200.

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**5.6. Long-term financial investment**

**a. Investment in subsidiaries**

	<i>Ending balance</i>	<i>Rate</i>
SaoBacDau Integrated Management Solution Corp.	1,224,000,000	51 %
Viet Communication & Networks Technology Corp.	2,940,000,000	98 %
Netpro Training And Consultant Company Limited	<u>4,950,000,000</u>	99 %
<b>Total</b>	<b><u>9,114,000,000</u></b>	

**b. Investment in associates**

	<i>Ending balance</i>	<i>Rate</i>
Vina Data Information Technology - Service J.S.C	9,000,000,000	30 %
SaoBacDau Business Solutions Corporation	980,000,000	49 %
Skills Group Joint Stock Company	<u>224,420,000</u>	35 %
<b>Total</b>	<b><u>10,204,420,000</u></b>	

**5.7. Loans**

**a. Short-term loans**

	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	47,940,951,018	27,341,503,807
Current portion of long-term loans	<u>1,407,407,407</u>	-
<b>Total</b>	<b><u>49,348,358,425</u></b>	<b><u>27,341,503,807</u></b>

Breakdown of short-term loans is as follows:

		<i>31 Dec. 2007</i>
VIB Bank	(*)	38,223,316,871
HSBC Bank	(**)	7,467,634,147
Loans from Netpro Training And Consultant Co. Ltd.		<u>2,250,000,000</u>
<b>Total</b>		<b><u>47,940,951,018</u></b>

SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

(\*) Equivalent to USD 1,106,985.48 and VND 20,494,944,409; detailed as follows:

- Credit contract No. 0114/HDTD2-VIB625/07 dated 14 November 2007.
- Credit limits: USD 4,500,000.00.
- Credit term: 12 months.
- Interest rate: 0.96% p.m (loans in VND) and 0.65% p.m (loans in USD).
- Guarantee assets:
  - + Land use rights and fixed asset associated with the land at 74/1A Hai Ba Trung, District 1, Ho Chi Minh City.
  - + Land use rights and fixed asset associated with the land at 34 Dang Dung, District 1, Ho Chi Minh City.

(\*\*) Equivalent to USD 337,430.28 and VND 2,063,688,213; detailed as follows:

- Credit contract No.VNM CDT 070167 dated on 18 May 2007.
- Credit limits: VND 16,000,000,000.
- Credit term: 12 months.
- Interest rate: 0.83% p.m (loans in VND) and 0.53% p.m (loans in USD).
- Guarantee assets: Land use rights and fixed asset associated with the land at 208–210 Khanh Hoi, District 4, Ho Chi Minh City.

**b. Long-term loans**

	<i>Ending balance</i>	<i>Beginning balance</i>
Long-term loans	8,092,592,592	9,500,000,000
Minus: current portion of long-term loans	<u>(1,407,407,407)</u>	<u>-</u>
<b>Total</b>	<b><u>6,685,185,185</u></b>	<b><u>9,500,000,000</u></b>

Long-term loans are loans from HSBC Bank – Ho Chi Minh City, detailed as follows:

- Credit Contract No. VNM CDT 060255 dated on 3/8/2006.
- Goal of loans: purchasing The Company's head-office at 208 – 210 Khanh Hoi, District 4, Ho Chi Minh City.
- Term: 78 months (from 7 August 2006 to 7 August 2013).
- Interest rate: 0.95% p.m.
- Guarantee assets: assets created from loans.

## SAOBACDAU TECHNOLOGIES CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated***5.8. Tax and payable to the Tax**

	<i>Ending balance</i>	<i>Beginning balance</i>
Value added tax	957,926,466	487,311,743
Import tax	66,801,975	56,949,457
Corporate income tax	813,095,461	515,849,600
Personal income tax	<u>308,007,657</u>	<u>15,565,692</u>
<b>Total</b>	<b><u>2,145,831,559</u></b>	<b><u>1,075,676,492</u></b>

**5.9. Other short-term payables**

	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payables (without invoices)	1,126,627,730	-
Social&health insurance	144,164,086	127,732,527
Unearned revenue	-	407,490,404
Others	<u>-</u>	<u>1,212,308,248</u>
<b>Total</b>	<b><u>1,270,791,816</u></b>	<b><u>1,747,531,179</u></b>



SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

Expressed in Vietnam dong unless otherwise stated

**5.10. Owner's Equity**

**a. Increase/decrease in owner's equity**

	<i>Owner's equity</i>	<i>Capital surplus</i>	<i>Investment &amp; development funds</i>	<i>Financial reserved funds</i>	<i>Retained earnings</i>	<i>Bonus &amp; welfare funds</i>
<b>At 1 Jan. 2006</b>	14,216,939,129	-	-	200,000,000	1,382,314,621	43,368,553
Increase	3,303,060,871	-	-	-	(480,000,000)	-
Profit after tax	480,000,000	-	-	-	2,388,418,228	-
Dividend	-	-	-	-	(902,314,621)	-
Establishing funds	-	-	349,878,228	120,000,000	(589,878,228)	-
Payments from funds	-	-	-	(190,711,223)	-	(44,366,553)
<b>At 31 Dec. 2006</b>	<b>18,000,000,000</b>	<b>-</b>	<b>349,878,228</b>	<b>129,288,777</b>	<b>1,798,540,000</b>	<b>(998,000)</b>
Increase	19,563,790,000	7,960,553,900	-	-	-	-
Profit after tax	-	-	-	-	3,650,962,920	-
Dividend	-	-	-	-	(1,419,900,000)	-
Payments from funds	-	-	-	(35,868,900)	-	(4,074,000)
Others	-	-	-	-	-	5,072,000
<b>At 31 Dec. 2007</b>	<b>37,563,790,000</b>	<b>7,960,553,900</b>	<b>349,878,228</b>	<b>93,419,877</b>	<b>4,029,602,920</b>	<b>-</b>

Total ending balance of funds as of 31 December 2007 is VND 443,298,105.

**b. Contribution of owner's equity**

<i>Items</i>	<i>Value</i>		<i>Rate</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Founder shareholders	19,367,500,000	18,000,000,000	51.56%	100.00%
Other shareholders	18,196,290,000	-	48.44%	-
<b>Total</b>	<b>37,563,790,000</b>	<b>18,000,000,000</b>	<b>100.00%</b>	<b>100.00%</b>

SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

c. **Dividends**

**Dividends declared after the balance sheet date**

- Ordinary shares	1,419,900,000
- Preference shares	-

**Dividends of accumulated preference shares not yet recorded**

Dividend of 2006 was calculated at 10% of owner's equity.

d. **Movement in shares during the year was as follows**

	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Authorized shares</b>	<b>3,756,379</b>	<b>1,800,000</b>
<b>Public issued shares</b>	<b>3,756,379</b>	<b>1,800,000</b>
+ Ordinary shares	3,756,379	1,800,000
+ Preference shares	-	-
<b>Treasury shares</b>		
+ Ordinary shares	-	-
+ Preference shares	-	-
<b>Outstanding shares</b>	<b>3,756,379</b>	<b>1,800,000</b>
+ Ordinary shares	3,756,379	1,800,000
+ Preference shares	-	-

Par value of outstanding share is VND 10,000.

6. **Additional information for items shown in The Profit and Loss Statement**

6.1. **Financial expenses**

	<i>Current year</i>	<i>Previous year</i>
Interest expenses	4,197,621,898	2,076,574,668
Loss on difference on foreign exchange rates	437,017,041	23,793,592
<b>Total</b>	<b><u>4,634,638,939</u></b>	<b><u>2,100,368,260</u></b>

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**c. Dividends**

**Dividends declared after the balance sheet date**

- Ordinary shares	1,419,900,000
- Preference shares	-

**Dividends of accumulated preference shares not yet recorded** -

Dividend of 2006 was calculated at 10% of owner's equity.

**d. Movement in shares during the year was as follows**

	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Authorized shares</b>	<b>3,756,379</b>	<b>1,800,000</b>
<b>Public issued shares</b>	<b>3,756,379</b>	<b>1,800,000</b>
+ Ordinary shares	3,756,379	1,800,000
+ Preference shares	-	-
<b>Treasury shares</b>		
+ Ordinary shares	-	-
+ Preference shares	-	-
<b>Outstanding shares</b>	<b>3,756,379</b>	<b>1,800,000</b>
+ Ordinary shares	3,756,379	1,800,000
+ Preference shares	-	-

Par value of outstanding share is VND 10,000.

**6. Additional information for items shown in The Profit and Loss Statement**

**6.1. Financial expenses**

	<i>Current year</i>	<i>Previous year</i>
Interest expenses	4,197,621,898	2,076,574,668
Loss on difference on foreign exchange rates	<u>437,017,041</u>	<u>23,793,592</u>
<b>Total</b>	<b><u>4,634,638,939</u></b>	<b><u>2,100,368,260</u></b>

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**6.2. Selling expenses**

	<i>Current year</i>	<i>Previous year</i>
Staff salary expenses	7,762,224,265	2,586,364,625
Tool and equipment expenses	211,952,924	143,280,605
Training expenses	-	37,695,994
Depreciation and amortization expenses	165,784,023	-
Guarantee expenses	205,327,068	134,686,968
Outside expenses	504,339,188	145,660,434
Pre – Sale expenses	1,833,068,540	2,049,996,901
Others	<u>3,564,170,473</u>	<u>1,938,512,159</u>
<b>Total</b>	<b><u>14,246,866,481</u></b>	<b><u>7,036,197,686</u></b>

**6.3. General and administration expenses**

	<i>Current year</i>	<i>Previous year</i>
Staff salary expenses	6,027,011,265	4,717,447,123
Tool and equipment expenses	493,477,777	798,888,004
Stationery expenses	181,436,843	-
Training expenses	-	1,308,897,882
Depreciation and amortization expenses	2,308,742,712	1,992,126,607
Tax, fee expenses	6,145,200	-
Banking expenses	55,967,766	-
Outside expenses	1,225,983,499	1,515,484,301
Others	<u>2,005,140,276</u>	<u>620,003,608</u>
<b>Total</b>	<b><u>12,303,905,338</u></b>	<b><u>10,952,847,525</u></b>

SAOBACDAU TECHNOLOGIES CORPORATION  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

<b>6.4. Other income</b>	<i>Current year</i>	<i>Previous year</i>
Income from disposal fixed assets	2,666,249,928	2,500,115,797
Income from Cisco Company	1,223,796,214	-
Others	<u>232,507,060</u>	<u>631,409,792</u>
<b>Total</b>	<b><u>4,122,553,202</u></b>	<b><u>3,131,525,589</u></b>
<b>6.5. Other Expense</b>	<i>Current year</i>	<i>Previous year</i>
Expenses from disposal fixed assets	4,038,782,896	2,659,411,212
Others	<u>-</u>	<u>47,742,195</u>
<b>Total</b>	<b><u>4,038,782,896</u></b>	<b><u>2,707,153,407</u></b>
<b>6.6. The corporate income tax and net profit of the financial year</b>	<i>Current year</i>	<i>Previous year</i>
<b>Profit before tax</b>	<b>5,070,781,833</b>	<b>3,317,247,539</b>
Adjustments		
Increases	-	-
Decreases	<u>-</u>	<u>-</u>
<b>Taxable income</b>	<b>5,070,781,833</b>	<b>3,317,247,539</b>
Tax rate	<u>28%</u>	<u>28%</u>
Corporate income tax	(1,419,818,913)	(928,829,311)
Corporate income tax - current	<u>-</u>	<u>-</u>
<b>Taxable income</b>	<b>(1,419,818,913)</b>	<b>(928,829,311)</b>
Corporate income tax - deferred	<u>-</u>	<u>-</u>
<b>Net profit after tax</b>	<b><u>3,650,962,920</u></b>	<b><u>2,388,418,228</u></b>

The tax items shown in the financial statement of the year 2007 are taxes expectedly payable. The official figures will be adjusted in accordance with The Tax Minutes Balance issued by the Tax Authority.

SAOBACDAU TECHNOLOGIES CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended on 31 December 2007

*Expressed in Vietnam dong unless otherwise stated*

**7. Related parties disclosure**

**The salary of The Board of General Directors**

The salary of The Board of General Directors in 2007 is as follows:

	<i>Current year</i>
Salary of The Board of General Directors	2,032,113,509

**8. Events after the balance sheet date**

There were no significant events incurred after the balance sheet date up to date of the financial statements.

The financial statements for the year ended on 31 December 2007 were authorized for issue by the Chief Executive Officer on 5 April 2008.

5 April 2008

**CHIEF ACCOUNTANT**



**HO THI HONG HANH**

**CHIEF EXECUTIVE OFFICER**



**TRAN ANH TUAN**