

**Saigon General Service Corporation
and its subsidiaries**

Consolidated Financial Statements for the
year ended 31 December 2007

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders Saigon General Service Corporation and its subsidiaries

Scope

We have audited the accompanying consolidated balance sheet of Saigon General Service Corporation and its subsidiaries (“the Group”) as of 31 December 2007 and the related consolidated statements of income, changes in equity and cash flows for the year then ended, as set out on pages 4 to 39. These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing and International Standards on Auditing accepted in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 provides a reasonable basis for our opinion.

Qualification

Because we were appointed as auditors of the Group after 31 December 2005, we were not able to observe the counting of the physical inventories at 31 December 2005 or satisfy ourselves as to the inventory quantity by other means.

We were unable to obtain sufficient audit evidence that the financial position of East City Co., Ltd, which were included in the consolidated balance sheet as of 31 December 2005, were fairly presented.

We were unable to obtain sufficient audit evidences to support the Group’ carrying amounts of investments in certain associates accounted for using equity method as of 31 December 2005.

Since the above opening balances enter into the determination of the results of operations, we were unable to determine whether adjustments to the results of operations might be necessary for the year ended 31 December 2006. Our audit report on the consolidated financial statements for the year ended 31 December 2006 was qualified accordingly. The results of operations for the year ended 31 December 2006 were presented as corresponding figures in the consolidated statement of income for the year ended 31 December 2007.

Audit opinion

In our opinion, except for the effect on the corresponding figures for 2006 of such adjustments, if any, to the results of operations for the year ended 31 December 2006, which might have been determined to be necessary had we been able to observe the counting of the physical inventories at 31 December 2005 and obtain sufficient audit evidences regarding the financial position of East City Co., Ltd, and carrying amount of investments in certain associates accounted for using equity method as of 31 December 2005, the consolidated financial statements present fairly, in all material respects, the financial position of Saigon General Service Corporation and its subsidiaries as of 31 December 2007 and their the results of operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

KPMG Limited

Vietnam

Investment Licence No: 863/GP

Audit Report No: 07-01-191

John T. Ditty
CPA No. N0555/KTV
General Director

Ho Chi Minh City,

Nguyen Thanh Nghi
CPA No.0304/KTV

Saigon General Service Corporation and its subsidiaries
Consolidated balance sheet at 31 December 2007

	Code	Note	2007 VND	2006 VND
ASSETS				
Current assets	100		423,494,534,471	177,931,176,126
Cash	110	4	94,604,245,087	32,706,802,450
Short-term investments	120	5	83,920,083,900	20,822,550,000
Accounts receivable – short-term	130		168,222,252,312	42,491,830,640
Accounts receivable – trade	131		44,231,645,637	33,334,183,811
Prepayments to suppliers	132	6	81,614,032,839	3,339,268,620
Inter-company receivables	133		-	889,203,418
Other receivables	138		45,462,330,372	7,476,651,441
Allowance for doubtful debts	139	7	(3,085,756,536)	(2,547,476,650)
Inventories	140	8	62,220,950,801	75,415,482,812
Inventories	141		64,450,774,063	77,733,481,479
Allowance for inventories	149		(2,229,823,262)	(2,317,998,667)
Other current assets	150		14,527,002,371	6,494,510,224
Short-term prepayments	151		1,670,026,643	661,946,239
Deductible value added tax	152		2,954,739,758	3,231,723,510
Taxes receivables from State Treasury	154		415,639,409	1,600,000
Other current assets	158		9,486,596,561	2,599,240,475
Long-term assets	200		650,047,993,485	394,641,552,840
Accounts receivable – long-term	210		-	617,847,834
Fixed assets	220		154,615,703,528	125,023,652,790
Tangible fixed assets	221	9	23,846,253,759	29,755,023,868
Cost	222		47,667,264,677	52,070,466,019
Accumulated depreciation	223		(23,821,010,918)	(22,315,442,151)
Intangible fixed assets	227	10	2,526,106,264	2,648,201,658
Cost	228		4,599,926,000	4,472,464,000
Accumulated amortisation	229		(2,073,819,736)	(1,824,262,342)
Construction in progress	230	11	128,243,343,505	92,620,427,264
Investment property	240	12	23,892,638,328	4,302,974,829
Cost	241		32,579,047,545	9,989,924,175
Accumulated depreciation	242		(8,686,409,217)	(5,686,949,346)

The notes set out on pages 12 to 39 form an integral part of these consolidated financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated balance sheet at 31 December 2007 (continued)

	Code	Note	2007 VND	2006 VND
Long-term investments	250	13	465,705,986,356	261,262,220,971
Investments in associates	252		63,531,680,896	55,105,028,121
Other long-term investments	258		403,656,067,142	207,906,910,209
Allowance for diminution in the value of long-term investments	259		(1,481,761,682)	(1,749,717,359)
Other long-term assets	260		5,833,665,273	3,434,856,416
Long-term prepayments	261		1,221,084,081	1,027,901,519
Deferred tax assets	262	26	1,906,001,721	1,443,865,647
Other long-term assets	268		2,706,579,471	963,089,250
TOTAL ASSETS	270		1,073,542,527,956	572,572,728,966

The notes set out on pages 12 to 39 form an integral part of these consolidated financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated balance sheet at 31 December 2007 (continued)

	Code	Note	2007 VND	2006 VND
RESOURCES				
LIABILITIES	300		669,451,985,169	374,648,312,832
Current liabilities	310		649,338,561,804	349,691,372,351
Short-term borrowings	311	14	480,187,553,177	211,476,697,462
Accounts payable – trade	312		35,285,530,286	45,976,709,810
Advances from customers	313		34,700,630,390	9,135,336,866
Taxes payable to State Treasury	314	15	7,876,857,540	3,958,538,694
Payables to employees	315		41,347,829,563	38,730,651,996
Accrued expenses	316	16	7,876,907,677	4,809,962,578
Other payables	319		42,063,253,171	35,603,474,945
Long-term borrowings and liabilities	330		20,113,423,365	24,956,940,481
Inter-company payables	332		-	500,000,000
Other long-term payables	333		6,853,744,660	6,380,809,498
Long-term borrowings	334	17	8,987,300,000	15,850,740,940
Deferred tax liabilities	335	26	3,256,997,658	1,815,725,383
Provision for severance allowance	336		1,015,381,047	409,664,660
MINORITY INTEREST		18	45,650,892,992	20,379,802,256
EQUITY	400		358,439,649,795	177,544,613,878
Equity	410		355,019,457,174	176,588,271,569
Share capital	411	19	148,734,100,000	128,734,100,000
Share premium	412	19	120,000,000,000	-
Treasury shares	413	19	(2,801,612,500)	(2,801,612,500)
Investment and development fund	417		12,098,543,923	3,987,290,914
Financial reserve fund	418		3,371,905,229	1,627,184,098
Retained profits	419		73,616,520,522	45,041,309,057
Other fund	430		3,420,192,621	956,342,309
Welfare and bonus fund	431		3,420,192,621	956,342,309
TOTAL RESOURCES	440		1,073,542,527,956	572,572,728,966

Prepared by:

Approved by:

Hoang Thi Thao
Chief Accountant

Nguyen Vinh Tho
General Director

Saigon General Service Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2007

	Code	Note	2007 VND	2006 VND
Total revenue	01	20	1,750,035,576,139	1,171,328,183,155
Less sales deductions	03		(5,333,825,766)	(12,728,283,502)
Net sales	10	20	1,744,701,750,373	1,158,599,899,653
Cost of sales	11	21	(1,635,311,308,187)	(1,091,814,285,682)
Gross profit	20		109,390,442,186	66,785,613,971
Financial income	21	22	93,198,923,731	61,454,050,543
Financial expenses	22	23	(29,302,699,391)	(17,748,019,524)
Selling expenses	24		(45,101,448,461)	(36,672,909,223)
General and administration expenses	25		(58,934,475,819)	(41,980,349,404)
Net operating profit	30		69,250,742,246	31,838,386,363
Income from associates		13	581,318,277	973,589,380
Results of other activities	40			
Other income	31	24	17,391,333,915	25,302,982,349
Other expenses	32	25	(3,255,243,926)	(9,228,049,868)
Profit before tax	50		83,968,150,512	48,886,908,224
Corporate income tax – current	51	26	(9,169,128,658)	(2,142,804,625)
Corporate income tax – deferred	52	26	(979,136,201)	(893,605,251)
Net profit after tax			73,819,885,653	45,850,498,348

The notes set out on pages 12 to 39 form an integral part of these consolidated financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2007 (continued)

	Code	Note	2007 VND	2006 VND
Earnings attributable to equity holders of the Company			65,821,587,337	44,918,337,316
Earnings attributable to the minority interest			7,998,298,316	932,161,032
Net profit after tax	60		73,819,885,653	45,850,498,348
Earnings per share	70	27	4,755	3,687

Prepared by:

Approved by:

Hoang Thi Thao
Chief Accountant

Nguyen Vinh Tho
General Director

Saigon General Service Corporation and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2007

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Retained profits VND	Bonus and welfare fund VND	Total VND
Balance at 1 January 2006	108,739,300,000	-	(2,215,937,500)	-	-	27,793,284,186	-	134,316,646,686
Shares issued	19,994,800,000	-	-	-	-	-	-	19,994,800,000
Shares bought back	-	-	(585,675,000)	-	-	-	-	(585,675,000)
Net profit for the year	-	-	-	-	-	44,918,337,316	-	44,918,337,316
Allocation to funds	-	-	-	3,987,290,914	1,627,184,098	(8,698,770,455)	3,084,295,443	-
Dividends	-	-	-	-	-	(18,971,541,990)	-	(18,971,541,990)
Utilised during the year	-	-	-	-	-	-	(2,127,953,134)	(2,127,953,134)
Balance at 1 January 2007	128,734,100,000	-	(2,801,612,500)	3,987,290,914	1,627,184,098	45,041,309,057	956,342,309	177,544,613,878
Shares issued	20,000,000,000	120,000,000,000	-	-	-	-	-	140,000,000,000
Net profit for the year	-	-	-	-	-	65,821,587,337	-	65,821,587,337
Allocation to funds	-	-	-	8,111,253,009	1,744,721,131	(13,285,125,872)	3,429,151,732	-
Dividends	-	-	-	-	-	(22,949,489,000)	-	(22,949,489,000)
Management public relation fund	-	-	-	-	-	(919,527,314)	-	(919,527,314)
Other deduction	-	-	-	-	-	(92,233,686)	-	(92,233,686)
Utilised during the year	-	-	-	-	-	-	(965,301,420)	(965,301,420)
Balance at 31 December 2007	148,734,100,000	120,000,000,000	(2,801,612,500)	12,098,543,923	3,371,905,229	73,616,520,522	3,420,192,621	358,439,649,795

Prepared by:

Approved by:

Hoang Thi Thao
Chief Accountant

Nguyen Vinh Tho
General Director

The notes set out on pages 12 to 39 form an integral part of these consolidated financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2007

	Code	Note	2007 VND	2006 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		83,968,150,512	48,886,908,224
Adjustments for				
Depreciation and amortisation	02		10,086,763,168	7,024,229,105
Allowances and provisions	03		3,496,249,910	3,331,931,492
(Gain)/loss on disposals of assets			(78,089,221)	567,094,827
Fixed assets written off	05		-	214,071,427
Interest expense	06		26,058,258,449	14,355,640,237
Dividends and interest income			(31,488,473,853)	(12,087,118,937)
Income from associates			(581,318,277)	(973,589,380)
Loss on disposal of associates			-	4,762,678,453
Operating profit before changes in working capital	08		91,461,540,688	66,081,845,448
(Increase)/decrease in receivables and other current assets	09		(135,620,018,654)	45,317,353,678
Decrease in inventories	10		12,347,411,987	26,400,889,631
Increase in payables and other liabilities	11		29,354,836,373	18,948,440,744
Increase in trading securities			(64,008,383,900)	(14,322,550,000)
			(66,464,613,506)	142,425,979,501
Interest paid	13		(22,136,997,447)	(15,755,181,659)
Corporate income tax paid	14		(5,097,452,270)	(2,342,016,993)
Other payments for operating activities	16		(2,142,129,480)	(2,325,125,356)
Net cash (used in)/generated from operating activities	20		(95,841,192,703)	122,003,655,493

The notes set out on pages 12 to 39 form an integral part of these consolidated financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2007 (continued)

	Code	Note	2007 VND	2006 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(62,266,862,457)	(43,213,845,812)
Proceeds from disposals of fixed assets and other long-term assets	22		3,076,474,273	2,277,703,648
Proceeds from disposals of investments in associates			-	1,200,000,000
Payments for investments in other entities	25		(184,287,198,168)	(115,641,104,068)
Receipts of dividends and interest	27		6,752,284,437	13,598,626,781
Net assets of subsidiary bought by the Group			-	(26,303,536)
Net cash used in investing activities	30		(236,725,301,915)	(141,804,922,987)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued by subsidiaries to minority interest			18,954,000,000	200,000,000
Proceeds from equity issued	31		140,000,000,000	19,994,800,000
Payments for shares repurchases	32		-	(585,675,000)
Proceeds from borrowings	33		900,332,351,625	668,933,401,650
Payments to settle debts	34		(638,484,936,850)	(655,914,107,136)
Payments of dividends to equity holders of the Company			(24,821,337,000)	(18,971,541,990)
Payments of dividends by subsidiaries to minority interest			(1,516,140,520)	(3,117,111,717)
Net cash generated from financing activities	40		394,463,937,255	10,539,765,807
Net cash flows during the year	50		61,897,442,637	(9,261,501,687)
Cash at the beginning of the year	60		32,706,802,450	41,968,304,137
Cash at the end of the year	70	4	94,604,245,087	32,706,802,450

Prepared by:

Approved by:

Hoang Thi Thao
Chief Accountant

Nguyen Vinh Tho
General Director

The notes set out on pages 12 to 39 form an integral part of these consolidated financial statements

Saigon General Service Corporation and its subsidiaries

Notes to the consolidated financial statements for year ended 31 December 2007

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

1. Company background

Saigon General Service Corporation (“the Company”) is incorporated as a joint-stock company under Decision No 3448/QD-UB issued by Ho Chi Minh City People Committee on 9 July 2004 and amended by Decision No 3449/QD-UB on the same day. The Company officially started as a joint-stock company on 4 January 2005 when the former State owned company handed over its seal to the Company. The principal activities of the Company are:

- Trading: buy and sell industrial goods, agricultural and forestry products, seafood, textiles, consumable goods, cosmetics, cultural products, food and beverage, properties and other products;
- Services: provide value added services and other services in general, including transportation, freight-forwarding, car and motorbike and electronic products maintenance, lease of property and other services;
- Investments: invest in subsidiaries, associates and in shares of other entities. See Note 13 for details of the Company’s investments in joint ventures and associates and Note 28 for the Company’s subsidiaries.
- Saigon General Service Corporation is listed on the Hanoi Stock Exchange.

As at 31 December 2007 the Company had 166 employees (2006: 277 employees)

2. Summary of significant accounting policies

The consolidated financial statements of the Group for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities. The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of financial statement preparation

The consolidated financial statements, expressed in Vietnam Dong (“VND”), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam, and are prepared on the historical cost basis.

The accounting policies have been consistently applied by the Group.

(b) Fiscal year

The fiscal period of the Group is from 1 January to 31 December.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2007 (continued)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Joint ventures and associates

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Associates are those entities with which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures and associates on an equity accounted basis, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains or losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill is written off as incurred.

If the fair value of the Group's share of the net assets of the acquired subsidiary, associate or joint venture exceeds the cost of its acquisition, the excess is recognised in the statement of income immediately.

(d) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates approximating those ruling at the transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income.

(e) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

(f) Trading securities, short-term and long-term investments

(i) Classification

The Group classifies its investments in shares listed or non-listed, as short-term investment or long-term investment depending on the Group's intention and investment strategy in respect of relevant investees.

(ii) Recognition

The Group recognises trading securities, short-term and long-term investments on the date it becomes a party to the contractual provisions of the investments (trade date accounting).

(iii) Measurement

Trading securities, short-term and long-term investments are stated at cost less allowance for diminution in value.

Cost of trading securities, short-term and long-term investments are determined on a weighted average basis.

(iv) Impairment

The allowance for diminution of listed securities is made in accordance with the current regulation as issued by the Ministry of Finance. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(v) Derecognition

Trading securities, short-term and long-term investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(g) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventory.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

(i) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	6 – 42 years
▪ machinery and equipment	4 – 8 years
▪ office equipment and others	2 – 7 years
▪ motor vehicles	5 – 6 years

(j) Investment property

(i) Cost

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after investment property has been put into operation, such as repairs and maintenance, is normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of investment property.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property from 6 to 22 years.

(k) Construction in progress

Construction in progress represents the cost of construction which has not been fully completed. No depreciation is provided for construction in progress during the period of construction.

(l) Trade and other payables

Trade and other payables are stated at their cost.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Equity funds

Allocations are made to equity funds from retained profits each year based on percentage decided by the shareholders in their annual ordinary general meeting.

(p) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(ii) Services rendered

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

(iii) Rental income

Rental income from leased property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(iv) Dividend income

Dividends are recognised as income when the right to receive the dividend is established.

(v) Revenue from securities trading

Revenue from securities trading activities is recognised in the statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

(q) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(r) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying tangible fixed assets and investment property, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment. The Group operates in Vietnam, a single geographical segment.

(t) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2007 (continued)

3. Segment reporting

	Cars and motorbikes trading		Property rental		Securities trading		Others		Total	
	2007 VND	2006 VND	2007 VND	2006 VND	2007 VND	2006 VND	2007 VND	2006 VND	2007 VND	2006 VND
Revenues from external customers	1,698,424,278,238	1,111,570,869,632	20,223,814,352	11,684,823,140	93,235,491,967	60,332,888,381	43,408,423,462	62,741,940,773	1,855,292,008,019	1,246,330,521,926
Directly and attributable to segment expenses	1,674,367,741,791	1,105,321,777,477	16,519,800,747	10,457,360,101	39,870,398,732	25,629,980,339	41,147,234,514	56,034,495,785	1,771,905,175,784	1,197,443,613,702
Segmental profit during the year	24,056,536,447	6,249,092,155	3,704,013,605	1,227,463,039	53,365,093,235	34,702,908,042	2,261,188,948	6,707,444,988	83,386,832,235	48,886,908,224

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

	Cars and motorbikes trading		Property rental		Securities trading		Others		Total	
	2007 VND	2006 VND	2007 VND	2006 VND	2007 VND	2006 VND	2007 VND	2006 VND	2007 VND	2006 VND
Assets										
Current assets	146,316,249,251	142,893,157,748	125,857,331,047	726,238,413	79,214,572,900	18,753,031,045	4,337,751,648	12,270,912,189	355,725,904,846	174,643,339,394
Non-current assets	11,246,430,516	15,129,303,473	270,260,206,436	163,974,638,337	415,157,313,791	199,671,472,749	11,274,044,511	11,945,759,225	707,937,995,254	390,721,173,784
Un-allocated assets	-	-	-	-	-	-	-	-	9,878,627,856	7,208,215,788
	157,562,679,767	158,022,461,221	396,117,537,483	164,700,876,750	494,371,886,691	218,424,503,794	15,611,796,159	24,216,671,414	1,073,542,527,956	572,572,728,966
Liabilities										
Current liabilities	76,479,896,367	101,388,695,418	173,161,431,433	61,298,727,921	389,911,677,564	180,884,984,750	9,785,556,440	6,118,964,262	649,338,561,804	349,691,372,351
Non-current liabilities	1,734,807,671	2,236,600,445	7,566,625,064	2,537,643,079	8,116,459,716	13,138,893,493	2,695,530,914	7,043,803,464	20,113,423,365	24,956,940,481
	78,214,704,038	103,625,295,863	180,728,056,497	63,836,371,000	398,028,137,280	194,023,878,243	12,481,087,354	13,162,767,726	669,451,985,169	374,648,312,832
Depreciation and amortisation	3,885,950,296	5,158,401,574	3,000,823,815	269,453,541	821,911,172	768,522,951	2,378,077,885	827,851,039	10,086,763,168	7,024,229,105
Allowance and provision	1,385,399,910	3,012,660,663	-	-	2,110,850,000	1,749,717,359	-	-	3,496,249,910	4,762,378,022
Capital expenditure	1,780,611,615	2,838,236,395	58,274,253,084	27,623,995,725	-	16,878,410	2,211,997,758	226,603,898	62,266,862,457	30,705,714,428

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2007 (continued)

4. Cash

	2007 VND	2006 VND
Cash on hand	3,145,997,075	1,221,933,849
Cash in bank	89,519,248,012	31,484,868,601
Cash in transit	1,939,000,000	-
	<hr/>	<hr/>
	94,604,245,087	32,706,802,450
	<hr/>	<hr/>

Cash at 31 December 2007 included amounts denominated in currencies other than VND amounting to VND1,687 million (2006: VND178 million).

5. Short-term investments

Short-term investments represented investments in trading securities. During the year allowance for diminution in value of short-term investments of VND2,110,850,000 was made.

At 31 December 2007 short-term investments with a carrying value of VND15,644 million (2006: VND8,226 million) were pledged with banks as security for loans granted to the Group.

6. Prepayment to suppliers

Prepayments to suppliers at of 31 December 2007 included amounts prepaid for acquisition of buildings and construction services of VND78,139 million (2006: nil).

7. Allowance for doubtful debts

Movements in the allowance for doubtful debts during the year were as follows:

	2007 VND	2006 VND
Opening balance	2,547,476,650	2,310,222,606
Increase in allowance during the year	538,279,886	237,254,044
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Closing balance	3,085,756,536	2,547,476,650
	<hr/>	<hr/>

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

8. Inventories

	2007 VND	2006 VND
Raw materials	731,788,279	2,947,199,891
Tools and supplies	-	16,267,314
Services in progress	1,107,645,210	474,641,334
Finished goods	-	1,261,760,431
Merchandise inventory	62,476,850,613	72,899,122,548
Goods on consignment	134,489,961	134,489,961
	<hr/>	<hr/>
	64,450,774,063	77,733,481,479
Allowance for inventories	(2,229,823,262)	(2,317,998,667)
	<hr/>	<hr/>
	62,220,950,801	75,415,482,812
	<hr/> <hr/>	<hr/> <hr/>

Movements in the allowance for inventories during the year were as follows:

	2007 VND	2006 VND
Opening balance	2,317,998,667	1,848,694,166
Increase in allowance during the year	847,120,024	935,295,429
Allowance utilised during the year	(935,295,429)	(157,589,210)
Written back	-	(308,401,718)
	<hr/>	<hr/>
Closing balance	2,229,823,262	2,317,998,667
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2007 inventories with a carrying value of VND10,732 million (2006: VND28,637 million) were pledged with banks as security for loans granted to the Group

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for year ended 31 December 2007 (continued)

9. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Others VND	Total VND
Cost						
Opening balance	21,123,060,444	16,713,932,516	2,516,437,663	11,399,107,695	317,927,701	52,070,466,019
Additions	-	1,278,277,621	822,135,193	1,826,948,032	-	3,927,360,846
Disposals	(2,326,814,168)	-	(320,790,525)	(5,542,567,868)	-	(8,190,172,561)
Write off	-	(126,100,307)	(14,289,320)	-	-	(140,389,627)
Closing balance	18,796,246,276	17,866,109,830	3,003,493,011	7,683,487,859	317,927,701	47,667,264,677
Accumulated depreciation						
Opening balance	11,187,073,607	3,723,083,600	1,669,990,361	5,538,341,920	196,952,663	22,315,442,151
Charge for the year	1,912,606,646	2,766,233,409	342,675,860	1,745,459,532	70,770,456	6,837,745,903
Disposals	(1,490,369,750)	-	(287,919,564)	(3,413,498,195)	-	(5,191,787,509)
Write off	-	(126,100,307)	(14,289,320)	-	-	(140,389,627)
Closing balance	11,609,310,503	6,363,216,702	1,710,457,337	3,870,303,257	267,723,119	23,821,010,918
Net book value						
Closing balance	7,186,935,773	11,502,893,128	1,293,035,674	3,813,184,602	50,204,582	23,846,253,759
Opening balance	9,935,986,837	12,990,848,916	846,447,302	5,860,765,775	120,975,038	29,755,023,868

Included in the cost of tangible fixed assets were assets costing VND4,209 million which were fully depreciated as of 31 December 2007 (2006: VND3,481 million), but which are still in active use.

Saigon General Service Corporation

Notes to the consolidated financial statements for year ended 31 December 2007 (continued)

10. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	4,472,464,000	-	4,472,464,000
Addition	-	127,462,000	127,462,000
Closing balance	4,472,464,000	127,462,000	4,599,926,000
Accumulated depreciation			
Opening balance	1,824,262,342	-	1,824,262,342
Charge for the year	235,392,840	14,164,554	249,557,394
Closing balance	2,059,655,182	14,164,554	2,073,819,736
Net book value			
Closing balance	2,412,808,818	113,297,446	2,526,106,264
Opening balance	2,648,201,658	-	2,648,201,658

Land use rights represent rights to use land owned by a subsidiary. The cost to acquire the rights and any directly attributable costs incurred in conjunction with securing the rights are amortised over the term of the rights of 20 years.

Software costs are amortised over 3 to 4 years.

11. Construction in progress

	2007 VND
Opening balance	92,620,427,264
Additions during the year	58,212,039,611
Transfer to investment property	(22,589,123,370)
Closing balance	128,243,343,505

At 31 December 2007, construction in progress with a carrying value of VND2,011 million (2006: VND71,181 million) was pledged with a bank as security for loans granted to the Group.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

12. Investment property

	Buildings VND
Cost	
Opening balance	9,989,924,175
Transfer from construction in progress	22,589,123,370
	<hr/>
Closing balance	32,579,047,545
	<hr/>
Accumulated depreciation	
Opening balance	5,686,949,346
Charge for the year	2,999,459,871
	<hr/>
Closing balance	8,686,409,217
	<hr/>
Net book value	
Closing balance	23,892,638,328
Opening balance	4,302,974,829
	<hr/>

The Group's investment property represented buildings held for earning rental income.

The fair value of investment property has not been determined as there was no recent market transaction for similar property in the same location as the Group's investment property and there is no active market for such property.

At 31 December 2007, investment property with a carrying value of VND20,438 million (2006: VND17,194 million) were pledged with banks as security for loans granted to the group.

13. Long-term investments

	2007 VND	2006 VND
Long term equity investments in associates	63,531,680,896	55,105,028,121
Long-term corporate bonds	1,000,000,000	1,000,000,000
Long term treasury bonds	150,000,000	150,000,000
Other long-term investments	402,506,067,142	206,756,910,209
	<hr/>	<hr/>
	467,187,748,038	263,011,938,330
Allowance for diminution in value of long-term investments	(1,481,761,682)	(1,749,717,359)
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	465,705,986,356	261,262,220,971
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Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

Movements of investments in associates were as follows:

	2007 VND	2006 VND
Balance at the beginning of the year	55,105,028,121	62,040,232,646
New investments	9,950,298,800	3,565,000,200
Elimination of unrealised profits	248,684,638	250,674,833
Share in net profit of associates (net of corporate income tax)	581,318,277	973,589,380
Disposals of associates	-	(5,962,678,453)
Dividends from associates	(2,353,648,940)	(1,511,507,844)
Transfer to other long-term investments	-	(4,250,282,641)
	<hr/>	<hr/>
	63,531,680,896	55,105,028,121
	<hr/>	<hr/>

At 31 December 2007 other investment in associates with cost of VND31,753 million and long-term investments with cost of VND189,194 million (2006: VND23,649 million and VND40,109 million) were pledged with banks as security for loans granted to the Group.

Movements in the allowance for diminution in value of long-term investments during the year were as follows:

	2007 VND	2006 VND
Opening balance	1,749,717,359	-
Increase in allowance during the year	-	1,749,717,359
Written back	(267,955,677)	-
	<hr/>	<hr/>
Closing balance	1,481,761,682	1,749,717,359
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Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

Details of the investments in associates are as follows:

Name	Principal activity	Investment Licence	% of ownership	2007 VND	2006 VND
Tam Binh Thu Duc Services Co., Ltd	Trade, process food and agricultural products, provide warehouse lease, transportation, packaging, tourism service, investing, managing consult and trade promotion services.	Business Licence No. 4102019420 issued by Ho Chi Minh City Planning and Investment Department on 9 January 2001, 22 December 2003 and 21 November 2007.	30%	6,461,561,597	4,555,837,317
Comfort Delgro Savico Taxi Company	Operate taxi transportation services and other related services in Vietnam.	Business Licence No. 824/GP-HCM issued by the People's Committee of Ho Chi Minh City on 28 March 2005.	40.19%	21,442,496,320	27,220,333,639
Saigon Services Co., Ltd	Construct civil, industrial projects; provide office lease and entertainment services.	Business Licence No. 4102003457 issued by Ho Chi Minh City Planning and Investment Department on 9 January 2001.	49%	1,828,354,504	2,250,462,925
Dana Joint Stock Company (formerly known as Ford Auto Trading & Services Co., Ltd)	Act as dealer of Ford Vietnam Co., Ltd and provide vehicle repair and maintenance, transportation and vehicle lease services.	Business Licence No. 044937 issued by the Planning and Investment Department of Danang on 16 June 1998 and amended on 25 June 2007.	40%	4,339,005,913	3,674,105,711
Toyota East Saigon Joint Stock Company	Trade vehicle, automobile spare part, automobile maintenance service, transportation, handicraft works, foods, infrastructures, entertainment services.	Business Licence No. 4103001903 issued by Ho Chi Minh City Planning and Investment Department on 3 November 2003, amended on 14 July 2005, 14 November 2007.	35.16%	27,799,233,828	16,021,795,632
Savico Ben Thanh Co., Ltd	Trade vehicles, electrical engines, automobile spare parts, electronic household equipments, construction materials, and interior decorative materials, provide car lease, automobile repair and maintenance and post office services.	Business Licence No. 4102036521 issued by Ho Chi Minh City Planning and Investment Department on 25 January 2006.	37%	1,661,028,734	1,382,492,897
				63,531,680,896	55,105,028,121

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

14. Short-term borrowings

		2007	2006
		VND	VND
Short-term borrowings			
Incombank – 1 st branch	(a)	5,098,251,622	22,276,828,164
Incombank – 1 st branch	(b)	34,008,000,000	-
Orient Commercial Bank	(c)	150,000,000,000	11,000,000,000
Saigon Services Co., Ltd.	(d)	1,800,000,000	1,800,000,000
Agriculture Bank Securities Company		-	17,500,000,000
Southern Bank	(e)	48,000,000,000	48,000,000,000
Petro Finance Joint Venture – Ho Chi Minh Branch	(f)	42,500,000,000	30,000,000,000
ANZ Bank – HCMC Branch	(g)	112,000,000,000	-
Bank for Investment and Development of Vietnam	(h)	1,470,000,000	-
Orient Securities Corporation	(i)	32,272,000,000	-
Sai Gon Thuong Tin Commercial Joint-stock Bank	(j)	23,900,000,000	-
Hong Kong and Shanghai Bank	(k)	7,073,801,555	35,033,503,409
Orient Commercial Bank		-	7,335,000,000
Orient Commercial Bank		-	4,000,000,000
Orient Commercial Bank	(l)	970,000,000	960,000,000
Orient Securities Corporation	(m)	19,319,500,000	-
Others		-	300,000,000
		<hr/>	<hr/>
		478,411,553,177	178,205,331,573
Current portion of long-term liabilities		1,776,000,000	33,271,365,889
		<hr/>	<hr/>
		480,187,553,177	211,476,697,462
		<hr/> <hr/>	<hr/> <hr/>

- a. This loan is secured by investments in associates and other long-term investments with cost of VND8,005 million and VND852 million, respectively. The loan bore interest at 10.44% (2006: 10.44%) per annum.
- b. This loan is unsecured and bore interest at 8% per annum. Interest is borne by Vinaland Investments Limited.
- c. This loan is secured by short-term investments and other long-term investments in securities with cost of VND15,644 million and VND77,000 million, respectively. The loan bore interest at 12% to 13.2% (2006: 11.4%) per annum.
- d. This loan is from an associate, unsecured and interest free.
- e. This loan is secured by other long-term investments in securities with cost of VND28,400 million. The loan bore interest at 13.8% (2006: 11.06%) per annum during the year.
- f. This loan is secured by other long-term investments in securities with cost of VND21,250 million. This loan bore interest at 12.12% (2006: 11.93% to 12.53%) per annum.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

- g. This loan is secured by land used right at 555 Tran Hung Dao. A portion of loan principal of VND12 billion bore interest at 7.19% per annum and the remainder of VND100 billion bore interest at 9.2 to 9.3% per annum.
- h. This loan is secured by construction in progress formed from borrowings with carrying value of VND1,402 million. The loan bore interest at 11.22% per annum.
- i. This loan is secured by other long-term investments in securities with cost of VND19,000 million. This loan bore interest at 13.8% per annum.
- j. This loan is secured by other long-term investments in securities with cost of VND41,727 million. This loan bore interest 10.8% per annum.
- k. This loan is secured by inventories which carrying value is VND10,732 million (2006: VND28,637 million). The loan bore interest at 11.25% to 11.75% (2006: 11.35% to 12.55%) per annum during the year.
- l. This loan is unsecured and bore interest at 13.8% (2006: 13.8%) per annum during the year.
- m. This loan is secured by investments in associates and other long-term investments in securities with cost of VND8,104 million and VND965 million, respectively. This loan bore interest at 14% per annum.

15. Taxes payable to State Treasury

	2007 VND	2006 VND
Value added tax	1,603,776,927	-
Import tax	-	2,423,649,599
Corporate income tax	4,186,797,020	115,120,632
Other taxes	2,086,283,593	1,419,768,463
	<hr/> 7,876,857,540	<hr/> 3,958,538,694
	<hr/> <hr/>	<hr/> <hr/>

16. Accrued expenses

	2007 VND	2006 VND
Accruals of interest expenses	5,338,360,424	1,417,099,422
Accruals of rental fee	133,623,100	342,749,621
Accruals of audit fee	634,430,665	393,020,000
Accruals of salary and related expenses	1,346,324,778	1,173,578,544
Others	424,168,710	1,483,514,991
	<hr/> 7,876,907,677	<hr/> 4,809,962,578
	<hr/> <hr/>	<hr/> <hr/>

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

17. Long-term borrowings

	2007	2006
	VND	VND
Long-term borrowings from		
Vietcombank	-	3,740,690,534
Vietcombank (a)	57,500,000	-
Vietcombank (b)	613,800,000	-
Incombank – Branch 1	-	27,853,678,000
Incombank – Branch 1 (c)	10,092,000,000	11,067,080,368
HSBC	-	1,334,317,034
Orient Commercial Bank	-	5,126,340,893
	<hr/>	<hr/>
	10,763,300,000	49,122,106,829
Repayable within twelve months	(1,776,000,000)	(33,271,365,889)
	<hr/>	<hr/>
Repayable after twelve months	8,987,300,000	15,850,740,940
	<hr/> <hr/>	<hr/> <hr/>

- a. This loan is secured by construction in progress formed from the borrowings, with carrying value of VND295 million. The loan bore interest at 11.76% (2006: 9.96%) per annum. The loan repayment schedule will be determined on 31 May 2008.
- b. The loan is secured by construction in progress formed from the borrowings, with carrying value of VND314 million. The loan bore interest at 11.76% (2006: 9.96%) per annum. The loan repayment schedule will be determined on 31 May 2008.
- c. This loan is secured by investment properties formed from the borrowings, with carrying value of VND20,483 million (2006: VND17,194 million). The loan bore interest at 14.4% (2006: 12.6%) per annum. Principal outstanding as of 31 December 2007 is repayable in 68 monthly equal instalments of VND148 million each and final instalment of VND28 million.

18. Minority interest

	2007	2006
	VND	VND
Balance at the beginning of the year	20,379,802,256	22,588,228,699
Net earnings attributable to minority interest during the year	7,998,298,316	932,161,032
Capital contribution during the year	18,954,000,000	200,000,000
Dividends	(1,516,140,520)	(3,117,111,717)
Net assets acquired by the Group	-	(26,303,536)
Utilisation of welfare and bonus fund borne by minority interest	(165,067,060)	(197,172,222)
	<hr/>	<hr/>
Balance at the end of the year	45,650,892,992	20,379,802,256
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Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

19. Share capital

	2007		2006	
	Number of shares	VND	Number of shares	VND
Authorised share capital	14,873,410	148,734,100,000	12,873,410	128,734,100,000
Issued ordinary shares	14,873,410	148,734,100,000	12,873,410	128,734,100,000
Treasury ordinary shares	197,240	2,801,612,500	197,240	2,801,612,500
Ordinary shares currently in circulation	14,676,170	145,932,487,500	12,676,170	125,932,487,500

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

	2007		2006	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	12,676,170	125,932,487,500	10,702,880	106,523,362,500
Shares issued during the year	2,000,000	20,000,000,000	1,999,480	19,994,800,000
Treasury shares purchased during the year	-	-	(26,190)	(585,675,000)
Balance at the end of the year	14,676,170	145,932,487,500	12,676,170	125,932,487,500

In May 2007, the Company issued 2,000,000 shares at VND70,000 for each share. The excess of proceeds from shares issuance over the par value totalling VND120 billion was recorded as share premium in equity section.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

20. Total revenue

Total revenue represents the gross invoiced value of goods sold and services rendered exclusive of value added tax.

Net sales comprised of:

	2007 VND	2006 VND
Total revenue		
▪ Sales	1,653,683,153,418	1,126,985,241,846
▪ Services	90,641,349,788	41,215,929,409
▪ Rental income from investment property	5,711,072,933	3,127,011,900
	<hr/>	<hr/>
	1,750,035,576,139	1,171,328,183,155
Less sales deductions	(5,333,825,766)	(12,728,283,502)
	<hr/>	<hr/>
Net sales	1,744,701,750,373	1,158,599,899,653
	<hr/> <hr/>	<hr/> <hr/>

21. Cost of sales

	2007 VND	2006 VND
Total cost of sales		
▪ Merchandise goods sold	1,546,326,347,789	1,059,864,122,747
▪ Services provided	86,073,639,932	28,808,069,203
▪ Depreciation charge of investment property	2,999,495,871	863,857,065
▪ Allowance for inventories	(88,175,405)	2,278,236,667
	<hr/>	<hr/>
	1,635,311,308,187	1,091,814,285,682
	<hr/> <hr/>	<hr/> <hr/>

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

22. Financial income

	2007 VND	2006 VND
Interest income from banks	848,468,872	1,081,144,450
Income from investments	2,098,515,211	1,237,966,934
Income from securities trading	59,374,058,703	49,182,985,000
Dividends	30,640,004,981	9,375,432,553
Foreign exchange gains	237,875,964	22,765,846
Others	-	553,755,760
	<hr/>	<hr/>
	93,198,923,731	61,454,050,543
	<hr/>	<hr/>

23. Financial expenses

	2007 VND	2006 VND
Interest expense to banks	26,058,258,449	14,355,640,237
Loss from disposals of short-term investments	-	2,650,551,132
Securities trading expense	1,089,939,820	57,954,263
Other investment expense	-	618,383,000
Foreign exchange losses	224,751,481	65,490,892
Allowance for short-term and long-term investments	1,842,894,323	-
Others	86,855,318	-
	<hr/>	<hr/>
	29,302,699,391	17,748,019,524
	<hr/>	<hr/>

24. Other income

	2007 VND	2006 VND
Proceeds on disposals of assets	3,076,474,273	2,277,703,648
Commission received from other parties	4,398,781,194	2,508,822,233
Compensation received from other parties	250,927,063	-
Deduction in payables offered by suppliers	-	5,212,253,546
Others	9,665,151,385	15,304,202,922
	<hr/>	<hr/>
	17,391,333,915	25,302,982,349
	<hr/>	<hr/>

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

25. Other expenses

	2007 VND	2006 VND
Carrying value of assets disposed	2,998,385,052	2,844,798,475
Others	256,858,874	6,383,251,393
	<hr/> 3,255,243,926	<hr/> 9,228,049,868

26. Corporate income tax

(a) Recognised in the balance sheet

	2007 VND	2006 VND
Deferred tax assets		
Allowances and provisions	46,399,725	-
Tax value of loss carry-forwards recognised	1,859,601,996	1,443,865,647
	<hr/> 1,906,001,721	<hr/> 1,443,865,647
Deferred tax liabilities		
Tax value of income recognised	(1,978,494,501)	(1,815,725,383)
Reversal of temporary difference	(1,278,503,157)	-
	<hr/> (3,256,997,658)	<hr/> (1,815,725,383)
	<hr/> (1,350,995,937)	<hr/> (371,859,736)

(b) Recognised in the statement of income

	2007 VND	2006 VND
Current tax expense		
Current year	9,169,128,658	2,142,804,625
	<hr/>	<hr/>
Deferred tax expense		
Origination of temporary differences	979,136,201	893,605,251
	<hr/>	<hr/>
Corporate income tax ("CIT") expense	10,148,264,859	3,036,409,876

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

(c) Reconciliation of effective tax rate

	2007 VND	2006 VND
Profit before tax	83,968,150,512	48,886,908,224
Tax at CIT rate applicable to the Company	23,511,082,138	13,688,334,303
Tax effect of non deductible expenses	300,684,646	1,861,898
Tax effect of non taxable income	(4,915,509,226)	(2,901,314,368)
Effect of tax incentives	(8,354,899,544)	(7,890,195,234)
Effect of reduced tax rate at subsidiary	(393,093,155)	(81,055,161)
Under provision in prior years	-	218,778,438
CIT expense	10,148,264,859	3,036,409,876

(d) Applicable tax rates

Saigon General Service Corporation and its subsidiaries have an obligation to pay the Government CIT at the rate that is generally applied for companies in Vietnam, which is currently at 28%, except for New Era Motor Services Co., Ltd. which is subject to 25% CIT rate. Saigon General Service Corporation is exempted from CIT for 2005 and 2006 and receive a 50% reduction in CIT for the five succeeding years (2007 to 2011).

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

27. Basic earnings per shares

The calculation of basic earnings per share at 31 December 2007 was based on the earnings attributable to equity holders of the parent and a weighted average number of ordinary shares outstanding, calculated as follows:

	2007 VND	2006 VND
<i>Earnings attributable to equity holders of the Company</i>	65,821,587,337	44,918,337,316
<hr/>		
<i>Weighted average number of ordinary shares</i>		
	2007 Number of shares	2006 Number of shares
Issued ordinary shares at the beginning of the year	12,182,320	10,873,930
Effect of treasury share	(197,240)	(171,050)
Effect of share issued in March 2006	-	1,499,610
Effect of share brought back in January 2006	-	(11,700)
Effect of share brought back in March 2006	-	(7,650)
Effect of share brought back in June 2006	-	(270)
Effect of share brought back in October 2006	-	(475)
Effect of share brought back in November 2006	-	(75)
Effect of shares issued in May 2007	1,166,667	-
	<hr/>	
Weighted average number of ordinary shares as at 31 December 2007	13,842,837	12,182,320
	<hr/>	

As of 31 December 2007, the Company does not have potentially dilutive ordinary shares.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

28. Significant transactions with related parties

Identity of related parties

Ben Thanh General Corporation has significant influence over the Company. The Company also has controlling related party relationships with its subsidiaries.

Subsidiaries Name	Principal activity	Investment licence	% of ownership
East City Co., Ltd	Trade vehicles, electrical engines, automobile and marine spare-parts, household equipments, fertilizers, construction materials, interior decorative materials; and provide construction, car lease, automobile repair and maintenance services.	Business Licence No. 4102014294 issued by Ho Chi Minh City Planning and Investment Department on 5 March 2003 and amended on 22 October 2003.	55%
Saigon Ford Co., Ltd	Act as an automobile dealer and provide vehicle repair and maintenance services.	Business Licence No. 4102001544 issued by Ho Chi Minh City Planning and Investment Department on 5 March 2003, amended on 22 October 2003 and 26 April 2005.	52.05%
New Era Motors Services Ltd	Provide car after-sale services and act as a car dealer.	Business Licence No. 14/GP-HN issued by the People's Committee of Hanoi on 22 January 1998.	51%
Savico Automatic Service and Trading Co., Ltd (SAVICO - R Co., Ltd)	Trade electrical engines, automatic selling machines, spare parts, foods, sell and lease automatic selling machines, provide advisory services, domestic transportation services, telecom and postal services; and business advertising services, and provide office lease service.	Business Licence No. 4102034948 issued by Ho Chi Minh City Planning and Investment Department on 23 November 2005 and amended on 19 January 2006 and 12 October 2007.	99%
Saigon Auto Service Trading Limited Company	Trade vehicles, electrical engines, automobile spare parts, electronic household equipment, construction material, interior decorative, lease cars, provide automobile repair and maintenance and post office services.	Business Licence No. 5702001169 issued by Can Tho Planning and Investment Department on 11 August 2006.	93.33 %
Saigon Star Corporation	Trade vehicles, electrical engines, automobile spare parts, electronic household equipments, construction materials, interior decorative materials; motorbike, automobile, provide mobile phone repair and maintenance; transportation and delivery service.	Business Licence No. 4103007242 issued by Ho Chi Minh City Planning and Investment Department on 11 September 2007.	51%

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

Subsidiaries Name	Principal activity	Investment licence	% of ownership
Savico Hanoi Corporation	Operate business centre trading, hotel service; civil construction, industrial projects. Trading agent and consignment; import and export activities; trading vehicle and maintenance automobile, engines rental; transportation and car parking service.	Business Licence No. 0103018056 issued by Hanoi Planning and Investment Department on 19 June 2007 and 12 September 2007.	70%
Toyota Can Tho Co., Ltd	Provide car after-sales service such as maintenance, repair, spare parts supply; import accessories and spare part, supply equipment and materials for car repair and renewal. Office, building and warehouse rental.	Investment License No. 571022000005 issued by the People's Committee of Can Tho on 18 April 2007.	51%

The Company has related relationships with its joint ventures, associates and with its directors and executive officers.

Transactions with key management personnel

Total remuneration and business allowances to key management personnel were as follows:

	2007 VND	2006 VND
Directors	1,939,695,719	1,537,201,797
Executive officers	552,155,976	438,270,652
Supervisory Board	129,973,000	96,000,000
	<hr/>	<hr/>
	2,621,824,695	2,071,472,449
	<hr/> <hr/>	<hr/> <hr/>

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

Other related party transactions

During the year there were the following significant transactions with related parties:

Related Party	Relationship	Nature of transaction	2007 VND	2006 VND
ComfortDelgro Savico Taxi Company	Associate	Rental charged to associate	1,346,714,400	1,781,945,100
Saigon Services Co., Ltd	Associate	Rental charged to associate	444,703,691	-
Tam Binh –Thu Duc Services Co., Ltd	Associate	Capital contribution	1,846,698,800	1,755,000,000
Toyota East Saigon Joint Stock Company	Associates	Capital contribution	8,103,600,000	-

29. Lease commitments

The future minimum lease payments under non-cancellable operating leases were:

	2007 VND	2006 VND
Within one year	6,133,043,581	5,477,735,787
Within two to five years	11,714,393,563	13,207,433,119
More than five years	10,112,300,882	9,139,470,140
	27,959,738,026	27,824,639,046

30. Production and business costs by element

	2007 VND	2006 VND
Cost of purchase of merchandises	1,617,343,105,256	1,075,979,456,277
Labour costs and staff costs	44,992,872,510	36,996,169,690
Depreciation	10,086,763,168	7,371,253,662
Outside services	35,054,953,621	30,995,038,225
Other expenses	8,493,859,321	14,757,326,984

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2007 (continued)

31. Contingent liabilities

Subsequent to 31 December 2007, Toyota Gai Phong Joint-stock Company (a subsidiary) received 17 claims amounting to VND4.7 billion for non delivery of cars from individuals who claimed that they had deposited some money with one of the subsidiary's salesman between the months of August 2007 and January 2008. Payments of cash to the subsidiary's salesman are not in accordance with the subsidiary's policies nor the terms and conditions of any valid contract signed with the respective individuals and, accordingly, management is of the opinion that the plaintiffs' positions in these claims are without merit. Nevertheless, management is committed to comply with all the requirements as put forth by the authorities after the investigation process which is currently in progress. The outcome of the investigation cannot presently be determined.

32. Subsequent event

As of the date of issuance of these financial statements, the aggregate fair value of the short-term investments which are traded in the stock exchange amounted to VND23,277 million which represented a decrease of VND13,210 million from the carrying amount of the investments as of 31 December 2007 due to falls in local markets. No adjustment has been made to the financial statements as of and for the year ended 31 December 2007.

33. Corresponding figures

Certain corresponding figures have been reclassified to conform with the current year's presentation as follows:

Balance sheet

	2006 (Reclassified)	2006 (as previously reported)
	VND	VND
Other payables	35,603,474,945	41,639,065,124
Other long-term liabilities	6,380,809,498	345,219,319

Prepared by:

Approved by:

Hoang Thi Thao
Chief Accountant

Nguyen Vinh Tho
General Director