

GEMADEPT CORPORATION

Address: Floor 15, No. 35, Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 2007

The consolidated financial statements of Gemadept Corporation (Gemadept) for the fiscal year ended 31 December 2007 include the financial statements of Gemadept Corporation (Gemadept) and those of its subsidiaries and associates (herein referred to as “the Group”).

I. OPERATION FEATURES

1. **Investment form** : Joint stock company.
2. **Operating field** : Exploiting port services, transportation and logistic services.
3. **Main operations** :
 - To invest, to build and to operate sea port, river port, air cargo terminal. To perform all kinds of stevedoring services.
 - To offer multi-modal transport services, to transport passengers and all kinds of cargo including containers, out of gauge cargo by sea, air, river way and inland trucking.
 - To provide Logistics services; to build, to operate, and to trade all kinds of warehouses, container yard, and depot; to provide customs brokerage.
 - To provide shipping agency services, container liner agency services, freight forwarding services, ship’s chandler and other related shipping services.
 - To sell, purchase, manage, operate, repair, newly build and charter all types of ocean vessels, river ships, containers, cranes, forklifts and other equipments, materials, spare parts for transportation, port operation and logistics.
 - To manage and man crew members.
 - To undertake direct import and export. To act as petrol trading agency. To exploit mineral.
 - To invest, construct, manage, trade and operate real estate, office buildings, hotels, resorts, apartments, residential area, trading center and industrial park.
 - To undertake financial investment; to trade stocks; to make financial contribution to banks, securities companies, fund management companies and to involve in other financial activities.
 - To undertake other business activities which are decided by Board of Management in each time period.
4. **Number of subsidiaries** : 08
In which:
Number of subsidiaries consolidated: 07
Number of subsidiaries not consolidated: 01.

5. List of subsidiaries consolidated

<i>Subsidiaries</i>	<i>Address</i>	<i>Proportion of interest</i>	<i>Option</i>
Gemadept Singapore Ltd.	70 Shenton way #08 03/04 Marina house, Singapore.	100 %	100 %
Gemadept Malaysia Ltd.	4217-4219, 3rd floor, Persiaran Raja, Muda Musa, 4200 Port	100 %	100 %

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<i>Subsidiaries</i>	<i>Address</i>	<i>Proportion of interest</i>	<i>Option</i>
V.N.M General Transportation Service Co., Ltd.	Klang, Selangor Darul Ehsan, Malaysia. 15 th floor, Habour View Tower, No. 35 Nguyen Hue, District 1, Ho Chi Minh City, Vietnam.	100 %	100 %
OOCL Vietnam Co., Ltd.	No. 02 Thi Sach, District 1, Ho Chi Minh City, Vietnam.	51 %	51 %
Sinokor Vietnam Co., Ltd.	15 th Floor, Habour View Tower, No. 35 Nguyen Hue, District 1, Ho Chi Minh City, Vietnam.	51 %	51 %
Phuoc Long Port	15 th floor, Habour View Tower, No. 35 Nguyen Hue, District 1, Ho Chi Minh City, Vietnam.	100%	100%
Gemadept Dung Quat International Port	56 Hung Vuong Avenue, Quang Ngai City, Vietnam	55%	55%

6. Subsidiaries being excluded from the consolidation of the financial statements

<i>Subsidiary</i>	<i>Address</i>	<i>Reason</i>
Gemadept Nhon Hoi International Port Corp	98 Pham Hung, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province.	Not yet come into operations

7. List of associates consolidated

<i>Associates</i>	<i>Address</i>	<i>Main operations</i>	<i>Rate of ownership</i>
MBN-GMD Vietnam	9 th Floor, Habour View Tower, No. 35 Nguyen Hue, District 1, Ho Chi Minh City, Vietnam.	Warehousing service for traders of coffee and agri-product in the form of “del-credere” warehouse	34 %
Vung Tau Commercial Port Joint Stock Company	No. 973, 30 April Street, Ward 11, Vung Tau City, Vietnam.	General business, warehousing, bonded warehouse, customs brokerage, leveling and building, rock and sand mining, beverage producing, aquaculture, real estate brokerage.	26,78%
Vinh Hao Mineral Water Joint Stock Company	No. 72, 19 April Street, Xuan An Ward, Binh Thuan Province, Vietnam	Producing and trading mineral water	32,98%
Minh Dam Tourist Joint Stock Company	Cau Tum, Hai Tan Hamlet, Dat Do District, Vung Tau City, Ba Ria - Vung Tau Province.	Providing tourist, catering and transporting passenger services and trading garments and jewelry.	40%
Potraco	231 Ngo Quyen, May	Project cargo transport,	49%

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	Chai Ward, Ngo Quyem Street, Ngo Quyem District, Hai Phong City, Vietnam.	warehousing, riverway and inland transport. Mechanic and equipment processing, civil and industrial electricity, trading and building civil and industrial works and electric works of 10kV	
Schenker Gemadept Logistics Vietnam	Lot J2, Road No. 8, Song Than 1 Industrial Park, Di An District, Binh Duong Province, Vietnam	Providing service of shipping transport including domestics one transported by Vietnam flag vessel and multi-modal services.	49%

8. List of associates not yet consolidated

<i>Associates</i>	<i>Address</i>	<i>Reason</i>
Golden Globe Trading Company	No. 117 Le Loi, District 1, Ho Chi Minh City, Vietnam.	Not yet come into operation
Le Chan General Port	Alley 201, May Chai Ward, Ngo Quyem Street, Ngo Quyem District, Hai Phong City, Vietnam	Not yet come into operation
Hoa Sen – Gemadept Logistics and International Port Corporation	No. 05-07, 3 February Street, Ward 8, Vung Tau City - Ba Ria Province	Not yet come into operation
Huyn dai Merchant Marine Vietnam	Saigon Riverside Building, No. 2A-4A Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam.	Not yet completely preparing financial statements because newly come into operations

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. Fiscal year

The fiscal year of the Group is from 01 January to 31 December annually.

2. Standard currency unit

The items in the financial statements for each entity in the Group are presented on the basis of the currency unit of the country in which that entity has been operating.

The currency unit used in preparation and presentation of the consolidated financial statements is Vietnam dong (VND).

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting system

The consolidated financial statements are made and presented according to the Vietnamese standards and system.

2. Statement on the compliance with the Vietnamese accounting system and standards

The Directors ensure to follow all the requirements of the prevailing Vietnamese accounting system and standards in the preparation of these consolidated financial statements.

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3. Accounting form

Voucher recording.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the consolidated financial statements are prepared in accordance with the historical cost convention.

2. Consolidation bases

Subsidiaries

A subsidiary is an enterprise that is controlled by the parent company. The control exists when the parent company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control power, the options that are currently valid or will be transferred should also be taken into consideration.

The business results of a subsidiary are included in the consolidated financial statements from the date of acquisition, which is the date on which the control of the acquired subsidiary is effectively transferred to the buyer. The business results of a subsidiary disposed are included in the consolidated income statement until the date of disposal.

The difference between the investment expenses and the ownership share of the Group in the fair value of the net recognizable assets of the subsidiary as of the acquisition date is recorded as a goodwill.

Intra-group balances in the balance sheet and intra-group transactions and unrealized profits resulting from these transactions are eliminated when the consolidated financial statements are prepared. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Business concerns

Business concerns are those in which the Group has significant effects on but not having the control for their financial policies and operations. The consolidated financial statements include profit or loss of the Group in business concerns in accordance with the method of owner's equity from the date of having the effects. If the benefit of the Group in the business concern's loss is larger or as equal as the book value of investing expenses, the investing expenses presented in the consolidated financial statements will be zero unless the Group has the obligations to settle for business concerns.

Investments in business concerns are presented in the consolidated financial statements in accordance with the owner's equity method and are initially recorded at costs.

The difference between the investment expenses and the ownership share of the Group in the fair value of the net recognizable assets of the subsidiary as of the acquisition date is recorded as a goodwill.

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Unrealized profit, loss generating from transactions with business concerns are excluded correspondingly to an amount belonging to the Group when the consolidated financial statements are made.

3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank, cash in transit and short-term investments of which the due dates can not exceed 3 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash.

4. Inventories

Inventories are recorded at their original costs. Costs include purchasing expenses, processing expenses, and other directly related costs to bring the inventories to the current positions and conditions.

Costs of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Provision for devaluation of inventories is recognized when the costs are higher than the net realizable values. Net realizable values are the estimated selling prices of inventories less the estimated expenses on product completion and other necessary expenses on product consumption.

5. Trade receivable and other receivable

Trade receivable and other receivable are recognized at the values on supporting documents and invoices. Provisions for bad debts are made on the basis of the evaluation on the possibility to recover each debt.

6. Tangible fixed assets

Fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/ (loss) arisen are posted into the income or the expenses during the period.

Fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	5 - 12
Machinery and equipment	5 - 8
Vehicles	5 - 23
Office equipment	3 - 8

7. Financial leasehold assets

A lease of asset is considered a financial lease in case most of the risks and rewards associated with the ownership of that asset belong to the lessee. Fixed assets under financial lease are

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determined by their historical costs less accumulated depreciation. Historical cost is the lower between the reasonable value of the assets at the starting date of the lease agreement and the current value of the minimum lease payment. The discounting rate used to calculate the current value of the minimum lease payment is the interest rate as agreed by implication or as mentioned in the lease agreement. In case the interest rate as agreed by implication in the lease agreement cannot be determined, the interest rate for loan at the starting date of the lease agreement will be applied.

Fixed assets under financial lease are depreciated in accordance with the straight-line method over their estimated useful lives. In case it is not sure that the Group will have the ownership over the asset upon the expiry date of the financial lease contract, the fixed asset must be depreciated at the shorter between the lease period and the estimated useful life. The depreciation years of the fixed assets under financial lease are shown in Note IV.6.

8. Operating leasehold assets

A lease of asset is considered an operating lease in case most of the risks and rewards associated with the ownership of that asset belong to the lessor. The lease expenses are included in operating expenses in accordance with the straight-line method over the leasing period and are not subject to the method of lease payment.

9. Intangible fixed assets

Land use right

Land use right includes all the actual expenses related to the land being used such as expenses to obtain the land use right, expenses for house removal and land clearance, expenses on ground leveling, registration fees, etc. During the year, since the land has not been put into use, the land use right was not amortized.

Computer software

Computer software includes all expenses paid by the Group to obtain the accounting program serving the accounting and financial recording and managing. These expenses are amortized in 3 years.

10. Borrowing costs

Borrowing costs are included into expenses during the period. In case the borrowing costs are directly related to the construction or the production of an asset in progress, which has taken a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be capitalized.

In the event of general borrowings which are partly used for acquiring, constructing, or producing an asset in progress, the costs eligible for capitalization will be determined according to the capitalization rates applied to average accumulated expenditure on that asset. The capitalization rates are computed at the average interest rates on the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

11. Financial investment

Investments into securities are recorded at their original costs. Provision for devaluation of investment in security is made for each particular type of securities in the market and for which the market value decreases in comparison with the book value.

When an investment is liquidated, the differences between net liquidation values and book values are recorded into income or expenses during the period.

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12. Recording joint venture activities

Rewards of the company in the joint control activities and the assets under the joint control are reflected in the financial statements by allocating the shares of the Group in assets, liabilities, income, and expenses into the corresponding items.

13. Long-term pre-paid expenses

Repairing expenses

Repairing expenses reflect the amounts to repair and to improve interior decoration of ICD 1 and ICD 2, etc. serving the operations of the company. These expenses are allocated in 2 years from the date of being incurred.

Financial lease interests

Financial lease interests are allocated into expenses during the period in accordance with the straight-line method over the leasing periods.

Tools

Expenses on tools being put into use (mainly container accessories, steel cable, tires, etc.) are allocated into expenses during the period in accordance with the straight-line method for 2 years.

Other pre-paid expenses

Other expenses are allocated according to the time as in the invoices or contracts, or for maximum period of 2 years.

14. Accrued expenses

Accrued expenses are recorded basing on reasonable estimates on the amounts payable for goods and services already used in previous years and quarters.

15. Appropriation for unemployment fund

Unemployment fund is used to pay for severance and unemployment allowances.

The rate of extraction for this fund is 1-3% of the salary fund which is used as the basis of social insurance payment and is included into the company's expenses during the period. Particularly, the rate of extraction for this fund of OOCL Vietnam is half of the monthly salary which is used as the basis of social insurance payment. In case that the unemployment fund is not enough for subsidizing resigned employees, the insufficient difference is recorded into expenses.

16. Capital and funds

The Group's sources of capital include:

- Capital: recorded according to the amount actually invested by shareholders.
- Share premiums: the difference between the issuance price and face value.
- Other sources of capital: including the supplementation from the business results, the value of the assets given and the revaluation of assets.

The Group's funds are extracted and used in line with its Charter.

17. Treasury stocks

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is recorded as treasury stocks and is recorded as a decrease in owner's equity.

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18. Dividends

Dividends are recorded as an amount payable in the period during which the dividends are disclosed.

19. Corporate income tax

The Group has to pay corporate income tax as follows:

- Parent company (Gemadep Corporation): has to pay corporate income tax at the rate of 28% on the taxable income.

- Subsidiaries:

Gemadep (Singapore) Ltd.: is exempted from corporate income tax as stipulated in the Section 13A, item 134 of Law on corporate income tax of Singapore (Section 13A, the Singapore Income Tax Act, Cap. 134).

Gemadep (Malaysia) Ltd.: has to pay corporate income tax at the rate of 20% on taxable income from 500.000 Ringgit Malaysia (MYR) down and 28% on the taxable income đối với thu nhập chịu thuế trên 500.000 MYR.

V.N.M General Transportation Service Co., Ltd.: applying the tax rate of 28% on annual taxable income.

OOCL Vietnam Co., Ltd.: the tax rates of 20% on annual taxable income will be applied in the first 10 years from the date of the company's business commencement and of 28% for the following years. The company is exempted from corporate income tax fully in 2 years from the profit-making year and is reduced 50% in 3 following years.

Sinokor Vietnam Co., Ltd.: the tax rates of 20% on annual taxable income will be applied in the first 10 years from the date of the company's business commencement and of 28% for the following years. The company is exempted from corporate income tax fully in 2 years from the profit-making year and is reduced 50% in 3 following years.

Phuoc Long Port Joint Stock Company is responsible to pay corporate income tax at the rate of 28% on taxable income.

The company has enjoyed the tax rate of 10% in 15 years from the date of business commencement.

Gemadep Dung Quat International Port Joint Stock Company is exempted from corporate income tax fully in 4 years from the profit-making year and is reduced 50% in 9 following years.

Corporate income tax during the period includes current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the

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financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity of the company.

20. Foreign currency translation

The transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

The differences on foreign exchange and those due to the revaluation of the ending balances of the monetary items are included in income or expenses during the period.

When consolidating the financial statements, the items of the balance sheet and the income statement of the entity in foreign country are converted into Vietnam dong (VND) at the rates ruling as of the balance sheet date. The foreign exchange differences resulting from the conversion of the financial statements of the entity operating in a foreign country are directly recorded into owner's equity in the consolidated balance sheet (i.e. "foreign exchange differences" account) and are only included into financial expenses or financial income when the Group liquidates the net investment.

The exchange rates used as of:	31 December 2006	:	VND 16.091/USD
		:	VND 20.859/EUR
		:	VND 10.550/SGD
		:	VND 4.408/RM
	31 December 2007	:	VND 16.114/USD
		:	VND 23.143/EUR
		:	VND 10.999/SGD
		:	VND 4.839/RM

21. Recognition of sales

Sales of finished goods are recognized when most of risks and benefits associated with the goods ownership are transferred to customers and there are no uncertain factors related to payments, additional costs or sales returns.

Sales of service provision are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

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Interests, dividends and profit shared are recognized when the Group is able to gain economic benefits from the transactions and the revenue is determined rather reliably. Interests are recorded based on the term and the interest rates applied for each period. Dividends and profit shared are recognized when the shareholders or the investors have the rights to receive dividends or profit from the capital contribution.

22. Related parties

A party is considered a related party in case that party is able to control or to cause material effects on the financial decisions as well as the operations of the other party.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET

1. Cash and cash equivalents

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	15.545.928.571	3.411.902.362
Cash in bank	260.208.796.774	92.088.808.826
Cash in transit	-	8.396.460.000
Total	<u>275.754.725.345</u>	<u>103.897.171.188</u>

2. Short-term investments

	<u>Ending balance</u>	<u>Beginning balance</u>
Stocks	184.710.798.218	10.861.655.365
Certificates of Prudential Investment Fund	6.283.000.000	9.991.000.000
Certificate of Securities Investment Fund of Vietnam	14.158.800.000	-
Under-1-year deposits	34.949.930.000	-
Total	<u>240.102.528.218</u>	<u>20.852.655.365</u>

3. Provisions for devaluation of short-term investments

The provision for devaluation of investments in stocks is determined by the differences between the net realizable values (the market prices as of 28 December 2007) and the historical costs on the accounting book.

Additionally, in order to ensure the prudence basis, the company has made additional provision of VND 23.227.704.161 for devaluation of securities sold in the first quarter of 2008, which is included into the expenses during the year. The additional provision is made, based on the differences between the selling prices of securities in the first quarter of 2008 and the prices of securities on 28 December 2007, on which the provision is made.

4. Receivable from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Parent company - Gemadept (Vietnam)	113.359.434.303	116.260.524.348
Gemadept Singapore Ltd.	26.165.477.104	6.039.273.650
Gemadept Malaysia Ltd.	15.615.840.120	13.500.097.716
OOCL Vietnam Co., Ltd.	3.977.353.000-	19.934.707.000
Sinokor Vietnam Co., Ltd.	10.711.297.710	9.426.673.031
Phuoc Long Port	58.571.731.770	-
Total	<u>228.401.134.007</u>	<u>165.161.275.745</u>

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	<u>Ending balance</u>	<u>Beginning balance</u>
Parent company - Gemadept (Vietnam)	31.825.581.527	21.113.679.195
Gemadept Singapore Ltd.	-	1.195.863.600
Phuoc Long Port	929.809.334	-
Dung Quat International Port	88.897.476.000	-
Total	<u>121.652.866.861</u>	<u>22.309.542.795</u>

6. Other receivable

	<u>Ending balance</u>	<u>Beginning balance</u>
Receivable of amounts paid on others' behalf to providing agency services:	31.377.541.742	16.216.557.958
<i>Shipping</i>	3.233.037.284	907.049.198
<i>Container</i>	23.939.829.048	2.760.188.886
<i>Forwarding</i>	3.723.123.830	12.549.319.874
<i>Feeder agency</i>	481.551.580	-
Receivable from associates and co-operations	5.578.120.540	32.868.856.357
Excessive payment receivable from Hub Shipping Sdn Bhd (Singapore)	-	1.851.135.512
Receivable for capital contribution from FALCON	196.770.000.000	-
Receivable for trading securities	39.716.333.483	22.500.000.000
Receivable from Phuoc Long Port for salary, insurance and personal income tax paid on this company's behalf	8.431.412.987	-
Receivable of loans given to outsiders	1.284.758.448	642.298.241
Excessive payments receivable	359.635.612	47.117.638
Other receivable	19.074.297.129	20.749.612.056
Total	<u>303.512.792.375</u>	<u>94.875.577.762</u>

7. Provisions for bad debts

	<u>Ending balance</u>	<u>Beginning balance</u>
Ha Noi Ceramic Tiles Company	5.265.000	5.265.000
International Trading and Forwarding Co., Ltd.	96.124.248	96.124.248
Giang Anh Co., Ltd.	183.250.000	183.250.000
Ha Hai Transportation Service JSC	84.500.000	-
Binh An Vegetable Oil Corporation	33.663.006	-
H.T.N Transportation and Construction Co., Ltd.	161.400.000	-
Nghia Hung Transportation Company	20.412.000	20.412.000
Nguyen Duc Hung -YML Ha Noi	140.112.750	140.112.750
Sea Supplies Import – Export Joint Stock Company	-	262.834.518
South Asia Sea Joint Stock Company	367.500.000	-
Nguyen Tran International Forwarding Service Co., Ltd.	190.500.000	-
Phu Tho Agricultural Products Processing	30.700.000	30.700.000

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	<u>Ending balance</u>	<u>Beginning balance</u>
Company		
South Asia Co., Ltd.	20.400.000	-
Vinatrans Regional Container Lines	12.655.566	-
Accounts receivable from projects	10.600.000	-
Total	<u>1.357.082.570</u>	<u>738.698.516</u>

8. Inventories

	<u>Ending balance</u>	<u>Beginning balance</u>
Materials and supplies	5.635.665.170	5.408.270.723
Fuel and oils in stock	287.036.915	203.281.347
Fuel and oils in ships	3.457.034.232	-
Total	<u>9.379.736.317</u>	<u>5.611.552.070</u>

9. Short-term prepaid expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Expenses on repair of Pacific Express Ship	1.084.952.280	-
Rental of GRAND PACIFIC SHIP	2.594.354.000	-
Tool expenses	1.544.676.335	-
Guarantee fees at HSBC	-	1.873.655.350
Others	555.185.600	263.725.333
Total	<u>5.779.168.215</u>	<u>2.137.380.683</u>

10. Taxes and other accounts receivable from the State

	<u>Ending balance</u>	<u>Beginning balance</u>
VAT excessively paid	470.597.682	-
Corporate income tax excessively paid	1.563.780.821	2.924.242.000
<i>OOCL Vietnam Co., Ltd.</i>	<i>216.474.000</i>	<i>2.924.242.000</i>
<i>Phuoc Long Port</i>	<i>1.347.306.821</i>	-
Other taxes	13.178.000	-
Total	<u>2.047.556.503</u>	<u>2.924.242.000</u>

11. Other current assets

	<u>Ending balance</u>	<u>Beginning balance</u>
Advances	12.241.017.897	9.258.149.506
Deficit assets for treatment	12.841.247	12.731.192
Short-term deposits	83.521.313.677	143.536.182.336
Total	<u>95.775.172.821</u>	<u>152.807.063.034</u>

12. Increases/(decreases) of tangible fixed assets

Information on increase/(decrease) of tangible fixed assets is presented in the Appendix 1.

13. Increases/(decreases) of financial leasehold assets

Financial leasehold assets include only vehicles.

<u>Historical cost</u>	<u>Depreciation</u>	<u>Net book values</u>
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	<u>Historical cost</u>	<u>Depreciation</u>	<u>Net book values</u>
Beginning balance	31.085.573.565	5.026.826.955	26.058.746.610
Increases	-	3.864.960.990	
Decrease	(7.194.804.899)		
<i>Repurchase of financial leasehold assets</i>	(4.179.088.370)	(4.179.088.370)	
<i>Adjustments</i>	(3.015.716.529)		
Ending balance	<u>23.890.768.666</u>	<u>4.712.699.575</u>	<u>19.178.069.091</u>

14. Increases/(decreases) of intangible fixed assets

	<u>Land use right</u>	<u>Computer software</u>	<u>Total</u>
Initial costs			
Beginning balance	9.797.658.410	18.250.000	9.815.908.410
Increases	-	446.217.500	446.217.500
<i>New purchases</i>	-	446.217.500	446.217.500
Decreases	-	-	-
Ending balance	<u>9.797.658.410</u>	<u>464.467.500</u>	<u>10.262.125.910</u>
Amortization			
Beginning balance	-	7.097.216	7.097.216
Increases	-	137.518.783	137.518.783
<i>Amortization</i>	-	137.518.783	137.518.783
Decreases	-	-	-
Ending balance	<u>-</u>	<u>144.615.999</u>	<u>144.615.999</u>
Net book values			
Beginning balance	9.797.658.410	11.152.784	9.808.811.194
Ending balance	<u>9.797.658.410</u>	<u>319.851.501</u>	<u>10.117.509.911</u>

15. Construction-in-progress

Information on construction-in-progress is presented in the Appendix 2.

16. Investments in subsidiaries

This item reflects the amount of investment into Gemadept Nhon Hoi International Port Corp. This company has been in the period of carrying out its business activities; therefore, the financial statements of this company have not been consolidated into the financial statements of the Group.

17. Investments in business concerns and joint ventures

	<u>Rate of capital ownership</u>		
	<u>As in the license</u>	<u>Actually contributed</u>	
Business concerns and joint ventures			

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Business concerns and joint ventures	Rate of capital ownership		Investment capital
	As in the license	Actually contributed	
Golden Globe Trading Company	45,00	45,00	42.761.600.000
Vung Tau Commercial Port Joint Stock Company (VCP)	26,78	26,78	9.642.000.000
MBN-GMD VIETNAM	34,00	34,00	1.534.080.000
Vinh Hao Mineral Water Joint Stock Company	32,98	25,75	25.357.500.000
Le Chan General Port	30,00	30,00	21.000.000.000
Minh Dam Tourist Joint Stock Company	40,00	40,00	11.320.000.000
POTRACO	49,00	49,00	23.236.200.000
Schenker Gemadep Co., Ltd.	49,00	49,00	11.882.010.000
Huyndai Merchant Marine Vietnam	49,00	49,00	2.371.845.000
Hoa Sen – Gemadep Logistics and International Port Corporation	30,00	30,00	21.172.213.360
Gains from associates upon consolidation			4.923.420.963
Total			175.200.869.323

18. Other long-term investments

	Ending balance	Beginning balance
Investments in stocks	622.951.210.188	99.880.168.000
Investments in bonds and debentures	510.000.000	510.000.000
Other long-term investments	18.147.052.089	13.147.052.089
Total	641.608.262.277	113.537.220.089

19. Provision for devaluation of long-term investments

The provision for devaluation of investments in stocks is determined by the differences between the net realizable values (the market prices as of 28 December 2007) and the historical costs on the accounting book.

20. Long-term pre-paid expenses

	Ending balance	Beginning balance
Parent company - Gemadep (Vietnam)	6.335.755.368	5.075.154.010
Gemadep Malaysia Ltd.	137.911.500	-
OOCL Vietnam Co., Ltd.	775.318.000	1.215.456.000
Sinokor Vietnam Co., Ltd.	305.457.311	693.552.731
Phuoc Long Port	137.911.500	-
Total	7.688.151.585	6.984.162.741

21. Deferred income tax assets

Deferred income tax assets are related to the deductible temporary differences.

22. Other long-term assets

	Ending balance	Beginning balance
Deposits to service providers for office and house rental	715.709.379	1.342.440.419

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	<u>Ending balance</u>	<u>Beginning balance</u>
Deposits at airlines to guarantee the payment of freights	1.450.260.000	1.126.370.000
Deposit for ship chartering	32.228.000.000	
Deposits at the overseas banks (Malaysia) to guarantee the use of credit facilities	30.000.000	8.781.233.626
Other long-term deposits	20.000.000	5.000.000
Total	<u>34.443.969.379</u>	<u>11.255.044.045</u>
23. Short-term loans and debts		
	<u>Ending balance</u>	<u>Beginning balance</u>
Parent company - Gemadept (Vietnam)	20.388.731.082	6.398.277.204
Gemadept Singapore Ltd.	39.564.744.878	88.777.173.900
Dung Quat International Port	5.000.000.000	-
Total	<u>64.953.475.960</u>	<u>95.175.451.104</u>
24. Payable to suppliers		
	<u>Ending balance</u>	<u>Beginning balance</u>
Parent company - Gemadept (Vietnam)	144.564.086.097	99.055.191.025
Gemadept Singapore Ltd.	-	47.361.714.100
Gemadept Malaysia Ltd.	14.582.089.389	17.698.852.396
OOCL Vietnam Co., Ltd.	226.000	300.000
Sinokor Vietnam Co., Ltd.	4.188.385.058	7.722.229.989
Phuoc Long Port	60.733.487.948	-
Dung Quat International Port	109.725.000	-
Total	<u>224.177.999.492</u>	<u>171.838.287.510</u>
25. Advances from customers		
	<u>Ending balance</u>	<u>Beginning balance</u>
Parent company - Gemadept (Vietnam)	27.075.031.299	8.075.655.186
OOCL Vietnam Co., Ltd.	-	182.542.000
Sinokor Vietnam Co., Ltd	7.087.142	708.992
Total	<u>27.082.118.441</u>	<u>8.258.906.178</u>
26. Taxes and other obligations to the State Budget		
	<u>Ending balance</u>	<u>Beginning balance</u>
VAT on local sales	1.064.830.274	5.356.771.975
Corporate income tax	31.214.967.528	21.469.535.831
Personal income tax	3.591.934.556	391.765.212
Other taxes	3.569.689.772	6.090.586.354
<i>In which:</i>		
- License duty	(3.500.000)	-
Total	<u>39.441.422.130</u>	<u>33.308.659.372</u>

Corporate income tax

See Note IV.19.

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This item includes salaries, allowances, bonuses, etc. payable to employees.

28. Accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Goods circulation expenses	23.012.779.605	14.937.693.341
<i>Loading and storage expenses</i>	<i>22.207.086.862</i>	<i>12.908.291.132</i>
<i>Transportation expenses</i>	<i>805.692.743</i>	<i>2.029.402.209</i>
Warehousing and office rentals	467.889.300	180.654.545
Spare parts and fuel for ships, machinery and equipment	-	46.753.346
Salaries for employees of ships	-	178.383.810
Insurance on ships	-	-
Telephone, power and water charges	200.292.414	383.271.111
Repairing expenses	396.906.359	499.505.625
Loan interest expenses	2.300.000.000	-
Port dues	1.718.182	84.203.164
Others	14.478.906.231	5.447.810.955
Total	<u>40.858.492.091</u>	<u>21.758.275.897</u>

29. Other payable

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditure	2.056.815.255	1.215.246.805
Social insurance	2.061.759	100.977.136
Health insurance	-	-
Dividends payable	74.483.000	41.578.266.400
Unearned revenue	-	-
Deposits and mortgages received	4.872.000.000	543.000.000
Excess assets for treatment	2.043.764.310	321.047.724
Other payable	108.395.324.450	62.043.018.755
- <i>Amounts received on others' behalf payable</i>	<i>86.629.821.633</i>	<i>38.630.919.668</i>
- <i>Sales of goods at ports payable to the State</i>	<i>1.716.241.909</i>	<i>1.816.291.909</i>
- <i>Payable to ship owners</i>	<i>470.296.947</i>	<i>1.872.338.073</i>
- <i>Payable of associates</i>	<i>-</i>	<i>15.966.170.138</i>
- <i>Other payable</i>	<i>19.578.963.961</i>	<i>3.757.298.967</i>
Total	<u>117.444.448.774</u>	<u>105.801.556.820</u>

30. Provision for short-term accounts payable

This is the provision for amount payable to Thuduc Electro-Mechanical Company as the electric generator fell into the sea during the transportation process.

31. Long-term loans and debts

	<u>Ending balance</u>	<u>Beginning balance</u>
Parent company - Gemadept (Vietnam)	150.564.928.341	20.508.207.991

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	<u>Ending balance</u>	<u>Beginning balance</u>
Gemadep Singapore Ltd.	156.043.362.950	277.732.621.850
Dung Quat International Port	94.205.902.471	-
Total	<u>400.814.193.762</u>	<u>298.240.829.841</u>

32. Owner's equity***Statement of fluctuations in owner's equity***

The information on the fluctuations in owner's equity is presented in Appendix 3.

Details of owner's equity

	<u>Ending balance</u>	<u>Beginning balance</u>
State capital	80.403.270.000	69.915.970.000
Capital contributed by other shareholders	394.596.730.000	275.314.370.000
Share premiums	1.366.907.462.400	40.979.565.250
Other sources of capital	71.797.775.902	64.945.188.649
Total	<u>1.913.705.238.302</u>	<u>451.155.093.899</u>

Dividends

During the year, the parent company has paid the dividends of the previous year for an amount of VND 41.503.783.400.

Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares registered to be issued	47.772.281	34.795.716
Number of shares already sold to the public	47.500.000	34.523.034
- Common shares	47.500.000	34.523.034
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	47.500.000	34.523.034
- Common shares	47.500.000	34.523.034
- Preferred shares	-	-

Face value per outstanding share: VND 10.000

Purposes of appropriation for financial reserved fund

Financial reserved fund is used to:

- Compensate losses, damages of assets and accounts receivable unable to be recovered during the operations;
- Compensate the losses according to the decision of the Board of Management.

33. Bonus and welfare funds

	<u>Beginning balance</u>	<u>Increase due to extraction from profit</u>	<u>Other increases</u>	<u>Disbursements</u>	<u>Ending balance</u>
Bonus fund	9.183.562.997	2.055.776.176	373.068.775	(1.601.588.905)	10.010.819.043

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	<u>Beginning balance</u>	<u>Increase due to extraction from profit</u>	<u>Other increases</u>	<u>Disbursements</u>	<u>Ending balance</u>
Welfare fund	2.053.756.095	2.076.993.338	187.559.951	(2.167.475.908)	2.150.833.476
Fund for training	163.178.782	-	-	-	163.178.782
Production encouraging and reward fund	505.584.000	-	-	-	505.584.000
Assistance fund	21.411.693	-	-	-	21.411.693
Total	<u>11.927.493.567</u>	<u>4.132.769.514</u>	<u>560.628.726</u>	<u>(3.769.064.813)</u>	<u>12.851.826.994</u>

34. Interests of minority shareholders

	<u>Ending balance</u>	<u>Beginning balance</u>
Investment capital returned to minority shareholders	13.893.702.900	6.193.702.900
Profits payable to minority shareholders	16.090.271.283	12.605.103.561
Total	<u>29.983.974.183</u>	<u>18.798.806.461</u>

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT**1. Sales**

	<u>Current year</u>	<u>Previous year</u>
Parent company - Gemadept (Vietnam)	806.269.485.907	895.940.731.611
Subsidiaries	365.647.797.116	316.037.218.773
Total	<u>1.171.917.283.023</u>	<u>1.211.977.950.384</u>

2. Costs of goods sold

	<u>Current year</u>	<u>Previous year</u>
Parent company - Gemadept (Vietnam)	695.364.369.372	731.806.105.216
Subsidiaries	248.351.307.345	232.835.063.170
Total	<u>943.715.676.717</u>	<u>964.641.168.386</u>

3. Financial income

	<u>Current year</u>	<u>Previous year</u>
Gains from investments in securities	97.854.120.760	36.604.483.104
Gains from capital contribution in joint ventures	5.344.132.772	8.751.654.660
Interests on bank loans given, bonds and deposits	634.926.016	4.744.521.883
Bank deposit interests	45.171.587.550	-
Dividends and profits shared	16.772.780.041	-
Exchange gain	4.671.706.838	23.509.007.250
Other financial incomes	25.020.272.353	820.962.375
Total	<u>195.469.526.330</u>	<u>74.430.629.272</u>

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Notes to the consolidated financial statements (cont.)**4. Financial expenses**

	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	32.281.303.869	13.858.063.195
Interests on financial leases	1.234.301.465	-
Unrealized exchange loss	234.118.345	-
Realized exchange loss	3.576.416.137	1.969.828.974
Loss from investment in securities	4.510.263.466	236.745.280
Provisions for short-term and long-term investments	63.956.894.720	547.784.115
Others	160.021.449	97.877.353
Total	<u>105.953.319.451</u>	<u>16.710.298.917</u>

5. Administrative overheads

	<u>Current year</u>	<u>Previous year</u>
Salary of office staff	47.426.386.533	41.969.423.586
Materials	382.022.260	343.638.092
Office supplies	608.988.698	679.836.823
Depreciation of fixed assets	3.520.322.419	5.399.594.465
Taxes, fees and legal fees	1.030.520.016	964.666.143
Provisions	694.485.962	293.534.518
External service rendered	10.082.016.398	16.218.026.216
Other cash expenses	35.535.314.367	23.724.162.836
Total	<u>99.280.056.653</u>	<u>89.592.882.679</u>

6. Other income

	<u>Current year</u>	<u>Previous year</u>
Treatment of outstanding debts of shipping and container agents	3.221.532	215.920.215
Liquidation of fixed assets	1.028.558.553	-
Income of previous years	-	82.115.244
Gains from others' breach of contract and compensations	1.810.243.323	351.306.718
Bonuses from customers	65.837.404	9.955.958
Others	48.432.768.997	659.049.707
Total	<u>51.340.629.809</u>	<u>1.318.347.842</u>

7. Other expenses

	<u>Current year</u>	<u>Previous year</u>
Net book values of liquidated fixed assets	516.463.281	558.844.876
Fines for violations against contracts	-	-
Additional payments for taxes according to tax assessment	254.965.562	222.139.621
Goods compensation	8.861.728.615	571.109.660
Others	289.873.992	35.268.224
Total	<u>9.923.031.450</u>	<u>1.387.362.381</u>

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Notes to the consolidated financial statements (cont.)**8. Earning per share**

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax	202.684.620.310	156.107.999.264
Increase/(decrease) of accounting profit to determine profit attributable to holders of ordinary shares	-	-
Profit attributable to holders of ordinary shares	202.684.620.310	156.107.999.264
Average ordinary shares outstanding during the year	44.748.571	34.522.857
Earning per share	4.529	4.522

Average ordinary shares outstanding during the year are calculated as follows:

	<u>Current year</u>	<u>Previous year</u>
Ordinary shares outstanding at the beginning of the year	34.523.123	20.712.796
Effects of bonus shares	-	13.808.973
Effects of treasury stocks sold	-	1.088
Effects of ordinary shares issued for the first time on 14 March 2007	5.736.996	-
Effects of ordinary shares issued for the second time on 26 March 2007	4.488.452	-
Average ordinary shares outstanding during the year	44.748.571	34.522.857

9. Operating expenses

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	108.828.472.006	64.338.198.880
Labor	102.160.586.023	88.399.710.089
Depreciation of fixed assets	101.808.406.276	90.450.788.940
External service rendered	628.081.399.418	774.497.670.182
Other expenses	96.456.191.160	36.713.562.391
Total	1.037.335.054.883	1.054.399.930.482

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

During the year, the corporation has had the following non-cash transactions:

	<u>Current year</u>	<u>Previous year</u>
Purchases of fixed assets not yet paid	40.034.723.653	6.857.142.857
Construction expenses not yet paid	-	273.526.400
Increases of capital by issuing bonus stocks from retained earnings	6.852.587.253	138.089.730.000
Total	95.138.864.770	172.126.884.452

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VIII. OTHER INFORMATION

1. Subsequent events

After the balance sheet date, the market prices of some securities have decreased in comparison with those as at the time the company made provision for devaluation of securities on 28 December 2007.

2. Transactions with related parties

Transactions with key persons and other related individuals

Income of key persons is as follows:

	<u>Current year</u>	<u>Previous year</u>
Salary	1.683.869.200	1.144.397.981
Allowances	1.080.000.000	212.000.000
Total	<u>2.763.869.200</u>	<u>1.356.397.981</u>

3. Financial ratios

<u>Items</u>	<u>Unit</u>	<u>Current year</u>	<u>Previous year</u>
Structures of assets and sources of capital			
<i>Structure of assets</i>			
		100,00	100,00
Current assets / Total assets	%	38,30	40,88
Long-term assets / Total assets	%	61,70	59,12
<i>Sources of capital</i>			
		100,00	100,00
Liabilities / Total liabilities and owner's equity	%	29,60	52,94
Owner's equity / Total liabilities and owner's equity	%	69,49	45,71
Interest of minority shareholders/Total liabilities and owner's equity	%	0,91	1,35
Liquidity ratios			
Total assets/ Liabilities	Time	3,38	1,89
Current assets/ Current liabilities	Time	2,36	1,30
Cash and cash equivalents/ Current liabilities	Time	0,52	0,24
Profitability ratios			
<i>Profit margin on sales</i>			
Profit before tax/ Net sales	%	22,58	18,12
Profit after tax/ Net sales	%	18,49	13,94
<i>Profit/ Total assets</i>			
Profit before tax/ Total assets	%	8,05	15,76
Profit after tax/ Total assets	%	6,59	12,13
<i>Profit/ Average total assets</i>			
Profit before tax/ Average total assets	%	11,31	18,10
Profit after tax/ Average total assets	%	8,66	12,87

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Items	Unit	Current year	Previous year
<i>Profit after tax/ Owner's equity</i>	%	8,93	24,99
<i>Profit after tax/ Average owner's equity</i>	%	14,00	26,20

Ho Chi Minh City, 31 March 2008

Truong Nhu Nguyen
Preparer

Nguyen Minh Nguyet
Accountant-in-charge

Do Van Minh
General Director