

BALANCE SHEET

As at Jun 30th, 2010

Unit: USD

| No. | ASSETS | Code | Ending Balance | Beginning Balance |
|------------|---|------------|-------------------|-------------------|
| A | SHORT-TERM ASSETS | 100 | 14,752,138 | 15,604,742 |
| I | Cash & cash equivalents | 110 | 1,247,769 | 2,701,026 |
| 1 | Cash | 111 | 1,247,769 | 2,701,026 |
| 2 | Cash equivalents | 112 | | |
| II | Short-term financial investments | 120 | - | - |
| 1 | Short-term investments | 121 | | |
| 2 | Provision for devaluation of short-term investments | 129 | | |
| III | Short-term receivables | 130 | 12,223,703 | 11,600,949 |
| 1 | Trade accounts receivables | 131 | 8,103,658 | 8,339,387 |
| 2 | Advances to supplier | 132 | 4,449,324 | 3,689,952 |
| 3 | Short-term internal receivables | 133 | | |
| 4 | Receivables on percentage of construction contract completion | 134 | | |
| 5 | Other receivables | 135 | 10,292 | 4,070 |
| 6 | Provision for short-term bad receivables | 139 | (339,571) | (432,460) |
| IV | Inventories | 140 | 1,230,684 | 1,242,694 |
| 1 | Inventories | 141 | 1,262,732 | 1,292,398 |
| 2 | Provision for devaluation of inventories | 149 | (32,048) | (49,704) |
| V | Other short-term assets | 150 | 49,982 | 60,073 |
| 1 | Short-term prepaid expenses | 151 | 14,745 | 46,674 |
| 2 | Tax and accounts receivable from State budget | 152 | | |
| 3 | Other short-term assets | 158 | 35,237 | 13,399 |
| B | LONG-TERM ASSETS | 200 | 46,198,674 | 44,410,896 |
| I | Fixed assets | 220 | 39,731,472 | 38,516,692 |
| 1 | Tangible fixed assets | 221 | 19,809,752 | 19,965,402 |
| | - Historical cost | 222 | 26,135,267 | 25,706,292 |
| | - Accumulated depreciation | 223 | (6,325,515) | (5,740,890) |
| 2 | Finance leases fixed assets | 224 | - | - |
| | - Historical cost | 225 | | |
| | - Accumulated depreciation | 226 | | |
| 3 | Intangible fixed assets | 227 | 2,758,381 | 2,889,651 |
| | - Historical cost | 228 | 4,726,706 | 4,726,706 |
| | - Accumulated depreciation | 229 | (1,968,325) | (1,837,055) |
| 4 | Construction in progress | 230 | 17,163,339 | 15,661,639 |
| II | Property investment | 240 | 1,823,788 | 1,462,213 |
| | - Historical cost | 241 | 1,973,156 | 1,588,917 |
| | - Accumulated depreciation | 242 | (149,368) | (126,704) |
| IV | Long-term financial investments | 250 | 419,411 | 419,411 |
| 1 | Investment in subsidiaries | 251 | | |
| 2 | Investment in associate or joint-venture companies | 252 | | |
| 3 | Other long-term investments | 258 | 419,411 | 419,411 |
| 4 | Provision for devaluation of long-term finance investment | 259 | | |
| V | Other long-term assets | 260 | 4,224,003 | 4,012,580 |
| 1 | Long-term prepaid expenses | 261 | 4,115,888 | 3,904,465 |
| 2 | Deferred income tax assets | 262 | 108,115 | 108,115 |
| 3 | Others | 268 | | |
| | TOTAL ASSETS | 270 | 60,950,812 | 60,015,638 |

| No. | CAPITAL SOURCE | | | |
|-----------|--|------------|-------------------|-------------------|
| A | LIABILITIES | 300 | 15,588,849 | 12,699,276 |
| I | Short-term liabilities | 310 | 12,586,524 | 9,268,227 |
| 1 | Short-term borrowing and debts | 311 | 5,121,593 | 3,998,905 |
| 2 | Trade accounts payable | 312 | 935,184 | 891,485 |
| 3 | Advances from customers | 313 | 5,024 | 4,727 |
| 4 | Taxes and liabilities to State budget | 314 | 3,279,133 | 2,975,534 |
| 5 | Payable to employees | 315 | 181,581 | 396,055 |
| 6 | Payable expenses | 316 | 55,216 | 31,066 |
| 7 | Accounts payable-Affiliate | 317 | | |
| 8 | Payable in accordance with contracts in progress | 318 | | |
| 9 | Other short-term payables | 319 | 2,974,389 | 970,455 |
| 10 | Provision for short-term liabilities | 320 | | |
| 11 | Bonus and welfare fund | 323 | 34,404 | |
| II | Long-term liabilities | 330 | 3,002,325 | 3,431,049 |
| 1 | Long-term accounts payable-Trade | 331 | | |
| 2 | Long-term accounts payable-Affiliate | 332 | | |
| 3 | Other long-term liabilities | 333 | 295,716 | 289,573 |
| 4 | Long-term borrowing and debts | 334 | 2,404,686 | 2,844,121 |
| 5 | Deferred income tax | 335 | | |
| 6 | Provision for unemployment allowance | 336 | 270,967 | 284,243 |
| 7 | Provision for long-term liabilities | 337 | | |
| 8 | Retained revenue | 338 | 30,956 | 13,112 |
| B | OWNER'S EQUITY | 400 | 45,361,963 | 47,316,362 |
| I | Capital sources and funds | 410 | 45,361,963 | 47,316,362 |
| 1 | Owner's investment capital | 411 | 35,172,907 | 35,172,907 |
| 2 | Share premium | 412 | 8,522,698 | 8,522,698 |
| 3 | Other capital of owners' equity | 413 | | |
| 4 | Treasury stock | 414 | | |
| 5 | Assets revaluation difference | 415 | | |
| 6 | Foreign exchange difference | 416 | | |
| 7 | Investment and development fund | 417 | | |
| 8 | Financial reserve fund | 418 | 498,615 | 398,937 |
| 9 | Other fund belong to owner's equity | 419 | | |
| 10 | Retained after-tax profit | 420 | 1,167,743 | 3,221,820 |
| 11 | Capital for construction work | 421 | | |
| II | Other resources and funds | 430 | - | - |
| 1 | Bonus and welfare funds | 431 | | |
| 2 | Expenditure resources | 432 | | |
| 3 | Expenditure resources for fixed asset | 433 | | |
| | TOTAL RESOURCES | 440 | 60,950,812 | 60,015,638 |

Royal International Corporation

INCOME STATEMENT

Quarter 2/ 2010

Unit: USD

| Items | Code | Note | Accumulation | |
|--|-----------|------|------------------|------------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 1. Sales | 01 | | 2,976,972 | 5,155,640 |
| 2. Deductions | 02 | | 312,890 | 810,087 |
| 3. Net sales and services | 10 | | 2,664,082 | 4,345,553 |
| 4. Cost of goods sold | 11 | | 1,862,048 | 1,674,020 |
| 5. Gross profit | 20 | | 802,034 | 2,671,533 |
| 6. Financial income | 21 | | 536,717 | 341,784 |
| 7. Financial expenses | 22 | | 275,094 | 370,851 |
| <i>Include: Interest expense</i> | 23 | | | |
| 8. Selling expenses | 24 | | 550,015 | 681,385 |
| 9. General & administrative expenses | 25 | | 811,258 | 970,872 |
| 10. Net operating profit | 30 | | (297,616) | 990,209 |
| 11. Other income | 31 | | 59,214 | 54,349 |
| 12. Other expenses | 32 | | 104,719 | 87,771 |
| 13. Other profit | 40 | | (45,505) | (33,422) |
| 14. Profit before tax | 50 | | (343,121) | 956,787 |
| 15. Corporate income tax | 51 | | | 284,040 |
| 16. Profit after tax (60 = 50 - 51) | 60 | | (343,121) | 672,747 |
| 17. EPS (VND/share) | 70 | | (0.01) | 0.02 |

CASH FLOW STATEMENT

Quarter 2 /2010 (Indirect method)

Unit: USD

| Items | Accumulation | |
|---|--------------------|--------------------|
| | Current year | Previous year |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Profit before tax | (343,121) | 956,787 |
| Adjustment in accounts | | |
| Fixed assets depreciation | 699,310 | 601,296 |
| Provisions | (92,889) | |
| Unrealized foreign exchange difference loss/gain | (287,933) | 142,742 |
| Loss from liquidating fixed assets and down construction expenses | | 3,956 |
| Interest expenses | 204,204 | 180,378 |
| Operating profit before the changes of current capital | 179,571 | 1,885,159 |
| Changes in accounts receivable | (529,865) | 1,170,515 |
| Changes in inventories | 12,010 | 222,606 |
| Changes in trade payables | (136,089) | (2,965,803) |
| Changes in prepaid expenses | 10,091 | 52,825 |
| Paid interest | (402,515) | (209,156) |
| Paid corporate income tax | | |
| Other receivables | | |
| Other payables | (13,276) | 467 |
| Net cash provided by (used in) operating activities | (880,073) | 156,613 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash paid for purchase of capital assets and other long-term assets | (1,544,370) | (2,855,038) |
| Cash received from liquidation or disposal of capital assets and other long-term assets | | 9,104 |
| Cash paid for lending or purchase debt tools of other companies | | |
| Withdrawal of lending or resale debt tools of other comp | | |
| Cash paid for joining capital in other companies | | |
| Withdrawal of capital in other companies | | |
| Cash received from interest, dividend and distributed profit | | |
| Net cash used in investing activities | (1,544,370) | (2,845,934) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Cash received from issuing stock, other owners' equity | | |
| Cash paid to owners' equity, repurchase issued stock | | |
| Cash received from long-term and short-term borrowings | 4,256,592 | 5,326,653 |
| Cash paid to principal debt | (3,573,339) | (2,537,288) |
| Adjustments | | |
| Net cash (used in) provided by financing activities | 683,253 | 2,789,365 |
| Net cash during the period | (1,741,190) | 100,044 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,701,026 | 198,146 |
| Influence of foreign exchange fluctuation | 287,933 | |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 1,247,769 | 298,190 |