

**SPM Corporation**

Interim financial statements for the  
six-month period ended 30 June 2010

**SPM Corporation**  
**Corporate information**

**Investment Licence No**                      4102004241                                      26 March 2001

The investment licence was issued by Investment and Planning Department of Ho Chi Minh City and are valid for 46 years from the date of the initial investment licence.

<b>Board of Management</b>	Dao Huu Hoang	Chairman
	Do Thi Mai	Member
	Dao Huu Khoi	Member
	Nguyen The Ky	Member
	Huynh Phu Hai	Member

<b>Board of Directors</b>	Nguyen The Ky	General Director
	Huynh Phu Hai	Deputy General Director
	Van Tat Chien	Deputy General Director

**Registered Office**                      Lot 51, Street No. 2  
Tan Tao Industrial Zone  
Tan Tao A Ward, Binh Tan District  
Ho Chi Minh City  
Vietnam

**Auditors**                                      KPMG Limited  
Vietnam

## **REPORT OF THE INDEPENDENT AUDITORS ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**To the Shareholders  
SPM Corporation**

### **Scope**

We have reviewed the accompanying balance sheet of SPM Corporation (“the Company”) as of 30 June 2010, the related statements of income for the three months and six months ended 30 June 2010, and the related statements of changes in equity and cash flows for the six months ended 30 June 2010. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited to primarily inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position of SPM Corporation as of 30 June 2010, the results of its operations for the three months and six months ended 30 June 2010 and its cash flows for the six months ended 30 June 2010 in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*.

The financial statements of the Company as at and for the year ended 31 December 2009 were audited by other auditors whose report dated 31 March 2010 expressed an unqualified opinion on those financial statements. Such financial statements were not audited by us and, accordingly, we do not express an opinion or any form of assurance on the information set forth in the accompanying balance sheet as of 31 December 2009. Additionally, the statements of income for the three months and six months ended 30 June 2009 and the related statements of changes in equity and cash flows for the six months ended 30 June 2009 were not reviewed or audited by us, and accordingly, we do not express an opinion or any form of assurance on them.

**KPMG Limited**

Vietnam

Investment Certificate No: 011043000345

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Chong Kwang Puay  
CPA No. N0864/KTV  
*Deputy General Director*

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Nguyen Thanh Nghi  
CPA No. 0304/KTV

Ho Chi Minh City,

**SPM Corporation**  
**Balance sheet at 30 June 2010**

	Code	Note	30/6/2010 VND	31/12/2009 VND
<b>ASSETS</b>				
<b>Current assets</b>	<b>100</b>		<b>296,457,074,935</b>	<b>158,232,464,298</b>
Cash	110	3	1,685,165,442	3,184,008,783
Short-term investments	120	4	126,000,000,000	380,059,000
<b>Accounts receivable</b>	<b>130</b>		<b>130,046,271,247</b>	<b>124,410,746,155</b>
Accounts receivable – trade	131	5	120,856,001,540	121,122,752,134
Prepayment to suppliers	132		7,877,627,697	2,170,915,099
Other receivables	135		1,312,642,010	1,117,078,922
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>32,613,812,483</b>	<b>29,395,146,284</b>
Inventories	141		33,067,978,064	29,849,311,865
Allowance for inventories	149		(454,165,581)	(454,165,581)
<b>Other current assets</b>	<b>150</b>		<b>6,111,825,763</b>	<b>862,504,076</b>
Short-term prepayments	151		719,452,452	265,793,845
Deductible value added tax	152		1,050,087,098	126,598,592
Others current assets	154		4,342,286,213	470,111,639
<b>Long-term assets</b>	<b>200</b>		<b>558,773,460,069</b>	<b>320,159,326,234</b>
<b>Fixed assets</b>	<b>220</b>		<b>429,556,734,224</b>	<b>308,482,392,270</b>
Tangible fixed assets	221	7	142,516,240,552	149,041,179,961
Cost	222		190,186,111,402	189,027,566,925
Accumulated depreciation	223		(47,669,870,850)	(39,986,386,964)
Intangible fixed assets	227	8	6,850,663,778	6,059,766,647
Cost	228		8,215,416,178	7,329,976,178
Accumulated amortisation	229		(1,364,752,400)	(1,270,209,531)
Construction in progress	230	9	280,189,829,894	153,381,445,662
<b>Long-term investments</b>	<b>250</b>	<b>10</b>	<b>129,216,725,845</b>	<b>11,525,000,000</b>
Other long-term investments	258		129,216,725,845	11,525,000,000
<b>Other long-term assets</b>	<b>260</b>		-	<b>151,933,964</b>
Long-term prepayments	261		-	151,933,964
<b>TOTAL ASSETS</b>	<b>270</b>		<b>855,230,535,004</b>	<b>478,391,790,532</b>

*The accompanying notes are an integral part of these interim financial statements*

**SPM Corporation**  
**Balance sheet at 30 June 2010 (continued)**

	Code	Note	30/6/2010 VND	31/12/2009 VND
<b>RESOURCES</b>				
<b>LIABILITIES</b>	<b>300</b>		<b>317,971,639,158</b>	<b>235,848,419,135</b>
<b>Current liabilities</b>	<b>310</b>		<b>317,812,499,438</b>	<b>235,680,795,915</b>
Short-term borrowings	311	11	38,903,838,133	127,611,920,617
Accounts payable – trade	312		39,381,179,635	33,079,663,057
Taxes payable to State Treasury	314	12	9,272,672,595	4,890,875,129
Payables to employees	315		805,951,000	1,192,555,030
Accrued expenses	316		1,089,720,255	608,675,060
Other payables	319	13	228,359,137,820	68,297,107,022
<b>Long-term liabilities</b>	<b>330</b>		<b>159,139,720</b>	<b>167,623,220</b>
Provision for severance allowance	336	14	159,139,720	167,623,220
<b>EQUITY</b>	<b>400</b>		<b>537,258,895,846</b>	<b>242,543,371,397</b>
<b>Equity</b>	<b>410</b>		<b>537,258,895,846</b>	<b>242,543,371,397</b>
Share capital	411	15	140,000,000,000	100,000,000,000
Capital surplus	412	15	210,885,368,500	-
Foreign exchange differences	416	2c	(30,911,981)	-
Retained profits	420		186,404,439,327	142,543,371,397
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>855,230,535,004</b>	<b>478,391,790,532</b>

Prepared by:

Approved by:

Bui Cong Son  
*Chief Accountant*

Nguyen The Ky  
*General Director*

**SPM Corporation**  
**Statement of income for the six-month period ended 30 June 2010**

	Code	Note	Three months ended 30/6/2010 VND	Six months ended 30/6/2010 VND	Three months ended 30/6/2009 VND (Unreviewed)	Six months ended 30/6/2009 VND (Unreviewed)
<b>Total revenue</b>	<b>01</b>	<b>16</b>	<b>83,891,999,509</b>	<b>163,969,037,248</b>	<b>71,408,939,893</b>	<b>117,065,718,354</b>
<b>Less sales deductions</b>	<b>02</b>	<b>16</b>	<b>(3,275,414,026)</b>	<b>(4,167,785,386)</b>	<b>(1,694,069,345)</b>	<b>(2,743,609,243)</b>
<b>Net sales</b>	<b>10</b>	<b>16</b>	<b>80,616,585,483</b>	<b>159,801,251,862</b>	<b>69,714,870,548</b>	<b>114,322,109,111</b>
<b>Cost of sales</b>	<b>11</b>	<b>17</b>	<b>(51,682,673,398)</b>	<b>(100,438,564,357)</b>	<b>(41,997,302,924)</b>	<b>(69,981,327,136)</b>
<b>Gross profit</b>	<b>20</b>		<b>28,933,912,085</b>	<b>59,362,687,505</b>	<b>27,717,567,624</b>	<b>44,340,781,975</b>
Financial income	21	18	2,770,068,339	2,980,429,195	131,573,935	164,346,916
Financial expenses	22	19	(1,349,968,973)	(6,632,115,698)	(2,416,659,968)	(4,202,510,463)
Selling expenses	24		(4,947,555,787)	(6,950,156,810)	(3,794,813,156)	(4,199,736,348)
General and administration expenses	25		(1,731,784,013)	(3,488,802,758)	(2,446,244,694)	(3,604,398,475)
<b>Net operating profit</b>	<b>30</b>		<b>23,674,671,651</b>	<b>45,272,041,434</b>	<b>19,191,423,741</b>	<b>32,498,483,605</b>
<b>Results of other activities</b>	<b>40</b>					
Other income	31	20	235,845,091	387,941,302	112,661,641	156,618,773
Other expenses	32	21	(347,540,910)	(349,865,390)	(232,917,139)	(430,430,877)
<b>Profit before tax</b>	<b>50</b>		<b>23,562,975,832</b>	<b>45,310,117,346</b>	<b>19,071,168,243</b>	<b>32,224,671,501</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>22</b>	<b>(483,609,728)</b>	<b>(1,449,049,416)</b>	<b>(1,430,337,618)</b>	<b>(2,416,850,363)</b>
<b>Net profit</b>	<b>60</b>		<b>23,079,366,104</b>	<b>43,861,067,930</b>	<b>17,640,830,625</b>	<b>29,807,821,138</b>
<b>Basic earnings per share</b>	<b>70</b>	<b>23</b>	<b>1,649</b>	<b>3,576</b>	<b>1,764</b>	<b>2,981</b>

Prepared by:

Approved by:

Bui Cong Son  
*Chief Accountant*

Nguyen The Ky  
*General Director*

*The accompanying notes are an integral part of these interim financial statements*

**SPM Corporation****Statement of changes in equity for the six-month period ended 30 June 2010**

	<b>Share capital VND</b>	<b>Capital surplus VND</b>	<b>Foreign exchange differences VND</b>	<b>Retained profits VND</b>	<b>Total VND</b>
<b>Balance at 1 January 2009</b>	100,000,000,000	-	-	90,328,063,889	190,328,063,889
Net profit for the period	-	-	-	38,749,228,056	38,749,228,056
Dividends	-	-	-	(2,247,857,678)	(2,247,857,678)
<b>Balance at 30 June 2009 (Unreviewed)</b>	100,000,000,000	-	-	126,829,434,267	226,829,434,267
<b>Balance at 1 January 2010</b>	100,000,000,000	-	-	142,543,371,397	242,543,371,397
Contributed capital	40,000,000,000	210,885,368,500	-	-	250,885,368,500
Net profit for the period	-	-	-	43,861,067,930	43,861,067,930
Unrealised exchange differences	-	-	(30,911,981)	-	(30,911,981)
<b>Balance at 30 June 2010</b>	140,000,000,000	210,885,368,500	(30,911,981)	186,404,439,327	537,258,895,846

Prepared by:

Approved by:

Bui Cong Son  
*Chief Accountant*Nguyen The Ky  
*General Director*



**SPM Corporation****Statement of cash flows for the six-month period ended 30 June 2010**

	Code	Note	Six months ended 30/6/2010 VND	Six months ended 30/6/2009 VND (Unreviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>45,310,117,346</b>	<b>32,224,671,501</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		7,979,486,319	7,448,011,159
Profits from investing activities	05		(2,632,473,308)	(147,882,571)
Interest expense	06		3,825,502,560	2,690,596,186
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>54,482,632,917</b>	<b>42,215,396,275</b>
Change in receivables and other current assets	09		(10,884,846,607)	(25,900,492,422)
Change in inventories	10		(3,218,666,199)	(13,827,812,665)
Change in payables and other liabilities	11		1,232,252,919	16,541,456,014
			<b>41,611,373,030</b>	<b>19,028,547,202</b>
Interest paid	13		(3,825,502,560)	(2,690,596,186)
Corporate income tax paid	14		-	(6,115,313,915)
<b>Net cash generated from operating activities</b>	<b>20</b>		<b>37,785,870,470</b>	<b>10,222,637,101</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(129,223,810,709)	(10,629,138,393)
Proceed from disposals of fixed assets	22		172,125,000	-
Payments for investments in other entities	25		(117,691,725,845)	-
Loans given and time deposits			(125,619,941,000)	-
Collections on investments in other entities	26		-	1,965,000,000
Receipts of interests	27		2,782,264,708	147,882,571
<b>Net cash used in investing activities</b>	<b>30</b>		<b>(369,581,087,846)</b>	<b>(8,516,255,822)</b>

*The accompanying notes are an integral part of these interim financial statements*

**SPM Corporation****Statement of cash flows for the six-month period ended 30 June 2010 (continued)**

	Code	Note	Six months ended 30/6/2010 VND	Six months ended 30/6/2009 VND (Unreviewed)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued	31		250,885,368,500	-
Proceeds from short-term and long-term borrowings	33		102,862,225,746	122,824,114,040
Contribution by other parties to Long Truong Project			168,150,000,000	-
Payments to settle debts	34		(191,570,308,230)	(126,005,962,906)
<b>Net cash generated from/(used from) financing activities</b>	<b>40</b>		<b>330,327,286,016</b>	<b>(3,181,848,866)</b>
<b>Net cash flows during the period</b>	<b>50</b>		<b>(1,467,931,360)</b>	<b>(1,475,467,587)</b>
<b>Cash at the beginning of the period</b>	<b>60</b>		<b>3,184,008,783</b>	<b>2,036,785,896</b>
<b>Effect of exchange rate fluctuations on cash</b>	<b>61</b>		<b>(30,911,981)</b>	<b>-</b>
<b>Cash at the end of the period</b>	<b>70</b>	<b>3</b>	<b>1,685,165,442</b>	<b>561,318,309</b>

Prepared by:

Approved by:

Bui Cong Son  
*Chief Accountant*Nguyen The Ky  
*General Director*

## **SPM Corporation**

### **Notes to the interim financial statements for the six-month period ended 30 June 2010**

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

#### **1. Reporting entity**

SPM Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to manufacture and trade cosmetic, food; to manufacture pharmaceutical products; to rent space, office; to provide rental warehouse; to trade pharmaceutical products; to trade apartments; to trade health machines; to explore metal, stone, sand, gravel, clay ore; to produce and to trade functional food.

As at 30 June 2010 the Company had 248 employees (31 December 2009: 239 employees).

#### **2. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these interim financial statements.

##### **(a) Basic of financial statement preparation**

The financial statements, expressed in Vietnam Dong (“VND”), have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2009.

The interim financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

##### **(b) Fiscal year**

The fiscal year of the Company is from 1 January to 31 December.

##### **(c) 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.

Effective 1 January 2010, the Company adopted Circular No. 201/2009/TT-BTC issued by the Ministry of Finance on 15 October 2009 regarding recognition of foreign exchange differences prospectively. This Circular provides the following guidance for recognition of foreign exchange differences:

## **SPM Corporation**

### **Notes to the interim financial statements for the six-month period ended 30 June 2010 (continued)**

- Exchange differences arising from period end translation of current monetary assets and liabilities denominated in currencies other than VND are recorded in the Foreign Exchange Difference Account in equity. Such exchange differences are subsequently reversed at the beginning of the following period;
- Exchange differences arising from period end translation of non-current monetary assets and long-term liabilities denominated in currencies other than VND are recorded in the statement of income; and
- Realised exchange differences incurred on settlement of monetary assets and liabilities in foreign currencies are recorded in the statement of income.

Had the Company continued adopting previous accounting policy for foreign currency transactions in accordance with Vietnamese Accounting Standard No. 10 (“VAS 10”) – *The Effects of Changes in Foreign Exchange Rates*, impact on the financial statements would be insignificant.

#### **(d) 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.

#### **(e) Investments**

Investments, including investments in associates, are stated at cost. An allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. 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.

#### **(f) Account receivable**

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

#### **(g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventory.

## **SPM Corporation**

### **Notes to the interim financial statements for the six-month period ended 30 June 2010 (continued)**

#### **(h) 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	8 – 25 years
▪ machinery and equipment	5 – 10 years
▪ office equipment	10 years
▪ motor vehicles	5 – 10 years

#### **(i) Intangible fixed assets**

##### **(i) Land use right**

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises the acquisition cost and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over 46 years.

##### **(ii) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 4 years.

##### **(iii) Licence**

Cost of acquisition of medicine licence is capitalised as intangible assets and is amortised on a straight-line basis over licence period of 10 years.

## **SPM Corporation**

### **Notes to the interim financial statements for the six-month period ended 30 June 2010 (continued)**

#### **(k) Construction in progress**

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

#### **(l) Trade and other payables**

Trade and other payables are stated at their cost.

#### **(m) Provisions**

A provision is recognised if, as a result of a past event, the Company 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) Borrowing cost**

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 tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

#### **(o) 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 period.

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 difference 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.

## **SPM Corporation**

### **Notes to the interim financial statements for the six-month period ended 30 June 2010 (continued)**

#### **(p) Revenue**

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.

#### **(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) Earnings per share**

The Company presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have any potentially diluted shares.

#### **(s) Segment reporting**

A segment is a distinguishable component of the Company 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. Management is of the opinion that the Company operates in one single business segment, which is the manufacture and sale of drugs and one significant geographical segment, which is Vietnam.

#### **(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.

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****3. Cash**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	185,335,608	65,310,353
Cash in banks	1,029,829,834	3,118,698,430
Cash in transit	470,000,000	-
	<hr/>	<hr/>
	1,685,165,442	3,184,008,783
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Cash at 30 June 2010 included amounts denominated in currencies other than VND amounting to VND149 million (31 December 2009: VND236 million).

**4. Short-term investments**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Bank deposits with terms over three months	10,000,000,000	-
Loans granted to other parties	116,000,000,000	-
Other	-	380,059,000
	<hr/>	<hr/>
	126,000,000,000	380,059,000
	<hr/>	<hr/>

**5. Accounts receivable - trade**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Trade receivables from related party	107,940,851,841	115,918,019,329
Trade receivables from third parties	12,915,149,699	5,204,732,805
	<hr/>	<hr/>
	120,856,001,540	121,122,752,134
	<hr/>	<hr/>

The trade receivables from related party were unsecured, interest free and are payable within 120 days from invoice date.



**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****6. Inventories**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Goods in transit	4,090,757,820	1,359,703,538
Raw materials	21,258,206,656	19,503,539,478
Work in progress	6,637,834,172	7,794,632,385
Finished goods	1,081,179,416	1,191,436,464
	<hr/>	<hr/>
	33,067,978,064	29,849,311,865
Allowance for inventories	(454,165,581)	(454,165,581)
	<hr/>	<hr/>
	32,613,812,483	29,395,146,284
	<hr/>	<hr/>

**SPM Corporation**  
**Notes to the interim financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**7. Tangible fixed assets**

	<b>Buildings VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	69,867,569,642	117,837,122,226	999,814,840	323,060,217	189,027,566,925
Additions	142,848,476	1,387,138,001	-	-	1,529,986,477
Disposals	-	(371,442,000)	-	-	(371,442,000)
Closing balance	70,010,418,118	118,852,818,227	999,814,840	323,060,217	190,186,111,402
<b>Accumulated depreciation</b>					
Opening balance	7,223,038,497	31,787,989,784	766,605,459	208,753,224	39,986,386,964
Charge for the period	1,495,161,381	6,145,903,339	74,940,760	17,004,006	7,733,009,486
Disposals	-	(49,525,600)	-	-	(49,525,600)
Closing balance	8,718,199,878	37,884,367,523	841,546,219	225,757,230	47,669,870,850
<b>Net book value</b>					
Closing balance	61,292,218,240	80,968,450,704	158,268,621	97,302,987	142,516,240,552
Opening balance	62,644,531,145	86,049,132,442	233,209,381	114,306,993	149,041,179,961

Included in the cost of tangible fixed assets were assets costing VND1,411 million which were fully depreciated as of 30 June 2010 (31 December 2009: VND1,153 million) but which are still in active use.

At 30 June 2010 tangible fixed assets with a carrying value of VND42,765 million (31 December 2009: VND83,027 million) were pledged with banks as security for short-term borrowings granted to the Company.

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****8. Intangible fixed assets**

	<b>Land use right VND</b>	<b>Software VND</b>	<b>Licence VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	7,281,897,278	48,078,900	-	7,329,976,178
Transfers from construction in progress	-	-	885,440,000	885,440,000
Closing balance	7,281,897,278	48,078,900	885,440,000	8,215,416,178
<b>Accumulated amortisation</b>				
Opening balance	1,270,209,531	-	-	1,270,209,531
Charge for the period	79,151,052	8,013,150	7,378,667	94,542,869
Closing balance	1,349,360,583	8,013,150	7,378,667	1,364,752,400
<b>Net book value</b>				
Closing balance	5,932,536,695	40,065,750	878,061,333	6,850,663,778
Opening balance	6,011,687,747	48,078,900	-	6,059,766,647

**9. Construction in progress**

	<b>Six months ended 30/6/2010 VND</b>
Opening balance	153,381,445,662
Additions during the period	127,693,824,232
Transfers to intangible fixed assets	(885,440,000)
Closing balance	280,189,829,894

During the period, borrowing costs capitalised into construction in progress amounted to VND1,702 million (2009: Nil).

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****10. Long-term investments**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Other long-term investments in:		
▪ Royal International Security Corporation	6,750,000,000	6,750,000,000
▪ Nam Bac Investment and Development Joint Stock Company	2,750,000,000	2,750,000,000
▪ Danang Pharmaceutical - Medical Equipment Joint Stock Company	2,025,000,000	2,025,000,000
▪ Hai Ha Land Investment Joint Stock Company	20,111,030,000	-
▪ Nguyen Duy Trinh land project	65,030,695,845	-
▪ Stone mine project in Ha Tinh province	10,000,000,000	-
▪ White marble mine project in Yen Bai province	15,000,000,000	-
▪ Huu Nghi Service and Trading Limited Company	7,000,000,000	-
▪ My Kim Tourist and Trading Company	550,000,000	-
	<hr/>	<hr/>
	129,216,725,845	11,525,000,000
	<hr/>	<hr/>

**11. Short-term borrowings**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Short-term borrowings		
Loan 1 from The Hongkong and Shanghai Banking Corporation (a)	25,680,103,726	24,006,093,134
Loan 2 from Mr. Dao Huu Hoang – Chairman (b)	800,000,000	21,168,574,977
Loan 3 from Sai Gon Thuong Tin Bank (c)	5,723,944,341	-
Loan 4 from Joint Stock Commercial Bank for Foreign Trade of Vietnam – Phu Tho Branch (d)	6,699,790,066	2,667,473,724
Loan 5 from Joint Stock Commercial Bank for Foreign Trade of Vietnam – Binh Tay Branch	-	24,812,737,190
Loan 6 from Vietnam Bank for Agriculture and Rural Development – District 5 Branch	-	54,957,041,592
	<hr/>	<hr/>
	38,903,838,133	127,611,920,617
	<hr/>	<hr/>

a. This loan, denominated in USD, is secured by the personal guarantee of USD1,500,000 from Mr. Dao Huu Hoang and pledged by inventory contracts together with insurance contract/certificates of insurance for inventories at warehouse with a minimum value of USD1,500,000 (2009: USD1,500,000). The loan bore interest at rates ranging from 10.50% to 11.50% (2009: 5.58% to 12.00%) per annum during the period.

b. This loan is unsecured, bore interest at 1.26% fixed (2009: 1.20%) per month during the period and is repayable upon 30 days notice.

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)**

- c. This loan is unsecured and has a maximum facility of VND15 billion. The loan bore interest at rate 13.00% per annum during the period.
- d. This loan has a maximum facility of VND70 billion (2009: VND2.7 billion) and bore interest at a rate ranging from 10.50% to 13.50% (2009: 10.32% to 10.50%) per annum during the period. The loan facility is secured by tangible fixed assets with carrying value as at 30 June 2010 of VND42,765 million (31 December 2009: VND3,773 million).

**12. Taxes payable to State Treasury**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Value added tax	4,784,972,540	2,039,373,675
Import tax	157,202,960	69,204,966
Corporate income tax	4,140,822,155	2,691,772,738
Personal income tax	188,674,940	90,523,750
Others taxes	1,000,000	-
	<hr/>	<hr/>
	9,272,672,595	4,890,875,129
	<hr/>	<hr/>

**13. Other payables**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND</b>	<b>VND</b>
Assets are waiting for solution	275,706,791	275,706,791
Social insurance and health insurance	145,269,959	132,487,423
Dividends payable	443,743,750	4,191,460,600
Other payables to related parties	-	2,708,711,150
Others (*)	227,494,417,320	60,988,741,058
	<hr/>	<hr/>
	228,359,137,820	68,297,107,022
	<hr/>	<hr/>

(\*) Others included amounts advanced by Song Da Company of VND168,150 million (31 December 2009: Nil); Ms. Chu Thi Thu Phuong of VND44,513 million (31 December 2009: VND44,513 million) and Ms. Do Thi Hang of VND11,240 million (31 December 2009: VND15,240 million) for their participation in the development of apartment building at Long Truong, District 9, Ho Chi Minh City.

**SPM Corporation**

**Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)**

**14. Provision for severance allowance**

Movements of provision for severance allowance during the period were as follows:

	<b>VND</b>
Opening balance	167,623,220
Provision used during the period	(8,483,500)
	<hr/>
Closing balance	159,139,720
	<hr/>

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

For the year six-month period ended 30 June 2010, the Company contributed VND29 million (six-month period ended 30 June 2009: VND23 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****15. Share capital**

The Company's authorised and issued share capital are:

	30/6/2010		31/12/2009	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	14,000,000	140,000,000,000	10,000,000	100,000,000,000

Movements in share capital during the period were as follows:

	Six-month period ended 30/6/2010		Six-month period ended 30/6/2009	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	10,000,000	100,000,000,000	10,000,000	100,000,000,000
Share issued during the period	4,000,000	40,000,000,000	-	-
Balance at the end of the period	14,000,000	140,000,000,000	10,000,000	100,000,000,000

All 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 shares are ranked equally with regard to the Company's residual assets.

In March 2010, the Company issued 4,000,000 shares for existing and new shareholders. The proceeds from shares issuance in excess of the par value totalling VND210,885,368,500 was recorded as share premium in equity section.

List of shareholders of the Company at 30 June 2010 are as follows:

	Contributed		
	Number of shares	VND	%
Mr Dao Huu Hoang	5,365,830	53,658,300,000	38.33%
Ms Do Thi Mai	1,000,000	10,000,000,000	7.14%
Amersham Industries Limited	600,000	6,000,000,000	4.29%
Ms Nguyen Thi Quynh Huong	577,075	5,770,750,000	4.12%
VietFund Management	520,000	5,200,000,000	3.71%
Vietnam Dragon Fund Limited	500,000	5,000,000,000	3.57%
Other shareholders	5,437,095	54,370,950,000	38.84%
	14,000,000	140,000,000,000	100%

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****16. Total revenue**

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

Net sales comprised

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Total revenue				
▪ Sale of finished goods	71,712,689,169	142,426,006,622	62,034,421,857	101,669,756,827
▪ Sales of merchandise goods	11,742,946,704	20,670,303,354	9,374,518,036	15,395,961,527
▪ Services	436,363,636	872,727,272	-	-
Less sales deductions				
▪ Sales returns	(3,275,414,026)	(4,167,785,386)	(1,694,069,345)	(2,743,609,243)
Net sales	80,616,585,483	159,801,251,862	69,714,870,548	114,322,109,111

**17. Cost of sales**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Total cost of sales				
▪ Finished goods sold	40,980,682,788	82,274,336,186	33,431,605,608	56,082,089,018
▪ Merchandise goods sold	10,701,990,610	18,164,228,171	8,565,697,316	13,899,238,118
	51,682,673,398	100,438,564,357	41,997,302,924	69,981,327,136



**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****18. Financial income**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Interest income	2,584,988,898	2,782,264,708	127,833,769	147,882,571
Foreign exchange gains	185,079,441	198,164,487	3,740,166	16,464,345
	<hr/> 2,770,068,339	<hr/> 2,980,429,195	<hr/> 131,573,935	<hr/> 164,346,916

**19. Financial expenses**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Interest expense	908,701,780	3,825,502,560	1,299,032,082	2,690,596,186
Foreign exchange losses	441,267,193	2,806,613,138	1,117,627,886	1,511,914,277
	<hr/> 1,349,968,973	<hr/> 6,632,115,698	<hr/> 2,416,659,968	<hr/> 4,202,510,463

**20. Other income**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Proceeds from disposals of tangible fixed assets	172,125,000	172,125,000	-	-
Compensation received from other parties	35,095,670	77,599,626	24,455,025	24,455,025
Others	28,624,421	138,216,676	88,206,616	132,163,748
	<hr/> 235,845,091	<hr/> 387,941,302	<hr/> 112,661,641	<hr/> 156,618,773

**SPM Corporation**  
**Notes to the interim financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**21. Other expenses**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Book value of tangible fixed assets disposed	321,916,400	321,916,400	-	-
Others	25,624,510	27,948,990	232,917,139	430,430,877
	<hr/> 347,540,910	<hr/> 349,865,390	<hr/> 232,917,139	<hr/> 430,430,877 <hr/>

**22. Income tax**

**(a) Reconciliation of effective tax rate**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Profit before tax	23,562,975,832	45,310,117,346	19,071,168,243	32,224,671,501
Tax at normal income tax rate	5,890,743,958	11,327,529,337	4,767,792,061	8,056,167,875
Non-deductible expense	14,753,033	39,109,905	-	-
Effect of tax incentives	(5,421,887,263)	(9,917,589,826)	(3,337,454,443)	(5,639,317,512)
	<hr/> 483,609,728	<hr/> 1,449,049,416	<hr/> 1,430,337,618	<hr/> 2,416,850,363 <hr/>

**(b) Applicable tax rates**

Under the terms of its Investment Licence the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits for 12 years starting from the first year of operation and at the normal tax rate (currently 25%) for the succeeding years. The Company is exempted from business income tax fully in 3 years from the profit-making year and is reduced 50% of tax amount payable in 7 following years. The year 2004 was the first year profit-making year of the Company.

Besides, during 2008, the Company invested into a production expansion project called “Construction of new pharmaceutical factory” and the project was put in use at 2009. The Company is entitled to a tax exemption for the first 3 years and 50% tax reduction for the following 7 years in respect of the profit generated by this project. The year of 2009 was the first year this project generated profit.

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)**

On 13 January 2009, the Ministry of Finance issued Circular 03/2009/TT-BTC announcing a reduction of the income tax liability for 2009 for Small and Medium Enterprises (SMEs), of which SMEs shall be entitled to a 30% income tax reduction for 2009. In accordance with the Circular 03/2009/TT-BTC, the Company assessed that it meets the criteria as a SME, therefore, it applied the 30% income tax reduction for 2009.

**23. Basic earning per share**

The calculation of basic earning per share at 30 June 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Net profit attributable to ordinary shareholders	23,079,366,104	43,861,067,930	17,640,830,625	29,807,821,138

**(ii) Weighted average number of ordinary shares**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Issued ordinary shares at the beginning of the period	14,000,000	10,000,000	10,000,000	10,000,000
Effect of shares issued in March 2010	-	2,266,667	-	-
Weighted average number of ordinary shares at the end of the period	14,000,000	12,266,667	10,000,000	10,000,000

**SPM Corporation****Notes to the interim financial statements for the six-month period ended 30 June 2010  
(continued)****24. Significant transactions with related parties**

In addition to balances with related parties disclosed in other notes, during the period there were the following significant transactions with related parties:

	<b>Transaction value</b>	
	<b>Six months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2009 VND</b>
<b>Do Thanh Pharmaceutical Company</b>		
Sales of finished goods	150,454,334,194	110,834,908,724
Sales of service	872,727,272	-
Interest income	1,967,333,334	-
Loan to Do Thanh Pharmaceutical Company	72,000,000,000	-
<b>Members of Board of Management and Board of Directors</b>		
Loan to the Company	950,000,000	-
Loan from the Company	4,000,000,000	-
Advances from the Company	3,519,688,417	-
Remunerations	405,571,000	325,650,000

Do Thanh Pharmaceutical Company is a company controlled by the Company's biggest shareholder.

**25. Production and business costs by element**

	<b>Three months ended 30/6/2010 VND</b>	<b>Six months ended 30/6/2010 VND</b>	<b>Three months ended 30/6/2009 VND</b>	<b>Six months ended 30/6/2009 VND</b>
Raw material costs included in production costs	43,354,006,658	85,352,272,795	35,963,524,366	55,095,634,274
Labour costs and staff costs	3,155,535,830	5,423,898,530	2,284,438,830	4,309,073,067
Depreciation and amortisation	3,880,323,278	7,827,552,355	3,794,828,369	7,448,011,159
Outside services and other expenses	7,972,147,432	12,273,800,235	6,195,569,209	10,932,743,459

Prepared by:

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