

**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

**BALANCE SHEET**

As of 31 December 2008

Unit: VND

ASSETS	Code	Note	<u>Ending balance</u>	<u>Beginning balance</u>
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>398,184,014,935</b>	<b>469,910,000,189</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>110,880,677,264</b>	<b>49,244,207,080</b>
1. Cash	111		39,417,942,264	49,244,207,080
2. Cash equivalents	112		71,462,735,000	-
<b>II. Short-term investments</b>	<b>120</b>		<b>25,706,517,435</b>	<b>155,294,846,770</b>
1. Short-term investments	121	V.2	30,647,201,115	156,097,746,770
2. Provisions for devaluation of short-term investments in securities	129	V.3	(4,940,683,680)	(802,900,000)
<b>III. Accounts receivable</b>	<b>130</b>		<b>106,864,070,007</b>	<b>116,598,663,076</b>
1. Receivable from customers	131	V.4	85,829,963,346	50,056,804,449
2. Prepayments to suppliers	132	V.5	19,132,461,662	63,364,172,135
3. Inter-company receivable	133		-	-
4. Receivable according to the progress of construction contracts	134		-	-
5. Other receivable	138	V.6	2,318,718,833	3,411,164,787
6. Provisions for bad debts	139	V.7	(417,073,834)	(233,478,295)
<b>IV. Inventories</b>	<b>140</b>		<b>148,254,570,858</b>	<b>137,817,652,470</b>
1. Inventories	141	V.8	148,254,570,858	138,066,663,894
2. Provisions for devaluation of inventories	149		-	(249,011,424)
<b>V. Other current assets</b>	<b>150</b>		<b>6,478,179,371</b>	<b>10,954,630,793</b>
1. Short-term prepaid expenses	151	V.9	129,845,727	-
2. VAT to be deducted	152		877,366,698	1,298,724,573
3. Taxes and other accounts receivable from the State	154		-	4,232,084
4. Other current assets	158	V.10	5,470,966,946	9,651,674,136

This statement should be read in conjunction with the notes to the financial statements

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**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

ASSETS	Code	Note	<u>Ending balance</u>	<u>Beginning balance</u>
<b>B - LONG-TERM ASSETS</b>	<b>200</b>		<b>198,226,645,609</b>	<b>98,515,519,099</b>
<b>I. Long-term accounts receivable</b>	<b>210</b>		-	-
1. Long-term accounts receivable from customers	211		-	-
2. Working capital in affiliates	212		-	-
3. Long-term inter-company receivable	213		-	-
4. Other long-term receivable	218		-	-
5. Provisions for bad debts	219		-	-
<b>II. Fixed assets</b>	<b>210</b>		<b>131,977,323,198</b>	<b>44,361,783,185</b>
1. Tangible assets	221	V.11	45,166,565,552	40,497,644,714
<i>Historical costs</i>	222		126,934,587,144	111,305,770,685
<i>Accumulated depreciation</i>	223		(81,768,021,592)	(70,808,125,971)
2. Financial leasehold assets	224		-	-
<i>Historical costs</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible assets	227	V.12	72,232,985,954	703,339,888
<i>Initial costs</i>	228		72,796,937,743	744,712,823
<i>Accumulated amortization</i>	229		(563,951,789)	(41,372,935)
4. Construction-in-progress	230	V.13	14,577,771,692	3,160,798,583
<b>III. Investment property</b>	<b>240</b>		-	-
Historical costs	241		-	-
Accumulated depreciation	242		-	-
<b>IV. Long-term investments</b>	<b>250</b>		<b>39,175,544,700</b>	<b>23,068,524,700</b>
1. Investments in affiliates	251		-	-
2. Investments in business concerns and joint ventures	252	V.14	19,810,876,700	14,470,996,700
3. Other long-term investments	258	V.15	22,959,668,000	8,597,528,000
4. Provisions for devaluation of long-term investments in securities	259	V.16	(3,595,000,000)	-
<b>V. Other long-term assets</b>	<b>260</b>		<b>27,073,777,711</b>	<b>31,085,211,214</b>
1. Long-term prepaid expenses	261	V.17	26,588,388,032	30,332,923,025
2. Deferred income tax assets	262	V.18	485,389,679	752,288,189
3. Other long-term assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b><u>596,410,660,544</u></b>	<b><u>568,425,519,288</u></b>

This statement should be read in conjunction with the notes to the financial statements

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**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

LIABILITIES AND OWNER'S EQUITY	Code	Note	Ending balance	Beginning balance
<b>A - LIABILITIES</b>	<b>300</b>		<b>80,581,053,859</b>	<b>70,873,654,857</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>78,648,854,876</b>	<b>70,172,222,064</b>
1. Short-term debts and loans	311	V.19	4,000,000,000	4,000,000,000
2. Payable to suppliers	312	V.20	45,800,295,548	38,219,463,910
3. Advances from customers	313	V.21	285,177,720	12,830,093,092
4. Taxes and other obligations to the State Budget	314	V.22	13,127,468,679	5,137,701,185
5. Payable to employees	315	V.23	5,704,758,664	1,549,120,076
6. Accrued expenses	316	V.24	5,743,456,790	7,522,881,897
7. Inter-company payable	317		-	-
8. Payable according to the progress of construction contracts	318		-	-
9. Other payable	319	V.25	3,987,697,475	912,961,904
10. Provisions for short-term accounts payable	320		-	-
<b>II. Long-term liabilities</b>	<b>320</b>		<b>1,932,198,983</b>	<b>701,432,793</b>
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term inter-company payable	332		-	-
3. Other long-term payable	333	V.26	1,127,000,000	140,000,000
4. Long-term debts and loans	334		-	-
5. Deferred income tax payable	335		-	-
6. Provisions for unemployment allowances	336	V.27	805,198,983	561,432,793
7. Provisions for long-term accounts payable	337		-	-
<b>B - OWNER'S EQUITY</b>	<b>400</b>		<b>515,829,606,685</b>	<b>497,551,864,431</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>512,573,120,728</b>	<b>494,960,731,305</b>
1. Capital	411	V.28	116,598,200,000	116,598,200,000
2. Share premiums	412	V.28	278,107,871,250	278,107,871,250
3. Other sources of capital	413	V.28	2,420,789,142	2,313,198,514
4. Treasury stocks	414	V.28	(93,720,000)	-
5. Differences on asset revaluation	415		-	-
6. Foreign exchange differences	416		-	-
7. Business promotion fund	417	V.28	59,774,325,480	36,239,720,547
8. Financial reserved fund	418	V.28	11,659,820,000	11,330,845,196
9. Other funds	419		-	-
10. Retained earnings	420	V.28	44,105,834,856	50,370,895,798
11. Construction investment fund	421		-	-
<b>II. Other sources and funds</b>	<b>430</b>		<b>3,256,485,957</b>	<b>2,591,133,126</b>
1. Bonus and welfare funds	431	V.29	3,256,485,957	2,037,253,126
2. Sources of expenditure	432		-	553,880,000
3. Fund to form fixed assets	433		-	-
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>596,410,660,544</b>	<b>568,425,519,288</b>

This statement should be read in conjunction with the notes to the financial statements

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**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**For the fiscal year ended 31 December 2008

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**OFF-BALANCE SHEET ITEMS**

<b>ITEMS</b>	<b>Note</b>	<b><u>Ending balance</u></b>	<b><u>Beginning balance</u></b>
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		-	-
3. Goods deposited by others		-	-
4. Bad debts already treated		352,408,845	17,510,281
5. Foreign currencies:			
USD		1,397,449.61	185,791.31
EUR		33,077.83	8,101.33
6. Estimates for non-business and project expenditure		-	-

Dong Thap, 12 March 2009

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**Tran Hoai Hanh**  
Preparer

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**Phan Hoang Minh Tri**  
Chief Accountant

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**Nguyen Quoc Dinh**  
Deputy General Director*This statement should be read in conjunction with the notes to the financial statements*

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**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

**INCOME STATEMENT**

For the fiscal year ended 2008

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	569,022,726,529	454,425,763,265
2. Deductions	03	VI.1	7,178,446,610	2,823,450,708
3. Net sales	10	VI.1	561,844,279,919	451,602,312,557
4. Costs of goods sold	11	VI.2	319,808,759,313	258,571,893,457
5. Gross profit	20		242,035,520,606	193,030,419,100
6. Financial income	21	VI.3	16,987,629,646	6,895,217,248
7. Financial expenses	22	VI.4	13,913,344,998	2,268,692,518
In which: Loan interest expenses	23		533,366,580	749,658,500
8. Selling expenses	24	VI.5	145,012,249,922	113,380,454,510
9. Administrative overheads	25	VI.6	24,969,166,265	21,929,910,261
10. Net operating profit	30		75,128,389,067	62,346,579,059
11. Other income	31	VI.7	1,000,624,362	4,143,956,889
12. Other expenses	32	VI.8	5,355,978,055	3,259,898,331
13. Other profit/ (loss)	40		(4,355,353,693)	884,058,558
14. Total accounting profit before tax	50		70,773,035,374	63,230,637,617
15. Current corporate income tax	51	V.22	12,240,482,007	8,498,807,977
16. Deferred corporate income tax	52	V.18	266,898,511	213,433,842
17. Profit after tax	60		<u>58,265,654,856</u>	<u>54,518,395,798</u>
18. Earning per share	70	VI.9	<u>4,997</u>	<u>5,951</u>

Dong Thap, 12 March 2009

\_\_\_\_\_  
Tran Hoai Hanh  
Preparer

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Phan Hoang Minh Tri  
Chief Accountant

\_\_\_\_\_  
Nguyen Quoc Dinh  
Deputy General Director

This statement should be read in conjunction with the notes to the financial statements

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**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

**CASH FLOW STATEMENT**

(Indirect method)

For the fiscal year ended 2008

Unit: VND

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
<b>I. Cash flows from operating activities</b>				
<i>1. Profit before tax</i>	<i>01</i>		<i>70,773,035,374</i>	<i>63,230,637,617</i>
<i>2. Adjustments</i>				
- Depreciation of fixed assets	02	V.11, V.12	11,580,579,184	9,688,959,716
- Provisions	03	V.3, V.7, V.16	7,667,367,795	785,389,719
- Gain/ (loss) from foreign exchange differences	04	VI.3, VI.4	1,366,760,637	3,509,421
- Gain/ (loss) from investing activities	05	VI.3, VI.4, VI.7	(12,341,729,779)	(5,350,162,748)
- Loan interest expenses	06	VI.4	533,366,580	749,658,500
<i>3. Operating profit before changes of working capital</i>	<i>08</i>		<i>79,579,379,791</i>	<i>69,107,992,225</i>
- Increase/ (decrease) of accounts receivable	09		60,598,582,879	(62,471,569,853)
- Increase/ (decrease) of inventories	10		(10,187,906,964)	(8,053,151,167)
- Increase/ (decrease) of accounts payable	11		(17,798,750,979)	893,516,350
- Increase/ (decrease) of prepaid expenses	12		3,614,689,266	(2,235,496,529)
- Loan interests already paid	13		(533,366,580)	(749,658,500)
- Corporate income tax already paid	14	V.22	(6,222,564,276)	(8,092,622,006)
- Other gains	15		5,079,573,359	553,880,000
- Other disbursements	16		(51,449,051,356)	(5,288,241,773)
<i>Net cash flows from operating activities</i>	<i>20</i>		<u><i>62,680,585,140</i></u>	<u><i>(16,335,351,253)</i></u>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other long-term assets	21	V.11, V.12, V.13	(86,675,967,667)	(17,679,924,353)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22	VI.7	19,022,333	121,000,000
3. Loans given and purchases of debt instruments of other entities	23		(20,293,000,000)	(2,000,000,000)
4. Recovery of loans given and disposals of debt instruments of other entities	24		132,783,362,500	-
5. Investments into other entities	25		(7,265,180,000)	(175,591,771,470)
6. Withdrawals of investments in other entities	26		75,354,000	-
7. Receipts of loan interests, dividends and profit shared	27	V.6, VI.3	12,526,809,101	5,229,162,748
<i>Net cash flows from investing activities</i>	<i>30</i>		<u><i>31,170,400,267</i></u>	<u><i>(189,921,533,075)</i></u>

This statement should be read in conjunction with the notes to the financial statements

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**IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
<b>III. Cash flows from financing activities</b>				
1. Gains from stock issuance and capital contributions from shareholders	31		-	198,335,760,000
2. Repayment for capital contributions and re-purchases of stocks already issued	32	V.28	(93,720,000)	-
3. Short-term and long-term loans received	33		-	56,500,000,000
4. Loan principal amounts repaid	34		-	(56,551,816,145)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36	V.25, V.28	(31,943,300,150)	(8,400,000,000)
<i>Net cash flows from financing activities</i>	<b>40</b>		<u>(32,037,020,150)</u>	<u>189,883,943,855</u>
<b>Net cash flows during the year</b>	<b>50</b>		<b>61,813,965,257</b>	<b>(16,372,940,473)</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>	<b>VI.1</b>	<b>49,244,207,080</b>	<b>65,607,176,574</b>
Effects of fluctuations in foreign exchange rates	61		(177,495,073)	9,970,979
<b>Ending cash and cash equivalents</b>	<b>70</b>	<b>VI.1</b>	<u><b>110,880,677,264</b></u>	<u><b>49,244,207,080</b></u>

Dong Thap, 12 March 2009

\_\_\_\_\_  
Tran Hoai Hanh  
Preparer

\_\_\_\_\_  
Phan Hoang Minh Tri  
Chief Accountant

\_\_\_\_\_  
Nguyen Quoc Dinh  
Deputy General Director

**IMEXPARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended 2008**

**I. OPERATION FEATURES**

- 1. Investment form** : A joint stock company.
- 2. Operating field** : Manufacturing – Processing, planting, raising, servicing, trading, financial investing, trading real estate.
- 3. Main operations** : Manufacturing, trading, importing, and exporting pharmaceuticals, materials and packages for medicine production; manufacturing, trading, importing, exporting traditional medicine; planting, processing, and trading medicine; trading resorts; making financial investments and trading real estates.

**4. Effects of the company's operations during the year on the financial statements**

The company's net sales during the year 2008 have increased by VND 110 billion (equivalent to 24%) in comparison with those of the year 2007 because the company has expanded its market to the North areas.

The company's financial income of the year 2008 have increased by VND 10 billion (equivalent to 146%) in comparison with that of the year 2007 mostly due to the term deposit interest from banks.

During the year, the company has made the provisions for devaluation of its investments for the total amount of VND 7,7 billion, leading to a sharp increase in the financial expenses in the year 2008.

**II. FISCAL YEAR AND STANDARD CURRENCY USED IN ACCOUNTING****1. Fiscal year**

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

The fiscal year ended 31 December 2008 is the 8<sup>th</sup> fiscal year of the company.

**2. Standard currency unit used in accounting**

The standard currency unit used is Vietnam Dong (VND).

**III. ACCOUNTING STANDARDS AND SYSTEM****1. Accounting system**

The company has been applying the Vietnamese accounting system.

**2. Statement on the compliance with the 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 financial statements.

**3. Accounting form**



## **IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

### **FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

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Voucher recording.

#### **IV. ACCOUNTING POLICIES**

##### **1. Accounting convention**

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

The affiliates have their own accounting units but cannot do the accounting works independently. The company's financial statements are prepared on the basis of the consolidation of the financial statements of affiliates. Sales and balances among affiliates are excluded when the consolidated financial statements are prepared.

##### **2. 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.

##### **3. 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 first-in first-out method and are recorded in line with the perpetual method.

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

##### **4. 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 for each bad debt on the basis of outstanding debt ages or estimates for possible losses.

##### **5. 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 company 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 are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	10-25
Machinery and equipment	06-15

## IMEXPHEM CORPORATION

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2008

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Vehicles	06-10
Office equipment	03-08

#### 6. Intangible fixed assets

##### *Computer software copyright*

Computer software copyright includes all expenses the company paid to have the legal software use right. Computer software copyright is amortized in 3 years.

##### *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. The land use right is amortized in 50 years. Particularly, in case the land use right is permanent, it is not amortized.

#### 7. 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.

#### 8. Financial investment

Investments into securities, subsidiaries, associates, and jointly controlled entities 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. Provisions for loss of investments in other economic organizations are made when these organizations suffer from loss (except for the loss according to the plan already determined in the company's business budgets before making the investments) at the rate equivalent to rate of capital contribution of the company in these organizations.

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

#### 9. Long-term prepaid expenses

##### *Prepaid land rental*

Prepaid land rental is the land rental prepaid for the land being used by the company. Land rental is allocated according to the leasing period as stipulated in the land leasing contract.

##### *Goodwill*

Goodwill is the difference when the merging cost exceeds the ownership of the buyer in fair value of assets, determined liabilities and contingent liabilities in the merger of Dong Thap Muoi Medicine Institute into the company as of 28 February 2007. Goodwill is allocated in 6 years.

#### 10. Trade payable and other payable

## **IMEXPHARM CORPORATION**

Address: No. 04, Road 30/4, Ward 1, Cao Lanh City, Dong Thap Province

### **FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2008

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Trade payable and other payable are recognized at the values on supporting invoices and documents.

#### **11. Accrued expenses**

Accrued expenses are recorded, based on reasonable estimates on the amounts payable for goods and services already used during the period.

#### **12. Appropriation for unemployment fund**

Unemployment fund is used to pay for severance and unemployment allowances. The rate of extraction for this fund is 3% of the salary fund, which is used as the basis for social insurance payment, and is included into the company's expenses during the period. In case that the unemployment fund is not enough for subsidizing resigned employees, the insufficient difference is recorded into expenses.

#### **13. Capital and funds**

The company's sources of capital include:

- Capital: the actual amount invested by shareholders.
- Share premiums: the differences between the issuance price and the face value.
- Other sources of capital: including the supplement from the business results, the value of the assets which are given to the company and the revaluation of assets.

The company's funds are extracted and used in line with the company's Charter.

#### **14. Dividends**

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

#### **15. Corporate income tax**

The company has to pay corporate income tax at the tax rate of 20.% on the taxable income. The company is fully exempted from the corporate income tax in 2 years from the first profit-making year and is reduced 50% in 5 following years.

In addition, the company also enjoys the reduction of 50% of corporate income tax in 2 years as its stocks have been listed at the Ho Chi Minh City Stock Exchange (HOSE).

The fiscal year ended 2001 was the first profit-making of the company.

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 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.

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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.

#### **16. Foreign currency translation**

The transactions in foreign currencies during the year 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.

The exchange rates used as of:	31 December 2007 :	VND 16.114/USD
	31 December 2008 :	VND 16.977/USD

#### **17. 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.

Interests, royalty fees, dividends, and profit shared are recognized when the company 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. Royalty fees are recognized on the accrual basis in line with the contract signed. Dividends and profit shared are recognized when the shareholders or the investors have the rights to receive dividends or profit from the capital contribution.

#### **18. Related parties**

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

Transactions with related parties during the year are presented in Note VII.1.

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**V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET****1. Cash and cash equivalents**

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	1.837.867.960	4.205.477.611
Cash in bank	37.580.074.304	45.038.729.469
Cash equivalents (*)	71.462.735.000	-
<b>Total</b>	<b><u>110.880.677.264</u></b>	<b><u>49.244.207.080</u></b>

(\*) Under-3-month deposits.

**2. Short-term investments**

	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term investment in securities	8.402.451.115	19.097.746.770
- Stocks	8.402.451.115	19.097.746.770
- Treasury bonds, debentures and term bonds	-	-
Other short-term investments	22.244.750.000	137.000.000.000
- Deposits from over 3 months to 1 year	19.043.000.000	135.000.000.000
- Other short-term investments	3.201.750.000	2.000.000.000
<b>Total</b>	<b><u>30.647.201.115</u></b>	<b><u>156.097.746.770</u></b>

**3. Provisions for devaluation of short-term investments**

This item reflects the provision for devaluation of short-term investments in securities.

<b>Issuance entities</b>	<u>Quantity</u>	<u>Provision amount</u>
OPC Pharmaceutical Joint Stock Company	16.380	282.626.000
DHG Pharmaceutical Joint Stock Company	10.000	1.171.800.000
Vinh Hoan Corporation	10.000	310.000.000
Domesco Medical Import-Export Joint Stock Corporation	22.500	1.042.087.500
Bach Tuyet Cotton Corporation	28.330	565.070.180
VF1 Securities Investment Fund	50.000	1.569.100.000
<b>Total</b>	<b><u>137.210</u></b>	<b><u>4.940.683.680</u></b>

**4. Receivable from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Overseas customers	14.428.889.976	1.793.933.005
Local customers	71.401.073.370	48.262.871.444
<b>Total</b>	<b><u>85.829.963.346</u></b>	<b><u>50.056.804.449</u></b>

**5. Prepayment to suppliers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Overseas suppliers	1.141.926.940	38.717.913
Local suppliers	17.990.534.722	63.325.454.222
<b>Total</b>	<b><u>19.132.461.662</u></b>	<b><u>63.364.172.135</u></b>

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**6. Other receivable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Social insurance, health insurance	-	42.305.111
Nguyen Dinh Hieu	-	262.000.000
Interests on term deposits receivable	2.152.318.833	1.558.933.333
Others	166.400.000	1.547.926.343
<b>Total</b>	<b><u>2.318.718.833</u></b>	<b><u>3.411.164.787</u></b>

**7. Provisions for bad debts**

This item reflects the provision for the accounts receivable, which have been outstanding from 2 years to under 3 years.

**8. Inventories**

	<u>Ending balance</u>	<u>Beginning balance</u>
Materials and supplies	80.686.371.636	72.771.446.182
Tools	148.008.288	140.997.279
Work-in-process	10.116.115.232	10.848.869.619
Finished goods	53.778.747.163	47.434.041.373
Merchandises	3.076.974.160	6.288.235.162
Goods on consignment	448.354.379	583.074.279
<b>Total</b>	<b><u>148.254.570.858</u></b>	<b><u>138.066.663.894</u></b>

**9. Short-term prepaid expenses**

Beginning balance	-
Increases	973.141.044
Allocation	(140.466.476)
Other decreases	(702.828.841)
<b>Ending balance</b>	<b><u>129.845.727</u></b>

**10. Other current assets**

	<u>Ending balance</u>	<u>Beginning balance</u>
Advances	4.620.665.212	4.495.042.621
Short-term deposits and mortgages	799.016.154	5.156.631.515
Deficit assets for treatment	51.285.580	-
<b>Total</b>	<b><u>5.470.966.946</u></b>	<b><u>9.651.674.136</u></b>

**11. Increases/ (decreases) of tangible fixed assets**

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Other fixed assets</u>	<u>Total</u>
<b>Historical costs</b>						
Beginning balance	36.903.851.298	60.513.639.295	9.327.821.870	2.573.419.078	1.987.039.144	111.305.770.685
New purchases	1.792.430.909	7.608.671.864	1.314.245.444	13.284.000	26.161.385	10.754.793.602
New constructions	4.473.989.996	285.471.810	212.665.760			4.972.127.566
Disposals and liquidations				(60.083.800)	(38.020.909)	(98.104.709)
Reclassification	554.712.007	(1.110.509.570)	430.016.721	393.580.041	(267.799.199)	-
<b>Ending balance</b>	<b><u>43.724.984.210</u></b>	<b><u>67.297.273.399</u></b>	<b><u>11.284.749.795</u></b>	<b><u>2.920.199.319</u></b>	<b><u>1.707.380.421</u></b>	<b><u>126.934.587.144</u></b>
<i>In which:</i>						
Being fully depreciated but still in use	11.953.655.061	31.643.934.621	1.607.634.476	893.094.081	1.320.911.152	47.419.229.391

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**Depreciation**

Beginning balance	23.341.625.390	40.501.646.692	4.348.818.023	1.234.558.799	1.381.477.067	70.808.125.971
Depreciation	3.429.029.516	5.566.453.256	1.469.254.840	443.168.777	150.093.941	11.058.000.330
Disposals and liquidations	-	-	-	(60.083.800)	(38.020.909)	(98.104.709)
Reclassification	310.514.273	(457.535.031)	40.672.918	63.647.792	42.700.048	-
<b>Ending balance</b>	<b>27.081.169.179</b>	<b>45.610.564.917</b>	<b>5.858.745.781</b>	<b>1.681.291.568</b>	<b>1.536.250.147</b>	<b>81.768.021.592</b>

**Net book values**

Beginning balance	13.562.225.908	20.011.992.603	4.979.003.847	1.338.860.279	605.562.077	40.497.644.714
<b>Ending balance</b>	<b>16.643.815.031</b>	<b>21.686.708.482</b>	<b>5.426.004.014</b>	<b>1.238.907.751</b>	<b>171.130.274</b>	<b>45.166.565.552</b>

**12. Increases/ (decreases) of intangible fixed assets**

	Computer software copyright	Land use right	Total
<b>Initial costs</b>			
Beginning balance	744.712.823	-	744.712.823
Increases	41.001.000	72.011.223.920	72.052.224.920
<b>Ending balance</b>	<b>785.713.823</b>	<b>72.011.223.920</b>	<b>72.796.937.743</b>
<b>Amortization</b>			
Beginning balance	41.372.935	-	41.372.935
Increases	248.237.608	274.341.246	522.578.854
<b>Ending balance</b>	<b>289.610.543</b>	<b>274.341.246</b>	<b>563.951.789</b>
<b>Net book values</b>			
Beginning balance	703.339.888	-	703.339.888
<b>Ending balance</b>	<b>496.103.280</b>	<b>71.736.882.674</b>	<b>72.232.985.954</b>

**13. Construction-in-progress**

	Beginning balance	Increases	Inclusion in fixed assets	Ending balance
Acquisition of fixed assets	200.916.397	285.471.810	(285.471.810)	200.916.397
Construction-in-progress	2.959.882.186	18.334.044.785	(6.917.071.676)	14.376.855.295
– Cephalosporin Factory in Binh Duong	45.445.455	5.400.779.337	-	5.446.224.792
– Dong Thap Muoi Medicine Institute	425.936.189	2.053.319.490	(212.665.760)	2.266.589.919
– Branch of Mekong Delta	575.910.546	-	-	575.910.546
– Binh Chanh warehouse	100.000.000	-	(100.000.000)	-
– Improving branch No. 1	1.812.589.996	-	(1.812.589.996)	-
– Expenses on geological inspection of the head office	-	33.254.545	-	33.254.545
– Expenses on purchases of land and house in Sa Dec	-	2.995.910.920	(2.995.910.920)	-
– Expenses on purchases of land and house in Tay Ninh	-	1.789.753.051	(1.500.000.000)	289.753.051
– Expenses on tenement house in Binh Duong	-	70.358.242	-	70.358.242
– Expenses on purchases of land in Can Tho	-	2.609.700.000	-	2.609.700.000
– Expenses on purchases of land and house in Cao Lanh City	-	3.085.064.200	-	3.085.064.200
– Others	-	295.905.000	(295.905.000)	-
Large repair of fixed assets	-	-	-	-
<b>Total</b>	<b>3.160.798.583</b>	<b>18.619.516.595</b>	<b>(7.202.543.486)</b>	<b>14.577.771.692</b>

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**14. Investment in business concerns and joint ventures**

<b>Business concerns and joint ventures</b>	<b>Rate of capital ownership</b>		<b>Investment property</b>
	<b>As in license</b>	<b>Actually contributed</b>	
Gia Dai Pharmaceutical Co., Ltd.	26,00%	26,00%	182.000.000
An Giang Pharmaceutical J.S.C.	25,50%	25,50%	14.288.996.700
Soc Trang Pharmaceutical J.S.C. (Sotraphar)	25,50%	25,50%	5.339.880.000
<b>Total</b>			<b>19.810.876.700</b>

**15. Other long-term investments**

	<b>Ending balance</b>	<b>Beginning balance</b>
Investment in stocks	22.609.168.000	8.147.028.000
Investment in bonds	250.000.000	250.000.000
Investment in bill and educational bonds	100.500.000	200.500.000
<b>Total</b>	<b>22.959.668.000</b>	<b>8.597.528.000</b>

**16. Provisions for devaluation of long-term investments**

This item reflects the provision for devaluation of long-term investment in stocks.

<b>Issuance entities</b>	<b>Quantity</b>	<b>Provision amount</b>
Mekopha Pharmaceutical and Chemicals JSC	77.000	2.398.000.000
Central Pharmaceutical JSC No. 25	1.450	71.000.000
Vietnam Insurance Corporation	20.000	890.000.000
Vidipha Pharmaceutical JSC	12.000	236.000.000
<b>Total</b>	<b>110.450</b>	<b>3.595.000.000</b>

**17. Long-term prepaid expenses**

	<b>Beginning balance</b>	<b>Increases</b>	<b>Allocation</b>	<b>Other decreases</b>	<b>Ending balance</b>
Land rental	12.424.320.290	-	(162.814.446)	-	12.261.505.844
Goodwill	17.908.602.735	-	(3.581.720.547)	-	14.326.882.188
<b>Total</b>	<b>30.332.923.025</b>	<b>-</b>	<b>(3.744.534.993)</b>	<b>-</b>	<b>26.588.388.032</b>

**18. Deferred income tax assets**

This item reflects the deferred income tax assets related to the temporarily deductible differences.

Details are as follows:

Beginning balance	752.288.189
Increases	-
Reversal during the year	(266.898.510)
<b>Ending balance</b>	<b>485.389.679</b>



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**19. Short-term debts and loans**

This is the loan from the Office of Dong Thap Communist Party in line with the loan agreement No. 06 dated 01 August 2008, which has been re-signed in line with the contract No. 11 dated 01 August 2008 to modify the working capital.

- Loan period: 5 months
- Interest rate: 1,25%/ month

Details of increases/(decreases) of loans are as follows:

Beginning balance	4.000.000.000
Increases during the year	-
Amount already paid during the year	-
<b>Ending balance</b>	<b><u>4.000.000.000</u></b>

**20. Payable to suppliers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Overseas suppliers	42.611.812.461	33.771.936.840
Local suppliers	3.188.483.087	4.447.527.070
<b>Total</b>	<b><u>45.800.295.548</u></b>	<b><u>38.219.463.910</u></b>

**21. Advances from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Overseas customers	75.393.888	51.175.431
Local customers	209.783.832	12.778.917.661
<b>Total</b>	<b><u>285.177.720</u></b>	<b><u>12.830.093.092</u></b>

**22. Taxes and other obligations to the State Budget**

	<u>Beginning balance</u>	<u>Amount payable</u>	<u>Amount already paid</u>	<u>Ending balance</u>
VAT on local sales	7.988.697	5.537.319.329	(3.809.528.382)	1.735.779.644
VAT on imports	-	14.036.450.624	(14.036.450.624)	-
Import-export duties	-	4.001.597.529	(4.001.597.529)	-
Corporate income tax	4.675.283.163	12.240.482.007	(6.222.564.276)	10.693.200.894
Personal income tax	34.796.058	2.713.331.522	(2.668.133.534)	79.994.046
Property tax and land rental	-	13.270.100	(13.270.100)	-
License duty	(1.000.000)	18.000.000	(17.000.000)	-
Contractor tax	(3.232.084)	383.623.171	(377.644.069)	2.747.018
Other taxes	419.633.267	4.391.193.350	(4.195.079.540)	615.747.077
<b>Total</b>	<b><u>5.133.469.101</u></b>	<b><u>43.335.267.632</u></b>	<b><u>(35.341.268.054)</u></b>	<b><u>13.127.468.679</u></b>

**Value added tax (VAT)**

The company has to pay VAT in accordance with the deduction method. VAT rates applied for each type of goods are as follows:

- Pharmaceutical 5%
- Medicine 10%

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***Import - export duties***

The company has declared and paid these duties in line with the Customs' notices.

***Corporate income tax***

See Note V.14.

The year 2008 is the first year the company enjoys the reduction of 50% of corporate income tax as its stocks have been listed at the Ho Chi Minh City Stock Exchange (HOSE).

Estimated corporate income tax payable during the year is as follows:

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	70.773.035.374	63.230.637.617
Adjustment of increases/ (decreases) of accounting profit to determine profit subject to corporate income tax:		
- Increases	54.112.966.386	23.373.234.121
- Decreases	<u>(1.405.275.408)</u>	<u>(539.885.688)</u>
Total taxable income	123.480.726.352	86.063.986.050
Corporate income tax rate	20%	20%
<b><i>Estimated corporate income tax payable</i></b>	<b>24.696.145.270</b>	<b>17.212.797.210</b>
<b><i>Corporate income tax reduced</i></b>	<b>(12.348.072.635)</b>	<b>(8.606.398.605)</b>
<b><i>Adjustment on corporate income tax of the previous years</i></b>	<b>(107.590.628)</b>	<b>(107.590.628)</b>
<b>Total current income tax</b>	<b><u>12.240.482.007</u></b>	<b><u>8.498.807.977</u></b>

***Other taxes***

The company has declared and paid them in line with the prevailing regulations.

**23. Payable to employees**

Salary fund is determined according to the Decision No. 26b/QĐ-IMEX dated 18 July 2008 of the Board of Management on determination of the following unit prices of salary in 2008 :

- Sales section: 1%/ revenue.
- Production section: 10,2%/ revenue.
- Dong Thap Muoi Institute of Medicine Research, Preservation and Development: 38%/ revenue.

Ending balances are salary fund not yet totally disbursed.

**24. Accrued expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Royalty fee	2.523.896.790	1.337.013.764
Expenses on advertisement and promotion	-	4.285.868.133
Bonus for sale target achievement	2.000.000.000	-
Others	<u>1.219.560.000</u>	<u>1.900.000.000</u>
<b>Total</b>	<b><u>5.743.456.790</u></b>	<b><u>7.522.881.897</u></b>

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**25. Other payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Excessive assets for treatment	32.755.046	-
Trade Union's expenditure	533.926.526	378.896.085
Social and health insurance	24.693.078	-
Dividends, profit payable	3.036.159.850	-
Maintenance fee	-	428.803.496
Others	360.162.975	105.262.323
<b>Total</b>	<b><u>3.987.697.475</u></b>	<b><u>912.961.904</u></b>

**26. Other long-term payable**

Long-term deposits from pharmacies.

**27. Provision for unemployment allowances**

Beginning balance	561.432.793
Extraction during the year	340.455.690
Disbursement during the year	<u>(96.689.500)</u>
<b>Ending balance</b>	<b><u>805.198.983</u></b>

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

	Capital	Share premiums	Treasury stocks	Other sources of capital	Business promotion fund	Financial reserved fund	Retained earnings	Total
<b>Beginning balance of the previous year</b>	<b>84.000.000.000</b>	<b>80.931.321.250</b>	-	<b>1.936.631.314</b>	<b>19.112.486.185</b>	<b>7.762.016.503</b>	<b>39.064.891.747</b>	<b>232.807.346.999</b>
Capital increased in the previous year	24.210.700.000	-	-	-	-	-	-	24.210.700.000
Share premiums due to issuance	-	175.736.950.000	-	-	-	-	-	175.736.950.000
Share premiums due to generation of goodwill	-	21.439.600.000	-	-	-	-	-	21.439.600.000
Profit increased in the previous year	-	-	-	-	-	-	54.518.395.798	54.518.395.798
Distributing dividends in form of shares	8.387.500.000	-	-	-	-	-	(8.387.500.000)	-
Distributing dividends in cash	-	-	-	-	-	-	(8.400.000.000)	(8.400.000.000)
Extraction for funds	-	-	-	-	17.127.234.362	3.568.828.693	(26.264.891.747)	(5.568.828.692)
Adjustment on the increase of other sources of capital thanks to tax incentives	-	-	-	376.567.200	-	-	-	376.567.200
Remuneration of the Board of Management	-	-	-	-	-	-	(160.000.000)	(160.000.000)
<b>Ending balance of the previous year</b>	<b>116.598.200.000</b>	<b>278.107.871.250</b>	-	<b>2.313.198.514</b>	<b>36.239.720.547</b>	<b>11.330.845.196</b>	<b>50.370.895.798</b>	<b>494.960.731.305</b>
<b>Beginning balance of the current year</b>	<b>116.598.200.000</b>	<b>278.107.871.250</b>	-	<b>2.313.198.514</b>	<b>36.239.720.547</b>	<b>11.330.845.196</b>	<b>50.370.895.798</b>	<b>494.960.731.305</b>
Repurchases of treasury stocks	-	-	(93.720.000)	-	-	-	-	(93.720.000)
Profit increased in the current year	-	-	-	-	-	-	58.265.654.856	58.265.654.856
Distributing dividends in cash	-	-	-	-	-	-	(34.979.460.000)	(34.979.460.000)
Extraction for funds	-	-	-	-	23.534.604.933	328.974.804	(29.266.255.798)	(5.402.676.061)
Adjustment on the increase of other sources of capital thanks to tax incentives	-	-	-	107.590.628	-	-	-	107.590.628
Remuneration of the Board of Management	-	-	-	-	-	-	(285.000.000)	(285.000.000)
<b>Ending balance of the current year</b>	<b>116.598.200.000</b>	<b>278.107.871.250</b>	<b>(93.720.000)</b>	<b>2.420.789.142</b>	<b>59.774.325.480</b>	<b>11.659.820.000</b>	<b>44.105.834.856</b>	<b>512.573.120.728</b>

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***Dividends***

Dividends given during the year are as follows:

Dividends of the previous year	23.319.640.000
Advances of dividends of the current year	8.623.660.150
<b>Total</b>	<b><u>31.943.300.150</u></b>

***Shares***

	<u>Current year</u>	<u>Previous year</u>
Number of shares registered to be issued	11.659.820	11.659.820
Number of shares already sold to the public	11.659.820	11.659.820
- <i>Common shares</i>	11.659.820	11.659.820
- <i>Preferred shares</i>	-	-
Number of shares repurchased	1.320	-
- <i>Common shares</i>	1.320	-
- <i>Preferred shares</i>	-	-
Number of outstanding shares	11.658.500	11.659.820
- <i>Common shares</i>	11.658.500	11.659.820
- <i>Preferred shares</i>	-	-

Face value per share: VND 10.000.

***Purposes of appropriation for business promotion fund and financial reserved fund***

Business promotion fund is used to supplement the company's prescribed capital.

Financial reserved fund is used to:

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

**29. Bonus and welfare funds**

	<u>Beginning balance</u>	<u>Increases due to extraction from profit</u>	<u>Other increases</u>	<u>Disbursement for funds during the year</u>	<u>Ending balance</u>
Bonus fund	1.162.021.980	2.701.338.031	9.000.000	(2.544.791.630)	1.327.568.381
Welfare fund	875.231.146	2.701.338.030	-	(1.647.651.600)	1.928.917.576
<b>Total</b>	<b><u>2.037.253.126</u></b>	<b><u>5.402.676.061</u></b>	<b><u>9.000.000</u></b>	<b><u>(4.192.443.230)</u></b>	<b><u>3.256.485.957</u></b>

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

	<u>Current year</u>	<u>Previous year</u>
Gross sales	569.022.726.529	454.425.763.265
<i>Sales of manufactured products</i>	<i>534.509.291.217</i>	<i>424.723.410.024</i>
<i>Sales of goods under franchise</i>	<i>29.199.163.665</i>	<i>24.632.328.958</i>
<i>Sales of imports</i>	<i>5.314.271.647</i>	<i>5.070.024.283</i>
Deductions:	(7.178.446.610)	(2.823.450.708)
<i>Trade discounts</i>	<i>(330.176)</i>	<i>(143.007.633)</i>
<i>Sales returns</i>	<i>(7.178.116.434)</i>	<i>(2.492.464.164)</i>
<i>Sales allowances</i>	-	<i>(187.978.911)</i>
<b>Net sales</b>	<b><u>561.844.279.919</u></b>	<b><u>451.602.312.557</u></b>
<i>In which:</i>		
<i>Finished goods</i>	<i>527.330.844.607</i>	<i>421.899.959.316</i>
<i>Merchandises</i>	<i>29.199.163.665</i>	<i>24.632.328.958</i>
<i>Others</i>	<i>5.314.271.647</i>	<i>5.070.024.283</i>

**2. Costs of goods sold**

	<u>Current year</u>	<u>Previous year</u>
Costs of finished goods	291.017.282.685	232.875.836.980
Costs of merchandises	28.142.623.420	24.444.927.460
Others	648.853.208	1.251.129.017
<b>Total</b>	<b><u>319.808.759.313</u></b>	<b><u>258.571.893.457</u></b>

**3. Financial income**

	<u>Current year</u>	<u>Previous year</u>
Interests on demand deposits	593.835.571	825.112.792
Interests on term deposits	10.891.348.124	2.895.084.911
Loan interest	345.758.585	183.786.290
Gains from investment in securities	-	1.890.912.770
Dividends, profit shared	1.161.902.392	259.378.777
Unrealized exchange gain	243.373.016	280.506.911
Realized exchange gain	3.621.454.463	560.275.098
Gains from investment in treasury bonds	127.800.000	-
Others	2.157.495	159.699
<b>Total</b>	<b><u>16.987.629.646</u></b>	<b><u>6.895.217.248</u></b>

**4. Financial expenses**

	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	533.366.580	749.658.500
Unrealized exchange loss	1.610.133.653	284.016.332
Realized exchange loss	3.256.515.519	299.965.804
Loss on investments in securities	204.101.655	-
Provision for devaluation of short-term, long-term investments	7.732.783.680	802.900.000
Cash discount	291.981.341	132.151.882
Others	284.462.570	-
<b>Total</b>	<b><u>13.913.344.998</u></b>	<b><u>2.268.692.518</u></b>

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**5. Selling expenses**

	<u>Current year</u>	<u>Previous year</u>
Materials, supplies	1.717.268.712	1.272.858.883
Expenses for employees	21.393.679.840	21.515.959.363
Depreciation of fixed assets	3.212.830.554	2.706.572.459
External service rendered	95.700.502.533	71.803.974.278
Other expenses	22.987.968.283	16.081.089.527
<b>Total</b>	<b><u><u>145.012.249.922</u></u></b>	<b><u><u>113.380.454.510</u></u></b>

**6. Administrative overheads**

	<u>Current year</u>	<u>Previous year</u>
Materials, supplies	275.972.699	441.795.516
Labor	8.453.486.578	7.582.536.165
Depreciation of fixed assets	1.188.809.495	1.028.470.977
External service rendered	683.246.312	556.523.025
Other expenses	14.367.651.181	12.320.584.578
<b>Total</b>	<b><u><u>24.969.166.265</u></u></b>	<b><u><u>21.929.910.261</u></u></b>

**7. Other income**

	<u>Current year</u>	<u>Previous year</u>
Gains from allowances of goods purchased	-	2.461.577.012
Treatment of excessive goods found during the physical count	434.325.240	123.852.233
Gain from disposals and liquidations of fixed assets	19.022.333	121.000.000
Gains from sales of scraps, tools	81.939.192	121.798.334
Gains from fines for contract violation	51.000.000	225.431.066
Supporting interest after investment	-	124.822.000
Others	414.337.597	965.476.244
<b>Total</b>	<b><u><u>1.000.624.362</u></u></b>	<b><u><u>4.143.956.889</u></u></b>

**8. Other expenses**

	<u>Current year</u>	<u>Previous year</u>
Dispatching goods for liquidation due to expiration	3.008.493.988	1.597.585.321
Treatment of deficit goods found during the physical count	183.777.671	84.746.984
Others	2.163.706.396	1.577.566.026
<b>Total</b>	<b><u><u>5.355.978.055</u></u></b>	<b><u><u>3.259.898.331</u></u></b>

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**9. Earning per share**

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax	58.265.654.856	54.518.395.798
Increase/(decrease) of accounting profit to determine profit attributable to holders of ordinary shares:		
Profit attributable to holders of ordinary shares	58.265.654.856	54.518.395.798
Average ordinary shares outstanding during the year	11.659.820	9.160.923
<b>Earning per share</b>	<b><u>4.997</u></b>	<b><u>5.951</u></b>

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	11.659.820	8.400.000
Effects of ordinary shares repurchased	-	-
Effects of ordinary shares issued	-	760.923
<b>Average ordinary shares outstanding during the year</b>	<b><u>11.659.820</u></b>	<b><u>9.160.923</u></b>

**10. Operating expenses**

	<u>Current year</u>	<u>Previous year</u>
Materials, supplies	254.792.138.854	218.219.889.254
Labor	58.415.204.497	43.282.417.258
Depreciation of fixed assets	11.580.579.184	9.688.959.716
External service rendered	100.720.672.779	78.379.207.860
Other expenses	43.299.552.875	33.461.930.534
<b>Total</b>	<b><u>468.808.148.189</u></b>	<b><u>383.032.404.622</u></b>

**VII. OTHER INFORMATION****1. Transactions with related parties*****Transactions with key managers and related individuals***

Income of key managers is as follows:

	<u>Current year</u>	<u>Previous year</u>
Salary, other income	3.142.275.097	2.987.165.135
<b>Total</b>	<b><u>3.142.275.097</u></b>	<b><u>2.987.165.135</u></b>

***Transactions with other related parties***

Other related parties of the company include:

<b>Related parties</b>	<b>Relationship</b>
Gia Dai Pharmaceutical Co., Ltd.	Holding 26% of prescribed capital
An Giang Pharmaceutical J.S.C.	Holding 25,5% of prescribed capital
Soc Trang Pharmaceutical J.S.C. (Sotrphar)	Holding 25,5% of prescribed capital



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During the year, the company has had following transactions with other related parties:

	<u>Current year</u>	<u>Previous year</u>
<b><i>Gia Dai Pharmaceutical Co., Ltd.</i></b>		
Sales of products	60.269.397.116	43.191.073.073
Purchases of goods	1.038.067.408	1.376.264.043
<b><i>An Giang Pharmaceutical J.S.C.</i></b>		
Transferring amount contributed		14.470.996.700
Purchases of goods	42.276.591	70.656.065
Sales of products	4.859.044.390	4.852.694.482
<b><i>Soc Trang Pharmaceutical J.S.C. (Sotraphar)</i></b>		
Transferring amount contributed	5.339.880.000	-
Sales of products	921.894.142	-

As of the balance sheet date, the accounts receivable from and payable to other related parties are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Gia Dai Pharmaceutical Co., Ltd.</i></b>		
Sales of goods receivable	9.849.721.656	7.467.849.178
<b><i>An Giang Pharmaceutical J.S.C.</i></b>		
Sales of goods receivable	92.083.886	774.678.675
<b><i>Soc Trang Pharmaceutical J.S.C. (Sotraphar)</i></b>		
Sales of goods receivable	416.890.146	-
<b>Total amount receivable</b>	<b><u>10.358.695.688</u></b>	<b><u>8.242.527.853</u></b>
<b><i>Gia Dai Pharmaceutical Co., Ltd.</i></b>		
Purchase of goods payable	12.811.575	89.594.155
<b>Total amount payable</b>	<b><u>12.811.575</u></b>	<b><u>89.594.155</u></b>

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**FINANCIAL STATEMENTS**

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**2. Financial ratios**

<b>Items</b>	<b>Unit</b>	<b>Current year</b>	<b>Previous year</b>
<b>Structures of assets and sources of capital</b>			
<i>Structure of assets</i>			
Current assets / Total assets	%	66,76	82,67
Long-term assets / Total assets	%	33,24	17,33
<i>Sources of capital</i>			
Liabilities / Total liabilities and owner's equity	%	13,51	12,47
Owner's equity / Total liabilities and owner's equity	%	86,49	87,53
<b>Liquidity ratios</b>			
Total assets/ Liabilities	Time	7,40	8,02
Current assets/ Current liabilities	Time	5,06	6,70
Cash and cash equivalents/ Current liabilities	Time	1,74	2,91
<b>Profitability ratios</b>			
<i>Profit margin on sales</i>			
Profit before tax/ Net sales	%	12,60	14,00
Profit after tax/ Net sales	%	10,37	12,07
<i>Profit/ Total assets</i>			
Profit before tax/ Total assets	%	11,87	11,12
Profit after tax/ Total assets	%	9,77	9,59
<i>Profit after tax/ Owner's equity</i>	%	11,37	11,01

Dong Thap, 12 March 2009

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**Tran Hoai Hanh**  
Preparer

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**Phan Hoang Minh Tri**  
Chief Accountant

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**Nguyen Quoc Dinh**  
Deputy General Director