

## Price chart


 Stock Data as of October 07<sup>th</sup> 2010

Price (VND)	69,500
Current listed shares	14,000,000
Outstanding shares	14,000,000
52 Week high	83,000
52 week low	64,000
Price change (3 months)	-6.1%
Price change (6 months)	na
Price change (12 months)	na
Free float (share)	53.1%
Trading value (VNDmil) (average last five trading days)	689
Market Cap (VNDmil)	973,000
Market Cap (US\$mil)	49.9
Total room (no. of share)	6,860,000
Current room (no. of share)	5,456,130
Foreign owned ratio (%)	10.03%
Foreign ownership limit (%)	49%

Source: HSC

## Key Numbers

(VNDmil)	2008	2009
Total assets	427,039	478,392
Owner's equity	190,328	242,543
Net sales	212,361	254,694
Pre-tax profit	59,116	64,184
After-tax profit	54,315	62,388

Source: SPM

Main Ratios	2008	2009
<b>Liquidity</b>		
- Current ratio	0.53	0.67
- Quick ratio	0.39	0.55
<b>Profitability</b>		
- Gross margin	41.10%	38.55%
- Net margin	25.58%	24.50%
- ROE	31.82%	28.83%
- ROA	16.81%	13.78%
<b>Operating Efficiency</b>		
- Receivable turnover	3.23	2.67
- Inventory turnover	4.64	5.58
- Asset turnover	0.66	0.56
- Equity turnover	1.24	1.18

Source: SPM

Analyst - Vo Thi Ngoc Han  
han.vtn@hsc.com.vn

## Earnings model

Unit: VNDmn	FY2008	y/y%	FY2009	y/y%	FY2010F	y/y%
Net Revenue	212,361	8.1%	254,694	19.9%	337,253	33.4%
Pretax profit	59,116	-6.9%	64,184	8.6%	150,450	134.4%
Net profit for the year	54,315	-6.1%	62,388	14.9%	131,373	110.6%
Pre-tax Profit Margin	27.8%		25.2%		44.6%	
Net Profit Margin	25.6%		24.5%		39.0%	
EPS (VND)	5,431		6,239		10,011	
BVPS (VND)	18,416		23,648		46,561	
ROAE	31.82%		28.83%		29.2%	
PE	12.80		11.14		6.94	
PB	3.77		2.94		1.49	

Unit: VNDmn	FY2011F	y/y%	FY2012F	y/y%	FY2013F	y/y%
Net Revenue	390,359	15.7%	447,776	14.7%	508,583	13.6%
Pretax profit	231,722	54.0%	238,256	2.8%	246,029	3.3%
Net profit for the year	195,181	48.6%	197,307	1.1%	204,300	3.5%
Pre-tax Profit Margin	59.4%		53.2%		48.4%	
Net Profit Margin	50.0%		44.1%		40.2%	
EPS (VND)	13,941		14,093		14,593	
BVPS (VND)	55,860		66,025		79,117	
ROAE	26.45%		21.94%		19.06%	
PE	4.99		4.93		4.76	
PB	1.24		1.05		0.88	

Source: SPM, (F): HSC forecast

## S.P.M Corporation (SPM - HoSE) – AGM notes; FY2010 & FY2011 outlook - Fast growing drug company and above target although it has moved out of its core business.

- *Fast growing pharmaceutical company with strength in special remedy drugs and access to new technologies. Likely to come in ahead of FY2010 targets although extraordinary net profits will account for about a third of the total.*
- *Land sales will earn them VND45 billion in gains this year although income from a quarrying venture and land sale to SJS will be postponed into next year. Will build a new factory in Myanmar to serve that drug market and also has a lot of non-core projects in its pipeline.*
- *Medium term growth with margin gains seem assured but some may not appreciate its dash for growth in several directions at once. Quite cheap on a forward PE we value it at 6.9 times with no dilution this year. Dynamic smaller pharmaceutical play with some interesting side businesses.*

Unit: VNDmn	FY2008	FY2009	FY2010 (HSC Forecast)	% y/y change	FY2011 (HSC Forecast)	% y/y change
Sales	218,440	266,980	344,382	29%	397,312	15%
Net sales	212,361	254,694	337,253	32%	390,359	16%
Cost of goods sold	125,084	156,521	202,942	30%	230,198	13%
Gross profit	87,277	98,173	134,312	37%	160,161	19%
Financial income	615	540	5,739	964%	9,836	71%
Financial expense	7,215	16,299	14,020	-14%	10,769	-23%
Net financial income	(6,600)	(15,760)	(8,281)	-47%	-933	-89%
SGA expenses	21,030	18,625	35,412	90%	54,650	54%
Operating profit	59,647	63,788	90,619	42%	104,578	15%
Other Income	1,301	780	125,705	16025%	183,335	46%
Other Expense	1,831	384	65,874	17074%	56,191	-15%
Pretax profit	59,116	64,184	150,450	134%	231,722	54%
Net profit	54,315	62,388	131,373	111%	195,181	49%
Gross margin	41.1%	38.5%	39.8%	3%	41.0%	3%
Pre-tax margin	27.8%	25.2%	44.6%	77%	59.4%	33%
Net margin	25.6%	24.5%	39.0%	59%	50.0%	28%

Source: SPM, HSC estimates

We participated in SPM's AGM last week and here are our notes:

#### FY2010 outlook

- In SPM's AGM held recently, the company kept its FY2010 targets unchanged as per the pre-listing road show with a revenue target for FY2010 of VND345 billion, up 29% y/y and a net profit target of VND130 billion, sharply up by 108% y/y. Of this net profit from core business is expected to come to VND85 billion (+36.2% y/y) and net profit from investment activities, which was zero in FY2009, is expected to come to around VND45 billion.
- Overall, based on all assumptions, about core business activities, HSC keeps its forecast of VND344 billion (+29% y/y) in total sales and VND86.4 billion in core net profit while we have revised up the net profit forecast from extraordinary activities from VND39.5 billion previously to VND45 billion. HSC assumes selling expenses as a percentage of sales will jump to 7% from 4% in FY2009 and we further assume the administration expenses ratio will be kept unchanged at around 3.5% of total sales. We forecast that financial income and expenses will be around VND14 billion and VND8.3 billion, respectively. As the results, HSC then forecasts that pre-tax profit will come to VND150.5 billion (+134% y/y) and total net profit will be around VND131.4 billion (+111% y/y), generated a net margin of 39%, sharply up from 24.5% in FY2009.

- SPM has currently chartered capital of VND140 billion, outstanding shares totaling 14 million, and based on today's price of VND69,500 has a market capitalization of VND973 billion or US\$49.9 million. SPM doesn't plan any share issuance for the rest of this year, so at the moment we see no dilution in FY2010 EPS. We forecast this to come in at VND10,011, up by 60% y/y, valuing the company at the forward P/E of 6.9 times. At this valuation, the stock looks quite cheap.

#### Core Business Activities

- In FY2010, SPM plans to launch new products focusing mainly on special remedy and herbal medicines which carry a gross margin of 60%. According to SPM's FY2010 plan, sales from these new products are forecasted around VND19 billion while outsourced manufacturing will be around VND38 billion and the balance of VND288 billion will come from current products portfolio.
- Besides that, the company will continue to restructure its product portfolio to boost margins as the product mix improves due to stronger growth in high margin special remedy drugs (mostly cardiovascular and nervous system treatments). SPM will also try to balance the OTC and prescription drug segments to control account receivables. And we also note, that for the first 8 months of this year, SPM was also successfully in producing drug with slow-release technology such as paracetamol 650.

## Hospital projects

Location	Total investment capital (VNDbn)	SPM's contribution	% contribution	Size (beds)	Size in 1 <sup>st</sup> phase (beds)	Construction period	Year to begin revenue generation
Viet Tri	250	127.5	51%	300	150	Q1 - FY2011	Q2 - FY2012
HCMC	300	153	51%	500	150	Q2 - FY2011	na
Total	550	280.5					

Source: SPM

- Recently, SPM signed a contract with a US partner to buy 5 drug patents which will be produced under sublingual technology for a period of 15 years from FY2010. SPM will pay royalties in 2 phases, in which, \$60,000 per patent (equivalent to \$300,000 for 5 patents) will be paid in cash in the 1<sup>st</sup> phase. For the 2<sup>nd</sup> phase, SPM will pay 3% of sales turnover from these drugs annually for 15 years. These new products reduce side effects but also increase and prolong medical properties due to the sublingual technology process. Simply put, active pharmaceutical ingredients are placed for 15 to 30 seconds under the tongue and these give direct relief much faster. SPM believes the first product will be launched from 2Q FY2011 and these drugs will be exported to the US market. Hence, from FY2011 onwards, the company will enjoy a new income stream.
- This year, SPM has adopted a flexible selling price policy while expanding its distribution system and invested in developing its brand-name through marketing programs such as product sampling, PR, and advertising to grow market shares. The ratio of selling expenses to sales is being boosted from 4% to 7% of total sales to fund this. The company claims its market share is increasing but won't divulge detailed numbers. SPM is also entering some new international markets in Africa in addition to expanding sales in its existing markets such as USA, Malaysia and Myanmar. And recently, SPM was permitted to export the 1<sup>st</sup> batch of 6 drugs to the Nigerian market.
- Two new distributors; Dai Nam JSC and Vimedimex, have been added to join Do Thanh Company so far SPM's sole distributor. This company is owned by SPM's Chairman and by diversifying distributors it reduces a potential conflict of interest while increasing SPM footprint to end-users.
- We also learnt the old factory is being renovated at a total investment capital of around VND50 billion. Next year, this factory will come back on stream equipped new assembly lines to manufacture new product lines (antibiotics in injection form).
- In the meeting, SPM also estimated that sales and net profit for the first eight months came in at VND224 billion and VND58 billion respectively thus fulfilling 68% of its full year target for core business activity. SPM is above target given that Q4 is the peak season therefore HSC believes that SPM will exceed its target this year.

## Extraordinary activities

### Hospital projects

- As we mentioned in our previous report on SPM, SPM plans to diversify into health care and build a couple of hospitals in large cities over Vietnam from FY2010 to FY2015. SPM will set up a joint stock company to invest in hospitals with total investment of VND550 billion. In which, SPM will hold 51% stake equivalent to VND280.5 billion. SPM plans to use a combination of the capital surplus of VND84 billion and bank loans of VND196.5 billion at a special low interest rate to finance the pipeline. In 1<sup>st</sup> phase, the company will build 2 specialized hospitals in HCMC and Viet Tri City, known as the capital of the north-west of Vietnam.

### Mining Projects

- At the AGM, SPM announced the start of production of stone products from white stone quarry in Yen Bai Province will be delayed to this October instead of July as announced in the road show. The good news however is that the current market selling price of ashlar's paving stone is around \$1,400/m<sup>3</sup> (40% higher than the market price back in July of \$1,000).
- At the road-show, they had forecast output for FY2010 would come to 5,000m<sup>3</sup> at an average selling price of \$1,000m<sup>3</sup>. However, with the delay the net profit of VND9.5 billion from mining projects which HSC's had forecast in the pre-listing note will now be delayed to next year.
- For FY2011, HSC now forecasts the output of white stone will be 24,000m<sup>3</sup>/year at an expected selling

**Mining business**

White stone quarry	Original forecast FY2010	New forecast FY2011
Outputs (m <sup>3</sup> )	5,000	24,000
Selling price (\$/m <sup>3</sup> )	1,000	1,400
Exploitation cost + tax (\$/m <sup>3</sup> )	500	875
Revenue for whole project (VNDbillion)	97	655
Net profit for whole project (VNDbillion)	47.5	225.5
Net profit (SPM's share) (VNDbillion)	9.50	45.11

Source: SPM

price of \$1,400/m<sup>3</sup>. Therefore, we estimate SPM's share of the profit will come to VND45 billion.

- Besides producing ashlar's paving stone, SPM intends to make pulp-stone which are used for plastic manufacturing or manufacture of self-disintegrating nylon bags. This technology is much in vogue in US and Europe because it helps to protect the environment. The pulp-stone factory will start construction at the end of this year with a total investment of VND59 billion (\$3 million) and a designed capacity will be around 600,000 tons/year (market price: \$90/ton). SPM hopes the first products will be launched from Q2-FY2011.

**Real Estate Projects**

- In Q2 FY2010, SPM contributed 20% of the total investment capital (equivalent to VND65 billion) to buy a plot of land which covers an area of 21.7 hectare in Nguyen Duy Trinh St, Phu Huu Ward, District 9, HCMC. We have learnt that the company has just sold this land to AAA – an insurance company recently. The net profit from the sale of this land came to VND45 billion and SPM intends to book this amount at the end of this year.
- Due to some complications following the enactment of Decree 69, the process of selling land in the Long Truong Project to Sudico had been delayed. Therefore, the booking of net profit from this project will be delayed to Q2-FY2011 instead of the end of this year.

**Some ongoing projects****Pharmaceutical factory in Myanmar**

- The AGM approved the establishment of Anh Sao Viet JSC (ASV Pharma). SPM will contribute 30% of the capital in this company with a value of VND30 billion. ASV Pharma will build a pharmaceutical factory (including non-beta lactam and beta lactam as-

sembly lines) in Myanmar and all products produced from this factory will be sold in Myanmar.

- In FY2009, the population of Myanmar was 59.12 million people; Total Myanmar drug expenditure came to around US\$900 million or a per capita spend of US\$15/person. And domestic drug production satisfies only 5% of this. With the US and EU governments maintaining a trade embargo towards Myanmar since the 1990s, the market sounds promising for SPM over the next five years.
- The company will start construction of this factory this month (Oct 24<sup>th</sup>, 2010) and hopes to come on stream in Q2 FY2011. We understand that 2 Myanmar pharmaceutical companies have signed an off take agreement to take all the output totaling 49 different products.

However we don't have any detailed earnings plan for the factory and in our earnings model we exclude it for now. Indeed we note most projects usually see delays in the construction process.

**Other investments**

- In addition, in AGM, the company also announced several other investment activities with a total investment capital of around VND31 billion. Of these, SPM contributed VND11 billion to Huu Nghi Engineering Co., Ltd equivalent to 49% of the total capital and SPM now holds a 12.73% stake in Hai Ha Land JSC, a real estate company, at a value of VND20.11 billion. These projects are expected to start contributing income from FY2012.

**FY2011 outlook**

- Based on our assumptions, HSC has a FY2011 forecast of VND397.3 billion (+15% y/y) in total sales and VND195.1 billion (+48% y/y) and we expect the company can generate a net margin of 50%, up from the 39% forecast in FY2010. Core

Project	Road Show announcement (May 18 <sup>th</sup> , 2010)		AGM announcement (Sep 30 <sup>th</sup> , 2010)	
	Net profit (VNDbn)	Time of booking	Net profit (VNDbn)	Time of booking
White stone	9.5	Q4-FY2010	na	FY2011
Long Truong	30	Q4-FY2010	30	Q2-FY2011
Phu Huu	na	na	45	Q4-FY2010
Total	39.5	FY2010	45	FY2010

Source: SPM, HSC calculation

business will expand further while some extraordinary income postponed from FY2010 will now fall into next year including the mining project and the land deal with SJS.

- We appreciate management's dynamism and efforts in developing higher margin products and the new factory in Myanmar. However, at the same time

we are a little bit concerned about the company's expansion far out of its core business although we readily admit those projects will generate a steady new income streams for SPM in the near future. The stock is very cheap and for a long term portfolio with higher than average risk appetite SPM represents a fair bet in our opinion.

## COMPANY PROFILE

### COMPANY UPDATE

Thursday, October 07<sup>th</sup> 2010

Annual Income Statement (Unit: VNDmil)	FY2007	y/y%	FY2008	y/y%	FY2009	y/y%
Net sales	196,432	38.46%	212,361	8.11%	254,694	19.93%
Cost of goods sold	100,219	41.27%	125,084	24.81%	156,521	25.13%
Gross profit	96,214	35.66%	87,277	-9.29%	98,173	12.48%
Net financial income	(2,768)	-34.83%	(6,600)	138.44%	(15,760)	138.78%
Selling and general administration expenses	24,880	0.00%	21,030	-15.47%	18,625	-11.44%
Net profit from operating activities	68,565	64.05%	59,647	-13.01%	63,788	6.94%
Other profit	120	-111.30%	(531)	-540.71%	396	-174.63%
Profit before tax	63,510	55.93%	59,116	-6.92%	64,184	8.57%
Net profit after tax	57,846	42.03%	54,315	-6.11%	62,388	14.86%
Profit after tax of parents' shareholders	57,846	42.03%	54,315	-6.11%	62,388	14.86%

Source: SPM, HSC

### Company History

**1988:** The former of the company: Do Thanh Pharmaceutical Company operated as a distributor under Tendipharco  
**1995:** Do Thanh Pharmaceutical Co., Ltd. (Saigon Pharma) was established.  
**2001:** S.P.M Co., Ltd. was officially born  
 S.P.M Plant was constructed and completed in Tan Tao industrial zone, HCM city  
**2007:** In 02/12/2007, S.P.M Co., Ltd. was transformed to S.P.M Corporation; Increased the charter capital to VND100 billion  
**2010:** Increased the charter capital to VND140 billion through private placement of 40 million shares to major partners.  
 Listed on Hose

### Scope of business

Producing and trading medicines, cosmetics and functional foods.  
 Mining and space leasing services, real estate.  
 Improving and trading equipment for production of drugs and medical equipment.

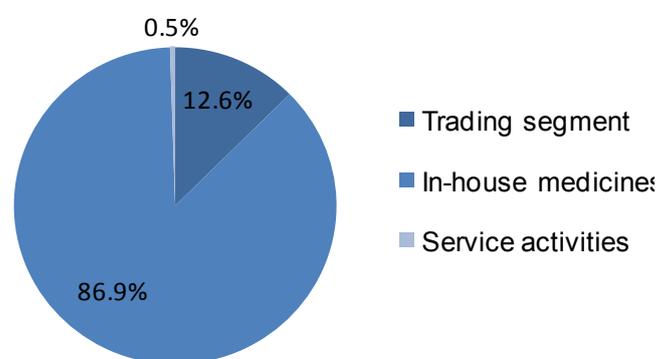
### Products, Services and Market

**Major Products:** As of 31 December 2009, the company's revenue came mainly from in-house medicines (accounted for 86.6%). Some products of SPM such as cardiovascular, respiratory, nervous system and traditional medicines have strong competitive advantage in the domestic market. Especially, sales from effervescence product has even been higher than sales of international brand names such as Plusssz of Trade Wind and Berocca of Bayer.  
**Market:** From Q2-FY2010, two new distributors; Dai Nam JSC and Vimedimex, have been added to join Do Thanh Company so far SPM's sole distributor. Through this distribution channel, SPM covers 19,000 drug stores, 700 hospitals and 2,000 medical centers, clinics and agents. SPM has become the market leader amongst effervescent tablets in Vietnam since FY2005 with a 21.8% share of this segment last year while the market shares of SPM was around 1% in terms of sector's revenue in FY2009.

### Position in the industry

During the last five years, SPM was the leading company in manufacturing supplement products in terms of revenue.

### Sales breakdown in 1H FY2010



Source - SPM

### Business strategy

Launch new factories that are able to meet WHO standards.  
 Total investment capital was US\$10 million and expected capacity is 2.3 billion units/year.  
 Research and develop new products with high quality and high profit margin.  
 Expand export markets including Southeast Asia and maintain a stable growth of 15% in sales and profits.

### Contact Information

Head Office	Lot 51, Street No2, Tan Tao Industrial Zone, Binh Tan Dist, HCMC.
Telephone	84 (8) 3862-3747
Fax	84 (8) 3862 3748
Website	www.spm.com.vn
Chartered capital (May 21 <sup>st</sup> 2010)	VND140,000,000,000

Ownership structure as of Oct. 10	Number of shares	%
Domestic	12,596,130	89.97%
Foreign	1,403,870	10.03%

## SWOT

## Strengths

- **Good management:** We appreciate management's dynamism and efforts in enhancing product quality.

- **Strong brand equity:** SPM's special remedy medicines including cardiovascular, respiratory, nervous system and supplement products named Myvita are well-known in the domestic market. SPM has become the leader in effervescent tablets market since FY2005. Its market share in this segment reached 21.8% last year.

- **Price advantage:** Selling price of SPM's special remedy drugs and Myvita is 40% lower than price of imported medicines.

- **High profit margin:** SPM focused on high profit margin products including special remedy drugs and oriental drugs.

## Weaknesses

- **Low market share:** In FY2009, SPM's overall market share was just 1%.

- **Distribution network:** SPM has only a sole distributor namely Do Thanh Company which is owned by Mr Dao Huu Hoang, Chairman of SPM). Although Do Thanh has a very intensive network, it seems that SPM is depending too much on Do Thanh.

- **High account receivables**

## Opportunities

- **Fast growing market:** The Vietnamese pharmaceutical market can achieve a high growth rate of about 18.4% for the period from FY2010 to FY2014.

SPM is currently targeting the special remedy market, which has the most potential. This is also considered the fastest growing segment in the local drug market with a very strong demand. Meanwhile, most local drug manufacturers have not paid much attention to this market yet, giving SPM an early start.

- **New overseas markets:** From FY2010 onwards, SPM intends to enter into some new markets in Oceania and Southeast Asia. Additionally, the company plans to expand sales in existing export markets such as USA, Malaysia and Myanmar.

- **Expected income from** hospital projects, marble quarry, land sales and real estate business.

## Threats

- **Raw material price:** There is a high possibility that input prices will continue to fluctuate in the coming time negatively affecting margins.

- **Competition:** Since FY2009, foreign companies were allowed to directly import to the Vietnamese domestic market resulting in fiercer competition for the whole industry.

- **Non-core business investment risk:** They are not expert in this field therefore, we are a little bit concerned about the company's expansion out of its core business to secure their income stream.

	Name & Position	Qualifications
Board of Directors	Dao Huu Hoang - Chairman of BOD	Medicines and Pharmacist University
	Do Thi Mai - Member of BOD	Medicines and Pharmacist University, Bachelor of Finance
	Nguyen The Ky - Member of BOD	Pharmacist
	Dao Huu Khoi - Member of BOD	Bachelor of Finance
Supervisory Board	Huynh Phu Hai - Member of BOD	Bachelor of Economics in Business Administration
	Le Thi Anh Dao - Head clerk of Supervisory Board	Bachelor of Economics in Business Administration
	Bui The Dung - Member of Supervisory Board	Bachelor of Accountant
Board of Management	On Ngoc Lan - Member of Supervisory Board	Pharmacist
	Nguyen The Ky – General Director	Pharmacist
	Van Tat Chien – Deputy Director	Medicines and Pharmacist University
	Huynh Phu Hai - Deputy Director	Bachelor of Economics in Business Administration

Source - SPM

# FINANCIAL RATIO

## COMPANY UPDATE

Thursday, October 07<sup>th</sup> 2010

Unit: VNDmil

ANNUAL BALANCE SHEET	FY2007	FY2008	FY2009
<b>Current Assets</b>	99,698	103,040	158,232
Cash and cash equivalents	7,241	2,037	3,184
Short term investments	-	-	380
Receivables	64,740	68,001	124,411
Inventories	27,160	26,729	29,395
Other current assets	556	6,274	863
<b>Long-term Assets</b>	119,560	323,999	320,159
Long-term receivables	-	-	-
Fixed assets	105,415	309,896	308,482
Investment Properties	-	-	-
Long-term investments	13,870	13,870	11,525
Other long-term assets	275	232	152
Goodwills	-	-	-
<b>Total Assets</b>	219,257	427,039	478,392
<b>Liabilities</b>	68,244	236,711	235,848
Current Liabilities	66,204	194,666	235,681
Long-term Liabilities	2,040	42,046	168
<b>Owners' Equity</b>	151,014	190,328	242,543
Owners' Equity	151,014	190,328	242,543
Other capital and funds	-	-	-
<b>Minority Interest</b>	-	-	-
<b>Total Resources</b>	219,257	427,039	478,392

ANNUAL CASHFLOW STATEMENT	FY2007	FY2008	FY2009
Net cash flow from operating activities	-	108,166	22,990
Net cash flow from investment activities	-	(210,950)	(8,699)
Net cash flow from financing activities	-	97,580	(13,144)
Net cash flow of the year	-	(5,205)	1,147
Cash & cash equivalents at the beginning of year	-	7,241	2,037
Effect of foreign exchange differences	-	-	-
Cash & cash equivalents at the end of year	-	2,037	3,184

GROWTH RATE (%)	FY2007	FY2008	FY2009
Sales growth	38.46%	8.11%	19.93%
Pre-tax profit growth	55.93%	-6.92%	8.57%
Net profit growth	42.03%	-6.11%	14.86%

FY2010 PLAN		
Revenue (VNDmillion)		345,000
y/y growth (%)		29.00%
Profit after tax (VNDmillion)		130,000
y/y growth (%)		108.00%

VALUATION	As of Oct. 07 <sup>th</sup> 2010		
Outstanding share	14,000,000		
Market price	69,500		
Market Cap (VNDmil)	973,000		

	FY2007	FY2008	FY2009
Year-end OS	10,000,000	10,000,000	10,000,000
Average OS	10,000,000	10,000,000	10,000,000
EPS (VND)	5,785	5,431	6,239
P/E	12.01	12.80	11.14
EV/EBITDA	11.89	16.80	13.38
BVPS (VND)	14,468	18,416	23,648
P/B	4.80	3.77	2.94
Sales per share (VND)	19,643	21,236	25,469
P/Sales	3.54	3.27	2.73
DPS (VND)	-	1,000	1,500
Dividend yield	0.00%	1.44%	2.16%
Payout ratio	0%	0.18	0.24

OPERATING EFFICIENCY	FY2007	FY2008	FY2009
Receivable Turnover	6.11	3.23	2.67
Inventory Turnover	7.38	4.64	5.58
Payables Turnover	9.72	4.74	4.79
Total Asset Turnover	1.79	0.66	0.56

LIQUIDITY	FY2007	FY2008	FY2009
Current ratio	1.51	0.53	0.67
Quick ratio	1.10	0.39	0.55
Cash ratio	0.11	0.01	0.02

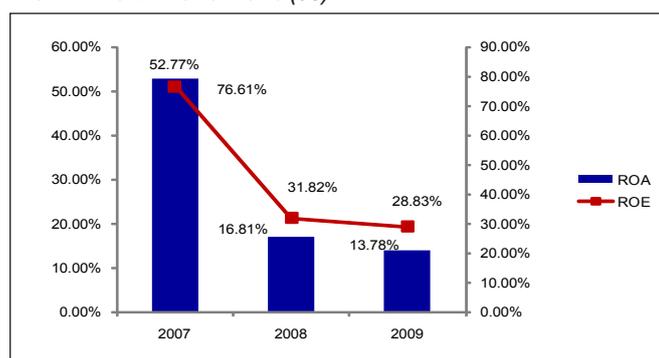
PROFITABILITY (%)	FY2007	FY2008	FY2009
Gross profit margin	48.98%	41.10%	38.55%
PBT margin	32.33%	27.84%	25.20%
Net profit margin	29.45%	25.58%	24.50%
ROA	52.77%	16.81%	13.78%
ROE	76.61%	31.82%	28.83%

DUPONT ANALYSIS	FY2007	FY2008	FY2009
Net profit margin	29.45%	25.58%	24.50%
Asset turnover	1.79	0.66	0.56
Equity multiplier	1.45	1.89	2.09
ROE	76.61%	31.82%	28.83%

CAPITAL STRUCTURE	FY2007	FY2008	FY2009
Debt to Equity	0.45	1.24	0.97
Debt to Total asset	0.31	0.55	0.49

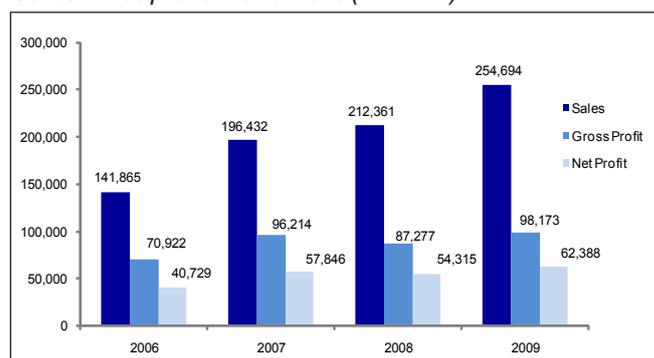
Source - SPM, HSC

## ROA - ROE movement (%)



Source - SPM, HSC

## Sales - Net profit movement (VNDmil)



Source - SPM, HSC

Unit: VNDmillion

QUARTERLY BALANCE SHEET	Q4 FY2008	Q1 FY2009	Q2 FY2009	Q3 FY2009	Q4 FY2009	Q1 FY2010	Q2 FY2010
<b>Current Assets</b>	103,040	-	-	-	158,532	357,970	296,457
Cash and cash equivalents	2,037	-	-	-	3,368	7,879	1,685
Short term investments	-	-	-	-	-	142,380	126,000
Receivables	68,001	-	-	-	124,484	177,007	130,046
Inventories	26,729	-	-	-	29,702	29,500	32,614
Other current assets	6,274	-	-	-	978	1,204	6,112
<b>Long-term Assets</b>	323,999	-	-	-	320,539	461,944	558,773
Long-term receivables	-	-	-	-	-	-	-
Fixed assets	309,896	-	-	-	308,482	430,011	429,557
Investment Properties	-	-	-	-	-	-	-
Long-term investments	13,870	-	-	-	11,905	25,715	129,217
Other long-term assets	232	-	-	-	152	6,218	-
Goodwills	-	-	-	-	-	-	-
<b>Total Assets</b>	427,039	-	-	-	479,071	819,913	855,231
<b>Liabilities</b>	227,770	-	-	-	231,122	305,386	317,972
Current Liabilities	185,724	-	-	-	209,786	305,218	317,812
Long-term Liabilities	42,046	-	-	-	21,336	168	159
<b>Owners' Equity</b>	199,269	-	-	-	247,949	514,528	537,259
Owners' Equity	199,269	-	-	-	247,949	514,528	537,259
Other capital and funds	-	-	-	-	-	-	-
<b>Minority Interest</b>	-	-	-	-	-	-	-
<b>Total Resources</b>	427,039	-	-	-	479,071	819,913	855,231

QUARTERLY INCOME STATEMENT	Q4 FY2008	Q1 FY2009	Q2 FY2009	Q3 FY2009	Q4 FY2009	Q1 FY2010	Q2 FY2010
Net sales	-	44,607	69,715	-	-	79,185	80,617
Cost of goods sold	-	27,878	41,997	-	-	48,756	51,683
Gross profit	-	16,729	27,718	-	-	30,429	28,934
Net financial income	-	(1,753)	(2,285)	-	-	(5,072)	1,420
Selling & general administration expenses	-	1,563	6,241	-	-	3,760	6,679
Net profit from operating activities	-	13,413	19,191	-	-	21,597	23,675
Other profit	-	(154)	(120)	-	-	150	(112)
Profit before tax	-	13,259	19,071	-	-	21,747	23,563
Net profit after tax	-	12,273	17,641	-	-	20,782	23,079
Profit after tax of parents' shareholders	-	12,273	17,641	-	-	20,782	23,079

## Global Disclaimer

Copyright 2008 Ho Chi Minh Securities Corporation (HSC). All rights reserved. This report has been prepared and issued by HSC or one of its affiliates for distribution in Vietnam and overseas. The information herein is believed by HSC to be reliable and is based on public sources believed to be reliable. With the exception of information about HSC, HSC makes no representation about the accuracy of such information. Opinions, estimates and projection expressed in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of HSC and are subject to change without notice. HSC has no obligation to update, amend or in any way modify this report or otherwise notify a reader thereof in the event that any of the subject matter or opinion, projection or estimate contained within it changes or becomes inaccurate. The information herein was obtained from various sources and we do not guarantee its accuracy or completeness. Prices and availability of financial instruments are also subject to change without notice. This published research may be considered by HSC when buying or selling proprietary positions or positions held by funds under its management. HSC may trade for its own account as a result of short term trading suggestions from analysts and may also engage in securities transactions in a manner inconsistent with this report and opinions expressed there in. Neither the information nor any opinion expressed in this report constitutes an offer, nor an invitation to make an offer, to buy or to sell any securities or any option, futures or other derivative instruments in any jurisdiction. Nor should it be construed as an advertisement for any financial instruments. Officers of HSC may have a financial interest in securities mentioned in this report or in related instruments. This research report is prepared for general circulation for general information only. It does not have regard to the specific investment objectives, financial situation or particular needs of any person who may receive or read this report. Investor should note that the prices of securities fluctuate and may rise and fall. Past performance, if any, is no guide to the future. The financial instruments discussed in this report may not be suitable for all investors. Investors must make their own financial decisions based on their independent financial advisors as they believe necessary and based on their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the express permission of HSC in writing. Please cite sources when quoting.



CÔNG TY CỔ PHẦN CHỨNG KHOÁN TP. HỒ CHÍ MINH  
HO CHI MINH CITY SECURITIES CORPORATION

### HEAD OFFICE

Level 1, 2 & 3, Capital Place Building  
6 Thai Van Lung, District 1, HCMC  
**T** : (+84 8) 3 823 3299  
**F** : (+84 8) 3 823 3301

### HANOI OFFICE

6 Le Thanh Tong  
Hoan Kiem District, Hanoi  
**T** : (+84 4) 3 933 4693  
**F** : (+84 4) 3 933 4822

**E**: [infor@hsc.com.vn](mailto:infor@hsc.com.vn) **W**: [www.hsc.com.vn](http://www.hsc.com.vn)