

**Taya (Vietnam) Electric Wire and Cable  
Joint Stock Company**

Financial statements for the six-month  
period ended 30 June 2010

## **Taya (Vietnam) Electric Wire and Cable Joint Stock Company Corporate Information**

<b>Investment Licence No</b>	414/GP	7 September 1992
	414/GPDC	14 February 1995
	414/GPDC1	31 October 1995
	414/GPDC2	9 January 1996
	414/GPDC3	30 July 1997
	414/GPDC4	19 September 1997
	414/CPH/GP	7 October 2005
	414/CPH/GCND1-BKH	25 October 2006

Issued by the Ministry of Planning and Investment

414/GPDC1-BKH-KCN-DN	16 May 2003
414/GPDC2-BKH-KCN-DN	23 June 2003
414/GPDC3-BKH-KCN-DN	7 May 2004
414/GCND2/47/2	6 September 2007
472033000584	11 July 2008
472033000584	18 December 2008

Issued by the Dong Nai Province Industrial Zone Authority

The investment licence is valid for 50 years from the date of the initial investment licence.

<b>Board of Management</b>	Mr. Shen Shang Pang	Chairman
	Mr. Shen Shang Tao	Vice Chairman
	Mr. Shen Shang Hung	Member
	Mr. Shen San Yi	Member
	Mr. Wang Yen Huang	Member
<b>Board of Directors</b>	Mr. Wang Yen Huang	General Director
	Mr. Chiu Chin Teng	Deputy General Director
<b>Registered Office</b>		
<b>Head office</b>	Bien Hoa II Industrial Park Dong Nai Province Vietnam	
<b>Branch</b>	Cam Dien Village Cam Giang District Hai Duong Province Vietnam	
<b>Auditors</b>	KPMG Limited Vietnam	

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders**

### **Taya (Vietnam) Electric Wire and Cable Joint Stock Company**

#### **Scope**

We have audited the accompanying balance sheet of Taya (Vietnam) Electric Wire and Cable Joint Stock Company ("the Company") as of 30 June 2010 and the related statements of income for the three and six-month period ended 30 June 2010, changes in equity and cash flows for the six-month period ended 30 June 2010 which were authorised for issue by the Company's management on 16 August 2010 and the explanatory notes thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### **Audit opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Taya (Vietnam) Electric Wire and Cable Joint Stock Company as of 30 June 2010 and the results of its operations for the three and six months ended 30 June 2010 and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements.

#### **KPMG Limited**

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 10-01-215

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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, 16 August 2010

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Balance sheet at 30 June 2010**

	Code	Note	30/6/2010 VND'000	31/12/2009 VND'000
<b>ASSETS</b>				
<b>Current assets</b>	<b>100</b>		<b>438,386,143</b>	<b>405,156,004</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>3</b>	<b>124,813,396</b>	<b>123,482,055</b>
<b>Short-term investment</b>	<b>120</b>	<b>4</b>	<b>2,000,000</b>	<b>-</b>
<b>Accounts receivable</b>	<b>130</b>	<b>5</b>	<b>139,003,790</b>	<b>103,055,334</b>
Accounts receivable - trade	131		137,289,146	102,279,929
Prepayments to suppliers	132		813,244	1,304,546
Other receivables	135		2,123,857	363,229
Allowance for doubtful debts	139		(1,222,457)	(892,370)
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>164,407,840</b>	<b>176,332,932</b>
Inventories	141		173,449,690	180,909,706
Allowance for inventories	149		(9,041,850)	(4,576,774)
<b>Other current assets</b>	<b>150</b>		<b>8,161,117</b>	<b>2,285,683</b>
Short-term prepayments	151		1,974,281	953,519
Deductible value added tax	152		4,569,267	118,355
Corporate income tax prepaid	154		1,598,632	1,162,975
Other current assets	158		18,937	50,834
<b>Long-term assets</b>	<b>200</b>		<b>193,931,235</b>	<b>206,046,856</b>
<b>Fixed assets</b>	<b>220</b>		<b>189,881,087</b>	<b>201,243,361</b>
Tangible fixed assets	221	7	188,252,606	201,243,361
<i>Cost</i>	222		424,874,170	422,931,033
<i>Accumulated depreciation</i>	223		(236,621,564)	(221,687,672)
Construction in progress	230	8	1,628,481	-
<b>Long-term investments</b>	<b>250</b>		<b>42,400</b>	<b>42,400</b>
Other long-term investments	258		42,400	42,400
<b>Other long-term assets</b>	<b>260</b>		<b>4,007,748</b>	<b>4,761,095</b>
Long-term prepayments	261	9	2,672,774	3,052,339
Deferred tax assets	262	10	1,334,974	1,708,756
<b>TOTAL ASSETS</b>	<b>270</b>		<b>632,317,378</b>	<b>611,202,860</b>

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

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Balance sheet at 30 June 2010 (continued)**

	Code	Note	30/6/2010 VND'000	31/12/2009 VND'000
<b>RESOURCES</b>				
<b>LIABILITIES</b>	<b>300</b>		<b>448,299,951</b>	<b>421,448,475</b>
<b>Current liabilities</b>	<b>310</b>		<b>442,280,438</b>	<b>415,566,978</b>
Short-term borrowings	311	11	355,538,377	359,724,571
Accounts payable – trade	312	12	64,226,641	40,989,311
Advances from customers	313		13,206,091	4,950,592
Taxes payable to State Treasury	314	13	3,954,172	4,017,544
Payables to employees	315		2,222,357	4,339,566
Accrued expenses	316		1,212,486	1,401,501
Other payables	319		1,920,314	143,893
<b>Long-term liabilities</b>	<b>330</b>		<b>6,019,513</b>	<b>5,881,497</b>
Long-term borrowings	334	14	5,654,778	5,470,891
Provision for severance allowance	336	15	364,735	410,606
<b>EQUITY</b>	<b>400</b>		<b>184,017,427</b>	<b>189,754,385</b>
<b>Equity</b>	<b>410</b>		<b>184,017,427</b>	<b>189,754,385</b>
Share capital	411	16	279,013,771	279,013,771
Treasury shares	412	16	(272,840)	(272,840)
Foreign exchange differences	416		(5,165,494)	(11,546,306)
Funds and reserves	417	17	21,553,612	21,141,803
Accumulated losses	420		(111,111,622)	(98,582,043)
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>632,317,378</b>	<b>611,202,860</b>

Prepared by:

Approved by:

Hung Chung Ming  
*Chief Accountant*

Wang Yen Huang  
*General Director*

16 August 2010

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

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Statement of income for the six-month period ended 30 June 2010**

	Code	Note	1/4/2010 to 30/6/2010 VND'000	1/4/2009 to 30/6/2009 VND'000	1/1/2010 to 30/6/2010 VND'000	1/1/2009 to 30/6/2009 VND'000
<b>Total revenue</b>	<b>01</b>	<b>18</b>	<b>234,332,426</b>	<b>200,669,838</b>	<b>465,251,187</b>	<b>327,699,195</b>
<b>Less sales deductions</b>	<b>02</b>	<b>18</b>	<b>(324,568)</b>	<b>(67,125)</b>	<b>(630,126)</b>	<b>(178,049)</b>
<b>Net sales</b>	<b>10</b>		<b>234,007,858</b>	<b>200,602,713</b>	<b>464,621,061</b>	<b>327,521,146</b>
<b>Cost of sales</b>	<b>11</b>		<b>(219,378,514)</b>	<b>(183,498,376)</b>	<b>(425,372,235)</b>	<b>(290,880,602)</b>
<b>Gross profit</b>	<b>20</b>		<b>14,629,344</b>	<b>17,104,337</b>	<b>39,248,826</b>	<b>36,640,544</b>
Financial income	21	19	2,134,578	11,217,441	3,899,646	11,941,228
Financial expenses	22	20	(19,231,275)	(22,769,760)	(36,896,560)	(34,840,860)
Selling expenses	24		(4,448,247)	(4,269,310)	(8,797,578)	(8,143,700)
General and administration expenses	25		(5,794,334)	(5,045,255)	(11,393,025)	(9,698,540)
<b>Net operating loss</b>	<b>30</b>		<b>(12,709,934)</b>	<b>(3,762,547)</b>	<b>(13,938,691)</b>	<b>(4,101,328)</b>
<b>Results of other activities</b>	<b>40</b>					
Other income	31		1,098,787	1,103,620	2,195,082	1,966,203
Other expenses	32		(221)	(213)	(379)	(432)
<b>Loss before tax</b>	<b>50</b>		<b>(11,611,368)</b>	<b>(2,659,140)</b>	<b>(11,743,988)</b>	<b>(2,135,557)</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax expense – deferred</b>	<b>52</b>	<b>21</b>	<b>(373,782)</b>	<b>(7,007,760)</b>	<b>(373,782)</b>	<b>(7,007,760)</b>
<b>Net loss</b>	<b>60</b>		<b>(11,985,150)</b>	<b>(9,666,900)</b>	<b>(12,117,770)</b>	<b>(9,143,317)</b>
Basic loss per share	<b>70</b>	22	(0.430)	(0.347)	(0.434)	(0.328)

Prepared by:

Approved by:

Hung Chung Ming  
Chief Accountant

Wang Yen Huang  
General Director

16 August 2010

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**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Statement of changes in equity for the six-month period ended 30 June 2010**

	<b>Share capital VND'000</b>	<b>Treasury shares VND'000</b>	<b>Foreign exchange differences VND'000</b>	<b>Funds and reserves VND'000</b>	<b>Accumulated losses VND'000</b>	<b>Total VND'000</b>
<b>Balance at 1 January 2009</b>	279,013,771	(272,840)	-	21,141,803	(101,327,419)	198,555,315
Net loss for the period	-	-	-	-	(9,143,317)	(9,143,317)
<b>Balance at 30 June 2009</b>	279,013,771	(272,840)	-	21,141,803	(110,470,736)	189,411,998
Foreign exchange differences	-	-	(11,546,306)	-	-	(11,546,306)
Net loss for the period	-	-	-	-	11,888,693	11,888,693
<b>Balance at 31 December 2009</b>	279,013,771	(272,840)	(11,546,306)	21,141,803	(98,582,043)	189,754,385
Foreign exchange differences	-	-	6,380,812	-	-	6,380,812
Appropriation to equity funds	-	-	-	411,809	(411,809)	-
Net loss for the period	-	-	-	-	(12,117,770)	(12,117,770)
<b>Balance at 30 June 2010</b>	279,013,771	(272,840)	(5,165,494)	21,553,612	(111,111,622)	184,017,427

Prepared by:

Approved by:

Hung Chung Ming  
*Chief Accountant*

Wang Yen Huang  
*General Director*

16 August 2010

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

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Statement of cash flows for the six-month period ended 30 June 2010**

	Code	Note	1/1/2010 to 30/6/2010 VND'000	1/1/2009 to 30/6/2009 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Loss before tax</b>	<b>01</b>		<b>(11,743,988)</b>	<b>(2,135,557)</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		15,773,300	17,582,301
Allowances and provisions	03		4,795,163	(149,139,531)
Unrealised foreign exchange loss	04		-	(1,582,754)
Gain on disposals of fixed assets	05		(16,631)	-
Interest expense	06		7,282,745	10,165,073
Interest income	07		(3,518,760)	(1,808,058)
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>		<b>12,571,829</b>	<b>(126,918,526)</b>
Change in receivables and other current assets	09		(41,718,320)	55,951,951
Change in inventories	10		7,460,016	199,460,113
Change in payables and other liabilities	11		30,811,302	55,202,778
			<b>9,124,827</b>	<b>183,696,316</b>
Interest paid	13		(7,240,264)	(10,217,393)
Corporate income tax paid	14		(435,657)	(379,592)
<b>Net cash generated from operating activities</b>	<b>20</b>		<b>1,448,906</b>	<b>173,099,331</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	21		(4,031,461)	(2,906,107)
Proceeds from disposals of fixed assets	22		16,631	-
(Payments)/proceeds for short-term investments	25		(2,000,000)	10,320,000
Receipts of interests	27		3,518,760	1,808,058
<b>Net cash (used in)/generated from investing activities</b>	<b>30</b>		<b>(2,496,070)</b>	<b>9,221,951</b>

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

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Statement of cash flows for the six-month period ended 30 June 2010 (continued)**

	Code	Note	1/1/2010 to 30/6/2010 VND'000	1/1/2009 to 30/6/2009 VND'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	33		287,827,912	213,563,046
Repayment of borrowings	34		(285,449,407)	(380,348,054)
<b>Net cash generated from/(used in) financing activities</b>	<b>40</b>		<b>2,378,505</b>	<b>(166,785,008)</b>
<b>Net cash flows during the period</b>	<b>50</b>		<b>1,331,341</b>	<b>15,536,274</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>		<b>123,482,055</b>	<b>35,113,099</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>70</b>	<b>3</b>	<b>124,813,396</b>	<b>50,649,373</b>

Prepared by:

Approved by:

Hung Chung Ming  
*Chief Accountant*

Wang Yen Huang  
*General Director*

16 August 2010

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

## **Taya (Vietnam) Electric Wire and Cable Joint Stock Company**

### **Notes to the 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**

Taya (Vietnam) Electric Wire and Cable Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to manufacture, sell and distribute various electric wires, cables, motor and pumps in Vietnam and overseas markets.

The Company’s head office is located at Bien Hoa II Industrial Park, Dong Nai Province, Vietnam. On 16 May 2003, the Company established a branch, which commenced operations in January 2005, at Cam Dien Village, Cam Giang District, Hai Duong Province, Vietnam in accordance with Investment Licence No 414/GPDC1-BKH-DN issued by Dong Nai Industrial Zones Authority.

As at 30 June 2010 the Company had 467 employees (31 December 2009: 473 employees).

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

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

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

The financial statements, expressed in Vietnam Dong rounded to the nearest thousand (“VND’000”), have been prepared in accordance with Vietnamese Accounting Standards 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements. These financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2009.

The 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) 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.

Effective 1 January 2009, 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:

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

- Exchange differences which relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during the Company's pre-operating stage are recorded in the Foreign Exchange Difference Account in equity until the Company commences operations and the tangible fixed assets are put into use. Once the Company commences operations and the tangible fixed assets are put into use, the related realised foreign exchange differences are transferred to the statement of income, unrealised foreign exchange gains are transferred to the Unearned Revenue Account and unrealised foreign exchange losses are transferred to the Long-term Prepayment Account. The unrealised gains and losses are then amortised on a straight line basis over five years.
- 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; and
- 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, except when the Company suffers a net loss for the period which in that case, exchange loss arising from period end translation of non-current portion of long-term monetary liabilities denominated in currencies other than VND is recorded in the Foreign Exchange Difference Account in equity to the extent of not exceeding the net loss incurred for the period. The exchange loss recorded in the Foreign Exchange Difference Account is amortised and recognised in the statement of income on a straight-line basis over five years; 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 the 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, net loss for the period ended 30 June 2010 would increase by VND5,424 million (net of deferred income tax effect of VND957 million).

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**(c) 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.

**(d) Accounts receivable**

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

**(e) 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.

**(f) 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, and the costs of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul cost, is 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.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**(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 and structures	7 – 35 years
▪ Machinery and equipment	5 – 10 years
▪ Transportation equipment	6 years
▪ Office equipment	5 – 8 years
▪ Other assets	2 – 7 years

**(g) 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.

**(h) Long-term prepayments**

**(i) Golf club memberships**

Golf club memberships are recorded at cost and amortised on a straight-line basis over from 37 years to 40 years.

**(ii) Tools and supplies**

Tools and supplies used for more than one year are recorded as long-term prepayments and amortised over a period from one to three years.

**(i) Trade and other payables**

Trade and other payables are stated at their cost.

**(j) 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.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**(k) Taxation**

Income tax on the period 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 periods.

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.

**(l) 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.

**(m) Borrowing costs**

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.

**(n) Earnings per share**

The Company presents basic and diluted 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. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**(o) 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 electric cable and one single geographical segment, which is Vietnam.

**(p) 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.

**3. Cash and cash equivalents**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND'000</b>	<b>VND'000</b>
Cash on hand	1,376,443	1,119,589
Cash in bank	60,498,355	39,062,466
Cash equivalents	62,938,598	83,300,000
	<hr/>	<hr/>
	124,813,396	123,482,055
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents at 30 June 2010 included amounts denominated in currencies other than VND amounting to VND4,723 million (31 December 2009: VND2,415 million).

Cash in bank earned interest at rates ranging from 1.2% % to 2.4% per annum.

Cash equivalents represented short-term deposits with maturity of less than 3 months earning interest at fixed rates ranging from 7% to 11% per annum.

**4. Short-term investment**

Short-term investment represented term deposits which earn interest at 10.49% per annum.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**5. Accounts receivable**

Movements in the allowance for doubtful debts during the period were as follows:

	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Opening balance	892,370	26,363,669
Increase in allowance during the period	330,087	-
Allowance utilised during the period	-	-
Allowance written back during the period	-	(25,501,430)
	<hr/>	<hr/>
Closing balance	1,222,457	862,239
	<hr/> <hr/>	<hr/> <hr/>

**6. Inventories**

	<b>30/6/2010 VND'000</b>	<b>31/12/2009 VND'000</b>
Goods in transit	27,175,616	32,372,969
Raw materials	40,082,183	41,166,135
Work in progress	38,301,497	46,081,019
Finished goods	67,890,394	61,289,583
	<hr/>	<hr/>
	173,449,690	180,909,706
Allowance for inventories	(9,041,850)	(4,576,774)
	<hr/>	<hr/>
	164,407,840	176,332,932
	<hr/> <hr/>	<hr/> <hr/>

Movements in the allowance for inventories during the period were as follows:

	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Opening balance	4,576,774	132,445,005
Increase in allowance during the period	4,548,648	-
Written back	(83,572)	(123,638,101)
	<hr/>	<hr/>
Closing balance	9,041,850	8,806,904
	<hr/> <hr/>	<hr/> <hr/>

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**7. Tangible fixed assets**

	<b>Buildings and structures VND'000</b>	<b>Machinery and equipment VND'000</b>	<b>Transportation equipment VND'000</b>	<b>Office equipment VND'000</b>	<b>Other assets VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>						
Opening balance	144,621,203	259,088,527	8,632,629	2,867,432	7,721,242	422,931,033
Additions	-	1,544,823	-	21,409	40,507	1,606,739
Transfers from construction in progress	-	796,241	-	-	-	796,241
Disposals	-	(459,843)	-	-	-	(459,843)
Closing balance	144,621,203	260,969,748	8,632,629	2,888,841	7,761,749	424,874,170
<b>Accumulated depreciation</b>						
Opening balance	50,152,809	157,902,206	7,222,396	1,997,415	4,412,846	221,687,672
Charge for the period	3,781,079	10,468,313	389,908	137,737	616,698	15,393,735
Disposals	-	(459,843)	-	-	-	(459,843)
Closing balance	53,933,888	167,910,676	7,612,304	2,135,152	5,029,544	236,621,564
<b>Net book value</b>						
Opening balance	94,468,394	101,186,321	1,410,233	870,017	3,308,396	201,243,361
Closing balance	90,687,315	93,059,072	1,020,325	753,689	2,732,205	188,252,606

Included in the cost of tangible fixed assets were assets costing VND85,430 million which were fully depreciated as of 30 June 2010 (31 December 2009: VND77,355 million), but which are still in active use.

At 30 June 2010 tangible fixed assets with a carrying value of VND51,397 million (31 December 2009: VND80,154 million) were pledged with banks as security for loans granted to the Company.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**8. Construction in progress**

	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Opening balance	-	1,451,601
Addition during the period	2,424,722	1,573,052
Transfer to tangible fixed assets	(796,241)	(3,011,123)
Closing balance	1,628,481	13,530

**9. Long-term prepayments**

	<b>Golf club membership VND'000</b>	<b>Tools and supplies VND'000</b>	<b>Total VND'000</b>
Opening balance	1,879,698	1,172,641	3,052,339
Amortisation for the period	(28,424)	(351,141)	(379,565)
Closing balance	1,851,274	821,500	2,672,774

**10. Deferred tax assets**

Deferred tax assets are attributable to the following:

	<b>30/6/2010 VND'000</b>	<b>31/12/2009 VND'000</b>
Fixed assets	207,346	165,877
Allowances and provisions	1,089,634	716,854
Tax value of loss carry-forwards recognised	-	565,747
Others	37,994	260,278
Total deferred tax assets	1,334,974	1,708,756

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**11. Short-term borrowings**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND'000</b>	<b>VND'000</b>
Short-term borrowings	349,883,280	346,896,853
Current portion of long-term borrowings (Note 14)	5,655,097	12,827,718
	<hr/>	<hr/>
	355,538,377	359,724,571
	<hr/>	<hr/>

	<b>Credit facility</b>	<b>Interest rate per annum</b>	<b>30/6/2010</b>	<b>31/12/2009</b>
			<b>VND'000</b>	<b>VND'000</b>
Chinfon Bank, Ho Chi Minh City Branch (a)	USD6,000,000	SIBOR+1.15%	20,890,530	9,915,560
Chinfon Bank, Hanoi Branch (b)	USD3,000,000	SIBOR+1.15%	6,774,400	5,595,773
Chinatrust Commercial Bank, Ho Chi Minh City Branch (b)	USD6,000,000	SIBOR+1.15%	67,681,489	61,431,579
The International Commercial Bank of China, Ho Chi Minh City Branch (b)	USD4,200,000	SIBOR 6 month + 1%	72,015,824	72,242,549
Indovina, Ho Chi Minh City Branch (c)	USD3,700,000	SIBOR 6 month + 1.15%	30,884,788	3,588,200
Far East National Bank, Ho Chi Minh Branch (b)	USD7,000,000	SIBOR 6 month + 1%	-	5,521,646
First Commercial Bank, Ho Chi Minh City Branch (b)	USD5,600,000	SIBOR+1%	83,199,734	90,457,085

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

	<b>Credit facility</b>	<b>Interest rate per annum</b>	<b>30/6/2010 VND'000</b>	<b>31/12/2009 VND'000</b>
Vietnam Commercial Bank, Hai Duong Branch (c)	USD3,700,000	6.3%	-	12,301,051
Hua Nan Commercial Bank, Ho Chi Minh City Branch (b)	USD 3,000,000	SIBOR 6 months + 1.5%	40,869,734	53,626,762
Hua Nan Commercial Bank, Hanoi Branch (b)	USD1,500,000	SIBOR 6 months + 1.5%	27,566,781	26,388,254
HSBC (b)	USD 1,000,000	SIBOR + 1%	-	5,828,394
			<hr/>	<hr/>
			349,883,280	346,896,853
Current portion of long-term borrowings (Note 14)			5,655,097	12,827,718
			<hr/>	<hr/>
Total			355,538,377	359,724,571
			<hr/> <hr/>	<hr/> <hr/>

- a. Loan from Chinfon Bank, Ho Chi Minh City Branch represented 2 credit facilities of USD3,000,000 each. The facility is guaranteed by Mr. Shen Shang Pang, Chairman.
- b. Loans from Chinatrust Commercial Bank, Ho Chi Minh City Branch, Chinfon Bank, Hanoi Branch, Hua Nan Commercial Bank Ho Chi Minh City Branch, The International Commercial Bank of China, Ho Chi Minh City Branch, Far East National Bank, Ho Chi Minh Branch, First Commercial Bank, Ho Chi Minh City Branch, Hua Nam Commercial Bank, Hanoi Branch and HSBC are guaranteed by Mr. Shen Shang Pang, Chairman.
- c. Loans from Indovina, Ho Chi Minh City Branch and Vietcombank, Hai Duong Branch are unsecured.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**12. Accounts payable - trade**

Accounts payable - trade included the following amounts due to related party:

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND'000</b>	<b>VND'000</b>
Amounts due to Taya Taiwan Electric Wire and Cable Co., Ltd.		
- Trade	51,148,238	32,374,936
- Non-trade	26,451	-
	<hr/>	<hr/>

The trade amounts due to the Taya Taiwan Electric Wire and Cable Co., Ltd were unsecured, interest free and are repayable within 30 to 60 days from date of invoice.

The non-trade amounts due to Taya Taiwan Electric Wire and Cable Co., Ltd were unsecured, interest free and are repayable on demand.

**13. Taxes payable to State Treasury**

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>VND'000</b>	<b>VND'000</b>
Value added tax	3,542,971	3,711,778
Import tax	174,601	106,643
Personal income tax	236,600	199,123
	<hr/>	<hr/>
	3,954,172	4,017,544
	<hr/>	<hr/>

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**14. Long-term borrowings**

	<b>Credit facility</b>	<b>Interest rate per annum</b>	<b>30/6/2010 VND'000</b>	<b>31/12/2009 VND'000</b>
Indovina Bank, Dong Nai Branch (a)	USD2,741,880	SIBOR 6 month +1.15%	11,309,876	16,413,307
Chinfon Bank, Ho Chi Minh City Branch	USD4,600,000	SIBOR+1.25%	-	1,885,302
			11,309,876	18,298,609
Repayable within twelve months (Note 11)			(5,655,098)	(12,827,718)
Repayable after twelve months			5,654,778	5,470,891
			5,654,778	5,470,891

- a. Loan from Indovina Bank, Dong Nai Branch is secured by the new building located at the Company's head office in Dong Nai Province, Vietnam with net book value as at 30 June 2010 of VND51,397 million (31 December 2009: VND53,929 million). This loan is repayable in 9 equal semi-annual instalments commencing from 8 May 2008.

**15. Provision for severance allowance**

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

	<b>VND'000</b>
Opening balance	410,606
Provision used during the period	(45,871)
Closing balance	364,735

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 employees 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.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

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 the 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 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 six month period ended 30 June 2010, the Company contributed VND47 million (six month period ended 30/6/2009: Nil) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

## 16. Share capital

The Company's authorised and issued share capital are:

	30/6/2010		31/12/2009	
	Number of shares	VND'000	Number of shares	VND'000
<b>Authorised capital</b>	27,901,377	279,013,771	27,901,377	279,013,771
<b>Issued share capital</b>				
Ordinary shares	27,901,377	279,013,771	27,901,377	279,013,771
<b>Treasury shares</b>				
Ordinary shares	(9,363)	(272,840)	(9,363)	(272,840)
<b>Shares currently in circulation</b>				
Ordinary shares	27,892,014	278,740,931	27,892,014	278,740,931

All ordinary 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 ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There were no movements in share capital during the period.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**17. Funds and reserves**

Funds and reserves were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. These funds were established for the purpose of future business expansion.

**18. Total revenue**

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

Net sales comprised:

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Total revenue				
▪ Sales	234,332,426	200,669,838	465,251,187	327,699,195
Less sales deductions				
▪ Sales returns	(324,568)	(67,125)	(630,126)	(178,049)
Net sales	234,007,858	200,602,713	464,621,061	327,521,146

**19. Financial income**

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Interest income	1,824,599	1,149,837	3,518,760	1,808,058
Foreign exchange gains	309,979	10,067,604	380,886	10,133,170
	2,134,578	11,217,441	3,899,646	11,941,228

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**20. Financial expenses**

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Interest expenses	3,644,033	4,872,880	7,282,745	10,165,073
Foreign exchange losses	15,587,242	17,896,880	29,613,815	24,675,787
	<hr/>	<hr/>	<hr/>	<hr/>
	19,231,275	22,769,760	36,896,560	34,840,860
	<hr/>	<hr/>	<hr/>	<hr/>

**21. Income tax**

**(a) Recognised in the statement of income**

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
<b>Current tax expense</b>				
Current year	-	-	-	-
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	373,782	7,007,760	373,782	7,007,760
Corporate income tax expense	<hr/>	<hr/>	<hr/>	<hr/>
	373,782	7,007,760	373,782	7,007,760
	<hr/>	<hr/>	<hr/>	<hr/>

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

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

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Loss before tax	(11,611,368)	(2,659,140)	(11,743,988)	(2,135,557)
Tax at the Company's tax rate	(1,741,705)	(398,871)	(1,761,598)	(320,333)
Non-deductible expenses	245,856	183,631	245,856	183,631
Effect of change in tax rate	-	(437,124)	-	(8,783,195)
	(1,495,849)	(652,364)	(1,515,742)	(8,919,897)
Effect of tax holiday	-	(8,783,195)	-	(437,124)
Deferred tax assets not recognised	1,303,884	16,443,319	1,323,777	16,364,781
Deferred tax assets written-off	565,747	-	565,747	-
Corporate income tax expense	373,782	7,007,760	373,782	7,007,760

Deferred tax assets have not been recognized on tax losses as it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

Tax losses expire in the following years:

<b>Year of expiry</b>	<b>Status of tax review</b>	<b>Tax losses available VND'000</b>
2013	Outstanding	40,297,066
2014	Outstanding	2,126,731
2015	Outstanding	8,825,180

**(c) Applicable tax rates**

The Company's head office is obliged to pay the government income tax at the rate of 15% of its taxable income. The head office is entitled to the government income tax reduction of 50% in 2007 and 2008.

The Company's branch is obliged to pay the government income tax at 15% of its taxable income for a period of twelve years from the date of its establishment and 25% thereafter. It is also entitled to the government income tax exemption for four years from its first profit making year (2006) and a reduction of 50% for the following four years.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

The Company can carry forward tax losses incurred in any year and offset the losses against the profit of subsequent years for a maximum period of five years.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic changes and ultimately, the tax payable is a result of the tax authorities' examination.

## 22. Loss per share

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

*(i) Net loss attributable to ordinary shareholders*

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Net loss for the period	(11,985,150)	(9,666,900)	(12,117,770)	(9,143,317)
Net loss attributable to ordinary shareholders	(11,985,150)	(9,666,900)	(12,117,770)	(9,143,317)

*(ii) Weighted average number of ordinary shares*

	<b>1/4/2010 to 30/6/2010 VND'000</b>	<b>1/4/2009 to 30/6/2009 VND'000</b>	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Issued ordinary shares at the beginning of the period	27,892,014	27,892,014	27,892,014	27,892,014
Weighted average number of ordinary shares as at the end of the period	27,892,014	27,892,014	27,892,014	27,892,014

As of 30 June 2010, the Company did not have potential dilutive ordinary shares.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**23. Significant transactions with related parties**

**Identity of related parties**

The Company has related party relationship with its parent company, Taya Taiwan Electric Wire and Cable Co. Ltd., directors and key management personnel.

**Transactions with key management personnel**

Total remuneration and business allowances to key management personnel were as follows:

	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
Board of Directors	537,384	548,810
Board of Management	1,121,675	800,350
	<hr/>	<hr/>
	1,659,059	1,349,160
	<hr/>	<hr/>

During the period there were the following significant transactions with related parties:

	<b>Transaction value</b>	
	<b>1/1/2010 to 30/6/2010 VND'000</b>	<b>1/1/2009 to 30/6/2009 VND'000</b>
<b>Taya Taiwan Electric Wire &amp; Cable Co., Ltd</b>		
Purchase raw material	364,057,779	161,070,328
Royalties	144,543	389,482
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Pursuant to the trademark license agreement between the Company and Taya Taiwan Electric Wire & Cable Co., Ltd (the ultimate parent company), the Company has the right to use the trademark owned by Taya Taiwan Electric Wire & Cable Co., Ltd. In consideration of the agreement, the Company will pay royalty fees at 0.1% of net sales.

**Taya (Vietnam) Electric Wire and Cable Joint Stock Company**  
**Notes to the financial statements for the six-month period ended 30 June 2010**  
**(continued)**

**24. Lease commitments**

The future minimum lease payments under non-cancellable operating leases were:

	<b>30/6/2010</b>	<b>30/12/2009</b>
	<b>VND'000</b>	<b>VND'000</b>
Within one year	4,259,408	2,505,450
Within two to five years	11,763,789	10,021,800
More than five years	70,443,785	69,342,573
	<hr/>	<hr/>
	86,466,982	81,869,823
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The annual lease expenditure comprised of land rental for the Company's head office in Dong Nai Province, Vietnam with a minimum annual rental fee inclusive of VAT of USD105,247 and an annual infrastructure fee of USD28,445 for 50 years from 7 September 1992. The land rental is subject to increase at the maximum rate of 15% after each five-year period.

The Company is also required to pay land rental for its branch in Hai Duong Province. The annual rental fee is USD5,957 from the eighth year after the Branch commences operations until 7 September 2042.

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

	<b>1/1/2010 to</b>	<b>1/1/2009 to</b>
	<b>30/6/2010</b>	<b>30/6/2009</b>
	<b>VND'000</b>	<b>VND'000</b>
Raw material costs included in production costs	387,437,756	244,657,747
Labour costs included in production costs	16,597,390	14,944,137
Depreciation and amortisation	15,773,300	17,582,301
Outside services	20,186,289	9,402,860
Other expenses	5,341,175	14,179,642
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Prepared by:

Approved by:

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*Chief Accountant*

Wang Yen Huang  
*General Director*