

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015**

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

CORPORATE INFORMATION

Establishment Decision No. 2405/QD-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City.

Business Registration Certificate No. 5703000111 dated 15 September 2004 issued by the Planning and Investment Department of Can Tho City.

The Business Registration Certificate has been amended several times and its latest amendment No. 1800156801 dated 12 May 2014 was issued by the Planning and Investment Department of Can Tho City.

Board of Directors	Mr Hoang Nguyen Hoc	Chairman
	Mr Le Dinh Buu Tri	Vice Chairman
	Mrs Pham Thi Viet Nga	Member
	Mr Doan Dinh Duy Khuong	Member
	Mrs Dang Pham Minh Loan	Member
	Mr Tran Chi Liem	Member
	Mr Shuhei Tabata	Member

Board of Management	Mrs Pham Thi Viet Nga	CEO
	Mr Le Chanh Dao	Deputy CEO
	Mr Doan Dinh Duy Khuong	Deputy CEO
	Mrs Nguyen Ngoc Diep	Deputy CEO

Board of Supervision	Mr Tran Quoc Hung	Head of the Board
	Mr Dinh Duc Minh	Member
	Ms Nguyen Phuong Thao	Member

Legal representative Mrs Pham Thi Viet Nga CEO

Registered office 288 Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSET	Note	As at 30,06,2015 VND	As at 31,12,2014 VND
100	CURRENT ASSETS		2,341,481,434,126	2,599,477,766,855
110	Cash and cash equivalents	3	297,329,791,717	391,229,559,612
111	Cash		108,329,791,717	33,881,226,279
112	Cash equivalents		189,000,000,000	357,348,333,333
120	Short-term investments	4	305,219,176,394	258,151,666,667
130	Accounts receivable		1,046,990,062,564	1,208,528,073,937
131	Trade accounts receivable	5	465,621,452,757	697,922,860,109
132	Prepayments to suppliers		28,134,242,770	28,745,336,819
135	Short-term loans receivable		12,878,196,132	18,401,094,402
136	Other receivables	6	545,463,999,578	467,816,361,247
137	Provision for doubtful debts		(5,107,828,673)	(4,357,578,640)
140	Inventories	7	681,163,313,007	740,284,299,291
141	Inventories		685,627,449,220	744,748,435,504
149	Provision for decline in value of inventories		(4,464,136,213)	(4,464,136,213)
150	Other current assets		10,779,090,444	1,284,167,348
151	Short-term prepayments		9,545,136,985	225,914,164
152	Value Added Tax to be reclaimed		-	
153	Other taxes receivable		973,786,975	740,713,926
155	Other current assets		260,166,484	317,539,258
200	LONG-TERM ASSETS		684,988,353,800	694,794,566,258
220	Fixed assets		505,306,012,410	474,954,583,595
221	Tangible fixed assets	8a	275,177,995,782	280,021,622,503
222	Cost		610,504,453,876	587,281,193,664
223	Accumulated depreciation		(335,326,458,094)	(307,259,571,161)
227	Intangible fixed assets	8b	208,680,603,698	176,977,970,770
228	Cost		223,371,530,177	190,265,374,522
229	Accumulated amortisation		(14,690,926,479)	(13,287,403,752)
230	Investment properties	9	29,839,273,331	31,237,025,507
231	Cost		38,679,461,157	38,679,461,157
232	Accumulated amortisation		(8,840,187,826)	(7,442,435,650)
242	Construction in progress	10	21,447,412,930	17,954,990,322
250	Long-term investments	11	132,745,620,200	137,745,620,200
251	Investments in subsidiaries		117,550,000,000	122,550,000,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Other long-term investments		27,908,170,200	27,908,170,200
254	Provision for diminution in value of long-term investments		(16,500,000,000)	(16,500,000,000)
260	Other long-term assets		17,097,447,859	50,857,336,956
261	Long-term prepayments	12	12,963,969,174	46,748,981,443
262	Deferred income tax assets	13	3,300,000,000	3,300,000,000
268	Other long-term assets		833,478,685	808,355,513
270	TOTAL ASSETS		3,026,469,787,926	3,294,272,333,113

SEPARATE BALANCE SHEET
(continued)

Code	Note	As at 30,06,2015 VND	As at 31,12,2014 VND
RESOURCES			
300	LIABILITIES	883.389.732.625	1.067.224.705.510
310	Current liabilities	821.374.958.979	1.000.019.164.238
311	Short-term borrowings	243.713.891.784	292.960.854.813
312	Advances from customers	59.487.064.883	736.424.704
	Taxes and other payables to the State		
313	Budget	15.190.647.152	72.568.506.884
314	Payable to employees	23.812.939.574	153.517.697.521
315	Accrued expenses	80.262.481.611	228.564.259.504
318	Unrealized turnover	16.546.661.153	-
320	Short-term borrowings	266.060.329.532	176.707.408.762
319	Other payables	10.561.306.913	23.714.709.775
322	Bonus and welfare funds	105.739.636.377	51.249.302.275
330	Long-term liabilities	62.014.773.646	67.205.541.272
342	Provisions for long –term liabilities	24.409.089.513	28.843.956.033
	Science and technology development		
343	funds	37.605.684.133	38.361.585.239
400	OWNERS' EQUITY	2.143.080.055.301	2.227.047.627.603
410	Capital and reserves	2.143.080.055.301	2.227.047.627.603
411	Owners' capital	871.643.300.000	871.643.300.000
415	Treasury shares	(455.850.000)	(455.850.000)
418	Investment and development fund	1.025.023.272.831	834.692.570.172
421	Undistributed earnings	246.869.332.470	521.167.607.431
440	TOTAL RESOURCES	3.026.469.787.926	3.294.272.333.113

OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents are balances held in gold and following foreign currencies

	As at 30,06,2015	As at 31,12,2014
USD	888.123	336.670
EUR	47.622	16.165
MOP	20	20
NDT	-	3.515
CAD	-	100
A tenth of tael	1.031	1.362
Tael	200	200

Tran Ngoc Hien
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
20 July 2015

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	For 3-month period ended		For 6-month period ended	
		30.06.2015 VND	30.06.2014 VND	Code	
01		842,818,607,608	925,684,847,827	1,535,095,179,068	1,594,128,586,409
02		(109,414,852,828)	(14,457,481,960)	(154,336,801,739)	(26,369,782,081)
10		733,403,754,780	911,227,365,867	1,380,758,377,329	1,567,758,804,328
11		(516,700,690,131)	(487,421,611,503)	(950,826,570,313)	(825,638,553,920)
20		216,703,064,649	423,805,754,364	429,931,807,016	742,120,250,408
21		90,407,352,244	70,822,452,076	96,256,787,462	78,502,029,155
22		(15,554,981,349)	(12,678,695,777)	(28,950,784,512)	(23,851,260,082)
23		(2,000,485,791)	(813,500,322)	(3,856,327,259)	(2,418,781,165)
24		(97,397,324,087)	(209,842,970,065)	(183,607,705,549)	(351,265,800,078)
25		(14,046,083,202)	(54,935,035,934)	(55,065,788,662)	(98,331,117,435)
30		180,112,028,255	217,171,504,664	258,564,315,755	347,174,101,968
31		24,141,454,257	7,723,788,933	46,119,749,188	9,532,712,506
32		(5,377,773,865)	(687,069,890)	(11,832,764,399)	(1,145,043,993)
40		18,763,680,392	7,036,719,043	34,286,984,789	8,387,668,513
50		198,875,708,647	224,208,223,707	292,851,300,544	355,561,770,481
51		(25,293,239,690)	(33,487,311,184)	(45,981,968,074)	(60,197,799,523)
52		-	-	-	-
60		173,582,468,957	190,720,912,523	246,869,332,470	295,363,970,958

Tran Ngoc Hien
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
20 July 2015

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

NOTES

DHG Pharmaceutical Joint-Stock Company explains the fluctuations in revenue and profits of the Q2/2015 compared to the same period last year, details as follows:

DVT: Million VSD

Target	2015		2014		Increase, decrease			
	Q2	6 Months	Q2	6 Months	Q2		6 Months	
					Value	Rate	Value	Rate
Net sales								
Profit before tax	733.404	1.380.758	911.227	1.567.759	(177,824)	-19.51%	(187.000)	-11,93%
Profit after tax	198.876	292.851	224.208	355.562	(25,333)	-11.30%	(62.710)	-17,64%
	173.582	246.869	190.721	295.364	(17,138)	-8.99%	(48.495)	-16,42%

Reasons:

- Net sales of Q2/2015 decrease 19.51%, profit before tax decrease 8.99% compared with the same period.
- Net sales of 6 months/2015 decrease 11.93%, profit before tax decrease 16.42% compared with the same period.
- **Reasons:** Performance of business plan 2015 in 6 months is relatively low due to impact of Q4/2014 revenue and market demand of early in the year 2015.

DHG Pharmaceutical Joint-Stock Company kindly explains.

Tran Ngoc Hien
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
20 July 2015

**SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015**
1. GENERAL INFORMATION

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (“the Company”) was equitised from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QD-CT.UB dated 5 August 2004 issued by the People’s Committee of Can Tho City. The Company was officially incorporated as a joint stock company according to the Business Registration Certificate No.5703000111 dated 15 September 2004 issued by the Planning and Investment Department of Can Tho City with the initial legal capital of VND80,000,000,000

The Company’s shares are listed on the Ho Chi Minh Stock Exchange.

The principal activities of the Company are to produce and trade in pharmaceutical products

As at 30 June 2015, the Company had 1,849 employees (at 31 December 2014: 1,997 employees).

The interest in subsidiaries and associates as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.06.2015	31.12.2014
Subsidiaries:				
DT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5104000057 issued by the Planning and Investment Department of Dong Thap province on 28 August 2008	100%	100%
DHG Travel One Member Limited Company	Domestic travel services	No. 5704000134 issued by the Planning and Investment Department of Can Tho City on 26 December 2007	100%	100%
HT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5604000048 issued by the Planning and Investment Department of Kien Giang province on 16 May 2008	100%	100%
DHG Nature One Member Limited Company (*)	Grow, process, manufacture, and trade herbal materials; manufacture and trade pharmaceutical chemistry and dietary supplements	No. 1800723433 issued by the Planning and Investment Department of Can Tho City on 25 August 2008	-	100%
CM Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6104000035 issued by the Planning and Investment Department of Ca Mau province on 8 April 2008	100%	100%
SH Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6403000044 issued by the Planning and Investment Department of Hau Giang province on 20 July 2007	51%	51%
A&G Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1601171629 issued by the Planning and Investment Department of An Giang province on 17 June 2009	100%	100%

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.06.2015	31.12.2014
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 2200286342 issued by the Planning and Investment Department of Soc Trang province on 11 April 2008	100%	100%
TOT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1801113085 issued by the Planning and Investment Department of Can Tho City on 25 February 2009	100%	100%
TG Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1200975943 issued by the Planning and Investment Department of Tien Giang province on 13 November 2013	100%	100%
Bali Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1900455594 issued by the Planning and Investment Department of Bac Lieu Province on 29 March 2011	100%	100%
DHG Pharmaceutical One Member Limited Company	Produce and trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
DHG 1 Packaging and Printing One Member Limited Company	Manufacture label, label cover, packaging from paper and cover. Manufacture and trade plastic, aluminum, paper packaging; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%
B&T Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1300917335 issued by the Planning and Investment Department of Ben Tre Province on 5 October 2012	100%	100%
TVP Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 2100510569 issued by the Planning and Investment Department of Tra Vinh Province on 19 October 2012	100%	100%
VL Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1500971019 issued by the Planning and Investment Department of Vinh Long Province on 19 December 2012	100%	100%
Associates:				
Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	31,36 %	30%

(*) As at 30 June 30 2015, complying with the decision of the Board of Directors No. 023/2015/QD.HDQT dated 8 June 2015 on dissolution of DHG Nature One Member Limited Company.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES**2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

Person who uses this separate financial statement should read the separate financial statements in conjunction with the consolidated financial statements of the Company and its subsidiaries (the "Group") for the three months ended on 30 June 2015 to have enough information about the financial situation, business results and cash flows of the Group.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Use of estimates

The preparation of the financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the Board of Directors' best knowledge of current events and actions, actual results may differ from those estimates.

2.4 Currency

The separate financial statements are prepared and presented in Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Form of records applied

The Company uses journal vouchers to record its transactions.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits, gold and other short-term investments with an original maturity of three months or less.

2.7 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Management of all outstanding amounts at the year end. Bad debts are written off when identified.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.9 Investments

(a) Short-term investments

Short-term investments are term deposits at bank maturing within 12 months from the balance sheet date and are accounted for at cost.

(b) Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment.

(c) Investments in associates

Investments in associates are stated at cost less provision for impairment.

(d) Long-term investments

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

2.10 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation

Fixed assets are depreciated on the straight-line method, to write off the cost of the assets to their residual value over their estimated useful lives or over the term of the project if shorter. The estimated useful lives of the assets are as follows:

Building and structures	3 – 19 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 10 years
Office equipment	2 – 10 years
Software	3 – 8 years

Land use rights are amortised, using the straight-line method over the terms indicated in the land use right certificate. Land use rights which are granted for an indefinite term are carried at cost and not amortised.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (CONTINUED)**2.10 Fixed assets (Continued)***Subsequent expenditure*

Subsequent expenditure relating to fixed assets that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amounts. The disposal proceeds are recognised as income in the income statement. The carrying amounts are recognised as expenses in the income statement.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.12 Real estate investment

Real estate investment is houses or part of building and land, infrastructure held by the Company that aims to earn from rental or for capital appreciation and not used in production, provided supply of goods or services, for management purposes or sold in any normal business.

Real estate investments are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of real estate investment.

Depreciation

Real estate investments are depreciated on the straight-line method, to write off the cost of the assets in estimated useful lives of 10 -16 years.

Disposals

Gains and losses on disposals of real estate investment are determined by the difference between the net proceeds from the liquidation and the remaining value of the real estate investment and are recognized as income or expense in the income statement.

2.13 Share capital and treasury shares

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Where the Company purchase the Company's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Company's equity holders.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (CONTINUED)**2.14 Borrowing costs**

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.15 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement 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 likely return of goods.

(b) Interest income

Interest income is recognised on the basis of the actual time and interest rate in each period.

(c) Dividend income

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

2.16 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly leasehold improvements, prepaid land rental, tools and equipment were put to use.

2.17 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that of Vietnam have not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (CONTINUED)

2.18 Dividend distribution

The Company's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting.

Interim dividends are declared and paid based on the estimated earnings of the year. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's Annual General Meeting.

2.19 Method of reserve appropriation

Annual appropriation from undistributed earnings to reserve funds belonged to owners' equity is approved by shareholders at the Annual General Meeting of the Company.

2.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties

The State Capital Investment Corporation holds the largest shareholding in the Company and accordingly is regarded as a related party. However, enterprises which are controlled or significantly influenced by the State Capital Investment Corporation are not considered as related parties of the Company for the purposes of disclosure since they do not influence, or are not influenced by, the Company.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.21 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

3 CASH AND CASH EQUIVALENTS

	30.06.2015	31.12.2014
	VND	VND
Cash on hand	10,398,072,026	12,759,488,094
Cash at bank	97,889,404,691	21,121,738,185
Cash in transit	42,315,000	
Cash equivalents (*)	189,000,000,000	357,348,333,333
	<u>297,329,791,717</u>	<u>391,229,559,612</u>

(*) Cash equivalents included term deposits with an original maturity of 3 months or less.

4 SHORT-TERM INVESTMENTS

Short-term investments are term deposits at bank maturing within 12 months from the balance sheet date, except for term deposits with an original maturity of 3 months or less being classified to cash equivalents in Note 3.

5 TRADE ACCOUNTS RECEIVABLE

	30.06.2015	31.12.2014
	VND	VND
Trade receivables from subsidiaries (Note 31(b))	140,633,072,475	217,404,138,916
Trade receivables from third parties	324,988,380,282	480,518,721,193
	<u>465,621,452,757</u>	<u>697,922,860,109</u>

Movements in the provision for doubtful accounts in the period/year are as follows:

	Fiscal period ended 30.06.2015	Fiscal year ended 31.12.2014
	VND	VND
Opening balance	4,357,578,640	2,566,239,574
Increase in provision for the period/year	750,250,033	1,791,339,066
Decrease in provision for the period/year	-	-
Closing balance	<u>5,107,828,673</u>	<u>4,357,578,640</u>

6 OTHER RECEIVABLES

	30.06.2015	31.12.2014
	VND	VND
Interest income receivable	3,401,054,166	5,506,248,160
Receivables from subsidiaries	531,615,632,492	458,356,875,877
Advance	2,057,219,215	1,662,492,571
Other receivables	8,390,093,705	2,290,744,639
	<u>545,463,999,578</u>	<u>467,816,361,247</u>

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(*)Receivables from subsidiaries in detail

	30.06.2015	31.12.2014
	VND	VND
Advance capital to DHG Pharmaceutical One-member Limited Company for building factory	450,894,645,113	402,297,323,946
Advance capital to DHG 1 Printing and Packing One-member Limited Company for building factory	55,841,234,870	55,841,234,870
Receivables of profit in 2014 of DHG 1 Printing and Packing One-member Ltd. Co.	21,825,207,806	-
Receivables of profit in 2014 of DHG Travel One-member Ltd. Co.	1,604,880,071	-
Receivables of profit in 2014 of VL Pharmaceutical One-member Ltd. Co.	315,287,799	-
Other receivables of other subsidiaries	1,134,376,833	218,317,061
	<u>531,615,632,492</u>	<u>458,356,875,877</u>

7 INVENTORIES

	30.06.2015	31.12.2014
	VND	VND
Goods in transit	68,144,194,900	56,439,936,854
Raw materials	196,327,258,591	246,138,896,245
Work in progress	19,397,688,543	20,804,483,472
Finished goods	236,557,497,099	247,855,390,747
Merchandises	154,957,911,042	173,509,728,186
Goods sent for sale	10,242,899,045	-
	<u>685,627,449,220</u>	<u>744,748,435,504</u>
Provision for decline in value of inventory	<u>(4,464,136,213)</u>	<u>(4,464,136,213)</u>
	<u>681,163,313,007</u>	<u>740,284,299,291</u>

Movements in the provision for inventories during the period/year were as follows:

	Fiscal period ended	Fiscal period ended
	30.06.2015	31.12.2014
	VND	VND
Opening balance	4,464,136,213	4,398,570,572
Increase	-	65,565,641
Reversal	-	-
	<u>4,464,136,213</u>	<u>4,464,136,213</u>

8 FIXED ASSETS**(a) Tangible fixed assets**

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2015	189,137,390,204	222,731,664,379	105,906,008,444	69,506,130,637	587,281,193,664
Increase	-	-	-	-	-
Transfers from construction in progress (Note 10)	3,006,309,952	8,564,273,422	2,980,746,743	10,364,591,036	24,915,921,153
Disposals	(212,898,182)	(132,000,000)	(555,979,559)	(791,783,200)	(1,692,660,941)
At 30 June 2015	<u>191,930,801,974</u>	<u>231,163,937,801</u>	<u>108,330,775,628</u>	<u>79,078,938,473</u>	<u>610,504,453,876</u>
Accumulated depreciation					
At 1 January 2015	66,306,770,576	134,607,325,444	59,870,817,960	46,474,657,181	307,259,571,161
Depreciation for the period / year	7,994,993,700	10,549,667,196	6,785,654,590	4,337,470,516	29,667,786,002
Disposals	(121,136,310)	(132,000,000)	(555,979,559)	(791,783,200)	(1,600,899,069)
At 30 June 2015	<u>74,180,627,966</u>	<u>145,024,992,640</u>	<u>66,100,492,991</u>	<u>50,020,344,497</u>	<u>335,326,458,094</u>
Net book value					
At 1 January 2015	<u>122,830,619,628</u>	<u>88,124,338,935</u>	<u>46,035,190,484</u>	<u>23,031,473,456</u>	<u>280,021,622,503</u>
At 30 June 2015	<u>117,750,174,008</u>	<u>86,138,945,161</u>	<u>42,230,282,637</u>	<u>29,058,593,976</u>	<u>275,177,995,782</u>

Included in tangible fixed assets as at 30 June 2015 were assets costing VND119,266 million (31 December 2014: VND113,840 million) which were fully depreciated but still in active use.

8 FIXED ASSETS (continued)**(b) Intangible fixed assets**

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
At 1 January 2015	112,228,853,336	72,175,263,381	5,861,257,805	190,265,374,522
Increase	-	-	-	-
Construction in progress (Note 10)	5,697,960,680	-	2,264,085,000	7,962,045,680
Transfer from prepaid expenses	-	34,820,486,250	-	34,820,486,250
Disposals	(5,729,741,275)	(3,946,635,000)	-	(9,676,376,275)
At 30 June 2015	<u>112,197,072,741</u>	<u>103,049,114,631</u>	<u>8,125,342,805</u>	<u>223,371,530,177</u>
Accumulated amortisation				
At 1 January 2015	-	8,730,852,533	4,556,551,219	13,287,403,752
Depreciation for the period / year	-	1,078,458,373	351,641,022	1,430,099,395
Disposals	-	(26,576,668)	-	(26,576,668)
At 30 June 2015	<u>-</u>	<u>9,782,734,238</u>	<u>4,908,192,241</u>	<u>14,690,926,479</u>
Net book value				
At 1 January 2015	<u>112,228,853,336</u>	<u>63,444,410,848</u>	<u>1,304,706,586</u>	<u>176,977,970,770</u>
At 30 June 2015	<u>112,197,072,741</u>	<u>93,266,380,393</u>	<u>3,217,150,564</u>	<u>208,680,603,698</u>

Included in intangible fixed assets as at 30 June 2015 and 31 December 2014 were assets costing VND2,917 million which were fully depreciated but still in active use.

9 REAL ESTATE INVESTMENT

	House VND
Historical cost	
As at 1 January 2015	38.679.461.157
As at 30 June 2015	<u>38.679.461.157</u>
Accumulated depreciation	
As at 1 January 2015	7.442.435.650
Depreciation for the period/year	1.397.752.176
As at 30 June 2015	<u>8.840.187.826</u>
Net book value	
As at 1 January 2015	<u>31.237.025.507</u>
As at 30 June 2015	<u>29.839.273.331</u>

Cost of real estate investment of the Company which has been fully depreciated but still in use on 30 June 2015 and 31 December 2014 was VND612,933,335.

10 COST OF CONSTRUCTION IN PROGRESS

	Fiscal period ended 30.06.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	17,954,990,322	27,207,341,084
Additions	36,370,389,441	84,865,977,418
Transfers to tangible fixed assets (Note 8(a))	(24,915,921,153)	(73,918,397,867)
Transfers to intangible fixed assets (Note 8(b))	(7,962,045,680)	(5,831,220,000)
Transfers to real estate investment (Note 9)	-	(14,368,710,313)
	<hr/>	<hr/>
Closing balance	21,447,412,930	17,954,990,322

11 LONG-TERM INVESTMENTS**(a) Investment in subsidiaries**

	30.06.2015 VND	31.12.2014 VND
DT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Travel One Member Limited Company	5,000,000,000	5,000,000,000
HT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Nature One Member Limited Company	-	5,000,000,000
CM Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
SH Pharmaceutical Joint Stock Company	2,550,000,000	2,550,000,000
A&G Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
ST Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TOT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TG Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
Bali Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Pharmaceutical One Member Limited Company	50,000,000,000	50,000,000,000
B&T Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
VL Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TVP Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG 1 Packaging and Printing One Member Limited Company	5,000,000,000	5,000,000,000
	<hr/>	<hr/>
	117,550,000,000	122,550,000,000

(b) Investments in associates

	30.06.2015 VND	31.12.2014 VND
Vinh Hao Algae Processing Joint Stock Company	<hr/>	<hr/>
	3,787,450,000	3,787,450,000

11 LONG-TERM INVESTMENTS (continued)**(c) Other long-term investments**

	30.06.2015 VND	31.12.2014 VND
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
Binh Duong Pharmaceutical & Medical Equipment Joint Stock Company	4,286,800,000	4,286,800,000
Ninh Thuan Pharmaceutical & Medical Equipment Joint Stock Company	796,675,000	796,675,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Vinh Tuong High-Tech Packaging Corporation	20,000,000,000	20,000,000,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

(d) Provision for diminution in value of long-term investments

Movement in provision for diminution in value of long-term investments during the period/year were as follows:

	Fiscal period ended 30.06.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	16,500,000,000	16,500,000,000
Increase	-	-
Reversal	-	-
	<u>16,500,000,000</u>	<u>16,500,000,000</u>

Balance as at 30 June 2015 and 31 December 2015 represents the provision for diminution in value of long-term investments in Vinh Tuong High-Tech Packaging Corporation.

12 LONG-TERM PREPAYMENTS

Details of long-term prepayments are presented as follows:

	Leasehold improvements VND	Prepaid land rental fees VND	Tools and supplies VND	Total VND
Opening balance	608,209,443	42,625,965,476	3,514,806,524	46,748,981,443
Increase	-	-	555,222,272	555,222,272
Reclassification according to Circular 200	(434,533,959)	(30,873,851,250)	(2,568,586,505)	(33,876,971,714)
Allocation	(15,641,562)	(173,249,844)	(274,371,421)	(463,262,827)
	<u>158,033,922</u>	<u>11,578,864,382</u>	<u>1,227,070,870</u>	<u>12,963,969,174</u>

13 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Fiscal period ended 30.06.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	3,300,000,000	3,300,000,000
Income statement credit	-	-
Closing balance	<u>3,300,000,000</u>	<u>3,300,000,000</u>

The deferred income tax asset mainly arises from deductible temporary differences of provisions.

14 TRADE ACCOUNTS PAYABLE

	30.06.2015 VND	31.12.2014 VND
Trade payables to subsidiaries (Note 31(b))	74,325,345,273	53,700,239,480
Trade payables to third parties	<u>169,388,546,511</u>	<u>239,260,615,333</u>
	<u>243,713,891,784</u>	<u>292,960,854,813</u>

15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.06.2015 VND	31.12.2014 VND
Value added tax	3,485,406,577	6,254,321,521
Corporate income tax - current	10,192,229,390	63,160,604,305
Personal income tax	632,358,555	3,153,532,919
Others	<u>880,652,630</u>	<u>48,139</u>
	<u>15,190,647,152</u>	<u>72,568,506,884</u>

Taxes included as follows:

	<u>Opening balance</u>	<u>Amount payable in the period/year</u>	<u>Amount paid in the period/year</u>	<u>Closing balance</u>
VAT on domestic sales	6,254,321,521	20,273,963,879	(23,042,878,823)	3,485,406,577
VAT on imports	-	16,139,699,895	(16,139,699,895)	-
Import export tax	(740,713,926)	4,354,185,217	(4,587,258,266)	(973,786,975)
Corporate income tax	63,160,604,305	45,981,968,074	(98,950,342,989)	10,192,229,390
Personal income tax	3,153,532,919	21,785,632,892	(24,306,807,256)	632,358,555
Land tax	-	1,974,006,153	(1,093,531,093)	880,475,060
Others	48,139	136,610,366	(136,480,935)	177,570
Total	<u>71,827,792,958</u>	<u>110,646,066,476</u>	<u>(168,256,999,257)</u>	<u>14,216,860,177</u>

16 ACCRUED EXPENSES

	30.06.2015	31.12.2014
	VND	VND
Trade discounts and promotions	2,261,285,717	211,689,759,376
Seminar expenses	17,107,940,613	859,859,395
Interest payable	1,208,763,440	1,381,705,671
Marketing and customer care expenses	49,368,346,616	7,386,412,520
Others	10,316,145,225	7,246,522,542
	<u>80,262,481,611</u>	<u>228,564,259,504</u>

17 SHORT-TERM BORROWINGS

	30.06.2015	31.12.2014
	VND	VND
Loans from bank (*)	243,000,000,000	150,000,000,000
Loans from the Company's employees (**)	23,060,329,532	26,707,408,762
	<u>266,060,329,532</u>	<u>176,707,408,762</u>

(*) These loans are secured by term deposits at bank (Note 3) and bear interest at 0.29% to 0.62% per month (31.12.2014: from 0.37% to 0.4% per month).

(**) These loans are unsecured and bear interest at 0.42% to 0.57% per month (2014: from 0.42% to 0.57% per month).

18 OTHER PAYABLES

	30.06.2015	31.12.2014
	VND	VND
Union fee	582,962,117	640,480,615
Social insurance, health insurance, unemployment insurance	1,893,001,698	108,325,306
Dividends payable	-	17,894,000
Trade discounts	1,362,374,120	1,366,422,658
Other payables	6,722,968,978	8,598,057,172
Payable to subsidiaries	-	12,983,530,024
	<u>10,561,306,913</u>	<u>23,714,709,775</u>

19 BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company' Annual General Meetings ("AGM"). The funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies and Board of Directors in accordance with the Company's AGM Resolution.

Movements of bonus and welfare funds during the period/year were as follows:

	Bonus and welfare fund for employees VND	Bonus fund for Board of Directors VND	Welfare fund in form of fixed assets VND	Total VND
Opening balance	13,766,583,414	6,944,993,395	30,537,725,466	51,249,302,275
Appropriation to the funds	62,540,112,892	6,834,191,880	-	69,427,504,772
Transfer from subsidiaries	381,064,368	-	-	381,064,368
Assets formed from welfare fund	(9,228,221,494)	-	9,228,221,494	-
Depreciation of assets formed from welfare fund	-	-	(2,393,739,390)	(2,393,739,390)
Utilisation	(8,126,082,736)	(4,745,212,912)	-	(12,924,495,648)
Closing balance	<u>59,333,456,444</u>	<u>9,033,972,363</u>	<u>37,372,207,570</u>	<u>105,739,636,377</u>

20 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular 15/2011/TT-BTC dated 9 February 2011, entities are allowed to establish the science and technology development funds for research and development activities. Provision is charged to expenses. Funds are utilised when disbursement are paid for research and development activities.

Movements of the science and technology development funds during the period/year were as follows:

	Science and technology development fund VND	Science and technology development fund in form of fixed assets VND	Total VND
Opening balance	17,777,881,865	20,583,703,374	38,361,585,239
Transfer from subsidiaries	819,140,265	1,305,507,059	2,124,647,324
Assets formed from science and technology development fund	(218,427,500)	218,427,500	-
Depreciation of assets formed from science and technology development fund	-	(1,803,732,097)	(1,803,732,097)
Utilisation	(1,076,816,333)	-	(1,076,816,333)
Closing balance	<u>17,301,778,297</u>	<u>20,303,905,836</u>	<u>37,605,684,133</u>

21 SHARE CAPITAL

	30.06.2015		31.12.2014	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	87,164,330	871,643,300,000	87,164,330	871,643,300,000
Treasury shares	(10,130)	(455,850,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation	<u>87,154,200</u>	<u>871,187,450,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meetings. Ordinary shares are ranked equally with regard to the Company's residual assets. Shareholders are eligible to dividends declared by the Company. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the period/year were follows:

	Fiscal period ended 30.06.2015		Fiscal year ended 31.12.2014	
	Number of shares	VND	Number of shares	VND
Opening balance	87,154,200	871,187,450,000	65,366,299	653,308,440,000
Ordinary shares issued	-	-	21,787,901	217,879,010,000
Closing balance	<u>87,154,200</u>	<u>871,187,450,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

22 MOVEMENTS IN OWNERS' EQUITY

	Owners' equity VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
Balance as at 1 January 2014	653,764,290,000	(455,850,000)	690,502,067,497	66,026,578,871	509,877,347,704	1,919,714,434,072
Issue of bonus share with rate 3:1	217,879,010,000		(217,879,010,000)			-
Net profit for the year	-	-	-	-	521,167,607,431	521,167,607,431
Dividends	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Allocation of funds	-	-	296,042,933,804	-	(296,042,933,804)	-
Appropriation to bonus and welfare fund	-	-	-	-	(72,951,215,544)	(72,951,215,544)
Appropriation to Board of Directors bonus fund	-	-	-	-	(10,151,898,356)	(10,151,898,356)
Balance as at 31 December 2014	871,643,300,000	(455,850,000)	768,665,991,301	66,026,578,871	521,167,607,431	2,227,047,627,603
Net profit for the year					246,869,332,470	246,869,332,470
Dividend	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Classification according to Circular 200	-	-	66,026,578,871	(66,026,578,871)	-	-
Allocation to funds	-	-	190,330,702,659	-	(190,330,702,659)	-
Transfer to bonus and welfare fund	-	-	-	-	(62,540,112,892)	(62,540,112,892)
Appropriation to bonus fund of Board of Directors	-	-	-	-	(6,834,191,880)	(6,834,191,880)
Balance as at 30 June 2015	871,643,300,000	(455,850,000)	1,025,023,272,831	-	246,869,332,470	2,143,080,055,301

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23 REVENUE

(a) Net sales

	For 3-month period ended		For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND	30.06.2015 VND	30.06.2014 VND
Sales				
Sales of finished goods	545,232,042,313	795,599,687,273	953,210,835,024	1,418,109,285,945
Sales of merchandise goods	296,851,800,117	130,085,160,554	580,506,162,501	176,019,300,464
Rental service, sale of scrap	734,765,178	-	1,378,181,543	-
	<u>842,818,607,608</u>	<u>925,684,847,827</u>	<u>1,535,095,179,068</u>	<u>1,594,128,586,409</u>
Sales deductions				
Trade discounts	(96,242,555,943)	(4,655,032,205)	(135,610,834,381)	(7,346,150,627)
Sales returns	(13,172,296,885)	(9,802,449,755)	(18,725,967,358)	(19,023,631,454)
	<u>(109,414,852,828)</u>	<u>(14,457,481,960)</u>	<u>(154,336,801,739)</u>	<u>(26,369,782,081)</u>
Net sales	<u>733,403,754,780</u>	<u>911,227,365,867</u>	<u>1,380,758,377,329</u>	<u>1,567,758,804,328</u>
In which:				
Sales of finished goods	463,411,682,727	781,863,148,439	840,566,611,506	1,394,364,236,996
Sales of merchandise goods	269,257,306,875	129,364,217,428	538,813,584,280	173,394,567,332
Rental service, sale of scrap	734,765,178	-	1,378,181,543	-

(b) Financial income

	For 3-month period ended		For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND	30.06.2015 VND	30.06.2014 VND
Interest income from deposits at bank	6,731,082,029	7,525,439,580	11,604,010,322	14,874,429,845
Dividend income	83,879,754,014	62,907,313,448	83,988,234,014	62,931,648,248
Realised foreign exchange gains	210,417,233	389,073,864	664,420,126	637,540,446
Revenue from financial operations	(413,901,032)	625,184	123,000	58,410,616
	<u>90,407,352,244</u>	<u>70,822,452,076</u>	<u>96,256,787,462</u>	<u>78,502,029,155</u>

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24 COST OF SALES

	For 3-month period ended		For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND	30.06.2015 VND	30.06.2014 VND
Cost of finished goods sold	273,410,247,630	377,427,851,331	474,096,710,659	674,822,324,993
Cost of merchandises sold	242,661,619,347	109,122,293,099	475,472,213,346	149,443,975,265
Cost of services rendered	628,823,154	(500,786,589)	1,257,646,308	-
Provision for decline in inventories	-	1,372,253,662	-	1,372,253,662
	<u>516,700,690,131</u>	<u>487,421,611,503</u>	<u>950,826,570,313</u>	<u>825,638,553,920</u>

25 FINANCIAL EXPENSES

	For 3-month period ended		For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND	30.06.2015 VND	30.06.2014 VND
Interest expense	2,000,485,791	813,500,322	3,856,327,259	2,418,781,165
Realised foreign exchange losses	1,810,963,656	1,090,993,756	2,705,328,671	1,203,877,416
Payment discounts	11,728,516,385	10,744,186,182	22,345,381,452	20,172,033,160
Other expenses	15,015,517	30,015,517	43,747,130	56,568,341
	<u>15,554,981,349</u>	<u>12,678,695,777</u>	<u>28,950,784,512</u>	<u>23,851,260,082</u>

26 SELLING EXPENSES

	For 3-month period ended		For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND	30.06.2015 VND	30.06.2014 VND
Staff costs	17,098,537,789	46,118,684,864	68,391,116,605	97,992,558,659
Material expenses	2,459,398,980	13,786,905	3,379,701,623	19,587,165
Tools and supplies expenses	605,625,224	732,337,379	1,025,638,890	1,404,004,846
Depreciation expenses of fixed assets	3,183,007,178	3,121,992,695	6,451,590,705	6,130,918,954
Advertising expenses	39,681,546,725	34,245,757,199	53,018,167,470	48,763,186,676
Discount and promotion expenses	(4,485,875,446)	30,299,286,387	(9,512,431,908)	33,677,239,515
Seminar expenses	9,313,683,874	61,259,718,769	19,171,194,308	110,478,334,072
Customer care expenses	1,400,000,000	14,621,564,812	1,400,000,000	16,448,749,812
Transportation expenses	4,866,636,492	7,135,811,666	9,071,763,781	12,145,275,686
Other expenses	23,274,763,271	12,294,029,389	31,210,964,075	24,205,944,693
	<u>97,397,324,087</u>	<u>209,842,970,065</u>	<u>183,607,705,549</u>	<u>351,265,800,078</u>

27 GENERAL AND ADMINISTRATION EXPENSES

	For 3-month period ended		For 6-month period ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	VND	VND	VND	VND
Staff costs	(595,270,575)	30,718,530,793	27,049,643,763	60,946,453,481
Material expenses	34,264,883	11,201,741	102,455,239	47,838,992
Tools and supplies expenses	901,571,072	2,152,773,239	1,495,648,335	3,020,094,740
Depreciation expenses of fixed assets	2,992,370,309	2,552,237,603	5,657,931,521	5,279,942,719
Fees and duties	106,176,137	79,364,727	207,692,595	187,877,376
Provision expenses	915,790,542	61,416,964	750,250,033	530,998,102
Outside service expenses	3,518,461,956	3,759,594,193	7,413,506,740	6,323,381,436
Other expenses by cash	6,172,718,878	15,599,916,674	12,388,660,436	21,994,530,589
	<u>14,046,083,202</u>	<u>54,935,035,934</u>	<u>55,065,788,662</u>	<u>98,331,117,435</u>

28 OTHER INCOME AND EXPENSES

	For 3-month period ended		For 6-month period ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	VND	VND	VND	VND
Other income				
Proceeds from sales of scraps	-	231,844,735	-	464,777,140
Proceeds from disposals of fixed assets	4,771,418,181	25,727,272	10,112,190,910	81,181,819
Proceeds from rental	613,829,759	570,092,453	970,841,337	936,228,817
Income from sales commissions	10,098,540,706	5,155,501,516	19,173,605,268	5,533,824,767
Sundry income	8,657,665,611	1,740,622,957	15,863,111,673	2,516,699,963
	<u>24,141,454,257</u>	<u>7,723,788,933</u>	<u>46,119,749,188</u>	<u>9,532,712,506</u>
Other expenses				
Net book value of fixed assets disposed	4,011,820,204	178,708,022	9,741,561,479	195,071,659
Sundry expenses	1,365,953,661	508,361,868	2,091,202,920	949,972,334
	<u>5,377,773,865</u>	<u>687,069,890</u>	<u>11,832,764,399</u>	<u>1,145,043,993</u>
Net other income	<u>18,763,680,392</u>	<u>7,036,719,043</u>	<u>34,286,984,789</u>	<u>8,387,668,513</u>

29 BUSINESS INCOME TAX

According to the Decision of 3044/QĐ-UBND of People's Committee of Can Tho City, the Company is required to pay the business income tax ("BIT") at rate of 20% from 2005 to 2014 and 25% for the following years. From the year 2014, the normal tax rate (22%) is applied under Decree No. 218/2013/ND-CP of the Government dated 26 December 2013. The Company was exempted from income tax from 2005 to 2006 and received a 50% reduction in income tax from 2007 to 2011 according to Decision No. 3044/QĐ-UBND.

This tax reduction is not applied for other income. Other income is taxed at the rate of 22%.

29 BUSINESS INCOME TAX (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the normal tax rate of 22% as regulated in current tax regulations as follows:

	For 3-month period ended		For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND	30.06.2015 VND	30.06.2014 VND
Net accounting profit before tax	198,875,708,647	224,208,223,707	292,851,300,544	355,561,770,481
Tax calculated at a rate of 22%	43,752,655,902	49,325,809,216	64,427,286,120	78,223,589,506
Effect of:				
Expenses not deductible for tax purposes	17,995,271	32,919,389	32,093,437	55,064,622
Income not subject to tax	(18,477,411,483)	(13,839,608,958)	(18,477,411,483)	(13,844,962,614)
Tax incentives	-	(2,031,808,463)	-	(4,235,891,991)
Business income tax charge	<u>25,293,239,690</u>	<u>33,487,311,184</u>	<u>45,981,968,074</u>	<u>60,197,799,523</u>

30 COST OF OPERATIONS BY FACTOR

	For 6-month period ended	
	30.06.2015 VND	30.06.2014 VND
Raw materials in production	327,239,425,638	535,666,418,983
Labour costs	159,603,938,026	257,549,842,430
Depreciation expense	26,922,025,148	23,703,178,643
Outside service expenses	122,480,675,431	233,482,304,754
Other expenses	32,839,817,959	81,857,266,747
	<u>669,085,882,202</u>	<u>1,132,259,011,557</u>

31 RELATED PARTY TRANSACTIONS

The largest shareholder of the Company is the State Capital Investment Corporation (“SCIC”) which owns 43.31% of the Company’s share capital. The SCIC is controlled by the Government of SR Vietnam.

(a) Related party transactions

During the period/year, the following transactions were carried out with related parties:

	For 6-month period ended	
	30.06.2015	30.06.2014
	VND	VND
i) Sales of goods and services		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	158,344,888	226,877,323
DHG Travel One Member Ltd.	984,090,909	892,045,454
CM Pharmaceutical One Member Ltd.	17,404,537,261	24,326,183,658
DT Pharmaceutical One Member Ltd.	14,204,917,405	16,950,405,496
HT Pharmaceutical One Member Ltd.	16,078,879,283	23,762,760,259
ST Pharmaceutical One Member Ltd.	21,677,205,658	24,812,231,721
DHG Nature One Member Ltd.	419,662,183	3,428,564,175
SH Pharmaceutical Joint Stock Company	26,114,286,640	33,984,617,449
A&G Pharmaceutical One Member Ltd.	22,498,841,829	48,297,823,667
TOT Pharmaceutical One Member Ltd.	50,717,486,616	83,213,884,135
TG Pharmaceutical One Member Ltd.	20,925,606,051	18,951,614,892
Bali Pharmaceutical One Member Ltd.	16,064,677,674	20,847,930,695
DHG Pharmaceutical One Member Ltd.	75,425,736,454	27,176,829,227
TVP Pharmaceutical One Member Ltd.	10,586,106,512	13,481,004,395
B&T Pharmaceutical One Member Ltd.	14,909,030,318	17,451,780,775
VL Pharmaceutical One Member Ltd.	13,760,800,835	23,312,665,007
	321,930,210,516	381,117,218,328
ii) Purchases of goods and services		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	40,068,093,379	79,313,426,840
DHG Travel One Member Ltd.	12,336,467,071	14,575,508,952
DHG Nature One Member Ltd.	11,799,633,808	21,730,305,068
TOT Pharmaceutical One Member Ltd.	491,868,953	737,138,356
DHG Pharmaceutical One Member Ltd.	287,412,570,021	43,938,486,318
Associates		
Vinh Hao Algea Corporation	30,800,000	5,200,000
	352,139,433,232	160,300,065,534
iii) Purchase of assets		
Subsidiaries		
DHG Nature One Member Ltd.	4,561,681,295	-

	For 6-month period ended	
	30.06.2015	30.06.2014
	VND	VND
iv) Dividend income		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	39,855,077,920	-
DHG Travel One Member Ltd.	1,604,880,071	2,435,281,892
CM Pharmaceutical One Member Ltd.	1,481,234,706	2,852,308,274
DT Pharmaceutical One Member Ltd.	585,972,072	1,851,558,529
HT Pharmaceutical One Member Ltd.	3,026,392,996	3,184,648,582
ST Pharmaceutical One Member Ltd.	3,814,414,018	2,657,471,081
DHG Nature One Member Ltd.	4,352,714,993	2,946,084,185
SH Pharmaceutical Joint Stock Company	331,500,000	892,500,000
A&G Pharmaceutical One Member Ltd.	2,242,189,321	3,291,247,725
TOT Pharmaceutical One Member Ltd.	5,946,675,268	6,385,502,557
TG Pharmaceutical One Member Ltd.	232,244,566	900,846,651
Bali Pharmaceutical One Member Ltd.	2,909,361,406	2,490,840,626
DHG Pharmaceutical One Member Ltd.	14,986,033,349	-
TVP Pharmaceutical One Member Ltd.	1,275,672,064	1,000,463,287
B&T Pharmaceutical One Member Ltd.	796,794,570	391,238,914
VL Pharmaceutical One Member Ltd.	315,287,799	330,443,711
	83,756,445,119	31,610,436,014

v) Investment projects of subsidiaries**Subsidiaries**

DHG Pharmaceutical One Member Ltd.	48,597,321,167	149,849,705,005
DHG 1 Packaging and Printing One Member Ltd.	-	23,291,909,060
	48,597,321,167	173,141,614,065

Total investment in subsidiaries as follows:

	30.06.2015	31.12.2014
DHG Pharmaceutical One Member Ltd.		
Contributed charter capital (Note 11(a))	50,000,000,000	50,000,000,000
Advance of capital for the plant construction (Note 6)	450,894,645,113	402,297,323,946
	500,894,645,113	452,297,323,946
DHG 1 Packaging and Printing One Member Ltd.		
Contributed charter capital (Note 11(a))	5,000,000,000	5,000,000,000
Advance of capital for the plant construction (Note 6)	55,841,234,870	55,841,234,870
	60,841,234,870	60,841,234,870

vi) Remuneration of key management

	For 6-month period ended	
	30.06.2015	30.06.2014
Gross salaries and other benefits	7,596,790,861	9,046,525,992

31 RELATED PARTY TRANSACTIONS (continued)

(b) Closing balance of related parties

	30.06.2015 VND	31.12.2014 VND
i) Trade receivables (Note 5)		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	2,082,297	-
CM Pharmaceutical One Member Ltd.	7,697,543,575	11,736,345,970
DT Pharmaceutical One Member Ltd.	5,335,738,321	4,007,677,469
HT Pharmaceutical One Member Ltd.	11,750,986,029	19,063,395,707
ST Pharmaceutical One Member Ltd.	18,606,679,905	24,028,313,624
SH Pharmaceutical Joint Stock Company	5,506,723,615	7,874,078,979
A&G Pharmaceutical One Member Ltd.	19,243,993,724	29,240,844,919
TOT Pharmaceutical One Member Ltd.	34,807,438,482	56,991,628,788
TG Pharmaceutical One Member Ltd.	7,293,732,142	12,536,931,898
Bali Pharmaceutical One Member Ltd.	12,850,862,589	12,695,540,965
DHG Pharmaceutical One Member Ltd.	-	99,999,997
TVP Pharmaceutical One Member Ltd.	8,072,961,433	20,278,623,823
B&T Pharmaceutical One Member Ltd.	5,129,227,063	9,516,310,809
VL Pharmaceutical One Member Ltd.	4,335,103,300	9,334,445,968
	140,633,072,475	217,404,138,916
ii) Other receivables (Note 6)		
Subsidiaries		
DHG Pharmaceutical One Member Ltd.	450,894,645,113	402,297,323,946
DHG 1 Packaging and Printing One Member Ltd.	77,666,442,676	55,841,234,870
DHG Travel One Member Ltd.	1,604,880,071	-
TVP Pharmaceutical One Member Ltd.	315,287,799	-
Other subsidiaries	1,134,376,833	218,317,061
	531,615,632,492	458,356,875,877
iii) Trade accounts payable (Note 14)		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.		11,907,958,572
DHG Nature One Member Ltd.		1,299,216,594
DHG Pharmaceutical One Member Ltd.	74,325,345,273	40,493,064,314
	74,325,345,273	53,700,239,480
iv) Prepayments to suppliers		
Subsidiaries		
DHG Nature One Member Ltd.	32,939,180	-
DHG Travel One Member Ltd.	365,001,000	-
	397,940,180	-

32 COMMITMENTS**(a) Capital commitments**

Capital expenditure contracted for at the balance sheet date is as follows:

	30.06.2015	31.12.2014
	VND	VND
Approved but not contracted	1,837,796,137	4,033,262,519
Approved and contracted but not yet implemented	5,026,736,229	20,434,388,989
	<u>6,864,532,366</u>	<u>24,467,651,508</u>

(b) Commitments under operating leases

The future minimum lease payments under non-cancellable operating lease are as follows:

Land rental

	30.06.2015	31.12.2014
	VND	VND
Within 1 year	927,075,488	2,141,497,932
Between 1 and 5 years	7,416,603,904	8,565,991,728
Over 5 years	44,285,868,514	52,192,466,036
	<u>52,629,547,906</u>	<u>62,899,955,696</u>

33 FINANCIAL RISK MANAGEMENT**Financial risk factors****Overview**

The Company has exposure to the following risks from their use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Company's business is exposed to foreign currency risk arising from various currency exposures, primarily United States Dollar ("USD").

33 FINANCIAL RISK MANAGEMENT (Continued)**(a) Market risk (continued)**

The Company's currency exposure to the USD is as follows:

	Original currency - USD		Equivalent to VND	
	30.06.2015	30.12.2014	30.06.2015	31.12.2014
Financial assets				
Cash and deposits at bank	888,123	336,670	19,343,318,940	7,206,417,286
Trade and other receivables	94,042	15,615	2,048,234,760	334,235,136
	<u>982,165</u>	<u>352,285</u>	<u>21,391,553,700</u>	<u>7,540,652,422</u>
Financial liabilities				
Trade and other payables	<u>4,258,708</u>	<u>4,991,674</u>	<u>92,754,660,240</u>	<u>106,846,788,391</u>
Net currency exposure	<u>(3,276,543)</u>	<u>(4,639,389)</u>	<u>(71,363,106,540)</u>	<u>(99,306,135,969)</u>

At 30 June 2015, if the USD had strengthened/weakened by 10% against the VND with all other variables (included tax rate) being held constant, the Company's profit after tax for the fiscal period ended 30 June 2015 would have been VND5,566,322,310 lower/higher as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments.

(ii) Interest risk

The Company is not subject to significant risks on interest rates because the majority of the Company's loans are short-term loans from banks which bear fixed interest rates.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy is to regularly monitor current, future liquidity requirements to ensure the Company can maintain sufficient cash reserves to meet liquidity requirements in the short to medium term.

As at 30 June 2015, the Company had financial liabilities comprising accounts payable trade and other payables amounting to VND624,410,949,414 (31.12.2014: VND875,464,930,375) which represented contractual undiscounted cash outflows payable in less than one year.

34 COMPARATIVE FIGURES

According to Circular 200/2014/TT/BTC dated 22/12/2014 of the Ministry of Finance, certain comparative figures have been reclassified to conform to the current year's presentation, detailed as follows:

34 COMPARATIVE FIGURES (continued)

Report on separate accounting balance

Code		Fiscial year ended 31 December 2014		
		As reported previously VND	Adjusted VND	Reclassified VND
135	Receivables of short-term loans	-	18,401,094,402	18,401,094,402
136	Other receivables	484,554,963,078	(16,738,601,831)	467,816,361,247
155	Other current assets	1,980,031,829	(1,662,492,571)	317,539,258
418	Development and investment Fund	768,665,991,301	66,026,578,871	834,692,570,172
	Fund financial reserve	66,026,578,872	(66,026,578,872)	-

This reclassification does not affect net income and taxable expense for the fiscal year ended 31 December 2014.

 Tran Ngoc Hien
 Preparer

 Dang Pham Huyen Nhung
 Chief Accountant

 Le Chanh Dao
 Deputy CEO
 20 July 2015