

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**SEPARATE INTERIM FINANCIAL STATEMENT  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 6 May 2015 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
Mrs Dang Pham Minh Loan	Member
Mr Doan Dinh Duy Khuong	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

**Supervisory Board**

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
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**Head 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	ASSETS	Note	As at 30.09.2015 VND	As at 31.12.2014 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>1,754,002,910,580</b>	<b>2,141,339,208,039</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>474,075,566,913</b>	<b>489,229,559,612</b>
111	Cash		38,075,566,913	33,881,226,279
112	Cash equivalents		436,000,000,000	455,348,333,333
<b>120</b>	<b>Short-term investments</b>	<b>4a</b>	<b>165,000,000,000</b>	<b>160,151,666,667</b>
123	Held to maturity investments		165,000,000,000	160,151,666,667
<b>130</b>	<b>Short-term receivables</b>		<b>505,351,919,614</b>	<b>750,707,054,379</b>
131	Trade receivables	<b>5</b>	433,884,276,035	697,922,860,109
132	Prepayments to suppliers		37,141,139,765	28,745,336,819
135	Receivables from short-term loans		13,811,283,425	11,057,718,430
136	Other receivables	<b>6</b>	25,358,719,623	17,338,717,661
137	Allowances for doubtful debts		(4,843,499,234)	(4,357,578,640)
<b>140</b>	<b>Inventories</b>	<b>8</b>	<b>603,527,892,463</b>	<b>740,284,299,291</b>
141	Inventories		607,992,028,676	744,748,435,504
149	Allowances for inventories		(4,464,136,213)	(4,464,136,213)
<b>150</b>	<b>Other current assets</b>		<b>6,047,531,590</b>	<b>966,628,090</b>
151	Short-term prepayments	<b>13a</b>	5,130,679,362	225,914,164
153	Taxes and other payables to State Budget		916,852,228	740,713,926
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,244,642,969,243</b>	<b>1,152,933,125,074</b>
<b>210</b>	<b>Long-term receivables</b>		<b>560,539,941,222</b>	<b>458,946,914,329</b>
215	Receivables on long-term loans	<b>9</b>	560,539,941,222	458,138,558,816
216	Other long-term receivables		-	808,355,513
<b>220</b>	<b>Fixed assets</b>		<b>472,497,437,260</b>	<b>456,999,593,273</b>
221	Tangible fixed assets	<b>10a</b>	264,163,197,050	280,021,622,503
222	Cost		608,440,330,759	587,281,193,664
223	Accumulated depreciation		(344,277,133,709)	(307,259,571,161)
227	Intangible fixed assets	<b>10b</b>	208,334,240,210	176,977,970,770
228	Cost		223,783,530,177	190,265,374,522
229	Accumulated depreciation		(15,449,289,967)	(13,287,403,752)
<b>230</b>	<b>Real estate investments</b>	<b>11</b>	<b>29,140,397,243</b>	<b>31,237,025,507</b>
231	Cost		38,679,461,157	38,679,461,157
232	Accumulated depreciation		(9,539,063,914)	(7,442,435,650)
<b>240</b>	<b>Long-term assets in progress</b>	<b>12</b>	<b>26,603,911,187</b>	<b>17,954,990,322</b>
242	Cost of work in progress		26,603,911,187	17,954,990,322
<b>250</b>	<b>Long-term financial investments</b>	<b>4b</b>	<b>137,745,620,200</b>	<b>137,745,620,200</b>
251	Investments in subsidiaries		122,550,000,000	122,550,000,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Investments in equity of other entities		27,908,170,200	27,908,170,200
254	Provision for long-term financial investments		(16,500,000,000)	(16,500,000,000)
<b>260</b>	<b>Other non-current assets</b>		<b>18,115,662,131</b>	<b>50,048,981,443</b>
261	Long-term prepaid expenses	<b>13b</b>	14,815,662,131	46,748,981,443
262	Deferred income tax assets	<b>14</b>	3,300,000,000	3,300,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,998,645,879,823</b>	<b>3,294,272,333,113</b>

## DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 01 – DN

## SEPARATE BALANCE SHEET

(Continued)

Code	RESOURCES	Note	As at 30.09.2015 VND	As at 31.12.2014 VND
<b>300</b>	<b>LIABILITIES</b>		<b>779,291,605,739</b>	<b>1,067,224,705,510</b>
<b>310</b>	<b>Current liabilities</b>		<b>720,080,646,629</b>	<b>1,000,019,164,238</b>
311	Trade payables	15	287,550,541,042	292,960,854,813
312	Advances from customers Taxes and other payables to the State		11,217,702,540	736,424,704
313	Budget	16	29,672,614,302	72,568,506,884
314	Payable to employees		53,312,523,305	153,517,697,521
315	Accrued expenses	17	46,618,814,596	228,564,259,504
318	Unrealized revenue	18	16,569,114,078	-
319	Other payables	19	11,987,607,262	23,714,709,775
320	Short-term borrowings	20	179,367,964,717	176,707,408,762
322	Bonus and welfare fund	21	83,783,764,787	51,249,302,275
<b>330</b>	<b>Long-term liabilities</b>		<b>59,210,959,110</b>	<b>67,205,541,272</b>
342	Provision for long-term payables Science and technology development	23	23,841,518,100	28,843,956,033
343	fund	22	35,369,441,010	38,361,585,239
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,219,354,274,084</b>	<b>2,227,047,627,603</b>
<b>410</b>	<b>Owner's capital</b>	<b>24,25</b>	<b>2,219,354,274,084</b>	<b>2,227,047,627,603</b>
411	Owners' capital	24,25	871,643,300,000	871,643,300,000
415	Treasury shares	25	(16,121,030,000)	(455,850,000)
418	Investment and development fund	25	1,025,023,272,831	768,665,991,301
	Financial reserve fund		-	66,026,578,871
421	Undistributed profit after tax	25	338,808,731,253	521,167,607,431
	- Undistributed profit after tax			
421a	brought forward		-	-
	- Undistributed profit after tax for the			
421b	current year		338,808,731,253	521,167,607,431
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>2,998,645,879,823</b>	<b>3,294,272,333,113</b>

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Ngo Thi Hong Dao  
Preparer

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Dang Pham Huyen Nhung  
Chief Accountant

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Le Chanh Dao  
Deputy CEO  
15 October 2015

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	For 3-month period ended		For 9-month period ended	
		30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
<b>01</b>	<b>Sales</b>	<b>1,033,036,312,377</b>	<b>884,490,285,064</b>	<b>2,559,081,672,271</b>	<b>2,478,618,871,473</b>
02	Revenue deductions	(112,610,136,014)	(11,936,817,987)	(250,835,353,778)	(38,306,600,068)
10	Net sales	28(a) 920,426,176,363	872,553,467,077	2,308,246,318,493	2,440,312,271,405
<b>11</b>	<b>Costs of goods sold</b>	<b>29 (679,121,949,294)</b>	<b>(474,950,450,025)</b>	<b>(1,624,242,154,998)</b>	<b>(1,300,589,003,945)</b>
<b>20</b>	<b>Gross profit</b>	<b>241,304,227,069</b>	<b>397,603,017,052</b>	<b>684,004,163,495</b>	<b>1,139,723,267,460</b>
21	Financial income	28(b) 8,102,579,553	8,647,722,200	104,359,367,015	87,149,751,355
22	Financial expenses	30 (16,584,802,463)	(12,362,753,179)	(45,535,586,975)	(36,214,013,261)
23	<i>Including: interest expense</i>	(2,301,427,838)	(1,185,458,147)	(6,157,755,097)	(3,604,239,312)
25	Selling expenses	31 (83,945,105,575)	(206,131,535,741)	(247,175,442,498)	(557,397,335,819)
26	General administration expenses	32 (39,489,441,530)	(45,795,447,234)	(127,700,728,228)	(144,126,564,669)
<b>30</b>	<b>Operating profit</b>	<b>109,387,457,054</b>	<b>141,961,003,098</b>	<b>367,951,772,809</b>	<b>489,135,105,066</b>
31	Other income	10,141,208,219	6,586,275,425	56,260,957,407	16,118,987,931
32	Other expenses	(1,348,105,155)	(581,623,069)	(13,180,869,554)	(1,726,667,062)
<b>40</b>	<b>Net other income</b>	<b>33 8,793,103,064</b>	<b>6,004,652,356</b>	<b>43,080,087,853</b>	<b>14,392,320,869</b>
<b>50</b>	<b>Net accounting profit before tax</b>	<b>118,180,560,118</b>	<b>147,965,655,454</b>	<b>411,031,860,662</b>	<b>503,527,425,935</b>

**DHG PHARMACEUTICAL JOINT-STOCK COMPANY**

**Form B 02 – DN**

**SEPARATE INCOME STATEMENT**

Code	Note	For 3-month period ended		For 9-month period ended	
		30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
<b>50</b>					
<b>Net accounting profit before tax</b>		<b>118,180,560,118</b>	<b>147,965,655,454</b>	<b>411,031,860,662</b>	<b>503,527,425,935</b>
51	35				
Current tax expense		(26,241,161,335)	(30,878,401,297)	(72,223,129,409)	(91,076,200,820)
52					
Deferred tax expense (benefit)		-	-	-	-
<b>60</b>					
<b>Net profit after tax</b>		<b>91,939,398,783</b>	<b>117,087,254,157</b>	<b>338,808,731,253</b>	<b>412,451,225,115</b>

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Ngo Thi Hong Dao  
Preparer

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Dang Pham Huyen Nhung  
Chief Accountant

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Le Chanh Dao  
Deputy CEO  
15 October 2015

## DHG PHARMACEUTICAL JOINT-STOCK COMPANY

### EXPLANATION

DHG Pharma explains the fluctuations in revenue and earnings of 9 months of 2015 compared with the same period last year, detailed as follows:

Unit: million VND

Target	9 months/2015		9 months/2014		Increase/decrease			
					Q3		9M	
	Q3	9M	Q3	9M	Value	Ratio	Value	Ratio
Net sales	920,426	2,308,246	872,553	2,440,312	47,873	5,49%	(132,066)	-5.41%
Profit before tax	118,181	411,032	147,966	503,527	(29,785)	-20,13%	(92,496)	-18.37%
Profit after tax	91,939	338,809	117,087	412,451	(25,148)	-21,48%	(73,642)	-17.85%

#### Reasons:

- Compared with the same period, in Q3.2015 sales of increased by 5.49%, profit after tax decreased by 21.48%. In 9M.2015, sales decreased by 5.41%, profit after tax decreased by 17.85%
- Reason: Highly competition, decreased consumer purchasing power, impact of decreased revenue and profits decline.

DHG Pharma respectfully explains.

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Ngo Thi Hong Dao  
Preparer

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Dang Pham Huyen Nhung  
Chief Accountant

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Le Chanh Dao  
Deputy CEO  
15 October 2015

SEPARATE CASH FLOW STATEMENT  
(Indirect method)

Co de	Note	For 9-month period ended	
		30.09.2015 VND	30.09.2014 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>	<b>411,031,860,662</b>	<b>503,527,425,935</b>
	Adjustments for:		
02	Fixed asset appreciations	49,037,584,109	42,740,188,424
03	Provisions	485,920,594	2,122,814,841
05	Gains from disposal of fixed assets	(1,506,862,982)	6,480,744
05	Interest and dividend income	(102,789,428,660)	(85,578,953,168)
06	Interest expense	6,157,755,097	3,604,239,312
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>362,416,828,820</b>	<b>466,422,196,088</b>
09	(Increase)/decrease in receivables	241,088,197,710	77,924,129,805
10	(Increase)/decrease in inventories	136,996,283,766	(41,232,777,533)
11	(Increase)/decrease in payables	(269,827,165,400)	(32,878,942,317)
12	(Increase)/decrease in prepaid expenses	(3,845,297,136)	(33,464,162,110)
14	Interest paid	(6,050,863,933)	(3,135,435,439)
15	Business income tax paid	(114,142,572,379)	(91,877,419,535)
17	Other payments on operating activities	(43,113,963,162)	(67,784,968,094)
<b>20</b>	<b>Net cash inflows from operating activities</b>	<b>303,521,448,286</b>	<b>273,972,620,865</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(50,259,510,157)	(49,323,260,656)
22	Proceeds from disposals of fixed assets and other long-term assets	11,312,626,754	188,590,915
23	Payments for investments in other entities	(107,249,715,739)	(218,586,026,892)
24	Collection of loans granted to other entities	-	9,567,710,00
25	Investment in other entities	-	-
26	Proceeds from disinvestment in other entities	-	-
27	Dividends and interest received	101,988,382,202	51,155,907,094
<b>30</b>	<b>Net cash outflows from investing activities</b>	<b>(44,208,216,940)</b>	<b>(216,555,221,829)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	-	-
32	Repurchase of treasury shares	(15,665,180,000)	-
33	Proceeds from short-term borrowings	973,628,230,723	983,822,451,704
34	Repayments of borrowings	(970,967,674,768)	(1,025,936,135,676)
36	Dividends paid	(261,462,600,000)	(130,731,300,000)
<b>40</b>	<b>Net cash outflows from financing activities</b>	<b>(274,467,224,045)</b>	<b>(172,844,983,972)</b>
<b>50</b>	<b>Net cash flows during the period</b>	<b>(15,153,992,699)</b>	<b>(115,427,584,936)</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>489,229,559,612</b>	<b>469,168,694,401</b>
61	Impacts of exchange rate fluctuations		
<b>70</b>	<b>Cash and cash equivalents at end of the period</b>	<b>474,075,566,913</b>	<b>353,741,109,465</b>

Ngo Thi Hong Dao  
PreparerDang Pham Huyen Nhung  
Chief AccountantLe Chanh Dao  
Deputy CEO  
15 October 2015



**SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 charter capital of VND80,000,000,000

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

In 2014, the Company increased its share capital to VND871,643,300,000 by issuing bonus shares to the existing shareholders at the ratio of 3:1. The Company has adjusted the business registration certificate No. 1800156801 on 6 May 2015.

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

A normal business production cycle of the Company is within 12 months.

As at 30 September 2015, the Company had 1,855 employees (at 31 December 2014: 1,997 employees).

The interest of the Company in subsidiaries and associates is as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.09.2015	31.12.2014
<b>Subsidiaries:</b>				
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**
**Form B 09 – DN**
**1 GENERAL INFORMATION (continued)**

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.09.2015	31.12.2014
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5904000064 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 25 February 2009	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	Manufacture and trade pharmaceuticals, 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, aluminium, 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%
<b>Associates:</b> 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 September 30 2015, Board of Directors of the Company has issued Decision No. 023/2015/QD.HDQT dated 8 June 2015 to dissolve DHG Nature Pharmaceutical One-member Limited.

## 2 MAIN ACCOUNTING POLICIES

### 2.1 Basis of preparation of separate financial statements

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

The accompanying interim 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 nine months ended on 30 September 2015 to have enough information about the financial situation, business results and cash flows of the Group.

### 2.2 The significant changes in accounting policies applied

On December 22, 2014, the Ministry of Finance issued Circular No 200/2014/TT-BTC ("Circular 200") – Guideline of enterprise accounting regime replacing Decision No 15/2006/QĐ BTC dated March 20, 2006 and Circular No. 244/2009/TT-BTC dated December 31, 2009. Circular 200 applies to fiscal year beginning January 1, 2015.

Here are some significant changes to the accounting policies of the Group are presented in the notes to the principal accounting policies:

- Transactions in foreign currencies and revaluation of assets and liabilities denominated in foreign currency - Notes 2.5.
- Cash and cash equivalents - Note 2.6.
- Revenue recognition - Notes 2.24 and 2.26
- Financial reserve fund - Note 2.21

The Company applied prospectively the changes in accounting policies under the guidance of Circular 200 for the fiscal year beginning on January 1, 2015; so the information on the separate interim financial statements has no comparability.

Certain comparative figures have been reclassified to conform to the presentation of this year under Circular 200. Details of the reclassification of the comparative figures are presented in Note 41.

### 2.3 Fiscal year

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

### 2.4 Use of estimates

The preparation of the financial statements in conformity with Vietnamese Accounting Standards requires the Board of Management 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.

### 2.5 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.

**2 MAIN ACCOUNTING POLICIES (continued)****2.5 Currency (continued)**

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. The foreign currencies in banks at the balance sheet date are translated according to buying rate of the bank where the company opened a foreign currency account. Foreign exchange differences arising on translation are recognized as income or expense in the statement of operations.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit, demand deposits, and other short-term investments with an original maturity of three months or less but the remaining maturity is less than three months from the reporting date.

**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.

**2.8 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) Held to maturity investments**

Held to maturity investments are those that the Company's Board of Management intends and has ability to hold to maturity.

Held to maturity investments include term deposits for the purpose of collecting interest periodically. These investments are recorded at cost less allowance for diminution in value of investments.

Provision for diminution in value of held-to-maturity investments is made when there is unlikely to recover those investments.

**(b) Investments in subsidiaries**

Subsidiaries are enterprises which the parent company has the power to govern the financial and operating policies, generally accompanying holding more than half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent company has rights to control of the enterprise.

Investments in subsidiaries are accounted for at cost less allowance for impairment of investments. The allowance for impairment of investments is made when there is a decrease in the value of the investments.

**2 MAIN ACCOUNTING POLICIES (CONTINUED)****2.9 Investments (continued)****(c) Investments in associates**

Associates are all companies in which the parent company has significant influence but not control, often expressed through the holding from 20% to 50% of the voting rights in that company.

Investments in associates are accounted for at cost less allowance for impairment of investments. Provision for impairment of investment is made when there is a decrease in the value of the investments.

**(d) Equity investments in other entities**

Equity investments in other entities are items invested in equity instruments of other entities but have no right of control or co-control, no significant influence on the invested parties. These investments are initially recorded at cost. Provision for diminution in value of investments is made when the Company recognized investment losses, except for losses that the Board of Management of the Company had anticipated from the investment.

**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.

*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 MAIN ACCOUNTING POLICIES (continued)****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.

As at 30 June 2015, all of the real estate investments held by the Company aim to earn from rental.

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 for rental. Net proceeds from the liquidation or sale of real estate investments that held for lease are recognized as income in the income statement. The remaining value of real estate investments that held for lease are recognized as an expense in the income statement.

**2.13 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. These expenses are recorded in the income statement according to straight-line method or allocated period.

**2.14 Liabilities**

The liabilities are monitored in detail by maturity payable, subject to payment, type of currency payable and other factors according to management needs of the Company. The liabilities are classified based on features, including:

- Trade payables include commercial payables arising from the purchase of goods and services.
- Other payables, including non-commercial payables, not related to the purchase, sale and supply of goods and services.

The liabilities are classified short-term and long-term on the balance sheet based on the remaining term of the liabilities at the date of the financial statements.

**2.15 Accrued expenses**

Includes accounts payable for goods and services received from the seller or provided to the buyer during the reporting period but actually unpaid due to no or insufficient records, accounting records , are recognized in the cost of production and business of the reporting period.

**2.16 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 MAIN ACCOUNTING POLICIES (continued)****2.17 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.

**2.18 Provision for severance allowances**

According to the Vietnam Labor Code, The Company's employees are entitled to severance benefits based on their years of service. This allowance will be paid once to employees who have left the Company. According to the Social Insurance Law, from 1 January 2009, the Company is required to contribute to the unemployment insurance fund managed by the Vietnam Social Insurance Agency. Since implementing unemployment insurance policy, the Company does not need to provide for their years of employees from 1 January 2009. However, the provision for severance allowances as at 30 June 2015 was determined based on years of service of employees in the Company as of 31 December 2008 and based on their average salary during the period 6 months before the date of the balance sheet accounting.

**2.19 Unrealized revenue**

Unrealized revenue is that corresponding to the value of goods and services subject to discounts for customers in the traditional client program. The Company recorded the unrealized revenues corresponding to the obligations which the Company will have to perform in the future.

**2.20 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 MAIN ACCOUNTING POLICIES (continued)****2.21 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 Group 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.

**2.22 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.

Since 2015, the financial reserve fund is no longer used. The remaining balance of the fund will be transferred to the development and investment fund.

**2.23 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.

The distribution of 2014 profit after tax of the Company is approved by the General Meeting of Shareholders as follows:

- Dividend 2014: 30% of par value.
- Deductions for the employee reward, welfare fund: 12% of profit after tax.
- Remuneration of the BOD, Supervisory Board, members of the committees directly under the BOD, the Board secretary: VND5 billion.
- Bonus for the BOD, SB, members of the committees directly under the BOD, the Board secretary, Executive Committee, and key, excellent employees in 2014: 5% growth in consolidated net profit after tax.
- The remaining profit is added the development investment fund.

**2.24 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.

Revenue is recognized in accordance with nature than form and is allocated according to the goods supply obligations. Where the Company used finished products, goods for promoting to the customer together with the purchase condition of the Company, the Company allocated the proceeds to calculate revenue for both promotional goods and promotional value charged to cost of sales.

**(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 MAIN ACCOUNTING POLICIES (continued)****2.25 Revenue deductions**

Revenue deductions include trade discounts, sales returns and sales rebates. The revenue deductions arising from consumption of products, goods and services in the same period are recorded adjustment of revenue deductions at the arising period.

In case of products, goods and services sold from the previous period, to a new period after trade discounts, sales rebates, or sales return but incurred prior to the issuance of financial statements, the adjusted revenues are at the reporting period in revenue deductions.

**2.26 Programs for traditional customers**

Revenue is recognized as the total amount to be receivables or received minus the fair value of goods and services to provide free or discounts to buyers. The value of goods and services must be provided for free or discounts to buyer are recognized as unrealized revenue. If the expiry of the program that the buyer does not qualify as prescribed and does not enjoy free goods or services or discounts, the unrealized revenues are transferred to sales, service provision.

When buyers achieve the conditions prescribed by the program, in case the seller directly provides goods or services free or at a discounts for buyers: the unrealized revenue corresponding to fair value of the free or discounted goods and services provided, discounts for the buyer are recognized as sales, service provider when the buyer has received the goods or services free or discount prescribed by the program.

When buyers achieve the conditions prescribed by the program, in case the third party is obliged to supply goods or services free or at a discounts for buyers: If the contract between the seller and the third party was not the nature of the agency contract, the third party shall provide goods, services, discounts, unrealized revenues are transferred to sales, service provider. If the agency contract, the difference between the unrealized revenues and the amounts payable to third parties is only recognized as revenue. The amount paid to third parties is considered as the payment of liabilities.

**2.27 Cost of goods sold**

Cost of sales and service delivery are recognized on time and gathered by the value and quantity of finished products, goods and materials sold and services provided to customers, ensuring conformity with business principles revenue and precautionary principle. The costs exceeded normal levels of inventory and service delivery are recognized immediately in operating results and at accounting period.

**2.28 Financial expenses**

Financial expenses reflect expenses for financial activities, including expenses or losses related to financial investments, cost of lending and borrowing, cost of joint venture, associates, losses from short-term security transfer, costs of security selling transaction; allowances for decline in value of trading securities, allowances for impairment of investments in other entities, losses incurred by foreign currency selling, exchange rate losses.

**2.29 Selling expenses**

Selling expenses reflect the actual expenses incurred in the process of products, goods selling and service provision, including costs of offering, product introduction, product advertising, sales commissions, product warranties (excluding construction activities), storage, packaging and transportation.

**2 MAIN ACCOUNTING POLICIES (continued)****2.30 General administration expenses**

General administration expenses include staff expenses (salaries, allowances, ...); social insurance, health insurance, trade union fees, unemployment insurance; office supply expenses, fixed assets depreciation used for business management; land rents; provision expenses for bad debts; outside services (electricity, water, telephone, fax, property insurance, fire ...); other expenses (reception, customer conferences ...).

**2.31 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.

**3 CASH AND CASH EQUIVALENTS**

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	7,233,107,439	12,759,488,094
Cash in banks	30,842,459,474	21,121,738,185
Cash equivalents (*)	436,000,000,000	455,348,333,333
	<u>474,075,566,913</u>	<u>489,229,559,612</u>

(\*) Cash equivalents included term deposits with an original maturity of 3 months or less but the remaining maturity period is less than 3 months from the reporting date.

**4 SHORT-TERM FINANCIAL INVESTMENTS****(a) Held to maturity investments**

	<b>30.09.2015</b>		<b>31.12.2014</b>	
	<b>Original cost VND</b>	<b>Book value VND</b>	<b>Original cost VND</b>	<b>Book value VND</b>
Term deposits	<u>165,000,000,000</u>	<u>165,000,000,000</u>	<u>160,151,666,667</u>	<u>160,151,666,667</u>

## 4 SHORT-TERM FINANCIAL INVESTMENTS (continued)

## (b) Investments in equity of other entities

	30.09.2015		31.12.2014	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Investment in subsidiaries (*)	122,550,000,000	-	122,550,000,000	-
Investments in associates (**)	3,787,450,000	-	3,787,450,000	-
Investments in equity of other entities (***)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	154,245,620,200	(16,500,000,000)	154,245,620,200	(16,500,000,000)

(\*) The note details ratio of owned capital and voting ratio of subsidiaries presented in Note 2. Details of investments in equity of other entities are as follows:

	30.09.2015 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	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
TV 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
	122,550,000,000	122,550,000,000

(\*\*) The note details ratio of owned capital and voting ratio of associated companies presented in Note 2. Details of investments in equity of other entities are as follows:

	30.09.2015 VND	31.12.2014 VND
Vinh Hao Algae Corporation	3,787,450,000	3,787,450,000

**4 SHORT-TERM FINANCIAL INVESTMENTS (continued)****(b) Investments in equity of other entities (continued)**

(\*\*\*)The note details each investment in other entities as at 30 September 2015 and 31 December 2014 as follows:

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

Balance as at 30 September 2015 and 31 December 2014 represents the provision for diminution in value of long-term investments in Vinh Tuong High-Tech Packaging Corporation.

**5 TRADE RECEIVABLES**

	<b>30.09.2015 VND</b>	<b>31.12.2014 VND</b>
Trade receivables from subsidiaries (Note 36(b))	129,018,747,620	217,404,138,916
Trade receivables from third parties	<u>304,865,528,415</u>	<u>480,518,721,193</u>
	<u>433,884,276,035</u>	<u>697,922,860,109</u>

(\*) At 30 September 2015, no trade receivable from third parties accounts for 10% or more of total trade receivables.

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

	<b>Fiscal period ended 30.09.2015 VND</b>	<b>Fiscal year ended 31.12.2014 VND</b>
Opening balance	4,357,578,640	2,566,239,574
Increase	485,920,594	1,791,339,066
Reverse	-	-
Closing balance	<u>4,843,499,234</u>	<u>4,357,578,640</u>

**6 OTHER RECEIVABLES**

	<b>30.09.2015</b>		<b>31.12.2014</b>	
	<b>Value VND</b>	<b>Provision VND</b>	<b>Value VND</b>	<b>Provision VND</b>
Prepaid sale discount	4,014,124,485	-	7,343,375,972	-
Interest income receivable	5,287,302,782	-	5,506,248,160	-
Receivables from subsidiaries (Note 36(b))	199,362,864	-	218,317,061	-
Receivables from employees	2,148,016,583	-	1,662,492,571	-
Other receivables	<u>13,709,912,909</u>	-	<u>2,608,283,897</u>	-
	<u>25,358,719,623</u>		<u>17,338,717,661</u>	

## 7 BAD DEBT

	<b>30.09.2015</b>		
	<b>Original cost VND</b>	<b>Recoverable value VND</b>	<b>Provision VND</b>
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover (*)	187,364,184,850	182,520,685,617	4,843,499,234
	<u>187,364,184,850</u>	<u>182,520,685,617</u>	<u>4,843,499,234</u>
	<b>31.12.2014</b>		
	<b>Original cost VND</b>	<b>Recoverable value VND</b>	<b>Provision VND</b>
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover (*)	276.090.420.409	271.732.841.769	4.357.578.640
	<u>276.090.420.409</u>	<u>271.732.841.769</u>	<u>4.357.578.640</u>

(\*)At 30 September 2015, no overdue receivables account for 10% or more of total delinquency.

## 8 INVENTORIES

	<b>30.09.2015</b>		<b>31.12.2014</b>	
	<b>Original cost VND</b>	<b>Provision VND</b>	<b>Original cost VND</b>	<b>Provision VND</b>
Goods in transit	56,996,538,815	-	56,439,936,854	-
Raw materials	189,606,016,987	-	246,138,896,245	-
Work in progress	20,610,233,873	-	20,804,483,472	-
Finished goods	194,550,948,669	4,327,145,775	247,855,390,747	4,327,145,775
Merchandises	146,228,290,332	136,990,438	173,509,728,186	136,990,438
	<u>607,992,028,676</u>	<u>4,464,136,213</u>	<u>744,748,435,504</u>	<u>4,464,136,213</u>

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

	<b>Fiscal period ended 30.09.2015 VND</b>	<b>Fiscal year ended 31.12.2014 VND</b>
Opening balance	4,464,136,213	4,398,570,572
Increase	-	65,565,641
Reversal	-	-
Closing balance	<u>4,464,136,213</u>	<u>4,464,136,213</u>

Provision for decline in inventories is established by original cost of inventories higher than net realizable value of inventories.

At 30 September 2015, the Company does not have the value of inventory that is accumulated, poor quality, inability to consume.

**9 RECEIVABLES ON LONG-TERM LOANS**

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Advance to DHG 1 Printing and Packing One-member Ltd. Co.	90,959,798,007	55,841,234,870
Advance to DHG Pharmaceutical One-member Ltd. Co.	464,751,143,215	402,297,323,946
Advance to TVP Pharmaceutical One-member Ltd. Co.	2,829,000,000	-
Advance to HT Pharmaceutical One-member Ltd. Co	2,000,000,000	-
	<hr/>	<hr/>
	560,539,941,222	458,138,558,816
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Historical cost</b>					
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	-	-	-	-	-
Construction in progress (Note 12)	4,226,296,836	9,664,273,422	4,674,870,380	10,484,591,036	29,050,031,674
Disposals	(428,900,512)	(4,050,607,295)	(2,134,247,123)	(1,277,139,649)	(7,890,894,579)
At 30 September 2015	<u>192,934,786,528</u>	<u>228,345,330,506</u>	<u>108,446,631,701</u>	<u>78,713,582,024</u>	<u>608,440,330,759</u>
<b>Accumulated depreciation</b>					
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	12,059,544,080	16,043,339,165	10,141,291,281	6,508,318,436	44,752,492,962
Disposals	(272,936,347)	(4,050,607,295)	(2,134,247,123)	(1,277,139,649)	(7,734,930,414)
At 30 September 2015	<u>78,093,378,309</u>	<u>146,600,057,314</u>	<u>67,877,862,118</u>	<u>51,705,835,968</u>	<u>344,277,133,709</u>
<b>Net book value</b>					
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 September 2015	<u>114,841,408,219</u>	<u>81,745,273,192</u>	<u>40,568,769,583</u>	<u>27,007,746,056</u>	<u>264,163,197,050</u>

Included in tangible fixed assets as at 30 September 2015 were assets costing VND119,342 million (31 December 2014: VND 113,840 million) which were fully depreciated but still in active use.

**10 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
<b>Historical cost</b>				
At 1 January 2015	112,228,853,336	72,175,263,381	5,861,257,805	190,265,374,522
Increase	-	3,946,635,000	-	3,946,635,000
Construction in progress (Note 12)	5,697,960,680	-	2,676,085,000	8,374,045,680
Transfer from prepaid expenses	-	30,873,851,250	-	30,873,851,250
Disposals	(5,729,741,275)	(3,946,635,000)	-	(9,676,376,275)
At 30 September 2015	<u>112,197,072,741</u>	<u>103,049,114,631</u>	<u>8,537,342,805</u>	<u>223,783,530,177</u>
<b>Accumulated amortisation</b>				
At 1 January 2015	-	8,730,852,533	4,556,551,219	13,287,403,752
Depreciation in the period/year	-	1,604,399,225	584,063,658	2,188,462,883
Disposals	-	(26,576,668)	-	(26,576,668)
At 30 September 2015	<u>-</u>	<u>10,308,675,090</u>	<u>5,140,614,877</u>	<u>15,449,289,967</u>
<b>Net book value</b>				
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 September 2015	<u>112,197,072,741</u>	<u>92,740,439,541</u>	<u>3,396,727,928</u>	<u>208,334,240,210</u>

The historical cost of intangible fixed assets of the Company have been fully depreciated but still used in the 30 September 2015 and 31 December 2014 is VND2,917 million.

**11 REAL ESTATE INVESTMENT**

	House VND
<b>Historical cost</b>	
As at 1 January 2015	38,679,461,157
As at 30 September 2015	<u>38,679,461,157</u>
<b>Accumulated depreciation</b>	
As at 1 January 2015	7,442,435,650
Depreciation for the period/year	2,096,628,264
As at 30 September 2015	<u>9,539,063,914</u>
<b>Net book value</b>	
As at 1 January 2015	31,237,025,507
As at 30 September 2015	<u>29,140,397,243</u>

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



**12 LONG-TERM ASSETS IN PROGRESS****Detail of costs of construction in progress**

	<b>30.09.2015</b> <b>VND</b>	<b>31.12.2014</b> <b>VND</b>
Construction of Tan Phu Thanh factory	15,640,814,254	15,534,916,321
Construction of office of Hai Phong branch	7,672,177,826	225,060,908
Construction of office of Vung Tau branch	2,717,616,556	77,271,819
Construction of finished-product store at General warehouse	233,988,006	2,117,741,274
Construction of office of HCMC branch	14,461,818	-
Construction of office of Da Nang branch	27,580,000	-
	<u>26,306,638,460</u>	<u>17,954,990,322</u>

**Movement in costs of construction in progress in the period/year:**

	<b>Financial period ended</b> <b>30.09.2015</b> <b>VND</b>	<b>Fiscal year ended</b> <b>31.12.2014</b> <b>VND</b>
Opening balance	17,954,990,322	27,207,341,084
Additions	46,312,875,157	84,865,977,418
Transfers to tangible fixed assets (Note 10(a))	(29,050,031,674)	(73,918,397,867)
Transfers to intangible fixed assets (Note 10(b))	(8,374,045,680)	(5,831,220,000)
Transfer to real estate investments (Note 11)	-	(14,368,710,313)
Others	(239,876,938)	-
	<u>26,603,911,187</u>	<u>17,954,990,322</u>
Closing balance	26,603,911,187	17,954,990,322

**13 PREPAID EXPENSES**  
**(a) Short-term prepayments**

	<b>30.09.2015</b> <b>VND</b>	<b>31.12.2014</b> <b>VND</b>
Market research	2,582,930,229	-
Operating lease expenses	629,281,514	35,932,348
Others expenses	1,918,467,619	189,981,816
	<u>5,130,679,362</u>	<u>225,914,164</u>

The prepayment has less than 12 months or less than a normal business cycle as from the time of prepayment.

**(b) Long-term prepayments**

	<b>30.09.2015</b> <b>VND</b>	<b>31.12.2014</b> <b>VND</b>
Prepaid land rental fees	11,567,795,017	42,625,965,476
Tools	3,042,108,489	3,514,806,524
Leasehold improvements	205,758,625	608,209,443
	<u>14,815,662,131</u>	<u>46,748,981,443</u>

The prepayment has less than 12 months or less than a normal business cycle as from the time of prepayment.

**13 PREPAID EXPENSES (continued)****(b) Long-term prepayments**

Movements in long-term prepaid expenses as follows:

	<b>Fiscal period ended 30.09.2015 VND</b>	<b>Fiscal year ended 31.12.2014 VND</b>
Opening balance	46,748,981,443	15,797,838,754
Increase	1,705,396,476	35,670,040,339
Allocation	(2,764,864,538)	(4,718,897,650)
Transfers to intangible fixed assets (Note 10(b) (*)	(30,873,851,250)	-
Closing balance	<u>14,815,662,131</u>	<u>46,748,981,443</u>

(\*)The value transferred to intangible fixed assets is the value of leased land which has certificate of land use right.

**14 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:

	<b>Fiscal period ended 30.09.2015 VND</b>	<b>Fiscal year ended 31.12.2014 VND</b>
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.

**15 SHORT-TERM TRADE PAYABLES**

	<b>30.09.2015 VND</b>	<b>31.12.2014 VND</b>
Payables to subsidiaries (Note 36(b))	132,024,480,274	53,700,239,480
Trade payables to third parties	<u>155,526,060,768</u>	<u>239,260,615,333</u>
	<u>287,550,541,042</u>	<u>292,960,854,813</u>

(\*) Details for each subject account for 10% or more of total payables:

	<b>30.09.2015 VND</b>	<b>31.12.2014 VND</b>
Nomura Trading Co., Ltd	28,274,916,571	56,978,290,575
Truong Tin Pharmaceutical Ltd. Co.	14,564,580,371	55,858,654,121
DHG Pharmaceutical One-member Ltd. Co.	<u>117,277,192,752</u>	<u>-</u>

## 16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Value added tax	6,817,363,734	6,254,321,521
Corporate income tax - current	21,241,161,335	63,160,604,305
Personal income tax	639,896,378	3,153,532,919
Others	974,192,855	48,139
	<u>29,672,614,302</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	35,816,531,274	(35,253,489,061)	6,817,363,734
VAT on imports	-	25,327,987,341	(25,327,987,341)	-
Import export tax	(740,713,926)	8,496,807,073	(8,672,945,375)	(916,852,228)
Corporate income tax	63,160,604,305	72,223,129,409	(114,142,572,379)	21,241,161,335
Personal income tax	3,153,532,919	24,333,000,219	(26,846,636,760)	639,896,378
Land tax	-	2,068,118,001	(1,094,142,085)	973,975,916
Others	48,139	281,162,383	(280,993,583)	216,939
Total	<u>71,827,792,958</u>	<u>168,546,735,700</u>	<u>(211,618,766,584)</u>	<u>28,755,762,074</u>

**17 SHORT-TERM ACCRUED EXPENSES**

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Trade discounts and promotions	823,397,587	211,689,759,376
Seminar expenses	7,268,444,840	859,859,395
Interest payable	1,488,596,835	1,381,705,671
Marketing and customer care expenses	28,970,821,349	7,386,412,520
Others	8,067,553,985	7,246,522,542
	<u>46,618,814,596</u>	<u>228,564,259,504</u>

(\*) Under the guidance of Circular 200, the accrued expenses related to trade discounts, promotions at 30 September 2015 are accounted decrease in trade receivables.

**18 SHORT-TERM UNREALIZED REVENUE**

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Revenue unrealized from traditional client program (Note 2.19 and 2.26)	16,569,114,078	-
	<u>16,569,114,078</u>	<u>-</u>

**19 OTHER PAYABLES**

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Trade union fee	692,087,488	640,480,615
Insurance fees	2,748,752,381	108,325,306
Dividends, interests payable	-	17,894,000
Payables to subsidiaries (*)	-	12,983,530,024
Trade discounts	1,164,332,077	1,366,422,658
Other payables	7,382,435,316	8,598,057,172
	<u>11,987,607,262</u>	<u>23,714,709,775</u>

(\*) Shown supporting amount for selling expense received from the manufacturer: DHG Pharmaceutical One-member Limited Company to conduct promotions to customers.

**20 SHORT-TERM BORROWINGS**

	<b>As at</b>			<b>As at</b>
	<b>01.01.2015</b>	<b>Increase</b>	<b>Decrease</b>	<b>30.09.2015</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Loans from bank (*)	150,000,000,000	971,223,265,157	(964,223,265,157)	157,000,000,000
Loans from the Company's employees (**)	26,707,408,762	2,404,965,566	(6,744,409,611)	22,367,964,717
	<u>176,707,408,762</u>	<u>973,628,230,723</u>	<u>(970,967,674,768)</u>	<u>179,367,964,717</u>

(\*) These loans are born interest at 0.29% to 0.62% per month (2014: from 0.37% to 0.4% per month).

(\*\*) These loans are born interest at 0.42% to 0.57% per month (2014: from 0.42% to 0.5% per month).

**21 BONUS AND WELFARE FUND**

The fund is established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Meetings ("AGM"). The fund is 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 year were as follows:

	<b>Bonus and welfare fund for staffs VND</b>	<b>Bonus for Board of Directors VND</b>	<b>Welfare fund in form of fixed assets VND</b>	<b>Total VND</b>
Opening balance	13,766,583,414	6,944,993,395	30,537,725,466	51,249,302,275
Appropriation to the funds in the period/year	62,540,112,892	6,834,191,880		69,374,304,772
Transferred from subsidiaries	381,064,368	-	-	381,064,368
Assets formed from the welfare fund	(9,228,221,494)	-	9,228,221,494	-
Depreciation of assets formed from the welfare fund	-	-	(3,590,609,085)	(3,590,609,085)
Utilisation	(28,035,184,631)	(5,595,112,912)	-	(33,630,297,543)
Closing balance	<u>39,424,354,549</u>	<u>8,184,072,363</u>	<u>36,175,337,875</u>	<u>83,783,764,787</u>

**22 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND**

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

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

	<b>Science and technology development fund VND</b>	<b>Science and technology development fund in form of fixed assets VND</b>	<b>Total VND</b>
Opening balance	17,777,881,865	20,583,703,374	38,361,585,239
Transferred from subsidiaries	1,595,405,246	1,305,507,059	2,900,912,305
Science and technology development fund used for fixed asset acquisition	(1,318,427,500)	1,318,427,500	-
Depreciation of assets formed from Science and technology development fund	-	(2,816,992,492)	(2,816,992,492)
Liquidation of assets formed from Science and technology development fund	-	(25,994,600)	(25,994,600)
Transferred to subsidiaries	(533,162,200)	-	(533,162,200)
Utilisation	(2,516,907,242)	-	(2,516,907,242)
Closing balance	<u>15,004,790,169</u>	<u>20,364,650,841</u>	<u>35,369,441,010</u>

**23 PROVISION FOR LONG-TERM PAYABLES**

Provision for long-term payables expresses severance allowances paid to employees as required by the Labor Code of Vietnam.

**24 OWNERS' CAPITAL**

	30.09.2015		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	(222,380)	(16,121,030,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation	<u>86,941,950</u>	<u>855,522,270,000</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 30.09.2015		Fiscal period 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
Acquisition of shares as treasury shares	(212,250)	(15,665,180,000)	-	-
Closing balance	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

## 25 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
<b>As at 1 January 2014</b>	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 ration 3:1	217,879,010,000		(217,879,010,000)			-
Profit for the year	-	-	-	-	521,167,607,431	521,167,607,431
Dividend	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Appropriation to 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)
<b>Balance at 31 December 2014</b>	<b>871,643,300,000</b>	<b>(455,850,000)</b>	<b>768,665,991,301</b>	<b>66,026,578,871</b>	<b>521,167,607,431</b>	<b>2,227,047,627,603</b>
Acquisition of shares as treasury shares		(15,665,180,000)	-	-	-	(15,665,180,000)
Profit for the year	-	-	-	-	338,808,731,253	338,808,731,253
Dividend	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Transfer from the financial reserve fund (*)	-	-	66,026,578,871	(66,026,578,871)	-	-
Appropriation 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 Board of Directors bonus fund	-	-	-	-	(6,834,191,880)	(6,834,191,880)
<b>Balance at 30 September 2015</b>	<b>871,643,300,000</b>	<b>(16,121,030,000)</b>	<b>1,025,023,272,831</b>	<b>-</b>	<b>338,808,731,253</b>	<b>2,219,354,274,084</b>

(\*) Under the guidance of Circular 200 and Resolution of GMS No. 001/2015/NQ.DHDCD dated 20 April 2015, the Group transferred the full balance of the financial reserve fund to the investment and development fund.

## 26 DIVIDENDS

In 2015, the Company announced a cash dividend of 2014 at 30% and has conducted payment on 8 May 2015.



## 27 OFF BALANCE SHEET ITEMS

30.09.2015  
VND

31.12.2014  
VND

## a) Commitments under operating leases

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

Within 1 year	1,390,613,232	2,141,497,932
Between 1 and 5 years	7,416,603,904	8,565,991,728
Over 5 years	43,812,029,931	52,192,466,036
	<u>52,619,247,067</u>	<u>62,899,955,696</u>

## b) Foreign currencies

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

USD	-	336,670
EUR	-	16,165
MOP	20	20
NDT	-	3,515
CAD	-	100
A tenth of tael	-	1,362
Tael	-	200
	<u>                    </u>	<u>                    </u>

## 28 REVENUE

## (a) Net sales

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
<b>Sales</b>				
Sales of finished goods	528,542,286,133	653,698,031,494	1,431,968,424,944	2,071,807,317,439
Sales of merchandise goods	503,785,863,515	229,001,708,110	1,125,013,303,055	405,021,008,574
Rental service, sale of scrap	708,162,729	1,790,545,460	2,099,944,272	1,790,545,460
	<u>1,033,036,312,377</u>	<u>884,490,285,064</u>	<u>2,559,081,672,271</u>	<u>2,478,618,871,473</u>
<b>Sales deductions</b>				
Trade discounts	(107,014,236,054)	(3,423,807,014)	(226,513,486,460)	(10,769,957,641)
Sales returns	(5,595,899,960)	(8,513,010,973)	(24,321,867,318)	(27,536,642,427)
	<u>(112,610,136,014)</u>	<u>(11,936,817,987)</u>	<u>(250,835,353,778)</u>	<u>(38,306,600,068)</u>
<b>Net sales</b>	<u>920,426,176,363</u>	<u>872,553,467,077</u>	<u>2,308,246,318,493</u>	<u>2,440,312,271,405</u>
<b>In which:</b>				
Sales of finished goods	455,591,772,069	643,501,363,969	1,256,659,822,682	2,037,865,600,965
Sales of merchandise goods	464,126,241,565	227,261,557,648	1,049,486,551,539	400,656,124,980
Rental service, sale of scrap	708,162,729	1,790,545,460	2,099,944,272	1,790,545,460

## 28 REVENUE (continued)

## (b) Financial income

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
Interest income from deposits at bank	7,068,058,593	7,479,287,915	18,672,068,915	22,353,717,760
Dividend income	129,125,731	293,587,160	84,117,359,745	63,225,235,408
Realised foreign exchange gains	905,395,229	874,825,325	1,569,815,355	1,512,365,771
Other financial income	-	21,800	123,000	58,432,416
	<u>8,102,579,553</u>	<u>8,647,722,200</u>	<u>104,359,367,015</u>	<u>87,149,751,355</u>

## 29 COST OF SALES

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
Cost of finished goods sold	249,681,955,597	304,943,540,700	671,263,467,817	979,824,916,187
Cost of merchandises sold	428,811,170,543	168,508,803,859	951,078,617,719	317,893,728,630
Cost of services rendered	628,823,154	1,498,105,466	1,900,069,462	1,498,105,466
provision for decline in value of inventories	-	-	-	1,372,253,662
	<u>679,121,949,294</u>	<u>474,950,450,025</u>	<u>1,624,242,154,998</u>	<u>1,300,589,003,945</u>

## 30 FINANCIAL EXPENSES

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
Interest expense	2,301,427,838	1,185,458,147	6,157,755,097	3,604,239,312
Realised foreign exchange losses	4,224,518,915	1,079,468,203	6,929,847,586	2,283,345,619
Payment discounts	10,043,643,915	10,071,721,917	32,389,025,367	30,243,755,077
Other expenses	15,211,795	26,104,912	58,958,925	82,673,253
	<u>16,584,802,463</u>	<u>12,362,753,179</u>	<u>45,535,586,975</u>	<u>36,214,013,261</u>

## 31 SELLING EXPENSES

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
Labour costs	56,181,170,763	57,451,828,001	104,194,918,742	155,444,386,660
Material costs	2,314,377,398	3,531,020	5,694,079,021	23,118,185
Tools and supplies expenses	613,234,168	923,623,338	1,638,873,058	2,327,628,184
Depreciation expenses of fixed assets	3,191,312,931	3,296,242,732	9,642,903,636	9,427,161,686
Advertising expenses	7,458,640,420	18,041,653,367	60,640,530,180	66,804,840,043
Discount and promotion expenses	-	54,178,818,917	-	87,856,058,432
Seminar expenses	(12,680,260,077)	40,886,639,069	8,876,021,402	151,364,973,141
Customer care expenses	70,780,182	9,333,614,799	1,470,780,182	25,782,364,611
Transportation expenses	4,759,785,823	6,313,920,438	13,831,549,604	18,459,196,124
Other expenses	22,036,063,967	15,701,664,060	41,185,786,673	39,907,608,753
	<u>83,945,105,575</u>	<u>206,131,535,741</u>	<u>247,175,442,498</u>	<u>557,397,335,819</u>

## 32 GENERAL ADMINISTRATION EXPENSES

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
Staff expenses	26,303,505,695	32,849,384,544	86,498,647,494	93,795,838,025
Office supply expenses	77,365,027	15,267,856	179,820,266	63,106,848
Tools and instruments	513,363,509	744,693,590	2,009,011,844	3,764,788,330
Depreciation expenses	2,817,026,974	2,345,568,994	8,474,958,495	7,625,511,713
Taxes, fees and charges	96,381,468	98,899,527	304,074,063	286,776,903
Provision expenses	735,670,561	219,563,077	1,485,920,594	750,561,179
Outside services	2,849,527,936	3,838,896,636	10,263,034,676	10,162,278,072
Other expenses	6,096,600,360	5,683,173,010	18,485,260,796	27,677,703,599
	<u>39,489,441,530</u>	<u>45,795,447,234</u>	<u>127,700,728,228</u>	<u>144,126,564,669</u>

## 33 OTHER INCOME AND EXPENSES

	For 3-month period ended		For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
<b>Other income</b>				
Proceeds from sales of scraps	-	263,690,534	-	728,467,674
Proceeds from disposals of fixed assets	1,200,435,844	107,409,096	11,312,626,754	188,590,915
Rental income	1,008,631,175	502,272,727	1,979,472,512	1,438,501,544
Commission income	6,797,344,328	4,395,431,591	25,970,949,596	9,929,256,358
Sundry income	1,134,796,872	1,317,471,477	16,997,908,545	3,834,171,440
	<u>10,141,208,219</u>	<u>6,586,275,425</u>	<u>56,260,957,407</u>	<u>16,118,987,931</u>
<b>Other expenses</b>				
Net book value of fixed assets disposed	38,207,693,00	-	9,779,769,172	195,071,659
Sundry expenses	1,309,897,462	581,623,069	3,401,100,382	1,531,595,403
	<u>1,348,105,155</u>	<u>581,623,069</u>	<u>13,180,869,554</u>	<u>1,726,667,062</u>
<b>Net other income</b>	<u>8,793,103,064</u>	<u>6,004,652,356</u>	<u>43,080,087,853</u>	<u>14,392,320,869</u>

## 34 COST OF OPERATIONS BY FACTOR

	For 9-month period ended	
	30.09.2015 VND	30.09.2014 VND
Material cost	1,445,291,146,163	1,112,156,902,492
Labour costs	284,971,513,191	392,817,826,827
Depreciation expense of fixed assets	40,500,666,916	35,626,854,282
Outside service expenses	141,070,844,474	364,335,470,026
Other expenses	58,123,217,867	116,629,179,534
	<u>1,969,957,388,611</u>	<u>2,021,566,233,161</u>

## 35 CORPORATE 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. Since 2014 the normal tax rate is 22% under Decree No. 218/2013/ND-CP of 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%.

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 9-month period ended	
	30.09.2015 VND	30.09.2014 VND	30.09.2015 VND	30.09.2014 VND
Net accounting profit before tax	118,180,560,118	147,965,655,454	411,031,860,662	503,527,425,935
Tax calculated at a rate of 22%	25,999,723,226	32,552,444,200	90,427,009,346	110,776,033,706
Effect of:				
Expenses not deductible for tax purposes	241,438,109	20,027,330	273,531,546	75,091,952
Income not subject to tax	-	(64,589,176)	(18,477,411,483)	(13,909,551,790)
Tax incentives	-	(1,629,481,057)	-	(5,865,373,048)
Business income tax charge	<u>26,241,161,335</u>	<u>30,878,401,297</u>	<u>72,223,129,409</u>	<u>91,076,200,820</u>

**36 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:

	<b>For 9-month period ended</b>	
	<b>30.09.2015</b>	<b>30.09.2014</b>
	<b>VND</b>	<b>VND</b>
<b>i) Sales of goods and services</b>		
<b>Subsidiaries</b>		
DHG 1 Packaging and Printing One Member Limited Company	275,498,571	335,985,799
DHG Travel One Member Limited Company	1,646,045,747	1,514,318,181
CM Pharmaceutical One Member Ltd.	28,344,899,140	39,787,441,895
DT Pharmaceutical One Member Ltd.	22,208,921,985	26,274,740,153
HT Pharmaceutical One Member Ltd.	29,712,325,471	38,734,684,526
ST Pharmaceutical One Member Ltd.	34,365,711,988	43,112,472,040
DHG Nature One Member Ltd.	422,384,729	4,399,225,173
SH Pharmaceutical Joint Stock Company	44,583,041,234	54,599,550,546
A&G Pharmaceutical One Member Ltd.	54,874,243,885	70,058,499,139
TOT Pharmaceutical One Member Ltd.	89,988,351,005	129,336,272,523
TG Pharmaceutical One Member Ltd.	18,302,819,479	30,881,746,828
Bali Pharmaceutical One Member Ltd.	29,324,870,407	33,765,801,446
DHG Pharmaceutical One Member Ltd.	133,153,231,628	68,487,393,921
TVP Pharmaceutical One Member Ltd.	19,413,402,863	21,103,677,620
B&T Pharmaceutical One Member Ltd.	24,279,084,885	28,217,545,491
VL Pharmaceutical One Member Ltd.	25,567,620,983	37,137,948,092
	<u>556,462,454,000</u>	<u>627,747,303,373</u>
<b>ii) Purchases of goods and services</b>		
<b>Subsidiaries</b>		
DHG 1 Packaging and Printing One Member Ltd.	60,732,694,639	111,749,828,034
DHG Travel One Member Ltd.	25,133,954,474	32,220,911,710
DHG Nature One Member Ltd.	11,799,633,808	31,381,395,154
TOT Pharmaceutical One Member Ltd.	694,910,731	1,109,399,568
DHG Pharmaceutical One Member Ltd.	488,433,468,200	135,166,717,318
<b>Associates</b>		
Vinh Hao Algea Corporation	34,890,909	40,400,000
	<u>586,829,552,761</u>	<u>311,668,651,784</u>
<b>iii) Purchase of assets</b>		
<b>Subsidiaries</b>		
DHG Nature One Member Ltd.	4,561,681,295	-

## 36 RELATED PARTY TRANSACTIONS (continued)

## (a) Related party transactions (continued)

	For 9-month period ended	
	30.09.2015	30.09.2014
	VND	VND
<b>iv) Purchase of fixed assets</b>		
<b>Subsidiaries</b>		
SH Pharmaceutical Joint Stock Company	-	9,090,909
TOT Pharmaceutical One Member Ltd.	-	63,636,364
	-	<u>72,727,273</u>
<b>v) Dividend income</b>		
<b>Subsidiaries</b>		
DHG Packaging and Printing One Member Ltd.	-	31,022,791,966
DHG 1 Packaging and Printing One Member Ltd.	39,855,077,920	-
DHG Travel One Member Ltd.	1,674,880,071	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	3,096,870,145
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
	<u>83,826,445,119</u>	<u>62,784,013,940</u>
<b>vi) Trade discounts received</b>		
<b>Subsidiaries</b>		
DHG Pharmaceutical One Member Ltd.	<u>156,218,732,857</u>	<u>-</u>
<b>vii) Investment projects of subsidiaries</b>		
<b>Subsidiaries</b>		
DHG Pharmaceutical One Member Ltd.	62,453,819,269	164,579,015,150
DHG 1 Packaging and Printing One Member Ltd.	<u>35,118,563,137</u>	<u>23,291,909,060</u>
	<u>97,572,382,406</u>	<u>187,870,924,210</u>

**36 RELATED PARTY TRANSACTIONS (continued)****(a) Related party transactions (continued)****vii) Investment projects of subsidiaries (continued)**

Total investment in subsidiaries as follows:

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
DHG Pharmaceutical One Member Ltd.		
Contributed charter capital (Note 4(b))	50,000,000,000	50,000,000,000
Advance of capital for the plant construction (Note 9)	464,751,143,215	402,297,323,946
	<u>514,751,143,215</u>	<u>452,297,323,946</u>
DHG 1 Packaging and Printing One Member Ltd.		
Contributed charter capital (Note 4(b))	5,000,000,000	5,000,000,000
Advance of capital for the plant construction (Note 9)	90,959,798,007	55,841,234,870
	<u>95,959,798,007</u>	<u>60,841,234,870</u>

**viii) Dividend payment**

	<b>For 9-month period ended</b>	
	<b>30.09.2015</b>	<b>30.09.2014</b>
	<b>VND</b>	<b>VND</b>
State Capital Investment Corporation ("SCIC")	113,252,475,000	56,626,237,500
	<u>113,252,475,000</u>	<u>56,626,237,500</u>

**ix) Remuneration of key management**

Gross salaries and other benefits	9,401,621,549	11,662,190,625
	<u>9,401,621,549</u>	<u>11,662,190,625</u>

**(b) Closing balance of related parties****i) Trade receivables (Note 5)**

	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
DHG 1 Packaging and Printing One Member Ltd.	312,000	-
CM Pharmaceutical One Member Ltd.	8,551,428,240	11,736,345,970
DT Pharmaceutical One Member Ltd.	5,734,232,593	4,007,677,469
HT Pharmaceutical One Member Ltd.	8,408,599,240	19,063,395,707
ST Pharmaceutical One Member Ltd.	11,004,157,508	24,028,313,624
SH Pharmaceutical Joint Stock Company	9,963,463,762	7,874,078,979
A&G Pharmaceutical One Member Ltd.	14,970,861,372	29,240,844,919
TOT Pharmaceutical One Member Ltd.	34,656,714,611	56,991,628,788
TG Pharmaceutical One Member Ltd.	5,872,368,092	12,536,931,898
Bali Pharmaceutical One Member Ltd.	12,228,608,043	12,695,540,965
DHG Pharmaceutical One Member Ltd.	5,276,400	99,999,997
TVP Pharmaceutical One Member Ltd.	5,523,871,220	20,278,623,823
B&T Pharmaceutical One Member Ltd.	4,466,365,080	9,516,310,809
VL Pharmaceutical One Member Ltd.	7,632,489,459	9,334,445,968
	<u>129,018,747,620</u>	<u>217,404,138,916</u>

## 36 RELATED PARTY TRANSACTIONS (continued)

## (b) Closing balance of related parties (continued)

## (ii) Receivables on long-term loans (Note 9)

	30.09.2015 VND	31.12.2014 VND
<b>Subsidiaries</b>		
DHG Pharmaceutical One Member Ltd.	464,751,143,215	402,297,323,946
DHG 1 Packaging and Printing One Member Ltd.	90,959,798,007	55,841,234,870
HT Pharmaceutical One Member Ltd.	2,000,000,000	-
TVP Pharmaceutical One Member Ltd.	2,829,000,000	-
	<u>560,539,941,222</u>	<u>458,138,558,816</u>

## (iii) Other receivables (Note 6)

**Subsidiaries**

Other subsidiaries	199,362,864	218,317,061
	<u>199,362,864</u>	<u>218,317,061</u>

## iv) Prepayments to suppliers

**Subsidiaries**

DHG Nature One Member Ltd.	1,654,754,500	-
	<u>1,654,754,500</u>	<u>-</u>

## v) Trade accounts payable (Note 15)

**Subsidiaries**

DHG 1 Packaging and Printing One Member Ltd.	9,747,287,522	11,907,958,572
DHG Nature One Member Ltd.	5,000,000,000	1,299,216,594
DHG Pharmaceutical One Member Ltd.	117,277,192,752	40,493,064,314
	<u>132,024,480,274</u>	<u>53,700,239,480</u>

## 37 STATEMENTS OF CASH FLOWS

## (a) Non-cash transactions affecting statement of cash flows

	For fiscal year ended	
	30.09.2015 VND	30.09.2014 VND
Allocation to funds from profit	259,705,007,431	379,144,750,204
Transfer from construction in progress to tangible fixed assets	29,050,031,674	26,512,212,719
Transfer from construction in progress to intangible fixed assets	8,374,045,680	311,220,000
Transfer from construction in progress to tools, instruments	239,876,938	-
Transfer from prepaid expenses to intangible fixed assets	30,873,851,250	-
Transfer from financial reserve fund to investment and development fund	66,026,578,871	-
Balances of dissolved DHG Packaging and Printing One Member Ltd. are recorded on the financial statements of the Company ty:		
- Trade receivables and other receivables	-	50,369,690,818
- Other short-term payables	-	4,743,768,984
- Bonus and welfare fund	-	9,603,129,868
- Undistributed profit after tax	-	31,022,791,966



## 37 STATEMENTS OF CASH FLOWS (continued)

## (b) Amounts of net borrowing during the year

	2015 VND	2014 VND
Borrowings under normal contract	973,628,230,723	983,822,451,704

## (c) Amounts of net payment of borrowings during the year

	2015 VND	2014 VND
Borrowings under normal contract	970.967.674.768	1.025.936.135.676

## 38 COMMITMENTS

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

	30.09.2015 VND	31.12.2014 VND
Approved but not contracted	17,903,231,173	4,033,262,519
Approved and contracted but not performed	7,033,081,835	20,434,388,989
	<u>24,936,313,008</u>	<u>24,467,651,508</u>

## 39 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the presentation of this year under Circular 200 as follows:

## Separated balance sheet

Code	Fiscal year ended 31 December 2014			
	Data previously reported under Decision 15 VND	Adjusted VND	Data reclassified under Circular 200 VND	
<b>100</b>	<b>Current assets</b>	<b>1,102,034,994,907</b>	<b>(458,138,558,816)</b>	<b>643,896,436,091</b>
112	Cash equivalents	357,348,333,333	98,000,000,000	455,348,333,333
	Short-term financial investments	258,151,666,667	(258,151,666,667)	-
123	Held to maturity investments	-	160,151,666,667	160,151,666,667
135	Receivables on short-term loans	-	11,057,718,430	11,057,718,430
136	Other short-term receivables	484,554,963,078	(467,216,245,417)	17,338,717,661
155	Other current assets	1,980,031,829	(1,980,031,829)	-
<b>200</b>	<b>Long-term assets</b>	<b>808,355,513</b>	<b>458,138,558,816</b>	<b>458,946,914,329</b>
215	Receivables on long-term loans	-	458,138,558,816	458,138,558,816
216	Other long-term receivables	-	808,355,513	808,355,513
268	Other long-term assets	808,355,513	(808,355,513)	-

Ngo Thi Hong Dao  
Preparer

Dang Pham Huyen Nhung  
Chief Accountant

Le Chanh Dao  
CEO  
15 October 2015