

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2016**

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2016**

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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 29 October 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

SEPARATE BALANCE SHEET

Code		Note	As of 30.06.2016 VND	As of 31.12.2015 VND
100	ASSETS			
100	CURRENT ASSETS		2,169,582,854,652	2,031,832,065,087
110	Cash and cash equivalents	3	158,654,221,682	329,246,389,813
111	Cash		34,654,221,682	35,246,389,813
112	Cash equivalents		124,000,000,000	294,000,000,000
120	Short-term investments	4a	831,000,000,000	507,000,000,000
123	Held to maturity investments		831,000,000,000	507,000,000,000
130	Short-term receivables		517,253,159,783	594,243,840,493
131	Trade receivables	5	426,168,084,704	548,426,113,594
132	Prepayments to suppliers		46,286,219,642	19,165,999,426
135	Receivables from short-term loans		19,983,649,979	12,388,633,598
136	Other receivables	6	24,544,088,125	20,040,809,017
137	Allowances for doubtful debts		(6,024,577,634)	(5,777,715,142)
139	Unclassified loss assets		6,295,694,967	-
140	Inventories	8	651,565,555,536	598,246,141,828
141	Inventories		652,922,543,383	600,606,776,558
149	Allowances for inventories		(1,356,987,847)	(2,360,634,730)
150	Other current assets		11,109,917,651	3,095,692,953
151	Short-term prepayments	13a	6,995,652,972	2,534,418,542
152	Deducted VAT		3,362,128,763	-
153	Taxes and other payables to State Budget		752,135,916	561,274,411
200	NON-CURRENT ASSETS		1,050,592,657,029	1,252,430,878,671
210	Long-term receivables		390,848,750,744	587,912,165,741
215	Receivables on long-term loans	9	390,848,750,744	587,912,165,741
215	Other long-term receivables			
220	Fixed assets		462,366,882,930	472,315,847,869
221	Fixed assets	10a	254,103,921,753	266,012,104,528
222	Tangible fixed assets		636,925,009,954	623,153,018,708
223	Original cost		(382,821,088,201)	(357,140,914,180)
223	Accumulated depreciation			
227	Intangible fixed assets	10b	208,262,961,177	206,303,743,341
228	Original cost		226,053,296,877	222,283,861,877
229	Accumulated depreciation		(17,790,335,700)	(15,980,118,536)
230	Real estate investments	11	26,719,125,470	28,441,521,155
231	Original cost		36,439,752,527	38,679,461,157
232	Accumulated depreciation		(9,720,627,057)	(10,237,940,002)
240	Long-term assets in progress	12	20,673,669,284	13,094,070,465
242	Cost of work in progress		20,673,669,284	13,094,070,465
250	Long-term financial investments	4b	132,745,620,200	132,745,620,200
251	Investments in subsidiaries		117,550,000,000	117,550,000,000
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)
260	Other non-current assets		17,238,608,401	17,921,653,241
261	Long-term prepaid expenses	13b	13,938,608,401	14,621,653,241
262	Deferred income tax assets	14	3,300,000,000	3,300,000,000
270	TOTAL ASSETS		3,220,175,511,681	3,284,262,943,758

SEPARATE BALANCE SHEET
(Continued)

Code		Note	As of 30.06.2016 VND	As of 31.12.2015 VND
	RESOURCES			
300	LIABILITIES		978,099,907,178	860,726,137,790
310	Current liabilities		923,189,664,751	802,723,891,367
311	Trade payables	15	234,727,747,577	330,290,069,777
312	Advances from customers		7,909,925,500	6,327,390,829
	Taxes and other payables to the State			
313	Budget	16	23,628,817,994	6,623,165,735
314	Payable to employees		48,285,690,531	87,474,273,542
315	Accrued expenses	17	84,085,613,991	18,201,995,862
318	Unrealized revenue	18	21,906,645,629	3,447,830,110
319	Other payables	19	9,012,547,077	9,331,710,323
320	Short-term borrowings	20	386,511,706,114	270,711,206,737
322	Bonus and welfare fund	21	107,120,970,338	70,326,746,452
330	Long-term liabilities		54,910,242,427	58,002,246,423
342	Provision for long-term payables	23	27,732,315,451	27,623,718,837
343	Science and technology development fund	22	27,177,926,976	30,378,527,586
400	OWNERS' EQUITY		2,242,075,604,503	2,423,536,805,968
410	Owner's capital	24,25	2,242,075,604,503	2,423,536,805,968
411	Owners' capital	24,25	871,643,300,000	871,643,300,000
415	Treasury shares	25	(16,121,030,000)	(16,121,030,000)
418	Investment and development fund	25	1,204,418,584,654	1,025,023,272,831
421	Undistributed profit after tax	25	182,134,749,849	542,991,263,137
	- Undistributed profit after tax brought forward		-	-
421a				
	- Undistributed profit after tax for the current year		182,134,749,849	542,991,263,137
421b				
440	TOTAL RESOURCES		3,220,175,511,681	3,284,262,943,758

 Trần Ngọc Hiền
Preparer

 Hồ Bửu Huân
Accountant

 Lê Chánh Đạo
Deputy CEO
18 July 2016

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	For 3-month period ended		For 6-month period ended	
		30.06.2016 VND	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND
01	Sales	932,654,073,177	835,683,853,075	1,792,364,227,635	1,526,045,359,894
02	Revenue deductions	(57,080,313,838)	(93,303,268,853)	(96,019,138,425)	(138,225,217,764)
10	Net sales	28(a)	875,573,759,339	742,380,584,222	1,696,345,089,210
11	Costs of goods sold	29	(662,783,780,737)	(512,909,390,163)	(1,251,158,819,513)
20	Gross profit		212,789,978,602	229,471,194,059	445,186,269,697
21	Financial income	28(b)	114,451,979,996	90,407,352,244	126,549,468,160
22	Financial expenses	30	(16,575,644,719)	(15,554,981,349)	(31,116,584,521)
23	Including: interest expense		(2,978,740,007)	(2,000,485,791)	(5,598,598,698)
25	Selling expenses	31	(135,957,329,618)	(77,019,955,461)	(244,109,093,781)
26	General administration expenses	32	(42,821,372,806)	(47,191,581,238)	(100,353,333,220)
30	Operating profit		131,887,611,455	180,112,028,255	196,156,726,335
31	Other income		14,476,305,119	24,141,454,257	27,519,382,580
32	Other expenses		(4,349,577,693)	(5,377,773,865)	(5,492,308,155)
40	Net other income	33	10,126,727,426	18,763,680,392	22,027,074,425
50	Net accounting profit before tax		142,014,338,881	198,875,708,647	218,183,800,760

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 02 – DN

SEPARATE INCOME STATEMENT (cont.)

Code	Note	For 3-month period ended		For 6-month period ended	
		30.06.2016 VND	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND
50	Net accounting profit before tax	<u>142,014,338,881</u>	<u>198,875,708,647</u>	<u>218,183,800,760</u>	<u>292,851,300,544</u>
51	Current tax expense	(20,710,574,363)	(25,293,239,690)	(36,049,050,911)	(45,981,968,074)
52	Deferred tax expense	-	-	-	-
60	Net profit after tax	<u>121,303,764,518</u>	<u>173,582,468,957</u>	<u>182,134,749,849</u>	<u>246,869,332,470</u>

Trần Ngọc Hiền
Preparer

Hồ Bửu Huân
Accountant

Lê Chánh Đạo
Deputy CEO
18 July 2016

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

EXPLANATION

DHG Pharma explains the movement of Sales and profits of 1H2016 compared to the same period last year, details as follows:

Unit: VND Mil,

Target	2016		2015		Increase, Decrease			
	Q2	6 months	Q2	6 months	Q2		1H2016	
					Value	%	Value	%
Net Sales	875,574	1,696,345	742,381	1,387,820	133,193	17,94%	308,525	22,23%
PBT	142,014	218,184	198,876	292,851	(56,861)	-28,59%	(74,667)	-25,50%
PAT	121,304	182,135	173,582	246,869	(52,279)	-30,12%	(64,735)	-26,22%

Reasons:

- Profit before tax 1H2016 of the parent company decreased 25,50% y,o,y and profit after tax decreased 26,22% y,o,y, The reason:

In 2015, to stabilize the market, DHG reduce costs for media activities, In 2016, to maintain market share, meet revenue target and the 6 months' net sales growth of 22,23% over the same period, DHG continued investing to promote media activities for key brands, This activity causes short-term impact on profitability and create a foundation for future development of these brands,

DHG Pharma kindly explains,

Trần Ngọc Hiền
Preparer

Hồ Bửu Huân
Accountant

Lê Chánh Đạo
Deputy CEO
July 18, 2016

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 03 – DN

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Co de	Note	For 6-month period ended	
		30.06.2016 VND	30.06.2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		218,183,800,760	292,851,300,544
		Adjustments for:	
02	10,11, 21, 22	27,407,001,379	32,495,637,573
03		(648,187,777)	(249,749,967)
05	33	(4,641,006,262)	(370,629,431)
05	28(b)	(114,441,933,347)	(95,592,244,336)
06	30	5,598,598,698	3,856,327,259
08		131,458,273,451	232,990,641,642
09		89,847,122,706	267,854,100,058
10		(52,314,371,825)	53,734,551,972
11		(50,065,800,543)	(306,504,141,687)
12		(3,778,189,590)	(6,408,061,802)
14		(5,395,198,556)	(4,029,269,490)
15		(18,326,098,389)	(98,950,342,989)
17		(21,281,703,056)	(18,145,583,468)
20		70,144,034,198	120,541,894,236
CASH FLOWS FROM INVESTING ACTIVITIES			
21			
22	10, 12	(30,785,739,669)	(40,555,401,879)
23		7,696,809,375	10,112,190,910
24		(831,174,268,789)	(98,445,654,500)
25		696,642,667,405	-
26		-	-
27		-	-
27		105,380,654,972	72,932,070,818
30		(52,239,876,706)	(55,956,794,651)
CASH FLOWS FROM FINANCING ACTIVITIES			
32		-	-
33		633,486,276,089	837,956,645,140
34		(517,685,776,712)	(748,603,724,370)
36		(304,296,825,000)	(261,462,600,000)
40		(188,496,325,623)	(172,109,679,230)
50		(170,592,168,131)	(107,524,579,645)
60		329,246,389,813	489,229,559,612
61	3		
70		158,654,221,682	381,704,979,967

Trần Ngọc Hiền
Preparer

Hồ Bửu Huân
Accountant

Lê Chánh Đạo
Deputy CEO
18 July 2016

1Form B 09 – DN

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

SEPARATE FINANCIAL STATEMENTS FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2016

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,

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 June 2016, the Company had 1,751 employees (at 31 December 2015: 1,852 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	
			30.06.2016	31.12.2015
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%	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%

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 09 – DN

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.06.2016	31.12.2015
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 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	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%
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%	31,36%

2 MAIN ACCOUNTING POLICIES

2,1 Basis of preparation of separate financial statements

The separate 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 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 31 December 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/QD BTC dated March 20, 2006 (Decision 15) 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 in foreign currencies - Assets and liabilities denominated in foreign currency by currency at the balance sheet date are respectively converted at the exchange rate of foreign currency and the selling rate of commercial banks where the company regularly have transactions at the balance sheet date, The foreign currency accounts in banks at the balance sheet date are translated at the rate of the bank where the company open the foreign currency accounts - Notes 2,5,
- Provision for cleanup costs, restoration and return of premises - as required by Circular 200 since January 1, 2015, the Company established provisions for cleanup costs and restoration costs arise when returning the leased premises – Note 2,19
- Revenue recognition - Revenue is recognized in accordance with substance over form and are allocated according to the goods supplying obligations, When the Company use finished goods, merchandise for promotion customers' conditional to the purchases from the Company, the Company will treat the proceeds as promotional revenue and classified as cost of goods sold Circular 200 also specifies the accounting policy for programs for traditional clients - Notes 2,25 and 2,27
- Financial reserve fund - Since 2015, the financial reserve fund is no longer being used, The remaining balance of the funds were transferred to the investment and development Fund – Note 2,23

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

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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,

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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,

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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,

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,

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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

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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 2015 profit after tax of the Company is approved by the General Meeting of Shareholders as follows:

- Dividend 2015: 35% of par value,
- Deductions for the employee reward, welfare fund: 10% of profit after tax,
- Remuneration of the BOD, Supervisory Board, members of the subcommittees directly under the BOD, the Board secretary: VND5 billion,
- Remaining profit allocate to Investment and Development 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,

2,25 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

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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,

2,30 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,

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3 CASH AND CASH EQUIVALENTS

	30.06.2016 VND	31.12.2015 VND
Cash on hand	8,026,224,541	11,613,242,800
Cash in banks	26,627,997,141	23,633,147,013
Cash equivalents (*)	124,000,000,000	294,000,000,000
	<u>158,654,221,682</u>	<u>329,246,389,813</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

	30.06.2016		31.12.2015	
	Original cost VND	Book value VND	Original cost VND	Book value VND
Term deposits	<u>831,000,000,000</u>	<u>831,000,000,000</u>	<u>507,000,000,000</u>	<u>507,000,000,000</u>

(b) Investments in equity of other entities

	30.06.2016		31.12.2015	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Investment in subsidiaries (*)	117,550,000,000	-	117,550,000,000	-
Investments in associates (**)	3,787,450,000	-	3,787,450,000	-
Investments in equity of other entities (***)	<u>27,908,170,200</u>	<u>(16,500,000,000)</u>	<u>27,908,170,200</u>	<u>(16,500,000,000)</u>
	<u>149,245,620,200</u>	<u>(16,500,000,000)</u>	<u>149,245,620,200</u>	<u>(16,500,000,000)</u>

(*) 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:

	30.06.2016 VND	31.12.2015 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	2,550,000,000	2,550,000,000
SH Pharmaceutical Joint Stock Company	5,000,000,000	5,000,000,000
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	50,000,000,000	50,000,000,000

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DHG Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
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
	117,550,000,000	117,550,000,000

(**) 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:

	30.06.2016 VND	31.12.2015 VND
Vinh Hao Algae Corporation	3,787,450,000	3,787,450,000

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

	Investment value VND
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
	27,908,170,200

Balance as at 31 December 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

	30.06.2016 VND	31.12.2015 VND
Trade receivables from subsidiaries (Note 36(b))	136,694,787,404	166,465,441,184
Trade receivables from third parties	289,473,297,300	381,960,672,410
	426,168,084,704	548,426,113,594

(*) At 30 June 2016, no trade receivable from third parties accounts for 10% or more of total trade receivables,

6 OTHER RECEIVABLES

	30.06.2016		31.12.2015	
	Original cost	Recoverable value	Original cost	Recoverable value
Prepaid sale discount	357,192,591	-	1,879,928,969	-
Interest income receivable	13,733,425,000	-	6,691,565,280	-
Receivables from subsidiaries (Note 36(b))	2,019,418,655	-	-	-

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Receivables from employees	1,530,514,178	-	1,079,415,539	-
Other receivables	6,903,537,701	-	10,389,899,229	-
	<u>24,544,088,125</u>	-	<u>20,040,809,017</u>	-

7 BAD DEBT

	30.06.2016		
	Original cost VND	Recoverable value VND	Provision VND
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover (*)	102,747,927,976	96,723,350,342	6,024,577,634

	31.12.2015		
	Original cost VND	Recoverable value VND	Provision VND
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover (*)	220,403,010,780	214,625,295,638	5,777,715,142

(*) Details of overdue receivables account for 10% or more of total delinquency:

	30.06.2016 VND
Truong Tin Pharmeceutical Ltd,	<u>13,335,912,130</u>

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

	Fiscal period ended 30.06.2016 VND	Fiscal period ended 31.12.2015 VND
Opening balance	5,777,715,142	4,357,578,640
Increase	246,862,492	2,420,136,502
Reverse	-	(1,000,000,000)
Closing balance	<u>6,024,577,634</u>	<u>5,777,715,142</u>

8 INVENTORIES

	30.06.2016		31.12.2015	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Goods in transit	62,541,350,710		62,830,863,204	-
Raw materials	151,275,951,513		162,793,439,478	-
Work in progress	22,883,619,094		9,671,982,095	-
Finished goods	180,922,046,269	871,547,020	173,403,421,194	1,992,804,385
Merchandises	235,299,575,797	485,440,827	191,907,070,587	367,830,345
	<u>652,922,543,383</u>	<u>1,356,987,847</u>	<u>600,606,776,558</u>	<u>2,360,634,730</u>

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

	Fiscal period ended 30.06.2016 VND	Fiscal period ended 31.12.2015 VND
Opening balance	2,360,634,730	4,464,136,213
Increase	-	-
Reversal	(1,003,646,883)	(2,103,501,483)
Closing balance	<u>1,356,987,847</u>	<u>2,360,634,730</u>

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

At 30 June 2016, the Company does not have the value of inventory that is accumulated, poor quality, inability to consume,

9 RECEIVABLES ON LONG-TERM LOANS

	30.06.2016 VND	31.12.2015 VND
Advance to DHG Pharmaceutical One-member Ltd, Co,	292,929,039,707	485,163,454,704
Advance to DHG 1 Printing and Packing One-member Ltd, Co,	97,919,711,037	97,919,711,037
Advance to TVP Pharmaceutical One-member Ltd, Co,	-	2,829,000,000
Advance to HT Pharmaceutical One-member Ltd, Co	-	2,000,000,000
	<u>390,848,750,744</u>	<u>587,912,165,741</u>

10 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 2016	201,008,638,811	232,793,030,506	110,596,867,367	78,754,482,024	623,153,018,708
Increase	-	-	-	-	-
Construction in progress (Note 12)	6,011,839,396	7,752,146,909	3,019,354,545	215,970,000	16,999,310,850
Disposals	(1,479,264,921)	(189,158,563)	(848,795,665)	(710,100,455)	(3,227,319,604)
At 30 June 2016	<u>205,541,213,286</u>	<u>240,356,018,852</u>	<u>112,767,426,247</u>	<u>78,260,351,569</u>	<u>636,925,009,954</u>
Accumulated depreciation					
At 1 January 2016	81,141,966,118	151,381,237,057	70,866,854,085	53,750,856,920	357,140,914,180
Depreciation for the period/year	8,208,684,671	10,413,656,184	6,356,994,214	3,670,906,305	28,650,241,374
Disposals	(1,260,492,025)	(189,158,563)	(848,795,665)	(671,621,100)	(2,970,067,353)
At 30 June 2016	<u>88,090,158,764</u>	<u>161,605,734,678</u>	<u>76,375,052,634</u>	<u>56,750,142,125</u>	<u>382,821,088,201</u>
Net book value					
At 1 January 2016	<u>119,866,672,693</u>	<u>81,411,793,449</u>	<u>39,730,013,282</u>	<u>25,003,625,104</u>	<u>266,012,104,528</u>
At 30 June 2016	<u>117,451,054,522</u>	<u>78,750,284,174</u>	<u>36,392,373,613</u>	<u>21,510,209,444</u>	<u>254,103,921,753</u>

Included in tangible fixed assets as at 30 June 2016 were assets costing VND 157,158 million (at 31 December 2015: VND 124, million),

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
Historical cost				
At 1 January 2016	110,924,939,361	102,821,579,711	8,537,342,805	222,283,861,877
Increase	-	-	-	-
Construction in progress (Note 12)	1,800,000,000	-	4,405,435,000	6,205,435,000
Disposals	(2,436,000,000)	-	-	(2,436,000,000)
At 30 June 2016	<u>110,288,939,361</u>	<u>102,821,579,711</u>	<u>12,942,777,805</u>	<u>226,053,296,877</u>
Accumulated amortisation				
At 1 January 2016	-	10,607,081,023	5,373,037,513	15,980,118,536
Depreciation in the period	-	1,051,881,708	758,335,456	1,810,217,164
Disposals	-	-	-	-
At 30 June 2016	<u>-</u>	<u>11,658,962,731</u>	<u>6,131,372,969</u>	<u>17,790,335,700</u>
Net book value				
At 1 January 2016	110,924,939,361	92,214,498,688	3,164,305,292	206,303,743,341
At 30 June 2016	<u>110,288,939,361</u>	<u>91,162,616,980</u>	<u>6,811,404,836</u>	<u>208,262,961,177</u>

The historical cost of intangible fixed assets of the Company have been fully depreciated but still used in the 30 June 2016 and 31 December 2015 is VND2,917 million,

11 REAL ESTATE INVESTMENT

	House VND
Historical cost	
As at 1 January 2016	38,679,461,157
Disposals	<u>(2,239,708,630)</u>
At 30 June 2016	<u>36,439,752,527</u>
Accumulated depreciation	
At 1 January 2016	10,237,940,002
Depreciation for the period/year	1,321,365,468
Disposals	<u>(1,838,678,413)</u>
At 30 June 2016	<u>9,720,627,057</u>
Net book value	
At 1 January 2016	<u>28,441,521,155</u>
At 30 June 2016	<u>26,719,125,470</u>

Cost of real estate investment of the Company which has been fully depreciated but still in use on 30 June 2016 and 31 December 2015 was VND612,933,335,

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

	30.06.2016 VND	31.12.2015 VND
Construction of Tan Phu Thanh factory	6,244,200,000	6,244,200,000
Construction of effervescent drug factory	4,054,610,000	3,061,360,000
Construction of office of Da Nang branch	3,032,409,114	27,580,000
Renovation of Production Line	2,570,726,870	-
Construction of Raw Materials warehouse	2,315,307,019	-
Construction of office of HCMC branch	1,553,664,706	14,461,818
Construction of office of Gia Lai branch	623,948,774	623,948,774
Construction of finished-product store at General warehouse	208,314,663	3,031,610,782
Office Renovation	58,669,956	-
Construction of office in Thai Nguyen branch	11,818,182	-
Construction of office of Hai Phong branch	-	90,909,091
	<u>20,673,669,284</u>	<u>3,788,510,465</u>

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

	Fiscal period ended 30.06.2016 VND	Fiscal period ended 31.12.2015 VND
Opening balance	13,094,070,465	17,954,990,322
Additions	30,785,739,669	61,420,452,102
Transfers to tangible fixed assets (Note 10(a))	(16,999,310,850)	(48,270,825,808)
Transfers to intangible fixed assets (Note 10(b))	(6,205,435,000)	(8,374,045,680)
Others	(1,395,000)	(239,876,938)
Delete	-	(9,396,623,533)
Closing balance	<u>20,673,669,284</u>	<u>13,094,070,465</u>

13 PREPAID EXPENSES
(a) Short-term prepayments

	30.06.2016 VND	31.12.2015 VND
Operating lease expenses	4,589,102,629	341,400,000
Others expenses	2,406,550,343	2,193,018,542
	<u>6,995,652,972</u>	<u>2,534,418,542</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

	30.06.2016 VND	31.12.2015 VND
Prepaid land rental fees	11,232,364,694	11,405,614,538
Tools	2,276,643,605	2,803,402,447
Leasehold improvements	126,750,798	174,666,020
Others	302,849,304	237,970,236
	<u>13,938,608,401</u>	<u>14,621,653,241</u>

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

Movements in long-term prepaid expenses as follows:

	Fiscal Period ended 30.06.2016 VND	Fiscal Period Ended 31.12.2015 VND
Opening balance	14,621,653,241	46,748,981,443
Increase	849,219,454	2,437,758,294
Allocation	(1,532,264,294)	(3,691,235,246)
Transfers to intangible fixed assets (Note 10(b) (*)	-	(30,873,851,250)
Closing balance	<u>13,938,608,401</u>	<u>14,621,653,241</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 value transferred to intangible fixed assets is the value of leased land which has certificate of land use right,

	Fiscal period ended 30.06.2016 VND	Fiscal period ended 31.12.2015 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

15 SHORT-TERM TRADE PAYABLES

	30.06.2016		31.12.2015	
	Value VND	Payable Value VND	Value VND	Payable Value VND
Payables to subsidiaries (Note 36(b))	26,298,737,033	26,298,737,033	138,574,126,920	138,574,126,920
Payables to related parties (Note 36(b))	2,700,000	2,700,000	-	-
Trade payables to third parties	<u>208,426,310,544</u>	<u>208,426,310,544</u>	<u>191,715,942,857</u>	<u>191,715,942,857</u>
	<u>234,727,747,577</u>	<u>234,727,747,577</u>	<u>330,290,069,777</u>	<u>330,290,069,777</u>

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

	30.06.2016 VND	31.12.2015 VND
Truong Tin Pharmaceutical Ltd, Co,	40,575,317,287	38,175,021,388
Mega Lifesciences (VN) Ltd, Co,	13,944,788,306	42,854,138,507
NOMURA TRADING CO.,LTD	<u>56,161,643,000</u>	<u>18,155,970,000</u>

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.06.2016	31.12.2015
	VND	VND
Value added tax	-	4,070,803,548
Corporate income tax - current	18,992,865,538	1,269,913,016
Personal income tax	484,690,053	1,281,960,137
Others	4,151,262,403	489,034
	<u>23,628,817,994</u>	<u>6,623,165,735</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	4,070,803,548	13,416,553,614	(20,849,485,925)	(3,362,128,763)
VAT on imports	-	20,960,374,521	(20,960,374,521)	-
Import export tax	(561,274,411)	7,468,500,158	(7,659,361,663)	(752,135,916)
Corporate income tax	1,269,913,016	36,049,050,911	(18,326,098,389)	18,992,865,538
Personal income tax	1,281,960,137	12,121,431,931	(12,918,702,015)	484,690,053
Land tax	-	5,592,954,764	(1,441,692,361)	4,151,262,403
Others	489,034	54,409,606	(54,898,640)	-
Total	<u>6,061,891,324</u>	<u>95,663,275,505</u>	<u>(82,210,613,514)</u>	<u>19,514,553,315</u>

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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17 SHORT-TERM ACCRUED EXPENSES

	30.06.2016 VND	31.12.2015 VND
Seminar expenses	5,082,181,907	827,636,363
Interest payable	655,542,140	452,141,998
Marketing and customer care expenses	61,771,776,379	3,196,827,384
Others	16,576,113,565	13,725,390,117
	<u>84,085,613,991</u>	<u>18,201,995,862</u>

18 SHORT-TERM UNREALIZED REVENUE

	30.06.2016 VND	31.12.2015 VND
Revenue unrealized from traditional client program (Note 2,19 and 2,26)	21,906,645,629	3,447,830,110

19 OTHER PAYABLES

	30.06.2016 VND	31.12.2015 VND
Trade union fee	545,363,818	542,914,569
Trade discounts	570,194,804	665,218,581
Other payables	7,896,988,455	8,123,577,173
	<u>9,012,547,077</u>	<u>9,331,710,323</u>

20 SHORT-TERM BORROWINGS

	30.06.2016		31.12.2015	
	Value	Payable Amount	Value	Payable Amount
	VND	VND	VND	VND
Loans from bank (*)	360,000,000,000	360,000,000,000	247,000,000,000	247,000,000,000
Loans from the Company's employees (**)	26,511,706,114	26,511,706,114	23,711,206,737	23,711,206,737
	<u>386,511,706,114</u>	<u>386,511,706,114</u>	<u>270,711,206,737</u>	<u>270,711,206,737</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),

Movement of short-term borrowings:

	At 01,01,2016 VND	Increase VND	Decrease VND	At 30.06.2016 VND
Loans from bank	247,000,000,000	628,000,000,000	(515,000,000,000)	360,000,000,000
Loans from the Company's employees	23,711,206,737	5,486,276,089	(2,685,776,712)	26,511,706,114
	<u>270,711,206,737</u>	<u>633,486,276,089</u>	<u>(517,685,776,712)</u>	<u>386,511,706,114</u>

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:

	Bonus and welfare fund for staffs VND	Bonus for Board of Directors VND	Welfare fund in form of fixed assets VND	Total VND
Opening balance	28,610,527,409	6,727,252,863	34,978,468,180	70,316,248,452
Appropriation to the funds in the period/year	54,299,126,314	5,000,000,000	-	59,299,126,314
Assets formed from the welfare fund	-	-	-	-
Depreciation of assets formed from the welfare fund	-	-	(2,190,138,390)	(2,190,138,390)
Utilisation	(17,584,559,038)	(2,719,707,000)	-	(20,304,266,038)
Closing balance	65,325,094,685	9,007,545,863	32,788,329,790	107,120,970,338

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:

	Science and technology development fund VND	Science and technology development fund in form of fixed assets VND	Total VND
Opening balance	6,519,245,955	23,859,281,631	30,378,527,586
Science and technology development fund used for fixed asset acquisition	(1,658,107,727)	1,658,107,727	-
Depreciation of assets formed from Science and technology development fund	-	(2,184,684,237)	(2,184,684,237)
Liquidation of assets formed from Science and technology development fund	-	(38,479,355)	(38,479,355)
Transferred to subsidiaries	(258,793,700)	-	(258,793,700)
Expenditure during the period	(718,643,318)	-	(718,643,318)
Closing balance	3,883,701,210	23,294,225,766	27,177,926,976

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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23 PROVISION FOR LONG-TERM PAYABLES

	30.06.2016	31.12.2015
	VND	VND
Provision for severance allowances	25,527,599,700	26,270,001,050
Provision for environmental recovery costs	2,204,715,751	1,353,717,787
	<u>27,732,315,451</u>	<u>27,623,718,837</u>

24 OWNERS' CAPITAL

	30.06.2016		31.12.2015	
	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)	(222,380)	(16,121,030,000)
Ordinary shares currently in circulation	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>86,941,950</u>	<u>855,522,270,000</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 30.06.2016		Fiscal Year ended 31.12.2015	
	Number of shares	VND	Number of shares	VND
Opening balance	86,941,950	855,522,270,000	87,154,200	871,187,450,000
Ordinary shares issued	-	-	(212,250)	(15,665,180,000)
Acquisition of shares as treasury shares	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>86,941,950</u>	<u>855,522,270,000</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
Balance at 01 January 2015	871,643,300,000	(455,850,000)	768,665,991,301	66,026,578,871	521,167,607,431	2,227,047,627,603
Treasury share acquired	-	(15,665,180,000)	-	-	-	(15,665,180,000)
Profit for the year	-	-	-	-	542,991,263,137	542,991,263,137
Dividend	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Transfer from Financial Reserve Fund (*)	-	-	66,026,578,871	(66,026,578,871)	-	-
Appropriation to funds	-	-	190,330,702,659	-	(190,330,702,659)	-
Appropriation 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)
Balance at 31 December 2015	871,643,300,000	(16,121,030,000)	1,025,023,272,831	-	542,991,263,137	2,423,536,805,968
Profit for the year	-	-	-	-	182,134,749,849	182,134,749,849
Dividend	-	-	-	-	(304,296,825,000)	(304,296,825,000)
Appropriation to funds	-	-	179,395,311,823	-	(179,395,311,823)	-
Appropriation to bonus and welfare fund	-	-	-	-	(54,299,126,314)	(54,299,126,314)
Appropriation to Board of Directors bonus fund	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Balance at 30 June 2016	871,643,300,000	(16,121,030,000)	1,204,418,584,654	-	182,134,749,849	2,242,075,604,503

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

26 DIVIDENDS

In 2016, the Company announced a cash dividend for 2015 at 35% and has conducted payment on 27 May 2016,

27 OFF BALANCE SHEET ITEMS**a) Commitments under operating leases**

Operating lease commitments for the 06 months fiscal period ended 30 June 2016 are explained on note 38,

b) Foreign currencies

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

	30.06.2016 VND	31.12.2015 VND
USD	106,685	246,134
EUR	53,239	37,665
MOP	20	20

28 REVENUE**(a) Net Sale**

	3 month fiscal period ended		6 month fiscal period ended	
	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND
Sales				
Sales of finished goods	427,320,688,117	497,500,378,221	852,152,304,375	903,426,138,811
Sales of merchandise goods	504,584,007,916	337,435,109,676	938,733,073,885	621,227,439,540
Rental service, sale of scrap	749,377,144	748,365,178	1,478,849,375	1,391,781,543
	<u>932,654,073,177</u>	<u>835,683,853,075</u>	<u>1,792,364,227,635</u>	<u>1,526,045,359,894</u>
Sales deductions				
Trade discounts	49,541,496,712	80,130,971,968	85,242,806,500	119,499,250,406
Sales returns	7,538,817,126	13,172,296,885	10,776,331,925	18,725,967,358
	<u>57,080,313,838</u>	<u>93,303,268,853</u>	<u>96,019,138,425</u>	<u>138,225,217,764</u>
Net sales	<u>875,573,759,339</u>	<u>742,380,584,222</u>	<u>1,696,345,089,210</u>	<u>1,387,820,142,130</u>
In which:				
Sales of finished goods	392,789,063,104	425,966,153,955	795,860,163,838	801,068,050,613
Sales of merchandise goods	482,035,319,091	315,666,065,089	899,006,075,997	585,360,309,974
Rental service, sale of scrap	749,377,144	748,365,178	1,478,849,375	1,391,781,543

(b) Financial income

	3-month period ended		6-month period ended	
	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND
Interest income from deposits at bank	13,162,774,179	6,731,082,029	24,205,624,898	11,604,010,322
Dividend income	90,099,843,249	83,879,754,014	90,236,308,449	83,988,234,014
Realised foreign exchange gains	728,023,286	210,417,233	1,646,195,531	664,420,126
Interest from associates	10,211,586,714	-	10,211,586,714	-
Other financial income	249,752,568	(413,901,032)	249,752,568	123,000
	<u>114,451,979,996</u>	<u>90,407,352,244</u>	<u>126,549,468,160</u>	<u>96,256,787,462</u>

29 COST OF SALES

	3-month period ended		6-month period ended	
	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND
Cost of finished goods sold	208,772,038,337	222,139,841,208	419,423,786,329	421,581,512,220
Cost of merchandises sold	454,386,566,129	290,127,125,801	831,481,033,759	522,267,447,176
Cost of services rendered	628,823,154	642,423,154	1,257,646,308	1,271,246,308
Provision for decline in value of inventories	(1,003,646,883)	-	(1,003,646,883)	-
	<u>662,783,780,737</u>	<u>512,909,390,163</u>	<u>1,251,158,819,513</u>	<u>945,120,205,704</u>

30 FINANCIAL EXPENSES

	3-month period ended		6-month period ended	
	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND
Interest expense	2,978,740,007	2,000,485,791	5,598,598,698	3,856,327,259
Realised foreign exchange losses	987,310,138	1,810,963,656	1,897,965,904	2,705,328,671
Payment discounts	12,594,320,217	11,728,516,385	23,560,756,251	22,345,381,452
Other expenses	15,274,357	15,015,517	59,263,668	43,747,130
	<u>16,575,644,719</u>	<u>15,554,981,349</u>	<u>31,116,584,521</u>	<u>28,950,784,512</u>

31 SELLING EXPENSES

	3-month period ended		6-month period ended	
	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND
Labour costs	37,519,561,857	(3,278,830,837)	74,498,805,238	48,013,747,979
Material costs	2,145,345,539	2,459,398,980	3,983,032,812	3,379,701,623
Tools and supplies expenses	2,147,150,293	605,625,224	2,845,459,620	1,025,638,890
Depreciation expenses of fixed assets	4,144,748,021	3,183,007,178	7,467,459,055	6,451,590,705
Advertising expenses	60,667,256,318	40,004,629,787	110,062,804,298	53,181,889,760
Discount and promotion expenses	3,645,774,257	11,698,771,045	4,877,002,689	21,556,281,479
Seminar expenses	1,020,423,895	1,400,000,000	1,042,073,894	1,400,000,000
Customer care expenses	3,616,269,514	4,866,636,492	7,425,258,647	9,071,763,781
Transportation expenses	21,050,799,924	16,080,717,592	31,907,197,528	19,149,722,706
	<u>135,957,329,618</u>	<u>77,019,955,461</u>	<u>244,109,093,781</u>	<u>163,230,336,923</u>

32 GENERAL ADMINISTRATION EXPENSES

	3-month period ended		6-month period ended	
	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND
Staff expenses	35,094,862,927	32,550,227,461	79,204,415,432	60,195,141,799
Office supply expenses	8,600,000	34,264,883	8,600,000	102,455,239
Tools and instruments	297,651,202	901,571,072	748,203,952	1,495,648,335
Depreciation expenses	1,482,975,297	2,992,370,309	4,053,764,396	5,657,931,521
Taxes, fees and charges	121,025,598	106,176,137	213,670,258	207,692,595
Provision expenses	(255,321,442)	915,790,542	246,862,492	750,250,033
Environmental recovery cost	425,498,982	-	850,997,964	-
Outside services	2,909,563,205	3,518,461,956	5,254,822,392	7,413,506,740
Other expenses	2,736,517,037	6,172,718,878	9,771,996,334	12,388,660,436
	<u>42,821,372,806</u>	<u>47,191,581,238</u>	<u>100,353,333,220</u>	<u>88,211,286,698</u>

33 OTHER INCOME AND EXPENSES

	3-month period ended		6-month period ended	
	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND
Other income				
Proceeds from disposals of fixed assets and other LT assets	4,789,176,648	4,771,418,181	7,696,809,375	10,112,190,910
Rental Income	588,181,817	613,829,759	920,909,090	970,841,337
Commission income	7,960,013,460	10,098,540,706	14,983,963,390	19,173,605,268
Income from promotional expenditures for DHG Pharmaceuticals Ltd,	-	6,983,516,948	-	12,983,516,948
Sundry income	1,138,933,194	1,674,148,663	3,917,700,725	2,879,594,725
	<u>14,476,305,119</u>	<u>24,141,454,257</u>	<u>27,519,382,580</u>	<u>46,119,749,188</u>
Other expenses				
Net book value of fixed assets disposed and deleted	2,175,530,217	4,011,820,204	3,055,803,113	9,741,561,479
Sundry expenses	2,174,047,476	1,365,953,661	2,436,505,042	2,091,202,920
	<u>4,349,577,693</u>	<u>5,377,773,865</u>	<u>5,492,308,155</u>	<u>11,832,764,399</u>
Net other income	<u>10,126,727,426</u>	<u>18,763,680,392</u>	<u>22,027,074,425</u>	<u>34,286,984,789</u>

34 COST OF OPERATIONS BY FACTOR

	6-month period ended	
	30.06.2016 VND	30.06.2015 VND
Material cost	1,149,137,325,233	858,353,193,864
Labour costs	228,298,718,528	159,603,938,026
Depreciation expense of fixed assets	25,892,899,133	26,922,025,148
Outside service expenses	167,188,481,233	122,480,675,431
Other expenses	34,648,355,767	32,839,817,959
	<u>1,605,165,779,894</u>	<u>1,200,199,650,428</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, 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, Since 2014 the normal tax rate is 22% under Decree No, 78/2014/TT-BTC and decrease to 20% starting 01 January 2016,

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:

	3-month period ended		6-month period ended	
	30.06.2015 VND	30.06.2016 VND	30.06.2015 VND	30.06.2016 VND
Net accounting profit before tax	142,014,338,881	198,875,708,647	218,183,800,760	292,851,300,544
Tax calculated at a rate of 20% (2015: 22%)	28,402,867,776	43,752,655,902	43,636,760,152	64,427,286,120
Effect of:				
Expenses not deductible for tax purposes	515,308,917	17,995,270	647,186,129	32,093,437
Income not subject to tax	9,812,366,320	-	9,812,366,320	-
Tax incentives	(18,019,968,650)	(18,477,411,482)	(18,047,261,690)	(18,477,411,483)
Business income tax charge	20,710,574,363	25,293,239,690	36,049,050,911	45,981,968,074

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:

	6 month period ended	
	30.06.2016 VND	30.06.2015 VND
<i>i) Sales of goods and services</i>		
Subsidiaries		
DHG 1 Packaging and Printing One Member Limited Company	316,240,431	158,344,888
DHG Travel One Member Limited Company	1,064,296,756	984,090,909
CM Pharmaceutical One Member Ltd,	19,720,096,790	17,404,537,261
DT Pharmaceutical One Member Ltd,	16,156,791,433	14,204,917,405
HT Pharmaceutical One Member Ltd,	24,435,446,100	16,078,879,283
ST Pharmaceutical One Member Ltd,	27,093,862,284	21,677,205,658
DHG Nature One Member Ltd,	-	750,110,023
SH Pharmaceutical Joint Stock Company	33,911,683,252	26,114,286,640
A&G Pharmaceutical One Member Ltd,	47,067,998,218	22,498,841,829
TOT Pharmaceutical One Member Ltd,	71,200,449,421	50,717,486,616
TG Pharmaceutical One Member Ltd,	13,250,437,599	20,925,606,051
Bali Pharmaceutical One Member Ltd,	20,015,768,866	16,064,677,674
DHG Pharmaceutical One Member Ltd,	169,855,676,724	75,425,736,454
TVP Pharmaceutical One Member Ltd,	10,192,145,448	10,586,106,512
B&T Pharmaceutical One Member Ltd,	19,407,699,359	14,909,030,318
VL Pharmaceutical One Member Ltd,	20,236,878,161	13,760,800,835
	<u>493,925,470,842</u>	<u>322,260,658,356</u>

36 RELATED PARTY TRANSACTIONS (cont)

(a) Related party transactions (cont,)

	6 month period ended	
	30.06.2016 VND	30.06.2016 VND
ii) Purchases of goods and services		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd,	46,209,394,055	40,068,093,379
DHG Travel One Member Ltd,	14,077,666,364	12,336,467,071
DHG Nature One Member Ltd,	-	11,799,633,808
TOT Pharmaceutical One Member Ltd,	224,673,304	491,868,953
DHG Pharmaceutical One Member Ltd,	464,561,501,313	287,412,570,021
	-	-
Associates		
Vinh Hao Algea Corporation	717,050,000	30,800,000
	<u>525,790,285,036</u>	<u>352,139,433,232</u>
iii) Purchase of assets		
Subsidiaries		
DHG Nature One Member Ltd,	-	4,561,681,295
iv) Dividend income		
Subsidiaries		
DHG Packaging and Printing One Member Ltd,	8,556,365,201	39,855,077,920
DHG 1 Packaging and Printing One Member Ltd,	69,187,375	1,604,880,071
DHG Travel One Member Ltd,	1,018,960,957	1,481,234,706
CM Pharmaceutical One Member Ltd,	654,886,490	585,972,072
DT Pharmaceutical One Member Ltd,	1,939,298,020	3,026,392,996
HT Pharmaceutical One Member Ltd,	853,786,842	3,814,414,018
ST Pharmaceutical One Member Ltd,	-	4,352,714,993
DHG Nature One Member Ltd,	1,275,000,000	331,500,000
SH Pharmaceutical Joint Stock Company	1,538,343,416	2,242,189,321
A&G Pharmaceutical One Member Ltd,	2,210,827,450	5,946,675,268
TOT Pharmaceutical One Member Ltd,	693,817,933	232,244,566
TG Pharmaceutical One Member Ltd,	990,249,704	2,909,361,406
Bali Pharmaceutical One Member Ltd,	68,214,526,669	14,986,033,349
DHG Pharmaceutical One Member Ltd,	87,450,668	1,275,672,064
TVP Pharmaceutical One Member Ltd,	959,981,576	796,794,570
B&T Pharmaceutical One Member Ltd,	1,018,037,728	315,287,799
	<u>90,080,720,029</u>	<u>83,756,445,119</u>

36 RELATED PARTY TRANSACTIONS (cont)

(a) Related party transactions (cont.)

v) Interest income

Subsidiaries

ST Pharmaceutical One Member Ltd,	41,723,602	-
DHG Pharmaceutical One Member Ltd,	10,169,863,112	-
	<u>10,211,586,714</u>	-

vi) Long term loan to subsidiaries

(*) Recover/investment project at subsidiaries

Ltd,	DHG 1 Packaging and Printing One Member		-
	DHG Pharmaceutical One Member Ltd,	<u>(192,234,414,997)</u>	<u>48,597,321,167</u>
		<u>(192,234,414,997)</u>	<u>48,597,321,167</u>

Total investment in subsidiaries as follows:

	30.06.2016 VND	31.12.2015 VND
DHG Pharmaceutical One Member Ltd, Contributed charter capital (Note 4(b))	50,000,000,000	5,000,000,000
Advance of capital for the plant construction (Note 9)	<u>292,929,039,707</u>	<u>485,163,454,704</u>
	<u>342,929,039,707</u>	<u>535,163,454,704</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)	<u>97,919,711,037</u>	<u>97,919,711,037</u>
	<u>102,919,711,037</u>	<u>102,919,711,037</u>

(**) Recover of operating leases from subsidiaries

	6 month period ended	
	30.06.2016 VND	30.06.2016 VND
HT Pharmaceutical One Member Ltd.	2,000,000,000	-
TVP Pharmaceutical One Member Ltd.	2,829,000,000	-

vii) Dividend payment

	6 month period ended	
	30.06.2016 VND	30.06.2016 VND
State Capital Investment Corporation ("SCIC")	<u>132,127,887,500</u>	<u>113,252,475,000</u>

36 RELATED PARTY TRANSACTIONS (cont)

(a) Related party transactions (cont.)

viii) Remuneration of key management

	6 month period ended	
	30.06.2016	30.06.2016
	VND	VND
Gross salaries and other benefits	6,084,280,428	7,596,790,861

(b) Closing balance of related parties

	6 month period ended	6 month period ended
	30.06.2016	30.06.2016
	VND	VND

i) Trade receivables (Note 5)

Subsidiaries

DHG 1 Packaging and Printing One Member Ltd.	1,032,000	145,728,000
DHG Travel One Member Ltd.	542,000,000	-
CM Pharmaceutical One Member Ltd.	8,375,493,764	13,470,636,019
DT Pharmaceutical One Member Ltd.	7,176,080,421	5,581,420,887
HT Pharmaceutical One Member Ltd.	9,630,640,155	16,329,487,130
ST Pharmaceutical One Member Ltd.	13,819,551,460	16,278,620,117
SH Pharmaceutical Joint Stock Company	10,030,661,416	10,328,814,061
A&G Pharmaceutical One Member Ltd.	24,031,618,509	23,230,169,374
TOT Pharmaceutical One Member Ltd.	28,460,736,735	36,872,239,339
TG Pharmaceutical One Member Ltd.	4,119,090,484	8,052,492,750
Bali Pharmaceutical One Member Ltd.	11,489,951,203	12,502,161,914
DHG Pharmaceutical One Member Ltd.	43,914,601	-
TVP Pharmaceutical One Member Ltd.	4,799,786,311	3,807,527,880
B&T Pharmaceutical One Member Ltd.	4,869,884,481	8,710,527,880
VL Pharmaceutical One Member Ltd.	9,304,345,864	11,155,691,322
	<u>136,694,787,404</u>	<u>166,465,441,184</u>

(ii) Other receivables (Note 6)

Subsidiaries

DHG Travel One Member Ltd.	69,187,375	-
Bali Pharmaceutical One Member Ltd.	990,249,704	-
B&T Pharmaceutical One Member Ltd.	959,981,576	-
	<u>2,019,418,655</u>	<u>-</u>

(iii) Receivables on long-term loans (Note 9)

Subsidiaries

DHG Pharmaceutical One Member Ltd.	292,929,039,707	485,163,454,704
DHG 1 Packaging and Printing One Member Ltd.	97,919,711,037	97,919,711,037
TVP Pharmaceutical One Member Ltd.	-	2,829,000,000
HT Pharmaceutical One Member Ltd.	-	2,000,000,000
	<u>390,848,750,744</u>	<u>587,912,165,741</u>

36 RELATED PARTY TRANSACTIONS (continued)**(b) Closing balance of related parties (continued)****(iv) Trade accounts payable (Note 15)****Subsidiaries**

DHG 1 Packaging and Printing One Member Ltd.	7,525,764,991,00	10,717,981,462
DHG Travel One Member Ltd.	1,080,473,000,00	
DHG Pharmaceutical One Member Ltd.	17,692,499,042,00	127,856,145,458

Associates

Vinh Hao Algea Corporation	2,700,000,00	-
	<u>26,301,437,033</u>	<u>138,574,126,920</u>

37 STATEMENTS OF CASH FLOWS**(a) Non-cash transactions affecting statement of cash flows**

	<u>6 month period ended</u>	
	<u>30.06.2016</u>	<u>30.06.2015</u>
	VND	VND
Allocation to funds from profit	238,694,438,137	259,705,007,431
Transfer from construction in progress to tangible fixed assets	16,999,310,850	24,915,921,153
Transfer from construction in progress to intangible fixed assets	6,205,435,000	7,962,045,680
Transfer from construction in progress to real estate investment	1,395,000	238,377,438
Transfer from construction in progress to tools, instruments		30,873,851,250
Transfer from prepaid expenses to intangible fixed assets		66,026,578,871

(b) Amounts of net borrowing during the year

	<u>2016</u>	<u>2015</u>
	VND	VND
Borrowings under normal contract	<u>633,486,276,089</u>	<u>837,956,645,140</u>

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

	<u>2016</u>	<u>2015</u>
	VND	VND
Borrowings under normal contract	<u>517,685,776,712</u>	<u>748,603,724,370</u>

38 COMMITMENTS**a) Operating lease commitments**

The Company must prepay the following minimum amount in non-cancellable operating lease contracts:

	30.06.2016	31.12.2015
	VND	VND
Within 1 year	1,803,540,453	1,854,150,976
From 1 to 5 year	14,428,323,624	7,416,603,904
Over 5 year	82,551,262,175	43,338,191,348
	<u>98,783,126,252</u>	<u>52,608,946,228</u>

b) Capital Commitments

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

	30.06.2016	31.12.2015
	VND	VND
Approved but not contracted	8,697,989,843	21,025,105,098
Approved and contracted but not performed	24,256,119,132	16,138,007,212
	<u>32,954,108,975</u>	<u>37,163,112,310</u>

Trần Ngọc Hiền
Preparer

Hồ Bửu Huân
Accountant

Lê Chánh Đạo
Deputy CEO
July 18, 2016