

DHG PHARMACEUTICAL JOINT STOCK COMPANY

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

MSD

DHG PHARMACEUTICAL JOINT STOCK COMPANY

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

TABLE OF CONTENTS

PAGE

Corporate information	1
Statement by the Board of Directors	2
Auditor's review report	3
Consolidated balance sheet (Form B 01a – DN/HN)	5
Consolidated income statement (Form B 02a – DN/HN)	7
Consolidated cash flow statement (Form B 03a – DN/HN)	8
Notes to the consolidated interim financial statements (Form B 09a – DN/HN)	9

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 23rd amendment dated 28 July 2017 was issued by the Planning and Investment Department of Can Tho City.

Board of Management

Mr Hoang Nguyen Hoc	Chairman
Mr Le Dinh Buu Tri	Vice Chairman
Mdm Pham Thi Viet Nga	Member
Mr Doan Dinh Duy Khuong	Member
Mr Tran Chi Liem	Member
Mr Jun Kuroda	Member
Mr Shuhei Tabata	Member
	(resigned on 24 March 2017)
Ms Dang Thi Thu Ha	Member
	(appointed on 28 July 2017)

Board of Directors

Mdm Pham Thi Viet Nga	General Director
Mr Le Chanh Dao	Deputy General Director
Mr Doan Dinh Duy Khuong	Deputy General Director
Ms Nguyen Ngoc Diep	Deputy General Director

Supervisory Board

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

Legal representative Mdm Pham Thi Viet Nga General Director

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

Auditor PwC (Vietnam) Limited

DHG PHARMACEUTICAL JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors of DHG Pharmaceutical Joint Stock Company ("the Company") is responsible for preparing the consolidated interim financial statements of the Company and its subsidiaries (together "the Group") which give a true and fair view of the financial position of the Group as at 30 June 2017 and the results of its operations and cash flows for the six-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable the consolidated interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 5 to 42 which give a true and fair view of the financial position of the Group as at 30 June 2017 and of the results of operations and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements.

On behalf of the Board of Directors



Pham Thi Viet Nga
General Director

Can Tho City, SR Vietnam
11 August 2017



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF DHG PHARMACEUTICAL JOINT STOCK COMPANY

We have reviewed the accompanying consolidated interim financial statements of DHG Pharmaceutical Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which were prepared on 30 June 2017 and approved by the Board of Directors on 11 August 2017. These consolidated interim financial statements comprise the consolidated balance sheet as at 30 June 2017, the consolidated income statement, the consolidated cash flow statement for the six-month period then ended and explanatory notes to these consolidated interim financial statements including significant accounting policies, as set out on pages 5 to 42.

The Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and the true and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements and for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not presented fairly, in all material respects, the financial position of the Group as at 30 June 2017, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements.



Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 20 March 2017. In addition, the consolidated interim financial statements of the Group for the 6-month period ended 30 June 2016 were reviewed by this auditor who expressed an unmodified conclusion on those statements on 12 August 2016.

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No. 0875-2017-006-1
Authorised signatory

Review report number: HCM6367
Ho Chi Minh City, 11 August 2017

As indicated in Note 2.1 to the consolidated interim financial statements, the accompanying consolidated interim 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, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 30.6.2017 VND	As at 31.12.2016 VND
100	CURRENT ASSETS		3,006,638,811,845	2,751,816,555,142
110	Cash and cash equivalents	3	752,770,447,004	603,188,961,343
111	Cash		89,793,066,032	270,265,069,467
112	Cash equivalents		662,977,380,972	332,923,891,876
120	Short-term investments	4(a)	812,603,000,000	703,731,000,000
123	Investments held-to-maturity		812,603,000,000	703,731,000,000
130	Short-term receivables		659,409,818,250	692,280,925,032
131	Short-term trade accounts receivable	5	546,867,201,677	622,748,103,096
132	Short-term prepayments to suppliers		49,231,724,678	23,277,764,848
135	Short-term lending	6	44,188,505,865	34,213,970,916
136	Other short-term receivables	7	38,211,582,708	25,533,168,273
137	Provision for doubtful debts – short-term	8	(19,089,196,678)	(13,492,082,101)
140	Inventories	9	753,368,975,942	732,860,670,514
141	Inventories		755,021,669,661	734,557,083,279
149	Provision for decline in value of inventories		(1,652,693,719)	(1,696,412,765)
150	Other current assets		28,486,570,649	19,754,998,253
151	Short-term prepaid expenses	10(a)	7,865,721,969	4,212,568,934
152	Value Added Tax to be reclaimed		4,908,328,984	1,488,901,617
153	Other taxes receivable	11(a)	15,712,519,696	14,053,527,702
200	LONG-TERM ASSETS		1,199,261,011,465	1,199,269,175,705
210	Long-term receivables		13,775,715,894	5,099,472,109
215	Long-term lending	6	13,775,715,894	5,099,472,109
220	Fixed assets		1,070,659,939,822	1,103,433,387,404
221	Tangible fixed assets	12(a)	808,529,544,371	841,468,707,693
222	Cost		1,357,553,245,637	1,356,813,642,277
223	Accumulated depreciation		(549,023,701,266)	(515,344,934,584)
227	Intangible fixed assets	12(b)	262,130,395,451	261,964,679,711
228	Cost		287,442,944,642	284,512,652,922
229	Accumulated amortisation		(25,312,549,191)	(22,547,973,211)
240	Long-term assets in progress	13	26,023,103,375	17,160,871,337
242	Construction in progress		26,023,103,375	17,160,871,337
250	Long-term investments	4(b)	14,357,236,561	15,744,151,251
252	Investments in associates		3,546,162,405	4,335,981,051
253	Investments in other entities		27,908,170,200	27,908,170,200
254	Provisions for long-term investments		(17,097,096,044)	(16,500,000,000)
260	Other long-term assets		74,445,015,813	57,831,293,604
261	Long-term prepaid expenses	10(b)	28,662,164,706	22,760,003,178
262	Deferred income tax assets	14	45,782,851,107	35,071,290,426
270	TOTAL ASSETS		4,205,899,823,310	3,951,085,730,847

The notes on pages 9 to 42 are an integral part of these consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 30.6.2017 VND	As at 31.12.2016 VND
300	LIABILITIES		1,358,347,021,460	1,056,846,628,468
310	Short-term liabilities		1,295,726,017,752	999,246,213,836
311	Short-term trade accounts payable	15	228,859,068,608	291,703,470,691
312	Short-term advances from customers		12,915,625,557	17,652,215,300
313	Tax and other payables to the State Budget	11(b)	13,881,097,205	28,741,951,050
314	Payable to employees		114,251,822,317	170,798,955,402
315	Short-term accrued expenses	16	40,569,775,469	29,959,680,555
318	Short-term unearned revenue	17	29,263,350,396	31,687,812,617
319	Other short-term payables	18	38,191,989,927	6,558,475,458
320	Short-term borrowings	19	691,600,000,000	354,765,428,463
322	Bonus and welfare funds	20	126,193,288,273	67,378,224,300
330	Long-term liabilities		62,621,003,708	57,600,414,632
342	Provision for long-term liabilities	22	36,258,320,281	33,379,107,808
343	Science and technology development funds	21	26,362,683,427	24,221,306,824
400	OWNERS' EQUITY		2,847,552,801,850	2,894,239,102,379
410	Capital and reserves		2,847,552,801,850	2,894,239,102,379
411	Owners' capital	23, 24	1,307,460,710,000	871,643,300,000
411a	- Ordinary shares with voting rights		1,307,460,710,000	871,643,300,000
412	Share premium	23, 24	6,778,948,000	6,778,948,000
418	Investment and development fund	24	1,095,180,949,549	1,220,561,708,767
421	Undistributed earnings	24	404,585,407,496	761,094,896,749
421a	- Undistributed post-tax profits of the previous years		45,652,592,032	50,993,468,583
421b	- Post-tax profit of current period/year		358,932,815,464	710,101,428,166
429	Non-controlling interests	26	33,546,786,805	34,160,248,863
440	TOTAL RESOURCES		4,205,899,823,310	3,951,085,730,847


Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief AccountantPham Thi Viet Nga
General Director
11 August 2017

CONSOLIDATED INCOME STATEMENT

Code	Note	For the six-month period ended	
		30.6.2017 VND	30.6.2016 VND
01	Sales	1,987,513,385,555	1,839,917,223,193
02	Less deductions	(179,448,605,011)	(148,781,538,355)
10	Net sales	1,808,064,780,544	1,691,135,684,838
11	Cost of sales	(991,667,607,331)	(935,198,966,477)
20	Gross profit	816,397,173,213	755,936,718,361
21	Financial income	39,798,550,082	27,551,548,396
22	Financial expenses	(45,154,187,600)	(39,203,108,678)
23	- Including: Interest expenses	(10,652,258,756)	(5,598,598,698)
24	Loss sharing from investments in associates	(789,818,646)	(456,323,759)
25	Selling expenses	(293,824,965,075)	(287,888,783,155)
26	General and administration expenses	(165,582,184,073)	(130,684,526,502)
30	Net operating profit	350,844,567,901	325,255,524,663
31	Other income	3,122,218,876	25,138,405,028
32	Other expenses	(2,029,999,536)	(11,843,734,696)
40	Net other income	1,092,219,340	13,294,670,332
50	Net accounting profit before tax	351,936,787,241	338,550,194,995
51	Business income tax - current	(2,970,020,194)	(35,651,618,938)
52	Business income tax - deferred	10,711,560,681	4,264,082,965
60	Net profit after tax	359,678,327,728	307,162,659,022
	Attributable to:		
61	Owners of the parent company	358,932,815,464	306,053,444,635
62	Non-controlling interests	745,512,264	1,109,214,387
70	Earnings per share	2,452	2,015
71	Diluted earnings per share	2,452	2,015



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant




Pham Thi Viet Nga
General Director
11 August 2017

CONSOLIDATED CASH FLOW STATEMENT
 (Indirect method)

Code	Note	For the six-month period ended	
		30.6.2017 VND	30.6.2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		351,936,787,241	338,550,194,995
		Net profit before tax	
		Adjustments for:	
02		46,150,474,756	47,470,211,142
03		10,409,523,799	48,545,783
04		(195,171,278)	-
05	33	(727,244,949)	(4,641,006,262)
05	28(b)	(37,704,012,991)	(25,652,825,520)
05		789,818,646	456,323,759
06	30	10,652,258,756	5,598,598,698
07			
	32	7,000,000,000	-
08		388,312,433,980	361,830,042,595
09		37,948,289,883	107,568,623,376
10		(20,464,586,382)	(47,740,327,575)
11		(122,287,735,746)	38,737,698,921
12		(9,399,353,106)	424,303,910
14		(10,757,849,398)	(5,395,198,556)
15		(10,126,979,896)	(26,855,480,493)
17	11	(43,740,861,233)	(29,985,977,135)
20		209,483,358,102	398,583,685,043
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(26,829,129,686)	(43,166,443,242)
22		952,818,195	7,696,809,375
23		(856,884,637,715)	(833,900,163,593)
24		729,165,858,981	493,828,388,929
27		32,557,405,485	18,420,057,024
30		(121,037,684,740)	(357,121,351,507)
CASH FLOWS FROM FINANCING ACTIVITIES			
33		1,383,813,007,336	633,486,276,089
34		(1,017,643,696,928)	(517,685,776,712)
36	24	(305,075,155,000)	(305,521,825,000)
40		61,094,155,408	(189,721,325,623)
50		149,539,828,770	(148,258,992,087)
60	3	603,188,961,343	420,712,811,918
61		41,656,891	-
70	3	752,770,447,004	272,453,819,831

Major non-cash transactions in the period were disclosed in Note 39.

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant

Pham Thi Viet Nga
General Director
11 August 2017



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

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/QĐ-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 2017, the Company increased the share capital to VND1,307,460,710,000 by issuing bonus shares to existing shareholders at ratio 2:1. The Company was granted the 23rd amended Business registration certificate dated 28 July 2017 for the increase in share capital.

The principal activities of the Company and its subsidiaries are to produce and trade in pharmaceutical products and providing domestic travelling services.

The Group's normal business cycle is within 12 months.

As at 30 June 2017, the Group had 3,071 employees (as at 31 December 2016: 2,944 employees).

The consolidated interim financial statements for the six-month period ended 30 June 2017 comprise of the financial statements of the Company and its subsidiaries (together the "Group") and the Group's interest in an associate as listed below:

Name	Principal activities	Business registration certificate	% of ownership and voting rights	
			2017	2016
Subsidiaries:				
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%
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 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 Packaging and Printing 1 One Member Limited Company	Manufacture and trade packaging, plastic, aluminum, paper for pharmaceutical industry; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%
Fuji Medic Limited Liability Company	Activities of polyclinics, speciality and dental clinics	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	51%

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business registration certificate	% of ownership and voting rights	
			2017	2016
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%
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%
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%
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%
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%
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%
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%
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%
Associate: 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%

1 GENERAL INFORMATION (continued)

(*) On 3 October 2016, the Board of Management of the Company approved the transformation of subsidiaries into branches as below:

- Approved the dissolution of subsidiaries.
- Approved the establishment of branches under the parent company to continue the entire operation of the subsidiaries after the dissolution.
- The conversion date is 31 December 2016. From 1 January 2017, these subsidiaries operate as branches under the parent company.

At the approval date of these consolidated interim financial statements, the dissolution procedures for A&G Pharmaceutical One Member Limited Company have been completed and dissolution procedures for remaining subsidiaries are still in process.

(**) On 19 June 2017, the Board of Management of the Company approved to change the policy for dissolution to the policy on transfer of the whole charter capital of TOT Pharmaceutical One Member Limited Company through an open bidding (Note 41).

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of consolidated interim financial statements**

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

The accompanying consolidated interim 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 Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2.2 Fiscal year

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

2.3 Basis of consolidation

The Group prepared its consolidated interim financial statements in accordance with Circular 202/2014/TT-BTC - Guiding on the preparation and presentation of consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Basis of consolidation (continued)*****Subsidiaries (continued)***

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

The divestment of Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received of divestment of Group's interest in a subsidiary is recorded directly in the undistributed earnings under equity.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Use of estimates

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

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Currency**

The consolidated interim financial statements are measured and presented in Vietnamese Dong ("VND").

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.6 Cash and cash equivalents

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

2.7 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by 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) Investments held-to-maturity**

Investments held-to-maturity are investments which the Group's management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits for interest earning. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Investments (continued)****(b) Investments in associates**

Investments in associates are accounted using the equity method when preparing the consolidated financial statements (Note 2.3).

(c) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

2.10 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets 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 – 50 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 10 years
Office equipment	2 – 10 years
Software	3 – 8 years

Land use rights with definite terms are amortised using the straight-line method over the terms indicated in the land use right certificates. Land use rights with indefinite useful life are recorded at historical cost and are not depreciated.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Leased assets**

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

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.15 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.

2.16 Provisions

Provisions are recognised when: the Group 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. Provision is 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, provision will be measured at the 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 an interest expense.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.18 Provision for dismantling and restoration costs

According to Circular 200, since 1 January 2015, the Group is required to provide for dismantling and restoration costs of the Group's leased premises and lands. This provision is determined based on the estimated dismantling and restoration costs incurred at the time of returning the premises and lands in future and recognised on a straight-line basis over the period from 1 January 2015 to the time of returning the premises and lands.

2.19 Unearned revenue

Unearned revenue represents the fair value of goods and services provided to customers for free or at discount in the customer loyalty programs. The Group records unearned revenue for the future obligations that the Group has to conduct.

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 with which the Socialist Republic of Vietnam has not signed any double taxation 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 profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of 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 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Share capital**

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Undistributed earnings record the Group's results (profit, loss) after business income tax at the reporting date.

2.22 Funds

The Group's funds are as below:

(a) Development and investment fund

Development and investment fund is appropriated from net profit of the Group and approved by shareholders at the Annual General Meeting.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the net profit of the Group and approved by shareholders at the Annual General Meeting.

2.23 Dividend distribution

The Group's net profit after tax could be distributed to shareholders after approval by shareholders at the Annual General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

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 Annual General Meeting.

Appropriation of the Group's net profit after tax of the year 2016 was approved by shareholders at the Annual General Meeting as follows:

- Dividends declared for year 2016: 35% of par value.
- Appropriation to the bonus and welfare fund: 12% of net consolidated profit after tax.
- Remuneration payment for Board of Management, sub-committees under Board of Management and Board of Management secretary: VND5 billion.
- Bonus for Board of Management, Supervisory Board, sub-committees under Board of Management and Board of Management secretary, Board of Directors and key management personnel: 5% of the increase in net consolidated profit after tax.
- Remaining net consolidated profit after tax was appropriated to the investment and development fund.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition****(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers' purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

(b) Rendering of services

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2.25 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the financial statements are recorded as deduction of revenue of the period.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.26 Customer loyalty programs**

Revenue is recognised at total consideration received less fair value of goods and services which are provided to customers for free or at discount. Fair value amounts of goods and services provided for free or at discount are recognised as unearned revenue. If customers do not meet the required conditions stated in the customer loyalty programs at the end of the programs and hence, are not entitled to the free or discounted goods and services, the unearned revenue is realised into the income statement.

When customers meet all the required conditions and the Group is the one providing the free or discounted goods and services to customers, the unearned revenue is realised into the Group's income statement at the time that obligations to customers are fulfilled, which means, goods are delivered and services are rendered to customers.

When customers meet all the required conditions and the obligations of providing the free or discounted goods and services to customers are carried out by a third party: If the Group does not act as an agent of the third party, the unearned revenue is realised into the Group's income statement at the time that the third party provides the free or discounted goods and services to customers. If the Group acts as an agent of the third party, the Group recognises revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers.

2.27 Cost of sales

Cost of goods sold or cost of services are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.28 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences and payment discounts.

2.29 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include salary expenses for salesman, publicity expenses, goods display and introduction expenses, advertising expenses, sales commission, maintenance charges, costs of packing and transportation.

2.30 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses for administrative staff (salaries, wages, allowances...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, licence tax, provision for bad debts, outside services and other cash expenses.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group 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 Group for the purposes of disclosure since they do not influence, or are not influenced by, the Group.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

2.32 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's financial statements in order to help users of financial statements understand and evaluate the Group's operations in a comprehensive way.

3 CASH AND CASH EQUIVALENTS

	30.6.2017	31.12.2016
	VND	VND
Cash on hand	16,939,965,940	17,132,249,688
Cash at bank	72,853,100,092	253,132,819,779
Cash equivalents (*)	662,977,380,972	332,923,891,876
	<u>752,770,447,004</u>	<u>603,188,961,343</u>

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

4 INVESTMENTS

(a) Short-term investments

Investments held-to-maturity

	30.6.2017		31.12.2016	
	Historical cost VND	Book value VND	Historical cost VND	Book value VND
Term deposits	812,603,000,000	812,603,000,000	703,731,000,000	703,731,000,000

As at 30 June 2017, investments held-to-maturity of VND446 billion were used as collateral assets for short-term loans from bank (Note 19).

(b) Long-term investments

	30.6.2017		31.12.2016	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Investments in associates (*)	3,546,162,405	-	4,335,981,051	-
Investments in other entities (**)	27,908,170,200	(17,097,096,044)	27,908,170,200	(16,500,000,000)
	31,454,332,605	(17,097,096,044)	32,244,151,251	(16,500,000,000)

As at 30 June 2017 and 31 December 2016, fair values of long-term investments in other entities were not available as these entities' shares are not publicly traded, except for Cuu Long Pharmaceutical Joint Stock Company as this entity's shares are listed on Ho Chi Minh Stock Exchange since 2008. Fair values of this investment as at 30 June 2017 and 31 December 2016 were VND149,587,200 and VND165,110,400, respectively.

(*) Percentages of ownership and voting rights in associates are presented in Note 1. Details of investments in associates are as follow:

	30.6.2017 VND	31.12.2016 VND
Vinh Hao Algae Processing Joint Stock Company	3,546,162,405	4,335,981,051

Movements in investments in associates in the period/year were as follows:

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Beginning of period/year	4,335,981,051	4,523,885,342
Loss sharing	(789,818,646)	(187,904,291)
Ending of period/year	3,546,162,405	4,335,981,051

4 INVESTMENTS (continued)

(b) Long-term investments (continued)

(**) Details of other long-term investments as at 30 June 2017 and 31 December 2016 are as follow:

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

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2017 VND	31.12.2016 VND
Third parties	<u>546,867,201,677</u>	<u>622,748,103,096</u>

As at 30 June 2017 and 31 December 2016, there was no short-term trade account receivable from third parties accounting for 10% or more of total short-term trade accounts receivable balance.

6 LENDING

The balances of short-term lending and long-term lending as at 30 June 2017 and 31 December 2016 represent interest free loans granted to customers in accordance with the Group's capital support scheme.

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2017		31.12.2016	
	Value VND	Provision VND	Value VND	Provision VND
Interest income receivable	20,735,173,928	-	15,588,566,422	-
Receivables from employees	9,312,804,077	-	1,837,560,698	-
Prepaid trade discounts	253,366,514	-	197,969,103	-
Other receivables	7,910,238,189	-	7,909,072,050	-
	<u>38,211,582,708</u>	<u>-</u>	<u>25,533,168,273</u>	<u>-</u>

8 DOUBTFUL DEBTS

	30.6.2017		
	Historical cost VND	Recoverable amount VND	Provision VND
Total amount of receivables past due	220,058,330,853	200,969,134,175	(19,089,196,678)
	31.12.2016		
	Historical cost VND	Recoverable amount VND	Provision VND
Total amount of receivables past due	157,309,867,394	143,817,785,293	(13,492,082,101)

As at 30 June 2017 and 31 December 2016, there was no receivable that was not past due but doubtful.

As at 30 June 2017 and 31 December 2016, there was no receivable accounting for 10% or more of total past due receivable amount.

Movements in provision for doubtful debts in the period/year were as follows:

	Six-month period ended 30.06.2017 VND	Year ended 31.12.2016 VND
Beginning of period/year	13,492,082,101	10,987,369,519
Increase	5,597,114,577	2,695,803,165
Reversal	-	(191,090,583)
End of period/year	19,089,196,678	13,492,082,101

9 INVENTORIES

	30.6.2017		31.12.2016	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Goods in transit	87,077,559,043	-	60,597,811,325	-
Raw materials	269,115,630,724	-	235,989,641,851	-
Work in progress	46,783,142,848	-	32,650,192,227	-
Finished goods	280,002,579,395	(1,652,693,719)	259,215,081,061	(1,348,938,937)
Merchandises	72,042,757,651	-	146,104,356,815	(347,473,828)
	755,021,669,661	(1,652,693,719)	734,557,083,279	(1,696,412,765)

9 INVENTORIES (continued)

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

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Beginning of period/year	1,696,412,765	3,011,372,184
Reversal	(43,719,046)	(1,314,959,419)
End of period/year	<u>1,652,693,719</u>	<u>1,696,412,765</u>

The provision of inventories was made for inventories of which costs were higher than net realisable value.

As at 30 June 2017 and 31 December 2016, the Group did not have any slow moving, damaged or sub-standard inventories.

10 PREPAID EXPENSES**(a) Short-term prepaid expenses**

	30.6.2017 VND	31.12.2016 VND
Operating lease	2,962,504,951	30,818,180
Others	4,903,217,018	4,181,750,754
	<u>7,865,721,969</u>	<u>4,212,568,934</u>

Short-term prepaid expenses are allocated within 12 months or a normal business cycle since the time of prepayment.

(b) Long-term prepaid expenses

	30.6.2017 VND	31.12.2016 VND
Tools and supplies	11,317,421,998	6,810,300,852
Prepaid land rental fees	10,886,040,348	11,059,114,850
Leasehold improvements	212,876,424	111,109,236
Others	6,245,825,936	4,779,478,240
	<u>28,662,164,706</u>	<u>22,760,003,178</u>

Long-term prepaid expenses are allocated in a period of more than 12 months or a normal business cycle since the time of prepayment.

10 PREPAID EXPENSES (continued)

(b) Long-term prepaid expenses (continued)

Movements in long-term prepaid expenses in the period/year are as follows:

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Beginning of period/year	22,760,003,178	28,312,322,417
Increase	10,314,533,021	10,064,079,501
Allocation in the period/year	(4,412,371,493)	(15,547,138,374)
Disposal	-	(69,260,366)
End of period/year	<u>28,662,164,706</u>	<u>22,760,003,178</u>

11 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	As at 1.1.2017 VND	Receivable in the period VND	Paid in the period VND	As at 30.6.2017 VND	
a. Receivables					
VAT receivables	6,821,963,746	(22,573,430,899)	23,263,449,912	7,511,982,759	
Business income tax	5,831,969,421	(2,293,047,949)	205,766,821	3,744,688,293	
Personal income tax	703,410,883	(29,317,446,013)	31,453,153,885	2,839,118,755	
Import/export duties	696,183,652	(6,243,114,525)	7,163,660,762	1,616,729,889	
	<u>14,053,527,702</u>	<u>(60,427,039,386)</u>	<u>62,086,031,380</u>	<u>15,712,519,696</u>	
	As at 1.1.2017 VND	Payable in the period VND	Refunded in the period VND	Paid in the period VND	As at 30.6.2017 VND
b. Payables					
VAT on domestic sales	15,519,770,388	39,833,118,113	-	(45,742,765,575)	9,610,122,926
Business income tax	9,890,547,894	676,972,245	538,338,330	(9,921,213,075)	1,184,645,394
Personal income tax	3,331,632,768	4,407,986,286	172,344,809	(7,466,322,988)	445,640,875
Land tax, land use tax	-	5,578,214,735	-	(2,937,526,725)	2,640,688,010
Other taxes	-	156,894,560	-	(156,894,560)	-
	<u>28,741,951,050</u>	<u>50,653,185,939</u>	<u>710,683,139</u>	<u>(66,224,722,923)</u>	<u>13,881,097,205</u>

12 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2017	520,491,998,475	584,082,620,408	176,281,285,316	75,957,738,078	1,356,813,642,277
New purchases	-	2,451,423,675	-	-	2,451,423,675
Transfers from construction in progress (Note 13)	97,376,543	10,955,028,616	1,121,411,105	411,365,989	12,585,182,253
Disposals	-	(8,748,903,427)	(580,939,374)	(1,955,549,672)	(11,285,392,473)
Write-off	-	(175,883,862)	(381,912,000)	-	(557,795,862)
Reclassification	-	(548,900,000)	-	(1,904,914,233)	(2,453,814,233)
As at 30 June 2017	520,589,375,018	588,015,385,410	176,439,845,047	72,508,640,162	1,357,553,245,637
Accumulated depreciation					
As at 1 January 2017	126,281,350,476	234,752,559,219	98,531,254,030	55,779,770,859	515,344,934,584
Charge for the period	14,972,595,305	22,377,081,680	7,094,824,249	3,142,279,560	47,586,780,794
Disposals	-	(8,734,820,078)	(369,449,477)	(1,955,549,672)	(11,059,819,227)
Write-off	-	(175,883,862)	(381,912,000)	-	(557,795,862)
Reclassification	-	(441,288,936)	-	(1,849,110,087)	(2,290,399,023)
As at 30 June 2017	141,253,945,781	247,777,648,023	104,874,716,802	55,117,390,660	549,023,701,266
Net book value					
As at 1 January 2017	394,210,647,999	349,330,061,189	77,750,031,286	20,177,967,219	841,468,707,693
As at 30 June 2017	379,335,429,237	340,237,737,387	71,565,128,245	17,391,249,502	808,529,544,371

Cost of fully depreciated tangible fixed assets but still in use as at 30 June 2017 was VND157,433 million (31 December 2016: VND152,963 million).

12 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				
As at 1 January 2017	113,033,150,046	158,390,565,071	13,088,937,805	284,512,652,922
Transfers from construction in progress (Note 13)	-	666,206,720	2,264,085,000	2,930,291,720
As at 30 June 2017	<u>113,033,150,046</u>	<u>159,056,771,791</u>	<u>15,353,022,805</u>	<u>287,442,944,642</u>
Accumulated amortisation				
As at 1 January 2017	-	15,399,463,694	7,148,509,517	22,547,973,211
Charge for the period	-	1,656,205,684	1,108,370,296	2,764,575,980
As at 30 June 2017	<u>-</u>	<u>17,055,669,378</u>	<u>8,256,879,813</u>	<u>25,312,549,191</u>
Net book value				
As at 1 January 2017	<u>113,033,150,046</u>	<u>142,991,101,377</u>	<u>5,940,428,288</u>	<u>261,964,679,711</u>
As at 30 June 2017	<u>113,033,150,046</u>	<u>142,001,102,413</u>	<u>7,096,142,992</u>	<u>262,130,395,451</u>

Cost of fully amortised intangible fixed assets but still in use as at 30 June 2017 and 31 December 2016 was VND2,917,000,000.

13 LONG-TERM ASSETS IN PROGRESS

Construction in progress

	30.6.2017 VND	31.12.2016 VND
Effervescent tablet production factory	12,761,869,885	6,267,835,000
Office and collateral project of DHG Pharmaceutical One Member Limited Company	12,111,247,433	-
Gia Lai office	623,948,774	623,948,774
Head office	526,037,283	2,141,843,739
Thai Nguyen office	-	11,818,182
Machinery and equipment in installation	-	8,115,425,642
	<u>26,023,103,375</u>	<u>17,160,871,337</u>

Movements in construction in progress during the period/year were as follows:

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Beginning of period/year	17,160,871,337	15,722,551,016
Additions	24,377,706,011	118,095,065,265
Transfers to tangible fixed assets (Note 12(a))	(12,585,182,253)	(109,839,029,974)
Transfers to intangible fixed assets (Note 12(b))	(2,930,291,720)	(6,205,435,000)
Transfers to prepaid expenses	-	(23,886,000)
Transfers to tools, supplies	-	(496,913,970)
Disposals	-	(91,480,000)
End of period/year	<u>26,023,103,375</u>	<u>17,160,871,337</u>

14 DEFERRED INCOME TAX ASSETS

The deferred income tax assets mainly arise from deductible temporary differences relating to provisions and unrealised gains arising from consolidation.

	30.6.2017 VND	31.12.2016 VND
Business income tax rate used for determining deferred income tax assets	20%	20%
Deductible temporary differences	228,914,255,535	175,356,452,130
Deferred income tax assets	<u>45,782,851,107</u>	<u>35,071,290,426</u>

15 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2017		31.12.2016	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay Amount VND
Third parties (*)	228,612,568,608	228,612,568,608	291,492,270,691	291,492,270,691
Related parties (Note 37(b)(i))	246,500,000	246,500,000	211,200,000	211,200,000
	<u>228,859,068,608</u>	<u>228,859,068,608</u>	<u>291,703,470,691</u>	<u>291,703,470,691</u>

(*) Suppliers accounting for 10% or more of total trade accounts payable balance are as follows:

	30.6.2017 VND	31.12.2016 VND
Nomura Trading Co., Ltd	33,745,140,000	46,661,401,500
Develing Trade B.V.	28,429,954,839	23,703,336,181
Sang Trading and Pharmaceutical Limited Company	24,480,453,123	22,629,327,315
Mega Lifesciences (Viet Nam) Limited Company	21,623,267,484	26,633,640,634
Truong Tin Pharmaceutical Limited Company	9,633,198,762	56,484,958,549

As at 30 June 2017 and 31 December 2016, there was no short-term trade account payable that was past due.

16 SHORT-TERM ACCRUED EXPENSES

	30.6.2017 VND	31.12.2016 VND
Marketing and customer care expenses	13,867,038,712	2,984,753,722
Seminar expenses	3,280,000,000	12,058,228
Interest expenses	483,544,107	589,134,749
Others	22,939,192,650	26,373,733,856
	<u>40,569,775,469</u>	<u>29,959,680,555</u>

17 SHORT-TERM UNEARNED REVENUE

	30.6.2017 VND	31.12.2016 VND
Unearned revenue for customer loyalty programs (Note 2.19 and 2.26)	<u>29,263,350,396</u>	<u>31,687,812,617</u>

18 OTHER SHORT-TERM PAYABLES

	30.6.2017 VND	31.12.2016 VND
Payables to employees (Note 19)	29,334,738,871	-
Insurance and union fees	901,674,400	988,977,577
Dividend payables	735,000,000	-
Other payables	7,220,576,656	5,569,497,881
	<u>38,191,989,927</u>	<u>6,558,475,458</u>

19 SHORT-TERM BORROWINGS

	30.6.2017		31.12.2016	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay Amount VND
Loans from banks (*)	691,600,000,000	691,600,000,000	323,700,000,000	323,700,000,000
Loans from the Company's employees (**)	-	-	31,065,428,463	31,065,428,463
	<u>691,600,000,000</u>	<u>691,600,000,000</u>	<u>354,765,428,463</u>	<u>354,765,428,463</u>

The movements of short-term borrowings during the period were as follows:

	As at 1.1.2017 VND	Increase VND	Decrease (***) VND	As at 30.6.2017 VND
Loans from banks	323,700,000,000	1,379,900,000,000	(1,012,000,000,000)	691,600,000,000
Loans from the Company's employees	31,065,428,463	3,913,007,336	(34,978,435,799)	-
	<u>354,765,428,463</u>	<u>1,383,813,007,336</u>	<u>(1,046,978,435,799)</u>	<u>691,600,000,000</u>

(*) These loans are secured by term deposits at bank (Note 4(a)) and bear interest at 0.32% to 0.42% per month (2016: from 0.32% to 0.38% per month).

(**) These loans are unsecured and bear interest at 0.375% to 0.57% per month (2016: from 0.375% to 0.57% per month).

(***) Included in total decrease amount, the amount of VND5,643,696,928 was fully paid to employees, the remaining amount of VND29,334,738,871 has not yet been paid and is recognised as other short-term payables as at 30 June 2017.

As at 30 June 2017 and 31 December 2016, there was no short-term borrowing that was past due.

20 BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for Board of Management VND	Welfare fund in form of assets VND	Total VND
As at 1.1.2017	29,226,348,693	7,069,439,369	31,082,436,238	67,378,224,300
Appropriation to the funds	86,125,998,704	14,428,474,553	-	100,554,473,257
Transfers from welfare fund in form of assets	7,519,442,000	-	(7,519,442,000)	-
Depreciation of assets formed from funds	-	-	(1,646,760,132)	(1,646,760,132)
Utilisation	(33,401,441,200)	(6,691,207,952)	-	(40,092,649,152)
As at 30.6.2017	89,470,348,197	14,806,705,970	21,916,234,106	126,193,288,273

21 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular 12/2016/TTLT-BKHCN-BTC dated 28 June 2016, entities are allowed to establish the science and technology development funds for research and development activities. Provision made during the year is charged to expenses. Funds are utilised when disbursements are paid for research and development activities.

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

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
As at 1.1.2017	(5,446,864,017)	29,668,170,841	24,221,306,824
Appropriation to the funds (Note 32)	7,000,000,000	-	7,000,000,000
Utilisation	(2,304,501,511)	-	(2,304,501,511)
Assets formed from science and technology development fund	(2,243,810,364)	2,243,810,364	-
Depreciation of assets formed from science and technology development fund	-	(2,554,121,886)	(2,554,121,886)
As at 30.6.2017	(2,995,175,892)	29,357,859,319	26,362,683,427

22 PROVISIONS FOR LONG-TERM LIABILITIES

	Provision for dismantling and restoration costs of the Group's leased premises or lands VND	Provision for Severance allowances VND	Total VND
As at 1.1.2017	7,593,479,308	25,785,628,500	33,379,107,808
Provision	1,036,345,122	3,222,687,102	4,259,032,224
Utilisation	-	(1,379,819,751)	(1,379,819,751)
As at 30.6.2017	<u>8,629,824,430</u>	<u>27,628,495,851</u>	<u>36,258,320,281</u>

23 OWNERS' CAPITAL

(a) Number of shares

	<u>30.6.2017</u> Ordinary shares	<u>31.12.2016</u> Ordinary shares
Number of shares issued	130,746,071	87,164,330
Number of existing shares in circulation	<u>130,746,071</u>	<u>87,164,330</u>

(b) Details of owners' shareholding

	<u>30.6.2017</u>		<u>31.12.2016</u>	
	Ordinary shares	%	Ordinary shares	%
Shareholding owned by the State	56,626,237	43.31	37,750,825	43.31
Shareholding owned by other owners	74,119,834	56.69	49,413,505	56.69
Number of shares	<u>130,746,071</u>	<u>100</u>	<u>87,164,330</u>	<u>100</u>

(c) Movement of share capital

	<u>30.6.2017</u>		<u>31.12.2016</u>	
	Number of shares	VND	Number of shares	VND
Beginning of period/year	87,164,330	871,643,300,000	86,941,950	855,522,270,000
Bonus shares issued	43,581,741	435,817,410,000	-	-
Treasury shares re-issued	-	-	222,380	16,121,030,000
Ending of period/year	<u>130,746,071</u>	<u>1,307,460,710,000</u>	<u>87,164,330</u>	<u>871,643,300,000</u>

24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2016	871,643,300,000	-	(16,121,030,000)	1,039,479,185,578	605,911,345,691	2,500,912,801,269
Profit for the year	-	-	-	-	710,101,428,166	710,101,428,166
Dividends paid	-	-	-	-	(304,296,825,000)	(304,296,825,000)
Appropriation to reserves	-	-	-	181,082,523,189	(181,082,523,189)	-
Appropriation to bonus and welfare fund	-	-	-	-	(61,607,669,990)	(61,607,669,990)
Appropriation to bonus fund for Board of Management	-	-	-	-	(7,930,858,929)	(7,930,858,929)
Treasury shares re-issued	-	6,778,948,000	16,121,030,000	-	-	22,899,978,000
As at 31 December 2016	871,643,300,000	6,778,948,000	-	1,220,561,708,767	761,094,896,749	2,860,078,853,516
Bonus shares issued (*)	435,817,410,000	-	-	(435,817,410,000)	-	-
Profit for the period	-	-	-	-	358,932,815,464	358,932,815,464
Dividends declared for the year 2016	-	-	-	-	(305,075,155,000)	(305,075,155,000)
Appropriation to reserves	-	-	-	310,436,650,782	(310,436,650,782)	-
Appropriation to bonus and welfare	-	-	-	-	(85,678,223,315)	(85,678,223,315)
Appropriation to bonus fund for Board of Management	-	-	-	-	(14,252,275,620)	(14,252,275,620)
As at 30 June 2017	1,307,460,710,000	6,778,948,000	-	1,095,180,949,549	404,585,407,496	2,814,006,015,045

(*) In April 2017, the Company declared the bonus share issuance to existing shareholders at ratio 2:1 to increase the share capital from the owners' equity and the share capital increase was completed in June 2017.

25 DIVIDENDS

In 2017, the Company has declared dividends of 35% in cash for the year 2016, equivalents to VND305,075,155,000 which were paid on 17 May 2017.

26 NON-CONTROLLING INTERESTS

	Six-month period ended 30.6.2017 VND	Year ended 31.12.2016 VND
Beginning of period/year	34,160,248,863	20,323,225,971
Net profit for the period/year	745,512,264	2,996,068,421
Capital contribution	-	13,204,120,020
Appropriation to bonus and welfare fund	(447,775,389)	(597,631,764)
Appropriation to bonus fund for Board of Management	(176,198,933)	(540,533,785)
Dividends declared	(735,000,000)	(1,225,000,000)
Ending of period/year	<u>33,546,786,805</u>	<u>34,160,248,863</u>

27 OFF BALANCE SHEET ITEMS

a) Operating lease commitment

Minimum lease payments in the future under non-cancellable operating leases are as follows:

	30.6.2017 VND	31.12.2016 VND
Within 1 year	2,711,014,189	5,481,993,358
Between 1 and 5 years	21,688,113,512	21,927,973,432
Over 5 years	118,502,981,141	122,558,946,522
	<u>142,902,108,842</u>	<u>149,968,913,312</u>

b) Foreign currencies

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

	30.6.2017	31.12.2016
USD	951.396	651.214
EUR	7.389	46.884
MOP	-	20
	<u> </u>	<u> </u>

28 REVENUE

(a) Net sales

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Sales		
Sales of finished goods	1,569,070,451,527	1,522,582,244,245
Sales of merchandises	391,358,326,898	308,665,269,018
Others	27,084,607,130	8,669,709,930
	<u>1,987,513,385,555</u>	<u>1,839,917,223,193</u>
Sales deductions		
Trade discounts	174,487,534,844	139,924,955,925
Sales returns	4,961,070,167	8,856,582,430
	<u>179,448,605,011</u>	<u>148,781,538,355</u>
Net sales	<u>1,808,064,780,544</u>	<u>1,691,135,684,838</u>
In which:		
Sales of finished goods	1,398,931,271,823	1,381,986,672,693
Sales of merchandises	382,048,901,591	300,479,302,215
Others	27,084,607,130	8,669,709,930
	<u>1,808,064,780,544</u>	<u>1,691,135,684,838</u>

(b) Financial income

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Interest income from deposits at bank	37,650,747,827	25,497,237,100
Foreign exchange gains	2,094,537,091	1,646,690,560
Dividend income	53,265,164	155,588,420
Others	-	252,032,316
	<u>39,798,550,082</u>	<u>27,551,548,396</u>

29 COST OF SALES

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Cost of finished goods sold	618,673,106,941	643,398,119,181
Cost of merchandises sold	365,213,235,590	286,216,795,010
Cost of services provided	7,824,983,846	6,782,394,574
Provision for decline in value of inventories	(43,719,046)	(1,198,342,288)
	<u>991,667,607,331</u>	<u>935,198,966,477</u>

30 FINANCIAL EXPENSES

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Payment discounts	31,341,369,547	31,329,628,511
Interest expenses	10,652,258,756	5,598,598,698
Foreign exchange losses	2,484,729,794	2,215,617,801
Other expenses	675,829,503	59,263,668
	<u>45,154,187,600</u>	<u>39,203,108,678</u>

31 SELLING EXPENSES

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Staff costs	152,974,813,795	112,767,474,804
Advertising expenses	51,565,889,649	106,696,775,590
Transportation for goods sold	15,169,276,250	12,038,505,907
Depreciation expenses	9,886,448,424	7,997,308,045
Seminar expenses	8,634,031,600	5,823,345,154
Material expenses	5,710,132,453	1,634,469,110
Tools and supplies expenses	3,210,178,122	3,419,309,125
Other expenses	46,674,194,782	37,511,595,420
	<u>293,824,965,075</u>	<u>287,888,783,155</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Staff costs	128,463,140,548	102,315,632,476
Outside service expenses	7,129,396,100	8,200,279,902
Appropriation to science and technology development funds	7,000,000,000	-
Provisions for doubtful debts	5,597,114,577	1,268,677,738
Depreciation expenses	4,823,436,878	5,398,342,268
Material expenses	1,375,394,044	264,378,439
Tools and supplies expenses	1,043,049,397	1,667,426,759
Provision for dismantling and restoration costs	1,036,345,122	764,273,407
Fees and duties	346,235,130	462,272,283
Other expenses	8,768,072,277	10,343,243,230
	<u>165,582,184,073</u>	<u>130,684,526,502</u>

33 OTHER INCOME AND EXPENSES

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Other income		
Gains from disposals of fixed assets	727,244,949	4,641,006,262
Commision income	-	14,984,252,929
Sundry income	2,394,973,927	5,513,145,837
	<u>3,122,218,876</u>	<u>25,138,405,028</u>
Other expenses		
Losses of inventories	-	8,295,694,967
Sundry expenses	2,029,999,536	3,548,039,729
	<u>2,029,999,536</u>	<u>11,843,734,696</u>

34 COST OF OPERATIONS BY FACTOR

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Raw materials	797,036,803,838	778,381,654,986
Labour costs	406,350,124,980	343,200,819,774
Depreciation expenses	45,895,932,910	44,461,162,526
Outside service expenses	83,329,999,422	162,129,456,646
Other expenses	100,000,160,035	44,414,575,443
	<u>1,432,613,021,185</u>	<u>1,372,587,669,375</u>

35 BUSINESS INCOME TAX

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

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Net accounting profit before tax	351,936,787,241	338,550,194,995
Tax calculated at the normal tax rate of 20%	70,387,357,448	67,710,038,999
Effect of:		
Income not subject to tax	(10,653,033)	(31,120,711)
Expenses not deductible for tax purposes	1,825,639,952	2,101,579,151
Tax losses for which no deferred income tax asset was recognised	6,045,369,890	-
(Over-provision)/under-provision in the previous years	(526,404,512)	3,235,225
Tax incentives	(84,533,597,491)	(39,255,500,881)
Adjustments arising from consolidation	(929,252,741)	859,304,190
Business income tax charge (*)	<u>(7,741,540,487)</u>	<u>31,387,535,973</u>
Charged/(credited) to income statement:		
Business income tax - current	2,970,020,194	35,651,618,938
Business income tax - deferred	(10,711,560,681)	(4,264,082,965)
	<u>(7,741,540,487)</u>	<u>31,387,535,973</u>

(*) The Group's business income tax charge for the period is based on estimated taxable income and is subject to review and possible adjustment by the respective local tax authorities.

Applicable tax rates

According to Circular 78/2014/TT-BTC, the standard business income tax decreased to 22% since 1 January 2014 and 20% since 1 January 2016.

The Company

According to the Decision of 3044/QĐ-UBND of the 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 2013 and 22% for the following years. According to Circular 78/2014/TT-BTC, the standard BIT is 20% since 1 January 2016. Accordingly, the applicable tax rate of the Company is 20% in 2017.

*The subsidiaries**DHG Packaging and Printing 1 One Member Limited Company ("DHG Packaging and Printing 1")*

Pursuant to its Business registration certificate, DHG Packaging and Printing 1 has an obligation to pay the BIT at rate of 10% of taxable profits from 2014 to 2028. The company is entitled to the BIT exemption from 2014 to 2017 and a 50% BIT reduction from 2018 to 2026.

35 BUSINESS INCOME TAX (continued)*The subsidiaries (continued)**DHG Pharmaceutical One Member Limited Company (“DHG One Member”)*

Pursuant to its Business registration certificate, DHG One Member has an obligation to pay the BIT at rate of 10% of taxable profits for 15 years since its operation. The company was entitled to the BIT exemption for 4 years commencing from the first year of making profits and a 50% BIT reduction for the following 9 years. The Company has registered to the tax department of Hau Giang province to apply the above tax incentive effective since the financial year 2015.

All the above tax incentives are not applicable to other income which is taxed at the standard rate of 20% for the year 2017.

Except for DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company which are entitled to tax incentives, other subsidiaries in the Group have an obligation to pay the BIT at the standard rate of 20% of taxable profits.

36 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares.

	For the six-month period ended	
	30.6.2017	30.6.2016 (**)
Net profit attributable to shareholders (VND)	358,932,815,464	306,053,444,635
Less amount allocated to bonus and welfare funds (VND) (*)	(38,393,281,546)	(43,070,006,917)
	<u>320,539,533,918</u>	<u>262,983,437,718</u>
Weighted average number of ordinary shares in issue (shares)	130,746,071	86,941,950
Basic earnings per share (VND)	2,452	3,025
Revised weighted average number of ordinary shares in issuance by taking into account the bonus shares issued in June 2017, with the assumption that they were issued at 1 January 2016	130,746,071	130,523,691
Revised basic earnings per share by taking into account the bonus shares issued in June 2017, with the assumption that they were issued at 1 January 2016 (VND)	<u>2,452</u>	<u>2,015</u>

(*) Amount appropriated to bonus and welfare funds for the year 2017 is estimated based on the plan for 2017 profit distribution of the Company approved by shareholders at the Company's Annual General Meeting.

36 EARNINGS PER SHARE (continued)

(a) Basic earnings per share (continued)

(**) Basic earnings per share of the year 2016 were recalculated as per Circular 200 and Circular 202 for comparative purpose as follows:

	For the six-month period ended 30 June 2016		
	As previously reported	Adjustments	As restated under Circular 200 and Circular 202
Amount allocated to bonus and welfare funds (VND)	(30,605,344,464)	(12,464,662,453)	(43,070,006,917)
Weighted average number of ordinary shares in issue (shares)	86,941,950		86,941,950
Basic earnings per share (VND)	3,168		3,025

(b) Diluted earnings per share

The Group does not have potentially dilutive ordinary shares.

37 RELATED PARTY DISCLOSURES

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, the following transactions were carried out with related parties:

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
<i>i) Purchases of goods and services</i>		
Vinh Hao Algae Processing Joint Stock Company – an associate	1,132,250,000	717,050,000
<i>ii) Dividend paid</i>		
The State Capital Investment Corporation ("SCIC")	132,127,887,500	132,127,887,500
Taisho Pharmaceutical Co., Ltd	74,564,224,000	-
Franklin Templeton Investment Funds-Templeton Frontier Markets Fund	26,415,175,500	28,788,735,500
Portal Global Limited	-	21,974,155,000
<i>iii) Remuneration of key management</i>		
Gross salaries and other benefits	9,911,906,264	6,084,280,428

37 RELATED PARTY DISCLOSURES (continued)

(b) Period/year end balances with related parties

	30.6.2017 VND	31.12.2016 VND
i) Short-term trade accounts payable (Note 15)		
Vinh Hao Algae Processing Joint Stock Company – an associate	246,500,000	211,200,000

38 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segment. The primary format, business segment, is based on the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

Business segments

In presenting information on the basis of product segments, segment revenue is disclosed for pharmaceutical products, functional foods and others.

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
Net sales		
Pharmaceutical products	1,344,827,721,313	1,289,887,389,107
Functional foods	199,491,125,649	232,225,544,437
Others	263,745,933,582	169,022,751,294
	<u>1,808,064,780,544</u>	<u>1,691,135,684,838</u>
Cost of sales		
Pharmaceutical products	(659,907,955,669)	(684,688,622,523)
Functional foods	(99,128,266,064)	(120,361,361,000)
Others	(232,631,385,598)	(130,148,982,954)
	<u>(991,667,607,331)</u>	<u>(935,198,966,477)</u>
Gross profit		
Pharmaceutical products	684,919,765,644	605,198,766,584
Functional foods	100,362,859,585	111,864,183,437
Others	31,114,547,984	38,873,768,340
	<u>816,397,173,213</u>	<u>755,936,718,361</u>

39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	For the six-month period ended	
	30.6.2017 VND	30.6.2016 VND
a. Non-cash transactions affecting cash flow statement		
Appropriation to reserves	410,367,149,717	250,621,052,107
Issuance of bonus shares from investment and development fund	435,817,410,000	-
b. Proceeds from borrowings		
Proceeds from borrowings under normal contracts	1,383,813,007,336	633,486,276,089
c. Repayments of borrowings		
Repayments of borrowings under normal contracts	1,017,643,696,928	517,685,776,712

40 COMMITMENTS

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

	30.6.2017 VND	31.12.2016 VND
Approved but not contracted	14,984,592,186	25,292,389,735
Approved and contracted but not implemented	21,310,136,292	31,867,348,447
	36,294,728,478	57,159,738,182


41 SUBSEQUENT EVENTS

On 13 July 2017, the Company has transferred all rights and obligations associated with the equity holding of the Company at TOT Pharmaceutical One Member Limited Company and the transferee has completed the payment on this date.

42 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with this year's presentation.

The consolidated interim financial statements were approved by the Board of Directors on 11 August 2017.


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant



Pham Thi Viet Nga
General Director