



**DHG PHARMACEUTICAL JOINT STOCK
COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

AUDITED SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of DHG Pharmaceutical Joint Stock Company (the "Company") presents this report together with the Company's separate financial statements for the year ended 31 December 2016.

THE BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND SUPERVISORY BOARD

The members of the Board of Management, Supervisory Board and Board of General Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Hoang Nguyen Hoc	Chairman
Mr. Le Dinh Buu Tri	Vice Chairman
Ms. Pham Thi Viet Nga	Member
Mr. Doan Dinh Duy Khuong	Member
Mr. Tran Chi Liem	Member
Mr. Shuhei Tabata	Member
Ms. Dang Pham Minh Loan	Member (Resigned on 20 July 2016)
Mr. Jun Kuroda	Member (Appointed on 15 August 2016)

Supervisory Board

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

Board of General Directors

Ms. 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

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Company is responsible for preparing the separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of General Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimize errors and frauds.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

The Board of General Directors confirms that the Company has complied with the above requirements in preparing these separate financial statements.

For and on behalf of the Board of General Directors,



Le Chanh Dao
Deputy General Director
20 March 2017

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No.: 379 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

**To: The shareholders
The Board of Management, Supervisory Board and Board of General Directors
DHG Pharmaceutical Joint Stock Company**

We have audited the accompanying separate financial statements of DHG Pharmaceutical Company Joint Stock Company (the "Company"), prepared on 20 March 2017 as set out from page 5 to page 35, which comprise the separate balance sheet as at 31 December 2016, the separate income statement and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of General Directors' Responsibility

The Board of General Directors is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting, and for such internal control as the Board of General Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

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INDEPENDENT AUDITORS' REPORT (Continued)

Other matter

The separate financial statements of the Company for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 12 March 2016.



Võ Thái Hòa

Audit Partner

Audit Practising Registration Certificate

No. 0138-2013-001-1

For and on behalf of

Deloitte Vietnam Company Limited

20 March 2017

Ho Chi Minh City, S.R. Vietnam

Nguyễn Thị Thu Sang

Auditor

Audit Practising Registration Certificate

No. 1144-2013-001-1



SEPARATE BALANCE SHEET
As at 31 December 2016

ASSETS	Codes	Notes	Unit: VND	
			Closing balance	Opening balance
A. CURRENT ASSETS	100		2,375,437,113,573	2,031,832,065,087
I. Cash and cash equivalents	110	4	310,837,861,290	329,246,389,813
1. Cash	111		25,209,548,477	35,246,389,813
2. Cash equivalents	112		285,628,312,813	294,000,000,000
II. Short-term financial investments	120	5	694,000,000,000	507,000,000,000
1. Held-to-maturity investments	123		694,000,000,000	507,000,000,000
III. Short-term receivables	130		587,663,605,860	594,243,840,493
1. Short-term trade receivables	131	6	505,395,183,923	548,426,113,594
2. Short-term advances to suppliers	132		19,450,347,218	19,165,999,426
3. Short-term loan receivables	135	12	46,337,054,549	12,388,633,598
4. Other short-term receivables	136	7	22,587,526,950	20,040,809,017
5. Provision for short-term doubtful debts	137	8	(6,106,506,780)	(5,777,715,142)
IV. Inventories	140	9	770,889,142,004	598,246,141,828
1. Inventories	141		772,543,765,702	600,606,776,558
2. Provision for devaluation of inventories	149		(1,654,623,698)	(2,360,634,730)
V. Other short-term assets	150		12,046,504,419	3,095,692,953
1. Short-term prepayments	151	10	2,637,736,253	2,534,418,542
2. Taxes and other receivables from the State budget	153	11	9,408,768,166	561,274,411
B. NON-CURRENT ASSETS	200		1,262,533,382,063	1,252,430,878,671
I. Long-term receivables	210		2,749,472,109	587,912,165,741
1. Long-term loans receivable	215	12	2,749,472,109	587,912,165,741
II. Fixed assets	220		490,337,670,120	472,315,847,869
1. Tangible fixed assets	221	13	284,031,671,199	266,012,104,528
- Cost	222		640,015,468,670	623,153,018,708
- Accumulated depreciation	223		(355,983,797,471)	(357,140,914,180)
2. Intangible assets	227	14	206,305,998,921	206,303,743,341
- Cost	228		226,053,296,877	222,283,861,877
- Accumulated amortisation	229		(19,747,297,956)	(15,980,118,536)
III. Investment properties	230	15	25,567,976,719	28,441,521,155
- Cost	231		36,576,236,140	38,679,461,157
- Accumulated depreciation	232		(11,008,259,421)	(10,237,940,002)
IV. Long-term assets in progress	240		6,903,601,956	13,094,070,465
1. Construction in progress	242	16	6,903,601,956	13,094,070,465
V. Long-term financial investments	250	5	711,488,080,200	132,745,620,200
1. Investments in subsidiaries	251		696,292,460,000	117,550,000,000
2. Investments in joint-ventures, associates	252		3,787,450,000	3,787,450,000
3. Equity investments in other entities	253		27,908,170,200	27,908,170,200
4. Provision for impairment of long-term financial investments	254		(16,500,000,000)	(16,500,000,000)
VI. Other long-term assets	260		25,486,580,959	17,921,653,241
1. Long-term prepayments	261	10	16,425,962,516	14,621,653,241
2. Deferred tax assets	262	17	9,060,618,443	3,300,000,000
TOTAL ASSETS (270=100+200)	270		3,637,970,495,636	3,284,262,943,758

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

SEPARATE BALANCE SHEET (Continued)

As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,299,808,030,648	860,726,137,790
I. Current liabilities	310		1,250,005,950,057	802,723,891,367
1. Short-term trade payables	311	18	645,867,894,117	330,290,069,777
2. Short-term advances from customers	312		13,737,632,713	6,327,390,829
3. Taxes and amounts payable to the	313	11	2,265,214,563	6,623,165,735
4. Payables to employees	314		113,184,224,509	87,474,273,542
5. Short-term accrued expenses	315	19	27,426,200,327	18,201,995,862
6. Short-term unearned revenue	318	20	26,361,586,191	3,447,830,110
7. Other current payables	319	21	5,208,187,098	9,331,710,323
8. Short-term loans	320	22	354,765,428,463	270,711,206,737
9. Bonus and welfare funds	322	23	61,189,582,076	70,316,248,452
II. Long-term liabilities	330		49,802,080,591	58,002,246,423
1. Long-term provisions	342	24	28,803,092,215	27,623,718,837
2. Scientific and technological development fund	343	25	20,998,988,376	30,378,527,586
D. EQUITY	400		2,338,162,464,988	2,423,536,805,968
I. Owner's equity	410	26	2,338,162,464,988	2,423,536,805,968
1. Owner's contributed capital	411		871,643,300,000	871,643,300,000
- Ordinary shares carrying voting rights	411a		871,643,300,000	871,643,300,000
2. Share premium	412		6,778,948,000	-
3. Treasury shares	415		-	(16,121,030,000)
4. Investment and development fund	418		1,204,418,584,654	1,025,023,272,831
5. Retained earnings	421		255,321,632,334	542,991,263,137
- Retained earnings of the current year	421b		255,321,632,334	542,991,263,137
TOTAL RESOURCES (440=300+400)	440		<u>3,637,970,495,636</u>	<u>3,284,262,943,758</u>


Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
20 March 2017

SEPARATE INCOME STATEMENT
 For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		4,057,416,823,295	3,778,188,167,497
2. Deductions	02		310,588,162,555	403,681,280,290
3. Net revenue from goods sold and services rendered (10=01-02)	10	29	3,746,828,660,740	3,374,506,887,207
4. Cost of sales	11	30	2,806,111,845,324	2,416,091,990,072
5. Gross profit from goods sold and services rendered (20=10-11)	20		940,716,815,416	958,414,897,135
6. Financial income	21	32	159,483,404,008	244,290,798,443
7. Financial expenses	22	33	64,947,706,137	69,040,214,925
- In which: Interest expense	23		12,492,351,845	8,701,231,748
8. Selling expenses	25	34	533,649,154,634	371,606,981,440
9. General and administration expenses	26	34	216,501,775,711	185,213,223,571
10. Operating profit (30=20+(21-22)-(25+26))	30		285,101,582,942	576,845,275,642
11. Other income	31	35	17,140,086,685	63,969,146,636
12. Other expenses	32	36	9,963,272,432	4,114,561,637
13. Profit from other activities (40=31-32)	40		7,176,814,253	59,854,584,999
14. Accounting profit before tax (50=30+40)	50		292,278,397,195	636,699,860,641
15. Current corporate income tax expense	51	37	42,717,383,304	93,708,597,504
16. Deferred corporate tax income	52		(5,760,618,443)	-
17. Net profit after tax (60=50-51-52)	60		255,321,632,334	542,991,263,137

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant



Le Chanh Dao
Deputy General Director
20 March 2017




SEPARATE CASH FLOW STATEMENT

For the year ended 31 December 2016


Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	292,278,397,195	636,699,860,641
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	53,270,571,592	56,639,299,171
Provisions	03	4,345,585,034	(1,903,602,177)
Foreign exchange loss arising from translating foreign currency items	04	466,910,163	-
Gain from investing activities	05	(168,972,467,111)	(243,311,132,244)
Interest expense	06	12,492,351,845	8,701,231,748
3. Operating profit before movements in working capital	08	193,881,348,718	456,825,657,139
Decrease in receivables	09	119,272,899,020	159,689,904,306
(Increase)/decrease in inventories	10	(171,440,075,174)	144,381,535,884
Increase/(decrease) in payables	11	593,962,665,320	(240,229,038,196)
Increase in prepaid expenses	12	(1,909,287,325)	(1,055,027,426)
Interest paid	14	(12,355,359,094)	(9,227,527,464)
Corporate income tax paid	15	(49,731,051,237)	(155,599,288,793)
Other cash inflows	16	138,479,355	-
Other cash outflows	17	(69,298,849,675)	(52,443,380,758)
Net cash generated by operating activities	20	602,520,769,908	302,342,834,692
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(92,473,008,537)	(65,367,087,102)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	33,170,817,541	25,648,399,864
3. Cash outflow for lending and term deposits	23	(1,399,756,599,252)	(929,617,538,023)
4. Cash recovered from lending and term deposits	24	1,176,685,160,925	549,664,682,597
5. Equity investments in other entities	25	(205,778,880,580)	-
6. Interest earned, dividends and profits received	27	64,601,808,937	238,469,520,198
Net cash used in investing activities	30	(423,550,700,966)	(181,202,022,466)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from treasury shares reissuance	31	22,899,978,000	-
2. Repurchase of issued shares	32	-	(15,665,180,000)
3. Proceeds from borrowings	33	1,561,815,329,559	1,216,254,694,302
4. Repayment of borrowings	34	(1,477,761,107,833)	(1,122,250,896,327)
5. Dividends and profits paid	36	(304,296,825,000)	(261,462,600,000)
Net cash used in financing activities	40	(197,342,625,274)	(183,123,982,025)
Net decrease in cash (50=20+30+40)	50	(18,372,556,332)	(61,983,169,799)
Cash and cash equivalents at the beginning of the year	60	329,246,389,813	391,229,559,612
Effect of changes in foreign exchange rates	61	(35,972,191)	-
Cash and cash equivalents at the end of the year (70=50+60+61)	70	310,837,861,290	329,246,389,813


Significant non-cash transactions for the year ended 31 December 2016 are presented in Note 40.



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Le Chanh Dao
Deputy General Director
20 March 2017

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS*These notes are an integral part of and should be read in conjunction with the separate financial statements***1. GENERAL INFORMATION****Structure of ownership**

On 2 September 2004, DHG Pharmaceutical Joint Stock Corporation (the "Company") was equitized 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 under the Business Registration Certificate No.5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

In 2014, the Company increased its share capital to VND 871,643,300,000. The Company was granted the 20th amended Business Registration Certificate dated 6 May 2015 for the increase in share capital and the newly amended Business Registration Certificate dated 29 July 2016 issued by the Department of Planning and Investment of Can Tho City.

The Company's shares were listed on Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

The largest shareholder of the Company is The State Capital Investment Corporation ("SCIC") which owned 43.31% of share capital of the Company. SCIC is controlled by the Government of the Socialist Republic of Vietnam.

The Company's head office is located at 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, S.R. Vietnam.

The number of employees of the Company as at 31 December 2016 was 1,738 (as at 31 December 2015: 1,852).

Operating industry and principal activities

The Company's operating industry are to manufacture and sell pharmaceutical products.

The principal activities are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics.

The Company's structure

As at 31 December 2016, the Company's subsidiaries and associate were as follows:

Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
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	Trading 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%
CM Pharmaceutical One Member Limited Company (*)	Trading 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%

DHG PHARMACEUTICAL JOINT STOCK COMPANY
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
Subsidiaries				
ST Pharmaceutical One Member Limited Company (*)	Trading pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 2200286342 issued by the Planning and Investment Department of Soc Trang province on 11 April 2008	100%	100%
HT Pharmaceutical One Member Limited Company (*)	Trading 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%
DT Pharmaceutical One Member Limited Company (*)	Trading 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%
Bali Pharmaceutical One Member Limited Company (*)	Trading pharmaceuticals, medical equipment, 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 (*)	Trading pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1300917335 issued by the Planning and Investment Department of Ben Tre Province on 05 October 2012	100%	100%
TVP Pharmaceutical One Member Limited Company (*)	Trading pharmaceuticals, medical equipment, 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 (*)	Trading pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1500971019 issued by the Planning and Investment Department of Tra Vinh Province on 19 December 2012	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacturing and Trading pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
DHG Packaging and Printing 1 One Member Limited Company	Manufacturing and Trading 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 Company	Operation of polyclinics, specialized and dental clinics.	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	-
Associate				
Vinh Hao Algae Processing Joint Stock Company	Manufacturing and trading spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	31.36%	31.36%

(*) As at 3 October 2016, the Board of Management approved the change of its 11 subsidiaries' business model to become dependent branches, included:

- Approval for dissolution of its 11 subsidiaries.
- Approval for establishment of its 11 dependent branches and transferring of business operation to the branches after subsidiaries' dissolution.
- Cut-off time for financial information was 31 December 2016. Since 1 January 2017, those companies will operate as dependent branches of the Company.

At the date of separate financial statements, the Company is still proceeding necessary procedures for the dissolution of its 11 subsidiaries.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited separate financial statements for the year ended 31 December 2015.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The separate financial statements are prepared solely to present the financial position of the Company as at 31 December 2016, and its separate results of operations and cash flows for the year ended 31 December 2016. Therefore, the Company did not consolidate its investments in subsidiaries and associate in these separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

The separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these separate financial statements, are as follows:

Estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the separate balance sheet date and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investment, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company's Board of General Directors has the positive intent or ability to hold to maturity.

Held-to-maturity investments include term deposits to earn periodic interest (except for term deposits presented in Note "Cash and cash equivalents"). These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the separate income statement on accrual basis.

Loan receivables

Loan receivables are measured at cost less provision. Provision for loan receivables is made in accordance with prevailing accounting regulations.

Investments in subsidiaries and associate

Investment in subsidiaries

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in subsidiaries and associate are initially recognized at cost. The Company's share of the net profit of the investee after acquisition is recognized in the separate income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associate are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associate are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of these investments is made when the entities made lossess, except for loss that was anticipated in their business plan before the date of investment.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.



Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realizable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3,0 - 25,0
Machinery and equipment	1,5 - 20,0
Motor vehicles	3,0 - 10,0
Office equipment	3,0 - 10,0

Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognized in the separate income statement.

Lease

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortization

Intangible assets represent land use rights and computer software that are stated at cost less accumulated amortization.

Definite land use rights are amortized using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortized under prevailing regulations.

Computer software is amortized using the straight-line method from 3 to 8 years.

Investment properties

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Company to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 10 to 15 years.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise leasehold improvement expenses, land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

Land rentals represents the prepaid land rentals. The prepaid land rentals are allocated to the separate income statement using the straight-line method over the lease term.

Others have been capitalized as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of General Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each period of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each financial year. The increase or decrease in the accrued amount shall be recorded in the income statement.

Provision for dismantling and restoration costs

In accordance with Circular 200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

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. Unearned revenue is recognized for the portion of obligation that the Company has not yet fulfilled to customers.

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Revenue recognition

Revenue from the sale of goods is recognized when all five (5) following conditions are satisfied:

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

Revenue of a transaction involving the rendering of services is recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognized when the Company's right to receive payment has been established.

Sales deductions

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

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

Customer loyalty programs

Revenue is recognized 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 recognized 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 realized into the revenue of goods sold and services rendered.

When customers meet all the required conditions and the Company is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Company'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 obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Company does not act as an agent of the third party, the unearned revenue is realized into the revenue of goods sold and services rendered at the time that third party provides the free or discounted goods and services to customers. If the Company acts as an agent of the third party, the Company recognizes 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. The amount payable to the third party is settlement for payable.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the separate balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Borrowing costs

Borrowing costs are recognized in the income statement in the period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalized even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the separate income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are applied in accordance with the prevailing tax laws in Vietnam.

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.

Final dividends are declared and paid from retained earnings based on the approval of shareholders at the Company's Annual General Meeting.

Appropriation of the Company's net profit after tax of 2015 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2015 : 35% of par value.
- Appropriation to the bonus and welfare fund: 10% of net profit after tax.
- Remuneration payment for the Board of Management, Supervisory Board, sub-committees under the Board of Management and Board of Management's secretary of VND 5,000,000,000.
- Remaining net profit after tax was appropriated to the investment and development fund.

Segmental reporting

A segment is a distinct business segment of the Company that provides a single product or service or a group of related products and services (product segment), or provides products and services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from others. The basic reportable segment of the Company is business segment.

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	10,996,396,256	11,613,242,800
Demand deposits	14,213,152,221	23,633,147,013
Cash equivalents (*)	285,628,312,813	294,000,000,000
	<u>310,837,861,290</u>	<u>329,246,389,813</u>

(*) Cash equivalents represent term deposits at bank with original maturity terms not exceeding 3 months.

5. FINANCIAL INVESTMENTS

Held-to-maturity investments

Held-to maturity investments represent term deposits at bank with original maturity terms from more than 3 months to 12 months.

At as 31 December 2016, term deposits with maturity term over 3 months of VND 212,000,000,000 were pledged as collaterals for the short-term loans from the bank as presented in Note 22, and for guarantees of tender and performance of contracts (as at 31 December 2015: VND 105,000,000,000).

Long-term financial investments

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiaries	696,292,460,000	-	117,550,000,000	-
Investment in associate	3,787,450,000	-	3,787,450,000	-
Equity investments in other entities	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>727,988,080,200</u>	<u>(16,500,000,000)</u>	<u>149,245,620,200</u>	<u>(16,500,000,000)</u>

Investments in subsidiaries

	Closing balance VND	Opening balance VND
DT Pharmaceutical One Member Limited	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
CM Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
SH Pharmaceutical Joint Stock Company	2,550,000,000	2,550,000,000
A&G Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
ST Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TOT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TG Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
Bali Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Pharmaceutical One Member Limited Company	540,000,000,000	50,000,000,000
B&T Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TVP Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
VL Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Packaging and Printing 1 One Member Limited	80,000,000,000	5,000,000,000
Fuji Medic Limited Liability Company	13,742,460,000	-
	<u>696,292,460,000</u>	<u>117,550,000,000</u>

Investment in associate

	Closing balance VND	Opening balance VND
Vinh Hao Algae Processing Joint Stock Company	<u>3,787,450,000</u>	<u>3,787,450,000</u>

Equity investments in other entities

	Closing balance VND	Opening balance VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Binh Duong Pharmaceutical & Medical Equipments Joint Stock Company	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipments Joint Stock Company	796,675,000	796,675,000
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

Provision balance as at 31 December 2016 and 31 December 2015 represents the provision for impairment of the investment in ATP Packaging Joint Stock Company (formerly known as Vinh Tuong High-Tech Packaging Corporation).

As at 31 December 2016 and 31 December 2015, fair values of long-term investments in other entities were not available as there is no reference price in the market, except for Cuu Long Pharmaceutical Joint Stock Company whose shares are listed in Ho Chi Minh Security Exchange since 2008. Fair values of these investments as at 31 December 2016 and 31 December 2015 were VND 165,110,400 and VND 63,000,000, respectively.

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term trade receivables from third parties (*)	394,922,980,979	381,960,672,410
b. Receivables from subsidiaries (Note 39)	110,472,202,944	166,465,441,184
	<u>505,395,183,923</u>	<u>548,426,113,594</u>

(*) As at 31 December 2016 and 31 December 2015, there was no single trade receivable from third parties accounting for 10% or more of total trade accounts receivable balance.



7. OTHER SHORT-TERM RECEIVABLES

	Closing balance VND	Opening balance VND
Prepaid trade discounts	183,850,237	1,879,928,969
Accruals of interest income	15,585,033,271	6,691,565,280
Receivable from employees	1,403,269,689	1,079,415,539
Other receivables	5,415,373,753	10,389,899,229
	<u>22,587,526,950</u>	<u>20,040,809,017</u>

8. BAD DEBTS

	Closing balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>125,032,943,616</u>	<u>(6,106,506,780)</u>	<u>118,926,436,836</u>

	Opening balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>220,403,010,780</u>	<u>(5,777,715,142)</u>	<u>214,625,295,638</u>

As at 31 December 2016 and 31 December 2015, there was no single receivable accounting for 10% or more of total receivables past due or not past due but impaired.

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

	Current year VND	Prior year VND
Opening balance	5,777,715,142	4,357,578,640
Additional provision	328,791,638	2,420,136,502
Written-off	-	(1,000,000,000)
Closing balance	<u>6,106,506,780</u>	<u>5,777,715,142</u>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	60,597,811,325	-	62,830,863,204	-
Raw materials	174,559,432,461	-	162,793,439,478	-
Work in progress	9,884,664,619	-	9,671,982,095	-
Finished goods	120,444,958,431	1,028,460,903	173,403,421,194	1,992,804,385
Merchandises	407,056,898,866	626,162,795	191,907,070,587	367,830,345
	<u>772,543,765,702</u>	<u>1,654,623,698</u>	<u>600,606,776,558</u>	<u>2,360,634,730</u>

Movements in the provision for devaluation of inventories during current year and prior year were as follows:

	Current year VND	Prior year VND
Opening balance	2,360,634,730	4,464,136,213
Reversal of provisions	(706,011,032)	(2,103,501,483)
Closing balance	<u>1,654,623,698</u>	<u>2,360,634,730</u>

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10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
Prepaid operating leases	30,818,180	341,400,000
Others	<u>2,606,918,073</u>	<u>2,193,018,542</u>
	<u>2,637,736,253</u>	<u>2,534,418,542</u>
b. Long-term		
Prepaid land rental	11,059,114,850	11,405,614,538
Tools and supplies issued for consumption	3,722,025,943	2,803,402,447
Leasehold improvements	111,109,236	174,666,020
Others	<u>1,533,712,487</u>	<u>237,970,236</u>
	<u>16,425,962,516</u>	<u>14,621,653,241</u>

11. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable during the year VND	Paid during the year VND	Closing balance VND
a. Receivables				
Input value added tax	-	-	2,959,709,577	2,959,709,577
VAT on imported goods	-	43,348,766,951	43,357,886,971	9,120,020
Import and export duties	561,274,411	16,350,388,977	16,485,298,218	696,183,652
Corporate income tax	-	-	5,743,754,917	5,743,754,917
	<u>561,274,411</u>	<u>59,699,155,928</u>	<u>68,546,649,683</u>	<u>9,408,768,166</u>
b. Payables				
Output value added tax	4,070,803,548	22,757,255,255	26,828,058,803	-
Corporate income tax	1,269,913,016	42,717,383,304	43,987,296,320	-
Personal income tax	1,281,960,137	30,484,657,930	29,501,403,504	2,265,214,563
Land tax	-	5,597,572,488	5,597,572,488	-
Other taxes	489,034	177,967,790	178,456,824	-
	<u>6,623,165,735</u>	<u>101,734,836,767</u>	<u>106,092,787,939</u>	<u>2,265,214,563</u>

12. LONG-TERM AND SHORT-TERM LOAN RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
Loan receivables from subsidiaries (*) (Note 39)	31,950,415,700	-
Loan receivables from customers (**)	<u>14,386,638,849</u>	<u>12,388,633,598</u>
	<u>46,337,054,549</u>	<u>12,388,633,598</u>
b. Long-term		
Loan receivables from subsidiaries (*) (Note 39)	-	587,912,165,741
Loan receivables from customers (**)	<u>2,749,472,109</u>	-
	<u>2,749,472,109</u>	<u>587,912,165,741</u>

(*) Represents loans granted to the Company's subsidiaries for the purpose of construction of their factories. The term of these long-term loans is 19 months starting from 1 January 2016 with interest rate of 4.5% per annum. These loans are unsecured.

(**) Represents free-interest loans granted to the Company's customers based on its refundable capital support policy.

13. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST					
Opening balance	201,008,638,811	232,793,030,506	110,596,867,367	78,754,482,024	623,153,018,708
Transfer from construction in progress	34,550,821,496	37,135,436,590	11,497,176,093	1,746,889,254	84,930,323,433
Disposals	(1,479,264,921)	(54,213,714,678)	(4,149,325,428)	(2,640,064,971)	(62,482,369,998)
Reclassify to tools, supplies	(184,219,795)	(1,566,295,309)	(495,120,593)	(3,339,867,776)	(5,585,503,473)
Closing balance	<u>233,895,975,591</u>	<u>214,148,457,109</u>	<u>117,449,597,439</u>	<u>74,521,438,531</u>	<u>640,015,468,670</u>
ACCUMULATED DEPRECIATION					
Opening balance	81,141,966,118	151,381,237,057	70,866,854,085	53,750,856,920	357,140,914,180
Charge for the year	16,053,539,773	20,521,375,245	11,900,621,405	6,929,235,329	55,404,771,752
Disposals	(1,260,492,025)	(44,840,550,108)	(2,273,757,239)	(2,601,585,616)	(50,976,384,988)
Reclassify to tools, supplies	(184,219,795)	(1,566,295,309)	(495,120,593)	(3,339,867,776)	(5,585,503,473)
Closing balance	<u>95,750,794,071</u>	<u>125,495,766,885</u>	<u>79,998,597,658</u>	<u>54,738,638,857</u>	<u>355,983,797,471</u>
NET BOOK VALUE					
Opening balance	<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>
Closing balance	<u>138,145,181,520</u>	<u>88,652,690,224</u>	<u>37,450,999,781</u>	<u>19,782,799,674</u>	<u>284,031,671,199</u>

As at 31 December 2016, the cost of tangible fixed assets included VND 148,975 million (as at 31 December 2015: VND 124,465 million) of assets which were fully depreciated but are still in active use.



14. INTANGIBLE ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
COST				
Opening balance	110,924,939,361	102,821,579,711	8,537,342,805	222,283,861,877
Transfer from construction in progress	1,800,000,000	-	4,405,435,000	6,205,435,000
Disposals	(2,436,000,000)	-	-	(2,436,000,000)
Closing balance	<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 AMORTIZATION				
Opening balance	-	10,607,081,023	5,373,037,513	15,980,118,536
Charge for the year	-	2,103,763,416	1,663,416,004	3,767,179,420
Closing balance	-	<u>12,710,844,439</u>	<u>7,036,453,517</u>	<u>19,747,297,956</u>
NET BOOK VALUE				
Opening balance	<u>110,924,939,361</u>	<u>92,214,498,688</u>	<u>3,164,305,292</u>	<u>206,303,743,341</u>
Closing balance	<u>110,288,939,361</u>	<u>90,110,735,272</u>	<u>5,906,324,288</u>	<u>206,305,998,921</u>

As at 31 December 2016 and as at 31 December 2015, the cost of intangible assets included VND 2,917 million of assets which were fully amortized but are still in active use.

15. INVESTMENT PROPERTIES

	Buildings VND
COST	
Opening balance	38,679,461,157
Transfer from construction in progress	136,483,613
Disposals	(2,239,708,630)
Closing balance	<u>36,576,236,140</u>
ACCUMULATED DEPRECIATION	
Opening balance	10,237,940,002
Charge for the year	2,608,997,832
Disposals	(1,838,678,413)
Closing balance	<u>11,008,259,421</u>
NET BOOK VALUE	
Opening balance	<u>28,441,521,155</u>
Closing balance	<u>25,567,976,719</u>

As at 31 December 2016 and 31 December 2015, the cost of investment properties included VND 612,933,335 of assets which were fully depreciated but are still in active use.

The fair value of investment properties has not been determined since the Company has not performed revaluation of the fair value of these investment properties at the date of the separate financial statements.

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16. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Construction of effervescent tablets plant	6,267,835,000	3,061,360,000
Construction of Gia Lai branch office	623,948,774	623,948,774
Construction of Thai Nguyen branch office	11,818,182	-
Construction of beta lactam factory	-	6,244,200,000
Construction of finished goods warehouse on Cach Mang Thang 8 Street	-	3,031,610,782
Construction of Hai Phong branch office	-	90,909,091
Construction of Da Nang branch office	-	27,580,000
Construction of Ho Chi Minh branch office	-	14,461,818
	<u>6.903.601.956</u>	<u>13.094.070.465</u>

17. DEFERRED TAX ASSETS

	Closing balance VND	Opening balance VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences of provision amount	45,303,092,215	16,500,000,000
Deferred tax assets	<u>9.060.618.443</u>	<u>3.300.000.000</u>

18. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
a. Trade payables to third parties	275,063,545,976	275,063,545,976	191,715,942,857	191,715,942,857
Mega Lifescience (Vietnam) Co., Ltd.	26,633,640,634	26,633,640,634	42,854,138,507	42,854,138,507
Truong Tin Pharmaceutical Co., Ltd.	56,484,958,549	56,484,958,549	38,175,021,388	38,175,021,388
Nomura Trading Co., Ltd.	46,661,401,500	46,661,401,500	18,155,970,000	18,155,970,000
Others	145,283,545,293	145,283,545,293	92,530,812,962	92,530,812,962
b. Trade payables to subsidiaries and associate (Note 39)	370,804,348,141	370,804,348,141	138,574,126,920	138,574,126,920
	<u>645.867.894.117</u>	<u>645.867.894.117</u>	<u>330.290.069.777</u>	<u>330.290.069.777</u>

As at 31 December 2016 and 31 December 2015, the Company did not have any short-term trade payables past due.

19. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Marketing and customer care expenses	2,984,753,722	3,196,827,384
Seminar expenses	12,058,228	827,636,363
Interest payable	589,134,749	452,141,998
Other accruals	23,840,253,628	13,725,390,117
	<u>27.426.200.327</u>	<u>18.201.995.862</u>

20. SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue represents unearned revenue from customer loyalty programs as presented in Note 3.

21. OTHER SHORT-TERM PAYABLES

	Closing balance VND	Opening balance VND
Union fee	700,902,630	542,914,569
Trade discounts	-	665,218,581
Others	4,507,284,468	8,123,577,173
	<u>5,208,187,098</u>	<u>9,331,710,323</u>

22. SHORT-TERM LOANS

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks (*)	323,700,000,000	323,700,000,000	247,000,000,000	247,000,000,000
Loans from others (**)	31,065,428,463	31,065,428,463	23,711,206,737	23,711,206,737
	<u>354,765,428,463</u>	<u>354,765,428,463</u>	<u>270,711,206,737</u>	<u>270,711,206,737</u>

(*) Represents the credit facility obtained from Vietnam Bank for Industry and Trade - Can Tho Branch with a maximum credit limit of VND 400,000,000,000. This facility can be drawn in Vietnam Dong and will expire on 4 March 2017. The duration for each withdrawal is from 3 to 4 months. These loans are secured by term deposits at bank, as presented in Note 5, and bear interest at the rate ranging from 0.32% per month to 0.38% per month (as at 31 December 2015: from 0.29% per month to 0.62% per month).

(**) Loans from others are unsecured and bear interest at the rate ranging from 0.375% per month to 0.57% per month (as at 31 December 2015: 0.42% per month to 0.57% per month).

Movements in the short-term loans during the current year were as follows:

	Opening balance VND	Increase VND	Decrease VND	Closing balance VND
Loans from banks (*)	247,000,000,000	1,548,300,000,000	1,471,600,000,000	323,700,000,000
Loans from others (**)	23,711,206,737	13,515,329,559	6,161,107,833	31,065,428,463
	<u>270,711,206,737</u>	<u>1,561,815,329,559</u>	<u>1,477,761,107,833</u>	<u>354,765,428,463</u>

As at 31 December 2016 and 31 December 2015, the Company did not have any short-term loans past due.

23. BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for Board of Management VND	Welfare fund in form of 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 (Note 26)	54,299,126,314	5,000,000,000	-	59,299,126,314
Depreciation of assets formed from the funds	-	-	(3,896,031,942)	(3,896,031,942)
Transferred to subsidiaries	(4,091,395,902)	-	-	(4,091,395,902)
Utilization	(55,533,421,983)	(4,904,942,863)	-	(60,438,364,846)
Closing balance	<u>23,284,835,838</u>	<u>6,822,310,000</u>	<u>31,082,436,238</u>	<u>61,189,582,076</u>

24. LONG-TERM PROVISIONS

	Provision for dismantling and restoration costs VND	Severance allowance VND	Total VND
Opening balance	1,353,717,787	26,270,001,050	27,623,718,837
Additional provisions	1,701,995,928	3,020,808,500	4,722,804,428
Utilisation of provisions	-	(3,543,431,050)	(3,543,431,050)
Closing balance	<u>3,055,713,715</u>	<u>25,747,378,500</u>	<u>28,803,092,215</u>

25. SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

In accordance with Circular No. 12/2016/TTLT-BKHCB-BTC dated 28 June 2016, enterprises are allowed to establish the science and technology development fund for research and development activities. The fund is utilized when disbursement is paid for research and development activities.

Movements of science and technology fund during the year were as follows:

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
Opening balance	6,519,245,955	23,859,281,631	30,378,527,586
Transferred to subsidiaries	(2,709,344,000)	-	(2,709,344,000)
Utilization of fund	(2,059,744,927)	-	(2,059,744,927)
Assets formed from the fund	(7,197,021,045)	7,197,021,045	-
Depreciation of assets formed from the fund	-	(4,616,005,809)	(4,616,005,809)
Disposal of assets formed from the fund	138,479,355	(132,923,829)	5,555,526
Closing balance	<u>(5,308,384,662)</u>	<u>26,307,373,038</u>	<u>20,998,988,376</u>

26. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Retained earnings VND	Total VND
Opening balance of prior year	871,643,300,000	-	(455,850,000)	768,665,991,301	66,026,578,871	521,167,607,431	2,227,047,627,603
Profit for the year	-	-	-	-	-	542,991,263,137	542,991,263,137
Dividends declared for 2014	-	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Profit distribution	-	-	-	190,330,702,659	-	(190,330,702,659)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(62,540,112,892)	(62,540,112,892)
Appropriation to bonus fund for the Board of Management	-	-	-	-	-	(6,834,191,880)	(6,834,191,880)
Transfer from financial reserve fund	-	-	-	66,026,578,871	(66,026,578,871)	-	-
Repurchase of shares	-	-	(15,665,180,000)	-	-	-	(15,665,180,000)
Opening balance of current year	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	-	-	-	-	-	255,321,632,334	255,321,632,334
Dividends declared for 2015	-	-	-	-	-	(304,296,825,000)	(304,296,825,000)
Profit distribution	-	-	-	179,395,311,823	-	(179,395,311,823)	-
Appropriation to bonus and welfare fund (Note 23)	-	-	-	-	-	(54,299,126,314)	(54,299,126,314)
Appropriation to bonus fund for the Board of Management (Note 23)	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Reissuance of treasury shares	-	6,778,948,000	16,121,030,000	-	-	-	22,899,978,000
Closing balance of current year	871,643,300,000	6,778,948,000	-	1,204,418,584,654	-	255,321,632,334	2,338,162,464,988

Charter capital

According to the amended business registration certificate, the Company's charter capital is VND 871,643,300,000. The value and number of shares of the Company are as follows:

	Closing balance		Opening balance	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	87,164,330	871,643,300,000	87,164,330	871,643,300,000
Treasure shares	-	-	(222,380)	(16,121,030,000)
Ordinary shares currently in circulation	87,164,330	871,643,300,000	86,941,950	855,522,270,000

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Dividends

According to Resolution of the Company's Annual General Meeting No. 001/2016/NQ-ĐHĐCĐ dated 28 April 2016, the shareholders of the Company has approved declaration of dividends from profit after tax of 2015 of 35% in cash, equivalent to VND 304,296,825,000.

27. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	Closing balance	Opening balance
United States Dollar ("USD")	52,290	246,134
Euro ("EUR")	2,086	37,665
Pataca Macau (MOP)	20	20

28. SEGMENTAL REPORTING

The primary format, product segments, is based on the Company'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 expenses, general and administration expenses, other income or other expenses, and corporate income tax.

Business segments

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

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	Current year VND	Prior year VND
Net sales		
Pharmaceutical products	2,559,421,265,507	2,416,967,200,879
Functional foods	404,324,989,880	266,814,111,790
Others	783,082,405,353	690,725,574,538
	<u>3,746,828,660,740</u>	<u>3,374,506,887,207</u>
Cost of sales		
Pharmaceutical products	(1,797,924,214,274)	(1,559,872,374,456)
Functional foods	(254,917,964,851)	(180,871,387,242)
Others	(753,269,666,199)	(675,348,228,374)
	<u>(2,806,111,845,324)</u>	<u>(2,416,091,990,072)</u>
Gross profit		
Pharmaceutical products	761,497,051,233	857,094,826,423
Functional foods	149,407,025,029	85,942,724,548
Others	29,812,739,154	15,377,346,164
	<u>940,716,815,416</u>	<u>958,414,897,135</u>

29. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Sales of goods and services		
Sales of finished goods	1,671,141,245,697	2,047,213,733,094
Sales of merchandises	2,339,796,594,052	1,728,137,892,006
Others	46,478,983,546	2,836,542,397
	<u>4,057,416,823,295</u>	<u>3,778,188,167,497</u>
Deductions		
Sales discount	238,090,735,236	370,395,044,895
Sales return	72,497,427,319	33,286,235,395
	<u>310,588,162,555</u>	<u>403,681,280,290</u>
Net sales		
<i>In which:</i>		
Sales of finished goods	1,519,391,363,903	1,771,538,983,431
Sales of merchandises	2,180,958,313,291	1,600,131,361,379
Others	46,478,983,546	2,836,542,397
	<u>3,746,828,660,740</u>	<u>3,374,506,887,207</u>

30. COST OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Cost of finished goods sold	821,889,392,540	955,611,251,143
Cost of merchandises sold	1,982,007,680,732	1,460,055,347,796
Cost of services rendered	2,920,783,083	2,528,892,616
Reversal of provision for devaluation of inventories	(706,011,031)	(2,103,501,483)
	<u>2,806,111,845,324</u>	<u>2,416,091,990,072</u>

31. PRODUCTION AND OPERATION COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	2,554,765,461,680	2,152,362,484,694
Labour costs	520,794,842,209	425,597,449,971
Depreciation and amortization	52,751,391,787	53,752,124,019
Out-sourced services	310,326,147,895	204,496,331,723
Other expenses	72,646,457,858	82,323,720,648
	<u>3,511,284,301,429</u>	<u>2,918,532,111,055</u>



32. FINANCIAL INCOME

	Current year VND	Prior year VND
Dividends and profits earned	90,394,469,649	212,420,360,604
Bank interest income	51,190,602,846	28,254,468,550
Loan interest income from subsidiaries	15,320,989,503	-
Foreign exchange gains	2,314,483,629	3,615,846,289
Other financial income	262,858,381	123,000
	<u>159,483,404,008</u>	<u>244,290,798,443</u>

33. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Settlement discount	47,159,003,864	50,854,023,347
Interest expense	12,492,351,845	8,701,231,748
Foreign exchange losses	5,182,387,982	9,425,817,986
Other financial expenses	113,962,446	59,141,844
	<u>64,947,706,137</u>	<u>69,040,214,925</u>

34. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
a. Selling expenses		
Advertising expenses	162,681,203,605	77,928,492,936
Staff costs	216,955,865,441	174,045,483,868
Seminar expenses	15,993,550,783	14,667,144,681
Depreciation and amortization expenses	15,328,034,307	12,928,200,658
Transportation fee for goods sold	17,467,816,362	19,455,491,232
Material expenses	8,639,516,817	8,047,262,740
Customer care expenses	5,260,014,976	3,136,614,689
Tools and supplies expenses	6,045,026,217	3,608,471,020
Others	85,278,126,126	57,789,819,616
	<u>533,649,154,634</u>	<u>371,606,981,440</u>
b. General and administration expenses		
Staff costs	179,217,000,630	124,697,683,835
Out-sourced services expenses	11,625,929,352	17,089,731,449
Depreciation and amortization expenses	7,178,570,559	11,119,795,487
Provision for dismantling and restoration costs	1,701,995,928	1,353,717,787
Tools and supplies expenses	1,811,496,083	2,605,642,360
Provision for doubtful debts	328,791,638	2,420,136,502
Taxes, fees and duties	305,660,786	452,380,129
Material expenses	9,888,333	188,797,651
Others	14,322,442,402	25,285,338,371
	<u>216,501,775,711</u>	<u>185,213,223,571</u>

35. OTHER INCOME

	Current year VND	Prior year VND
Gain from disposals of fixed assets, long-term assets in progress	10,994,708,057	2,636,303,090
Commission income	-	40,191,089,356
Income from implementing promotion program for DHG Pharmaceutical One Member Limited Company	-	12,983,516,948
Revenue from operating leases	-	1,659,023,155
Others	6,145,378,628	6,499,214,087
	<u>17,140,086,685</u>	<u>63,969,146,636</u>

36. OTHER EXPENSES

	Current year VND	Prior year VND
Missing inventories written-off	8,295,694,967	-
Others	1,667,577,465	4,114,561,637
	<u>9,963,272,432</u>	<u>4,114,561,637</u>

37. CURRENT CORPORATE INCOME TAX EXPENSE

The current corporate income tax expense for the year was computed as follows:

	Current year VND	Prior year VND
Accounting profit before tax	292,278,397,195	636,699,860,641
Tax calculated at a rate of 20% (2015: 22%)	58,455,679,439	140,073,969,341
Adjustment for:		
<i>Income not subject to tax</i>	(18,078,893,930)	(46,732,479,333)
<i>Expenses not deductible for tax purpose</i>	2,273,878,395	367,107,496
<i>Additional tax of previous years</i>	66,719,400	-
Current corporate income tax expense	<u>42,717,383,304</u>	<u>93,708,597,504</u>

The Company is obliged to pay corporate income tax at the rate of 20% (2015: 22%) of its taxable income.

38. COMMITMENTS

a. Operating lease commitment

	Current year VND	Prior year VND
Minimum lease payments under operating leases recognized in the income statement for the year	<u>5,586,976,942</u>	<u>1,854,150,976</u>

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Closing balance VND	Opening balance VND
Within one year	5,481,993,358	1,854,150,976
In the second to fifth year inclusive	21,927,973,432	7,416,603,904
After five years	122,558,946,522	43,338,191,348
	<u>149,968,913,312</u>	<u>52,608,946,228</u>

b. Capital commitment

Capital expenditure contracted for at the balance sheet date but not recognized in the separate financial statements is as follows:

	Closing balance VND	Opening balance VND
Approved but not contracted	20,957,976,618	21,025,105,098
Approved and contracted but not implemented	16,355,560,493	16,138,007,212
	<u>37,313,537,111</u>	<u>37,163,112,310</u>

39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
DHG Travel One Member Limited Company	Subsidiary
SH Pharmaceutical Joint Stock Company	Subsidiary
CM Pharmaceutical One Member Limited Company	Subsidiary
ST Pharmaceutical One Member Limited Company	Subsidiary
HT Pharmaceutical One Member Limited Company	Subsidiary
DT Pharmaceutical One Member Limited Company	Subsidiary
TOT Pharmaceutical One Member Limited Company	Subsidiary
TG Pharmaceutical One Member Limited Company	Subsidiary
A&G Pharmaceutical One Member Limited Company	Subsidiary
Bali Pharmaceutical One Member Limited Company	Subsidiary
B&T Pharmaceutical One Member Limited Company	Subsidiary
TVP Pharmaceutical One Member Limited Company	Subsidiary
VL Pharmaceutical One Member Limited Company	Subsidiary
DHG Pharmaceutical One Member Limited Company	Subsidiary
DHG Packaging and Printing 1 One Member Limited Company	Subsidiary
DHG Nature One Member Limited Company (*)	Subsidiary
Fuji Medic Limited Liability Company	Subsidiary
Vinh Hao Algae Processing Joint Stock Company	Associate
The State Capital Investment Corporation ("SCIC")	Major shareholder

(*) In 2015, the dissolution procedures of DHG Nature One Member Limited Company has been completed.

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During the year, the Company entered into the following transactions with related parties:

	Current year VND	Prior year VND
Sales of goods and provision of services		
DT Pharmaceutical One Member Limited Company	36,820,213,097	32,138,275,541
DHG Travel One Member Limited Company	2,424,228,850	1,866,234,972
HT Pharmaceutical One Member Limited Company	56,803,021,200	44,441,811,330
DHG Nature One Member Limited Company	-	750,280,798
CM Pharmaceutical One Member Limited Company	44,523,981,022	41,605,188,004
SH Pharmaceutical Joint Stock Company	76,181,312,900	64,327,155,934
A&G Pharmaceutical One Member Limited Company	95,311,786,700	81,379,443,980
ST Pharmaceutical One Member Limited Company	60,661,563,669	50,461,730,680
TOT Pharmaceutical One Member Limited Company	145,365,634,187	133,259,123,056
TG Pharmaceutical One Member Limited Company	31,843,230,024	28,486,237,786
Bali Pharmaceutical One Member Limited Company	43,421,519,125	40,042,565,964
DHG Pharmaceutical One Member Limited Company	419,900,296,100	210,383,050,327
B&T Pharmaceutical One Member Limited Company	42,252,642,375	33,991,568,663
TVP Pharmaceutical One Member Limited Company	23,838,303,097	24,680,351,743
VL Pharmaceutical One Member Limited Company	43,071,534,466	37,558,283,577
DHG Packaging and Printing 1 One Member Limited Company	671,422,082	560,797,435
Vinh Hao Algae Processing Joint Stock Company	149,132,240	-
	<u>1,123,239,821,134</u>	<u>825,932,099,790</u>
Purchases of goods and services		
DHG Packaging and Printing 1 One Member Limited Company	83,509,376,000	91,429,725,044
DHG Travel One Member Limited Company	30,966,967,000	35,723,363,567
DT Pharmaceutical One Member Limited Company	4,270,829	-
HT Pharmaceutical One Member Limited Company	197,586,259	-
ST Pharmaceutical One Member Limited Company	98,073,313	-
DHG Nature One Member Limited Company	-	11,799,633,808
A&G Pharmaceutical One Member Limited Company	114,629,566	-
TOT Pharmaceutical One Member Limited Company	1,350,507,004	980,577,630
Bali Pharmaceutical One Member Limited Company	54,733,455	-
DHG Pharmaceutical One Member Limited Company	1,157,703,846,169	543,123,983,361
TVP Pharmaceutical One Member Limited Company	617,113	-
B&T Pharmaceutical One Member Limited Company	235,284,000	-
VL Pharmaceutical One Member Limited Company	469,456,821	-
Vinh Hao Algae Processing Joint Stock Company	2,253,860,000	51,950,000
	<u>1,276,959,207,529</u>	<u>683,109,233,410</u>
Sales of fixed assets		
DHG Pharmaceutical One Member Limited Company	21,010,603,239	9,396,623,533
DHG Packaging and Printing 1 One Member Limited Company	-	18,181,818
Fuji Medic Limited Liability Company	4,385,090,909	-
	<u>25,395,694,148</u>	<u>9,414,805,351</u>



	Current year VND	Prior year VND
Purchases of fixed assets		
DT Pharmaceutical One Member Limited Company	368,000,000	-
HT Pharmaceutical One Member Limited Company	155,454,009	-
DHG Nature One Member Limited Company	-	4,561,681,295
CM Pharmaceutical One Member Limited Company	373,000,000	-
A&G Pharmaceutical One Member Limited Company	880,000,000	-
ST Pharmaceutical One Member Limited Company	370,935,589	-
TOT Pharmaceutical One Member Limited Company	718,000,000	-
TG Pharmaceutical One Member Limited Company	476,971,508	-
Bali Pharmaceutical One Member Limited Company	256,893,940	-
B&T Pharmaceutical One Member Limited Company	803,000,000	-
TVP Pharmaceutical One Member Limited Company	785,084,849	-
VL Pharmaceutical One Member Limited Company	283,000,000	-
	<u>5,470,339,895</u>	<u>4,561,681,295</u>
Dividend income		
DT Pharmaceutical One Member Limited Company	654,886,490	2,195,714,876
DHG Travel One Member Limited Company	69,187,375	2,717,107,096
HT Pharmaceutical One Member Limited Company	1,939,298,020	6,541,665,273
DHG Nature One Member Limited Company	-	4,352,714,993
CM Pharmaceutical One Member Limited Company	1,018,960,957	3,303,440,138
SH Pharmaceutical Joint Stock Company	1,275,000,000	331,500,000
A&G Pharmaceutical One Member Limited Company	1,538,343,416	7,688,111,262
ST Pharmaceutical One Member Limited Company	853,786,842	6,207,869,160
TOT Pharmaceutical One Member Limited Company	2,210,827,450	10,852,136,409
TG Pharmaceutical One Member Limited Company	693,817,933	1,244,460,792
Bali Pharmaceutical One Member Limited Company	990,249,704	4,468,601,959
DHG Pharmaceutical One Member Limited Company	68,214,526,669	98,663,307,483
B&T Pharmaceutical One Member Limited Company	959,981,576	2,858,091,878
TVP Pharmaceutical One Member Limited Company	87,450,668	1,905,474,737
VL Pharmaceutical One Member Limited Company	1,018,037,728	2,345,575,056
DHG Packaging and Printing 1 One Member Limited Company	8,556,365,201	56,453,674,866
	<u>90,080,720,029</u>	<u>212,129,445,978</u>
Loan interest income		
DHG Travel One Member Limited Company	21,250,000	-
HT Pharmaceutical One Member Limited Company	33,500,000	-
ST Pharmaceutical One Member Limited Company	41,473,602	-
DHG Pharmaceutical One Member Limited Company	11,839,181,622	-
TVP Pharmaceutical One Member Limited Company	49,507,500	-
DHG Packaging and Printing 1 One Member Limited Company	3,336,076,779	-
	<u>15,320,989,503</u>	<u>-</u>
Investment in subsidiaries		
DHG Pharmaceutical One Member Limited Company	490,000,000,000	-
DHG Packaging and Printing 1 One Member Limited Company	75,000,000,000	-
Fuji Medic Limited Liability Company	13,742,460,000	-
	<u>578,742,460,000</u>	<u>-</u>
Loans granted to		
DHG Packaging and Printing 1 One Member Limited Company	-	42,078,476,167
DHG Pharmaceutical One Member Limited Company	40,031,399,252	82,866,130,758
	<u>40,031,399,252</u>	<u>124,944,606,925</u>



	Current year VND	Prior year VND
Loans granted for working capital		
DHG Travel One Member Limited Company	2,000,000,000	-
ST Pharmaceutical One Member Limited Company	3,878,438,285	-
HT Pharmaceutical One Member Limited Company	-	2,000,000,000
TVP Pharmaceutical One Member Limited Company	-	2,829,000,000
	<u>5,878,438,285</u>	<u>4,829,000,000</u>

Loans collection		
DHG Travel One Member Limited Company	2,000,000,000	-
HT Pharmaceutical One Member Limited Company	2,000,000,000	-
ST Pharmaceutical One Member Limited Company	3,878,438,285	-
DHG Pharmaceutical One Member Limited Company	516,164,149,293	-
TVP Pharmaceutical One Member Limited Company	2,829,000,000	-
DHG Packaging and Printing 1 One Member Limited Company	75,000,000,000	-
	<u>601,871,587,578</u>	<u>-</u>

Dividends paid		
SCIC	<u>132,127,887,500</u>	<u>113,252,475,000</u>

Remuneration paid to the Company's the Board of Management and the Board of General Directors during the year was as follows:

	Current year VND	Prior year VND
Salaries and other benefits	<u>10,691,087,971</u>	<u>11,883,263,388</u>

Related party balances at the separate balance sheet date were as follows:

	Closing balance VND	Opening balance VND
Trade receivables		
DHG Travel One Member Limited Company	1,841,860	-
DT Pharmaceutical One Member Limited Company	8,042,060,515	5,581,420,887
HT Pharmaceutical One Member Limited Company	8,650,030,666	16,329,487,130
DHG Packaging and Printing 1 One Member Limited Company	720,000	145,728,000
CM Pharmaceutical One Member Limited Company	12,867,061,125	13,470,636,019
SH Pharmaceutical Joint Stock Company	8,256,820,378	10,328,814,061
A&G Pharmaceutical One Member Limited Company	15,233,812,633	23,230,169,374
ST Pharmaceutical One Member Limited Company	13,113,970,433	16,278,620,117
TOT Pharmaceutical One Member Limited Company	10,337,468,553	36,872,239,339
TG Pharmaceutical One Member Limited Company	6,095,572,073	8,052,492,750
Bali Pharmaceutical One Member Limited Company	8,579,349,638	12,502,161,914
B&T Pharmaceutical One Member Limited Company	658,526,143	8,710,527,880
TVP Pharmaceutical One Member Limited Company	2,310,029,324	3,807,452,391
VL Pharmaceutical One Member Limited Company	11,625,139,603	11,155,691,322
Fuji Medic Limited Liability Company	4,699,800,000	-
	<u>110,472,202,944</u>	<u>166,465,441,184</u>

Long-term/short-term loan receivables		
DHG Pharmaceutical One Member Limited Company	9,030,704,663	485,163,454,704
DHG Packaging and Printing 1 One Member Limited Company	22,919,711,037	97,919,711,037
TVP Pharmaceutical One Member Limited Company	-	2,829,000,000
HT Pharmaceutical One Member Limited Company	-	2,000,000,000
	<u>31,950,415,700</u>	<u>587,912,165,741</u>

Short-term trade payables		
DHG Pharmaceutical One Member Limited Company	362,912,166,262	127,856,145,458
DHG Packaging and Printing 1 One Member Limited Company	7,577,591,879	10,717,981,462
DHG Travel One Member Limited Company	103,390,000	-
Vinh Hao Algae Processing Joint Stock Company	211,200,000	-
	<u>370,804,348,141</u>	<u>138,574,126,920</u>

40. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

a. Non-cash transactions affecting the separate cash flow statement

	Current year VND	Prior year VND
Appropriation to reserves	238,694,438,137	259,705,007,431
Transfers from construction in progress to tangible fixed assets	84,930,323,433	48,270,825,808
Transfers from construction in progress to intangible assets	6,205,435,000	8,374,045,680
Transfers from construction in progress to investment properties	136,483,613	-
Transfers from construction in progress to tools and supplies	496,913,970	239,876,938
Offset payables when receiving dividends and interest income	83,410,785,070	-
Offset payables when collecting long-term loan receivables	218,718,743,786	-
Offset payables when disbursing long-term loan to subsidiaries	3,878,438,285	-
Disposed fixed assets funded by science and technology development fund	132,923,829	-
Transfers from long-term prepayments to intangible assets	-	30,873,851,250
Transfers from financial reserve fund to investment and development fund	-	66,026,578,871

b. Proceeds from borrowings

	Current year VND	Prior year VND
Proceeds from borrowings under normal contracts	1,561,815,329,559	1,216,254,694,302


c. Repayment of borrowings


	Current year VND	Prior year VND
Repayments of borrowings under normal contracts	1,477,761,107,833	1,122,250,896,327


41. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

	Previously reported amount VND	Amount after reclassification VND	Net change VND
Other income	86,981,243,410	63,969,146,636	(23,012,096,774)
Other expenses	27,126,658,411	4,114,561,637	(23,012,096,774)


 Tran Ngoc Hien
 Preparer


 Ho Bui Huan
 Chief Accountant



 Le Chanh Dao
 Deputy General
 Director
 20 March 2017