

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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**DHG PHARMACEUTICAL JOINT-STOCK COMPANY
CORPORATE INFORMATION**

Establishment

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

Business Registration

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

The Business Registration Certificate has been amended several times and its latest amendment No. 1800156801 dated 29 October 2015 was issued by the Planning and Investment Department of Can Tho City.

Board of Directors

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

Board of Management

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

Supervisory Board

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

Legal representative

Mrs Pham Thi Viet Nga	CEO
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Head office

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

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Notes	As at 31.12.2015 VND	As at 31.12.2014 VND
100	CURRENT ASSETS		2,217,718,384,920	2,386,250,376,004
110	Cash and cash equivalents	3	594,908,166,528	596,956,764,030
111	Cash		88,705,898,662	108,745,132,437
112	Cash equivalents		506,202,267,866	488,211,631,593
120	Short-term investments		333,193,200,000	160,151,666,667
123	Held to maturity investments	4(a)	333,193,200,000	160,151,666,667
130	Short-term receivables		645,119,343,558	844,549,297,268
131	Trade receivables	5	573,226,514,795	760,722,312,361
132	Prepayments to suppliers		23,308,107,672	45,230,064,069
135	Receivables from short-term loans		37,688,828,113	29,504,940,731
136	Other receivables	6	21,797,794,777	16,797,425,759
137	Allowances for doubtful debts		(10,901,901,799)	(7,705,445,652)
140	Inventories	8	634,925,255,977	780,703,611,464
141	Inventories		637,936,628,161	786,123,041,332
149	Allowances for inventories		(3,011,372,184)	(5,419,429,868)
150	Other current assets		9,572,418,857	3,889,036,575
151	Short-term prepayments	11(a)	3,953,648,491	1,029,267,451
152	Deductible VAT		4,327,687,627	1,767,528,950
	Taxes and other payables to State			
153	Budget		1,291,082,739	874,613,071
155	Other current assets		-	217,627,103
200	NON-CURRENT ASSETS		1,142,130,176,739	1,096,467,924,049
210	Non-current assets		-	808,355,513
216	Others non-current assets		-	808,355,513
220	Fixed assets		1,066,072,067,078	913,680,911,988
221	Tangible fixed assets	9(a)	809,654,265,107	733,663,998,483
222	Original cost		1,250,409,521,693	1,090,746,573,280
223	Accumulated depreciation		(440,755,256,586)	(357,082,574,797)
227	Intangible fixed assets	9(b)	256,417,801,971	180,016,913,505
228	Original cost		273,969,773,238	193,368,549,477
229	Accumulated depreciation		(17,551,971,267)	(13,351,635,972)
240	Long-term work in progress	10	16,991,231,428	50,132,540,095
242	Cost of work in progress		16,991,231,428	50,132,540,095
250	Long-term financial investments	4(b)	15,932,055,542	16,842,443,714
252	Investments in associates		4,523,885,342	5,434,273,514
253	Other long-term investments		27,908,170,200	27,908,170,200
	Provision for diminution in value of			
254	long-term investments		(16,500,000,000)	(16,500,000,000)
260	Other non-current assets		43,134,822,691	115,003,672,739
261	Long-term prepayments	11(b)	28,312,322,417	100,946,118,907
262	Deferred income tax assets	12	14,084,560,274	14,017,983,554
268	Other non-current assets		737,940,000	39,570,278
270	TOTAL ASSETS		3,359,848,561,659	3,482,718,300,053

CONSOLIDATED BALANCE SHEET

(Continued)

Code	RESOURCES	Note	As at 31.12.2015 VND	As at 31.12.2014 VND
300	LIABILITIES		836,892,083,674	1,189,092,829,107
310	Current liabilities		774,561,738,879	1,119,689,495,134
311	Trade payables	13	209,335,787,310	261,374,420,147
312	Advances from customers		10,145,943,264	912,804,381
313	Taxes and other payables to the State Budget	14	14,123,281,937	103,311,154,783
314	Payable to employees		122,682,940,306	208,304,993,114
315	Accrued expenses	15	33,574,502,296	266,009,951,113
318	Unrealized revenue	16	7,443,398,304	-
319	Other payables	17	15,770,561,072	36,083,180,507
320	Short-term borrowings	18	270,711,206,737	176,707,408,762
322	Bonus and welfare fund	19	90,774,117,653	66,985,582,327
330	Long-term liabilities		62,330,344,795	69,403,333,973
342	Provision for long-term payables Science and technology development	21	31,323,948,748	28,843,956,033
343	fund	20	31,006,396,047	40,559,377,940
400	OWNERS' EQUITY		2,522,956,477,985	2,293,625,470,946
410	Owner's capital		2,522,956,477,985	2,293,625,470,946
411	Owners' capital	22,23	871,643,300,000	871,643,300,000
415	Treasury shares	22,23	(16,121,030,000)	(455,850,000)
418	Investment and development fund	23	1,039,479,185,578	782,076,482,219
	Financial reserve fund	23	-	67,063,774,920
421	Undistributed profit after tax	23	607,631,796,436	556,467,354,916
421a	- Undistributed profit after tax brought forward		164,434,562,793	37,484,990,418
421b	- Undistributed profit after tax for the current year		443,197,233,643	518,982,364,498
429	Minority interest	24	20,323,225,971	16,830,408,891
440	TOTAL RESOURCES		3,359,848,561,659	3,482,718,300,053

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
18 January 2016

CONSOLIDATED INCOME STATEMENT

Co de	Note	For 3-month period ended		For the fiscal year ended	
		31.12.2015 VND	31.12.2014 VND	31.12.2015 VND	31.12.2014 VND
01	Sales	1,366,332,779,282	1,319,263,456,276	4,152,191,379,159	3,958,709,910,419
02	Revenue deductions	(216,671,932,995)	(8,191,588,637)	(543,539,734,844)	(46,191,765,944)
10	Net sales	1,149,660,846,287	1,311,071,867,639	3,608,651,644,315	3,912,518,144,475
11	Costs of goods sold	(714,956,726,492)	(567,222,204,981)	(2,194,251,529,271)	(1,781,997,126,034)
20	Gross profit	434,704,119,795	743,849,662,658	1,414,400,115,044	2,130,521,018,441
21	Financial income	27(b) 12,487,806,873	9,730,241,546	34,536,298,279	37,139,877,819
22	Financial expenses	29 (30,711,235,340)	(18,554,488,317)	(89,481,890,058)	(67,340,673,729)
23	<i>Including: interest expense</i>	(2,543,476,651)	(1,234,637,438)	(8,701,231,748)	(4,838,876,750)
24	Selling expenses	30 (151,205,278,825)	(428,924,817,860)	(456,889,136,691)	(1,098,587,377,918)
25	General administration expenses	31 (86,569,389,407)	(119,220,055,109)	(260,823,864,613)	(312,775,808,459)
30	Operating profit	178,706,023,096	186,880,542,918	641,741,521,961	688,957,036,154
31	Other income	20,622,945,796	21,631,092,189	83,500,093,903	36,844,503,038
32	Other expenses	(5,966,380,890)	(2,567,773,733)	(20,438,693,513)	(3,864,380,978)
40	Net other income	32 14,656,564,906	19,063,318,456	63,061,400,390	32,980,122,060
41	Losses from investments in associates	(910,388,172)	-	(910,388,172,00)	-
50	Net accounting profit before tax	192,452,199,830	205,943,861,374	703,892,534,179	721,937,158,214

CONSOLIDATED INCOME STATEMENT

Code	Note	For 3-month period ended		For fiscal year ended	
		31.12.2015 VND	31.12.2014 VND	31.12.2015 VND	31.12.2014 VND
50	Net accounting profit before tax	192,452,199,830	205,943,861,374	703,892,534,179	721,937,158,214
51	Current tax expense	(25,670,685,749)	(91,471,336,140)	(109,553,445,167)	(193,926,063,163)
52	Deferred tax expense	1,747,091,964	5,704,822,981	66,576,717	5,760,983,976
60	Profit after tax	168,528,606,045	120,177,348,215	594,405,665,729	533,772,079,027
	Allocated for:				
61	Minority interest	1,739,006,720	32,011,004	3,984,211,763	499,297,883
62	Shareholders of the parent Company	166,789,599,325	120,145,337,211	590,421,453,966	533,272,781,144
70	Earnings per share (dong)	1,688	1,213	5,976	5,401

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
18 January 2016

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

NOTES

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

Unit: million dong

Target	Year 2015		Year 2014		Increase, decrease			
	Q4	12 months	Q4	12 months	Q4		12 months	
					Value	Rate	Value	Rate
Net sales	1,149,661	3,608,652	1,311,072	3,912,518	(161,411)	-12.31%	-303,867	-7.77%
Profit before tax	192,452	703,893	205,944	721,937	(13,492)	-6.55%	(18,045)	-2.50%
Profit after tax	168,529	594,406	120,177	533,772	48,351	40.23%	60,634	11.36%

Reasons:

- Sales decreased by 12.31%, sales 2015 decreased by 7.77% y/y due to high competition, decreased purchasing power of consumer, decreased impact of revenue.
- Preferential cost of enterprise income tax in 2015 rose to VND44 billion (2014: VND18 million), profit after tax effect increased.

DHG Pharmaceutical Joint-Stock Company respectfully explains.

Ngô Thị Hồng Đào
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
18 January 2016

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	For fiscal year ended	
		31.12.2015 VND	31.12.2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax	703,892,534,179	721,937,158,214
	Adjustments for:		
02	Depreciation of fixed assets	9 98,460,746,577	79,709,426,586
03	Provisions	3,268,391,178	(770,413,164)
05	Gains from disposal of fixed assets	32 (2,592,126,672)	134,124,144
05	Interest and dividend income	27(b) (30,871,709,920)	(35,180,994,085)
05	Losses from investments in associates	910,388,172	(95,680,000)
06	Interest expense	29 8,701,231,748	4,838,876,750
08	Operating profit before changes in working capital	781,769,455,262	770,572,498,445
09	(Increase)/decrease in receivables	194,769,799,232	(198,654,237,720)
10	(Increase)/decrease in inventories	148,811,017,547	(23,716,256,909)
11	(Increase)/decrease in payables	(380,305,782,243)	22,752,783,625
12	(Increase)/decrease in prepaid expenses	645,110,868	(27,875,657,824)
14	Interest paid	(9,227,527,464)	(3,957,414,700)
15	Business income tax paid	(191,641,456,764)	(149,100,796,888)
17	Other payments on operating activities	(73,392,825,257)	(118,221,104,830)
20	Net cash inflows from operating activities	471,427,791,181	271,799,813,199
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	9 (162,912,360,635)	(255,151,975,150)
22	Proceeds from disposals of fixed assets and other long-term assets	16,233,594,513	2,092,971,399
23	Payments for investments in other entities	(173,041,533,333)	(90,616,666,667)
24	Collection of loans granted to other entities	-	4,018,560,000
27	Increase in term deposits at bank, dividends and interest received	29,686,392,797	32,974,690,379
30	Net cash outflows from investing activities	(290,033,906,658)	(306,682,420,039)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Repurchase of treasury shares	(15,665,180,000)	-
33	Proceeds from short-term borrowings	1,216,254,694,302	1,376,817,787,033
34	Repayments of borrowings	(1,122,250,896,327)	(1,327,141,456,830)
36	Dividends paid	(261,781,100,000)	(131,588,800,000)
40	Net cash outflows from financing activities	(183,442,482,025)	(81,912,469,797)
50	Net cash flows during the year	(2,048,597,502)	(116,795,076,637)
60	Cash and cash equivalents at beginning of year	596,956,764,030	613,286,840,667
61	Impacts of exchange rate fluctuations		
70	Cash and cash equivalents at end of the period	594,908,166,528	496,491,764,030

 Ngo Thi Hong Dao
 Preparer

 Dang Pham Huyen Nhung
 Chief Accountant

 Le Chanh Dao
 Deputy CEO
 18 January 2016

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2015**
1 GENERAL INFORMATION

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

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

In 2014, the Company increased its share capital to VND871,643,300,000 by issuing bonus shares to the existing shareholders at the ratio of 3:1. The capital increase was approved by the relevant competent authorities.

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

As at 31 December 2015, the Group had 2,877 employees (at 31 December 2014: 2,964 employees).

The consolidated financial statements for fiscal year ended 31 December 2015 comprises of the financial statements of the Company and its subsidiaries (together the “Group”) and the Group’s interest in associates as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			31.12.2015	31.12.2014
Subsidiaries:				
DT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5104000057 issued by the Planning and Investment Department of Dong Thap province on 28 August 2008	100%	100%
DHG Travel One Member Limited Company	Domestic travel services	No. 5704000134 issued by the Planning and Investment Department of Can Tho City on 26 December 2007	100%	100%
HT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5604000048 issued by the Planning and Investment Department of Kien Giang province on 16 May 2008	100%	100%
DHG Nature One Member Limited Company (*)	Grow, process, manufacture, and trade herbal materials; manufacture and trade pharmaceutical chemistry and dietary supplements	No. 1800723433 issued by the Planning and Investment Department of Can Tho City on 25 August 2008	-	100%
CM Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6104000035 issued by the Planning and Investment Department of Ca Mau province on 8 April 2008	100%	100%

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 09 – DN/HN

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			31.12.2015	31.12.2014
SH Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6403000044 issued by the Planning and Investment Department of Hau Giang province on 20 July 2007	51%	51%
A&G Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1601171629 issued by the Planning and Investment Department of An Giang province on 17 June 2009	100%	100%
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5904000064 issued by the Planning and Investment Department of Soc Trang province on 11 April 2008	100%	100%
TOT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1801113085 issued by the Planning and Investment Department of Can Tho City on 25 February 2009	100%	100%
TG Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1200975943 issued by the Planning and Investment Department of Tien Giang province on 13 November 2013	100%	100%
Bali Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1900455594 issued by the Planning and Investment Department of Bac Lieu Province on 29 March 2011	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacture and trade pharmaceuticals, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
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%
DHG 1 Packaging and Printing One Member Limited Company	Manufacture label, label cover, packaging from paper and cover. Manufacture and trade plastic, aluminium, paper packaging; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			31.12.2015	31.12.2014
Associates: Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	31,36%	31,36%

(*) As at 31 December 2015, Board of Directors of the Company has issued Decision No. 023/2015/QD.HDQT dated June 8, 2015 to dissolve DHG Nature Pharmaceutical One-member Limited.

2 MAIN ACCOUNTING POLICIES**2.1 Basis of preparation of consolidated financial statements**

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

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

2.2 Significant changes in accounting policies applied

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

Also on December 22, 2014, the Ministry of Finance issued Circular No 202/2014/TT-BTC ("Circular 202") – Guideline of preparation and presentation methods of consolidated financial statements. Circular 202 replaces the formerly guidance in Section XIII of Circular No. 161/2007/TT-BTC dated December 31, 2007 of the Ministry of Finance. Circular 202 is also effective from February 15, 2015 and applies to annual accounting periods beginning on or after January 1, 2015.

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

- Basis of consolidation - Gains or losses arising from the purchase or liquidation of part of investments without losing or having control right recorded directly in retained earnings in equity. Uncontrolled shareholder benefits are reclassified as part of the equity - Notes 2.4
- Transactions in foreign currencies and revaluation of assets and liabilities denominated in foreign currency - Notes 2.6.
- Cash and cash equivalents - Note 2.7.
- Revenue recognition - Notes 2.24 and 2.26
- Financial reserve fund - Demonstration 2:22
- Earnings per share - Earnings or loss attributable to ordinary shareholders of the Company shall be determined after deducting allocations to bonus and welfare fund - Note 35

The Group applied prospectively the changes in accounting policies under the guidance of Circular 200 and Circular 202 for the financial year beginning on January 1, 2015.

Certain comparative figures have been reclassified to conform to the presentation of this year under Circular 200. Details of the reclassification of the comparative figures are presented in Note 39.

2.3 Fiscal year

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

2.4 Consolidation

In 2015, The Company prepared its consolidated financial statements in accordance with Circular 202/2014/TT-BTC – Guideline of preparation and presentation of consolidated financial statement.

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 minority 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.

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

Transactions and interests of uncontrolled shareholders

The Group applies a policy of transactions with minority interests as transactions with parties not belonging to the Group.

Uncontrolled shareholder benefits are determined in ownership rate of the uncontrolled shareholders in net assets reacquired at the acquisition date.

The divestment of the Group in a subsidiary that does not result in loss of control shall be put account similar to the equity transaction. The difference between the value change of the Group's ownership in the net assets of subsidiaries and expenses or income from divestment in subsidiaries is recognized in the undistributed profit after tax of the 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 MAIN ACCOUNTING POLICIES (continued)**2.5 Use of estimates**

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

2.6 Currency

The consolidated interim financial statements are prepared and presented in Vietnamese Dong.

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement. The foreign currencies in banks at the balance sheet date are translated according to buying rate of the bank where the company opened a foreign currency account. Foreign exchange differences arising on translation are recognized as income or expense in the statement of operations.

2.7 Cash and cash equivalents

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

2.8 Trade receivables

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

2.9 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.

2.10 Investments**(a) Held to maturity investments**

Held to maturity investments are things which Company's Board of Management intends and has ability to hold to maturity.

2 MAIN ACCOUNTING POLICIES (continued)**2.10 Investments (continued)**

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

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

(b) Investments in associates

Investments in associates are accounted for at under equity method of accounting in the consolidated financial statements (Note 2.4).

(c) Equity investments in other entities

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

2.11 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation

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

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

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

Subsequent expenditure

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

Disposals

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

2 MAIN ACCOUNTING POLICIES (continued)**2.12 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.

2.13 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly leasehold improvements, prepaid land rental, tools and equipment were put to use. These expenses are recorded in the income statement according to straight-line method or allocated period.

2.14 Liabilities

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

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

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

2.15 Accrued expenses

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

2.16 Borrowing costs

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

2.17 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. Provisions are not recognised for future operating losses.

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

2.18 Provision for severance allowances

According to the Vietnam Labor Code, The Group's employees are entitled to severance benefits based on their years of service. This allowance will be paid once to employees who have left the Group.

2 MAIN ACCOUNTING POLICIES (continued)**2.18 Provision for severance allowances (continued)**

According to the Social Insurance Law, from January 1, 2009, the Group is required to contribute to the unemployment insurance fund managed by the Vietnam Social Insurance Agency. Since implementing unemployment insurance policy, the Group does not need to provide for their years of employees from January 1, 2009. However, the provision for severance allowances as at June 30, 2015 was determined based on years of service of employees in the Group as of December 31, 2008 and based on their average salary during the period 6 months before the date of the balance sheet accounting.

2.19 Unrealized revenue

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

2.20 Current and deferred income tax

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

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

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

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

2.21 Share capital and treasury shares

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

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

2 MAIN ACCOUNTING POLICIES (continued)**2.22 Method of reserve appropriation**

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

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

2.23 Dividend distribution

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

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

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

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

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

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the likely return of goods.

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

(b) Interest income

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

(c) Dividend income

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

2.25 Revenue deductions

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

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

2 MAIN ACCOUNTING POLICIES (continued)**2.26 Programs for traditional customers**

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

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

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

2.27 Cost of goods sold

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

2.28 Financial expenses

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

2.29 Selling expenses

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

2.30 General administration expenses

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

2 MAIN 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

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

3 CASH AND CASH EQUIVALENTS

	31.12.2015	31.12.2014
	VND	VND
Cash on hand	17,042,210,011	16,321,258,859
Cash in banks	71,663,688,651	92,423,873,578
Cash equivalents (*)	506,202,267,866	488,211,631,593
	<u>594,908,166,528</u>	<u>596,956,764,030</u>

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

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

	31.12.2015		31.12.2014	
	Original cost	Book value	Original cost	Book value
	VND	VND	VND	VND
Term deposits	333,193,200,000	333,193,200,000	160,151,666,667	160,151,666,667

(b) Investments in equity of other entities

	31.12.2015		31.12.2014	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Investments in associates (*)	4,523,885,342	-	5,434,273,514	-
Investments in equity of other entities (**)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	32,432,055,542	(16,500,000,000)	33,342,443,714	(16,500,000,000)

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

	31.12.2015 VND	31.12.2014 VND
Vinh Hao Algae Corporation	4,523,885,342	5,434,273,514

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

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

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

5 TRADE RECEIVABLES

	31.12.2015 VND	31.12.2014 VND
Trade receivables from third parties	573,226,514,795	760,722,312,361

At 31 December 2015, no trade receivable from third parties accounts for 10% or more of total trade receivables.

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

	Fiscal year ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	7,705,445,652	9,437,307,072
Increase	3,636,652,631	3,105,888,426
Reverse	(440,196,484)	(4,837,749,846)
Closing balance	<u>10,901,901,799</u>	<u>7,705,445,652</u>

6 OTHER RECEIVABLES

	31.12.2015		31.12.2014	
	Value VND	Provision VND	Value VND	Provision VND
Prepaid sale discount	2,052,723,864	-	3,215,704,665	-
Interest income receivable	6,691,565,280	-	5,506,248,160	-
Receivables from employees	1,581,592,079	-	2,830,392,453	-
Other receivables	11,471,913,554	-	5,245,080,481	-
	<u>21,797,794,777</u>	<u>-</u>	<u>16,797,425,759</u>	<u>-</u>

7 BAD DEBT

	31.12.2015		
	Original cost VND	Recoverable value VND	Provision VND
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover (*)	323,700,745,990	312,798,844,191	10,901,901,799
	<u>323,700,745,990</u>	<u>312,798,844,191</u>	<u>10,901,901,799</u>
	31.12.2014		
	Original cost VND	Recoverable value VND	Provision VND
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover (*)	316.026.833.748	308.321.388.097	7.705.445.652
	<u>316.026.833.748</u>	<u>308.321.388.097</u>	<u>7.705.445.652</u>

(*) At 31 December 2015, no overdue receivables account for 10% or more of total delinquency.

8 INVENTORIES

	31.12.2015		31.12.2014	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Goods in transit	58,435,563,204		56,439,936,854	-
Raw materials	189,692,016,502		263,217,163,928	-
Work in progress	20,039,649,051		31,768,962,547	-
Finished goods	272,623,968,660	3,006,691,934	346,304,666,143	5,282,439,430
Merchandises	97,145,430,744	4,680,250	88,392,311,860	136,990,438
	<u>637,936,628,161</u>	<u>3,011,372,184</u>	<u>786,123,041,332</u>	<u>5,419,429,868</u>

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

	Fiscal year ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	5,419,429,868	4,457,981,612
Increase	77,701,136	961,448,256
Reversal	(2,485,758,820)	-
Closing balance	<u>3,011,372,184</u>	<u>5,419,429,868</u>

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

At 31 December 2015, the Group does not have the value of inventory that is accumulated, poor quality, inability to consume.

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

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2015	409.107.292.593	450.217.148.519	161.166.902.151	70.255.230.017	1.090.746.573.280
Increase	824.464.247	15.939.206.298	1.388.181.818	609.653.123	18.761.505.486
Transfers from construction in progress (Note 10)	67.730.520.402	61.105.782.581	15.613.039.046	10.525.491.036	154.974.833.065
Transfers to tools and supplies	-	(873.084.394)	(49.303.900)	-	(922.388.294)
Disposals	(3.979.044.181)	(4.670.607.295)	(2.472.209.639)	(1.277.139.649)	(12.399.000.764)
Delete	(252.706.001)	(499.295.079)	-	-	(752.001.080)
	<u>473.430.527.060</u>	<u>521.219.150.630</u>	<u>175.646.609.476</u>	<u>80.113.234.527</u>	<u>1.250.409.521.693</u>
At 31 December 2015					
Accumulated depreciation					
At 1 January 2015	77.399.212.389	161.333.863.172	71.567.636.221	46.781.863.015	357.082.574.797
Depreciation for the period/year	25.814.148.346	41.157.021.735	19.086.347.399	8.671.864.701	94.729.382.181
Transfer to tools and supplies	-	(673.167.707)	(36.293.149)	-	(709.460.856)
Disposals	(1.354.231.557)	(4.575.885.066)	(2.472.209.638)	(1.277.139.649)	(9.679.465.910)
Delete	(168.478.547)	(499.295.079)	-	-	(667.773.626)
	<u>101.690.650.631</u>	<u>196.742.537.055</u>	<u>88.145.480.833</u>	<u>54.176.588.067</u>	<u>440.755.256.586</u>
At 31 December 2015					
Net book value					
At 1 January 2015	<u>331.708.080.205</u>	<u>288.883.285.347</u>	<u>89.599.265.929</u>	<u>23.473.367.002</u>	<u>733.663.998.483</u>
At 31 December 2015	<u>371.739.876.429</u>	<u>324.476.613.575</u>	<u>87.501.128.643</u>	<u>25.936.646.460</u>	<u>809.654.265.107</u>

Included in tangible fixed assets as at 30 September 2015 were assets costing VND125,809 million (31 December 2014: VND 114,317,371) which were fully depreciated but still in active use.

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

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
At 1 January 2015	114,973,064,021	72,388,067,651	6,007,417,805	193,368,549,477
Increase	-	3,946,635,000	-	3,946,635,000
Transfers from construction in progress (Note 10)	5,697,960,680	9,396,623,533	2,676,085,000	17,770,669,213
Transfer from prepaid expenses	-	70,059,964,123	-	70,059,964,123
Disposals	(7,001,874,655)	(4,174,169,920)	-	(11,176,044,575)
At 31 December 2015	<u>113,669,150,046</u>	<u>151,617,120,387</u>	<u>8,683,502,805</u>	<u>273,969,773,238</u>
Accumulated amortisation				
At 1 January 2015	-	8,741,492,753	4,610,143,219	13,351,635,972
Depreciation in the period/year	-	2,885,646,102	845,718,294	3,731,364,396
Transfer from prepaid expenses	-	723,082,487	-	723,082,487
Disposals	-	(254,111,588)	-	(254,111,588)
At 31 December 2015	<u>-</u>	<u>12,096,109,754</u>	<u>5,455,861,513</u>	<u>17,551,971,267</u>
Net book value				
At 1 January 2015	<u>114,973,064,021</u>	<u>63,646,574,898</u>	<u>1,397,274,586</u>	<u>180,016,913,505</u>
At 31 December 2015	<u>113,669,150,046</u>	<u>139,521,010,633</u>	<u>3,227,641,292</u>	<u>256,417,801,971</u>

The historical cost of intangible fixed assets of the Group has been fully depreciated but still used in the 31 December 2015 is VND2,917 million (at 31 December 2014: VND2,917 million)

10 LONG-TERM ASSETS IN PROGRESS**Construction in progress**

	31.12.2015 VND	31.12.2014 VND
Main works:		
Construction of Beta lactam factory	3,897,160,963	23,629,137,559
Construction of CMT8 finished-product warehouse	3,031,610,782	-
Construction of effervescent drug line	3,061,360,000	-

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

	Fiscal year ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	50,132,540,095	281,537,063,873
Additions	149,685,071,136	231,319,133,808
Transfer to tangible fixed assets (Note 9(a))	(154,974,833,065)	(447,386,996,173)
Transfer to intangible fixed assets (Note 9(b))	(17,770,669,213)	(6,852,020,000)
Transfer to prepayments	(272,577,054)	(2,539,950,741)
Transfer to tools and supplies	(411,676,938)	(5,994,690,672)
Delete	(9,396,623,533)	
Closing balance	<u>16,991,231,428</u>	<u>50,132,540,095</u>

11 PREPAID EXPENSES

(a) Short-term prepayments

	31.12.2015 VND	31.12.2014 VND
Operating lease expenses	341,400,000	35,932,348
Others expenses	3,612,248,491	993,335,103
	<u>3,953,648,491</u>	<u>1,029,267,451</u>

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

(b) Long-term prepayments

	31.12.2015 VND	31.12.2014 VND
Prepaid land rental fees	18,179,059,222	88,135,409,821
Tools	8,771,307,312	12,202,499,643
Leasehold improvements	174,666,020	608,209,443
Others expenses	1,187,289,863	-
	<u>28,312,322,417</u>	<u>100,946,118,907</u>

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

Movements in long-term prepaid expenses as follows:

	Fiscal year ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	100,946,118,907	18,683,501,941
Increase	7,521,959,986	88,825,786,169
Transfer from construction in progress	272,577,054	2,539,950,741
Allocation	(11,091,451,894)	(9,103,119,944)
Transfers to intangible fixed assets (Note 9(b) (*)	(69,336,881,636)	-
Closing balance	<u>28,312,322,417</u>	<u>100,946,118,907</u>

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

12 DEFERRED INCOME TAX ASSETS

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

	Fiscal year ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	14,017,983,554	8,256,999,578
Income statement credit	66,576,720	5,760,983,976
Closing balance	<u>14,084,560,274</u>	<u>14,017,983,554</u>

The deferred income tax asset mainly arises from deductible temporary differences of provisions and unrealised gains on transactions among subsidiaries of the Group arising in consolidation.

13 TRADE ACCOUNTS PAYABLE

	31.12.2015 VND	31.12.2014 VND
Trade payables to third parties	<u>209,335,787,310</u>	<u>261,374,420,147</u>

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

	31.12.2015 VND	31.12.2014 VND
Nomura Trading Co., Ltd	-	56,978,290,575
Truong Tin Pharmaceutical Ltd. Co.	38,175,021,388	55,858,654,121
Mega Lifesciences Ltd. (VN)	42,854,138,507	-

14 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	31.12.2015 VND	31.12.2014 VND
Value added tax	6,294,283,103	11,422,235,182
Corporate income tax - current	5,870,356,510	87,380,168,507
Personal income tax	1,958,153,290	4,508,702,955
Others	489,034	48,139
	<u>14,123,281,937</u>	<u>103,311,154,783</u>

Taxes included as follows:

	<u>Opening balance</u>	<u>Amount payable in the period/year</u>	<u>Amount paid in the period/year</u>	<u>Reclassification of accounts</u>	<u>Closing balance</u>
VAT on domestic sales	9,654,706,232	70,088,622,941	(77,562,777,356)	-	2,180,551,817
VAT on imports	-	35,641,435,313	(35,641,435,313)	-	-
Import export tax	(740,713,926)	12,121,915,726	(11,942,476,211)	-	(561,274,411)
Corporate income tax	87,380,168,507	109,553,445,167	(191,641,456,764)	12,010	5,292,168,920
Personal income tax	4,374,803,810	34,799,953,001	(37,368,224,259)	-	1,806,532,552
Land tax	-	2,069,121,412	(2,069,121,412)	-	-
Others	48,139	380,135,736	(379,694,841)	-	489,034
Total	<u>100,669,012,762</u>	<u>264,654,629,296</u>	<u>(356,605,186,156)</u>	<u>12,010</u>	<u>8,718,467,912</u>

15 SHORT-TERM ACCRUED EXPENSES

	31.12.2015 VND	31.12.2014 VND
Trade discounts and promotions (*)	2,095,658	246,880,627,671
Marketing and customer care expenses	3,196,827,384	7,386,412,520
Interest payable	452,141,998	1,381,705,671
Seminar expenses	3,579,898,355	859,859,395
Others	26,343,538,901	9,501,345,856
	<u>33,574,502,296</u>	<u>266,009,951,113</u>

(*)Under the guidance of Circular 200, the accrued expenses related to trade discounts, promotions at 31 December 2015 are accounted decrease in trade receivables.

16 SHORT-TERM UNREALIZED REVENUE

	31.12.2015 VND	31.12.2014 VND
Revenue unrealized from traditional client program (Note 2.19 and 2.26)	7,443,398,304	-
	<u>7,443,398,304</u>	<u>-</u>

17 OTHER PAYABLES

	31.12.2015 VND	31.12.2014 VND
Union fee and health insurance	1,102,968,970	1,484,416,312
Dividends payable	-	17,894,000
Trade discounts	3,144,620,676	10,104,760,934
Other payables	11,522,971,426	24,476,109,261
	<u>15,770,561,072</u>	<u>36,083,180,507</u>

18 SHORT-TERM BORROWINGS

	As at 01.01.2015 VND	Increase VND	Decrease VND	As at 31.12.2015 VND
Loans from bank (*)	150,000,000,000	1,208,723,265,157	(1,111,723,265,157)	247,000,000,000
Loans from the Group's employees (**)	26,707,408,762	7,531,429,145	(10,527,631,170)	23,711,206,737
	<u>176,707,408,762</u>	<u>1,216,254,694,302</u>	<u>(1,122,250,896,327)</u>	<u>270,711,206,737</u>

(*) These loans are born interest at 0.29% to 0.62% per month (31.12.2014: from 0.37% to 0.4% per month).

(**)These loans are born interest at 0.42% to 0.57% per month (31.12.2014: from 0.42% to 0.5% per month).

19 BONUS AND WELFARE FUND

The fund is established through appropriation from retained earnings upon approval of shareholders at the Company's and its subsidiaries' 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 Directors in accordance with the Company's and its subsidiaries' AGM Resolution.

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

	Bonus and welfare fund for staffs VND	Welfare fund in form of fixed assets VND	Bonus fund for Board of Directors VND	Total VND
Opening balance	26,460,470,761	30,537,725,466	9,987,386,100	66,985,582,327
Appropriation to the funds in the period/year	80,498,552,677	-	7,129,826,013	87,628,378,690
Assets formed from the welfare fund	(9,228,221,494)	9,228,221,494	-	-
Depreciation of assets formed from the welfare fund	-	(4,787,478,780)	-	(4,787,478,780)
Utilisation	(48,288,536,610)	-	(10,763,827,974)	(59,052,364,584)
Closing balance	<u>49,442,265,334</u>	<u>34,978,468,180</u>	<u>6,353,384,139</u>	<u>90,774,117,653</u>

20 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

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

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

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
Opening balance	18,566,450,573	21,992,927,367	40,559,377,940
Revenue from Vietnam Business Challenge Fund	595,105,000	-	595,105,000
Science and technology development fund used for fixed asset acquisition	(6,523,203,500)	6,523,203,500	-
Depreciation of assets formed from Science and technology development fund	-	(4,002,986,175)	(4,002,986,175)
Liquidation of assets formed from Science and technology development fund	-	(25,994,600)	(25,994,600)
Utilisation	(6,119,106,118)	-	(6,119,106,118)
Closing balance	<u>6,519,245,955</u>	<u>24,487,150,092</u>	<u>31,006,396,047</u>

21 PROVISION FOR LONG-TERM PAYABLES

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

22 OWNERS' CAPITAL

	31.12.2015		31.12.2014	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	87,164,330	871,643,300,000	87,164,330	871,643,300,000
Treasury shares	(222,380)	(16,121,030,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

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

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

	Fiscal year ended 31.12.2015		Fiscal year ended 31.12.2014	
	Number of shares	VND	Number of shares	VND
Opening balance	87,154,200	871,187,450,000	65,366,299	653,308,440,000
Ordinary shares issued	-	-	21,787,901	217,879,010,000
Acquisition of shares as treasury shares	(212,250)	(15,665,180,000)	-	-
Closing balance	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

23 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
As at 1 January 2014	653,764,290,000	(455,850,000)	701,396,760,268	66,929,751,817	559,730,522,015	1,981,365,474,100
Bonus share issued	217,879,010,000	-	(217,879,010,000)	-	-	-
Profit for the year	-	-	-	-	533,272,781,144	533,272,781,144
Dividends paid for the final phase of the year 2013	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Appropriation to funds	-	-	298,558,731,951	134,023,103	(298,692,755,054)	-
Appropriation to bonus and welfare fund	-	-	-	-	(90,366,344,160)	(90,366,344,160)
Appropriation to Board of Directors bonus fund	-	-	-	-	(16,745,549,029)	(16,745,549,029)
As at 31 December 2014	<u>871,643,300,000</u>	<u>(455,850,000)</u>	<u>782,076,482,219</u>	<u>67,063,774,920</u>	<u>556,467,354,916</u>	<u>2,276,795,062,055</u>
Acquisition of shares as treasury shares	-	(15,665,180,000)	-	-	-	(15,665,180,000)
Profit for the period/year	-	-	-	-	590,421,453,966	590,421,453,966
Dividend	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Appropriation to funds	-	-	190,338,928,439	-	(190,338,928,439)	-
Transfer from the financial reserve fund (*)	-	-	67,063,774,920	(67,063,774,920)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(80,423,657,994)	(80,423,657,994)
Appropriation to Board of Directors bonus fund	-	-	-	-	(7,031,826,013)	(7,031,826,013)
At December 2015	<u>871,643,300,000</u>	<u>(16,121,030,000)</u>	<u>1,039,479,185,578</u>	<u>-</u>	<u>607,631,796,436</u>	<u>2,502,633,252,014</u>

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

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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27 REVENUE

(a) Net sales

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Sales				
Sales of finished goods	1,026,132,733,779	1,190,527,830,931	3,201,763,761,966	3,612,896,747,585
Sales of merchandise goods	338,572,611,926	126,392,742,715	930,180,949,058	330,058,698,522
Services	1,627,433,577	2,342,882,630	20,246,668,135	15,754,464,312
	<u>1,366,332,779,282</u>	<u>1,319,263,456,276</u>	<u>4,152,191,379,159</u>	<u>3,958,709,910,419</u>
Sales deductions				
Trade discounts	(209,228,468,432)	(2,527,770,254)	(518,844,571,394)	(26,942,479,274)
Sales returns	(7,443,464,563)	(5,663,818,383)	(24,695,163,450)	(19,249,286,670)
	<u>(216,671,932,995)</u>	<u>(8,191,588,637)</u>	<u>(543,539,734,844)</u>	<u>(46,191,765,944)</u>
Net sales	<u>1,149,660,846,287</u>	<u>1,311,071,867,639</u>	<u>3,608,651,644,315</u>	<u>3,912,518,144,475</u>
In which:				
Sales of finished goods	815,806,248,822	1,183,376,100,817	2,673,244,310,058	3,568,648,442,589
Sales of merchandise goods	332,227,163,888	125,352,884,192	915,160,666,122	328,115,237,574
Revenue from services rendered	1,627,433,577	2,342,882,630	20,246,668,135	15,754,464,312

(b) Financial income

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Interest income from deposits at bank	10,208,933,241	9,451,319,369	30,384,304,894	34,739,772,617
Dividend income	196,490,400	-	487,405,026	441,221,468
Realised foreign exchange gains	-	95,680,000	-	95,680,000
Interest from rate differences	2,079,403,941	183,730,757	3,652,204,147	1,696,369,873
Other financial income	2,979,291	(488,580)	12,384,212	166,833,861
	<u>12,487,806,873</u>	<u>9,730,241,546</u>	<u>34,536,298,279</u>	<u>37,139,877,819</u>

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28 COST OF SALES

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Cost of finished goods sold	389,482,665,642	450,749,354,995	1,297,537,110,380	1,471,321,790,703
Cost of merchandises sold	323,244,643,494	116,734,983,952	882,342,595,965	302,293,190,931
Cost of services rendered	3,925,616,070	1,120,957,507	16,439,091,660	7,420,696,144
Provision for decline in value of inventories	(1,696,198,714)	(1,383,091,473)	(2,067,268,734)	961,448,256
	<u>714,956,726,492</u>	<u>567,222,204,981</u>	<u>2,194,251,529,271</u>	<u>1,781,997,126,034</u>

29 FINANCIAL EXPENSES

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Interest expense	2.543.476.651	1.234.637.438	8.701.231.748	4.838.876.750
Realised foreign exchange losses	2.495.970.400	1.410.489.241	9.426.825.567	3.694.771.640
Payment discounts	25.554.521.887	15.909.346.290	71.119.708.924	58.724.336.738
Other expenses	117.266.402	15.348	234.123.819	82.688.601
	<u>30.711.235.340</u>	<u>18.554.488.317</u>	<u>89.481.890.058</u>	<u>67.340.673.729</u>

30 SELLING EXPENSES

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Labour costs	90,420,267,370	110,783,002,710	242,099,739,663	324,877,901,970
Material costs	3,407,332,346	12,612,668,412	11,492,656,910	15,412,133,808
Tools and supplies expenses	2,441,372,242	5,319,480,499	5,066,594,906	9,035,110,627
Depreciation expenses	3,557,005,722	3,611,998,957	14,079,620,579	13,689,976,685
Advertising expenses	17,287,962,756	24,715,654,506	78,073,169,748	91,743,846,347
Discount and promotion expenses	628,704,397	318,039,064,126	760,291,909	444,549,320,357
Seminar expenses	5,791,123,279	(48,230,842,505)	14,667,144,681	103,134,130,636
Customer care expenses	1,428,012,248	(3,779,524,999)	2,959,098,434	22,002,839,612
Transportation expenses	5,763,298,651	(2,809,115,750)	20,482,898,802	16,558,084,954
Other expenses	20,480,199,814	8,662,431,904	67,207,921,059	57,584,032,922
	<u>151,205,278,825</u>	<u>428,924,817,860</u>	<u>456,889,136,691</u>	<u>1,098,587,377,918</u>

31 GENERAL ADMINISTRATION EXPENSES

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Staff expenses	53,820,368,936	100,686,141,939	173,116,596,148	233,103,477,372
Material costs	(532,448,602)	427,813,062	822,044,755	854,593,034
Tools and instruments	401,179,227	1,937,244,033	4,430,503,772	7,098,049,584
Depreciation expenses	4,066,894,362	3,066,513,144	13,932,815,111	12,230,740,025
Taxes, fees and charges	302,373,654	327,793,779	904,975,138	856,689,086
Provision expenses	5,601,887,586	(3,618,935,879)	9,663,972,241	(1,731,861,420)
Environmental recovery expense	5,053,947,698	-	5,053,947,698	-
Outside services	9,533,246,188	7,141,852,370	22,768,993,699	20,223,776,168
Other expenses	8,321,940,358	9,251,632,661	30,130,016,051	40,140,344,610
	<u>86,569,389,407</u>	<u>119,220,055,109</u>	<u>260,823,864,613</u>	<u>312,775,808,459</u>

32 OTHER INCOME AND EXPENSES

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Other income				
Proceeds from sales of scraps	(275,067,274)	460,766,128	-	1,588,696,918
Proceeds from disposals of fixed assets	4,920,967,759	1,977,107,757	16,233,594,513	2,092,971,399
Commission income	12,862,985,468	18,275,409,296	38,835,218,495	28,802,574,580
Sundry income	3,114,059,843	917,809,008	28,431,280,895	4,360,260,141
	<u>20,622,945,796</u>	<u>21,631,092,189</u>	<u>83,500,093,903</u>	<u>36,844,503,038</u>
Other expenses				
Net book value of fixed assets disposed and deleted	3,835,704,069	2,032,023,884	13,615,473,241	2,227,095,543
Sundry expenses	2,130,676,821	535,749,849	6,823,220,272	1,637,285,435
	<u>5,966,380,890</u>	<u>2,567,773,733</u>	<u>20,438,693,513</u>	<u>3,864,380,978</u>
Net other income	<u>14,656,564,906</u>	<u>19,063,318,456</u>	<u>63,061,400,390</u>	<u>32,980,122,060</u>

33 COST OF OPERATIONS BY FACTOR

	For fiscal year ended	
	31.12.2015	31.12.2014
	VND	VND
Material cost	1,370,557,944,646	1,395,915,401,560
Labour costs	541,156,188,924	748,374,531,574
Depreciation expense	57,716,560,564	70,013,893,370
Outside service expenses	218,247,733,114	727,235,631,094
Other expenses	102,322,962,887	212,409,242,223
	<u>2,290,001,390,135</u>	<u>3,153,948,699,821</u>

34 CORPORATE INCOME TAX

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

	Fiscal year ended	
	31.12.2015	31.12.2014
	VND	VND
Net accounting profit before tax	703,892,534,179	721,937,158,214
Tax calculated at a rate of 22%	154,856,357,519	158,826,174,807
Effect of:		
Expenses not deductible for tax purposes	1,002,963,926	47,575,443,187
Income not subject to tax	(2,021,861,384)	(97,068,723)
Under provision in previous years	136,300,581	85,858,209
Tax incentives	(44,486,892,192)	(18,225,328,293)
	<hr/>	<hr/>
Business income tax charge	109,486,868,450	188,165,079,187

Applicable tax rates*The Company*

According to the Decision of 3044/QĐ-UBND of People's Committee of Can Tho City, the Company is required to pay the business income tax ("BIT") at rate of 20% from 2005 to 2014 and 22% for the following years. The Company was exempted from income tax from 2005 to 2006 and received a 50% reduction in income tax from 2007 to 2011 according to Decision No. 3044/QĐ-UBND.

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

The Subsidiaries

Except for DHG 1 Packaging and Printing One Member Limited Company, DHG Nature One Member Limited Company, ST Pharmaceutical One Member Limited Company, HT Pharmaceutical One Member Limited Company, DHG Pharmaceutical One Member Limited Company and Song Hau Pharmaceutical Joint Stock Company, other subsidiaries in the Group have an obligation to pay the business income tax at rate of 22% of taxable profits.

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

Pursuant to its Business Registration Certificate, DHG 1 Packaging and Printing has an obligation to pay the business income tax at rate of 10% of taxable profits from 2014 to 2028 and 22% for the following years. The company was exempted from income tax from 2014 to 2017 and received a 50% reduction in income tax from 2018 to 2026.

DHG Nature One Member Limited Company ("DHG Nature")

Pursuant to its Business Registration Certificate, DHG Nature has an obligation to pay the business income tax at rate of 20% of taxable profits from 2009 to 2018 and 22% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2013.

ST Pharmaceutical One Member Limited Company ("ST Pharma")

Pursuant to its Business Registration Certificate, ST Pharma has an obligation to pay the business income tax at rate of 20% of taxable profits from 2009 to 2018 and 22% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2014.

29 CORPORATE INCOME TAX (continued)*HT Pharmaceutical One Member Limited Company ("HT Pharma")*

Pursuant to its Business Registration Certificate, HT Pharma has an obligation to pay the business income tax at rate of 20% of taxable profits from 2008 to 2014 and 22% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2008 to 2009.

DHG Pharmaceutical One Member Limited Company

According to Investment Certificate No. 642041000005 of the management board of industrial zones in Hau Giang Province, the Company enjoys income tax rate of 10% for 15 years as from commencement of operations. The Company has been exempted from income tax for 4 years and received a 50% reduction in income tax for 9 years for the next years after the taxable income. According to Circular 78/2014/TT-BTC, the income tax rate is 22% as from 1 January 2014 and a decrease in 20% as from 1 January 2016. Preferential rate does not apply other income. The other income is subject to ordinary tax rate of 22%. The Company has registered the start of tax exemption and tax reduction from the year 2015.

Song Hau Pharmaceutical Joint Stock Company ("SH Pharm")

Pursuant to its Investment License, SH Pharma has an obligation to pay the business income tax at rate of 15% of taxable profits generated from production activities and 20% of taxable profits generated from trading activities from 2008 to 2017 and 22% thereafter. The terms of its investment license allow the Company to be exempted from income tax from 2008 to 2009 and a 50% reduction in income tax from 2010 to 2015.

All the above tax incentives are not applicable to other income which is taxed at rate of 22%.

35 EARNINGS PER SHARE

Earnings per share at 31 December 2015 is calculated by net profit after excluding appropriation to bonus and welfare fund from profit after tax attributable to shareholders divided by the weighted average of outstanding ordinary shares during the period.

	For 3-month period ended		For fiscal year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	VND	VND	VND	VND
Net profit attributable to shareholders (dong)	166,789,599,325	120,145,337,211	590,421,453,966	533,272,781,144
Appropriation to bonus and welfare fund expected (*)	(20,014,751,919)	(14,417,440,465)	(70,850,574,476)	(62,540,112,892)
	<u>146,774,847,406</u>	<u>105,727,896,746</u>	<u>519,570,879,490</u>	<u>470,732,668,252</u>
Weighted average of outstanding ordinary shares	86,941,950	87,154,200	86,941,950	87,154,200
Basic earnings per share based on weighted average of outstanding ordinary shares (dong)	1,688	1,213	5,976	5,401

(*)Appropriation to bonus and welfare fund expected for 2015 is based on the percentage of allocation of profit after tax in 2014 of 12%.

The Group has no potential shares which has effect on impairment of earnings per share.

36 RELATED PARTY TRANSACTIONS

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

Related party transactions

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

	For fiscal year ended	
	31.12.2015	31.12.2014
	VND	VND
i) Purchase of goods and services		
Associates		
Vinh Hao Algae Corporation	51,950,000	40,400,000
ii) Dividend payment		
State Capital Investment Corporation (“SCIC”)	113,252,475,000	56,626,237,500
iii) Remuneration of key management		
Gross salaries and other benefits	11,883,263,388	14,238,341,053

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

	For fiscal year ended	
	31.12.2015	31.12.2014
	VND	VND
Allocation to funds from profit	277,794,412,446	405,804,648,243
Transfer from construction in progress to tangible fixed assets	154,974,833,065	447,386,996,173
Transfer from construction in progress to intangible fixed assets	17,770,669,213	6,852,020,000
Transfer from construction in progress to tools, instruments	411,676,938	5,944,690,672
Transfer from construction in progress to long-term prepaid expenses	272,577,054	2,539,950,741
Transfer from long-term prepaid expenses to intangible fixed assets	69,336,881,636	-
Transfer from financial reserve fund to investment and development fund	67,063,774,920	-

b. Amounts of net borrowing during the year

	2015	2014
	VND	VND
Borrowings under normal contract	1,216,254,694,302	1,376,817,787,033

37 STATEMENTS OF CASH FLOWS (continued)

c. Amounts of net payment of borrowings during the year

	2015 VND	2014 VND
Borrowings under normal contract	1,122,250,896,327	1,327,141,456,830

38 COMMITMENTS

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

	31.12.2015 VND	31.12.2014 VND
Approved but not contracted	386,922,258,158	183,740,702,869
Approved and contracted but not recognised in the financial statements	48,209,478,426	112,345,655,928
	<u>435,131,736,584</u>	<u>296,086,358,797</u>

39 COMPARATIVE FIGURES

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

Consolidated balance sheet

At 31 December 2014

Code	Data previously reported under Decision 15 VND	Adjusted VND	Data reclassified under Circular 200 VND
100 Current assets	694,883,291,853		694,883,291,853
112 Cash equivalents	387,746,631,593	98,000,000,000	485,746,631,593
Short-term financial investments	260,616,666,667	(260,616,666,667)	-
123 Held to maturity investments	-	162,616,666,667	162,616,666,667
135 Receivables on short-term loans	-	29,687,311,136	29,687,311,136
136 Other short-term receivables	43,219,434,779	(26,604,379,425)	16,615,055,354
155 Other current assets	3,300,558,814	(3,082,931,711)	217,627,103
200 Long-term assets	808,355,513		808,355,513
216 Other long-term receivables	-	808,355,513	808,355,513
268 Other long-term assets	808,355,513	(808,355,513)	-

39 COMPARATIVE FIGURES (continued)

Report of consolidated business results

Code		For fiscal year ended 31.12.2014		
		Date previously reported under Decision 15 VND	Adjusted VND	Data reclassified under Circular 200 VND
70	Basic earnings per share	6,119	(718)	5,401
71	Diluted earnings per share	6,119	(718)	5,401

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

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
18 January 2016