

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2015**

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

Establishment

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

Business Registration

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

The Business Registration Certificate has been amended several times and its latest amendment No. 1800156801 dated 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

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31.12.2015 VND	As at 31.12.2014 VND
100	CURRENT ASSETS		2,025,505,183,791	2,141,339,208,039
110	Cash and cash equivalents	3	504,246,411,813	489,229,559,612
111	Cash		35,246,411,813	33,881,226,279
112	Cash equivalents		469,000,000,000	455,348,333,333
120	Short-term investments	4a	332,000,000,000	160,151,666,667
123	Held to maturity investments		332,000,000,000	160,151,666,667
130	Short-term receivables		592,312,237,197	750,707,054,379
131	Trade receivables	5	547,379,120,398	697,922,860,109
132	Prepayments to suppliers		19,165,999,426	28,745,336,819
135	Receivables from short-term loans		12,388,633,598	11,057,718,430
136	Other receivables	6	19,156,198,917	17,338,717,661
137	Allowances for doubtful debts		(5,777,715,142)	(4,357,578,640)
140	Inventories	8	593,850,841,828	740,284,299,291
141	Inventories		596,211,476,558	744,748,435,504
149	Allowances for inventories		(2,360,634,730)	(4,464,136,213)
150	Other current assets		3,095,692,953	966,628,090
151	Short-term prepayments	13a	2,534,418,542	225,914,164
	Taxes and other payables to State			
153	Budget		561,274,411	740,713,926
200	NON-CURRENT ASSETS		1,252,430,878,671	1,152,933,125,074
210	Long-term receivables		587,912,165,741	458,946,914,329
215	Receivables on long-term loans	9	587,912,165,741	458,138,558,816
216	Other long-term receivables		-	808,355,513
220	Fixed assets		472,315,847,869	456,999,593,273
221	Tangible fixed assets	10a	266,012,104,528	280,021,622,503
222	<i>Original cost</i>		623,153,018,708	587,281,193,664
223	<i>Accumulated depreciation</i>		(357,140,914,180)	(307,259,571,161)
227	Intangible fixed assets	10b	206,303,743,341	176,977,970,770
228	<i>Original cost</i>		222,283,861,877	190,265,374,522
229	<i>Accumulated depreciation</i>		(15,980,118,536)	(13,287,403,752)
230	Real estate investments	11	28,441,521,155	31,237,025,507
231	Original cost		38,679,461,157	38,679,461,157
232	Accumulated depreciation		(10,237,940,002)	(7,442,435,650)
240	Long-term assets in progress	12	13,094,070,465	17,954,990,322
242	Cost of work in progress		13,094,070,465	17,954,990,322
250	Long-term financial investments	4b	132,745,620,200	137,745,620,200
251	Investments in subsidiaries		117,550,000,000	122,550,000,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Investments in equity of other entities		27,908,170,200	27,908,170,200
254	Provision for long-term financial investments		(16,500,000,000)	(16,500,000,000)
260	Other non-current assets		17,921,653,241	50,048,981,443
261	Long-term prepaid expenses	13b	14,621,653,241	46,748,981,443
262	Deferred income tax assets	14	3,300,000,000	3,300,000,000
270	TOTAL ASSETS		3,277,936,062,462	3,294,272,333,113

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET
(Continued)

Code	RESOURCES	Note	As at 31.12.2015 VND	As at 31.12.2014 VND
300	LIABILITIES		852,676,070,975	1,067,224,705,510
310	Current liabilities		794,673,824,552	1,000,019,164,238
311	Trade payables	15	325,894,769,777	292,960,854,813
312	Advances from customers		5,977,771,629	736,424,704
	Taxes and other payables to the State			
313	Budget	16	7,397,941,515	72,568,506,884
314	Payable to employees		82,112,131,801	153,517,697,521
315	Accrued expenses	17	19,314,384,244	228,564,259,504
318	Unrealized revenue	18	3,143,348,192	-
319	Other payables	19	9,795,524,205	23,714,709,775
320	Short-term borrowings	20	270,711,206,737	176,707,408,762
322	Bonus and welfare fund	21	70,326,746,452	51,249,302,275
330	Long-term liabilities		58,002,246,423	67,205,541,272
342	Provision for long-term payables	23	27,623,718,837	28,843,956,033
	Science and technology development			
343	fund	22	30,378,527,586	38,361,585,239
400	OWNERS' EQUITY		2,425,259,991,487	2,227,047,627,603
410	Owner's capital	24,25	2,425,259,991,487	2,227,047,627,603
411	Owners' capital	24,25	871,643,300,000	871,643,300,000
415	Treasury shares	25	(16,121,030,000)	(455,850,000)
418	Investment and development fund	25	1,025,023,272,831	768,665,991,301
	Financial reserve fund		-	66,026,578,871
421	Undistributed profit after tax	25	544,714,448,656	521,167,607,431
	- Undistributed profit after tax			
421a	brought forward		-	-
	- Undistributed profit after tax for the			
421b	current year		544,714,448,656	521,167,607,431
440	TOTAL RESOURCES		3,277,936,062,462	3,294,272,333,113

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
15 January 2016

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 02 – DN

SEPARATE 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
01	Sales	1,219,410,977,144	1,205,457,287,587	3,778,492,649,415	3,684,076,159,060
02	Revenue deductions	(152,258,587,312)	(12,059,253,407)	(403,093,941,090)	(50,365,853,475)
10	Net sales	28(a) 1,067,152,389,832	1,193,398,034,180	3,375,398,708,325	3,633,710,305,585
11	Costs of goods sold	29 (791,209,229,919)	(649,596,810,683)	(2,415,451,384,917)	(1,950,185,814,628)
20	Gross profit	275,943,159,913	543,801,223,497	959,947,323,408	1,683,524,490,957
21	Financial income	28(b) 140,127,921,828	9,039,804,580	244,487,288,843	96,189,555,935
22	Financial expenses	30 (23,504,627,950)	(13,538,518,665)	(69,040,214,925)	(49,752,531,926)
23	<i>Including: interest expense</i>	(2,543,476,651)	(1,234,637,438)	(8,701,231,748)	(4,838,876,750)
25	Selling expenses	31 (123,707,140,138)	(285,734,480,144)	(370,882,582,636)	(843,131,815,963)
26	General administration expenses	32 (56,110,495,343)	(96,502,345,842)	(183,811,223,571)	(240,628,910,511)
30	Operating profit	212,748,818,310	157,065,683,426	580,700,591,119	646,200,788,492
31	Other income	29,362,931,825	20,793,673,807	85,623,889,232	36,912,661,738
32	Other expenses	(13,945,788,857)	(1,982,370,612)	(27,126,658,411)	(3,709,037,674)
40	Net other income	33 15,417,142,968	18,811,303,195	58,497,230,821	33,203,624,064
50	Net accounting profit before tax	228,165,961,278	175,876,986,621	639,197,821,940	679,404,412,556

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Co de	Note	For fiscal year ended	
		31.12.2015 VND	31.12.2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		639,197,821,940	679,404,412,556
	Adjustments for:		
02	Fixed asset appreciations	10,11 65,303,139,653	57,672,889,000
03	Provisions	(1,903,602,177)	1,856,904,707
05	Gains from disposal of fixed assets	33 (2,610,308,490)	56,064,999
05	Interest and dividend income	28(b) (240,871,319,554)	(94,339,067,623)
05	Losses from investments in associates	-	(95,680,000)
06	Interest expense	30 8,701,231,748	4,838,876,750
08	Operating profit before changes in working capital	467,816,963,120	649,394,400,389
09	(Increase)/decrease in receivables	159,953,504,534	(118,883,007,719)
10	(Increase)/decrease in inventories	148,776,835,884	(31,890,975,115)
11	(Increase)/decrease in payables	(248,727,290,891)	64,199,283,657
12	(Increase)/decrease in prepaid expenses	(1,055,027,426)	(30,682,900,712)
14	Interest paid	(9,227,527,464)	(3,957,414,700)
15	Business income tax paid	(155,599,288,793)	(126,755,820,832)
17	Other payments on operating activities	(61,122,717,840)	(101,259,879,038)
20	Net cash inflows from operating activities	300,815,451,124	300,163,685,930
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	10, 12 (65,367,087,102)	(84,889,257,541)
22	Proceeds from disposals of fixed assets and other long-term assets	25,648,399,864	1,177,335,036
23	Payments for investments in other entities	(301,621,940,258)	(88,151,666,667)
24	Collection of loans granted to other entities	-	9,567,710
25	Investment in other entities	-	(190,322,361,411)
26	Proceeds from disinvestment in other entities	-	4,018,560,000
27	Dividends and interest received	238,666,010,598	61,109,971,951
30	Net cash outflows from investing activities	(102,674,616,898)	(297,047,850,922)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Proceeds from issue of shares	(15,665,180,000)	-
33	Proceeds from 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	(261,462,600,000)	(130,731,300,000)
40	Net cash outflows from financing activities	(183,123,982,025)	(81,054,969,797)
50	Net cash flows during the year	15,016,852,201	(77,939,134,789)
60	Cash and cash equivalents at beginning of year	489,229,559,612	469,168,694,401
61	Impacts of exchange rate fluctuations		
70	Cash and cash equivalents at end of the year	504,246,411,813	391,229,559,612

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
15 January 2016

SEPARATE 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 Company has adjusted the business registration certificate No. 1800156801 on 6 May 2015.

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

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

As at 31 December 2015, the Company had 1,852 employees (at 31 December 2014: 1,997 employees).

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

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			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%
SH Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6403000044 issued by the Planning and Investment Department of Hau Giang province on 20 July 2007	51%	51%
A&G Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1601171629 issued by the Planning and Investment Department of An Giang province on 17 June 2009	100%	100%

DHG PHARMACEUTICAL JOINT-STOCK COMPANY
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1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			31.12.2015	31.12.2014
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5904000064 issued by the Planning and Investment Department of Soc Trang province on 11 April 2008	100%	100%
TOT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1801113085 issued by the Planning and Investment Department of Can Tho City on 25 February 2009	100%	100%
TG Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1200975943 issued by the Planning and Investment Department of Tien Giang province on 13 November 2013	100%	100%
Bali Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1900455594 issued by the Planning and Investment Department of Bac Lieu Province on 29 March 2011	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacture and trade pharmaceuticals, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
DHG 1 Packaging and Printing One Member Limited Company	Manufacture label, label cover, packaging from paper and cover. Manufacture and trade plastic, aluminium, paper packaging; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%
B&T Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1300917335 issued by the Planning and Investment Department of Ben Tre Province on 5 October 2012	100%	100%
TVP Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 2100510569 issued by the Planning and Investment Department of Tra Vinh Province on 19 October 2012	100%	100%
VL Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1500971019 issued by the Planning and Investment Department of Vinh Long Province on 19 December 2012	100%	100%
Associates: Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	31,36%	30%

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

2 MAIN ACCOUNTING POLICIES

2.1 Basis of preparation of separate financial statements

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

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

Person who uses this separate financial statement should read the separate financial statements in conjunction with the consolidated financial statements of the Company and its subsidiaries (the "Group") for the nine months ended on 31 December 2015 to have enough information about the financial situation, business results and cash flows of the Group.

2.2 The significant changes in accounting policies applied

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

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

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

The Company applied prospectively the changes in accounting policies under the guidance of Circular 200 for the fiscal year beginning on January 1, 2015.

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

2.4 Use of estimates

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

2.5 Currency

The separate financial statements are prepared and presented in Vietnamese Dong

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

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

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

2.6 Cash and cash equivalents

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

2.7 Trade receivables

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

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

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

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

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

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

(b) Investments in subsidiaries

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

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

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

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

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

(d) Equity investments in other entities

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

2.10 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation

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

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

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

Subsequent expenditure

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

Disposals

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

2.11 Leased assets

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

2 MAIN ACCOUNTING POLICIES (continued)**2.12 Real estate investment**

Real estate investment is houses or part of building and land, infrastructure held by the Company that aims to earn from rental or for capital appreciation and not used in production, provided supply of goods or services, for management purposes or sold in any normal business.

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

Real estate investments are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of real estate investment.

Depreciation

Real estate investments are depreciated on the straight-line method, to write off the cost of the assets in estimated useful lives of 10 -16 years.

Disposals

Gains and losses on disposals of real estate investment are determined by the difference between the net proceeds from the liquidation and the remaining value of the real estate investment for rental. Net proceeds from the liquidation or sale of real estate investments that held for lease are recognized as income in the income statement. The remaining value of real estate investments that held for lease are recognized as an expense in the income statement.

2.13 Prepaid expenses

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

2.14 Liabilities

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

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

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

2.15 Accrued expenses

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

2.16 Borrowing costs

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

2 MAIN ACCOUNTING POLICIES (continued)**2.17 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

2.18 Provision for severance allowances

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

2.19 Unrealized revenue

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

2.20 Current and deferred income tax

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

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

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

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

2 MAIN ACCOUNTING POLICIES (continued)**2.21 Share capital and treasury shares**

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

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

2.22 Method of reserve appropriation

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

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

2.23 Dividend distribution

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

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

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

- Dividend 2014: 30% of par value.
- Deductions for the employee reward, welfare fund: 12% of profit after tax.
- Remuneration of the BOD, Supervisory Board, members of the 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.

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

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

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

(b) Interest income

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

(c) Dividend income

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

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

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

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

2.26 Programs for traditional customers

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

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

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

2.27 Cost of goods sold

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

2.28 Financial expenses

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

2.29 Selling expenses

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

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

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

2.31 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

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

3 CASH AND CASH EQUIVALENTS

	31.12.2015	31.12.2014
	VND	VND
Cash on hand	11,613,242,800	12,759,488,094
Cash in banks	23,633,169,013	21,121,738,185
Cash equivalents (*)	469,000,000,000	455,348,333,333
	<u>504,246,411,813</u>	<u>489,229,559,612</u>

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

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

	31.12.2015		31.12.2014	
	Original cost	Book value	Original cost	Book value
	VND	VND	VND	VND
Term deposits	<u>332,000,000,000</u>	<u>332,000,000,000</u>	<u>160,151,666,667</u>	<u>160,151,666,667</u>

4 SHORT-TERM FINANCIAL INVESTMENTS (continued)

(b) Investments in equity of other entities

	31.12.2015		31.12.2014	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Investment in subsidiaries (*)	117,550,000,000	-	122,550,000,000	-
Investments in associates (**)	3,787,450,000	-	3,787,450,000	-
Investments in equity of other entities (***)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>149,245,620,200</u>	<u>(16,500,000,000)</u>	<u>154,245,620,200</u>	<u>(16,500,000,000)</u>

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

	31.12.2015 VND	31.12.2014 VND
DT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Travel One Member Limited Company	5,000,000,000	5,000,000,000
HT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Nature One Member Limited Company	-	5,000,000,000
CM Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
SH Pharmaceutical Joint Stock Company	2,550,000,000	2,550,000,000
A&G Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
ST Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TOT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TG Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
Bali Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Pharmaceutical One Member Limited Company	50,000,000,000	50,000,000,000
B&T Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
VL Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TV Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG 1 Packaging and Printing One Member Limited Company	5,000,000,000	5,000,000,000
	<u>117,550,000,000</u>	<u>122,550,000,000</u>

(**) 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	<u>3,787,450,000</u>	<u>3,787,450,000</u>

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

(***) 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 subsidiaries (Note 36(b))	166,661,931,584	217,404,138,916
Trade receivables from third parties	<u>380,717,188,814</u>	<u>480,518,721,193</u>
	<u>547,379,120,398</u>	<u>697,922,860,109</u>

(*) 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 period ended 31.12.2015 VND	Fiscal period ended 31.12.2014 VND
Opening balance	4,357,578,640	2,566,239,574
Increase	1,420,136,502	1,791,339,066
Reverse	-	-
Closing balance	<u>5,777,715,142</u>	<u>4,357,578,640</u>

6 OTHER RECEIVABLES

	31.12.2015		31.12.2014	
	Value VND	Provision VND	Value VND	Provision VND
Prepaid sale discount	1,879,928,969	-	7,343,375,972	-
Interest income receivable	6,691,565,280	-	5,506,248,160	-
Receivables from subsidiaries (Note 36(b))	113,687,254	-	218,317,061	-
Receivables from employees	1,079,415,539	-	1,662,492,571	-
Other receivables	9,391,601,875	-	2,608,283,897	-
	<u>19,156,198,917</u>	<u>-</u>	<u>17,338,717,661</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 (*)	229,930,856,748	224,153,141,606	5,777,715,142
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	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 (*)	276,090,420,409	271,732,841,769	4,357,578,640
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(*) 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	162,793,439,478	-	246,138,896,245	-
Work in progress	9,671,982,095	-	20,804,483,472	-
Finished goods	173,403,421,194	1,992,804,385	247,855,390,747	4,327,145,775
Merchandises	191,907,070,587	367,830,345	173,509,728,186	136,990,438
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	596,211,476,558	2,360,634,730	744,748,435,504	4,464,136,213

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

	Fiscal period ended 31.12.2015 VND	Fiscal period ended 31.12.2014 VND
Opening balance	4,464,136,213	4,398,570,572
Increase	-	65,565,641
Reversal	(2,103,501,483)	-
	<hr/> <hr/>	<hr/> <hr/>
Closing balance	2,360,634,730	4,464,136,213

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

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

9 RECEIVABLES ON LONG-TERM LOANS

	31.12.2015 VND	31.12.2014 VND
Advance to DHG 1 Printing and Packing One-member Ltd. Co.	97,919,711,037	55,841,234,870
Advance to DHG Pharmaceutical One-member Ltd. Co.	485,163,454,704	402,297,323,946
Advance to TVP Pharmaceutical One-member Ltd. Co.	2,829,000,000	-
Advance to HT Pharmaceutical One-member Ltd. Co	2,000,000,000	-
	<hr/>	
	587,912,165,741	458,138,558,816
	<hr/> <hr/>	

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

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2015	189,137,390,204	222,731,664,379	105,906,008,444	69,506,130,637	587,281,193,664
Increase	-	-	-	-	-
Construction in progress (Note 12)	15,850,292,788	14,731,973,422	7,163,068,562	10,525,491,036	48,270,825,808
Disposals	(3,979,044,181)	(4,670,607,295)	(2,472,209,639)	(1,277,139,649)	(12,399,000,764)
At 31 December 2015	<u>201,008,638,811</u>	<u>232,793,030,506</u>	<u>110,596,867,367</u>	<u>78,754,482,024</u>	<u>623,153,018,708</u>
Accumulated depreciation					
At 1 January 2015	66,306,770,576	134,607,325,444	59,870,817,960	46,474,657,181	307,259,571,161
Depreciation for the period/year	16,189,427,098	21,349,796,679	13,468,245,764	8,553,339,388	59,560,808,929
Disposals	(1,354,231,556)	(4,575,885,066)	(2,472,209,639)	(1,277,139,649)	(9,679,465,910)
At 31 December 2015	<u>81,141,966,118</u>	<u>151,381,237,057</u>	<u>70,866,854,085</u>	<u>53,750,856,920</u>	<u>357,140,914,180</u>
Net book value					
At 1 January 2015	<u>122,830,619,628</u>	<u>88,124,338,935</u>	<u>46,035,190,484</u>	<u>23,031,473,456</u>	<u>280,021,622,503</u>
At 31 December 2015	<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>

Included in tangible fixed assets as at 31 December 2015 were assets costing VND124,465 million (31 December 2014: VND 113,840 million) which were fully depreciated but still in active use.

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

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
At 1 January 2015	112,228,853,336	72,175,263,381	5,861,257,805	190,265,374,522
Increase	-	3,946,635,000	-	3,946,635,000
Construction in progress (Note 12)	5,697,960,680	-	2,676,085,000	8,374,045,680
Transfer from prepaid expenses	-	30,873,851,250	-	30,873,851,250
Disposals	(7,001,874,655)	(4,174,169,920)	-	(11,176,044,575)
At 31 December 2015	110,924,939,361	102,821,579,711	8,537,342,805	222,283,861,877
Accumulated amortisation				
At 1 January 2015	-	8,730,852,533	4,556,551,219	13,287,403,752
Depreciation in the period/year	-	2,130,340,078	816,486,294	2,946,826,372
Disposals	-	(254,111,588)	-	(254,111,588)
At 31 December 2015	-	10,607,081,023	5,373,037,513	15,980,118,536
Net book value				
At 1 January 2015	112,228,853,336	63,444,410,848	1,304,706,586	176,977,970,770
At 31 December 2015	110,924,939,361	92,214,498,688	3,164,305,292	206,303,743,341

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

11 REAL ESTATE INVESTMENT

	House VND
Historical cost	
As at 1 January 2015	38,679,461,157
As at 31 December 2015	38,679,461,157
Accumulated depreciation	
As at 1 January 2015	7,442,435,650
Depreciation for the period/year	2,795,504,352
As at 31 December 2015	10,237,940,002
Net book value	
As at 1 January 2015	31,237,025,507
As at 31 December 2015	28,441,521,155

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

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

	31.12.2015 VND	31.12.2014 VND
Construction of Tan Phu Thanh factory	6,244,200,000	15,534,916,321
Construction of office of Hai Phong branch	90,909,091	225,060,908
Construction of office of Vung Tau branch	-	77,271,819
Construction of finished-product store at General warehouse	3,031,610,782	2,117,741,274
Construction of effervescent drug factory	3,061,360,000	-
Construction of office of Gia Lai branch	623,948,774	-
Construction of office of Da Nang branch	27,580,000	-
Construction of office of HCMC branch	14,461,818	-
	<u>13,094,070,465</u>	<u>17,954,990,322</u>

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

	Fiscal period ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	17,954,990,322	27,207,341,084
Additions	61,420,452,102	84,865,977,418
Transfers to tangible fixed assets (Note 10(a))	(48,270,825,808)	(73,918,397,867)
Transfers to intangible fixed assets (Note 10(b))	(8,374,045,680)	(5,831,220,000)
Transfer to real estate investments (Note 11)	-	(14,368,710,313)
Others	(239,876,938)	-
Delete	(9,396,623,533)	-
	<u>13,094,070,465</u>	<u>17,954,990,322</u>

13 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	2,193,018,542	189,981,816
	<u>2,534,418,542</u>	<u>225,914,164</u>

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

(b) Long-term prepayments

	31.12.2015 VND	31.12.2014 VND
Prepaid land rental fees	11,405,614,538	42,625,965,476
Tools	2,803,402,447	3,514,806,524
Leasehold improvements	174,666,020	608,209,443
Others	237,970,236	-
	<u>14,621,653,241</u>	<u>46,748,981,443</u>

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

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

Movements in long-term prepaid expenses as follows:

	Fiscal period ended 31.12.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	46,748,981,443	15,797,838,754
Increase	2,437,758,294	35,670,040,339
Allocation	(3,691,235,246)	(4,718,897,650)
Transfers to intangible fixed assets (Note 10(b) (*)	(30,873,851,250)	-
Closing balance	<u>14,621,653,241</u>	<u>46,748,981,443</u>

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

14 DEFERRED INCOME TAX ASSETS

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

	Fiscal period ended 31.12.2015 VND	Fiscal period ended 31.12.2014 VND
Opening balance	3,300,000,000	3,300,000,000
Income statement credit	-	-
Closing balance	<u>3,300,000,000</u>	<u>3,300,000,000</u>

The deferred income tax asset mainly arises from deductible temporary differences of provisions.

15 SHORT-TERM TRADE PAYABLES

	31.12.2015 VND	31.12.2014 VND
Payables to subsidiaries (Note 36(b))	138,574,126,920	53,700,239,480
Trade payables to third parties	<u>187,320,642,857</u>	<u>239,260,615,333</u>
	<u>325,894,769,777</u>	<u>292,960,854,813</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
DHG Pharmaceutical One-member Ltd. Co.	127,856,145,458	-
Mega Lifesciences (VN) Ltd. Co.	<u>42,854,138,507</u>	<u>-</u>

16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	31.12.2015	31.12.2014
	VND	VND
Value added tax	4,070,803,548	6,254,321,521
Corporate income tax - current	2,044,688,796	63,160,604,305
Personal income tax	1,281,960,137	3,153,532,919
Others	489,034	48,139
	<u>7,397,941,515</u>	<u>72,568,506,884</u>

Taxes included as follows:

	<u>Opening balance</u>	<u>Amount payable in the period/year</u>	<u>Amount paid in the period/year</u>	<u>Closing balance</u>
VAT on domestic sales	6,254,321,521	47,564,581,722	(49,748,099,695)	4,070,803,548
VAT on imports	-	34,561,704,546	(34,561,704,546)	-
Import export tax	(740,713,926)	12,121,915,726	(11,942,476,211)	(561,274,411)
Corporate income tax	63,160,604,305	94,483,373,284	(155,599,288,793)	2,044,688,796
Personal income tax	3,153,532,919	27,321,938,810	(29,193,511,592)	1,281,960,137
Land tax	-	2,069,121,412	(2,069,121,412)	-
Others	48,139	351,135,736	(350,694,841)	489,034
Total	<u>71,827,792,958</u>	<u>218,473,771,236</u>	<u>(283,464,897,090)</u>	<u>6,836,667,104</u>

17 SHORT-TERM ACCRUED EXPENSES

	31.12.2015	31.12.2014
	VND	VND
Trade discounts and promotions	2,095,658	211,689,759,376
Seminar expenses	3,579,898,355	859,859,395
Interest payable	452,141,998	1,381,705,671
Marketing and customer care expenses	3,196,827,384	7,386,412,520
Others	12,083,420,849	7,246,522,542
	<u>19,314,384,244</u>	<u>228,564,259,504</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.

18 SHORT-TERM UNREALIZED REVENUE

	31.12.2015	31.12.2014
	VND	VND
Revenue unrealized from traditional client program (Note 2.19 and 2.26)	3,143,384,192	-
	<u>3,143,384,192</u>	<u>-</u>

19 OTHER PAYABLES

	31.12.2015	31.12.2014
	VND	VND
Trade union fee	542,914,569	640,480,615
Insurance fees	-	108,325,306
Dividends, interests payable	-	17,894,000
Payables to subsidiaries (*)	-	12,983,530,024
Trade discounts	665,218,581	1,366,422,658
Other payables	8,587,391,055	8,598,057,172
	<u>9,795,524,205</u>	<u>23,714,709,775</u>

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

20 SHORT-TERM BORROWINGS

	As at		Decrease	As at
	01.01.2015	Increase	VND	31.12.2015
	VND	VND		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 Company'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 (2014: from 0.37% to 0.4% per month).

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

21 BONUS AND WELFARE FUND

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

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

	Bonus and welfare fund for staffs VND	Bonus for Board of Directors VND	Welfare fund in form of fixed assets VND	Total VND
Opening balance	13,766,583,414	6,944,993,395	30,537,725,466	51,249,302,275
Appropriation to the funds in the period/year	62,540,112,892	6,834,191,880	-	69,374,304,772
Transferred from subsidiaries	381,064,368	-	-	381,064,368
Assets formed from the welfare fund	(9,228,221,494)	-	9,228,221,494	-
Depreciation of assets formed from the welfare fund	-	-	(4,787,478,780)	(4,787,478,780)
Utilisation	(38,838,513,771)	(7,051,932,412)	-	(45,890,446,183)
Closing balance	<u>28,621,025,409</u>	<u>6,727,252,863</u>	<u>34,978,468,180</u>	<u>70,326,746,452</u>

22 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

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

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

	Science and technology development fund VND	Science and technology development fund in form of fixed assets VND	Total VND
Opening balance	17,777,881,865	20,583,703,374	38,361,585,239
Transferred from subsidiaries	1,156,228,165	1,305,507,059	2,461,735,224
Science and technology development fund used for fixed asset acquisition	(5,872,427,500)	5,872,427,500	-
Depreciation of assets formed from Science and technology development fund	-	(3,876,361,702)	(3,876,361,702)
Liquidation of assets formed from Science and technology development fund	-	(25,994,600)	(25,994,600)
Transferred to subsidiaries	(650,776,000)	-	(650,776,000)
Utilisation	(5,891,660,575)	-	(5,891,660,575)
Closing balance	<u>6,519,245,955</u>	<u>23,859,281,631</u>	<u>30,378,527,586</u>

23 PROVISION FOR LONG-TERM PAYABLES

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

24 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	86,941,950	855,522,270,000	87,154,200	871,187,450,000

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

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

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

25 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
Balance at 1 January 2014	653,764,290,000	(455,850,000)	690,502,067,497	66,026,578,871	509,877,347,704	1,919,714,434,072
Issue of bonus share with ration 3:1	217,879,010,000	-	(217,879,010,000)	-	-	-
Profit for the year	-	-	-	-	521,167,607,431	521,167,607,431
Dividend	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Appropriation to funds	-	-	296,042,933,804	-	(296,042,933,804)	-
Appropriation to bonus and welfare fund	-	-	-	-	(72,951,215,544)	(72,951,215,544)
Appropriation to Board of Directors bonus fund	-	-	-	-	(10,151,898,356)	(10,151,898,356)
Balance at 31 December 2014	871,643,300,000	(455,850,000)	768,665,991,301	66,026,578,871	521,167,607,431	2,227,047,627,603
Acquisition of shares as treasury shares	-	(15,665,180,000)	-	-	-	(15,665,180,000)
Profit for the year	-	-	-	-	544,714,448,656	544,714,448,656
Dividend	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Transfer from the financial reserve fund (*)	-	-	66,026,578,871	(66,026,578,871)	-	-
Appropriation to funds	-	-	190,330,702,659	-	(190,330,702,659)	-
Transfer to bonus and welfare fund	-	-	-	-	(62,540,112,892)	(62,540,112,892)
Appropriation to Board of Directors bonus fund	-	-	-	-	(6,834,191,880)	(6,834,191,880)
Balance at 31 December 2015	871,643,300,000	(16,121,030,000)	1,025,023,272,831	-	544,714,448,656	2,425,259,991,487

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

26 DIVIDENDS

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

27 OFF BALANCE SHEET ITEMS

	31.12.2015 VND	31.12.2014 VND
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a) Commitments under operating leases

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

Within 1 year	1,854,150,976	2,141,497,932
Between 1 and 5 years	7,416,603,904	8,565,991,728
Over 5 years	43,338,191,348	52,192,466,036
	52,608,946,228	62,899,955,696

b) Foreign currencies

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

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

28 REVENUE

(a) Net sales

	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
Sales				
Sales of finished goods	615,549,790,068	841,274,726,485	2,047,518,215,012	2,913,082,043,924
Sales of merchandise goods	603,124,588,951	364,050,561,102	1,728,137,892,006	769,071,569,676
Rental service, sale of scrap	736,598,125	132,000,000	2,836,542,397	1,922,545,460
	1,219,410,977,144	1,205,457,287,587	3,778,492,649,415	3,684,076,159,060
Sales deductions				
Trade discounts	(143,531,939,235)	(766,305,072)	(370,045,425,695)	(11,536,262,713)
Sales returns	(8,726,648,077)	(11,292,948,335)	(33,048,515,395)	(38,829,590,762)
	(152,258,587,312)	(12,059,253,407)	(403,093,941,090)	(50,365,853,475)
Net sales	1,067,152,389,832	1,193,398,034,180	3,375,398,708,325	3,633,710,305,585
In which:				
Sales of finished goods	515,770,981,867	831,233,969,142	1,772,430,804,549	2,869,099,570,107
Sales of merchandise goods	550,644,809,840	362,032,065,038	1,600,131,361,379	762,688,190,018
Rental service, sale of scrap	736,598,125	132,000,000	2,836,542,397	1,922,545,460

28 REVENUE (continued)**(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	9,582,399,635	8,760,114,455	28,254,468,550	31,113,832,215
Dividend income	128,499,491,259	-	212,616,851,004	63,225,235,408
Realised foreign exchange gains	2,046,030,934	183,730,757	3,615,846,289	1,696,096,528
Profit from disposal of investments	-	95,680,000	-	95,680,000
Other financial income	-	279,368	123,000	58,711,784
	<u>140,127,921,828</u>	<u>9,039,804,580</u>	<u>244,487,288,843</u>	<u>96,189,555,935</u>

29 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	283,707,178,171	377,074,467,626	954,970,645,988	1,356,899,383,813
Cost of merchandises sold	508,976,730,077	273,154,917,956	1,460,055,347,796	591,048,646,586
Cost of services rendered	628,823,154	674,113,122	2,528,892,616	2,172,218,588
Provision for decline in value of inventories	(2,103,501,483)	(1,306,688,021)	(2,103,501,483)	65,565,641
	<u>791,209,229,919</u>	<u>649,596,810,683</u>	<u>2,415,451,384,917</u>	<u>1,950,185,814,628</u>

30 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	1,410,365,567	9,425,817,986	3,693,711,186
Payment discounts	18,464,997,980	10,893,500,312	50,854,023,347	41,137,255,389
Other expenses	182,919	15,348	59,141,844	82,688,601
	<u>23,504,627,950</u>	<u>13,538,518,665</u>	<u>69,040,214,925</u>	<u>49,752,531,926</u>

31 SELLING EXPENSES

	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
Labour costs	66,611,799,940	76,616,159,377	170,806,718,682	232,060,546,037
Material costs	2,353,183,719	11,360,032,156	8,047,262,740	11,383,150,341
Tools and supplies expenses	1,969,597,962	4,581,590,050	3,608,471,020	6,909,218,234
Depreciation expenses of fixed assets	3,285,297,022	3,317,867,130	12,928,200,658	12,745,028,816
Advertising expenses	17,287,962,756	24,835,944,378	77,928,492,936	91,640,784,421
Discount and promotion expenses	-	214,556,925,955	-	302,412,984,387
Seminar expenses	5,791,123,279	(48,230,842,505)	14,667,144,681	103,134,130,636
Customer care expenses	1,934,451,775	(3,836,703,030)	3,405,231,957	21,945,661,581
Transportation expenses	5,623,941,628	(3,344,663,465)	19,455,491,232	15,114,532,659
Other expenses	18,849,782,057	5,878,170,098	60,035,568,730	45,785,778,851
	<u>123,707,140,138</u>	<u>285,734,480,144</u>	<u>370,882,582,636</u>	<u>843,131,815,963</u>

32 GENERAL ADMINISTRATION EXPENSES

	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
Staff expenses	31,520,752,722	78,514,512,828	118,019,400,216	172,310,350,853
Office supply expenses	8,977,385	33,318,818	188,797,651	96,425,666
Tools and instruments	596,630,516	1,220,892,824	2,605,642,360	4,985,681,154
Depreciation expenses	2,644,836,992	2,444,564,982	11,119,795,487	10,070,076,695
Taxes, fees and charges	148,306,066	347,277,646	452,380,129	634,054,549
Provision expenses	6,052,499,527	1,040,777,887	7,538,420,121	1,791,339,066
Environmental recovery cost	1,353,717,787	-	1,353,717,787	-
Outside services	6,984,696,773	5,428,695,166	17,247,731,449	15,590,973,238
Other expenses	6,800,077,575	7,472,305,691	25,285,338,371	35,150,009,290
	<u>56,110,495,343</u>	<u>96,502,345,842</u>	<u>183,811,223,571</u>	<u>240,628,910,511</u>

33 OTHER INCOME AND EXPENSES

	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
Other income				
Proceeds from sales of scraps	-	256,369,857	-	984,837,531
Proceeds from disposals of fixed assets	14,335,773,110	988,744,121	25,648,399,864	1,177,335,036
Rental income	(320,449,357)	222,727,272	1,659,023,155	1,661,228,816
Commission income	12,862,785,582	18,262,737,217	38,833,735,178	28,191,993,575
Sundry income	2,484,822,490	1,063,095,340	19,482,731,035	4,897,266,780
	<u>29,362,931,825</u>	<u>20,793,673,807</u>	<u>85,623,889,232</u>	<u>36,912,661,738</u>
Other expenses				
Net book value of fixed assets disposed and deleted	13,232,327,602	1,038,328,376	23,012,096,774	1,233,400,035
Sundry expenses	713,461,255	944,042,236	4,114,561,637	2,475,637,639
	<u>13,945,788,857</u>	<u>1,982,370,612</u>	<u>27,126,658,411</u>	<u>3,709,037,674</u>
Net other income	<u>15,417,142,968</u>	<u>18,811,303,195</u>	<u>58,497,230,821</u>	<u>33,203,624,064</u>

34 COST OF OPERATIONS BY FACTOR

	For fiscal year ended	
	31.12.2015 VND	31.12.2014 VND
Material cost	2,152,362,484,694	1,628,471,040,899
Labour costs	415,039,796,011	558,075,382,292
Depreciation expense of fixed assets	53,752,124,019	47,976,024,262
Outside service expenses	204,654,309,723	570,854,437,106
Other expenses	89,956,392,649	175,814,949,880
	<u>2,915,765,107,096</u>	<u>2,981,191,834,439</u>

35 CORPORATE INCOME TAX

According to the Decision of 3044/QĐ-UBND of People's Committee of Can Tho City, the Company is required to pay the business income tax ("BIT") at rate of 20% from 2005 to 2014 and 25% for the following years. Since 2014 the normal tax rate is 22% under Decree No. 218/2013/ND-CP of Government dated 26 December 2013. The Company was exempted from income tax from 2005 to 2006 and received a 50% reduction in income tax from 2007 to 2011 according to Decision No. 3044/QĐ-UBND.

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

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

	For 3-month period ended		For fiscal year ended	
	31.12.2015 VND	31.12.2014 VND	31.12.2015 VND	31.12.2014 VND
Net accounting profit before tax	228,165,961,278	175,876,986,621	639,197,821,940	679,404,412,556
Tax calculated at a rate of 22%	50,196,511,481	38,692,937,057	140,623,520,827	149,468,970,762
Effect of:				
Expenses not deductible for tax purposes	362,028,132	30,083,634,223	635,559,678	30,158,726,175
Income not subject to tax	(28,298,295,738)	-	(46,775,707,221)	(13,909,551,790)
Tax incentives	-	(1,615,966,975)	-	(7,481,340,022)
Business income tax charge	<u>22,260,243,875</u>	<u>67,160,604,305</u>	<u>94,483,373,284</u>	<u>158,236,805,125</u>

36 RELATED PARTY TRANSACTIONS

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

(a) Related party transactions

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

	For fiscal year ended	
	31.12.2015 VND	31.12.2014 VND
i) Sales of goods and services		
Subsidiaries		
DHG 1 Packaging and Printing One Member Limited Company	560,797,435	437,334,384
DHG Travel One Member Limited Company	1,866,234,972	1,737,045,453
CM Pharmaceutical One Member Ltd.	41,605,188,004	54,076,622,307
DT Pharmaceutical One Member Ltd.	32,138,275,541	36,498,264,260
HT Pharmaceutical One Member Ltd.	44,441,811,330	61,184,001,464
ST Pharmaceutical One Member Ltd.	50,461,730,680	64,879,730,096
DHG Nature One Member Ltd.	750,280,798	5,731,996,803
SH Pharmaceutical Joint Stock Company	64,327,155,934	88,612,017,606
A&G Pharmaceutical One Member Ltd.	81,379,443,980	99,647,618,739
TOT Pharmaceutical One Member Ltd.	133,259,123,056	177,095,145,623
TG Pharmaceutical One Member Ltd.	28,486,237,786	43,623,193,688
Bali Pharmaceutical One Member Ltd.	40,042,565,964	50,378,585,662
DHG Pharmaceutical One Member Ltd.	210,383,050,327	122,484,853,280
TVP Pharmaceutical One Member Ltd.	24,680,351,743	39,534,945,438
B&T Pharmaceutical One Member Ltd.	33,991,568,663	40,400,587,890
VL Pharmaceutical One Member Ltd.	37,558,283,577	54,321,557,108
	<u>825,932,099,790</u>	<u>940,643,499,801</u>
ii) Purchases of goods and services		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	91,429,725,044	151,346,353,995
DHG Travel One Member Ltd.	35,723,363,567	47,402,601,301
DHG Nature One Member Ltd.	11,799,633,808	40,205,598,806
TOT Pharmaceutical One Member Ltd.	980,577,630	1,499,791,103
DHG Pharmaceutical One Member Ltd.	802,946,767,523	297,124,637,961
Associates		
Vinh Hao Algea Corporation	51,950,000	40,400,000
	<u>942,932,017,572</u>	<u>537,619,383,166</u>
iii) Purchase of assets		
Subsidiaries		
DHG Nature One Member Ltd.	<u>4,561,681,295</u>	<u>-</u>

36 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

	For fiscal year ended	
	31.12.2015 VND	31.12.2014 VND
iv) Purchase of fixed assets		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	18,181,818	-
SH Pharmaceutical Joint Stock Company	-	9,090,909
TOT Pharmaceutical One Member Ltd.	-	63,636,364
	<u>18,181,818</u>	<u>72,727,273</u>
v) Dividend income		
Subsidiaries		
DHG Packaging and Printing One Member Ltd.	-	31,022,791,966
DHG 1 Packaging and Printing One Member Ltd.	56,453,674,866	-
DHG Travel One Member Ltd.	2,717,107,096	2,435,281,892
CM Pharmaceutical One Member Ltd.	3,303,440,138	2,852,308,274
DT Pharmaceutical One Member Ltd.	2,195,714,876	1,851,558,529
HT Pharmaceutical One Member Ltd.	6,541,665,273	3,184,648,582
ST Pharmaceutical One Member Ltd.	6,207,869,160	2,657,471,081
DHG Nature One Member Ltd.	4,352,714,993	3,096,870,145
SH Pharmaceutical Joint Stock Company	331,500,000	892,500,000
A&G Pharmaceutical One Member Ltd.	7,688,111,262	3,291,247,725
TOT Pharmaceutical One Member Ltd.	10,852,136,409	6,385,502,557
TG Pharmaceutical One Member Ltd.	1,244,460,792	900,846,651
Bali Pharmaceutical One Member Ltd.	4,468,601,959	2,490,840,626
DHG Pharmaceutical One Member Ltd.	98,663,307,483	-
TVP Pharmaceutical One Member Ltd.	1,905,474,737	1,000,463,287
B&T Pharmaceutical One Member Ltd.	2,858,091,878	391,238,914
VL Pharmaceutical One Member Ltd.	2,345,575,056	330,443,711
	<u>212,129,445,978</u>	<u>62,784,013,940</u>
vi) Trade discounts received		
Subsidiaries		
DHG Pharmaceutical One Member Ltd.	259,822,784,162	-
	<u>259,822,784,162</u>	<u>-</u>
vii) Investment projects of subsidiaries		
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	42,078,476,167	23,291,909,060
DHG Pharmaceutical One Member Ltd.	82,866,130,758	176,315,349,669
	<u>124,944,606,925</u>	<u>199,607,258,729</u>

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

Total investment in subsidiaries as follows:

	31.12.2015	31.12.2014
	VND	VND
DHG Pharmaceutical One Member Ltd.		
Contributed charter capital (Note 4(b))	50,000,000,000	50,000,000,000
Advance of capital for the plant construction (Note 9)	485,163,454,704	402,297,323,946
	<u>535,163,454,704</u>	<u>452,297,323,946</u>
DHG 1 Packaging and Printing One Member Ltd.		
Contributed charter capital (Note 4(b))	5,000,000,000	5,000,000,000
Advance of capital for the plant construction (Note 9)	97,919,711,037	55,841,234,870
	<u>102,919,711,037</u>	<u>60,841,234,870</u>

viii) Dividend payment

	For fiscal year ended	
	31.12.2015	31.12.2014
	VND	VND
State Capital Investment Corporation (“SCIC”)	113,252,475,000	56,626,237,500
	<u>113,252,475,000</u>	<u>56,626,237,500</u>

ix) Remuneration of key management

Gross salaries and other benefits	11,883,263,388	14,238,341,053
	<u>11,883,263,388</u>	<u>14,238,341,053</u>

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

	31.12.2015	31.12.2014
	VND	VND
Subsidiaries		
DHG 1 Packaging and Printing One Member Ltd.	145,728,000	-
CM Pharmaceutical One Member Ltd.	13,470,636,019	11,736,345,970
DT Pharmaceutical One Member Ltd.	5,581,420,887	4,007,677,469
HT Pharmaceutical One Member Ltd.	16,329,487,130	19,063,395,707
ST Pharmaceutical One Member Ltd.	16,278,620,117	24,028,313,624
SH Pharmaceutical Joint Stock Company	10,328,814,061	7,874,078,979
A&G Pharmaceutical One Member Ltd.	23,230,169,374	29,240,844,919
TOT Pharmaceutical One Member Ltd.	36,872,239,339	56,991,628,788
TG Pharmaceutical One Member Ltd.	8,052,492,750	12,536,931,898
Bali Pharmaceutical One Member Ltd.	12,502,161,914	12,695,540,965
DHG Pharmaceutical One Member Ltd.	-	99,999,997
TVP Pharmaceutical One Member Ltd.	4,003,942,791	20,278,623,823
B&T Pharmaceutical One Member Ltd.	8,710,527,880	9,516,310,809
VL Pharmaceutical One Member Ltd.	11,155,691,322	9,334,445,968
	<u>166,661,931,584</u>	<u>217,404,138,916</u>

36 RELATED PARTY TRANSACTIONS (continued)**(b) Closing balance of related parties (continued)****(ii) Receivables on long-term loans (Note 9)**

	31.12.2015	31.12.2014
	VND	VND
Subsidiaries		
DHG Pharmaceutical One Member Ltd.	485,163,454,704	402,297,323,946
DHG 1 Packaging and Printing One Member Ltd.	97,919,711,037	55,841,234,870
HT Pharmaceutical One Member Ltd.	2,000,000,000	-
TVP Pharmaceutical One Member Ltd.	2,829,000,000	-
	<u>587,912,165,741</u>	<u>458,138,558,816</u>

(iii) Other receivables (Note 6)**Subsidiaries**

Other subsidiaries	113,687,254	218,317,061
	<u>113,687,254</u>	<u>218,317,061</u>

iv) Trade accounts payable (Note 15)**Subsidiaries**

DHG 1 Packaging and Printing One Member Ltd.	10,717,981,462	11,907,958,572
DHG Nature One Member Ltd.	-	1,299,216,594
DHG Pharmaceutical One Member Ltd.	127,856,145,458	40,493,064,314
	<u>138,574,126,920</u>	<u>53,700,239,480</u>

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

	For fiscal year ended	
	31.12.2015	31.12.2014
	VND	VND
Allocation to funds from profit	259,705,007,431	379,144,750,204
Transfer from construction in progress to tangible fixed assets	48,270,825,808	73,918,397,867
Transfer from construction in progress to intangible fixed assets	8,374,045,680	5,831,220,000
Transfer from construction in progress to real estate investment	-	14,368,710,313
Transfer from construction in progress to tools, instruments	239,876,938	-
Transfer from prepaid expenses to intangible fixed assets	30,873,851,250	-
Transfer from financial reserve fund to investment and development fund	66,026,578,871	-
Balances of dissolved DHG Packaging and Printing One Member Ltd. are recorded on the financial statements of the Company:		
- Trade receivables and other receivables	-	50,369,690,818
- Other short-term payables	-	4,743,768,984
- Bonus and welfare fund	-	9,603,129,868
- Undistributed profit after tax	-	31,022,791,966

37 STATEMENTS OF CASH FLOWS (continued)

(b) Amounts of net borrowing during the year

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

(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	214,218,862,457	4,033,262,519
Approved and contracted but not performed	27,687,815,612	20,434,388,989
	<u>241,906,678,069</u>	<u>24,467,651,508</u>

39 COMPARATIVE FIGURES

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

Separate balance sheet

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

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
CEO
15 January 2016