

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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 12 May 2014 was issued by the Planning and Investment Department of Can Tho City.

<b>Board of Directors</b>	Mr Hoang Nguyen Hoc	Chairman
	Mr Le Dinh Buu Tri	Vice Chairman
	Mrs Pham Thi Viet Nga	Member
	Mr Doan Dinh Duy Khuong	Member
	Mrs Dang Pham Minh Loan	Member
	Mr Tran Chi Liem	Member
	Mr Shuhei Tabata	Member

<b>Board of Management</b>	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

<b>Board of Supervision</b>	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

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

## SEPARATE BALANCE SHEET

Co de		Note	As at 31 March 2015 VND	As at 31 December 2014 VND
<b>100</b>	<b>ASSETS</b>			
	<b>CURRENT ASSETS</b>		<b>2,326,351,324,849</b>	<b>2,599,477,766,855</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>209,527,673,367</b>	<b>391,229,559,612</b>
111	Cash		51,679,340,034	33,881,226,279
112	Cash equivalents		157,848,333,333	357,348,333,333
<b>120</b>	<b>Short-term investments</b>	<b>4</b>	<b>286,063,682,861</b>	<b>258,151,666,667,0</b>
<b>130</b>	<b>Accounts receivable</b>		<b>1,134,987,823,468</b>	<b>1,208,528,073,937</b>
131	Trade accounts receivable	<b>5</b>	583,342,934,352	697,922,860,109
132	Prepayments to suppliers		39,410,793,545	28,745,336,819
135	Short-term loans receivable		14,312,063,666	18,401,094,402
136	Other receivables	<b>6</b>	502,114,070,036	467,816,361,247
137	Provision for doubtful debts		(4,192,038,131)	(4,357,578,640)
<b>140</b>	<b>Inventories</b>	<b>7</b>	<b>690,199,127,393</b>	<b>740,284,299,291</b>
141	Inventories		694,663,263,606	744,748,435,504
149	Provision for decline in value of inventories		(4,464,136,213)	(4,464,136,213)
<b>150</b>	<b>Other current assets</b>		<b>5,573,017,760</b>	<b>1,284,167,348</b>
151	Short-term prepayments		5,178,433,119	225,914,164
152	Value Added Tax to be reclaimed		-	
153	Other taxes receivable		142,045,383	740,713,926
155	Other current assets		252,539,258	317,539,258
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>681,064,276,378</b>	<b>694,794,566,258</b>
<b>220</b>	<b>Fixed assets</b>		<b>496,645,157,556</b>	<b>474,954,583,595</b>
221	Tangible fixed assets	<b>8a</b>	270,165,183,470	280,021,622,503
222	Cost		591,227,504,987	587,281,193,664
223	Accumulated depreciation		(321,062,321,517)	(307,259,571,161)
227	Intangible fixed assets	<b>8b</b>	206,503,624,004	176,977,970,770
228	Cost		220,456,119,497	190,265,374,522
229	Accumulated amortisation		(13,952,495,493)	(13,287,403,752)
<b>230</b>	<b>Investment properties</b>	<b>9</b>	<b>30,538,149,419</b>	<b>31,237,025,507</b>
231	Cost		38,679,461,157	38,679,461,157
232	Accumulated amortisation		(8,141,311,738)	(7,442,435,650)
242	Construction in progress	<b>10</b>	19,976,350,082	17,954,990,322
<b>250</b>	<b>Long-term investments</b>	<b>11</b>	<b>137,745,620,200</b>	<b>137,745,620,200</b>
251	Investments in subsidiaries		122,550,000,000	122,550,000,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Other long-term investments		27,908,170,200	27,908,170,200
254	Provision for diminution in value of long-term investments		(16,500,000,000)	(16,500,000,000)
<b>260</b>	<b>Other long-term assets</b>		<b>16,135,349,203</b>	<b>50,857,336,956</b>
261	Long-term prepayments	<b>12</b>	12,065,236,838	46,748,981,443
262	Deferred income tax assets	<b>13</b>	3,300,000,000	3,300,000,000
268	Other long-term assets		770,112,365	808,355,513
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,007,415,601,227</b>	<b>3,294,272,333,113</b>

SEPARATE BALANCE SHEET  
(continued)

Co de	RESOURCES	Note	As at 31 March,2015 VNĐ	As at 31 December,2014 VNĐ
<b>300</b>	<b>LIABILITIES</b>		<b>707,081,110,111</b>	<b>1,067,224,705,510</b>
<b>310</b>	<b>Current liabilities</b>		<b>644,856,826,396</b>	<b>1,000,019,164,238</b>
311	Short-term borrowings	14	237,253,944,565	292,960,854,813
312	Advances from customers		33,960,065,734	736,424,704
	Taxes and other payables to the State			
313	Budget	15	30,901,776,171	72,568,506,884
314	Payable to employees		99,064,672,581	153,517,697,521
315	Accrued expenses	16	69,941,008,980	228,564,259,504
318	Unrealized turnover		12,164,514,412	0
320	Short-term borrowings	17	104,626,220,249	176,707,408,762
319	Other payables	18	13,621,112,306	23,714,709,775
322	Bonus and welfare funds	19	43,323,511,398	51,249,302,275
<b>330</b>	<b>Long-term liabilities</b>		<b>62,224,283,715</b>	<b>67,205,541,272</b>
342	Provisions for long –term liabilities		24,813,696,393	28,843,956,033
	Science and technology development			
343	funds	20	37,410,587,322	38,361,585,239
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,300,334,491,116</b>	<b>2,227,047,627,603</b>
<b>410</b>	<b>Capital and reserves</b>	<b>21,22</b>	<b>2,300,334,491,116</b>	<b>2,227,047,627,603</b>
411	Owners' capital	21,22	871,643,300,000	871,643,300,000
415	Treasury shares	22	(455,850,000)	(455,850,000)
418	Investment and development fund	22	834,692,570,172	834,692,570,172
421	Undistributed earnings	22	594,454,470,944	521,167,607,431
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>3,007,415,601,227</b>	<b>3,294,272,333,113</b>

## OFF BALANCE SHEET ITEMS

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

	As at 31 March,2015	As at 31 December,2014
USD	110,000	336,670
EUR	2,900	16,165
MOP	20	20
NDT	3,515	3,515
CAD	100	100
A tenth of tael	1,126	1,362
Tael	200	200

Ngo Thi Hong Dao  
Preparer

Dang Pham Huyen Nhung  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
20 April 2015

## SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 march	
		2015 VND	2014 VND
01	Sales	690,361,506,819	672,259,248,139
02	Less deductions	(44,921,948,911)	(11,912,300,121)
10	Net sales	24(a) 645,439,557,908	660,346,948,018
11	Cost of sales	25 (432,210,815,541)	(341,795,204,203)
20	Gross profit	213,228,742,367	318,551,743,815
21	Financial income	24(b) 5,849,435,218	7,679,577,079
22	Financial expenses	26 (13,395,803,163)	(11,172,564,305)
23	<i>Including: interest expense</i>	(1,855,841,468)	(1,605,280,843)
24	Selling expenses	27 (86,210,381,462)	(141,660,077,784)
25	General and administration expenses	28 (41,019,705,460)	(43,396,081,501)
30	Operating profit	<b>78,452,287,500</b>	<b>130,002,597,304</b>
31	Other income	21,978,294,931	1,808,923,573
32	Other expenses	(6,454,990,534)	(457,974,103)
40	Net other income	29 <b>15,523,304,397</b>	<b>1,350,949,470</b>
50	Net accounting profit before tax	<b>93,975,591,897</b>	<b>131,353,546,774</b>
51	Business income tax - current	30 (20,688,728,384)	(26,710,488,339)
52	Business income tax - deferred	-	-
60	Net profit after tax	<b>73,286,863,513</b>	<b>104,643,058,435</b>
70	Basic earnings per share (VND)	31 <b>841</b>	<b>1,601</b>

\_\_\_\_\_  
Ngo Thi Hong Dao  
Preparer

\_\_\_\_\_  
Dang Pham Huyen Nhung  
Chief Accountant

\_\_\_\_\_  
Le Chanh Dao  
Deputy General Director  
20 April 2015

## DHG PHARMACEUTICAL JOINT-STOCK COMPANY

### NOTES

DHG Pharmaceutical Joint-Stock Company explains the fluctuations in revenue and profits of the Q1/2015 compared to the same period last year, details as follows:

Target	Q1/2015	Q1/2014	Increase, decrease	
			Value	Rate
Net sales	645,440	660,347	(14,907)	-2,26%
Profit before tax	93,976	131,354	(37,378)	-28,46%
Profit after tax	73,287	104,643	(31,356)	-29,96%

#### Reasons:

- Net sales of Q1/2015 decrease 2.26%, profit before tax decrease 28.46% compared with the same period.
- **Reasons:** Performance of business plan 2015 in Q1/2015 is relatively low due to impact of Q4/2014 revenue and market demand of early in the year 2015.

DHG Pharmaceutical Joint-Stock Company kindly explains.

---

Ngo Thi Hong Dao  
Preparer

---

Dang Pham Huyen Nhung  
Chief Accountant

---

Le Chanh Dao  
Deputy General Director  
20 April 2015

**CONSOLIDATED CASH FLOW STATEMENT**  
**(Indirect method)**

Co de	Note	31.03.2015 VND	As at 31.03.2014 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Net profit before tax</b>	<b>93,975,591,897</b>	<b>131,353,546,774</b>
	Adjustments for:		
02	Depreciation and amortisation	16,038,616,840	14,200,848,211
03	Provisions	(165,540,509)	469,581,138
05	Gains from disposal of fixed assets	5,729,741,275	(39,090,910)
05	Interest and dividend income	(4,981,408,293)	(7,373,325,065)
06	Interest expense	1,855,841,468	1,605,280,843
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>112,452,842,678</b>	<b>140,216,840,991</b>
09	(Increase)/decrease in receivables	72,836,432,636	59,976,944,380
10	(Increase)/decrease in inventories	50,085,171,898	(28,250,208,698)
11	(Increase)/decrease in payables	(236,242,505,239)	(181,868,894,694)
12	(Increase)/decrease in prepaid expenses	29,731,225,650	(1,118,115,823)
13	Interest paid	(2,327,078,400)	(1,646,196,032)
14	Business income tax paid	(63,160,604,305)	(36,679,620,015)
16	Other payments on operating activities	(8,876,788,794)	(9,489,605,630)
<b>20</b>	<b>Net cash inflows from operating activities</b>	<b>(45,501,303,876)</b>	<b>(58,858,855,521)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(42,760,055,988)	(6,993,719,949)
22	Proceeds from disposals of fixed assets and other long-term assets	0	55,454,547
23	Loans in other entities	(27,912,016,194)	-
24	Collection of loans granted to other entities	0	80,000,000,000,00
25	Investment in other entities	0	(84,336,826,339)
26	Proceeds from divestment in other entities	-	-
27	Dividends and interest received	6,552,678,326	7,229,130,616
<b>30</b>	<b>Net cash outflows from investing activities</b>	<b>(64,119,393,856)</b>	<b>(4,045,961,125)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	-	-
33	Proceeds from short-term borrowings	418,788,170,159	433,756,799,693
34	Repayments of borrowings	(490,869,358,672)	(498,857,130,190)
36	Dividends paid	0	-
<b>40</b>	<b>Net cash outflows from financing activities</b>	<b>(72,081,188,513)</b>	<b>(65,100,330,497)</b>
<b>50</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(181,701,886,245)</b>	<b>(128,005,147,143)</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>391,229,559,612</b>	<b>469,168,694,401</b>
61	Impacts of exchange rate fluctuations		
<b>70</b>	<b>Cash and cash equivalents at end of the period</b>	<b>209,527,673,367</b>	<b>341,163,547,258</b>

Ngo Thi Hong Dao  
Preparer

Dang Pham Huyen Nhung  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
20 April 2015

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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 legal capital of VND80,000,000,000.

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

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

As at 31 March 2015, the Company had 1,881 employees (at 31 December 2014: 1,997 employees).

The interest in subsidiaries and associates as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			31.03.2015	31.12.2014
<b>Subsidiaries:</b>				
DT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5104000057 issued by the Planning and Investment Department of Dong Thap province on 28 August 2008	100%	100%
DHG Travel One Member Limited Company	Domestic travel services	No. 5704000134 issued by the Planning and Investment Department of Can Tho City on 26 December 2007	100%	100%
HT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5604000048 issued by the Planning and Investment Department of Kien Giang province on 16 May 2008	100%	100%
DHG Nature One Member Limited Company	Grow, process, manufacture, and trade herbal materials; manufacture and trade pharmaceutical chemistry and dietary supplements	No. 1800723433 issued by the Planning and Investment Department of Can Tho City on 25 August 2008	100%	100%
CM Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6104000035 issued by the Planning and Investment Department of Ca Mau province on 8 April 2008	100%	100%
SH Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6403000044 issued by the Planning and Investment Department of Hau Giang province on 20 July 2007	51%	51%
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

Form B 09 – DN

## 1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			31.03.2015	31.12.2014
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 2200286342 issued by the Planning and Investment Department of Soc Trang province on 11 April 2008	100%	100%
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	Produce and trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
DHG 1 Packaging and Printing One Member Limited Company	Manufacture label, label cover, packaging from paper and cover. Manufacture and trade plastic, aluminum, 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%
<b>Associates:</b>				
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%

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES****2.1 Basis of preparation of separate financial statements**

The separate 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. 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 three months ended on 31 March 2015 to have enough information about the financial situation, business results and cash flows of the Group.

**2.2 Fiscal year**

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

**2.3 Use of estimates**

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

**2.4 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.

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.

**2.5 Form of records applied**

The Company uses journal vouchers to record its transactions.

**2.6 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.

**2.7 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****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) Short-term investments**

Short-term investments are term deposits at bank maturing within 12 months from the balance sheet date and are accounted for at cost.

**(b) Investments in subsidiaries**

Investments in subsidiaries are stated at cost less provision for impairment.

**(c) Investments in associates**

Investments in associates are stated at cost less provision for impairment.

**(d) Long-term investments**

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

**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.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (CONTINUED)****2.10 Fixed assets (Continued)***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.

**2.12 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.

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 and are recognized as income or expense in the income statement.

**2.13 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 Company 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (CONTINUED)****2.14 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.

**2.15 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.

**(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.

**2.16 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.

**2.17 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (CONTINUED)**

### **2.18 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.

### **2.19 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.

### **2.20 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.

### **2.21 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.

**3 CASH AND CASH EQUIVALENTS**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	10,328,852,903	12,759,488,094
Cash at bank	41,299,977,010	21,121,738,185
Cash in transit	50,510,121	
Cash equivalents (*)	157,848,333,333	357,348,333,333
	<u>209,527,673,367</u>	<u>391,229,559,612</u>

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

**4 SHORT-TERM INVESTMENTS**

Short-term investments are term deposits at bank maturing within 12 months from the balance sheet date, except for term deposits with an original maturity of 3 months or less being classified to cash equivalents in Note 3.

**5 TRADE ACCOUNTS RECEIVABLE**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Trade receivables from subsidiaries (Note 32(b))	211,070,543,091	217,404,138,916
Trade receivables from third parties	372,272,391,261	480,518,721,193
	<u>583,342,934,352</u>	<u>697,922,860,109</u>

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

	<b>Fiscal period</b>	<b>Fiscal year</b>
	<b>ended</b>	<b>ended</b>
	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Opening balance	4,357,578,640	2,566,239,574
Increase in provision for the period/year		1,791,339,066
Decrease in provision for the period/year	(165,540,509)	
Closing balance	<u>4,192,038,131</u>	<u>4,357,578,640</u>

**6 OTHER RECEIVABLES**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Interest income receivable	3,826,498,127	5,506,248,160
Receivables from subsidiaries	488,641,817,704	458,356,875,877
Advance	2,519,199,061	1,662,492,571
Other receivables	7,126,555,144	2,290,744,639
	<u>502,114,070,036</u>	<u>467,816,361,247</u>

**DHG PHARMACEUTICAL JOINT-STOCK COMPANY**

**Form B 09 – DN**

(\*) Receivables from subsidiaries in detail

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Advance capital to DHG Pharmaceutical One-member Limited Company for building factory	431,585,184,971	402,297,323,946
Advance capital to DHG 1 Printing and Packing One-member Limited Company for building factory	55,841,234,870	55,841,234,870
Advance capital to DHG Nature One-member Limited Company	330,000,000	
Other receivables of other subsidiaries	885,397,863	218,317,061
	<u>488,641,817,704</u>	<u>458,356,875,877</u>

**7 INVENTORIES**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Goods in transit	58,760,415,813	56,439,936,854
Raw materials	209,579,622,901	246,138,896,245
Work in progress	23,790,073,310	20,804,483,472
Finished goods	258,031,670,923	247,855,390,747
Merchandises	137,849,707,356	173,509,728,186
Goods sent for sale	6,651,773,303	
	<u>694,663,263,606</u>	<u>744,748,435,504</u>
Provision for decline in value of inventory	<u>(4,464,136,213)</u>	<u>(4,464,136,213)</u>
	<u>690,199,127,393</u>	<u>740,284,299,291</u>

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

	<b>Fiscal period</b>	<b>Fiscal year</b>
	<b>ended</b>	<b>ended</b>
	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Opening balance	4,464,136,213	4,398,570,572
Increase		65,565,641
Reversal	-	0
	<u>4,464,136,213</u>	<u>4,464,136,213</u>



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

	Buildings and structures VNĐ	Machinery and equipment VNĐ	Motor vehicles VNĐ	Office equipment VNĐ	Total VNĐ
<b>Historical cost</b>					
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	-	-	-	-	-
Transfers from construction in progress (Note 10)	1.985.032.523	2.084.769.600	-	748.407.855	4.818.209.978
Disposals	0	(132.000.000)	0	(739.898.655)	(871.898.655)
At 31 March 2015	<u>191.122.422.727</u>	<u>224.684.433.979</u>	<u>105.906.008.444</u>	<u>69.514.639.837</u>	<u>591.227.504.987</u>
<b>Accumulated depreciation</b>					
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	3.987.596.744	5.224.220.395	3.419.967.936	2.042.863.936	14.674.649.011
Disposals	0	(132.000.000)	0	(739.898.655)	(871.898.655)
At 31 March 2015	<u>70.294.367.320</u>	<u>139.699.545.839</u>	<u>63.290.785.896</u>	<u>47.777.622.462</u>	<u>321.062.321.517</u>
<b>Net book value</b>					
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 March 2015	<u>120.828.055.407</u>	<u>84.984.888.140</u>	<u>42.615.222.548</u>	<u>21.737.017.375</u>	<u>270.165.183.470</u>

Included in tangible fixed assets as at 31 March 2015 were assets costing VND116,783 million (31 December 2014: VND113,840 million) which were fully depreciated but still in active use.

**8 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
<b>Historical cost</b>				
At 1 January 2015	112,228,853,336	72,175,263,381	5,861,257,805	190,265,374,522
Increase	-	34,820,486,250	-	34,820,486,250
Transfers from construction in progress (Note 10)	1,100,000,000	-	-	1,100,000,000
Disposals	(5,729,741,275)	-	0	(5,729,741,275)
At 31 March 2015	<u>107,599,112,061</u>	<u>106,995,749,631</u>	<u>5,861,257,805</u>	<u>220,456,119,497</u>
<b>Accumulated amortisation</b>				
At 1 January 2015	-	8,730,852,533	4,556,551,219	13,287,403,752
Depreciation for the period / year	-	545,873,355	119,218,386	665,091,741
At 31 March 2015	<u>-</u>	<u>9,276,725,888</u>	<u>4,675,769,605</u>	<u>13,952,495,493</u>
<b>Net book value</b>				
At 1 January 2015	<u>112,228,853,336</u>	<u>63,444,410,848</u>	<u>1,304,706,586</u>	<u>176,977,970,770</u>
At 31 March 2015	<u>107,599,112,061</u>	<u>97,719,023,743</u>	<u>1,185,488,200</u>	<u>206,503,624,004</u>

Included in intangible fixed assets as at 31 March 2015 and 31 December 2014 were assets costing VND2,917 million which were fully depreciated but still in active use.

**9 REAL ESTATE INVESTMENT**

	House VND
<b>Historical cost</b>	
As at 1 January 2015	38,679,461,157
As at 31 March 2015	<u>38,679,461,157</u>
<b>Accumulated depreciation</b>	
As at 1 January 2015	7,442,435,650
Depreciation for the period/year	698,876,088
As at 31 March 2015	<u>8,141,311,738</u>
<b>Net book value</b>	
As at 1 January 2015	31,237,025,507
As at 31 March 2015	<u>30,538,149,419</u>

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

**10 COST OF CONSTRUCTION IN PROGRESS**

	<b>Fiscal period ended 31.03.2015 VND</b>	<b>Fiscal year ended 31.12.2014 VND</b>
Opening balance	17,954,990,322	27,207,341,084
Additions	7,939,569,738	84,865,977,418
Transfers to tangible fixed assets (Note 8(a))	(4,818,209,978)	(73,918,397,867)
Transfers to intangible fixed assets (Note 8(b))	(1,100,000,000)	(5,831,220,000)
Transfers to real estate investment (Note 9)	0	(14,368,710,313)
	<hr/>	<hr/>
Closing balance	19,976,350,082	17,954,990,322

**11 LONG-TERM INVESTMENTS****(a) Investment in subsidiaries**

	<b>31.03.2015 VND</b>	<b>31.12.2014 VND</b>
DT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Travel One Member Limited Company	5,000,000,000	5,000,000,000
HT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Nature One Member Limited Company	5,000,000,000	5,000,000,000
CM Pharmaceutical One Member Limited Company	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
TVP 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
	<hr/>	<hr/>
	122,550,000,000	122,550,000,000

**(b) Investments in associates**

	<b>31.03.2015 VND</b>	<b>31.12.2014 VND</b>
Vinh Hao Algae Processing Joint Stock Company	<hr/>	<hr/>
	3,787,450,000	3,787,450,000

## 11 LONG-TERM INVESTMENTS (continued)

## (c) Other long-term investments

	31.03.2015 VND	31.12.2014 VND
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
Binh Duong Pharmaceutical & Medical Equipment Joint Stock Company	4,286,800,000	4,286,800,000
Ninh Thuan Pharmaceutical & Medical Equipment Joint Stock Company	796,675,000	796,675,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Vinh Tuong High-Tech Packaging Corporation	20,000,000,000	20,000,000,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

## (d) Provision for diminution in value of long-term investments

Movement in provision for diminution in value of long-term investments during the period/year were as follows:

	Fiscal period ended 31.03.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	16,500,000,000	16,500,000,000
Increase	-	-
Reversal	-	-
	<u>16,500,000,000</u>	<u>16,500,000,000</u>

Balance as at 31 March 2015 represents the provision for diminution in value of long-term investments in Vinh Tuong High-Tech Packaging Corporation (2014: VND16,500,000,000).

## 12 LONG-TERM PREPAYMENTS

Details of long-term prepayments are presented as follows:

	Leasehold improvements VND	Prepaid land rental fees VND	Tools and supplies VND	Total VND
Opening balance	608,209,443	42,625,965,476	3,514,806,524	46,748,981,443
Increase			245,276,363	245,276,363
Reclassification according to Circular 200	(434,533,959)	(30,873,851,250)	(3,514,806,524)	(34,823,191,733)
Allocation	(7,820,781)	(86,624,922)	(11,383,532)	(105,829,235)
	<u>165,854,703</u>	<u>11,665,489,304</u>	<u>233,892,831</u>	<u>12,065,236,838</u>

**13 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:

	<b>Fiscal period ended 31.03.2015 VND</b>	<b>Fiscal year ended 31.12.2014 VND</b>
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.

**14 TRADE ACCOUNTS PAYABLE**

	<b>31.03.2015 VND</b>	<b>31.12.2014 VND</b>
Trade payables to subsidiaries (Note 32(b))	71,695,122,321	53,700,239,480
Trade payables to third parties	<u>165,558,822,244</u>	<u>239,260,615,333</u>
	<u>237,253,944,565</u>	<u>292,960,854,813</u>

**15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET**

	<b>31.03.2015 VND</b>	<b>31.12.2014 VND</b>
Value added tax	8,108,670,397	6,254,321,521
Corporate income tax - current	20,688,728,384	63,160,604,305
Personal income tax	119,241,144	3,153,532,919
Others	<u>1,985,136,246</u>	<u>48,139</u>
	<u>30,901,776,171</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	9,386,999,708	(7,532,650,832)	8,108,670,397
VAT on imports	-	7,282,489,128	(7,282,489,128)	-
Import export tax	(740,713,926)	2,163,866,607	(1,515,321,417)	(92,168,736)
Corporate income tax	63,160,604,305	20,688,728,384	(63,160,604,305)	20,688,728,384
Personal income tax	3,153,532,919	17,087,721,064	(20,122,012,839)	119,241,144
Land tax	-	1,985,757,046	(620,800)	1,985,136,246
Others	48,139	50,960,995	(100,885,781)	(49,876,647)
<b>Total</b>	<u>71,827,792,958</u>	<u>58,646,522,932</u>	<u>(99,714,585,102)</u>	<u>30,759,730,788</u>

**16 ACCRUED EXPENSES**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Trade discounts and promotions	41,861,627,894	211,689,759,376
Seminar expenses	348,397,216	859,859,395
Interest payable	910,468,739	1,381,705,671
Marketing and customer care expenses	14,063,520,974	7,386,412,520
Others	12,756,994,157	7,246,522,542
	<u>69,941,008,980</u>	<u>228,564,259,504</u>

**17 SHORT-TERM BORROWINGS**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Loans from bank (*)	80,000,000,000	150,000,000,000
Loans from the Group's employees (**)	24,626,220,249	26,707,408,762
	<u>104,626,220,249</u>	<u>176,707,408,762</u>

(\*) These loans are secured by term deposits at bank (Note 3) and bear interest at 0.33% to 0.61% per month (31.12.2014: from 0.37% to 0.4% per month).

(\*\*) These loans are unsecured and bear interest at 0.42% to 0.57% per month (2014: from 0.42% to 0.57% per month).

**18 OTHER PAYABLES**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Union fee	380,340,428	640,480,615
Social insurance, health insurance, unemployment insurance	872,828,538	108,325,306
Dividends payable	17,894,000	17,894,000
Trade discounts	1,362,374,120	1,366,422,658
Other payables	4,004,145,196	8,598,057,172
Payable to subsidiaries	6,983,530,024	12,983,530,024
	<u>13,621,112,306</u>	<u>23,714,709,775</u>

**19 BONUS AND WELFARE FUNDS**

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

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

	<b>Bonus and welfare fund for employees VND</b>	<b>Bonus fund for Board of Directors VND</b>	<b>Welfare fund in form of fixed assets VND</b>	<b>Total VND</b>
Opening balance	13,766,583,414	6,944,993,395	30,537,725,466	51,249,302,275
Appropriation to the funds				-
Assets formed from welfare fund	(9,228,221,494)	-	9,228,221,494	-
Depreciation of assets formed from welfare fund	-	-	(1,196,869,695)	(1,196,869,695)
Utilisation	(5,602,930,432)	(1,125,990,750)	-	(6,728,921,182)
Closing balance	<u>(1,064,568,512)</u>	<u>5,819,002,645</u>	<u>38,569,077,265</u>	<u>43,323,511,398</u>

**20 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS**

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

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

	<b>Science and technology development fund VND</b>	<b>Science and technology development fund in form of fixed assets VND</b>	<b>Total VND</b>
Opening balance	17,777,881,865	20,583,703,374	38,361,585,239
Assets formed from science and technology development fund	0	-	-
Depreciation of assets formed from science and technology development fund	-	(901,897,917)	(901,897,917)
Utilisation	(49,100,000)		(49,100,000)
Closing balance	<u>17,728,781,865</u>	<u>19,681,805,457</u>	<u>37,410,587,322</u>



## 21 SHARE CAPITAL

	31.03.2015		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	(10,130)	(455,850,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation	87,154,200	871,187,450,000	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 31.03.2015		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
Closing balance	87,154,200	871,187,450,000	87,154,200	871,187,450,000

## 22 MOVEMENTS IN OWNERS' EQUITY

	Owners' equity	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
	VND	VND	VND	VND	VND	VND
<b>Balance as at 1 January 2014</b>	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 rate 3:1	217,879,010,000		(217,879,010,000)			-
Net profit for the year	-	-	-	-	521,167,607,431	521,167,607,431
Dividends	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Allocation of 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)
<b>Balance as at 31 December 2014</b>	871,643,300,000	(455,850,000)	768,665,991,301	66,026,578,871	521,167,607,431	2,227,047,627,603
Net profit for the year					73,286,863,513	73,286,863,513
Classification according to Circular 200			66,026,578,871	(66,026,578,871)	-	-
<b>Balance as at 31 March 2015</b>	871,643,300,000	(455,850,000)	834,692,570,172	0	594,454,470,944	2,300,334,491,116

**23 DIVIDENDS**

In the year 2014, the Company has declared and paid the final dividends of 15% in cash for the year 2013 which was paid on 4 August 2014.

**24 REVENUE****(a) Net sales**

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
<b>Sales</b>		
Sales of finished goods	405,925,760,590	622,509,598,672
Sales of merchandise goods	283,792,329,864	45,934,139,910
Rental services	643,416,365	
Promotion goods		3,815,509,557
	<u>690,361,506,819</u>	<u>672,259,248,139</u>
<b>Sales deductions</b>		
Trade discounts	(39,368,278,438)	(2,691,118,422)
Sales returns	(5,553,670,473)	(9,221,181,699)
	<u>(44,921,948,911)</u>	<u>(11,912,300,121)</u>
<b>Net sales</b>	<u>645,439,557,908</u>	<u>660,346,948,018</u>
<b>In which:</b>		
Sales of finished goods	375,101,896,658	612,501,088,557
Sales of merchandise goods	269,694,244,885	44,030,349,904
Rental service	643,416,365	-
Revenue from promotion goods		3,815,509,557

**(b) Financial income**

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at bank	4,872,928,293	7,348,990,265
Dividend income	108,480,000	24,334,800
Realised foreign exchange gains	454,002,893	248,466,582
Others	414,024,032	57,785,432
	<u>5,849,435,218</u>	<u>7,679,577,079</u>

**25 COST OF SALES**

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
Cost of finished goods sold	199,441,671,012	297,394,473,662
Cost of merchandises sold	232,140,321,375	40,321,682,166
Cost of services rendered	628,823,154	500,786,589
Cost of promotion goods	-	3,578,261,786
	<u>432,210,815,541</u>	<u>341,795,204,203</u>

**26 FINANCIAL EXPENSES**

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
Interest expense	1,855,841,468	1,605,280,843
Realised foreign exchange losses	894,365,015	112,883,660
Payment discounts	10,616,865,067	9,427,846,978
Other expenses	28,731,613	26,552,824
	<u>13,395,803,163</u>	<u>11,172,564,305</u>

**27 SELLING EXPENSES**

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
Staff costs	51,292,578,816	51,873,873,795
Material expenses	920,302,643	5,800,260
Tools and supplies expenses	420,013,666	671,667,467
Depreciation expenses of fixed assets	3,268,583,527	3,008,926,259
Outside service expenses	26,811,033,689	69,360,936,147
Other expenses	3,497,869,121	16,738,873,856
	<u>86,210,381,462</u>	<u>141,660,077,784</u>

**28 GENERAL AND ADMINISTRATION EXPENSES**

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
Staff costs	27,644,914,338	30,227,922,688
Material expenses	68,190,356	36,637,251
Tools and supplies expenses	594,077,263	867,321,501
Depreciation expenses of fixed assets	2,665,561,212	2,727,705,116
Fees and duties	101,516,458	108,512,649
Provision expenses	(165,540,509)	469,581,138
Outside service expenses	3,895,044,784	2,563,787,243
Other expenses by cash	6,215,941,558	6,394,613,915
	<u>41,019,705,460</u>	<u>43,396,081,501</u>

## 29 OTHER INCOME AND EXPENSES

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
<b>Other income</b>		
Proceeds from sales of scraps	49,080,908	232,932,405
Proceeds from disposals of fixed assets	5,340,772,729	55,454,547
Proceeds from rental	357,011,578	366,136,364
Income from sales commissions	9,075,064,562	378,323,251
Sundry income	7,156,365,154	776,077,006
	<u>21,978,294,931</u>	<u>1,808,923,573</u>
<b>Other expenses</b>		
Net book value of fixed assets disposed	5,729,741,275	16,363,637
Sundry expenses	725,249,259	441,610,466
	<u>6,454,990,534</u>	<u>457,974,103</u>
<b>Net other income</b>	<u>15,523,304,397</u>	<u>1,350,949,470</u>

## 30 BUSINESS 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. From the year 2014, the normal tax rate (22%) is applied under Decree No. 218/2013/ND-CP of the 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:

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
Net accounting profit before tax	93,975,591,897	131,353,546,774
Tax calculated at a rate of 22%	20,674,630,217	28,897,780,290
Effect of:		
Expenses not deductible for tax purposes	14,098,167	22,145,233,00
Income not subject to tax		(5,353,656)
Tax incentives		(2,204,083,528)
Provision left in the previous years		
Business income tax charge	<u>20,688,728,384</u>	<u>26,710,488,339</u>

## 31 COST OF OPERATIONS BY FACTOR

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Raw materials in production	394,709,470,503	327,622,442,902
Labour costs	116,161,265,391	131,463,913,098
Depreciation expense	13,253,327,485	14,200,848,211
Outside service expenses	42,338,725,721	89,327,950,698
Other expenses	11,796,456,538	23,912,011,434
	<hr/>	<hr/>
	578,259,245,638	586,527,166,343

**32 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:

	<b>For 3-month period ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>VND</b>	<b>VND</b>
<b>i) Sales of goods and services</b>		
<b>Subsidiaries</b>		
DHG 1 Packaging and Printing One Member Ltd.	60,818,395	125,279,660
DHG Travel One Member Ltd.	363,636,364	366,136,364
CM Pharmaceutical One Member Ltd.	10,327,549,505	10,765,294,962
DT Pharmaceutical One Member Ltd.	7,067,853,092	7,611,611,461
HT Pharmaceutical One Member Ltd.	7,370,086,838	9,188,556,505
ST Pharmaceutical One Member Ltd.	9,629,431,104	11,127,746,054
DHG Nature One Member Ltd.	353,506,268	1,402,648,896
SH Pharmaceutical Joint Stock Company	13,157,450,972	14,440,396,096
A&G Pharmaceutical One Member Ltd.	16,166,297,472	23,000,500,588
TOT Pharmaceutical One Member Ltd.	24,938,479,066	36,734,442,438
TG Pharmaceutical One Member Ltd.	3,296,622,627	7,753,587,674
Bali Pharmaceutical One Member Ltd.	6,412,067,981	9,223,159,854
DHG Pharmaceutical One Member Ltd.	31,953,287,999	-
TVP Pharmaceutical One Member Ltd.	6,310,413,994	6,496,198,513
B&T Pharmaceutical One Member Ltd.	7,250,265,542	7,540,919,653
VL Pharmaceutical One Member Ltd.	7,062,785,546	12,760,119,141
	<b><u>151,720,552,765</u></b>	<b><u>158,536,597,859</u></b>
<b>ii) Purchases of goods and services</b>		
<b>Subsidiaries</b>		
DHG 1 Packaging and Printing One Member Ltd.	18,426,301,658	42,988,635,535
DHG Travel One Member Ltd.	3,767,024,544	2,226,656,951
DHG Nature One Member Ltd.	744,290,729	11,449,686,016
TOT Pharmaceutical One Member Ltd.	255,204,424	300,593,119
DHG Pharmaceutical One Member Ltd.	92,128,462,751	-
	<b><u>115,321,284,106</u></b>	<b><u>56,965,571,621</u></b>

## 32 RELATED PARTY TRANSACTIONS (continued)

## (a) Related party transactions (continued)

## iii) Investment projects of subsidiaries

	31.03.2015	31.12.2014
<b>Subsidiaries</b>		
DHG Nature One Member Ltd.	330,000,000	
DHG Pharmaceutical One Member Ltd.	29,287,861,025	176,315,349,669
DHG 1 Packaging and Printing One Member Ltd.		23,291,909,060
	<u>29,617,861,025</u>	<u>199,607,258,729</u>

	31.03.2015	31.12.2014
<b>Subsidiaries</b>		
DHG Pharmaceutical One Member Ltd.		
Contributed charter capital (Note 11(a))	50,000,000,000	50,000,000,000
Advance of capital for the plant construction (Note 6)	<u>431,585,184,971</u>	<u>402,297,323,946</u>
	<u>481,585,184,971</u>	<u>452,297,323,946</u>
DHG 1 Packaging and Printing One Member Ltd.		
Contributed charter capital (Note 11(a))	5,000,000,000	5,000,000,000
Advance of capital for the plant construction (Note 6)	<u>55,841,234,870</u>	<u>55,841,234,870</u>
	<u>60,841,234,870</u>	<u>60,841,234,870</u>
DHG Nature One Member Ltd.		
Contributed charter capital (Note 11(a))	5,000,000,000	5,000,000,000
Advance of capital for investment (Note 6)	330,000,000	
	<u>5,330,000,000</u>	<u>5,000,000,000</u>

## iv) Remuneration of key management

Gross salaries and other benefits	4,824,846,441	4,915,115,574
-----------------------------------	---------------	---------------



## 32 RELATED PARTY TRANSACTIONS (continued)

## (b) Closing balance of related parties

	31.03.2015 VND	31.12.2014 VND
<b>i) Trade receivables (Note 5)</b>		
<b>Subsidiaries</b>		
CM Pharmaceutical One Member Ltd.	14,628,290,627	11,736,345,970
DT Pharmaceutical One Member Ltd.	5,379,152,930	4,007,677,469
HT Pharmaceutical One Member Ltd.	18,051,739,513	19,063,395,707
ST Pharmaceutical One Member Ltd.	21,841,651,897	24,028,313,624
SH Pharmaceutical Joint Stock Company	8,848,754,639	7,874,078,979
A&G Pharmaceutical One Member Ltd.	24,781,809,473	29,240,844,919
TOT Pharmaceutical One Member Ltd.	60,700,175,652	56,991,628,788
TG Pharmaceutical One Member Ltd.	10,189,841,417	12,536,931,898
Bali Pharmaceutical One Member Ltd.	9,771,608,521	12,695,540,965
DHG Pharmaceutical One Member Ltd.	-	99,999,997
DHG 1 Packaging and Printing One Member Ltd.	179,791,912	
TVP Pharmaceutical One Member Ltd.	17,746,712,480	20,278,623,823
B&T Pharmaceutical One Member Ltd.	8,999,170,442	9,516,310,809
VL Pharmaceutical One Member Ltd.	9,951,843,588	9,334,445,968
	<b><u>211,070,543,091</u></b>	<b><u>217,404,138,916</u></b>
<b>ii) Other receivables (Note 6)</b>		
<b>Subsidiaries</b>		
DHG Pharmaceutical One Member Ltd.	431,585,184,971	225,981,974,277
DHG 1 Packaging and Printing One Member Ltd.	55,841,234,870	32,549,325,810
DHG Nature One Member Ltd.	330,000,000	
Other subsidiaries	885,397,863	693,283,942
	<b><u>488,641,817,704</u></b>	<b><u>259,224,584,029</u></b>
<b>Trade accounts payable (Note 14)</b>		
<b>Subsidiaries</b>		
DHG 1 Packaging and Printing One Member Ltd.	7,171,820,883	11,907,958,572
DHG Travel One Member Ltd.	414,130,000	-
DHG Nature One Member Ltd.	393,741,251	1,299,216,594
DHG Pharmaceutical One Member Ltd.	63,715,430,187	40,493,064,314
	<b><u>71,695,122,321</u></b>	<b><u>53,700,239,480</u></b>

**33 COMMITMENTS****(a) Capital commitments**

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

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	1,932,696,137	4,033,262,519
Approved and contracted but not yet implemented	17,666,657,218	20,434,388,989
	<u>19,599,353,355</u>	<u>24,467,651,508</u>

**(b) Commitments under operating leases**

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

**Land rental**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>VND</b>	<b>VND</b>
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	44,754,556,677	52,192,466,036
	<u>54,025,311,557</u>	<u>62,899,955,696</u>

**34 FINANCIAL RISK MANAGEMENT****Financial risk factors****Overview**

The Company has exposure to the following risks from their use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Currency risk*

The Company's business is exposed to foreign currency risk arising from various currency exposures, primarily United States Dollar ("USD").

**FINANCIAL RISK MANAGEMENT (Continued)**

The Company's currency exposure to the USD is as follows:

	Original currency - USD		Equivalent to VND	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
<b>Financial assets</b>				
Cash and deposits at bank	110,000	336,670	2,368,300,000	7,206,417,283
Trade and other receivables	124,420	15,615	2,678,761,222	334,235,137
	<u>234,420</u>	<u>352,285</u>	<u>5,047,061,222</u>	<u>7,540,652,420</u>
<b>Financial liabilities</b>				
Trade and other payables	<u>3,508,510</u>	<u>4,991,674</u>	<u>75,538,220,300</u>	<u>106,846,788,392</u>
<b>Net currency exposure</b>	<u>(3,274,090)</u>	<u>(4,639,390)</u>	<u>(70,491,159,078)</u>	<u>(99,306,135,972)</u>

At 31 March 2015, if the USD had strengthened/weakened by 10% against the VND with all other variables (included tax rate) being held constant, the Company's profit after tax for the fiscal period ended 31 March 2015 would have been VND5,498,310,408 lower/higher as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments.

*(ii) Interest risk*

The Company is not subject to significant risks on interest rates because the majority of the Company's loans are short-term loans from banks which bear fixed interest rates.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy is to regularly monitor current, future liquidity requirements to ensure the Company can maintain sufficient cash reserves to meet liquidity requirements in the short to medium term.

As at 31 March 2015, the Company had financial liabilities comprising accounts payable trade and other payables amounting to VND536,671,473,093 (31.12.2014: VND875,464,930,375) which represented contractual undiscounted cash outflows payable in less than one year.

**35 COMPARATIVE FIGURES**

According to Circular 200/2014/TT/BTC dated 22/12/2014 of the Ministry of Finance, certain comparative figures have been reclassified to conform to the current year's presentation, detailed as follows:

## COMPARATIVE FIGURES (continued)

Report on separate accounting balance

Code	Fiscial year ended 31 December 2014		
	As reported previously VND	Adjusted VND	Rerepsented VND
135	Receivables of short-term loans	18,401,094,402	18,401,094,402
136	Other receivables	484,554,963,078	(16,738,601,831)
155	Other current assets	1,980,031,829	(1,662,492,571)
418	Development and investment Fund	768,665,991,301	66,026,578,871
	Fund financial reserve	66,026,578,872	(66,026,578,872)
			834,692,570,172
			-

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  
20 April 2015