

DHG PHARMACEUTICAL JOINT STOCK COMPANY

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



DHG PHARMACEUTICAL JOINT STOCK COMPANY

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FOR THE YEAR ENDED 31 DECEMBER 2015**

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

**Establishment
Decision No.**

2405/QD-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City.

**Business Registration
Certificate No.**

5703000111 dated 15 September 2004 issued by the Planning and Investment Department of Can Tho City.

The Business Registration Certificate has been amended several times and its latest 21st amendment dated 29 October 2015 was issued by the Planning and Investment Department of Can Tho City.

Board of Management

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

Board of Directors

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

Supervisory Board

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

Legal representative

Mdm Pham Thi Viet Nga	General Director
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Registered office

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

Auditor

PricewaterhouseCoopers.(Vietnam) Limited

DHG PHARMACEUTICAL JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of Directors is responsible for the separate financial statements of DHG Pharmaceutical Joint Stock Company ("the Company") which give a true and fair view of the financial position of the Company as at 31 December 2015 and of the results of operation and cash flows for the year then ended. In preparing these separate financial statements, the Board of Directors is required to:

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

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

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements set out on pages 5 to 46 which give a true and fair view of the financial position of the Company as at 31 December 2015 and of the results of operation and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements in SR Vietnam.

On behalf of the Board of Directors



Le Chanh Dao
Deputy General Director
Authorised signatory

Can Tho City, SR Vietnam
12 March 2016



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHG PHARMACEUTICAL JOINT STOCK COMPANY

We have audited the accompanying separate financial statements of DHG Pharmaceutical Joint Stock Company ("the Company") which were prepared on 31 December 2015 and approved by the Board of Directors on 12 March 2016. The separate financial statements comprise the separate balance sheet as at 31 December 2015, the separate income statement, the separate cash flow statement for the year then ended and explanatory notes to the separate financial statements including significant accounting policies as set out on pages 5 to 46.

The Board of Directors' Responsibility to the Separate Financial Statements

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

**For and on behalf of
PricewaterhouseCoopers (Vietnam) Limited**



Quach Thanh Chau
Audit Practising Licence No. 0875-2013-006-1
Authorised signatory

Audit report number HCM5052
Ho Chi Minh City, 12 March 2016

Pham Thi Xuan Mai
Audit Practising Licence No. 1771-2013-006-1

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

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2015 VND	2014 VND
100	CURRENT ASSETS		2,031,832,065,087	2,141,339,208,039
110	Cash and cash equivalents	3	329,246,389,813	391,229,559,612
111	Cash		35,246,389,813	33,881,226,279
112	Cash equivalents		294,000,000,000	357,348,333,333
120	Short-term financial investments	4(a)	507,000,000,000	258,151,666,667
123	Held-to-maturity investments		507,000,000,000	258,151,666,667
130	Short-term receivables		594,243,840,493	750,707,054,379
131	Short-term trade accounts receivable	5	548,426,113,594	697,922,860,109
132	Short-term prepayments to suppliers		19,165,999,426	28,745,336,819
135	Short-term lending		12,388,633,598	11,057,718,430
136	Other short-term receivables	6	20,040,809,017	17,338,717,661
137	Provision for doubtful debts – short term	7	(5,777,715,142)	(4,357,578,640)
140	Inventories	8	598,246,141,828	740,284,299,291
141	Inventories		600,606,776,558	744,748,435,504
149	Provision for decline in value of inventories		(2,360,634,730)	(4,464,136,213)
150	Other current assets		3,095,692,953	966,628,090
151	Short-term prepaid expenses	13(a)	2,534,418,542	225,914,164
153	Tax and other receivables from the State Budget		561,274,411	740,713,926
200	LONG-TERM ASSETS		1,252,430,878,671	1,152,933,125,074
210	Long-term receivables		587,912,165,741	458,946,914,329
215	Long-term lending	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	10(a)	266,012,104,528	280,021,622,503
222	Cost		623,153,018,708	587,281,193,664
223	Accumulated depreciation		(357,140,914,180)	(307,259,571,161)
227	Intangible fixed assets	10(b)	206,303,743,341	176,977,970,770
228	Cost		222,283,861,877	190,265,374,522
229	Accumulated amortisation		(15,980,118,536)	(13,287,403,752)
230	Investment properties	11	28,441,521,155	31,237,025,507
231	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		13,094,070,465	17,954,990,322
242	Construction in progress	12	13,094,070,465	17,954,990,322
250	Long-term financial investments	4(b)	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 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 long-term assets		17,921,653,241	50,048,981,443
261	Long-term prepaid expenses	13(b)	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		3,284,262,943,758	3,294,272,333,113

The notes on pages 9 to 46 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2015 VND	2014 VND
300	LIABILITIES		860,726,137,790	1,067,224,705,510
310	Short-term liabilities		802,723,891,367	1,000,019,164,238
311	Short-term trade accounts payable	15	330,290,069,777	292,960,854,813
312	Short-term advances from customers		6,327,390,829	736,424,704
313	Tax and other payables to the State Budget	16	6,623,165,735	72,568,506,884
314	Payable to employees		87,474,273,542	153,517,697,521
315	Short-term accrued expenses	17	18,201,995,862	228,564,259,504
318	Short-term unearned revenue	18	3,447,830,110	-
319	Other short-term payables	19	9,331,710,323	23,714,709,775
320	Short-term borrowings	20	270,711,206,737	176,707,408,762
322	Bonus and welfare funds	21	70,316,248,452	51,249,302,275
330	Long-term liabilities		58,002,246,423	67,205,541,272
342	Provision for long-term liabilities	23	27,623,718,837	28,843,956,033
343	Science and technology development funds	22	30,378,527,586	38,361,585,239
400	OWNERS' EQUITY		2,423,536,805,968	2,227,047,627,603
410	Capital and reserves		2,423,536,805,968	2,227,047,627,603
411	Owners' capital	24, 25	871,643,300,000	871,643,300,000
415	Treasury shares	24, 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	25	-	66,026,578,871
421	Undistributed earnings	25	542,991,263,137	521,167,607,431
421a	- Undistributed post-tax profits of the previous years		-	-
421b	- Undistributed post-tax profits of the current year		542,991,263,137	521,167,607,431
440	TOTAL RESOURCES		3,284,262,943,758	3,294,272,333,113



Ngo Thi Hong Dao
Preparer



Dang Pham Huyen Nhung
Chief Accountant




Le Chanh Dao
Deputy General Director
Authorised signatory
12 March 2016

SEPARATE INCOME STATEMENT

Code		Note	Year ended 31 December	
			2015 VND	2014 VND
01	Sales		3,778,188,167,497	3,684,076,159,060
02	Less deductions		(403,681,280,290)	(50,365,853,475)
10	Net sales	28(a)	3,374,506,887,207	3,633,710,305,585
11	Cost of sales	29	(2,416,091,990,072)	(1,950,185,814,628)
20	Gross profit		958,414,897,135	1,683,524,490,957
21	Financial income	28(b)	244,290,798,443	96,189,555,935
22	Financial expenses	30	(69,040,214,925)	(49,752,531,926)
23	- Including: Interest expenses		(8,701,231,748)	(4,838,876,750)
25	Selling expenses	31	(371,606,981,440)	(843,131,815,963)
26	General and administration expenses	32	(185,213,223,571)	(240,628,910,511)
30	Operating profit		576,845,275,642	646,200,788,492
31	Other income		86,981,243,410	36,912,661,738
32	Other expenses		(27,126,658,411)	(3,709,037,674)
40	Net other income	33	59,854,584,999	33,203,624,064
50	Net accounting profit before tax		636,699,860,641	679,404,412,556
51	Business income tax - current	35	(93,708,597,504)	(158,236,805,125)
52	Business income tax - deferred		-	-
60	Net profit after tax		542,991,263,137	521,167,607,431



Ngo Thi Hong Dao
Preparer



Dang Pham Huyen Nhung
Chief Accountant



Le Chanh Dao
Deputy General Director
Authorised signatory
12 March 2016

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2015 VND	2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		636,699,860,641	679,404,412,556
		Adjustments for:	
02	10,11	56,639,299,171	57,672,889,000
03		(1,903,602,177)	1,856,904,707
05	33	(2,636,303,090)	56,064,999
05	28(b)	(240,674,829,154)	(94,339,067,623)
05		-	(95,680,000)
06	30	8,701,231,748	4,838,876,750
08		456,825,657,139	649,394,400,389
09		159,689,904,306	(107,825,289,289)
10		144,381,535,884	(31,890,975,115)
11		(240,229,038,196)	64,199,283,657
12		(1,055,027,426)	(30,682,900,712)
14		(9,227,527,464)	(3,957,414,700)
15	16	(155,599,288,793)	(126,755,820,832)
17		(52,443,380,758)	(101,259,879,038)
20		302,342,834,692	311,221,404,360
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(65,367,087,102)	(84,889,257,541)
22	33	25,648,399,864	1,177,335,036
23		(929,617,538,023)	(603,073,355,787)
24		549,664,682,597	313,551,176,989
26		-	4,018,560,000
27		238,469,520,198	61,109,971,951
30		(181,202,022,466)	(308,105,569,352)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	24	(15,665,180,000)	-
33	20	1,216,254,694,302	1,376,817,787,033
34	20	(1,122,250,896,327)	(1,327,141,456,830)
36	25	(261,462,600,000)	(130,731,300,000)
40		(183,123,982,025)	(81,054,969,797)
50		(61,983,169,799)	(77,939,134,789)
60	3	391,229,559,612	469,168,694,401
70	3	329,246,389,813	391,229,559,612

Significant non-cash transactions for the year ended 31 December 2015 are presented in Note 38.



Ngo Thi Hong Dao
Preparer



Dang Pham Huyen Nhung
Chief Accountant



Le Chan Dao⁴
Deputy General Director
Authorised signatory
12 March 2016

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE 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/QĐ-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company according to the Business Registration Certificate No.5703000111 dated 15 September 2004 issued by the Planning and Investment Department of Can Tho City with the initial charter capital of VND80,000,000,000.

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

In 2014, the Company increased the share capital to VND871,643,300,000 by issuing bonus shares to existing shareholders at ratio 3:1 as approved by the relevant authorities. The Company was granted the 20th amended Business Registration Certificate dated 6 May 2015 for the increase in share capital and the 21st amended Business Registration Certificate dated 29 October 2015 for supplementing the business scope of manufacturing and selling bottled pure water.

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

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

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

The Company's interest in subsidiaries and associate are as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			2015	2014
Subsidiaries:				
DT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5104000057 issued by the Planning and Investment Department of Dong Thap province on 28 August 2008	100%	100%
DHG Travel One Member Limited Company	Domestic travel services	No. 5704000134 issued by the Planning and Investment Department of Can Tho City on 26 December 2007	100%	100%
HT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5604000048 issued by the Planning and Investment Department of Kien Giang province on 16 May 2008	100%	100%
DHG Nature One Member Limited Company (*)	Grow, process, manufacture, and trade herbal materials; manufacture and trade pharmaceutical chemistry and dietary supplements	No. 1800723433 issued by the Planning and Investment Department of Can Tho City on 25 August 2008	-	100%
CM Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6104000035 issued by the Planning and Investment Department of Ca Mau province on 8 April 2008	100%	100%

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			2015	2014
SH Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6403000044 issued by the Planning and Investment Department of Hau Giang province on 20 July 2007	51%	51%
A&G Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1601171629 issued by the Planning and Investment Department of An Giang province on 17 June 2009	100%	100%
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5904000064 issued by the Planning and Investment Department of Soc Trang province on 11 April 2008	100%	100%
TOT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1801113085 issued by the Planning and Investment Department of Can Tho City on 25 February 2009	100%	100%
TG Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1200975943 issued by the Planning and Investment Department of Tien Giang province on 25 February 2009	100%	100%
Bali Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1900455594 issued by the Planning and Investment Department of Bac Lieu Province on 29 March 2011	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacture and trade pharmaceuticals, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
B&T Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1300917335 issued by the Planning and Investment Department of Ben Tre Province on 5 October 2012	100%	100%
TVP Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 2100510569 issued by the Planning and Investment Department of Tra Vinh Province on 19 October 2012	100%	100%
VL Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1500971019 issued by the Planning and Investment Department of Vinh Long Province on 19 December 2012	100%	100%

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			2015	2014
DHG Packaging and Printing 1 One Member Limited Company	Manufacture and trade packaging, plastic, aluminum, paper for pharmaceutical industry; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%
Associate: Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	31.36%	31.36%

(*) On 08 June 2015, the Board of Management of the Company issued the Decision No. 023/2015/QD.HDQT to dissolve DHG Nature One Member Limited Company. As at 31 December 2015, the dissolution procedures were completed. All remaining balances of DHG Nature One Member Limited Company have been recorded in the financial statements of the Company as below:

Item	VND
Cash	942,359,463
Trade accounts receivable and other receivables	6,900,440,129
Bonus and welfare funds	381,064,368
Science and technology development funds	2,461,735,224

2 SUMMARY OF SIGNIFICANT 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 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.

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2015 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

2.2 Significant changes in accounting policies

On 22 December 2014, the Ministry of Finance issued Circular 200/2014/TT-BTC ("Circular 200") – Providing guidance on Corporate Accounting System replacing Decision 15/2006/QD-BTC dated 20 March 2006 ("Decision 15") and Circular 244/2009/TT-BTC dated 31 December 2009. Circular 200 is applicable to the fiscal year beginning on 1 January 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant changes in accounting policies (continued)**

Major changes in accounting policies which are presented in the notes of significant accounting policies are as follows:

- Transactions arising in foreign currencies and revaluation of monetary assets and liabilities denominated in foreign currencies – Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Company opens the foreign currency accounts - Note 2.5
- Provision for dismantling and restoration costs – In accordance with Circular 200, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Group's leased premises or land - Note 2.19
- Revenue recognition – Revenue is recognised based on principle of “substance over form” and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and for promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement. Circular 200 also regulates accounting policies for customer loyalty programs - Note 2.25 and 2.27
- Financial reserve fund – Since 2015, the financial reserve fund was no longer used. The remaining balance of this fund was transferred to the investment and development fund - Note 2.23

The Company applied prospectively changes in accounting policies according to Article 127 of Circular 200 for the financial year beginning on 1 January 2015, therefore information in the separate financial statements is not comparable.

Certain comparative figures have been reclassified to conform with the current year's presentation under Circular 200. The details of such reclassifications were disclosed in Note 41.

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 separate 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Currency**

The separate financial statements are measured and presented in Vietnamese Dong (VND).

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

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

2.6 Cash and cash equivalents

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

2.7 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors 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 investments that the Board of Directors of the Company has the positive intention or ability to hold until maturity.

Held-to-maturity investments comprise term deposits at bank for interest earning. These term deposits are accounted for at cost less provision for diminution in value of investments.

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

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company has power to govern the financial and operating policies normally associated with holding more than one half of the voting rights of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision is made when there is an impairment of the investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Investments (continued)****(c) Investments in associates**

Associates are all entities over which the Company has significant influence but not control, generally accompanying with a shareholding of between 20% and 50% of the voting rights of the investee.

Investments in associates are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is a reduction in value of the investments.

(d) Long-term investments in other entities

Long-term investments in other entities represent the Company's investments in equity instruments of the entities over which the Company has no control, joint control, or significant influence. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except for loss that was anticipated in their business plan before the date of investment.

2.10 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation

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

Building and structures	3 – 25 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 10 years
Office equipment	3 – 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Leased assets**

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

2.12 Investment properties

Investment properties are a building – or part of a building – or infrastructure held by the Company to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or administrative purposes or for sale in the normal course of business.

As at 31 December 2015, the Company's investment properties are held for lease.

Investment properties held for lease are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Depreciation

Investment properties held for lease are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives of 10-16 years.

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.

2.13 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 already put to use. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over the allocation period.

2.14 Payables

Payables are recognised according to payment schedule, creditor, currency and other factors upon managerial requirements of the Company. Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchases of goods or services.
- Other payables are non-trade payables not relating to purchases of goods or services.

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

2.15 Accrued expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Borrowing costs**

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

2.17 Provisions

Provisions are recognised when: the 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

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as at 31 December 2015 is determined based on the employees' number of years of service at the Company up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

2.19 Provision for dismantling and restoration costs

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

2.20 Unearned revenue

Unearned revenue represents the fair value of goods and services provided to customers for free or at discount in the customer loyalty programs. Unearned revenue is recognised for the portion of obligation that the Company has not yet fulfilled to customers.

2.21 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 the Socialist Republic of Vietnam has 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Current and deferred income tax (continued)**

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.

2.22 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.

Treasury shares are the Company's shares that were issued but subsequently reacquired. The reacquired shares will not be cancelled and could be reissued within the time frame regulated in law on securities. The consideration paid, including directly incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Consideration received less any directly attributable incremental transaction costs from sell or reissue treasury shares is included in equity attributable to the Company's equity holders.

2.23 Method of reserve appropriation

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

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

2.24 Dividend distribution

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

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

Appropriation of the Company's net profit after tax of the year 2014 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for the year 2014: 30% of par value.
- Appropriation to the bonus and welfare fund: 12% of net profit after tax.
- Remuneration payment for Board of Management, Supervisory Board, sub-committees under Board of Management and Board of Management secretary: VND5 billion.
- Bonus for Board of Management, Supervisory Board, sub-committees under Board of Management, Board of Management secretary, Board of Directors and key management personnel: 5% of the increase in net consolidated profit after tax.
- Remaining net profit after tax was appropriated to the investment and development fund.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 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 possible return of goods.

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

(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.

2.26 Sales deductions

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

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

2.27 Customer loyalty programs

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Cost of sales**

Costs of sales are cost of finished goods, merchandises, materials sold or services rendered during the year and recorded on the basis of matching with revenue and on prudent concept.

2.29 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activities, expenses of lending and borrowing activities, costs of capital contributed to joint ventures and associates, losses on trading short-term securities, security selling transaction fees; provisions for diminution in value of trading securities and long-term financial investments; losses on selling foreign currencies, losses from exchange rates and payment discounts.

2.30 Selling expenses

Selling expenses represent expenses that are incurred in process of selling products, goods or providing services which mainly include publicity expenses, goods display and introduction expenses, advertising expenses, sales commission, warranty expenses (except for construction activities), maintenance charges, costs of packing and transportation.

2.31 General and administration expenses

General administration expenses represent expenses for administrative purposes which mainly include salary expenses for administrative staff (salaries, wages, allowances...); social insurance, health insurance, labor union fees, unemployment insurance for administrative staff; materials, tools and supplies, depreciation of fixed assets used for administrative purposes; land lease, licence tax; provision for bad debts; outside service expenses (electricity, water, telephone, fax, insurance for fire and explosive accidents...); other cash expenses (entertainment expenses, customer conferences...).

2.32 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 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 of related party relationship, the Company considers the substance of the relationship, but not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.33 Segmental reporting**

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

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

3 CASH AND CASH EQUIVALENTS

	31.12.2015 VND	31.12.2014 VND
Cash on hand	11,613,242,800	12,759,488,094
Cash at bank	23,633,147,013	21,121,738,185
Cash equivalents (*)	294,000,000,000	357,348,333,333
	<u>329,246,389,813</u>	<u>391,229,559,612</u>

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

As at 31 December 2015, the cash equivalents of VND75 billion were used as collateral assets for short-term loans from bank (Note 20).

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

	31.12.2015		31.12.2014	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits at bank	507,000,000,000	507,000,000,000	258,151,666,667	258,151,666,667

(b) Long-term investments in other entities

	31.12.2015		31.12.2014	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiaries (*)	117,550,000,000	-	122,550,000,000	-
Investments in associates (**)	3,787,450,000	-	3,787,450,000	-
Other long-term investments (***)	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>

As at 31 December 2015 and 31 December 2014, fair values of long-term investments in other entities were not available as these entities' shares are not publicly traded, except for Cuu Long Pharmaceutical Joint Stock Company whose shares are publicly traded in Ho Chi Minh Security Exchange since 2008. Fair value of the Company's investment in Cuu Long Pharmaceutical Joint Stock Company as at 31 December 2015 and 31 December 2014 was VND63,000,000 and VND93,744,000, respectively.

4 FINANCIAL INVESTMENTS (continued)

(b) Long-term investments in other entities (continued)

(*) Percentages of ownership and voting rights in subsidiaries are presented in Note 2. Details of investments in subsidiaries 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
TVP Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Packaging and Printing 1 One Member Limited Company	5,000,000,000	5,000,000,000
	<u>117,550,000,000</u>	<u>122,550,000,000</u>

(**) Percentages of ownership and voting rights in associates are presented in Note 2. Details of investments in associates are as follows:

	31.12.2015 VND	31.12.2014 VND
Vinh Hao Algae Processing Joint Stock Company	<u>3,787,450,000</u>	<u>3,787,450,000</u>

(***) Details of investments in other entities as at 31 December 2015 and 31 December 2014 are as follows:

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

Provision balance as at 31 December 2015 and 31 December 2014 represents the provision for diminution in value of the investment in Vinh Tuong High-Tech Packaging Corporation.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	31.12.2015 VND	31.12.2014 VND
Related parties (Note 36(b))	166,465,441,184	217,404,138,916
Third parties (*)	381,960,672,410	480,518,721,193
	<u>548,426,113,594</u>	<u>697,922,860,109</u>

(*) As at 31 December 2015 and 31 December 2014, there was no single trade receivable from third parties accounting for 10% or more of total trade accounts receivable balance.

6 OTHER RECEIVABLES

	31.12.2015		31.12.2014	
	Value VND	Provision VND	Value VND	Provision VND
Prepaid trade discounts	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))	-	-	218,317,061	-
Receivables from employees	1,079,415,539	-	1,662,492,571	-
Other receivables	10,389,899,229	-	2,608,283,897	-
	<u>20,040,809,017</u>	<u>-</u>	<u>17,338,717,661</u>	<u>-</u>

7 DOUBTFUL DEBTS

	31.12.2015		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables past due or not past due but impaired	<u>220,403,010,780</u>	<u>214,625,295,638</u>	<u>5,777,715,142</u>
	31.12.2014		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables past due or not past due but impaired	<u>276,090,420,409</u>	<u>271,732,841,769</u>	<u>4,357,578,640</u>

As at 31 December 2015 and 31 December 2014, there was no single receivable accounting for 10% or more of total amount of receivables past due or not past due but impaired.

7 DOUBTFUL DEBTS (continued)

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

	Year ended 31 December	
	2015 VND	2014 VND
Opening balance	4,357,578,640	2,566,239,574
Increase	2,420,136,502	1,791,339,066
Write-off	(1,000,000,000)	-
Closing balance	<u>5,777,715,142</u>	<u>4,357,578,640</u>

8 INVENTORIES

	31.12.2015		31.12.2014	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	62,830,863,204	-	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
	<u>600,606,776,558</u>	<u>2,360,634,730</u>	<u>744,748,435,504</u>	<u>4,464,136,213</u>

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

	Year ended 31 December	
	2015 VND	2014 VND
Opening balance	4,464,136,213	4,398,570,572
Increase	-	65,565,641
Reversal	(2,103,501,483)	-
Closing balance	<u>2,360,634,730</u>	<u>4,464,136,213</u>

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

As at 31 December 2015 and 31 December 2014, the Company did not have any slow moving, damaged or sub-standard inventories.

9 LONG-TERM LENDING

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

Details of advances to these companies are presented in Note 36 (a) (vi).

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

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
Transfers from 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
Charge for the 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: VND113,840 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
New purchase	-	3,946,635,000	-	3,946,635,000
Transfers from construction in progress (Note 12)	5,697,960,680	-	2,676,085,000	8,374,045,680
Transfers from long-term prepayments (Note 13(b))	-	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
Charge for the 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

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

11 INVESTMENT PROPERTIES

	Building VND
Historical cost	
At 1 January 2015 and 31 December 2015	38,679,461,157
Accumulated depreciation	
At 1 January 2015	7,442,435,650
Charge for the year	2,795,504,352
At 31 December 2015	10,237,940,002
Net book value	
At 1 January 2015	31,237,025,507
At 31 December 2015	28,441,521,155

Included in investment properties as at 31 December 2015 and 31 December 2014 were assets costing VND612,933,335 which were fully depreciated but still in active use.

12 CONSTRUCTION IN PROGRESS

	31.12.2015 VND	31.12.2014 VND
Building Tan Phu Thanh plant	6,244,200,000	15,534,916,321
Building CMT8 finished goods warehouse	3,031,610,782	2,117,741,274
Building effervescent tablets plant	3,061,360,000	-
Building Gia Lai office	623,948,774	-
Building Da Nang office	27,580,000	-
Building Ho Chi Minh office	14,461,818	-
Building Hai Phong office	90,909,091	225,060,908
Building Vung Tau office	-	77,271,819
	<u>13,094,070,465</u>	<u>17,954,990,322</u>

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

	Year ended 31 December	
	2015 VND	2014 VND
Opening balance	17,954,990,322	27,207,341,084
Purchases	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)
Transfers to investment properties	-	(14,368,710,313)
Transfers to tools and supplies	(239,876,938)	-
Disposals	(9,396,623,533)	-
Closing balance	<u>13,094,070,465</u>	<u>17,954,990,322</u>

13 PREPAID EXPENSES

(a) Short-term prepaid expenses

	31.12.2015 VND	31.12.2014 VND
Operating lease	341,400,000	35,932,348
Others	2,193,018,542	189,981,816
	<u>2,534,418,542</u>	<u>225,914,164</u>

Short-term prepayments are allocated within 12 months since the time of prepayment.

(b) Long-term prepaid expenses

	31.12.2015 VND	31.12.2014 VND
Prepaid land rental fees	11,405,614,538	42,625,965,476
Tools and supplies	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>

Long-term prepayments are allocated in a period of more than 12 months since the time of prepayment.

13 PREPAID EXPENSES (continued)

(b) Long-term prepaid expenses (continued)

Movements in long-term prepaid expenses during the year were as follows:

	Year ended 31 December	
	2015 VND	2014 VND
Opening balance	46,748,981,443	15,797,838,754
Addition	2,437,758,294	35,670,040,339
Allocation during the year	(3,691,235,246)	(4,718,897,650)
Transfers to intangible fixed assets (Note 10(b)) (*)	(30,873,851,250)	-
Closing balance	14,621,653,241	46,748,981,443

(*) Pertains to the prepaid land use fee for a land lot allocated by the State for which the land use right certificate has been granted to the Company.

14 DEFERRED INCOME TAX ASSETS

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

15 SHORT-TERM TRADE ACCOUNTS PAYABLE

	31.12.2015		31.12.2014	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Related parties (Note 36(b))	138,574,126,920	138,574,126,920	53,700,239,480	53,700,239,480
Third parties (*)	191,715,942,857	191,715,942,857	239,260,615,333	239,260,615,333
	330,290,069,777	330,290,069,777	292,960,854,813	292,960,854,813

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

	31.12.2015 VND	31.12.2014 VND
Mega Lifescience (Viet Nam) Limited company	42,854,138,507	25,430,266,408
Truong Tin Pharmaceutical Limited company	38,175,021,388	55,858,654,121
Nomura Trading Co., Ltd	14,887,670,000	56,978,290,575

15 SHORT-TERM TRADE ACCOUNTS PAYABLE (continued)

Payables that were past due:

	31.12.2015 VND	31.12.2014 VND
Trade payables to third parties	-	27,882,741,125

Details of suppliers accounting for 10% or more of total overdue payable amount are as follows:

	31.12.2015 VND	31.12.2014 VND
Nomura Trading Co., Ltd	-	10,521,019,200
Merck Sharp & Dohme (Asia) Ltd	-	3,781,836,884
Roquette Freres	-	3,554,041,602
Develing Trade B.V.	-	2,861,758,800

16 TAX AND OTHER PAYABLES TO THE STATE BUDGET

	31.12.2015 VND	31.12.2014 VND
Value added tax	4,070,803,548	6,254,321,521
Business income tax – current	1,269,913,016	63,160,604,305
Personal income tax	1,281,960,137	3,153,532,919
Others	489,034	48,139
	<u>6,623,165,735</u>	<u>72,568,506,884</u>

Movements in tax payables to the State Budget during the year were as follows:

	As at 01.01.2015	Payable during the year	Settled during the year	As at 31.12.2015
Value added tax – Domestic sales	6,254,321,521	47,564,581,722	(49,748,099,695)	4,070,803,548
Value added tax - Imports	-	34,561,704,546	(34,561,704,546)	-
Import and export duties (*)	(740,713,926)	12,121,915,726	(11,942,476,211)	(561,274,411)
Business income tax	63,160,604,305	93,708,597,504	(155,599,288,793)	1,269,913,016
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
	<u>71,827,792,958</u>	<u>217,698,995,456</u>	<u>(283,464,897,090)</u>	<u>6,061,891,324</u>

(*) Pertains to the tax receivables currently recorded in Tax and other receivables from the State Budget.

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17 SHORT-TERM ACCRUED EXPENSES

	31.12.2015 VND	31.12.2014 VND
Marketing and customer care expenses	3,196,827,384	7,386,412,520
Seminar expenses	827,636,363	859,859,395
Interest payable	452,141,998	1,381,705,671
Trade discounts, promotions and supports (*)	-	211,689,759,376
Other accruals	13,725,390,117	7,246,522,542
	<u>18,201,995,862</u>	<u>228,564,259,504</u>

(*) According to Circular 200, since 1 January 2015, accrued expenses for trade discounts, promotions and supports are netted off with trade accounts receivable balance.

18 SHORT-TERM UNEARNED REVENUE

	31.12.2015 VND	31.12.2014 VND
Unearned revenue for customer loyalty programs (Note 2.20 and 2.27)	3,447,830,110	-
	<u>3,447,830,110</u>	<u>-</u>

19 OTHER PAYABLES

	31.12.2015 VND	31.12.2014 VND
Trade discounts	665,218,581	1,366,422,658
Union fee	542,914,569	640,480,615
Insurance for employees	-	108,325,306
Dividends payable	-	17,894,000
Payables to subsidiaries (Note 36(b)) (*)	-	12,983,530,024
Other payables	8,123,577,173	8,598,057,172
	<u>9,331,710,323</u>	<u>23,714,709,775</u>

(*) Pertains to proceeds from DHG Pharmaceutical One Member Limited Company regarding selling expense support to deliver promotional programs to end-customers.

As at 31 December 2015 and 31 December 2014, the Company did not have any other short-term payables past due.

20 SHORT-TERM BORROWINGS

	31.12.2015		31.12.2014	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Loans from banks (*)	247,000,000,000	247,000,000,000	150,000,000,000	150,000,000,000
Loans from the Company's employees (**)	23,711,206,737	23,711,206,737	26,707,408,762	26,707,408,762
	<u>270,711,206,737</u>	<u>270,711,206,737</u>	<u>176,707,408,762</u>	<u>176,707,408,762</u>

(*) These loans are secured by term deposits at bank (Note 3) and bear interest at 0.29% to 0.62% 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 (31.12.2014: from 0.42% to 0.5% per month).

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

	As at 01.01.2015 VND	Increase VND	Decrease VND	As at 31.12.2015 VND
Loans from banks	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>

As at 31 December 2015 and 31 December 2014, the Company did not have any overdue short-term borrowings.

21 BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for Board of Management VND	Welfare fund in form of assets VND	Total VND
Opening balance	13,766,583,414	6,944,993,395	30,537,725,466	51,249,302,275
Appropriation to the funds (Note 25)	62,540,112,892	6,834,191,880	-	69,374,304,772
Transferred from a subsidiary	381,064,368	-	-	381,064,368
Assets formed from funds	(9,228,221,494)	-	9,228,221,494	-
Depreciation of assets formed from funds	-	-	(4,787,478,780)	(4,787,478,780)
Utilisation	(38,849,011,771)	(7,051,932,412)	-	(45,900,944,183)
Closing balance	28,610,527,409	6,727,252,863	34,978,468,180	70,316,248,452

22 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 made during the year 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 year were as follows:

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

23 PROVISIONS FOR LONG-TERM LIABILITIES

	31.12.2015 VND	31.12.2014 VND
Provision for severance allowances	26,270,001,050	28,843,956,033
Provision for dismantling and restoration costs of the Company's leased premises or land	1,353,717,787	-
	<u>27,623,718,837</u>	<u>28,843,956,033</u>

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	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

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

Movements in share capital during the year were as follows:

	2015		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
Shares repurchased	(212,250)	(15,665,180,000)	-	-
Ordinary shares issued	-	-	21,787,901	217,879,010,000
Closing balance	<u>86,941,950</u>	<u>855,522,270,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

25 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
As at 1 January 2014	653,764,290,000	(455,850,000)	690,502,067,497	66,026,578,871	509,877,347,704	1,919,714,434,072
Bonus shares issued	217,879,010,000	-	(217,879,010,000)	-	-	-
Profit for the year	-	-	-	-	521,167,607,431	521,167,607,431
Final dividends declared for the year 2013	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Appropriation to reserves	-	-	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 Management bonus fund	-	-	-	-	(10,151,898,356)	(10,151,898,356)
As 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
Profit for the year	-	-	-	-	542,991,263,137	542,991,263,137
Dividends declared for the year 2014	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Appropriation to reserves	-	-	190,330,702,659	-	(190,330,702,659)	-
Appropriation to bonus and welfare fund (Note 21)	-	-	-	-	(62,540,112,892)	(62,540,112,892)
Appropriation to bonus fund for Board of Management (Note 21)	-	-	-	-	(6,834,191,880)	(6,834,191,880)
Transfers from financial reserve fund (*)	-	-	66,026,578,871	(66,026,578,871)	-	-
Repurchases of shares	-	(15,665,180,000)	-	-	-	(15,665,180,000)
As at 31 December 2015	871,643,300,000	(16,121,030,000)	1,025,023,272,831	-	542,991,263,137	2,423,536,805,968

(*) In accordance with Circular 200 and the Resolution of the Company's Annual General Meeting No. 001/2015/NQ.DHDGD dated 20 April 2015, the Company transferred the remaining balance of the financial reserve fund to the investment and development fund.

26 DIVIDENDS

In 2015, the Company has declared dividends of 30% in cash for the year 2014, which were paid on 8 May 2015.

27 OFF BALANCE SHEET ITEMS

a) Operating lease commitments

Minimum lease payments in the future under non-cancellable operating leases are presented in Note 39.

b) Foreign currencies

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

	31.12.2015	31.12.2014
USD	246,134	336,670
EUR	37,665	16,165
MOP	20	20
NDT	-	3,515
CAD	-	100
A tenth of tael of gold	-	1,362
Tael of gold	-	200
	<u> </u>	<u> </u>

28 REVENUE

(a) Net sales

	Year ended 31 December	
	2015 VND	2014 VND
Sales		
Sales of finished goods	2,047,213,733,094	2,913,082,043,924
Sales of merchandised goods	1,728,137,892,006	769,071,569,676
Others	2,836,542,397	1,922,545,460
	<u>3,778,188,167,497</u>	<u>3,684,076,159,060</u>
Sales deductions		
Trade discounts	(370,395,044,895)	(11,536,262,713)
Sales returns	(33,286,235,395)	(38,829,590,762)
	<u>(403,681,280,290)</u>	<u>(50,365,853,475)</u>
Net sales	<u>3,374,506,887,207</u>	<u>3,633,710,305,585</u>
In which:		
Sales of finished goods	1,771,538,983,431	2,869,099,570,107
Sales of merchandised goods	1,600,131,361,379	762,688,190,018
Others	2,836,542,397	1,922,545,460
	<u>3,374,506,887,207</u>	<u>3,633,710,305,585</u>

28 REVENUE (continued)

(b) Financial income

	Year ended 31 December	
	2015 VND	2014 VND
Dividend income	212,420,360,604	63,225,235,408
Interest income from deposits at bank	28,254,468,550	31,113,832,215
Realised foreign exchange gains	3,615,846,289	1,696,096,528
Others	123,000	154,391,784
	<u>244,290,798,443</u>	<u>96,189,555,935</u>

29 COST OF SALES

	Year ended 31 December	
	2015 VND	2014 VND
Cost of finished goods sold	955,611,251,143	1,356,899,383,813
Cost of merchandises sold	1,460,055,347,796	591,048,646,586
Cost of service provided	2,528,892,616	2,172,218,588
Provision for decline in value of inventories	(2,103,501,483)	65,565,641
	<u>2,416,091,990,072</u>	<u>1,950,185,814,628</u>

30 FINANCIAL EXPENSES

	Year ended 31 December	
	2015 VND	2014 VND
Payment discounts	50,854,023,347	41,137,255,389
Realised foreign exchange losses	9,425,817,986	3,693,711,186
Interest expenses	8,701,231,748	4,838,876,750
Other expenses	59,141,844	82,688,601
	<u>69,040,214,925</u>	<u>49,752,531,926</u>

31 SELLING EXPENSES

	Year ended 31 December	
	2015 VND	2014 VND
Staff costs	174,045,483,868	232,060,546,037
Advertising expenses	77,928,492,936	91,640,784,421
Seminar expenses	14,667,144,681	103,134,130,636
Transportation for goods sold	19,455,491,232	15,114,532,659
Depreciation expenses	12,928,200,658	12,745,028,816
Material expenses	8,047,262,740	11,383,150,341
Customer care expenses	3,136,614,689	21,945,661,581
Tools and supplies expenses	3,608,471,020	6,909,218,234
Discount and promotion expenses (*)	-	302,412,984,387
Other expenses	57,789,819,616	45,785,778,851
	<u>371,606,981,440</u>	<u>843,131,815,963</u>

(*) According to Circular 200, from 2015, discount and promotion expenses that are eligible under the discount and promotional programs are recorded in the sales deductions. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and for promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement instead of selling expenses as before.

32 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 31 December	
	2015 VND	2014 VND
Staff costs	124,697,683,835	172,310,350,853
Outside service expenses	17,089,731,449	15,590,973,238
Depreciation expenses	11,119,795,487	10,070,076,695
Provisions for doubtful debts	2,420,136,502	1,791,339,066
Tools and supplies expenses	2,605,642,360	4,985,681,154
Provision for dismantling and restoration costs	1,353,717,787	-
Fees and duties	452,380,129	634,054,549
Material expenses	188,797,651	96,425,666
Other expenses	25,285,338,371	35,150,009,290
	<u>185,213,223,571</u>	<u>240,628,910,511</u>

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33 OTHER INCOME AND EXPENSES

	Year ended 31 December	
	2015 VND	2014 VND
Other income		
Commision income	40,191,089,356	28,191,993,575
Proceeds from disposals of fixed assets	25,648,399,864	1,177,335,036
Income from implementing promotion programs for DHG Pharmaceutical One Member Limited Company	12,983,516,948	-
Revenue from provision of rental services	1,659,023,155	1,661,228,816
Proceeds from sales of scraps	-	984,837,531
Sundry income	6,499,214,087	4,897,266,780
	<u>86,981,243,410</u>	<u>36,912,661,738</u>
Other expenses		
Net book value of fixed assets and construction in progress disposed	23,012,096,774	1,233,400,035
Sundry expenses	4,114,561,637	2,475,637,639
	<u>27,126,658,411</u>	<u>3,709,037,674</u>
Net other income	<u>59,854,584,999</u>	<u>33,203,624,064</u>

34 COST OF OPERATIONS BY FACTOR

	Year ended 31 December	
	2015 VND	2014 VND
Raw materials	2,152,362,484,694	1,628,471,040,899
Labour costs	425,597,449,971	558,075,382,292
Depreciation expense	53,752,124,019	47,976,024,262
Outside service expenses	204,496,331,723	570,854,437,106
Other expenses	82,323,720,648	175,814,949,880
	<u>2,918,532,111,055</u>	<u>2,981,191,834,439</u>

35 BUSINESS INCOME TAX

According to the Decision of 3044/QD-UBND of the People's Committee of Can Tho City, the Company is required to pay the business income tax ("BIT") at rate of 20% from 2005 to 2014 and 22% for the following years. The Company was entitled to BIT exemption from 2005 to 2006 and 50% BIT reduction from 2007 to 2011. According to Circular 78/2014/TT-BTC, the standard corporate income tax decreased to 22% since 1 January 2014 and 20% since 1 January 2016.

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

	<u>Year ended 31 December</u>	
	<u>2015</u>	<u>2014</u>
	VND	VND
Net accounting profit before tax	636,699,860,641	679,404,412,556
Tax calculated at a rate of 22% (2014: 22%)	140,073,969,341	149,468,970,762
Effect of:		
Income not subject to tax	(46,732,479,333)	(13,909,551,790)
Expenses not deductible for tax purposes	367,107,496	30,158,726,175
Tax incentives	-	(7,481,340,022)
Business income tax charge	<u>93,708,597,504</u>	<u>158,236,805,125</u>

The Company's business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

36 RELATED PARTY DISCLOSURES

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

(a) Related party transactions

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

	Year ended 31 December	
	2015 VND	2014 VND
i) Sales of goods and services		
Subsidiaries		
DT Pharmaceutical One Member Limited Company	32,138,275,541	36,498,264,260
DHG Travel One Member Limited Company	1,866,234,972	1,737,045,453
HT Pharmaceutical One Member Limited Company	44,441,811,330	61,184,001,464
DHG Nature One Member Limited Company	750,280,798	5,731,996,803
CM Pharmaceutical One Member Limited Company	41,605,188,004	54,076,622,307
SH Pharmaceutical Joint Stock Company	64,327,155,934	88,612,017,606
A&G Pharmaceutical One Member Limited Company	81,379,443,980	99,647,618,739
ST Pharmaceutical One Member Limited Company	50,461,730,680	64,879,730,096
TOT Pharmaceutical One Member Limited Company	133,259,123,056	177,095,145,623
TG Pharmaceutical One Member Limited Company	28,486,237,786	43,623,193,688
Bali Pharmaceutical One Member Limited Company	40,042,565,964	50,378,585,662
DHG Pharmaceutical One Member Limited Company	210,383,050,327	122,484,853,280
B&T Pharmaceutical One Member Limited Company	33,991,568,663	40,400,587,890
TVP Pharmaceutical One Member Limited Company	24,680,351,743	39,534,945,438
VL Pharmaceutical One Member Limited Company	37,558,283,577	54,321,557,108
DHG Packaging and Printing 1 One Member Limited Company	560,797,435	437,334,384
	825,932,099,790	940,643,499,801
ii) Purchases of goods and services		
Subsidiaries		
DHG Travel One Member Limited Company	35,723,363,567	47,402,601,301
DHG Nature One Member Limited Company	11,799,633,808	40,205,598,806
TOT Pharmaceutical One Member Limited Company	980,577,630	1,499,791,103
DHG Pharmaceutical One Member Limited Company	543,123,983,361	297,124,637,961
DHG Packaging and Printing 1 One Member Limited Company	91,429,725,044	151,346,353,995
Associates		
Vinh Hao Algae Processing Joint Stock Company	51,950,000	40,400,000
	683,109,233,410	537,619,383,166

36 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	Year ended 31 December	
	2015 VND	2014 VND
<i>vi) Long-term lending to subsidiaries</i>		
<i>(*) Investment capital contributed</i>		
Subsidiaries		
DHG Pharmaceutical One Member Limited Company	82,866,130,758	176,315,349,669
DHG Packaging and Printing 1 One Member Limited Company	42,078,476,167	23,291,909,060
	<u>124,944,606,925</u>	<u>199,607,258,729</u>
Total investment capital in these subsidiaries are as follows:		
DHG Pharmaceutical One Member Limited Company		
Charter capital contributed (Note 4(b))	50,000,000,000	50,000,000,000
Capital advances to build factories (Note 9)	485,163,454,704	402,297,323,946
	<u>535,163,454,704</u>	<u>452,297,323,946</u>
DHG Packaging and Printing 1 One Member Limited Company		
Charter capital contributed (Note 4(b))	5,000,000,000	5,000,000,000
Capital advances to build factories and purchase fixed assets (Note 9)	97,919,711,037	55,841,234,870
	<u>102,919,711,037</u>	<u>60,841,234,870</u>
<i>(**) Loans granted for working capital</i>		
Subsidiaries		
TVP Pharmaceutical One Member Limited Company	2,829,000,000	-
HT Pharmaceutical One Member Limited Company	2,000,000,000	-
	<u>4,829,000,000</u>	<u>-</u>
<i>vii) Dividend paid</i>		
The 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>
<i>viii) Remuneration of key management</i>		
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>

36 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	31.12.2015 VND	31.12.2014 VND
i) Trade accounts receivable (Note 5)		
Subsidiaries		
DT Pharmaceutical One Member Limited Company	5,581,420,887	4,007,677,469
HT Pharmaceutical One Member Limited Company	16,329,487,130	19,063,395,707
CM Pharmaceutical One Member Limited Company	13,470,636,019	11,736,345,970
DHG Packaging and Printing 1 One Member Limited Company	145,728,000	-
SH Pharmaceutical Joint Stock Company	10,328,814,061	7,874,078,979
A&G Pharmaceutical One Member Limited Company	23,230,169,374	29,240,844,919
ST Pharmaceutical One Member Limited Company	16,278,620,117	24,028,313,624
TOT Pharmaceutical One Member Limited Company	36,872,239,339	56,991,628,788
TG Pharmaceutical One Member Limited Company	8,052,492,750	12,536,931,898
Bali Pharmaceutical One Member Limited Company	12,502,161,914	12,695,540,965
DHG Pharmaceutical One Member Limited Company	-	99,999,997
B&T Pharmaceutical One Member Limited Company	8,710,527,880	9,516,310,809
TVP Pharmaceutical One Member Limited Company	3,807,452,391	20,278,623,823
VL Pharmaceutical One Member Limited Company	11,155,691,322	9,334,445,968
	<u>166,465,441,184</u>	<u>217,404,138,916</u>
ii) Long-term loans receivable (Note 9)		
Subsidiaries		
Pharmaceutical One Member Limited Company	485,163,454,704	402,297,323,946
DHG Packaging and Printing 1 One Member Limited Company	97,919,711,037	55,841,234,870
TVP Pharmaceutical One Member Limited Company	2,829,000,000	-
DHG Pharmaceutical One Member Limited Company	2,000,000,000	-
	<u>587,912,165,741</u>	<u>458,138,558,816</u>
iii) Other receivables (Note 6)		
Subsidiaries	-	218,317,061
	<u>-</u>	<u>218,317,061</u>
iv) Trade accounts payable (Note 15)		
Subsidiaries		
DHG Nature One Member Limited Company	-	1,299,216,594
DHG Pharmaceutical One Member Limited Company	127,856,145,458	40,493,064,314
DHG Packaging and Printing 1 One Member Limited Company	10,717,981,462	11,907,958,572
	<u>138,574,126,920</u>	<u>53,700,239,480</u>
v) Other payables (Note 19)		
Subsidiaries		
DHG Pharmaceutical One Member Limited Company	-	12,983,530,024
	<u>-</u>	<u>12,983,530,024</u>

37 SEGMENTAL REPORTING

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

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

Product segments

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

	Year ended 31 December	
	2015	2014
	VND	VND
Net sales		
Pharmaceutical products	2,416,967,200,879	3,101,478,763,639
Functional foods	266,814,111,790	248,603,855,576
Others	690,725,574,538	283,627,686,370
	<u>3,374,506,887,207</u>	<u>3,633,710,305,585</u>
Cost of sales		
Pharmaceutical products	(1,559,872,374,456)	(1,548,569,248,464)
Functional foods	(180,871,387,242)	(130,277,720,570)
Others	(675,348,228,374)	(271,338,845,594)
	<u>(2,416,091,990,072)</u>	<u>(1,950,185,814,628)</u>
Gross profit		
Pharmaceutical products	857,094,826,423	1,552,909,515,175
Functional foods	85,942,724,548	118,326,135,006
Others	15,377,346,164	12,288,840,776
	<u>958,414,897,135</u>	<u>1,683,524,490,957</u>

38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(a) Non-cash transactions affecting cash flow statement

	Year ended 31 December	
	2015 VND	2014 VND
Appropriation to reserves	259,705,007,431	379,144,750,204
Transfers from construction in progress to tangible fixed assets	48,270,825,808	73,918,397,867
Transfers from construction in progress to intangible fixed assets	8,374,045,680	5,831,220,000
Transfers from construction in progress to tools and supplies	239,876,938	-
Transfers from long-term prepayments to intangible fixed assets	30,873,851,250	-
Transfers from financial reserve fund to investment and development fund	66,026,578,871	-
Remaining balances of DHG Packaging and Printing One Member Limited Company, which was dissolved, were recorded in the financial statements of the Company as follows:		
- Accounts receivable and other receivables	-	50,369,690,818
- Accounts payable	-	4,743,768,984
- Bonus and welfare funds	-	9,603,129,868
- Undistributed earnings	-	31,022,791,966
Remaining balances of DHG Nature One Member Limited Company, which was dissolved, were recorded in the financial statements of the Company as follows:		
- Accounts receivable and other receivables	6,900,440,129	-
- Bonus and welfare funds	381,064,368	-
- Science and technology development funds	2,461,735,224	-

(b) Proceeds from borrowings

	2015 VND	2014 VND
Proceeds from borrowings under normal contracts	1,216,254,694,302	1,376,817,787,033

(c) Repayments of borrowings

	2015 VND	2014 VND
Repayments of borrowings under normal contracts	1,122,250,896,327	1,327,141,456,830

39 COMMITMENTS**(a) Operating lease commitments**

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

	31.12.2015 VND	31.12.2014 VND
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
	<u>52,608,946,228</u>	<u>62,899,955,696</u>

(b) Capital commitments

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

	31.12.2015 VND	31.12.2014 VND
Approved but not contracted	21,025,105,098	4,033,262,519
Approved and contracted but not implemented	16,138,007,212	20,434,388,989
	<u>37,163,112,310</u>	<u>24,467,651,508</u>

40 SUBSEQUENT EVENTS

On 20 January 2016, the Company signed a joint venture contract with two (02) foreign partners to set up a joint venture company to conduct healthcare business activities in Vietnam with total investment capital of US\$2,000,000 and total charter capital of US\$1,200,000. The capital contribution ratio for the Company and the two foreign partners will be 51% (equivalent to US\$612,000) and 49% (equivalent to US\$588,000), respectively. At the date of approval of the separate financial statements, the Company has not made any capital contribution as the legal procedures for establishing the joint venture company is still in progress.


41 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with this year's presentation under Circular 200:

Separate balance sheet

Code		As at 31 December 2014		
		As previously reported under Decision 15 VND	Adjustments VND	As reclassified under Circular 200 VND
100	Current assets	2,599,477,766,855	(458,138,558,816)	2,141,339,208,039
135	Short-term loans receivable	-	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 short-term 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	Long-term loans receivable	-	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)	-

The separate financial statements were approved by the Board of Directors on 12 March 2016.



 Ngo Thi Hong Dao
 Preparer



 Dang Pham Huyen Nhung
 Chief Accountant




 Le Chanh Dao
 Deputy General Director
 Authorised signatory