

DHG Pharmaceutical Joint-Stock Company

Separate interim financial statements for
the six-month period ended 30 June 2012

**DHG Pharmaceutical Joint Stock Company
Corporation informations**

Establishment Decision No.	2405/QD-CT.UB	5 August 2004 The decision was issued by Can Tho City People's Committee
Business Registration Certificate	5703000111 issued by the Planning and Investment Department of Can Tho City on 15 September 2004. The Company's Business Registration Certificate has been amended several times, the most recent of which is Business Registration Certificate No.1800156801 dated 25 June 2012.	
Board of Management	Ms. Pham Thi Viet Nga Ms. Le Minh Hong Mr. Le Chanh Dao Mr. Doan Dinh Duy Khuong Ms. Nguyen Thi Hong Loan Mr. Nguyen Nhu Song Mr. Le Dinh Buu Tri Mr. Nguyen Si Trung Ky	Chairman Vice Chairman Member Member Member Member Member Member
Board of Directors	Ms. Pham Thi Viet Nga Ms. Le Minh Hong Mr. Le Chanh Dao Mr. Doan Dinh Duy Khuong Ms. Nguyen Ngoc Diep	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director
Supervisory Board	Mr. Tran Quoc Hung Ms. Tran Thi Anh Nhu Ms. Nguyen Phuong Thao	Chairman Member Member
Registered Office	288 Bis, Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City Viet Nam	

DHG Pharmaceutical Joint Stock Company
Separate balance sheet for the six-month period ended 30 June 2012

	Code	Note	30/06/2012 VND	31/12/2011 VND
ASSETS				
Current assets	100		1,515,777,958,845	1,313,661,016,517
Cash and cash equivalents	110	3	459,512,281,580	367,470,471,515
Cash	111		115,638,115,837	253,806,115,800
Cash equivalents	112		343,874,165,743	113,664,355,715
Accounts receivable	130	4	483,923,843,740	455,594,547,921
Accounts receivable – trade	131		358,666,697,798	320,045,947,907
Prepayments to suppliers	132		72,484,969,383	78,175,999,715
Other receivables	135		54,335,420,634	58,935,844,374
Allowance for doubtful debts	139		(1,563,244,075)	(1,563,244,075)
Inventories	140	5	561,255,188,262	474,744,126,949
Inventories	141		567,155,526,509	479,219,007,611
Allowance for inventories	149		(5,900,338,247)	(4,474,880,662)
Other current assets	150		11,086,645,263	15,851,870,132
Short-term prepayments	151		2,375,629,692	898,817,101
Deductible value added tax	152		763,235,669	4,296,209,672
Taxes receivable from State	154	6	1,182,719,669	4,094,359,356
Other current assets	158		6,765,060,233	6,562,484,003
Long-term assets	200		566,265,775,947	527,395,562,662
Fixed assets	220		451,633,590,316	430,525,318,827
Tangible fixed assets	221	7	263,909,130,572	229,545,041,047
Cost	222		458,746,796,473	402,612,259,283
Accumulated depreciation	223		(194,837,665,901)	(173,067,218,236)
Intangible fixed assets	227	8	164,788,749,797	156,164,943,736
Cost	228		171,683,009,488	162,000,725,488
Accumulated depreciation	229		(6,894,259,691)	(5,835,781,752)
Construction in progress	230	9	22,935,709,947	44,815,334,044
Investment property	240	10	5,492,887,209	5,816,300,361
Cost	241		7,790,891,262	7,790,891,262
Accumulated depreciation	242		(2,298,004,053)	(1,974,590,901)

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Separate balance sheet for the six-month period ended 30 June 2012 (continued)

	Code	Note	30/06/2012 VND	31/12/2011 VND
Long-term investments	250	11	84,254,493,295	65,224,618,750
Investments in subsidiaries	251		69,649,874,545	50,550,000,000
Investments in associates	252		23,787,450,000	23,787,450,000
Other long-term investments	258		11,831,050,200	11,901,050,200
Allowance for diminution in the value of long-term investments	259		(21,013,881,450)	(21,013,881,450)
Other long-term assets	260		24,884,805,127	25,829,324,724
Long-term prepayments	261	12	19,818,763,782	20,398,249,520
Deferred tax assets	262	30	3,300,000,000	3,300,000,000
Other long-term assets	268		1,766,041,345	2,131,075,204
TOTAL ASSETS	270		2,082,043,734,792	1,841,056,579,179

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Separate balance sheet for the six-month period ended 30 June 2012 (continued)

	Code	Note	30/06/2012 VND	31/12/2011 VND
RESOURCES				
LIABILITIES	300		593,566,241,708	533,556,734,235
Current liabilities	310		537,471,848,612	475,686,495,838
Short-term borrowings	311	13	16,310,749,238	21,115,601,324
Accounts payable – trade	312	14	110,687,544,485	131,796,776,369
Advances from customers	313		2,091,448,548	589,540,651
Taxes payable to State Treasury	314	15	23,942,162,884	15,214,638,784
Payables to employees	315		95,784,996,491	102,490,566,716
Accrued expenses	316	16	123,315,304,807	151,717,148,092
Other payables	319	17	99,548,241,485	15,448,696,524
Bonus and welfare fund	323	18	65,791,400,674	37,313,527,378
Long-term liabilities	330		56,094,393,096	57,870,238,397
Provision for severance allowance	336	19	32,841,763,532	33,464,925,600
Unearned revenue	338		-	-
Science and technology development fund	339	20	23,252,629,564	24,405,312,797
EQUITY	400		1,488,477,493,084	1,307,499,844,944
Equity	410		1,488,477,493,084	1,307,499,844,944
Share capital	411	21	653,764,290,000	651,764,290,000
Capital surplus	412		-	-
Treasury shares	414	21	(455,850,000)	(455,850,000)
Investment and development fund	417		483,619,881,808	281,459,992,012
Financial reserves	418		66,026,578,871	66,026,578,871
Retained profits	420		285,522,592,405	308,704,834,061
TOTAL RESOURCES	440		2,082,043,734,792	1,841,056,579,179

Prepared by:

Approved by:

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director

18 July 2012

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2012

	Code	Note	The three-month period ended 30/06/2012 VND	30/06/2011 VND	The six-month period ended 30/06/2012 VND	30/06/2011 VND
Total revenue	01	22	625,468,279,387	539,338,261,375	1,201,582,048,298	1,105,600,633,246
Less revenue deductions	02	22	(2,364,959,094)	(3,684,585,899)	(4,596,678,404)	(6,100,427,161)
Net revenue	10	22	623,103,320,293	535,653,675,476	1,196,985,369,894	1,099,500,206,085
Cost of sales	11	23	(355,194,220,349)	(295,297,239,275)	(686,247,417,255)	(611,527,303,136)
Gross profit	20		267,909,099,944	240,356,436,201	510,737,952,639	487,972,902,949
Financial income	21	24	75,145,321,901	46,554,735,261	80,766,396,822	58,348,963,895
Financial expenses	22	25	(1,284,427,238)	(1,649,685,190)	(2,816,388,445)	(3,043,978,745)
In which, interest expense			(775,945,932)	(563,777,113)	(1,626,605,104)	(887,149,880)
Selling expenses	24	26	(81,723,765,158)	(110,354,720,488)	(200,082,214,055)	(244,877,205,699)
General and administration expenses	25	27	(42,929,330,609)	(25,764,022,877)	(73,564,527,969)	(58,997,815,355)
Net operating profit	30		217,116,898,840	149,142,742,907	315,041,218,992	239,402,867,045
Other income	31	28	2,655,663,699	1,572,251,357	4,578,425,394	2,795,801,399
Other expenses	32	29	(1,418,747,850)	(1,516,161,924)	(2,574,717,707)	(2,623,666,966)
Other profit	40		1,236,915,849	56,089,433	2,003,707,687	172,134,433
Profit before tax	50		218,353,814,689	149,198,832,340	317,044,926,679	239,575,001,478
Income tax expenses - current	51	30	(21,269,548,523)	(13,361,199,641)	(31,522,334,274)	(24,493,889,596)
Income tax expenses - deferred	52	30	-	-	-	-
Net profit	60		197,084,266,166	135,837,632,699	285,522,592,405	215,081,111,882
Basic earnings per share	70	31	3,018	5,003	4,377	7,958

Prepared by:

Approved by:

Dang Pham Huyen Nhung
Chief accountant

Le Chanh Dao
Deputy General Director

18 July 2012

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2012

DISCLOSURES

DHG Pharmaceutical Joint Stock Company presents the movements of the revenue and profit of the first 6 months in 2012, compared with the same period in 2011, as follows:

Unit: Million VND

Items	2012		2011		Movements			
	Quarter 2	6 months	Quarter 2	6 months	Quarter 2		6 months	
					Value	Ratio	Value	Ratio
Net revenue	623,103	1,196,985	535,654	1,099,500	87.450	16.33%	97.485	8.87%
Profit after tax	197,084	285,523	135,838	215,081	61.247	45.09%	70.441	32.75%

Reasons:

1. Subsidiaries' profit in 2011 contributed an upward trend in financial income, which impacted on the Company's profit:

Unit: Million VND

Items	2012		2011		Movements			
	Quarter 2	6 months	Quarter 2	6 months	Quarter 2		6 months	
					Value	Ratio	Value	Ratio
Subsidiaries' profit	62,384	62,384	27,382	27,382	35.002	127.83%	35.002	127.83%
Net profit	134,700	223,138	108,456	187,699	26.244	24.20%	35.439	18.88%

2. Increase of revenue:

- Implementation of sales activities based on contracts per area are supervised and speeded up in order to ensure the target profit of VND 505 billion with revenue of VND 2,750 billion.

- Promote Marketing activities for brand names, categories; build up various promotion programs for customers.

3. Invest in research new products, 26 new products entered the market with 19 medicines and 7 food supplements.

These above factors affected on the increasing movement of the first six-month profit in 2012 of 32.75% that of net profit of 18.88% compared with the same period last year.

Prepared by:

Approved by:

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director

18 July 2012

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company

Separate statement of changes in equity for the six-month period ended 30 June 2012

	Share capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Financial reserves VND	Retained profits VND	Total VND
Balance at 1 January 2011	269,129,620,000	378,761,392,824	(455,850,000)	187,595,334,349	59,884,587,817	319,917,178,729	1,214,832,263,719
Share capital issued	2,500,000,000	-	-	-	-	-	2,500,000,000
Net profit for the period	-	-	-	-	-	215,081,111,882	215,081,111,882
Dividends	-	-	-	-	-	(195,500,390,400)	(195,500,390,400)
Appropriation to equity fund	-	-	-	73,734,373,880	-	(73,734,373,880)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(41,375,186,813)	(41,375,186,813)
Board of management bonus fund	-	-	-	-	-	(9,307,227,636)	(9,307,227,636)
Balance at 30 June 2011	271,629,620,000	378,761,392,824	(455,850,000)	261,329,708,229	59,884,587,817	215,081,111,882	1,186,230,570,752
Bonus securities	380,134,670,000	(378,761,392,824)	-	(1,373,277,176)	-	-	-
Appropriation to equity fund	-	-	-	21,503,560,959	6,141,991,054	(27,645,552,013)	-
Net profit for the period	-	-	-	-	-	186,434,079,792	186,434,079,792
Dividends	-	-	-	-	-	(65,164,805,600)	(65,164,805,600)
Balance at 31 December 2011	651,764,290,000	-	(455,850,000)	281,459,992,012	66,026,578,871	308,704,834,061	1,307,499,844,944

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company

Seperate statement of changes in equity for the six-month period ended 30 June 2012 (continued)

	Share capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Financial reserves VND	Retained profits VND	Total VND
Balance at 31 December 2011	651,764,290,000	-	(455,850,000)	281,459,992,012	66,026,578,871	308,704,834,061	1,307,499,844,944
Share capital issued	2,000,000,000	-	-	-	-	-	2,000,000,000
Net profit for the period	-	-	-	-	-	285,522,592,405	285,522,592,405
Dividends	-	-	-	-	-	(65,166,299,000)	(65,166,299,000)
Appropriation to equity fund	-	-	-	202,159,889,796	-	(202,159,889,796)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(34,648,908,632)	(34,648,908,632)
Board of management bonus fund	-	-	-	-	-	(6,729,736,633)	(6,729,736,633)
Balance at 30 June 2012	653,764,290,000	-	(455,850,000)	483,619,881,808	66,026,578,871	285,522,592,405	1,488,477,493,084

Prepared by:

Approved by:

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director

18 July 2012

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2012

	Code Note	01/01/2012 to 30/6/2012 VND	01/01/2011 to 30/6/2011 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	317,044,926,679	239,575,001,478
Adjustments for			
Depreciation and amortisation	02	27,074,217,128	21,020,288,588
Allowances and provisions	03	1,425,457,585	(1,164,781,062)
Gain on disposals of fixed assets	04	(612,942,437)	(256,608,997)
Gain on disposal of associates	05	(20,000,000)	(6,053,088,865)
Dividends and interest income	06	(79,685,950,163)	(49,900,578,411)
Interest expense	07	1,626,605,104	887,149,880
Operating profit before changes in working capital	08	266,852,313,896	204,107,382,611
Change in receivables and other current assets	09	(38,488,259,120)	15,956,673,086
Change in inventories	10	(87,936,518,898)	(161,116,244,522)
Change in payables and other liabilities	11	(31,739,221,649)	77,990,660,857
Change in prepayments	12	(1,476,812,591)	(1,873,784,757)
		107,211,501,638	135,064,687,275
Interest paid	13	(1,560,096,920)	(965,125,028)
Income tax paid	14	(6,257,201,790)	(27,677,804,468)
Other payments for operating activities	16	(14,053,455,202)	(15,283,324,674)
Net cash generated from operating activities	20	85,340,747,726	91,138,433,105

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2012
(continued)

	Code	Note	01/01/2012 to 30/6/2012 VND	01/01/2011 to 30/6/2011 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(42,331,800,247)	(148,958,840,856)
Proceeds from disposals of fixed assets and other long-term assets	22		1,721,217,148	990,863,634
Loans given to other entities	24		-	(188,537,465)
Loan collected from other entities	25		1,269,867,671	5,757,070,522
Payments for investments in other entities	27		(19,099,874,545)	-
Collections on investments in other entities	28		(90,000,000)	10,725,199,734
Receipts of interests and dividends	29		68,036,504,398	23,419,163,393
Net cash used in investing activities	30		9,505,914,425	(108,255,081,038)
Proceeds from equity issued	31		2,000,000,000	2,500,000,000
Payments for shares repurchases	32		-	-
Proceeds from short-term borrowings	33		12,070,654,208	14,679,154,864
Payments to settle debts	34		(16,875,506,294)	(11,287,386,526)
Payments of dividends	36		-	-
Net cash generated from/(used in) financing activities	40		(2,804,852,086)	5,891,768,338
Net cash flows during the period	50		92,041,810,065	(11,224,879,595)
Cash and cash equivalents at the beginning of the period	60		367,470,471,515	577,662,484,017
Cash and cash equivalents at the end of the period	70	3	459,512,281,580	566,437,604,422

Prepared by:

Approved by:

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director

18 July 2012

The accompanying notes form an integral part of these separate interim financial statements

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012

These notes form an integral part and should be read in conjunction with the accompanying separate interim financial statements.

1. Reporting Entity

DHG Pharmaceutical Joint Stock Company (“the Company”) was incorporated as a joint stock company under Business Registration Certificate No. 5703000111 issued by Planning and Investment Department of Can Tho City on 15 September 2004. The principle activities of the Company are to produce and trade in pharmaceutical products.

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

As at 30 June 2012, the Company had 2,213 employees (31 December 2011: 2,076 employees)

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these separate interim financial statements.

(a) Basis of financial statement preparation

The separate interim financial statements, expressed in Vietnam Dong (“VND”), have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements. These interim financial statements should be read in conjunction with the separate financial statements of the Company for the year ended 31 December 2011.

The separate interim financial statements, except for the statement of cash flow, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

These interim financial statements are separate financial statements and do not include financial statements of its subsidiaries. Investments in subsidiaries, associates and joint ventures are carried at cost less allowance for diminution in the value of long-term investments. The company prepares consolidated financial statements including the Company’s financial statements and Subsidiaries’ financial statements and issues separately these statements.

(b) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(c) Adoption of Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments

Effective from 1 January 2011, the Company adopted the requirements of Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments (“Circular No.210”) prospectively. The adoption of Circular 210 did not have a material effect on the measurement or presentation of financial instruments in the Company’s financial statements. The financial statements disclosures specified in Circular 210 are not required for corresponding figures due to the prospective application.

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

(d) *Foreign currency transactions*

Monetary assets and liabilities denominated in currencies other than VND are converted into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been converted into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income in according with Vietnamese Accounting Standard No.10 (“VAS 10”) – The Effects of Changes in Foreign Exchange Rates.

(e) *Cash and cash equivalents*

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the suppose of meeting short-term cash commitments rather than for investment or other purposes.

f) *Investments*

Investments in term deposits and debt instruments, investments in equity instruments of entities over which the Company has no control or significant influence; and investments in subsidiaries and associates are stated at cost. Allowance is made for reductions in investment values if the market value of the investment falls below cost of if the investee has suffered a. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(g) *Account receivables*

Trade and other receivables are stated at cost less allowance for doubtful debt.

(h) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour, and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventory.

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

(i) *Tangible fixed assets*

(i) *Cost*

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of tangible fixed assets comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs, and maintenance and overhauls cost, is charged to the statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) *Depreciation*

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ Buildings	3 – 18 years
▪ Machinery and equipment	3 – 13 years
▪ Motor vehicles	3 – 13 years
▪ Office equipment	3 – 10 years

(j) *Intangible fixed assets*

(i) *Indefinite land use rights*

Indefinite land use rights are stated at cost and are not amortised. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

(ii) *Definite land use rights*

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

(iii) *Software*

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis ranging from 3 to 7 years.

(k) *Investment property*

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

(i) Cost

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after investment property has been put into operation, such as repairs and maintenance, is charged to the statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of investment property.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property which are ranging from 5 to 16 years.

(l) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during period of construction and installation.

(m) Long-term prepayments

(i) Leasehold improvements

Leasehold improvements are recorded at cost and amortised on a straight-line basis over 2 to 5 years.

(ii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease ranging from 39 to 41 years.

(n) Trade and other payables

Trade and other payables are stated at their cost.

(o) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

(p) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Treasury shares

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(r) Equity funds

Allocations are made to equity funds from retained profits each period based on percentage decided by the shareholders in their annual ordinary general meeting.

(s) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the statement of income 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.

(ii) Dividend income

Dividend is recognised as income when the Company has got right to receiving such dividend.

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

(t) *Operating lease payments*

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(u) *Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(v) *Earnings per share*

The Company presents basic (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have any potentially dilutive ordinary shares.

(w) *Segment reporting*

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Management is of the opinion that the Company operates in one single business segments, which is the manufacture and sale of pharmaceutical products and one single geographical segment, which is Vietnam.

(x) *Off balance sheet items*

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these separate interim financial statements.

3. Cash and cash equivalent

	30/06/2012	31/12/2011
	VND	VND
Cash on hand	19,728,970,031	39,616,249,203
Cash in banks	92,274,868,110	210,488,738,232
Cash in transit	3,634,277,696	3,701,128,365
Cash equivalents	343,874,165,743	113,664,355,715
	<hr/>	<hr/>
	459,512,281,580	367,470,471,515
	<hr/>	<hr/>

Cash and cash equivalents at 30 June 2012 included amounts denominated in currencies other than VND amounting to VND 10,956 million (31 December 2011: VND 10,810 million).

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

4. Accounts receivable

Accounts receivable-trade comprised:

	30/06/2012	31/12/2011
	VND	VND
Trade receivables from subsidiaries	119,429,008,147	111,851,774,089
Trade receivables from associates	356,765,200	356,765,200
Trade receivables from third parties	238,880,924,451	207,837,408,618
	<hr/>	<hr/>
	358,666,697,798	320,045,947,907
	<hr/>	<hr/>

Accounts receivable-trade were unsecured, interest free and receivable within 30 days from invoice date.

Prepayments to suppliers at 30 June 2012 and 31 December 2011 were amounts prepaid for acquisition of machinery and construction services.

Other short-term receivables comprised:

	30/06/2012	31/12/2011
	VND	VND
Commission prepaid	37,312,968,418	43,434,893,278
Interest receivables	5,663,888,889	-
Loan receivables (*)	847,000,000	2,116,867,671
Receivables from subsidiaries	5,935,241,618	824,237,787
Receivables from employees	661,169,331	10,865,879,179
Receivables to prepay for Tan Phu Thanh project	-	411,187,533
Others	3,915,152,378	1,282,778,926
	<hr/>	<hr/>
	54,335,420,634	58,935,844,374
	<hr/>	<hr/>

(*) This represented loans to associates and hospitals which were unsecured and bore interest 14% (2010: 10.5% to 14%) per annum during the period.

Movements in the allowance for doubtful debts during the period were as follows:

	2012	2011
	VND	VND
Opening balance	1,563,244,075	4,587,387,069
Increase in allowance during the period	-	-
Written back	-	(3,024,142,994)
Allowance spent during the period	-	-
	<hr/>	<hr/>
	1,563,244,075	1,563,244,075
	<hr/>	<hr/>

DHG Pharmaceutical Joint Stock Company**Notes to the separate interim financial statements for the six-month period ended 30 June 2012 (continued)**

The carrying amount of receivables represents the maximum credit risk pertaining to receivables.

The Company's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, management of the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Director. The limit is reviewed annually. Receivables are due within 30 days from the date of billing. Debtors with balances that are more than 60 days outstanding are requested to settle the balances before further credit is granted. No collateral is collected from the customers.

5. Inventories

	30/06/2012	31/12/2011
	VND	VND
Goods in transit	100,494,723,411	84,006,950,234
Raw materials	175,113,092,629	173,962,372,778
Work in progress	37,144,119,686	36,179,562,499
Finished goods	252,828,500,409	182,653,728,641
Merchandise inventory	1,575,090,374	1,318,932,032
Goods on consignment	-	1,097,461,427
	<hr/>	<hr/>
Allowance for inventories	567,155,526,509 (5,900,338,247)	479,219,007,611 (4,474,880,662)
	<hr/>	<hr/>
	561,255,188,262	474,744,126,949
	<hr/> <hr/>	<hr/> <hr/>

Movements in the allowance for inventories during the period were as follows:

	2012	2011
	VND	VND
Opening balance	4,474,880,662	2,965,968,111
Increase in allowance during the period	1,425,457,585	1,508,912,551
Written back	-	-
	<hr/>	<hr/>
Closing balance	5,900,338,247	4,474,880,662
	<hr/> <hr/>	<hr/> <hr/>

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

6. Taxation and State payables

Tax receivables comprised:

	30/06/2012 VND	31/12/2011 VND
Import-export tax	1,182,719,669	98,775,395
Income tax	-	3,995,583,961
	<hr/>	<hr/>
	1,182,719,669	4,094,359,356
	<hr/> <hr/>	<hr/> <hr/>

DHG Pharmaceutical Joint Stock Company

Notes to the separate interim financial statements for the six-month period ended 30 June 2012 (continued)

7. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Transportation equipment VND	Office equipment and furniture VND	Total VND
Cost					
Opening balance	117,485,487,414	159,529,732,168	73,318,740,567	52,278,299,134	402,612,259,283
Additions	985,388,270	10,662,819,198	248,685,000	5,639,536,527	17,536,428,995
Transfers from construction in progress	13,267,026,728	16,740,808,241	13,021,295,571	19,645,000	43,048,775,540
Disposals	(600,000,000)	(9,000,000)	(3,615,908,689)	(225,758,656)	(4,450,667,345)
Closing balance	131,137,902,412	186,924,359,607	82,972,812,449	57,711,722,005	458,746,796,473
Accumulated depreciation					
Opening balance	27,292,731,016	86,668,197,259	29,284,684,789	29,821,605,172	173,067,218,236
Charge for the period	4,980,012,288	10,418,496,154	6,229,675,059	3,484,656,798	25,112,840,299
Disposals	(165,000,000)	(9,000,000)	(2,942,633,978)	(225,758,656)	(3,342,392,634)
Closing balance	32,107,743,304	97,077,693,413	32,571,725,870	33,080,503,314	194,837,665,901
Net book value					
Opening balance	90,192,756,398	72,861,534,909	44,034,055,778	22,456,693,962	229,545,041,047
Closing balance	99,030,159,108	89,846,666,194	50,401,086,579	24,631,218,691	263,909,130,572

Included in the cost of tangible fixed assets were assets costing VND 68,938 million which were fully depreciated as of 30 June 2012 (31 December 2011: VND 59.161 million), but which are still in active use.

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-months period ended 30
June 2012 (continued)

8. Intangible fixed assets

	Indefinite land use right VND	Definite land use right VND	Software VND	Total VND
Cost				
Opening balance	103,758,193,658	52,594,912,775	5,647,619,055	162,000,725,488
Additions	9,165,204,000	517,080,000	-	9,682,284,000
Deductions	-	-	-	-
Closing balance	112,923,397,658	53,111,992,775	5,647,619,055	171,683,009,488
Accumulated amortisation				
Opening balance	-	4,040,212,851	1,795,568,901	5,835,781,752
Charge for the period	-	570,275,730	488,202,209	1,058,477,939
Closing balance	-	4,610,488,581	2,283,771,110	6,894,259,691
Net book value				
Opening balance	103,758,193,658	48,554,699,924	3,852,050,154	156,164,943,736
Closing balance	112,923,397,658	48,501,504,194	3,363,847,945	164,788,749,797

9. Construction in progress

	2012 VND	2011 VND
Opening balance	44,815,334,044	7,632,452,186
Additions during the period	21,169,151,443	124,086,162,178
Transfer to tangible fixed assets	(43,048,775,540)	(84,187,878,657)
Transfer to intangible fixed assets	-	(2,540,241,968)
Transfer to investment property	-	(6,244,545)
Transfer to science and technology fund	-	(168,915,150)
Closing balance	22,935,709,947	44,815,334,044

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

10. Investment property

	Building VND
Cost	
Opening balance	7,790,891,262
Transfers from tangible fixed assets	-
	<hr/>
Closing balance	7,790,891,262
	<hr/>
Accumulated depreciation	
Opening balance	1,974,590,901
Charge for the period	323,413,152
	<hr/>
Closing balance	2,298,004,053
	<hr/>
Net book value	
Opening balance	5,816,300,361
Closing balance	5,492,887,209
	<hr/> <hr/>

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

11. Long-term investments

	30/06/2012	31/12/2011
	VND	VND
Investments in subsidiaries		
▪ DT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
▪ DHG Travel One Member Limited Company	3,000,000,000	3,000,000,000
▪ 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
▪ DHG Packing and Printing One Member Limited Company	5,000,000,000	5,000,000,000
▪ Song Hau 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	-
▪ DHG Pharmaceutical One Member Limited Company	14,099,874,545	-
	<hr/> 69,649,874,545	<hr/> 50,550,000,000
Investments in associates		
▪ Vinh Hao Algae Processing Joint Stock Company	3,787,450,000	3,787,450,000
▪ Vinh Tuong High-Tech Packaging Corporation	20,000,000,000	20,000,000,000
	<hr/> 23,787,450,000	<hr/> 23,787,450,000
Other long-term investments		
▪ Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
▪ Binh Duong Pharmaceutical Joint Stock Company	4,286,800,000	4,286,800,000
▪ Ninh Thuan Pharmaceutical Joint Stock Company	796,675,000	796,675,000
▪ Nghe An Pharmaceutical Joint Stock Company	3,922,880,000	3,922,880,000
▪ TV.Pharm Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
▪ Ba Ria – Vung Tau Pharmaceutical, Cosmetic and Commercial Joint Stock Company	-	70,000,000
▪ Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
	<hr/> 11,831,050,200	<hr/> 11,901,050,200

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

Movements in the allowance for diminution in value of long-term investments during the period were as follows:

	2012 VND	2011 VND
Opening balance	21,013,881,450	17,201,479,225
Increase in allowance during the period	-	9,865,491,090
Written back	-	(6,053,088,865)
Closing balance	21,013,881,450	21,013,881,450

Details of investments in subsidiaries and associates were as follows:

Name	Principle activity	Business License	% of ownership	
			30/06/2012	31/12/2011
Subsidiaries				
DT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	5104000057 issued by Dong Thap province Planning and Investment Department on 28 August 2008	100%	100%
DHG Travel One Member Limited Company	Domestic travel services	5704000134 issued by Can Tho City Planning and Investment Department on 26 December 2007	100%	100%
HT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	5604000048 issued by Kien Giang province Planning and Investment Department 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	1800723433 issued by Can Tho City Planning and Investment Department on 25 August 2008	100%	100%
CM Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	6104000035 issued by Ca Mau province Planning and Investment Department on 8 April 2008	100%	100%
DHG Packing and Printing One Member Limited Company	Manufacture and trade packaging, plastic, aluminium, paper for pharmaceutical industry; Provide printing services	5704000183 issued by Can Tho City Planning and Investment Department on 29 April 2008	100%	100%

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

Name	Principle activity	Business License	% of ownership	
			30/06/2012	31/12/2011
Song Hau Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	6403000044 issued by Hau Giang province Planning and Investment Department on 20 July 2007	51%	51%
A&G Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	1601171629 issued by An Giang province Planning and Investment Department on 17 June 2009	100%	100%
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	5904000064 issued by Soc Trang province Planning and Investment Department on 11 April 2008	100%	100%
TOT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	1801113085 issued by Can Tho City Planning and Investment Department on 25 February 2009	100%	100%
TG Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	1200975943 issued by Tien Giang province Planning and Investment Department on 25 February 2009	100%	100%
Bali Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	1900455594 issued by Bac Lieu province Planning and Investment Department on 29 March 2011	100%	-
DHG Pharmaceutical One Member Limited Company	Trade pharmaceuticals, dietary supplements and pharmaceutical cosmetics	642041000005 issued by Board of Management of Industrial Zone of Hau Giang province on 16 August 2010	100%	-
Associates				
Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade spirulina algae	4803000150 issued by Binh Thuan province Planning and Investment Department on 4 February 2008	30%	30%
Vinh Tuong High-Tech Packaging Corporation	Manufacture packages from primeval plastics	4603000373 issued by Binh Duong province Planning and Investment Department on 9 July 2007	20%	20%

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

12. Long-term prepayments

	Leasehold Improvements VND	Prepaid land costs VND	Total VND
Opening balance	1,798,393,813	18,599,855,707	20,398,249,520
Additions	-	-	-
Amortisation for the period	(330,221,956)	(249,263,782)	(579,485,738)
Closing balance	<u>1,468,171,857</u>	<u>18,350,591,925</u>	<u>19,818,763,782</u>

13. Short-term borrowings

	30/06/2012 VND	31/12/2011 VND
Loan form the Company's employees	16,310,749,238	21,115,601,324

These borrowings were unsecured and bore interest at the rate of 1%/ month (2011: ranging from 1.1% to 1.15% per month) during the period.

14. Accounts payable – trade

	30/06/2012 VND	31/12/2011 VND
Trade payables to subsidiaries	21,089,668,094	24,655,680,303
Trade payables to associates	1,980,000,000	2,024,000,000
Trade payables to third parties	87,617,876,391	105,117,096,066
	<u>110,687,544,485</u>	<u>131,796,776,369</u>

15. Taxes and other payables to State Treasury

	30/06/2012 VND	31/12/2011 VND
Value added tax	-	-
Corporate income tax	21,269,548,523	-
Personal income tax	1,480,893,798	15,023,688,298
Land rental	1,191,720,563	-
Other	-	190,950,486
	<u>23,942,162,884</u>	<u>15,214,638,784</u>

DHG Pharmaceutical Joint Stock Company**Notes to the separate interim financial statements for the six-months period ended 30 June 2012 (continued)**

Details of the taxes were as follows:

	<u>Opening balance</u>	<u>Payables</u>	<u>Paid</u>	<u>Closing balance</u>
Value added tax on domestic goods	(4,296,209,672)	6,195,744,566	(2,662,770,563)	(763,235,669)
Value added tax on imported products	-	17,726,953,311	(17,726,953,311)	-
Import and export tax	(98,775,395)	5,097,983,790	(6,181,928,064)	(1,182,719,669)
Business income tax	(3,995,583,961)	31,522,334,274	(6,257,201,790)	21,269,548,523
Personal income tax	15,023,688,298	8,136,648,282	(21,679,442,782)	1,480,893,798
Land rental	-	2,264,513,557	(1,072,792,994)	1,191,720,563
Other	190,950,486,000	40,500,000	(231,450,486)	-
Total	<u>6,824,069,756</u>	<u>70,984,677,780</u>	<u>(55,812,539,990)</u>	<u>21,996,207,546</u>

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

16. Accrued expenses

	30/06/2012	31/12/2011
	VND	VND
Sales rebates	58,648,340,820	98,396,878,201
Sales promotion	48,030,623,090	43,514,942,486
Seminar expenses	887,070,001	1,863,306,378
Advertising expenses	4,735,156,099	35,256,582
Interest payable	459,993,535	393,485,351
Others	10,554,121,262	7,513,279,094
	<hr/>	<hr/>
	123,315,304,807	151,717,148,092
	<hr/>	<hr/>

17. Other payables

	30/06/2012	31/12/2011
	VND	VND
Union expenses	1,617,021,098	1,335,373,209
Health insurance	1,080,410,018	498,567,101
Dividends payable	65,182,049,000	15,750,000
Other payables	31,668,761,369	14,934,379,423
	<hr/>	<hr/>
	99,548,241,485	15,448,696,524
	<hr/>	<hr/>

18. Bonus and welfare fund

The fund is established through appropriation from retained profits at the discretion of shareholders at shareholders' meetings. The fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies and Board of Management fee accordance with the General Meeting of Shareholders resolution of the Company.

Movements of bonus and welfare fund during the period were as follows:

	Bonus and welfare funds	Board of management fees	Fixed assets formed by welfare funds	Total
	VND	VND	VND	VND
Opening balance	12,929,842,833	2,164,796,237	22,218,888,308	37,313,527,378
Allocation to the fund	34,648,908,632	6,729,736,633	-	41,378,645,265
Transferred from welfare fund	-	-	350,649,317	350,649,317
Utilisation of the fund	(9,074,151,972)	(4,177,269,314)	-	(13,251,421,286)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	38,504,599,493	4,717,263,556	22,569,537,625	65,791,400,674
	<hr/>	<hr/>	<hr/>	<hr/>

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

19. Provision for severance allowance

Movements of provision for severance allowance during the period were as follows:

	VND
Opening balance	33,464,925,600
Provision made during the period	-
Utilised during the period	(623,162,068)
	<hr/>
Closing balance	32,841,763,532
	<hr/> <hr/>

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance is made based on his/her number of working years and current salary.

Pursuant to Law of Social Insurance, effective from 1 January 2009, the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

For the six-month period ended 30 June 2012, the Company contributed VND1,105 million (six-month period ended 30 June 2011: VND730 million) to the unemployment insurance fund, of which: 1% from basic salary of employees and 1% is recorded as part of labour and staff cost in the statement of income.

20. Science and technology development fund

Based on the circular No. 130/2008/TT-BTC dated 26 December 2008, all units are allowed to establish science and technology development fund to use for research and development activities. Allowance for this fund is considered as expenses. The fund is used when R&D activities are implemented and paid.

Movements of Science and technology development fund during the period were as follows:

	VND
Opening balance	24,405,312,797
Utilisation of Science and technology development fund	(3,115,040,930)
Fixed assets formed by Science and technology development fund	2,335,585,708
Amortization	(373,228,011)
	<hr/>
Closing balance	23,252,629,564
	<hr/> <hr/>

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

21. Share capital

The Company authorised and issued share capital is:

	30/06/2012		31/12/2011	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	65,376,429	653,764,290,000	65,176,429	651,764,290,000
Treasury shares	(10,130)	(455,850,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation	65,366,299	653,308,440,000	65,166,299	651,308,440,000

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

Movements in share capital during the period were as follows:

	Period from 1/1/2012 to 30/6/2012		Period from 1/1/2011 to 30/6/2011	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	65,166,299	651,308,440,000	26,902,832	268,673,770,000
Ordinary shares issued during the period	200,000	2,000,000,000	250,000	2,500,000,000
Bonus shares issued during the period	-	-	-	-
Treasury shares bought back during the period	-	-	-	-
Treasury shares reissued during the period	-	-	-	-
Balance at the end of the period	65,366,299	653,308,440,000	27,152,832	271,173,770,000

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30 June 2012 (continued)

22. Total revenue

Total revenue represented the gross invoiced value of goods sold exclusive of value added tax

Net sales comprised:

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Total revenue				
▪ Finished goods sold	593,137,261,079	515,460,177,354	1,127,313,674,680	1,032,813,863,398
▪ Merchandise goods sold	17,454,622,067	15,586,515,831	32,269,188,479	41,753,238,934
▪ Promotion goods	14,876,396,241	8,291,568,190	41,999,185,139	31,033,530,914
Less sales deduction				
▪ Sales returns	(2,364,959,094)	(3,684,585,899)	(4,596,678,404)	(6,100,427,161)
Net sales	623,103,320,293	535,653,675,476	1,196,985,369,894	1,099,500,206,085
In which:				
▪ Finished goods sold	590,772,301,985	511,780,194,395	1,122,716,996,276	1,026,730,612,333
▪ Merchandise goods sold	17,454,622,067	15,581,912,891	32,269,188,479	41,736,062,838
▪ Promotion goods	14,876,396,241	8,291,568,190	41,999,185,139	31,033,530,914

23. Cost of sales

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Finished goods sold	324,526,904,661	271,144,888,767	616,000,716,284	540,666,219,938
Merchandise goods sold	15,839,186,527	14,342,305,098	29,953,161,167	38,591,747,862
Promotion goods	13,402,671,576	8,301,132,859	38,868,082,219	30,760,422,785
Allowance for discount of inventories	1,425,457,585	1,508,912,551	1,425,457,585	1,508,912,551
	355,194,220,349	295,297,239,275	686,247,417,255	611,527,303,136

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

24. Financial income

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Interest income	10,727,895,232	11,994,770,202	15,444,868,896	21,418,236,373
Interest on liquidation of long-term investment	-	6,053,088,865	20,000,000	6,053,088,865
Dividend income	63,725,630,467	28,404,042,038	64,241,081,267	28,482,342,038
Foreign exchange gains	325,599,633	102,834,156	627,767,270	2,395,296,619
Penalty interest from debt	366,196,569	-	432,679,389	-
	75,145,321,901	46,554,735,261	80,766,396,822	58,348,963,895

25. Financial expenses

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Interest expense	775,945,932	563,777,113	1,626,605,104	887,149,880
Foreign exchange losses	469,214,907	1,058,687,754	1,122,976,894	2,091,638,117
Other expenses	39,266,399	27,220,323	66,806,447	65,190,748
	1,284,427,238	1,649,685,190	2,816,388,445	3,043,978,745

26. Sales expenses

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Employees expense	58,407,254,736	61,832,282,412	104,172,630,088	117,292,736,706
Raw material expense	2,720,706,046	1,925,784,280	4,953,991,822	3,437,714,369
Equipment expense	973,412,810	1,123,392,853	2,078,739,263	1,867,359,472
Fixed assets depreciation	3,056,680,615	2,303,758,239	5,942,902,191	4,304,071,262
Services purchased from outside	21,587,043,695	57,011,002,632	62,624,324,884	101,471,191,538
Other expenses	(5,021,332,744)	(13,841,499,928)	20,309,625,807	16,504,132,352
	81,723,765,158	110,354,720,488	200,082,214,055	244,877,205,699

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

27. Business management expenses

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Employees expense	30,704,025,217	19,254,652,815	51,940,579,751	42,339,636,798
Raw material expense	23,645,783	3,402,195	55,972,873	4,493,104
Equipment expense	850,601,018	638,828,590	1,391,450,449	1,272,955,172
Fixed assets depreciation	2,433,064,716	1,844,003,581	4,661,073,851	3,775,382,856
Taxes, fees and costs	54,372,258	402,823,011	129,751,809	589,230,563
Provision	(1,919,000)	(766,542,418)	-	1,140,608,776
Services purchased from outside	2,317,989,518	2,240,024,699	3,734,048,933	3,800,281,242
Other expenses	6,547,551,099	2,146,830,404	11,651,650,303	6,075,226,844
	42,929,330,609	25,764,022,877	73,564,527,969	58,997,815,355

28. Other income

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Income from scrap sales	162,984,240	118,623,792	310,331,356	306,218,646
Proceeds on disposals of tangible fixed assets	1,078,818,182	623,636,361	1,721,217,148	990,863,634
Income from land, house and car rentals	637,455,831	-	1,047,001,286	191,092,199
Income from buildings of welfare fund	370,738,792	-	590,854,738	-
Others	405,666,654	829,991,204	909,020,866	1,307,626,920
	2,655,663,699	1,572,251,357	4,578,425,394	2,795,801,399

29. Other expenses

	Three-month period ended		Six-month period ended	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	VND	VND	VND	VND
Net book value of tangible fixed assets disposed	580,407,210	583,197,348	1,108,274,711	734,254,637
Tax penalty	4,000,000	-	4,000,000	-
Others	834,340,640	932,964,576	1,462,442,996	1,889,412,329
	1,418,747,850	1,516,161,924	2,574,717,707	2,623,666,966

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

30. Income tax

(a) Deferred tax assets

Deferred tax assets are attributable to the following:

	2012 VND	2011 VND
Allowance and provisions	3,300,000,000	3,300,000,000

(b) Recognised in the statement of income

	Three-month period ended		Six-month period ended	
	30/6/2012 VND	30/6/2011 VND	30/6/2012 VND	30/6/2011 VND
Current tax expense	21,269,548,523	13,361,199,641	31,522,334,274	24,493,889,596

(c) Reconciliation of effective tax rate

	Three-month period ended		Six-month period ended	
	30/6/2012 VND	30/6/2011 VND	30/6/2012 VND	30/6/2011 VND
Profit before tax	218,353,814,689	149,198,832,340	317,044,926,679	239,575,001,478
Tax at income rate applicable to the Company	54,820,745,584	41,113,633,861	79,706,188,375	59,893,750,370
Tax effect of non-deductible expenses	-	422,338,575	-	422,338,575
Tax exempt income	(15,931,407,617)	(7,101,010,510)	(16,060,270,317)	(7,120,585,510)
Effect of tax incentives	(17,619,789,444)	(21,073,762,285)	(32,123,583,784)	(28,701,613,839)
Income tax expense	21,269,548,523	13,361,199,641	31,522,334,274	24,493,889,596

(d) Applicable tax rate

Under the term of its Investment License, The Company has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits from 2005 to 2014 and 25% for the succeeding years. The provisions of the Company's Investment License allow it to be exempted from income tax from 2005 to 2006 and receive a 50% reduction in income tax from 2007 to 2011. On 21 December 2006 DHG stocks were listed on Ho Chi Minh Stock Exchange and received license of listing stocks No. 93/UBCK-GPNY dated 01/12/2006 issued by the State Securities Commission. Based on Dispatch No. 10997/BTC-CST regarding incentives on income tax for companies listed their stocks on 8 September 2006. The Company were received a 50% deduction of its income tax in 2 years from 2012 to 2013

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

31. Basic earning per share

The calculation of basic earning per share at 30 June 2012 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Three-month period ended		Six-month period ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	VND	VND	VND	VND
Net profit attributable to ordinary shareholders	197,084,266,166	135,837,632,699	285,522,592,405	215,081,111,882

(ii) Weighted average number of ordinary shares

	Three-month period ended		Six-month period ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Issued ordinary shares at the beginning of the period	65,166,299	26,902,832	65,166,299	26,902,832
Effect of ordinary shares issued in April 2011	-	250,000	-	125,000
Effect of ordinary shares issued in April 2012	135,556	-	67,778	-
Weighted average number of ordinary shares	65,301,855	27,152,832	65,234,077	27,027,832

Reference source not found.2

32. Dividends

The Resolution No. 004/NQ.HĐQT by the Board of Management dated 21 May 2012 resolved to distribute dividends in cash of Q2/2011 following the Resolution of the Annual Shareholders' Meeting 2011 dated 29 April 2012 amounting 65,166 million (10% of par value of shares in circulation at 12 June 2012)

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

33. Significant transactions with related parties

Identity of related parties

The Company has related party relationship with its subsidiaries, associates, shareholders, directors and executive officers.

Significant transactions with subsidiaries and associates

In addition to balances with subsidiaries and associates disclosed in other notes to these financial statements, during the period there were the following significant transaction with subsidiaries and associates:

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
DHG Packing and Printing One Member Limited Company		
Purchases of raw materials	91,249,695,938	83,720,842,397
Sales of raw materials	4,652,959,090	17,560,748,215
Electricity, water, rice, land rental services	707,591,981	699,632,742
Dividends	27,666,841,486	14,694,925,708
DHG Travel One Member Limited Company		
Sales of services	820,454,547	-
Sales of merchandise	-	2,961,000
Purchases of services	13,858,459,994	6,662,151,547
Dividends	5,863,516,876	2,113,673,581
CM Pharmaceutical One Member Limited Company		
Purchases of merchandise	3,597,200	-
Sales of finished goods	16,286,248,434	14,787,444,040
Supply promotion goods	472,429,558	244,905,780
Dividends	1,496,637,902	852,701,981
DT Pharmaceutical One Member Limited Company		
Sales of finished goods	23,811,567,511	14,292,695,360
Supply promotion goods	351,587,845	341,655,522
House rental	90,000,000	-
Dividends	2,397,964,464	472,389,234
HT Pharmaceutical One Member Limited Company		
Sales of finished goods	22,210,972,718	17,184,604,006
Supply promotion goods	628,155,397	178,322,741
Dividends	3,031,643,370	870,037,825
ST Pharmaceutical One Member Limited Company		
Purchase of merchandise	13,923,000	-
Sales of finished goods	17,798,271,770	15,979,214,682
Supply promotion goods	419,988,090	368,410,719
Dividends	2,097,882,397	773,708,153

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
DHG Nature One Member Limited Company		
Purchases of raw materials	19,202,810,393	14,117,620,134
Sales of merchandise	853,131,001	1,060,409,461
Sales of finished goods	-	102,070,000
Processing service fees	2,549,768,851	2,139,973,082
Electricity, water, rice, land rental services	226,441,677	406,813,286
Dividends	2,820,347,739	2,781,901,318
Song Hau Pharmaceutical Joint Stock Company		
Purchases of merchandise	7,573,500	
Sales of merchandise	12,000,000	9,835,000
Sales of finished goods	37,107,696,030	32,963,532,886
Supply promotion goods	641,854,689	638,003,004
Repurchases of fixed assets	-	67,683,744
Dividends	765,000,000	765,000,000
A&G Pharmaceutical One Member Limited Company		
Purchases of merchandise	13,005,000	-
Sales of finished goods	43,589,360,304	40,535,918,954
Sales of merchandise	5,130,000	-
Supply promotion goods	1,077,882,671	877,674,024
Dividends	4,494,959,450	2,985,090,523
TOT Pharmaceutical One Member Limited Company		
Purchases of merchandise	1,912,954,755	5,731,100,659
Imported promotion goods	633,808	-
Sales of finished goods	65,414,996,868	25,947,809,650
Supply promotion goods	964,949,693	527,697,906
Sales of merchandise	40,500	916,681,739
Electricity and rice services	10,856,175	2,842,065
Dividends	10,245,934,008	1,418,992,133

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

TG Pharmaceutical One Member Limited Company

Purchases of merchandise	7,986,600	-
Sales of finished goods	15,053,002,284	16,406,329,294
Supply promotion goods	299,423,951	246,550,406
Sales of assets and equipment	83,546,137	-
Purchases of assets	429,984,846	-
Dividends	1,638,017,936	418,626,282

Bali Pharmaceutical One Member Limited Company

Sales of finished goods	16,637,849,433	-
Supply promotion goods	270,961,869	-
Dividends	875,503,284	-
Capital contribution	5,000,000,000	-

DHG Pharmaceutical One Member Limited Company

Sales of finished products	420,000	-
Capital contribution	14,099,874,545	-

Vinh Tuong High-Tech Packaging Corporation

Purchase of raw materials	410,535,500
---------------------------	-------------

Vinh Hao Spirulina Algae Corporation

Purchase of raw materials	6,270,000,000	5,395,000,000
Dividends	564,450,000	150,520,000

At the end date of the financial period:

	30/06/2012	31/12/2011
	VND	VND
<i>DHG Travel One Member Limited Company</i>		
Interest receivables in 2011	5,863,516,876	-
<i>CM Pharmaceutical One Member Limited Company</i>		
Receivables for goods	7,847,031,767	9,223,560,742
<i>DT Pharmaceutical One Member Limited Company</i>		
Receivables for goods	8,822,775,391	5,973,357,696
Receivables for goods collected by subsidiaries	-	19,020,809
<i>HT Pharmaceutical One Member Limited Company</i>		
Receivables for goods	7,352,384,137	4,558,134,370

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

ST Pharmaceutical One Member Limited Company

Receivables for goods	9,565,359,719	10,191,913,918
-----------------------	---------------	----------------

DHG Nature One Member Limited Company

Receivables for goods	194,409,599	-
-----------------------	-------------	---

Song Hau Pharmaceutical Joint Stock Company

Receivables for goods	12,429,991,232	12,291,410,395
-----------------------	----------------	----------------

A&G Pharmaceutical One Member Limited Company

Receivables for goods	21,622,364,536	21,339,776,285
-----------------------	----------------	----------------

TOT Pharmaceutical One Member Limited Company

Receivables for goods collected by subsidiaries	-	649,939,733
Receivables for goods	38,595,308,939	35,395,938,552

TG Pharmaceutical One Member Limited Company

Receivables for goods	5,977,005,772	4,927,100,483
-----------------------	---------------	---------------

BALI Pharmaceutical One Member Limited Company

Receivables for goods	7,021,915,055	7,950,581,648
-----------------------	---------------	---------------

DHG Pharmaceutical One Member Limited Company

Receivables for goods	462,000	-
-----------------------	---------	---

Vinh Tuong High-Tech Packaging Joint Stock Company

Receivables for service providers	356,765,200	356,765,200
-----------------------------------	-------------	-------------

Total receivables

125,649,290,223	112,877,499,831
------------------------	------------------------

DHG Printing And Packing One Member Limited Company

Payables for goods	14,598,822,776	22,378,470,648
--------------------	----------------	----------------

DHG Travel One Member Limited Company

Payables for services	4,713,119,500	-
-----------------------	---------------	---

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

DHG Nature One Member Limited Company

Payables for goods	1,777,725,818	2,277,209,655
--------------------	---------------	---------------

Vinh Hao Spirulina Algae Joint Stock Company

Payables for goods	1,980,000,000	2,024,000,000
--------------------	---------------	---------------

Total payables	23,069,668,094	26,679,680,303
-----------------------	-----------------------	-----------------------

Transaction with key management personnel

Total remuneration and business allowances to key management personnel were as follows:

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Salary	1,295,849,885	1,530,700,123
Remuneration	1,915,000,000	1,236,000,000
Bonus	384,636,786	540,685,835

34. Capital commitments

As at 30 June 2012 the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	30/06/2012 VND	31/12/2011 VND
Approved but not contracted	716,806,528,846	698,955,443,787
Approved and contracted	20,107,462,881	17,697,277,500
	736,913,991,727	716,652,721,287

DHG Pharmaceutical Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended 30
June 2012 (continued)

35. Net liabilities in foreign currencies

At **Error! Reference source not found.**2 the Company had the following net debt in foreign currency:

	USD	EUR
Cash and cash equivalent	276,006	195,414
Merchandise receivables	272,519	46,016
Merchandise payables	(3,488,687)	(137,675)
	<hr/>	<hr/>
	(2,940,162)	103,755

36. Production and business costs by element

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Raw materials costs included in production costs	561,483,864,998	516,473,188,332
Labour costs and staff costs	244,585,659,103	230,530,226,835
Depreciation and amortisation	26,700,989,117	21,020,288,588
Outside services	92,854,634,858	137,594,707,359
Other expenses	37,392,280,163	24,205,940,178
	<hr/>	<hr/>
	963,017,428,239	929,824,351,292

Prepared by:

Approved by:

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director

18 July 2012