

DHG PHARMACEUTICAL JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED 31 DECEMBER 2017

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED 31 DECEMBER 2017**

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

Establishment Decision No. 2405/QD-CT.UB dated 05 August 2004 issued by the People's Committee of Can Tho City.

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

The Business Registration Certificate has been amended several times and its latest amendment No. 1800156801 dated 01 September 2017 was issued by the Department of Planning and Investment of Can Tho City.

Board of Directors	Mr. Hoang Nguyen Hoc	Chairman (resigned on 25 October 2017)
	Mr. Nguyen Chi Thanh	Chairman (appointed on 26 October 2017)
	Mr. Le Dinh Buu Tri	Deputy Chairman (resigned on 25 October 2017)
	Mdm. Pham Thi Viet Nga	Member
	Mr. Doan Dinh Duy Khuong	Member
	Mr. Tran Chi Liem	Member
	Mr. Jun Kuroda	Member
	Mr. Shuhei Tabata	Member (resigned on 24 March 2017)
Ms. Dang Thi Thu Ha	Member (appointed on 28 July 2017)	
Board of Management	Mdm. Pham Thi Viet Nga	General Director (resigned on 01 September 2017)
	Mr. Doan Dinh Duy Khuong	Acting General Director (appointed on 01 September 2017)
	Mr. Le Chanh Dao	Deputy General Director
	Ms. Nguyen Ngoc Diep	Deputy General Director
	Mr. Tomoyuki Kawata	Deputy General Director (appointed on 25 October 2017)
Board of Supervisory	Mr. Tran Quoc Hung	Head
	Ms. Nguyen Phuong Thao	Member
	Mr. Dinh Duc Minh	Member
Legal representative	Mr. Doan Dinh Duy Khuong	Acting General Director
Headquarter	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31.12.2017 VND	As at 31.12.2016 VND
100	CURRENT ASSETS		2,941,309,706,979	2,746,072,800,225
110	Cash and cash equivalents	3	543,651,558,062	603,188,961,343
111	Cash		82,294,365,647	270,265,069,467
112	Cash and cash equivalents		461,357,192,415	332,923,891,876
120	Short-term investments		930,559,207,675	703,731,000,000
123	Investments held-to-maturity	4	930,559,207,675	703,731,000,000
130	Short-term receivables		807,658,682,282	692,280,925,032
131	Short-term trade accounts receivable	5	740,025,382,036	622,748,103,096
132	Short-term prepayments to suppliers		22,193,194,965	23,277,764,848
135	Short-term lending		16,239,970,057	34,213,970,916
136	Other short-term receivables	6	50,912,967,163	25,533,168,273
137	Provision for doubtful debts – short-term	7	(21,712,831,939)	(13,492,082,101)
140	Inventories	8	634,011,771,164	732,860,670,514
141	Inventories		636,467,927,343	734,557,083,279
149	Provision for decline in value of inventories		(2,456,156,179)	(1,696,412,765)
150	Other current assets		25,428,487,796	14,011,243,336
151	Short-term prepaid expenses	9	9,715,813,993	4,212,568,934
152	Value Added Tax to be reclaimed Taxes and other receivables from the		7,972,889,195	1,488,901,617
153	State budget	10	7,739,784,608	8,309,772,785
200	LONG-TERM ASSETS		1,148,295,051,933	1,199,269,175,705
210	Long-term receivables		3,509,997,935	5,099,472,109
215	Long-term lending		3,449,997,935	5,099,472,109
216	Other long-term receivables		60,000,000	-
220	Fixed assets		1,026,999,503,625	1,103,433,387,404
221	Tangible fixed assets	11	785,209,377,724	841,468,707,693
222	Cost		1,377,975,628,774	1,356,813,642,277
223	Accumulated depreciation		(592,766,251,050)	(515,344,934,584)
227	Intangible fixed assets	12	241,790,125,901	261,964,679,711
228	Cost		269,846,865,042	284,512,652,922
229	Accumulated amortization		(28,056,739,141)	(22,547,973,211)
240	Long-term assets in progress		36,307,709,778	17,160,871,337
242	Construction in progress	13	36,307,709,778	17,160,871,337
250	Long-term investments	4	14,537,718,549	15,744,151,251
252	Investments in associates		3,129,548,349	4,335,981,051
253	Investments in other entities		27,908,170,200	27,908,170,200
254	Provision for long-term investments		(16,500,000,000)	(16,500,000,000)
260	Other long-term assets		66,940,122,046	57,831,293,604
261	Long-term prepaid expenses	9	31,156,425,691	22,760,003,178
262	Deferred income tax assets	14	35,783,696,355	35,071,290,426
270	TOTAL ASSETS		4,089,604,758,912	3,945,341,975,930

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET (cont.)

Code	RESOURCES	Note	As at 31.12.2017 VND	As at 31.12.2016 VND
300	LIABILITIES		1,330,373,889,978	1,075,559,068,116
310	Short-term liabilities		1,266,925,142,383	1,017,958,653,484
311	Short-term trade accounts payable	15	262,886,943,355	291,703,470,691
312	Short-term advances from customers		11,898,974,827	17,652,215,300
	Taxes and other payables to the State			
313	Budget	10	23,589,093,359	47,454,390,698
314	Payables to employees		170,969,066,081	170,798,955,402
315	Short-term accrued expenses	16	51,258,882,740	29,959,680,555
318	Short-term unearned revenue	17	9,479,895,138	31,687,812,617
319	Other short-term payables	18	204,083,490,483	6,558,475,458
320	Short-term borrowings	19	469,800,000,000	354,765,428,463
322	Bonus and welfare funds	20	62,958,796,400	67,378,224,300
330	Long-term liabilities		63,448,747,595	57,600,414,632
342	Provision for long-term liabilities	21	38,386,466,419	33,379,107,808
	Science and technology development			
343	funds	22	25,062,281,176	24,221,306,824
400	OWNERS' EQUITY		2,759,230,868,934	2,869,782,907,814
410	Capital and reserves		2,759,230,868,934	2,869,782,907,814
411	Owners' capital	23	1,307,460,710,000	871,643,300,000
411a	- Ordinary shares with voting rights		1,307,460,710,000	871,643,300,000
412	Capital surplus	23	6,778,948,000	6,778,948,000
418	Investment and development fund	23	1,095,180,949,548	1,220,561,708,767
421	Undistributed earnings	23	337,998,737,934	736,638,702,184
	- Undistributed profit after tax of the			
421a	previous years		21,204,089,359	50,993,468,583
	- Undistributed profit after tax of the			
421b	current period		316,794,648,575	685,645,233,601
429	Non-controlling interests	24	11,811,523,452	34,160,248,863
440	TOTAL RESOURCES		4,089,604,758,912	3,945,341,975,930

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 January 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 02 – DN/HH

CONSOLIDATED INCOME STATEMENT

Code	Note	For the 3-month period ended		Fiscal year ended		
		31.12.2017 VND	31.12.2016 VND	31.12.2017 VND	31.12.2016 VND	
01	Sales	26	1,568,825,883,266	1,299,230,297,803	4,570,114,010,206	4,153,858,990,854
02	Less deductions	26	215,410,688,567	124,118,289,251	506,611,812,031	370,814,214,454
10	Net sales	26	1,353,415,194,699	1,175,112,008,552	4,063,502,198,175	3,783,044,776,400
11	Cost of goods sold	27	788,816,255,559	643,561,690,219	2,279,434,021,878	2,070,058,537,405
20	Gross profit		564,598,939,140	531,550,318,333	1,784,068,176,297	1,712,986,238,995
21	Financial income	28	22,067,076,768	15,110,130,750	88,781,257,654	57,818,264,184
22	Financial expenses	29	28,651,752,529	24,147,805,885	97,686,249,285	84,755,578,873
23	Including: Interest expenses		5,881,270,573	2,713,418,092	24,541,141,037	12,492,351,845
24	Profit/(loss) sharing from investment in associates		(416,614,056)	268,419,468	(1,206,432,702)	(187,904,291)
25	Selling expenses	30	243,173,894,081	189,906,845,605	732,926,047,977	631,639,529,721
26	General & administrative expenses	30	85,329,957,227	92,827,805,586	318,385,523,755	297,318,503,446
30	Net operating profit		229,093,798,015	240,046,411,475	722,645,180,232	756,902,986,848
31	Other income	31	1,169,473,937	3,220,438,838	6,756,814,138	15,121,096,000
32	Other expenses	31	7,119,085,266	(12,287,772)	10,041,010,203	15,367,068,235
40	Net other profit		(5,949,611,329)	3,232,726,610	(3,284,196,065)	(245,972,235)
50	Net accounting profit before tax		223,144,186,686	243,279,138,085	719,360,984,167	756,657,014,613
51	Current corporate income tax expense	33	72,607,132,839	38,934,581,529	77,547,623,218	89,002,442,744
52	Deferred corporate income tax expense	33	5,788,757,043	(13,717,313,569)	(712,405,929)	(20,986,730,153)
60	Net profit after tax		144,748,296,804	218,061,870,125	642,525,766,878	688,641,302,022
	Attributable for:		-	-	-	-
61	Owners of the parent company	23	145,348,569,644	216,963,969,306	642,404,050,772	685,645,233,601
62	Non-controlling interests		(600,272,840)	1,097,900,819	121,716,106	2,996,068,421
70	Basic earnings per share (VND)	34	974	1,422	4,367	4,485

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 January 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

NOTE

DHG Pharmaceutical Joint Stock Company explains the fluctuations in profit after tax of Q4/2017 compared to the same period of last year as follows:

Figures in: VND million

Targets	Quarter IV/2017	Quarter IV/2016	Increase, decrease	
			Value	%
Net sales	1,353,415	1,175,112	178,303	15.2%
Profit before tax	223,144	243,279	(20,135)	-8.3%
Profit after tax	144,748	218,062	(73,314)	-33.6%

Net sales of Q4/2017 increased by 15.2%, mainly focused on distribution products and others, so pre-tax profit in Q4/2017 did not increase correspondingly with revenue.

Profit after tax in Q4/2017 decreased by 33.6% compared to the same period last year, because corporate income tax in 2017 was recorded in accordance with the amendment in 2016.

DHG Pharmaceutical Joint Stock Company kindly explains.

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 January 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Fiscal year ended	
		31.12.2017	31.12.2016
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		719,360,984,167	756,657,014,613
		Adjustments for:	
02		92,010,389,406	93,720,931,417
03		16,053,758,031	6,788,343,273
04		(464,083,555)	467,459,783
05		(86,457,407,316)	(61,668,280,508)
06	29	24,541,141,037	12,492,351,845
07		8,705,231,445	-
08		773,750,013,215	808,457,820,423
09		(96,228,361,916)	(49,383,172,892)
10		100,398,920,328	(91,499,661,090)
11		(46,499,925,995)	148,508,813,932
12		(13,907,121,325)	(1,466,899,682)
14		(24,677,425,925)	(12,355,359,094)
15		(95,788,325,785)	(64,844,697,715)
17		(104,404,525,215)	(92,225,802,806)
20		492,643,247,382	645,191,041,076
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(63,484,311,476)	(136,172,500,824)
22		20,184,454,559	10,271,648,184
23		(1,563,273,592,255)	(1,439,479,585,457)
24		1,316,573,983,381	1,241,729,070,545
25		(19,440,000,000)	-
26		9,000,000,000	-
27		69,774,670,583	46,066,915,316
30		(230,664,795,208)	(277,584,452,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	36,104,098,020
33		2,516,213,007,337	1,561,815,329,559
34		(2,401,178,435,800)	(1,477,761,107,833)
36		(436,556,226,000)	(305,521,825,000)
40		(321,521,654,463)	(185,363,505,254)
50		(59,543,202,289)	182,243,083,586
		Cash and cash equivalents at the beginning of the year	
60	3	603,188,961,343	420,712,811,918
61		5,799,008	233,065,839
70	3	543,651,558,062	603,188,961,343

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 January 2018

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

1 GENERAL INFORMATION OF THE COMPANY

Ownership Structure

On 2 September 2004, DHG Pharmaceutical Joint Stock Company was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QD-CT.UB dated 05 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 Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

The Company's shares were approved to be listed in Ho Chi Minh City Stock Exchange on 01 December 2006 under the Stock Listing License No.93/UBCK-GPNY of the State Securities Commission, with "DHG" ticker.

In 2017, the Company increased its share capital to VND 1,307,460,710,000 by issuing bonus shares to existing shareholders at a ratio of 2:1. The Company was granted the 23rd amended Business registration certificate dated 28 July 2017 for the increase of this capital.

The Company's head office is located at 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Cantho City, Vietnam.

As at 31 December 2017, the Group had 3,205 employees (as at 31 December 2016: 2,944 employees).

The principal activities of the Company and its subsidiaries are to produce and trade in pharmaceutical products and provide traveling services.

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

Corporate structure

As at 31 December 2017, the Company's subsidiaries and associates were as follows:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			31.12.2017	31.12.2016
Subsidiaries:				
DT Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 5104000057 issued by the Department of Planning and Investment of Dong Thap province on 28 August 2008	-	100%
HT Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 5604000048 issued by the Department of Planning and Investment of Kien Giang province on 16 May 2008	-	100%
CM Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6104000035 issued by the Department of Planning and Investment of Ca Mau province on 08 April 2008	-	100%
A&G Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1601171629 issued by the Department of Planning and Investment of An Giang province on 17 June 2009	-	100%

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN/HN

1 GENERAL INFORMATION OF THE COMPANY (cont.)

Name Subsidiaries (cont.)	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			31.12.2017	31.12.2016
ST Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 5904000064 issued by the Department of Planning and Investment of Soc Trang province on 11 April 2008	-	100%
TG Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1200975943 issued by the Department of Planning and Investment of Tien Giang province on 25 February 2009	-	100%
Bali Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1900455594 issued by the Department of Planning and Investment of Bac Lieu Province on 29 March 2011	-	100%
B&T Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1300917335 issued by the Department of Planning and Investment of Ben Tre Province on 05 October 2012	100%	100%
TVP Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 2100510569 issued by the Department of Planning and Investment of Tra Vinh Province on 19 October 2012	-	100%
VL Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1500971019 issued by the Department of Planning and Investment of Vinh Long Province on 19 December 2012	-	100%
TOT Pharmaceutical One Member Limited Company (**)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1801113085 issued by the Department of Planning and Investment of Can Tho City on 25 February 2009	-	100%
SH Pharmaceutical Joint Stock Company (**)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6403000044 issued by the Department of Planning and Investment of Hau Giang province on 20 July 2007	99.6%	51%
DHG Travel One Member Limited Company (***)	Domestic Travel Services	No. 5704000134 issued by the Department of Planning and Investment of Can Tho City on 26 December 2007	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacture and trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6300124430 issued by the Department of Planning and Investment of Hau Giang province on 16 August 2010	100%	100%

1 GENERAL INFORMATION OF THE COMPANY (cont.)

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			31.12.2017	31.12.2016
Subsidiaries (cont.)				
DHG Packaging and Printing 1 One Member Limited Company	Produce label, packaging from paper and cover; Manufacture and trade plastic, aluminum, paper; provide printing services	No. 6300215818 issued by the Department of Planning and Investment of Hau Giang province on 28 September 2012	100%	100%
Fuji Medic Limited Liability Company	Operation of polyclinics, specialized and dental clinics	No. 1801472944 issued by the Department of Planning and Investment of Can Tho City on 27 July 2016	51%	51%
Associate:				
Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade Spirulina algae	No. 4803000150 issued by the Department of Planning and Investment of Binh Thuan Province on 04 February 2008	31.36%	31.36%

(*) On 3 October 2016, the Board of Directors of the Company approved the transformation of subsidiaries into branches under the parent company as below:

- Approved the dissolution of subsidiaries.
- Approved the establishment of branches under the parent company to continue the entire operation of the subsidiaries after the dissolution.
- The conversion date is 31 December 2016. From 01 January 2017, these subsidiaries operate as branches under the parent company

(**) On 19 June 2017, the Board of Directors of the Company approved to change the policy for dissolution to the policy on transfer of the whole charter capital of TOT Pharmaceutical One Member Limited Company through an open bidding. At the same time, the Board of Directors approved the policy to raise the ownership ratio of SH Pharmaceutical Joint Stock Company from 51% to 100%.

(***) On 14 July 2017, the Board of Directors approved the dissolution of DHG Travel One Member Limited Company. The date of dissolution is 31 December 2017.

2 SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation of consolidated financial statements**

The consolidated financial statements, expressed in Vietnamese Dong (VND), are prepared under the historical cost convention, in accordance with Vietnamese Accounting Standards, Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

The consolidated financial statements are not intended to present the financial status and its results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Fiscal year

The Company's fiscal year begins on 01 January and ends on 31 December.

Basis of consolidation

The Group prepared its consolidated financial statements in accordance with Circular 202/2014/TTBTC- Guiding on the preparation and presentation of consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Subsidiaries***

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains and losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The divestment of the Group's interest in a subsidiary that does not result in a loss of control is accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received of the divestment of the Group's interest in a subsidiary is recorded directly in the undistributed earnings under equity.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses are recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains and losses on inter-company transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates in accordance with applicable accounting regulations. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Accounting estimates**

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

Currency

The consolidated 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 recognized as income or expenses 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 commercial bank where the Group regularly trades. Foreign currencies deposited in the bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognized as income or expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits, and other short-term investments with an original maturity of three months or less from the date of investment, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Trade receivables

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

Inventories

Inventories are stated at the lower of cost and net realizable 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 realizable 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.

Investments***Investments held-to-maturity***

Investments held-to-maturity are investments which the Board of Management of the Company has positive intention and ability to hold until maturity.

Investments held-to-maturity includes term deposits for interest earning. Those investments are accounted for at cost less provision.

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Investments in associates***

Investments in associates are accounted using the equity method in the consolidated financial statements.

Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated by the Board of Management in their business plan before the date of investment.

Fixed assets***Tangible and intangible fixed assets***

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

Depreciation and amortization

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

Building and structures	3 – 50 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 10 years
Office equipment	3 – 10 years
Software	3 – 8 years

Land use rights with definite terms are amortized using the straight-line method over the terms indicated in the land use right certificates. Land use rights with indefinite useful life are recorded at historical cost and are not depreciated.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognized as income or expenses in the income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight-line method over estimated useful lives.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

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

Accrued expenses

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

Borrowing costs

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

Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognized 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, provision will be measured at the 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 the passage of time is recognized as an interest expense.

Provision for severance allowances

In accordance with Vietnamese labor laws, employees of the Group who have worked regularly for a full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labor regulations and the working period for which the employee has received severance allowances from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labor contracts in accordance with current regulations.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Provision for dismantling and restoration costs**

According to Circular No. 200/2014/TT-BTC issued by the Ministry of Finance, since 01 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises and lands. This provision is determined based on the estimated dismantling and restoration costs incurred at the time of returning the premises and lands in the future and recognized on a straight-line basis over the period from 01 January 2015 to the time of returning the premises and lands.

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. The Group records unearned revenue for the future obligations that the Group has to conduct.

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 with which the Socialist Republic of Vietnam has not signed any double taxation 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 profits at the current year tax rates. Current and deferred tax should be recognized as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not recognized 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 realized 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 recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Owners' equity

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

Capital surplus is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Undistributed earnings record the Group's results (profit, loss) after corporate income tax at the reporting date.

Funds

The Group's funds are as below:

Investment and development fund

Investment and development fund is appropriated from net profit of the Group and approved by shareholders at the General Meeting of Shareholders.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Bonus and welfare fund***

Bonus and welfare fund is appropriated from the net profit of the Group and approved by shareholders at the General Meeting of Shareholders.

Dividend distribution

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

Final dividends are declared and paid from undistributed earnings based on the approval of shareholders at the Annual General Meeting of Shareholders.

Appropriation of the Company's profit after tax of 2016 was approved by shareholders at the General Meeting of Shareholders as follows:

- Dividends declared in 2016: 35% of par value.
- Appropriation to the bonus and welfare fund for employees: 12% of consolidated profit after tax of parent company's shareholders.
- Remuneration for the Board of Directors, Board of Supervisory, members of Subcommittees under the Board of Directors, Board of Directors's Secretary: VND 5 billion.
- Bonus for the Board of Directors, Board of Supervisory, members of Subcommittees under the Board of Directors, Board of Directors's Secretary, Executive Board and key staffs: 5% growth in consolidated profit after tax of parent company's shareholders.
- Remaining net consolidated profit after tax was appropriated to the investment and development fund.

Revenue recognition***Sales of goods***

Revenue from the sale of goods is recognized in the income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

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

Rendering of services

Revenue from rendering of services is recognized in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognized when all four following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Interest income***

Interest income is recognized on an earned basis.

Dividend income

Income from dividend is recognized when the Group has established the receiving right from investees.

Sales deductions

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

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

Customer loyalty programs

Revenue is recognized at a total consideration received less the 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 recognized 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 realized into the income statement.

When customers meet all the required conditions and the Group is the one providing the free or discounted goods and services to customers, the unearned revenue corresponding to the fair value of free goods or services provided or discounted amount for the customers is realized into the Group'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 Group does not act as an agent of the third party, the unearned revenue is realized into the Group's income statement at the time that the third party provides the free or discounted goods and services to customers. If the Group acts as an agent of the third party, the Group recognizes 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. The amount paid to the third party is treated as the payment of the liability.

Cost of goods sold

Cost of goods sold or cost of services are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

Financial income

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences and payment discounts.

Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include salary expenses for salesman, publicity expenses, goods display and introduction expenses, advertising expenses, sales commission, maintenance charges, costs of packing and transportation.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**General and administrative expenses**

General and administrative expenses represent expenses for administrative purposes which mainly include salary expenses for administrative staffs (salaries, wages, allowances...); social insurance, medical insurance, labor union fees, unemployment insurance for administrative staffs, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, license tax, provision for bad debts, outside services and other cash expenses.

3 CASH AND CASH EQUIVALENTS

	31.12.2017	31.12.2016
	VND	VND
Cash on hand	20,721,551,877	17,132,249,688
Cash at bank	61,572,813,770	253,132,819,779
Cash equivalents (*)	461,357,192,415	332,923,891,876
	<u>543,651,558,062</u>	<u>603,188,961,343</u>

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

4 INVESTMENTS**(a) Short-term investments****Investments held-to-maturity**

	31.12.2017		31.12.2016	
	Cost	Book value	Cost	Book value
	VND	VND	VND	VND
Term deposits	<u>930,559,207,675</u>	<u>930,559,207,675</u>	<u>703,731,000,000</u>	<u>703,731,000,000</u>

(b) Long-term investments

	31.12.2017		31.12.2016	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Investments in associates (*)	3,129,548,349	-	4,335,981,051	-
Investments in other entities (**)	<u>27,908,170,200</u>	<u>(16,500,000,000)</u>	<u>27,908,170,200</u>	<u>(16,500,000,000)</u>
	<u>31,037,718,549</u>	<u>(16,500,000,000)</u>	<u>32,244,151,251</u>	<u>(16,500,000,000)</u>

(*) Percentages of ownership and voting rights of the Group in associates are presented in Note 1. Details of investments in associates are as follows:

	31.12.2017	31.12.2016
	VND	VND
Vinh Hao Algae Processing Joint Stock Company	3,129,548,349	4,335,981,051

4 INVESTMENTS (cont.)

Movements in investments in associates in the period/year were as follows:

	Fiscal year ended 31.12.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	4,335,981,051	4,523,885,342
Loss sharing	(1,206,432,702)	(187,904,291)
End of period/year	<u>3,129,548,349</u>	<u>4,335,981,051</u>

(**) Details of investments in other entities were as follows:

	31.12.2017 VND	31.12.2016 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Binh Duong Pharmaceutical & Medical Equipment JSC	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical JSC	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipment JSC	796,675,000	796,675,000
Tay Ninh Pharmaceutical JSC	221,960,000	221,960,000
Cuu Long Pharmaceutical JSC	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

The provision balance as at 31 December 2017 and 31 December 2016 represents the provision for long-term investments in ATP Packaging Joint Stock Company.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	31.12.2017 VND	31.12.2016 VND
Third parties	<u>740,025,382,036</u>	<u>622,748,103,096</u>

As at 31 December 2017 and 31 December 2016, there was no short-term trade accounts receivable accounting for 10% or more of total short-term trade accounts receivable balance.

6 OTHER SHORT-TERM RECEIVABLES

	31.12.2017 Value VND	31.12.2016 Value VND
Prepaid trade discounts	243,590,918	197,969,103
Interest income receivable	27,404,107,947	15,588,566,422
Receivables from employees	7,290,406,074	1,837,560,698
Other receivables	15,974,862,224	7,909,072,050
	<u>50,912,967,163</u>	<u>25,533,168,273</u>

7 DOUBTFUL DEBTS

	31.12.2017		
	Cost VND	Recoverable amount VND	Provision VND
The total amount of receivables and loans past due or not past due but impaired	193,956,923,313	172,244,091,374	(21,712,831,939)
	31.12.2016		
	Cost VND	Recoverable amount VND	Provision VND
The total amount of receivables and loans past due or not past due but impaired	157,309,867,394	143,817,785,293	(13,492,082,101)

As at 31 December 2017 and 31 December 2016, there was no receivable accounting for 10% or more of total past due receivable amount.

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

	Fiscal year ended 31.12.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	13,492,082,101	10,987,369,519
Increase in the period/year	8,220,749,838	2,695,803,165
Reversal in the period/year	-	(191,090,583)
End of period/year	<u>21,712,831,939</u>	<u>13,492,082,101</u>

8 INVENTORIES

	31.12.2017		31.12.2016	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	41,560,218,649	-	60,597,811,325	-
Raw materials	285,333,766,326	(1,294,938,769)	235,989,641,851	-
Work in progress	54,916,072,790	-	32,650,192,227	-
Finished goods	209,751,265,206	(1,161,217,410)	259,215,081,061	(1,348,938,937)
Merchandises	44,906,604,372	-	146,104,356,815	(347,473,828)
	<u>636,467,927,343</u>	<u>(2,456,156,179)</u>	<u>734,557,083,279</u>	<u>(1,696,412,765)</u>

8 INVENTORIES (cont.)

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

	Fiscal year ended 31.12.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	1,696,412,765	3,011,372,184
Increase	759,743,414	-
Reversal	-	(1,314,959,419)
	<hr/>	<hr/>
End of period/year	<u>2,456,156,179</u>	<u>1,696,412,765</u>

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

9 PREPAID EXPENSES**Short-term prepaid expenses**

	31.12.2017 VND	31.12.2016 VND
Operating lease	39,409,097	30,818,180
Others	9,676,404,896	4,181,750,754
	<hr/>	<hr/>
	<u>9,715,813,993</u>	<u>4,212,568,934</u>

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

Long-term prepaid expenses

	31.12.2017 VND	31.12.2016 VND
Prepaid land rental fees	10,713,316,530	11,059,114,850
Tools and supplies	12,535,021,407	6,810,300,852
Leasehold improvements	167,682,780	111,109,236
Others	7,740,404,974	4,779,478,240
	<hr/>	<hr/>
	<u>31,156,425,691</u>	<u>22,760,003,178</u>

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

	Fiscal year ended 31.12.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of period/year	22,760,003,178	28,312,322,417
Increase	18,636,482,446	10,064,079,501
Allocation in the period/year	(10,240,059,933)	(15,547,138,374)
Disposal	-	(69,260,366)
	<hr/>	<hr/>
End of period/year	<u>31,156,425,691</u>	<u>22,760,003,178</u>

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN/HN

10 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Receivables

	<u>Beginning of year</u>	<u>Payable during the period/year</u>	<u>Refund during the period/ year</u>	<u>Other increases /(decreases) in the period/year</u>	<u>Paid during the period/year</u>	<u>End of period/year</u>
VAT on domestic sales	6,812,843,726	(7,835,618,270)	-	-	1,048,850,952	26,076,408
Import VAT	9,120,020	(9,120,020)	-	-	-	-
Import/export duties	696,183,652	(12,943,469,741)	-	-	13,783,500,598	1,536,214,509
Corporate income tax	88,214,504	-	-	-	68,472,042	156,686,546
Personal income tax	703,410,883	(236,384,250)	(70,268,175)	-	5,608,366,368	6,005,124,826
Land use tax	-	-	-	-	15,682,319	15,682,319
Total	<u>8,309,772,785</u>	<u>(21,024,592,281)</u>	<u>(70,268,175)</u>	<u>-</u>	<u>20,524,872,279</u>	<u>7,739,784,608</u>

Payables

VAT on domestic sales	15,519,770,388	82,851,117,983	-	28,845,667	(86,365,046,513)	12,034,687,525
Import VAT	-	43,360,668,006	-	-	(43,357,206,466)	3,461,540
Import/export duties	-	2,926,931	-	-	(2,926,931)	-
Corporate income tax	28,602,987,542	77,547,623,218	538,338,330	(37,183)	(95,719,853,743)	10,969,058,164
Personal income tax	3,331,632,768	47,556,909,948	349,531,290	-	(50,656,187,876)	581,886,130
Land use tax	-	5,654,256,882	-	-	(5,654,256,882)	-
Other taxes	-	206,610,756	-	-	(206,610,756)	-
Total	<u>47,454,390,698</u>	<u>257,180,113,724</u>	<u>887,869,620</u>	<u>28,808,484</u>	<u>(281,962,089,167)</u>	<u>23,589,093,359</u>

11 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
As at 01 January 2017	520,491,998,475	584,082,620,408	176,281,285,316	75,957,738,078	1,356,813,642,277
Purchases in the period/year	-	6,265,059,301	-	-	6,265,059,301
Transfers from construction in progress (Note 13)	1,526,733,357	27,043,377,510	3,603,176,486	543,975,079	32,717,262,432
Disposals	(41,671,313)	(8,782,295,927)	(3,981,828,229)	(2,002,929,672)	(14,808,725,141)
Reclassification	-	(548,900,000)	-	(1,904,914,233)	(2,453,814,233)
Write-off	-	(175,883,862)	(381,912,000)	-	(557,795,862)
As at 31 December 2017	521,977,060,519	607,883,977,430	175,520,721,573	72,593,869,252	1,377,975,628,774
Accumulated depreciation					
As at 01 January 2017	126,281,350,476	234,752,559,219	98,531,254,030	55,779,770,859	515,344,934,584
Charge for the period	29,892,119,063	45,276,214,217	13,823,766,067	5,857,592,388	94,849,691,735
Disposals	(41,671,313)	(8,768,212,578)	(3,767,366,821)	(2,002,929,672)	(14,580,180,384)
Reclassification	-	(441,288,936)	-	(1,849,110,087)	(2,290,399,023)
Write-off	-	(175,883,862)	(381,912,000)	-	(557,795,862)
As at 31 December 2017	156,131,798,226	270,643,388,060	108,205,741,276	57,785,323,488	592,766,251,050
Net book value					
As at 01 January 2017	394,210,647,999	349,330,061,189	77,750,031,286	20,177,967,219	841,468,707,693
As at 31 December 2017	365,845,262,293	337,240,589,370	67,314,980,297	14,808,545,764	785,209,377,724

Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND 180,061 million (As at 31 December 2016: VND 152,963 million).

12 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Cost				
As at 01 January 2017	113,033,150,046	158,390,565,071	13,088,937,805	284,512,652,922
Purchases in the period/year	-	-	278,510,400	278,510,400
Transfers from construction in progress (Note 13)	-	666,206,720	2,264,085,000	2,930,291,720
Disposals	(17,874,590,000)	-	-	(17,874,590,000)
As at 31 December 2017	<u>95,158,560,046</u>	<u>159,056,771,791</u>	<u>15,631,533,205</u>	<u>269,846,865,042</u>
Accumulated amortization				
As at 01 January 2017	-	15,399,463,694	7,148,509,517	22,547,973,211
Charge for the period/year	-	3,321,730,798	2,187,035,132	5,508,765,930
As at 31 December 2017	-	<u>18,721,194,492</u>	<u>9,335,544,649</u>	<u>28,056,739,141</u>
Net book value				
As at 01 January 2017	113,033,150,046	142,991,101,377	5,940,428,288	261,964,679,711
As at 31 December 2017	<u>95,158,560,046</u>	<u>140,335,577,299</u>	<u>6,295,988,556</u>	<u>241,790,125,901</u>

Cost of fully amortized intangible fixed assets but still in use as at 31 December 2017 was VND 5,861 million (31 December 2016: VND 2,917 million.)

13 CONSTRUCTION IN PROGRESS

	31.12.2017 VND	31.12.2016 VND
Effervescent tablet production factory	16,658,486,842	6,267,835,000
Office and collateral project of DHG Pharmaceutical One Member Limited Company	11,596,485,312	2,141,843,739
Construction of Gia Lai office	623,948,774	623,948,774
Construction of Bac Lieu office	71,643,034	-
Construction of Thai Nguyen office	-	11,818,182
Devices for trucks	33,550,000	-
Renovation of departments	4,000,000	-
Machinery and equipment for clinic office	-	8,115,425,642
Project of printing machine	7,319,595,816	-
	<u>36,307,709,778</u>	<u>17,160,871,337</u>

Movements in construction in progress during the period/year

	Fiscal year ended 31.12.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	17,160,871,337	15,722,551,016
Purchase	56,940,741,775	118,095,065,265
Transfers to tangible fixed assets (Note 11)	(32,717,262,432)	(109,839,029,974)
Transfers to intangible fixed assets (Note 12)	(2,930,291,720)	(6,205,435,000)
Transfers to long-term prepaid expenses	(2,146,349,182)	(23,886,000)
Transfers to tools, supplies	-	(496,913,970)
Write-off	-	(91,480,000)
End of period/year	<u>36,307,709,778</u>	<u>17,160,871,337</u>

14 DEFERRED INCOME TAX ASSETS

The deferred income tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits of intra-group transactions when consolidation.

	31.12.2017 VND	31.12.2016 VND
Corporate income tax rate used for determining deferred income tax assets	20%	20%
Deductible temporary differences	178,918,481,775	175,356,452,130
Deferred income tax assets	<u>35,783,696,355</u>	<u>35,071,290,426</u>

15 SHORT-TERM TRADE ACCOUNTS PAYABLE

As at 31 December 2017 and 31 December 2016, there was no trade accounts payable that was past due.

	31.12.2017		31.12.2016	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Related parties (Note 36)	4,500,000	4,500,000	211,200,000	211,200,000
Third parties (*)	262,882,443,355	262,882,443,355	291,492,270,691	291,492,270,691
	<u>262,886,943,355</u>	<u>262,886,943,355</u>	<u>291,703,470,691</u>	<u>291,703,470,691</u>

(*) Suppliers accounting for 10% or more of total trade accounts payable balance:

	31.12.2017 VND	31.12.2016 VND
Truong Tin Pharmaceutical Co., Ltd.	35,135,876,027	56,484,958,549
Mega Lifescience Limited Company (VN)	33,450,431,047	26,633,640,634
Nomura Trading Co.,Ltd	25,762,165,250	46,661,401,500
Develing Trade BV	36,157,842,392	23,703,336,181

As at 31 December 2017 and 31 December 2016, there was no short-term trade accounts payable that was past due.

16 SHORT-TERM ACCRUED EXPENSES

	31.12.2017 VND	31.12.2016 VND
Marketing and customer care expenses	6,660,719,815	2,984,753,722
Interest expenses	452,849,861	589,134,749
Seminar expenses	-	12,058,228
Others	44,145,313,064	26,373,733,856
	<u>51,258,882,740</u>	<u>29,959,680,555</u>

17 SHORT-TERM UNEARNED REVENUE

	31.12.2017	31.12.2016
	VND	VND
Unearned revenue for customer loyalty programs (Note 2)	9,479,895,138	31,687,812,617

18 OTHER SHORT-TERM PAYABLES

	31.12.2017	31.12.2016
	VND	VND
Insurance and union fees	800,645,116	988,977,577
Dividend payables	196,119,106,500	-
Other payables	7,163,738,867	5,569,497,881
	<u>204,083,490,483</u>	<u>6,558,475,458</u>

19 SHORT-TERM BORROWINGS

	<u>31.12.2017</u>		<u>31.12.2016</u>	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Loans from banks	469,800,000,000	469,800,000,000	323,700,000,000	323,700,000,000
Loans from others	-	-	31,065,428,463	31,065,428,463
	<u>469,800,000,000</u>	<u>469,800,000,000</u>	<u>354,765,428,463</u>	<u>354,765,428,463</u>

Movements of short-term borrowings during the period/year were as follows:

	As at		Decrease	As at
	01.01.2017	Increase	VND	31.12.2017
	VND	VND	VND	VND
Loans from banks (*)	323,700,000,000	2,512,300,000,000	(2,366,200,000,000)	469,800,000,000
Loans from others (**)	31,065,428,463	3,913,007,337	(34,978,435,800)	-
	<u>354,765,428,463</u>	<u>2,516,213,007,337</u>	<u>(2,401,178,435,800)</u>	<u>469,800,000,000</u>

(*) These loans bear interest at 0.32% to 0.42% per month (in 2016: from 0.32% to 0.38% per month).

(**) These loans bear interest at 0.375% to 0.57% per month (in 2016: from 0.375% to 0.57% per month).

As at 31 December 2017 and 31 December 2016, there was no short-term borrowing that was past due.

20 BONUS AND WELFARE FUNDS

The bonus and welfare funds of the Group are established through appropriation from retained earnings upon approval of shareholders at the Annual General Meeting of Shareholders. Bonus and welfare funds of the subsidiaries are established from retained earnings upon decision from the Board of Directors of the Company. The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies and to pay bonus to the Board of Directors in accordance with the Resolution of the Annual General Meeting of Shareholders.

20 BONUS AND WELFARE FUNDS (cont.)

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

	Bonus and welfare fund for employees VND	Welfare fund in form of assets VND	Bonus fund for the Board of Directors VND	Total VND
Beginning of year	29,226,348,693	31,082,436,238	7,069,439,369	67,378,224,300
Appropriation to the funds	86,125,998,705	-	14,836,474,553	100,962,473,258
Transfers from welfare fund in form of assets	7,519,442,000	(7,519,442,000)	-	-
Depreciation of assets formed from the funds	-	(3,277,288,932)	-	(3,277,288,932)
Utilization	(88,101,443,672)	-	(14,003,168,554)	(102,104,612,226)
End of period/year	<u>34,770,345,726</u>	<u>20,285,705,306</u>	<u>7,902,745,368</u>	<u>62,958,796,400</u>

21 PROVISIONS FOR LONG-TERM LIABILITIES

	Provision for dismantling and restoration costs of the Group's leased premises or lands VND	Provision for severance allowances VND	Total VND
Beginning of year	7,593,479,308	25,785,628,500	33,379,107,808
Provision	3,970,878,728	3,102,386,051	7,073,264,779
Utilization	-	(2,065,906,168)	(2,065,906,168)
End of period/year	<u>11,564,358,036</u>	<u>26,822,108,383</u>	<u>38,386,466,419</u>

22 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No.12/2016/TTLT-BKHCHN-BTC dated 28 June 2016, 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 utilized when disbursements are paid for research and development activities.

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

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
Beginning of year	(5,446,864,017)	29,668,170,841	24,221,306,824
Appropriation in the period/year	8,705,231,445	-	8,705,231,445
Fixed assets formed from science and technology development fund	(2,243,810,364)	2,243,810,364	-
Depreciation of assets formed from science and technology development fund	-	(5,070,779,327)	(5,070,779,327)
Disposals	1,778,920,702	(1,778,920,702)	-
Utilization	(2,793,477,766)	-	(2,793,477,766)
End of period/year	<u>-</u>	<u>25,062,281,176</u>	<u>25,062,281,176</u>

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23 OWNERS' EQUITY

Movements in owners' equity

	Owners' capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 01 January 2016	871,643,300,000	-	(16,121,030,000)	1,039,479,185,578	605,911,345,691	2,500,912,801,269
Treasury shares reissued	-	6,778,948,000	16,121,030,000	-	-	22,899,978,000
Net profit for the year	-	-	-	-	685,645,233,601	685,645,233,601
Dividends	-	-	-	-	(304,296,825,000)	(304,296,825,000)
Appropriation to reserves	-	-	-	181,082,523,189	(181,082,523,189)	-
Appropriation to bonus and welfare fund	-	-	-	-	(61,607,669,990)	(61,607,669,990)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(7,930,858,929)	(7,930,858,929)
As at 31 December 2016	871,643,300,000	6,778,948,000	-	1,220,561,708,767	736,638,702,184	2,835,622,658,951
Bonus shares issued at ratio 2:1 (*)	435,817,410,000	-	-	(435,817,410,000)	-	-
Net profit for the period/year	-	-	-	-	642,404,050,772	642,404,050,772
Changes in benefits due to uncontrolled shareholders' transactions	-	-	-	-	1,671,467,195	1,671,467,195
Dividends	-	-	-	-	(305,075,155,000)	(305,075,155,000)
Advanced dividend payment of phase 1/2017 at the rate of 10%	-	-	-	-	(130,746,071,000)	(130,746,071,000)
Advanced dividend payment of phase 2/2017 at the rate of 15%	-	-	-	-	(196,119,106,500)	(196,119,106,500)
Appropriation to reserves	-	-	-	310,436,650,781	(310,436,650,781)	-
Appropriation to bonus and welfare fund	-	-	-	-	(85,678,223,316)	(85,678,223,316)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(14,660,275,620)	(14,660,275,620)
As at 31 December 2017	1,307,460,710,000	6,778,948,000	-	1,095,180,949,548	337,998,737,934	2,747,419,345,482

(*) In April 2017, the Company declared the bonus share issuance to existing shareholders at ratio 2:1 to increase the share capital from the owners' equity and the capital increase was completed in June 2017.

23 OWNERS' EQUITY (cont.)**Charter capital**

	31.12.2017		31.12.2016	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	87,164,330	871,643,300,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	87,164,330	871,643,300,000

Ordinary share has a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings of the Company. Shareholders are eligible to receive dividends declared by the Company 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 of share capital during the period/year:

	Fiscal year ended 31.12.2017		Fiscal year ended 31.12.2016	
	Number of shares	VND	Number of shares	VND
Beginning of year	87,164,330	871,643,300,000	86,941,950	855,522,270,000
Bonus shares issued in the period/year	43,581,741	435,817,410,000	-	-
Treasury shares reissued in the period/year	-	-	222,380	16,121,030,000
End of period/year	130,746,071	1,307,460,710,000	87,164,330	871,643,300,000

Dividends

According to Resolution No. 001/2017/NQ-ĐHĐCĐ dated 18 April 2017, the General Meeting of Shareholders has declared dividends of 35% in cash from profit after tax 2016, equivalents to VND 305,075,155,000 which were paid on 17 May 2017.

According to the Decision No. 052/2017/QĐ.HĐQT dated 23 August 2017 on advance payment of 10% in cash for phase 1/2017, equivalents to VND 130,746,071,000 which were paid on 04 October 2017.

According to the Decision No. 063/2017/QĐ.HĐQT dated 14 December 2017 on advance payment of 15% in cash for phase 2/2017, equivalents to VND 196,119,106,500 which are expected to pay on 25 January 2018.

24 NON-CONTROLLING INTERESTS

	Fiscal year ended 31.12.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	34,160,248,863	20,323,225,971
Minority capital	-	13,204,120,020
Net profit attributable to non-controlling interests in the period/year	121,716,106	2,996,068,421
Appropriation to bonus and welfare fund	(447,775,389)	(597,631,764)
Appropriation to bonus fund for the Board of Directors	(176,198,933)	(540,533,785)
Dividends	(735,000,000)	(1,225,000,000)
Changes in benefits due to transfer of investment	(21,111,467,195)	-
End of period/year	11,811,523,452	34,160,248,863

25 OFF-BALANCE SHEET ITEMS**Foreign currencies**

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

	31.12.2017	31.12.2016
	VND	VND
USD	651,982	651,214
EUR	5,649	46,884
Pataca Macau (MOP)	-	20
	<u> </u>	<u> </u>

26 SALES

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Sales				
Sales of finished goods	1,162,583,179,902	1,040,360,821,965	3,534,619,681,783	3,380,790,607,602
Sales of merchandises	387,965,649,492	239,638,565,916	977,679,844,675	718,698,231,331
Others	18,277,053,872	19,230,909,922	57,814,483,748	54,370,151,921
	<u>1,568,825,883,266</u>	<u>1,299,230,297,803</u>	<u>4,570,114,010,206</u>	<u>4,153,858,990,854</u>
Sales deductions				
Trade discounts	211,794,053,157	120,858,762,178	494,243,744,878	355,747,658,516
Sales returns	3,616,635,410	3,259,527,073	12,368,067,153	15,066,555,938
	<u>215,410,688,567</u>	<u>124,118,289,251</u>	<u>506,611,812,031</u>	<u>370,814,214,454</u>
Net sales	<u>1,353,415,194,699</u>	<u>1,175,112,008,552</u>	<u>4,063,502,198,175</u>	<u>3,783,044,776,400</u>
In which:				
Sales of finished goods	961,726,486,654	920,568,691,935	3,054,615,563,306	3,026,517,926,448
Sales of merchandises	373,411,654,173	235,312,406,695	951,072,151,121	702,156,698,031
Others	18,277,053,872	19,230,909,922	57,814,483,748	54,370,151,921

27 COST OF GOODS SOLD

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Cost of finished goods sold	429,882,387,564	417,099,071,013	1,365,462,441,827	1,392,600,918,874
Cost of merchandises sold	356,660,462,027	225,775,336,403	900,526,104,705	668,325,648,349
Cost of services provided	1,495,282,367	893,273,244	12,711,070,791	10,446,479,601
Provision for decline in value of inventories	778,123,601	(205,990,441)	734,404,555	(1,314,509,419)
	<u>788,816,255,559</u>	<u>643,561,690,219</u>	<u>2,279,434,021,878</u>	<u>2,070,058,537,405</u>

28 FINANCIAL INCOME

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Interest income	21,358,392,688	14,499,044,035	81,400,481,744	54,650,166,838
Dividend income	-	-	189,730,364	313,749,620
Income from liquidation of a subsidiary	-	-	3,992,308,108	-
Foreign exchange gains	708,684,080	605,818,049	3,198,737,438	2,588,416,127
Other financial income	-	5,268,666	-	265,931,599
	<u>22,067,076,768</u>	<u>15,110,130,750</u>	<u>88,781,257,654</u>	<u>57,818,264,184</u>

29 FINANCIAL EXPENSES

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Interest expenses	5,881,270,573	2,713,418,092	24,541,141,037	12,492,351,845
Foreign exchange losses	722,396,705	2,492,743,600	4,274,803,781	5,485,354,448
Payment discounts	22,048,076,597	18,947,096,275	68,749,374,613	66,663,910,134
Other financial expenses	8,654	(5,452,082)	120,929,854	113,962,446
	<u>28,651,752,529</u>	<u>24,147,805,885</u>	<u>97,686,249,285</u>	<u>84,755,578,873</u>

30 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES**Selling expenses**

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Labor costs	105,800,587,628	102,777,218,610	355,449,954,624	300,631,057,260
Advertising expenses	59,450,321,279	29,539,662,354	152,591,701,912	162,943,769,507
Other expenses	77,922,985,174	57,589,964,641	224,884,391,441	168,064,702,954
	<u>243,173,894,081</u>	<u>189,906,845,605</u>	<u>732,926,047,977</u>	<u>631,639,529,721</u>

General & administrative expenses

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Labor costs	64,025,811,940	75,894,145,263	244,848,095,072	238,566,839,903
Other expenses	21,304,145,287	16,933,660,323	73,537,428,683	58,751,663,543
	<u>85,329,957,227</u>	<u>92,827,805,586</u>	<u>318,385,523,755</u>	<u>297,318,503,446</u>

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31 OTHER INCOME AND EXPENSES

Other income

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Gains from disposals of fixed assets and other long-term assets	206,846,671	1,148,339,840	2,081,319,802	5,820,571,285
Commission income	-	109,608,364	-	110,988,811
Sundry income	962,627,266	1,962,490,634	4,675,494,336	9,189,535,904
	<u>1,169,473,937</u>	<u>3,220,438,838</u>	<u>6,756,814,138</u>	<u>15,121,096,000</u>

Other expenses

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Losses of inventories	-	-	-	8,295,694,967
Depreciation expenses	118,131,981	156,810,314	586,216,429	4,611,432,784
Sundry expenses	7,000,953,285	(169,098,086)	9,454,793,774	2,459,940,484
	<u>7,119,085,266</u>	<u>(12,287,772)</u>	<u>10,041,010,203</u>	<u>15,367,068,235</u>

32 COST OF OPERATIONS BY FACTOR

	Fiscal year ended	
	31.12.2017	31.12.2016
	VND	VND
Raw materials	1,910,496,597,338	1,671,352,166,776
Labor costs	855,075,780,980	776,272,594,987
Depreciation expenses	91,343,474,099	88,523,885,671
Outside service expenses	189,577,871,015	343,569,376,383
Other expenses	278,424,134,715	90,487,878,474
	<u>3,324,917,858,147</u>	<u>2,970,205,902,291</u>

33 CORPORATE INCOME TAX EXPENSES

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Accounting profit before tax	223,144,186,686	243,279,138,085	719,360,984,167	756,657,014,613
Tax calculated at the normal tax rate of 20%	44,628,837,337	48,655,827,617	143,872,196,833	151,331,402,923
Effect of:	-	-	-	-
Impact of negative income tax	8,128,338,052	-	23,231,360,178	-
Impact of non-deductible items	5,101,637,973	263,254,747	8,303,592,487	2,772,313,223
(Over-provision)/ under-provision in the previous years	13,263,212	213,925,269	205,959,729	262,608,996
Tax effects due to fixed tax rate in 2016	69,242,493,761	24,456,194,565	69,242,493,761	24,456,194,565
Income not subject to tax	-	460	(37,946,073)	(62,752,505)
Tax incentives	(48,747,411,049)	(48,885,158,575)	(166,112,684,838)	(107,120,114,912)
Temporary differences of provisions	(499,483,705)	(1,388,418,215)	(1,169,202,148)	(6,668,171,562)
Adjustments arising from consolidation	528,214,301	1,901,642,092	(700,552,640)	3,044,231,863
Corporate income tax expenses	<u>78,395,889,882</u>	<u>25,217,267,960</u>	<u>76,835,217,289</u>	<u>68,015,712,591</u>

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Charged/(credited) to the income statement				
Corporate income tax - current	72,607,132,839	38,934,581,529	77,547,623,218	89,002,442,744
Corporate income tax - deferred	<u>5,788,757,043</u>	<u>(13,717,313,569)</u>	<u>(712,405,929)</u>	<u>(20,986,730,153)</u>
Corporate income tax expenses	<u>78,395,889,882</u>	<u>25,217,267,960</u>	<u>76,835,217,289</u>	<u>68,015,712,591</u>

DHG PHARMACEUTICAL JOINT STOCK COMPANY**Form B 09 – DN/HN****Applicable tax rates**

According to Circular No. 78/2014/TT-BTC, the standard corporate income tax decreased to 22% since 01 January 2014 and 20% since 01 January 2016.

The Company

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

The subsidiaries

Except for DHG Packaging and Printing 1 One Member Limited Company, DHG Pharmaceutical One Member Limited Company, other subsidiaries in the Group have obligations to pay the CIT to the State at the standard rate of taxable profits.

DHG Packaging and Printing 1 One Member Limited Company ("DHG PP1")

Pursuant to the investment certificate, DHG Packaging and Printing 1 One Member Limited Company has an obligation to pay CIT at the rate of 10% of taxable profits from 2014 to 2028. Under terms of investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and a 50% CIT reduction from 2018 to 2026.

DHG Pharmaceutical One Member Limited Company ("DHG Pharma Ltd.")

Pursuant to investment certificate No.642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. has an obligation to pay the CIT at the rate of 10% of taxable profits for 15 years since its operation. The Company was entitled to the CIT exemption for 4 years and 50% CIT reduction for the following 9 years commencing from the first year of making profits. The Company has registered to apply the above tax incentive effective since the financial year 2015.

34 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares.

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Net profit attributable to shareholders (VND)	145,348,569,644	216,963,969,306	642,404,050,772	685,645,233,601
The estimated amount allocated to bonus and welfare funds (*)	(18,025,190,205)	(34,921,840,665)	(71,480,738,318)	(99,930,498,936)
	<u>127,323,379,439</u>	<u>182,042,128,641</u>	<u>570,923,312,454</u>	<u>585,714,734,665</u>
Weighted average number of ordinary shares currently in circulation (shares)	130,746,071	86,958,825	130,746,071	87,010,624
Basic earnings per share (VND)	974	2,135	4,367	6,732

34 BASIC EARNINGS PER SHARE (cont.)

	For the three-month period ended		Fiscal year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	VND	VND	VND	VND
Revised weighted average number of ordinary shares currently in circulation by taking into account the bonus shares issued in June 2017, with the assumption that they were issued at 01 January 2016 (share)	130,746,071	130,540,566	130,746,071	130,592,365
Revised basic earnings per share by taking into account the bonus shares issued in June 2017, with the assumption that they were issued at 01 January 2016 (VND)	974	1,422	4,367	4,485

(*) The estimated appropriation of bonus and welfare funds for the year 2017 is 10%, based on the Resolution of the Annual General Meeting of Shareholders No.001/2017/NQ-ĐHĐCĐ dated 18 April 2017.

(**) Basic earnings per share of the year 2016 were recalculated as per Circular 200 and Circular 202 for comparative purpose as follows:

	Fiscal year ended 31 December 2016		
	As previously reported	Adjustments	As restated under Circular 200 and Circular 202
Amount allocated to the bonus and welfare fund (VND)	(101,594,448,158)	1,663,949,222	(99,930,498,936)
Weighted average number of ordinary share currently in circulation (shares)	87,010,624		87,010,624
Basic earnings per share (VND)	6,993		6,732

The Group does not have potentially dilutive ordinary shares.

35 COMMITMENTS**a) Operating lease commitment**

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

	Land lease	
	31.12.2017	31.12.2016
	VND	VND
Within 1 year	5,422,028,378	5,481,993,358
Between 1 to 5 years	21,688,113,512	21,927,973,432
Over 5 years	115,731,722,192	122,558,946,522
	<u>142,841,864,082</u>	<u>149,968,913,312</u>

b) Capital commitment

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

	31.12.2017	31.12.2016
	VND	VND
Approved but not contracted	18,727,173,322	25,292,389,735
Approved and contracted but not implemented	10,326,337,676	31,867,348,447
	<u>29,053,510,998</u>	<u>57,159,738,182</u>

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. SCIC is controlled by the Government of SR Vietnam.

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

	Fiscal year ended	
	31.12.2017	31.12.2016
	VND	VND
Purchases of goods and services		
Associate		
Vinh Hao Algae Processing JSC	2,443,371,600	2,253,860,000
	<u>2,443,371,600</u>	<u>2,253,860,000</u>
Sales of goods and services		
Associate		
Vinh Hao Algae Processing JSC	-	149,132,240
	<u>-</u>	<u>149,132,240</u>
Dividend paid		
The State Capital Investment Corporation (SCIC)	188,754,124,500	132,127,887,500
	<u>188,754,124,500</u>	<u>132,127,887,500</u>
Remuneration of key management		
Salary and other benefits	17,749,263,439	10,691,087,971
	<u>17,749,263,439</u>	<u>10,691,087,971</u>
Period/year end balances with related parties		
	31.12.2017	31.12.2016
	VND	VND
Trade accounts payable		
Vinh Hao Algae Processing JSC – an associate	4,500,000	211,200,000

37 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**a. Non-cash transactions affecting cash flow statement**

	Fiscal year ended	
	31.12.2017	31.12.2016
	VND	VND
Appropriation to reserves	410,775,149,717	250,621,052,108
Tranferred from construction in progress to tangible fixed assets	32,717,262,432	109,839,029,974
Tranferred from construction in progress to intangible fixed assets	2,930,291,720	6,205,435,000
Tranferred from construction in progress to long-term prepaid expenses	2,146,349,182	23,886,000
Tranferred from construction in progress to tools and supplies	-	496,913,970
Tranferred from long-term prepaid expenses to intangible fixed assets	-	6,773,444,684
Interest income and dividends have not been received	27,404,107,947	15,588,566,422
Issuance of bonus shares from investment and development fund	435,817,410,000	-

b. Proceeds from borrowings

	Fiscal year ended	
	31.12.2017	31.12.2016
	VND	VND
Proceeds from borrowings under normal contracts	<u>2,516,213,007,337</u>	<u>1,561,815,329,559</u>

c. Repayments of borrowings

	Fiscal year ended	
	31.12.2017	31.12.2016
	VND	VND
Repayments of borrowings under normal contracts	<u>2,401,178,435,800</u>	<u>1,477,761,107,833</u>

38 REPRESENTATION AND RECLASSIFICATION OF FINANCIAL STATEMENTS

During the preparation of the financial statements for the fiscal year ended 31 December 2017, the Company made retroactive adjustment in the financial statements for the fiscal year ended 31 December 2016.

(a) Current corporate income tax

In 2017, based on the data of CIT finalization of Inspectors No. 2255 dated 29 December 2017, the Company adjusted the CIT in the consolidated financial statements in 2016.

38 REPRESENTATION AND RECLASSIFICATION OF FINANCIAL STATEMENTS (cont.)

Effects of figures adjustment in the balance sheet as at 31 December 2016 are as follows:

	31.12.2016
	VND
Decrease in Taxes and other receivables from the State Budget	(5,743,754,917)
Increase in Taxes and other payables to the State Budget	18,712,439,648
Decrease in undistributed earnings	<u>(24,456,194,565)</u>

Effect of figures adjustment in the income statement for the fiscal year ended 31 December 2016 is as follows:

	2016
	VND
Increase in Current corporate income tax expense	24,456,194,565
Decrease in Basic earnings per share (VND/share)	<u>(2,508)</u>

(b) **Reclassification**

Certain comparative figures have been reclassified to conform with this year's presentation.

Effect of reclassification on the balance sheet as at 31 December 2016 is as follows:

	31.12.2016
	VND
Increase in Value Added Tax to be reclaimed	789,328,791
Increase in Taxes and other receivables from the State Budget	3,853,134,149
Increase in cost of tangible fixed assets	190,909,090
Increase in construction in progress	508,663,736
Increase in Taxes and other payables to the State Budget	<u>5,342,035,766</u>

38 REPRESENTATION AND RECLASSIFICATION OF FINANCIAL STATEMENTS (cont.)

Effects of representation of some items of the financial statements are as follows:

Balance sheet

Code		As at 31 December 2016		
		As previous report VND	Adjustment VND	Figures that are restated VND
100	CURRENT ASSETS	2,747,174,092,202	(1,101,291,977)	2,746,072,800,225
150	Other current assets	15,112,535,313	(1,101,291,977)	14,011,243,336
152	Value Added Tax to be reclaimed	699,572,826	789,328,791	1,488,901,617
	Taxes and other receivables from the State			
153	Budget	10,200,393,553	(1,890,620,768)	8,309,772,785
200	LONG-TERM ASSETS	1,198,569,602,879	699,572,826	1,199,269,175,705
220	Fixed assets	1,103,242,478,314	190,909,090	1,103,433,387,404
221	Tangible fixed assets	841,277,798,603	190,909,090	841,468,707,693
222	Cost	1,356,622,733,187	190,909,090	1,356,813,642,277
240	Long-term assets in progress	16,652,207,601	508,663,736	17,160,871,337
242	Construction in progress	16,652,207,601	508,663,736	17,160,871,337
270	TOTAL ASSETS	3,945,743,695,081	(401,719,151)	3,945,341,975,930
300	LIABILITIES	1,051,504,592,702	24,054,475,414	1,075,559,068,116
310	Short-term liabilities	993,904,178,070	24,054,475,414	1,017,958,653,484
313	Taxes and other payables to the State Budget	23,399,915,284	24,054,475,414	47,454,390,698
400	OWNERS' EQUITY	2,894,239,102,379	(24,456,194,565)	2,869,782,907,814
410	Capital and reserves	2,894,239,102,379	(24,456,194,565)	2,869,782,907,814
421	Undistributed earnings	761,094,896,749	(24,456,194,565)	736,638,702,184
440	TOTAL RESOURCES	3,945,743,695,081	(401,719,151)	3,945,341,975,930

Income statement

Code		As at 31 December 2016		
		As previous report VND	Adjustment VND	Figures that are restated VND
51	Current corporate income tax expense	64,546,248,179	24,456,194,565	89,002,442,744
60	Net profit after tax	713,097,496,587	(24,456,194,565)	688,641,302,022
70	Basic earnings per share (VND/share)	6,993	(2,508)	4,485

38 REPRESENTATION AND RECLASSIFICATION OF FINANCIAL STATEMENTS (cont.)

Cash flow statement

Code		Fiscal year ended 31 December 2016		
		As previous report VND	Adjustment VND	Figures that are restated VND
09	Increase in receivables	(50,484,464,869)	1,101,291,977	(49,383,172,892)
11	Increase in payables	148,910,533,083	(401,719,151)	148,508,813,932
20	Net cash inflows from operating activities	644,491,468,250	699,572,826	645,191,041,076
21	Acquisition and construction of fixed assets and other long-term assets	(135,472,927,998)	(699,572,826)	(136,172,500,824)
30	Net cash outflows from investing activities	(276,884,879,410)	(699,572,826)	(277,584,452,236)

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18 January 2018