

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR FISCAL PERIOD ENDED 30 SEPTEMBER 2017**

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

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FOR FISCAL PERIOD ENDED 30 SEPTEMBER 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 Planning and Investment Department 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 Planning and Investment Department of Can Tho City.

<b>Board of Directors</b>	Mr. Hoang Nguyen Hoc	Chairman
	Mr. Le Dinh Buu Tri	Deputy Chairman
	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)
<b>Board of Management</b>	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
<b>Board of Supervisory</b>	Mr. Tran Quoc Hung	Head of the Board
	Ms. Nguyen Phuong Thao	Member
	Mr. Dinh Duc Minh	Member
<b>Legal representative</b>	Mr. Doan Dinh Duy Khuong	Acting General Director
<b>Headquarter</b>	288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

## DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

## CONSOLIDATED INTERIM BALANCE SHEET

Code	ASSETS	Notes	As at	As at
			30.09.2017	31.12.2016
			VND	VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,907,686,929,239</b>	<b>2,751,816,555,142</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>808,515,447,023</b>	<b>603,188,961,343</b>
111	Cash		141,064,404,055	270,265,069,467
112	Cash equivalents		667,451,042,968	332,923,891,876
<b>120</b>	<b>Short-term investments</b>		<b>674,661,500,000</b>	<b>703,731,000,000</b>
123	Investments held-to-maturity	4	674,661,500,000	703,731,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>663,799,096,986</b>	<b>692,280,925,032</b>
131	Short-term trade accounts receivable	5	552,694,540,630	622,748,103,096
132	Short-term prepayments to suppliers		49,579,095,799	23,277,764,848
135	Short-term lending		35,487,324,297	34,213,970,916
136	Other short-term receivables	6	47,007,646,341	25,533,168,273
137	Provision for doubtful debts - short-term	7	(20,969,510,081)	(13,492,082,101)
<b>140</b>	<b>Inventories</b>	<b>8</b>	<b>730,991,626,683</b>	<b>732,860,670,514</b>
141	Inventories		732,644,320,402	734,557,083,279
149	Provision for decline in value of inventories		(1,652,693,719)	(1,696,412,765)
<b>150</b>	<b>Other current assets</b>		<b>29,719,258,547</b>	<b>19,754,998,253</b>
151	Short-term prepaid expenses	9	8,752,752,321	4,212,568,934
152	Value Added Tax to be reclaimed		10,759,378,496	1,488,901,617
153	Other taxes receivable	10	10,207,127,730	14,053,527,702
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,171,111,095,079</b>	<b>1,199,269,175,705</b>
<b>210</b>	<b>Long-term receivables</b>		<b>13,281,122,518</b>	<b>5,099,472,109</b>
215	Long-term lending		13,281,122,518	5,099,472,109
<b>220</b>	<b>Fixed assets</b>		<b>1,044,413,982,085</b>	<b>1,103,433,387,404</b>
221	Tangible fixed assets	11	801,585,597,118	841,468,707,693
222	Cost		1,372,180,428,515	1,356,813,642,277
223	Accumulated depreciation		(570,594,831,397)	(515,344,934,584)
227	Intangible fixed assets	12	242,828,384,967	261,964,679,711
228	Cost		269,568,354,642	284,512,652,922
229	Accumulated amortization		(26,739,969,675)	(22,547,973,211)
<b>240</b>	<b>Long-term assets in progress</b>		<b>28,542,072,196</b>	<b>17,160,871,337</b>
242	Construction in progress	13	28,542,072,196	17,160,871,337
<b>250</b>	<b>Long-term investments</b>	<b>4</b>	<b>14,954,332,605</b>	<b>15,744,151,251</b>
252	Investments in associates		3,546,162,405	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)
<b>260</b>	<b>Other long-term assets</b>		<b>69,919,585,675</b>	<b>57,831,293,604</b>
261	Long-term prepaid expenses	9	28,347,132,277	22,760,003,178
262	Deferred income tax assets	14	41,572,453,398	35,071,290,426
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,078,798,024,318</b>	<b>3,951,085,730,847</b>

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED INTERIM BALANCE SHEET (cont.)

Code	RESOURCES	Notes	As at 30.09.2017 VND	As at 31.12.2016 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,242,332,151,123</b>	<b>1,056,846,628,468</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1,179,631,578,840</b>	<b>999,246,213,836</b>
311	Short-term trade accounts payable	15	193,554,395,927	291,703,470,691
312	Short-term advances from customers Taxes and other payables to the State		15,948,268,832	17,652,215,300
313	Budget	10	14,537,395,212	28,741,951,050
314	Payables to employees		116,835,343,665	170,798,955,402
315	Short-term accrued expenses	16	42,095,085,071	29,959,680,555
318	Short-term unearned revenue	17	39,658,085,389	31,687,812,617
319	Other short-term payables	18	135,827,173,262	6,558,475,458
320	Short-term borrowings	19	522,000,000,000	354,765,428,463
322	Bonus and welfare funds	20	99,175,831,482	67,378,224,300
<b>330</b>	<b>Long-term liabilities</b>		<b>62,700,572,283</b>	<b>57,600,414,632</b>
342	Provision for long-term payables Science and technology development	21	36,408,624,717	33,379,107,808
343	funds	22	26,291,947,566	24,221,306,824
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,836,465,873,195</b>	<b>2,894,239,102,379</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,836,465,873,195</b>	<b>2,894,239,102,379</b>
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 profit after tax	23	413,547,488,532	761,094,896,749
421a	- Undistributed profit after tax brought forward		45,660,283,924	50,993,468,583
421b	- Undistributed profit after tax for the current period		367,887,204,608	710,101,428,166
429	Non-controlling interests	24	13,497,777,115	34,160,248,863
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>4,078,798,024,318</b>	<b>3,951,085,730,847</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
16 October 2017

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 02 – DN/HN

CONSOLIDATED INTERIM INCOME STATEMENT

Code	Notes	For the 3-month period ended		For the 9-month period ended		
		30.09.2017 VND	30.09.2016 VND	30.09.2017 VND	30.09.2016 VND	
01	Sales	26	1,013,774,741,385	1,014,711,469,858	3,001,288,126,940	2,854,628,693,051
02	Less deductions	26	111,752,518,453	97,914,386,848	291,201,123,464	246,695,925,203
<b>10</b>	<b>Net sales</b>	<b>26</b>	<b>902,022,222,932</b>	<b>916,797,083,010</b>	<b>2,710,087,003,476</b>	<b>2,607,932,767,848</b>
11	Cost of goods sold	27	498,950,158,988	491,381,097,163	1,490,617,766,319	1,426,496,847,186
20	Gross profit		403,072,063,944	425,415,985,847	1,219,469,237,157	1,181,435,920,662
21	Financial income	28	26,915,630,804	15,156,585,038	66,714,180,886	42,708,133,434
22	Financial expenses	29	23,880,309,156	21,404,664,310	69,034,496,756	60,607,772,988
23	Including: Interest expenses		8,007,611,708	4,180,335,055	18,659,870,464	9,778,933,753
24	Profit/(loss) from investment in associates		-	-	(789,818,646)	(456,323,759)
25	Selling expenses	30	195,927,188,821	153,843,900,961	489,752,153,896	441,732,684,116
26	General & administrative expenses	30	67,473,382,455	73,806,171,358	233,055,566,528	204,490,697,860
<b>30</b>	<b>Net operating profit</b>		<b>142,706,814,316</b>	<b>191,517,834,256</b>	<b>493,551,382,217</b>	<b>516,856,575,373</b>
31	Other income	31	2,465,121,325	(13,237,747,866)	5,587,340,201	11,900,657,162
32	Other expenses	31	891,925,401	3,452,404,857	2,921,924,937	15,379,356,007
40	Other profit		1,573,195,924	(16,690,152,723)	2,665,415,264	(3,478,698,845)
<b>50</b>	<b>Net accounting profit before tax</b>		<b>144,280,010,240</b>	<b>174,827,681,533</b>	<b>496,216,797,481</b>	<b>513,377,876,528</b>
51	Current tax expenses	33	1,970,470,185	14,416,242,277	4,940,490,379	50,067,861,215
52	Deferred tax expenses	33	4,210,397,709	(3,005,333,619)	(6,501,162,972)	(7,269,416,584)
<b>60</b>	<b>Net profit after tax</b>		<b>138,099,142,346</b>	<b>163,416,772,875</b>	<b>497,777,470,074</b>	<b>470,579,431,897</b>

## CONSOLIDATED INTERIM INCOME STATEMENT (cont.)

Code	Notes	For the 3-month period ended		For the 9-month period ended	
		30.09.2017	30.09.2016	30.09.2017	30.09.2016
		VND	VND	VND	VND
<b>60</b>	<b>Net profit after tax</b>	<u>138,099,142,346</u>	<u>163,416,772,875</u>	<u>497,777,470,074</u>	<u>470,579,431,897</u>
	<b>Allocated for:</b>	-	-	-	-
61	PAT of the parent company	23 138,122,665,664	162,627,819,660	497,055,481,128	468,681,264,295
62	PAT of non-controlling interests	<u>(23,523,318)</u>	<u>788,953,215</u>	<u>721,988,946</u>	<u>1,898,167,602</u>
<b>70</b>	<b>Basic earnings per share (VND)</b>	<u>34 941</u>	<u>1,070</u>	<u>3,393</u>	<u>3,085</u>

\_\_\_\_\_  
Tran Ngoc Hien  
Preparer

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Ho Buu Huan  
Chief Accountant

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Le Chanh Dao  
Deputy General Director  
16 October 2017

## DHG PHARMACEUTICAL JOINT STOCK COMPANY

### NOTE

DHG Pharmaceutical Joint Stock Company explains the fluctuations in profit after tax of Q3/2017 compared to the same period of last year as follows:

Figures in: VND million

Target	Quarter III/2017	Quarter III/2016	Increase, decrease	
			Value	%
Net sales	902,022	916,797	(14,775)	-1.61%
Profit before tax	144,280	174,828	(30,548)	-17.47%
Profit after tax	138,099	163,417	(25,318)	-15.49%

Profit before tax in Q3/2017 decreased by 17.47% and profit after tax in Q3/2017 decreased by 15.49% over the same period, mainly because:

The Company had a plan of revenue and profit for each quarter from the beginning of the year, but still ensured a stable return on sales (18.3%) over the quarter.

DHG Pharmaceutical Joint Stock Company kindly explains.

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Tran Ngoc Hien  
Preparer

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Ho Buu Huan  
Chief Accountant

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Le Chanh Dao  
Deputy General Director  
16 October 2017



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

Code	Notes	For the fiscal period ended	
		30.09.2017	30.09.2016
		VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Net profit before tax</b>	<b>496,216,797,481</b>	<b>513,377,876,528</b>
	Adjustments for:		
02	Depreciation and amortization	69,312,357,199	70,564,833,477
03	Provisions	12,210,913,719	(1,467,380,935)
05	(Gain) from investing activities	(61,316,473,905)	(44,680,780,109)
06	Interest expenses	18,659,870,464	9,778,933,753
07	Other adjustments (deduction for science and technology development funds)	8,705,231,445	-
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>543,788,696,403</b>	<b>547,573,482,714</b>
09	Decrease in receivables	57,264,468,644	45,621,485,415
10	Decrease/(Increase) in inventories	2,313,563,542	(49,005,206,360)
11	(Decrease)/Increase in payables	(140,101,472,061)	53,313,306,745
12	(Increase)/Decrease in prepaid expenses	(10,134,766,239)	718,333,448
14	Interest paid	(18,873,128,498)	(10,042,697,705)
15	Corporate income tax paid	(15,766,332,875)	(44,053,107,753)
17	Other payments on operating activities	(87,155,762,426)	(44,491,387,343)
<b>20</b>	<b>Net cash inflows from operating activities</b>	<b>331,335,266,490</b>	<b>499,634,209,161</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Acquisition and construction of fixed assets and other long-term assets	(46,486,369,785)	(72,360,030,438)
22	Proceeds from sales, disposal of fixed assets and other long-term assets	19,974,636,377	7,789,966,384
23	Payments for investments in other entities	(1,101,001,084,580)	(1,130,246,744,559)
24	Collection of loans granted to other entities	1,086,712,704,558	872,977,660,680
27	Interest, dividends and profit received	53,366,916,083	31,813,841,910
<b>30</b>	<b>Net cash inflows/(outflows) from investing activities</b>	<b>12,566,802,653</b>	<b>(290,025,306,023)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issuance of shares and receipt of contributed capital	-	22,899,978,000
33	Proceeds from borrowings	1,891,013,007,337	976,774,858,019
34	Repayments of borrowings	(1,723,778,435,800)	(986,926,204,715)
36	Dividends and profit paid	(305,810,155,000)	(305,521,825,000)
<b>40</b>	<b>Net cash outflows from financing activities</b>	<b>(138,575,583,463)</b>	<b>(292,773,193,696)</b>
<b>50</b>	<b>Net cash flow during the period/year</b>	<b>205,326,485,680</b>	<b>(83,164,290,558)</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>603,188,961,343</b>	<b>420,712,811,918</b>
	The effects of changes in foreign exchange rates		-
<b>70</b>	<b>Cash and cash equivalents at the end of the period/year</b>	<b>808,515,447,023</b>	<b>337,548,521,360</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
16 October 2017

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 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 Planning and Investment Department 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 the share capital to VND 1,307,460,710,000 by issuing bonus shares to existing shareholders at ratio 2:1. The Company was granted the 23<sup>rd</sup> amended Business registration certificate dated 28 July 2017 for the increase in share capital.

The largest shareholder of the Company is the State Capital Investment Corporation ("SCIC"), owns 43.31% of the share capital of the Company. SCIC is managed by the Government of the Socialist Republic of Vietnam.

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 30 September 2017, the Group had 3,121 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 domestic traveling services.

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

**Corporate structure**

As at 30 September 2017, the Company's subsidiaries and associates were as follows:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.09.2017	31.12.2016
<b>Subsidiaries:</b>				
DT Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 5104000057 issued by the Planning and Investment Department of Dong Thap province on 28 August 2008	100%	100%
HT Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 5604000048 issued by the Planning and Investment Department of Kien Giang province on 16 May 2008	100%	100%
CM Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No.6104000035 issued by the Planning and Investment Department of Ca Mau province on 08 April 2008	100%	100%
A&G Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No.1601171629 issued by the Planning and Investment Department of An Giang province on 17 June 2009	-	100%

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**Form B 09 – DN/HN**

**2 GENERAL INFORMATION OF THE COMPANY (cont.)**

Name of subsidiaries (cont.)	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.09.2017	31.12.2016
ST Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No.5904000064 issued by the Planning and Investment Department 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 Planning and Investment Department of Tien Giang province on 25 February 2009	100%	100%
Bali Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No.1900455594 issued by the Planning and Investment Department of Bac Lieu Province on 29 March 2011	100%	100%
B&T Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No.1300917335 issued by the Planning and Investment Department 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 Planning and Investment Department 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 Planning and Investment Department 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 Planning and Investment Department 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 Planning and Investment Department of Hau Giang province on 20 July 2007	97.1%	51%
DHG Travel One Member Limited Company	Domestic Travel Services	No.5704000134 issued by the Planning and Investment Department of Can Tho City on 26 December 2007	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacture and trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No.6300124430 issued by the Planning and Investment Department of Hau Giang province on 16 August 2010	100%	100%
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 Planning and Investment Department of Hau Giang province on 28 September 2012	100%	100%

**1 GENERAL INFORMATION OF THE COMPANY (cont.)**

Name of subsidiaries (cont.)	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.09.2017	31.12.2016
Fuji Medic Limited Liability Company	Operation of polyclinics, specialized and dental clinics	No.1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	51%
<b>Associate:</b> Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade Spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 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.

At the approval date of these consolidated financial statements, dissolution procedures for remaining subsidiaries are still in process.

(\*\*) 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%

**2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation of consolidated interim financial statements**

The consolidated interim 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 interim 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/TT-BTC - Guiding on the preparation and presentation of consolidated financial statements.

**2 SUMMARIES OF 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.

***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.

**2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Accounting currency**

The consolidated interim 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 expense 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 expense 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.

***Investments in associates***

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

**2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)*****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	2 - 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 expense 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.

**Leased assets**

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

**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.

**3 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Payables**

Classifications of payables are based on their nature as follows:

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

Payables are classified into long-term and short-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 business expenses 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 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Provision for dismantling and restoration costs**

According to Circular 200/2014/TT-BTC issued by the Ministry of Finance, since 01 January 2015, the Group is required to provide for dismantling and restoration costs of the Group'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 a 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 SUMMARIES OF 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 net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's General Meeting of Shareholders.

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

Appropriation of the Company's net profit after tax of 2016 was approved by shareholders at the Company's 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 Secretary: VND 5 billion.
- Bonus for Board of Directors, Board of Supervisory, members of subcommittees under the Board of Directors, Board of Directors 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 sales 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 (4) 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 SUMMARIES OF 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 a 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, merchandise, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

**Financial expenses**

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.

**4 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****General and administrative expenses**

General and administrative expenses represent expenses for administrative purposes which mainly include salary expenses for administrative staff (salaries, wages, allowances...); social insurance, medical insurance, labor union fees, unemployment insurance for administrative staff, 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**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	15,516,243,424	17,132,249,688
Cash at bank	125,048,981,754	253,132,819,779
Cash in transit	499,178,877	-
Cash equivalents (*)	667,451,042,968	332,923,891,876
	<u>808,515,447,023</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**

	<b>30.9.2017</b>		<b>31.12.2016</b>	
	<b>Historical cost</b>	<b>Book value</b>	<b>Historical cost</b>	<b>Book value</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Term deposits	674,661,500,000	674,661,500,000	703,731,000,000	703,731,000,000

**(b) Long-term investments**

	<b>30.9.2017</b>		<b>31.12.2016</b>	
	<b>Historical cost</b>	<b>Provision</b>	<b>Historical cost</b>	<b>Provision</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Investments in associates (*)	3,546,162,405	-	4,335,981,051	-
Investments in other entities (**)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>31,454,332,605</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:

**4 INVESTMENTS (cont.)**

	<b>30.09.2017</b> <b>VND</b>	<b>31.12.2016</b> <b>VND</b>
Vinh Hao Algae Processing Joint Stock Company	3,546,162,405	4,335,981,051

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

	<b>Fiscal period</b> <b>ended</b> <b>30.09.2017</b> <b>VND</b>	<b>Fiscal year</b> <b>ended</b> <b>31.12.2016</b> <b>VND</b>
Beginning of period/year	4,335,981,051	4,523,885,342
Loss sharing	(789,818,646)	(187,904,291)
End of period/year	<u>3,546,162,405</u>	<u>4,335,981,051</u>

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

	<b>30.09.2017</b> <b>VND</b>	<b>31.12.2016</b> <b>VND</b>
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 at 30 September 2017 and 31 December 2016 represents the provision for long-term investments in ATP Packaging Joint Stock Company.

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>30.09.2017</b> <b>VND</b>	<b>31.12.2016</b> <b>VND</b>
Third parties	<u>552,694,540,630</u>	<u>622,748,103,096</u>

As at 30 September 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**

	<b>30.09.2017</b> <b>Value</b> <b>VND</b>	<b>31.12.2016</b> <b>Value</b> <b>VND</b>
Prepaid trade discounts	244,859,409	197,969,103
Interest income receivable	22,453,469,759	15,588,566,422
Receivables from employees	11,053,083,478	1,837,560,698
Other receivables	13,256,233,695	7,909,072,050
	<u>47,007,646,341</u>	<u>25,533,168,273</u>

**7 DOUBTFUL DEBTS**

	<b>30.09.2017</b>		
	<b>Historical cost</b>	<b>Recoverable amount</b>	<b>Provision</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
The total amount of receivables and loans past due or not past due but impaired	205,956,505,421	184,986,995,340	(20,969,510,081)
	<b>31.12.2016</b>		
	<b>Historical cost</b>	<b>Recoverable amount</b>	<b>Recoverable amount</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
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 30 September 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:

	<b>Fiscal period ended 30.09.2017 VND</b>	<b>Fiscal year ended 31.12.2016 VND</b>
Beginning of year	13,492,082,101	10,987,369,519
Increase in the period/year	7,477,427,980	2,695,803,165
Reversal in the period/year	-	(191,090,583)
End of period/year	<u>20,969,510,081</u>	<u>13,492,082,101</u>

**8 INVENTORIES**

	<b>30.09.2017</b>		<b>31.12.2016</b>	
	<b>Historical cost VND</b>	<b>Provision VND</b>	<b>Historical cost VND</b>	<b>Provision VND</b>
Goods in transit	55,337,080,569	-	60,597,811,325	-
Raw materials	311,194,759,488	-	235,989,641,851	-
Work in progress	43,304,551,705	-	32,650,192,227	-
Finished goods	258,321,184,361	(1,652,693,719)	259,215,081,061	(1,348,938,937)
Merchandise	64,486,744,279	-	146,104,356,815	(347,473,828)
	<u>732,644,320,402</u>	<u>(1,652,693,719)</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:

	<b>Fiscal period ended</b> <b>30.09.2017</b> <b>VND</b>	<b>Fiscal year ended</b> <b>31.12.2016</b> <b>VND</b>
Beginning of year	1,696,412,765	3,011,372,184
Increase	-	-
Reversal	(43,719,046)	(1,314,959,419)
End of period/year	<u>1,652,693,719</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**

	<b>30.09.2017</b> <b>VND</b>	<b>31.12.2016</b> <b>VND</b>
Operating lease	1,572,625,201	30,818,180
Others	7,180,127,120	4,181,750,754
	<u>8,752,752,321</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**

	<b>30.09.2017</b> <b>VND</b>	<b>31.12.2016</b> <b>VND</b>
Prepaid land rental fees	10,799,678,439	11,059,114,850
Tools and supplies	10,445,193,927	6,810,300,852
Leasehold improvements	190,279,602	111,109,236
Others	6,911,980,309	4,779,478,240
	<u>28,347,132,277</u>	<u>22,760,003,178</u>

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

	<b>Fiscal period ended</b> <b>30.09.2017</b> <b>VND</b>	<b>Fiscal year ended</b> <b>31.12.2016</b> <b>VND</b>
Beginning of period/year	22,760,003,178	28,312,322,417
Increase	12,743,877,064	10,064,079,501
Allocation in the period/year	(7,156,747,965)	(15,547,138,374)
Disposal	-	(69,260,366)
End of period/year	<u>28,347,132,277</u>	<u>22,760,003,178</u>

**10 TAX AND OTHER RECEIVABLES/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	(7,812,843,726)	-	-	1,241,441,830	241,441,830
Import VAT	9,120,020	(31,617,905,155)	-	-	31,762,087,734	153,302,599
Import/export duties	696,183,652	(9,984,775,957)	-	-	10,916,060,913	1,627,468,608
Corporate income tax	5,831,969,421	(3,128,488,698)	-	-	5,084,675,512	7,788,156,235
Personal income tax	703,410,883	(236,384,250)	(70,268,175)	-	-	396,758,458
<b>Total</b>	<u>14,053,527,702</u>	<u>(52,780,397,786)</u>	<u>(70,268,175)</u>	<u>-</u>	<u>49,004,265,989</u>	<u>10,207,127,730</u>

**Payables**

VAT on domestic sales	15,519,770,388	58,831,647,108	-	28,845,667	(67,931,062,939)	6,449,200,224
Import VAT	-	3,219,624	-	-	(3,219,624)	-
Import/export duties	-	2,926,931	-	-	(2,926,931)	-
Corporate income tax	9,890,547,894	1,812,001,681	538,338,330	(37,183)	(10,681,657,363)	1,559,193,359
Personal income tax	3,331,632,768	41,213,642,822	229,886,010	-	(40,887,023,481)	3,888,138,119
Land tax, land use tax	-	5,590,870,781	-	-	(2,950,007,271)	2,640,863,510
Other taxes	-	158,894,560	-	-	(158,894,560)	-
<b>Total</b>	<u>28,741,951,050</u>	<u>107,613,203,507</u>	<u>768,224,340</u>	<u>(28,808,484)</u>	<u>(122,614,792,169)</u>	<u>14,537,395,212</u>



## 11 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
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
Purchase in the period/year	-	5,421,198,948	-	-	5,421,198,948
Transfers from construction in progress (Note 13)	765,940,288	23,843,676,603	1,495,309,923	411,365,989	26,516,292,803
Disposals	(41,671,313)	(8,748,903,427)	(2,812,971,006)	(1,955,549,672)	(13,559,095,418)
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 30 September 2017	521,216,267,450	603,873,808,670	174,581,712,233	72,508,640,162	1,372,180,428,515
<b>Accumulated depreciation</b>					
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
Depreciation in the period/year	22,458,832,079	33,847,665,344	10,518,457,195	4,606,659,252	71,431,613,870
Disposals	(41,671,313)	(8,734,820,078)	(2,601,481,109)	(1,955,549,672)	(13,333,522,172)
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 30 September 2017	148,698,511,242	259,248,231,687	106,066,318,116	56,581,770,352	570,594,831,397
<b>Net book value</b>					
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 30 September 2017	372,517,756,208	344,625,576,983	68,515,394,117	15,926,869,810	801,585,597,118

Cost of fully depreciated tangible fixed assets but still in use as at 30 September 2017 was VND 166,973 million (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
<b>Historical cost</b>				
As at 01 January 2017	113,033,150,046	158,390,565,071	13,088,937,805	284,512,652,922
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 30 September 2017	<u>95,158,560,046</u>	<u>159,056,771,791</u>	<u>15,353,022,805</u>	<u>269,568,354,642</u>
<b>Accumulated amortization</b>				
As at 01 January 2017	-	15,399,463,694	7,148,509,517	22,547,973,211
Depreciation in the period/year	-	2,488,968,241	1,703,028,223	4,191,996,464
As at 30 September 2017	-	<u>17,888,431,935</u>	<u>8,851,537,740</u>	<u>26,739,969,675</u>
<b>Net book value</b>				
As at 01 January 2017	113,033,150,046	142,991,101,377	5,940,428,288	261,964,679,711
As at 30 September 2017	<u>95,158,560,046</u>	<u>141,168,339,856</u>	<u>6,501,485,065</u>	<u>242,828,384,967</u>

Cost of fully amortized intangible fixed assets but still in use as at 30 September 2017 was VND 5,861 million (31 December 2016: VND 2,917 million.)

## 13 CONSTRUCTION IN PROGRESS

	30.09.2017 VND	31.12.2016 VND
Effervescent tablet production factory	15,731,623,864	6,267,835,000
Office and collateral project of DHG Pharmaceutical One Member Limited Company	12,111,247,433	2,141,843,739
Construction of Gia Lai office	623,948,774	623,948,774
Construction of Bac Lieu office	23,252,125	-
Construction of Thai Nguyen office	-	11,818,182
Repairing and maintenance of GMP WHO re-evaluation	48,000,000	-
Renovation of departments	4,000,000	-
Machinery and equipment for clinic office	-	8,115,425,642
	<u>28,542,072,196</u>	<u>17,160,871,337</u>

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

	Fiscal period ended 30.09.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	17,160,871,337	15,722,551,016
Purchase	41,065,170,837	118,095,065,265
Transfers to tangible fixed assets (Note 11)	(26,516,292,803)	(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	-	(23,886,000)
Transfers to tools, supplies	(237,385,455)	(496,913,970)
Write-off	-	(91,480,000)
End of period/year	<u>28,542,072,196</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 gains arising from companies within the Group when consolidated statements.

	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Corporate income tax rate used for determining deferred income tax assets	20%	20%
Deductible temporary differences	207,862,266,990	175,356,452,130
Deferred income tax assets	<u>41,572,453,398</u>	<u>35,071,290,426</u>

**15 SHORT-TERM TRADE ACCOUNTS PAYABLE**

As at 30 September 2017 and 31 December 2016, there was no trade accounts payable that was past due.

	<b>30.9.2017</b>		<b>31.12.2016</b>	
	<b>Value VND</b>	<b>Able-to-pay amount VND</b>	<b>Value VND</b>	<b>Able-to-pay amount VND</b>
Related parties (Note 36)	-	-	211,200,000	211,200,000
Third parties (*)	193,554,395,927	193,554,395,927	291,492,270,691	291,492,270,691
	<u>193,554,395,927</u>	<u>193,554,395,927</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 are as follows:

	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Truong Tin Pharmaceutical Co., Ltd.	19,714,040,087	56,484,958,549
Mega Lifescience Limited Company (VN)	28,416,340,699	26,633,640,634
Nomura Trading Co., Ltd.	23,622,035,000	46,661,401,500
Sang Trading and Pharmaceutical Limited Company	20,596,630,425	22,629,327,315
Develing Trade BV	30,936,803,119	23,703,336,181

As at 30 September 2017 and 31 December 2016, there was no short-term trade accounts payable that was past due.

**16 SHORT-TERM ACCRUED EXPENSES**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Marketing and customer care expenses	18,632,116,560	2,984,753,722
Interest expenses	375,876,715	589,134,749
Seminar expenses	27,943,404	12,058,228
Others	23,059,148,392	26,373,733,856
	<u>42,095,085,071</u>	<u>29,959,680,555</u>

**17 SHORT-TERM UNEARNED REVENUE**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Unearned revenue for customer loyalty programs (Note 2)	39,658,085,389	31,687,812,617

**18 OTHER SHORT-TERM PAYABLES**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Insurance and union fees	968,842,167	988,977,577
Dividend payables	130,746,071,000	-
Other payables	4,112,260,095	5,569,497,881
	<u>135,827,173,262</u>	<u>6,558,475,458</u>

**19 SHORT-TERM BORROWINGS**

	<b>30.09.2017</b>		<b>31.12.2016</b>	
	<b>Value</b>	<b>Able-to-pay amount</b>	<b>Value</b>	<b>Able-to-pay amount</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Loans from banks	522,000,000,000	522,000,000,000	323,700,000,000	323,700,000,000
Loans from others	-	-	31,065,428,463	31,065,428,463
	<u>522,000,000,000</u>	<u>522,000,000,000</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:

	<b>As at</b>		<b>Decrease</b>	<b>As at</b>
	<b>01.01.2017</b>	<b>Increase</b>	<b>VND</b>	<b>30.09.2017</b>
	<b>VND</b>	<b>VND</b>		<b>VND</b>
Loans from banks (*)	323,700,000,000	1,887,100,000,000	(1,688,800,000,000)	522,000,000,000
Loans from others (**)	31,065,428,463	3,913,007,336	(34,978,435,799)	-
	<u>354,765,428,463</u>	<u>1,891,013,007,336</u>	<u>(1,723,778,435,799)</u>	<u>522,000,000,000</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 30 September 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 Company are established through appropriation from retained earnings upon approval of shareholders at the Annual General Meetings ("AGM"). Bonus and welfare funds of the subsidiaries are established from retained earnings upon a decision from the Board of Directors of the Company. The funds are used to pay a bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies and to pay a bonus to the Board of Directors in accordance with the AGM's Resolution.

**20 BONUS AND WELFARE FUNDS (cont.)**

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

	<b>Bonus and welfare fund VND</b>	<b>Welfare fund in form of assets VND</b>	<b>Bonus fund for the Board of Directors VND</b>	<b>Total VND</b>
Beginning of year	29,226,348,693	31,082,436,238	7,069,439,369	67,378,224,300
Appropriation in the period/year	86,125,998,705	-	14,428,474,553	100,554,473,258
Transfers from welfare fund in form of assets	7,519,442,000	(7,519,442,000)	-	-
Depreciation of assets formed from the funds	-	(2,470,140,198)	-	(2,470,140,198)
Utilization	(55,925,940,042)	-	(10,360,785,836)	(66,286,725,878)
End of period/year	66,945,849,356	21,092,854,040	11,137,128,086	99,175,831,482

**21 PROVISIONS FOR LONG-TERM PAYABLES**

	<b>Provision for dismantling and restoration costs of the Group's leased premises or lands VND</b>	<b>Provision for severance allowances VND</b>	<b>Total VND</b>
Beginning of year	7,593,479,308	25,785,628,500	33,379,107,808
Appropriation in the period/year	1,554,517,683	3,222,687,102	4,777,204,785
Utilization	-	(1,747,687,876)	(1,747,687,876)
End of period/year	9,147,996,991	27,260,627,726	36,408,624,717

**22 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS**

In accordance with Circular No.12/2016/TTLT-BKHCN-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:

	<b>Science and technology development fund VND</b>	<b>Science and technology development fund in form of assets VND</b>	<b>Total VND</b>
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
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	-	(3,841,112,937)	(3,841,112,937)
Utilization	(2,793,477,766)	-	(2,793,477,766)
End of period/year	(1,778,920,702)	28,070,868,268	26,291,947,566

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN/HN

23 OWNERS' EQUITY

Movements in owner's equity

	Owners' capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Undistributed profit after tax 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	-	-	-	-	710,101,428,166	710,101,428,166
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)
<b>As at 31 December 2016</b>	<b>871,643,300,000</b>	<b>6,778,948,000</b>	<b>-</b>	<b>1,220,561,708,767</b>	<b>761,094,896,749</b>	<b>2,860,078,853,516</b>
Bonus shares issued at ratio 2:1 (*)	435,817,410,000	-	-	(435,817,410,000)	-	-
Net profit for the period/year	-	-	-	-	497,055,481,128	497,055,481,128
Changes in benefits due to uncontrolled shareholders' transactions	-	-	-	-	1,585,486,372	1,585,486,372
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)
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	-	-	-	-	(14,252,275,620)	(14,252,275,620)
<b>As at 30 September 2017</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>-</b>	<b>1,095,180,949,548</b>	<b>413,547,488,532</b>	<b>2,822,968,096,080</b>

(\*) 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 share capital increase was completed in June 2017.

## 23 OWNERS' EQUITY (cont.)

## Charter capital

	30.09.2017		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
Treasury shares	-	-	-	-
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 VND10,000. 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 were as follows:

	Fiscal period ended 30.09.2017		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 during the period/ year	43,581,741	435,817,410,000	-	-
Treasury shares reissued during 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 an advance payment of 10% in cash for phase 1/2017, equivalents to VND 130,746,071,000 which were paid on 04 October 2017.

## 24 NON-CONTROLLING INTERESTS

	Fiscal period ended 30.09.2017 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	721,988,946	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	(20,025,486,372)	-
End of period/year	13,497,777,115	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:

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
USD	459,429	651,214
EUR	7,380	46,884
MOP	-	20
	<u>                    </u>	<u>                    </u>

**26 SALES**

	<b>For the three-month period ended</b>		<b>For the nine-month period ended</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Sales</b>				
Sales of finished goods	802,966,050,354	817,847,541,392	2,372,036,501,881	2,340,429,785,637
Sales of merchandise	198,355,868,285	170,394,396,397	589,714,195,183	479,059,665,415
Others	12,452,822,746	26,469,532,069	39,537,429,876	35,139,241,999
	<u>1,013,774,741,385</u>	<u>1,014,711,469,858</u>	<u>3,001,288,126,940</u>	<u>2,854,628,693,051</u>
<b>Sales deductions</b>				
Trade discounts	107,962,156,877	94,963,940,413	282,449,691,721	234,888,896,338
Sales returns	3,790,361,576	2,950,446,435	8,751,431,743	11,807,028,865
	<u>111,752,518,453</u>	<u>97,914,386,848</u>	<u>291,201,123,464</u>	<u>246,695,925,203</u>
<b>Net sales</b>	<u>902,022,222,932</u>	<u>916,797,083,010</u>	<u>2,710,087,003,476</u>	<u>2,607,932,767,848</u>
<b>In which:</b>				
Sales of finished goods	693,957,804,829	723,962,561,820	2,092,889,076,652	2,105,949,234,513
Sales of merchandise	195,611,595,357	166,364,989,121	577,660,496,948	466,844,291,336
Others	12,452,822,746	26,469,532,069	39,537,429,876	35,139,241,999

**27 COST OF GOODS SOLD**

	<b>For the three-month period ended</b>		<b>For the nine-month period ended</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Cost of finished goods sold	316,906,947,322	332,103,728,680	935,580,054,263	975,501,847,861
Cost of merchandise sold	178,652,407,088	156,333,516,936	543,865,642,678	442,550,311,946
Cost of services provided	3,390,804,578	2,854,028,237	11,215,788,424	9,553,206,357
Provision for decline in value of inventories	-	89,823,310	(43,719,046)	(1,108,518,978)
	<u>498,950,158,988</u>	<u>491,381,097,163</u>	<u>1,490,617,766,319</u>	<u>1,426,496,847,186</u>



**28 FINANCIAL INCOME**

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Interest income	22,391,341,229	14,653,885,703	60,042,089,056	40,151,122,803
Dividend income	136,465,200	158,161,200	189,730,364	313,749,620
Income from liquidation of a subsidiary	3,992,308,108	-	3,992,308,108	-
Foreign exchange gains	395,516,267	335,907,518	2,490,053,358	1,982,598,078
Other financial income	-	8,630,617	-	260,662,933
	<u>26,915,630,804</u>	<u>15,156,585,038</u>	<u>66,714,180,886</u>	<u>42,708,133,434</u>

**29 FINANCIAL EXPENSES**

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Interest expenses	8,007,611,708	4,180,335,055	18,659,870,464	9,778,933,753
Foreign exchange losses	1,067,677,282	776,993,047	3,552,407,076	2,992,610,848
Payment discounts	15,359,928,469	16,387,185,348	46,701,298,016	47,716,813,859
Other financial expenses	(554,908,303)	60,150,860	120,921,200	119,414,528
	<u>23,880,309,156</u>	<u>21,404,664,310</u>	<u>69,034,496,756</u>	<u>60,607,772,988</u>

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

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Staff costs	96,674,553,201	85,086,363,846	249,649,366,996	197,853,838,650
Material expenses	3,860,235,922	962,601,985	9,570,368,375	2,597,071,095
Tools and supplies expenses	1,748,312,197	1,958,555,818	4,958,490,319	5,377,864,943
Depreciation expenses	4,930,003,582	4,209,339,338	14,816,452,006	12,206,647,383
Advertising expenses	41,575,490,984	26,707,331,563	93,141,380,633	133,404,107,153
Seminar and customer care expenses	2,681,978,894	9,110,818,979	11,316,010,494	14,934,164,133
Transportation for goods sold	8,223,182,368	6,328,575,492	23,392,458,618	18,367,081,399
Other expenses	36,233,431,673	19,480,313,940	82,907,626,455	56,991,909,360
	<u>195,927,188,821</u>	<u>153,843,900,961</u>	<u>489,752,153,896</u>	<u>441,732,684,116</u>

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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30 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES (cont.)

General & administrative expenses

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Staff costs	52,359,142,584	60,357,062,164	180,822,283,132	162,672,694,640
Material expenses	689,348,287	85,993,159	2,064,742,331	350,371,598
Tools and supplies expenses	366,470,972	996,916,135	1,409,520,369	2,664,342,894
Depreciation expenses	2,295,799,712	2,197,995,120	7,119,236,590	7,596,337,388
Taxes, fees and duties	138,834,473	228,724,471	485,069,603	690,996,754
Provisions for doubtful debts	1,880,313,403	(119,824,693)	7,477,427,980	1,148,853,045
Provision for dismantling and restoration costs	518,172,561	428,731,117	1,554,517,683	1,193,004,524
Outside service expenses	3,780,274,399	4,758,670,842	10,909,670,499	12,958,950,744
Appropriation to science and technology development funds	1,705,231,445	-	8,705,231,445	-
Other expenses	3,739,794,619	4,871,903,043	12,507,866,896	15,215,146,273
	67,473,382,455	73,806,171,358	233,055,566,528	204,490,697,860

31 OTHER INCOME AND EXPENSES

Other income

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Gains from disposals of fixed assets and other long-term assets	1,147,228,182	31,225,183	1,874,473,131	4,672,231,445
Commission income	-	(14,982,872,482)	-	1,380,447
Sundry income	1,317,893,143	1,713,899,433	3,712,867,070	7,227,045,270
	2,465,121,325	(13,237,747,866)	5,587,340,201	11,900,657,162

Other expenses

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Losses of inventories	-	-	-	8,295,694,967
Depreciation expenses	114,461,037	1,702,029,792	468,084,448	4,454,622,470
Sundry expenses	777,464,364	1,750,375,065	2,453,840,489	2,629,038,570
	891,925,401	3,452,404,857	2,921,924,937	15,379,356,007

## 32 COST OF OPERATIONS BY FACTOR

	For the fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
Raw materials	1,216,154,279,877	1,196,906,625,591
Labor costs	618,723,747,029	516,892,926,796
Depreciation expenses	68,860,169,510	63,838,126,309
Outside service expenses	135,068,231,990	221,918,046,345
Other expenses	169,086,601,245	60,871,904,436
	<u>2,207,893,029,651</u>	<u>2,060,427,629,477</u>

## 33 CORPORATE INCOME TAX EXPENSES

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Net accounting profit before tax	144,280,010,240	174,827,681,533	496,216,797,481	513,377,876,528
Tax calculated at the normal tax rate of 20%	28,856,002,048	34,965,536,307	99,243,359,496	102,675,575,306
The effect of:				
Impact of negative income tax	9,057,652,236	-	15,103,022,126	-
Expenses not deductible for tax purposes	718,122,290	407,479,325	3,201,954,514	2,509,058,476
(Over-provision)/ under-provision in the previous years	719,101,029	45,448,502	192,696,517	48,683,727
Income not subject to tax	(27,293,040)	(31,632,254)	(37,946,073)	(62,752,965)
Tax incentives	(32,831,676,298)	(18,979,455,456)	(117,365,273,789)	(58,234,956,337)
Temporary differences of provisions	(11,526,171)	(5,279,753,347)	(669,718,443)	(5,279,753,347)
Adjustments arising from consolidation	(299,514,200)	283,285,581	(1,228,766,941)	1,142,589,771
Corporate income tax charge	<u>6,180,867,894</u>	<u>11,410,908,658</u>	<u>(1,560,672,593)</u>	<u>42,798,444,631</u>

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
<b>Charge/(credit) to the income statement</b>				
Corporate income tax - current	1,970,470,185	14,416,242,277	4,940,490,379	50,067,861,215
Corporate income tax - deferred	4,210,397,709	(3,005,333,619)	(6,501,162,972)	(7,269,416,584)
Corporate income tax expenses	<u>6,180,867,894</u>	<u>11,410,908,658</u>	<u>(1,560,672,593)</u>	<u>42,798,444,631</u>

**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 an obligation 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 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 with the tax department of Hau Giang province to apply the above tax incentive effective since the financial year 2015.

All above tax incentives are not applicable to other income, which are entitled to the normal rate.

**34 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		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Net profit attributable to shareholders (VND)	138,122,665,664	162,627,819,660	497,055,481,128	468,681,264,295
The estimated amount allocated to bonus and welfare funds (*)	(15,062,266,567)	(22,886,137,832)	(53,455,548,113)	(65,956,144,750)
	<u>123,060,399,097</u>	<u>139,741,681,828</u>	<u>443,599,933,015</u>	<u>402,725,119,545</u>
Weighted average number of ordinary shares in issue (shares)	130,746,071	86,958,825	130,746,071	86,958,825
Basic earnings per share (VND)	941	1,607	3,393	4,631

## 34 EARNINGS PER SHARE (cont.)

	For the three-month period ended		For the nine-month period ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	VND	VND	VND	VND
Revised weighted average number of ordinary shares in issuance 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	130,540,566
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)	941	1,070	3,393	3,085

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

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

	For the nine-month period ended 30 September 2016		
	As previously reported	Adjustments	As restated under Circular 200 and Circular 202
Amount allocated to the bonus and welfare fund (VND)	(46,868,126,430)	(19,088,018,319)	(65,956,144,749)
Weighted average number of ordinary share in issue (share)	86,958,825		86,958,825
Basic earnings per share (VND)	4,851		4,631

The Group does not have potentially dilutive ordinary shares.

**35 COMMITMENTS****a) Operating lease commitment**

Under noncancellable operating leases, the Group must pay a minimum amount in the future as follows:

	<b>Land lease</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	4,066,521,285	5,481,993,358
In the first to fifth year inclusive	21,688,113,512	21,927,973,432
After 5 years	117,117,351,666	122,558,946,522
	<u>142,871,986,463</u>	<u>149,968,913,312</u>

**b) Capital commitments**

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

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	24,315,399,713	25,292,389,735
Approved and contracted but not implemented	8,633,813,611	31,867,348,447
	<u>32,949,213,324</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, the following transactions were carried out with related parties:

	<b>For the fiscal period ended</b>	
	<u>30.09.2017</u>	<u>30.09.2016</u>
	<b>VND</b>	<b>VND</b>
<b><i>Purchases of goods and services</i></b>		
<b>Associate</b>		
Vinh Hao Algae Processing JSC	1,876,560,000	1,697,150,000
<b><i>Purchases of goods and services</i></b>		
<b>Associate</b>		
Vinh Hao Algae Processing JSC	-	54,000,000
<b><i>Dividend paid</i></b>		
The State Capital Investment Corporation (SCIC)	132,127,887,500	132,127,887,500
<b><i>Remuneration of key management</i></b>		
Salary and other benefits	14,539,957,836	8,559,063,981
<b>Period/year end balances with related parties</b>		
	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Vinh Hao Algae Processing JSC – an associate	-	211,200,000

