

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 JUNE 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 Cantho City.

**Business Registration  
Certificate No.**

5703000111 dated 15 September 2004  
Issued by the Department of Planning and Investment of Cantho City

The Business Registration Certificate has been amended several times and its latest amendment No. 1800156801 dated 29 July 2016 was issued by the Department of Planning and Investment of Cantho City.

<b>Board of Directors</b>	Mr. Hoang Nguyen Hoc	Chairman
	Mr. Le Dinh Buu Tri	Vice 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 (has been dismissed from 24 March 2017)

<b>Board of Management</b>	Mdm. Pham Thi Viet Nga	General Director
	Mr. Le Chanh Dao	Deputy General Director
	Mr. Doan Dinh Duy Khuong	Deputy General Director
	Ms. Nguyen Ngoc Diep	Deputy General Director

<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>	Mdm. Pham Thi Viet Nga	General Director
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<b>Head Office</b>	288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District Cantho City, Vietnam
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## SEPARATE INTERIM BALANCE SHEET

Code	ASSETS	Notes	As at	As at
			30.06.2017	31.12.2016
			VND	VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,786,285,519,355</b>	<b>2,375,437,113,573</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>4</b>	<b>690,888,348,804</b>	<b>310,837,861,290</b>
111	Cash		47,388,348,804	25,209,548,477
112	Cash equivalents		643,500,000,000	285,628,312,813
<b>120</b>	<b>Short-term investments</b>	<b>5</b>	<b>619,000,000,000</b>	<b>694,000,000,000</b>
123	Held to maturity investments		619,000,000,000	694,000,000,000
<b>130</b>	<b>Accounts receivable</b>		<b>672,315,459,285</b>	<b>587,663,605,860</b>
131	Trade receivables	<b>6</b>	532,360,758,243	505,395,183,923
132	Prepayment to suppliers		43,579,429,390	19,450,347,218
135	Receivables from short-term loans	<b>7</b>	83,921,644,730	46,337,054,549
136	Other receivables	<b>8</b>	30,090,055,171	22,587,526,950
137	Allowances for doubtful debts	<b>9</b>	(17,636,428,249)	(6,106,506,780)
<b>140</b>	<b>Inventories</b>	<b>10</b>	<b>782,893,750,542</b>	<b>770,889,142,004</b>
141	Inventories		786,465,607,092	772,543,765,702
149	Allowances for inventories		(3,571,856,550)	(1,654,623,698)
<b>150</b>	<b>Other current assets</b>		<b>21,187,960,724</b>	<b>12,046,504,419</b>
151	Short - term prepayments	<b>11</b>	5,896,511,942	2,637,736,253
153	Taxes and other payables to State Budget	<b>12</b>	15,291,448,782	9,408,768,166
<b>200</b>	<b>NON - CURRENT ASSETS</b>		<b>1,255,363,108,787</b>	<b>1,262,533,382,063</b>
<b>210</b>	<b>Long term notes receivable</b>		<b>13,775,715,894</b>	<b>2,749,472,109</b>
215	Long-term loans receivables	<b>7</b>	13,775,715,894	2,749,472,109
<b>220</b>	<b>Fixed assets</b>		<b>489,457,639,418</b>	<b>490,337,670,120</b>
221	Tangible fixed assets	<b>13</b>	283,033,191,501	284,031,671,199
222	Cost		660,530,796,510	640,015,468,670
223	Accumulated depreciation		(377,497,605,009)	(355,983,797,471)
227	Intangible fixed assets	<b>14</b>	206,424,447,917	206,305,998,921
228	Cost		228,317,381,877	226,053,296,877
229	Accumulated depreciation		(21,892,933,960)	(19,747,297,956)
<b>230</b>	<b>Investment properties</b>	<b>15</b>	<b>464,844,636</b>	<b>25,567,976,719</b>
231	Cost		1,352,305,231	36,576,236,140
232	Accumulated depreciation		(887,460,595)	(11,008,259,421)
<b>240</b>	<b>Long-term work in progress</b>	<b>16</b>	<b>13,911,855,942</b>	<b>6,903,601,956</b>
242	Cost of work in progress		13,911,855,942	6,903,601,956
<b>250</b>	<b>Long-term financial investments</b>	<b>5</b>	<b>705,890,984,156</b>	<b>711,488,080,200</b>
251	Investments in subsidiaries		691,292,460,000	696,292,460,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Investments in equity of other entities		27,908,170,200	27,908,170,200
254	Provision for diminution in value of long - term investments		(17,097,096,044)	(16,500,000,000)
<b>260</b>	<b>Other non - current assets</b>		<b>31,862,068,741</b>	<b>25,486,580,959</b>
261	Long - term prepayments	<b>11</b>	22,143,258,026	16,425,962,516
262	Deferred income tax assets	<b>17</b>	9,718,810,715	9,060,618,443
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,041,648,628,142</b>	<b>3,637,970,495,636</b>

## SEPARATE INTERIM BALANCE SHEET (cont.)

Code	RESOURCES	Notes	As at 30.06.2017 VND	As at 30.06.2017 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,522,273,046,318</b>	<b>1,299,808,030,648</b>
<b>310</b>	<b>Current liabilities</b>		<b>1,467,818,053,217</b>	<b>1,250,005,950,057</b>
311	Trade payables	<b>18</b>	403,104,182,423	645,867,894,117
312	Advances from customers		11,248,518,697	13,737,632,713
	Taxes and other payables to the State			
313	Budget	<b>12</b>	2,640,688,010	2,265,214,563
314	Payables to employees		91,863,681,938	113,184,224,509
315	Accrued expenses	<b>19</b>	38,325,131,806	27,426,200,327
318	Unrealized revenue	<b>20</b>	28,519,102,824	26,361,586,191
319	Other payables	<b>21</b>	78,438,852,557	5,208,187,098
320	Short-term borrowings	<b>22</b>	691,600,000,000	354,765,428,463
322	Bonus and welfare fund	<b>23</b>	122,077,894,962	61,189,582,076
<b>330</b>	<b>Long - term liabilities</b>		<b>54,454,993,101</b>	<b>49,802,080,591</b>
342	Provision for long - term payables	<b>24</b>	31,496,957,530	28,803,092,215
	Science and technology development			
343	fund	<b>25</b>	22,958,035,571	20,998,988,376
<b>400</b>	<b>OWNER'S EQUITY</b>		<b>2,519,375,581,824</b>	<b>2,338,162,464,988</b>
<b>410</b>	<b>Owner's capital</b>	<b>26</b>	<b>2,519,375,581,824</b>	<b>2,338,162,464,988</b>
411	Owner's capital		1,307,460,710,000	871,643,300,000
411a	- Common shares with voting rights		1,307,460,710,000	871,643,300,000
412	Capital surplus		6,778,948,000	6,778,948,000
418	Investment and development fund		1,077,345,255,193	1,204,418,584,654
421	Undistributed profit after tax		127,790,668,631	255,321,632,334
	- Undistributed profit after tax for the			
421b	current year		127,790,668,631	255,321,632,334
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>4,041,648,628,142</b>	<b>3,637,970,495,636</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
18 July 2017

## SEPARATE INTERIM INCOME STATEMENT

Code	Notes	For 3-month period ended		For 6-month period ended		
		30.06.2017 VND	30.06.2016 VND	30.06.2017 VND	30.06.2016 VND	
01	Sales	1,162,963,293,402	932,654,073,177	2,274,950,250,357	1,792,364,227,635	
02	Sales deductions	100,868,415,412	57,080,313,838	170,101,596,555	96,019,138,425	
<b>10</b>	<b>Net sales</b>	<b>28</b>	<b>1,062,094,877,990</b>	<b>875,573,759,339</b>	<b>2,104,848,653,802</b>	<b>1,696,345,089,210</b>
11	Cost of goods sold	29	855,279,101,822	664,740,842,200	1,683,417,474,123	1,253,115,880,976
20	Gross profit		206,815,776,168	210,832,917,139	421,431,179,679	443,229,208,234
21	Financial income	30	630,632,009,606	116,679,653,422	645,847,987,877	128,777,141,586
22	Financial expenses	31	24,227,613,401	16,522,092,355	44,081,642,166	31,063,032,157
23	<i>Including:</i> <i>interest expense</i>		5,992,899,462	2,978,740,007	10,652,258,756	5,598,598,698
25	Selling expenses	32	148,411,474,860	136,080,970,387	288,261,468,819	244,232,734,550
26	General administration expenses	32	79,557,882,759	35,975,538,394	151,872,673,820	93,507,498,808
<b>30</b>	<b>Operating profit</b>		<b>585,250,814,754</b>	<b>138,933,969,425</b>	<b>583,063,382,751</b>	<b>203,203,084,305</b>
31	Other income	33	801,431,097	12,863,402,741	2,465,598,342	25,026,207,306
32	Other expenses	34	1,523,950,242	8,469,742,443	1,863,181,138	8,732,200,009
40	Other profit		(722,519,145)	4,393,660,298	602,417,204	16,294,007,297
<b>50</b>	<b>Net accounting profit before tax</b>		<b>584,528,295,609</b>	<b>143,327,629,723</b>	<b>583,665,799,955</b>	<b>219,497,091,602</b>
51	Current tax expenses	36	2,384,994,890	12,420,005,206	2,293,047,949	27,758,481,754
52	Deferred tax expenses		(533,606,190)	-	(658,192,272)	-
<b>60</b>	<b>Net profit after tax</b>		<b>582,676,906,909</b>	<b>130,907,624,517</b>	<b>582,030,944,278</b>	<b>191,738,609,848</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
18 July 2017

## DHG PHARMACEUTICAL JOINT STOCK COMPANY

### NOTE

DHG Pharmaceutical Joint Stock Company explains on the movement of profit after tax of Q2/2017 compared to the same period last year as follows:

Figures in: VND million

Target	Quarter II/2017	Quarter II/2016	Increase, decrease	
			Value	%
Net sales	1,062,095	875,574	186,521	21.30%
Profit before tax	584,528	143,328	441,201	307.83%
Profit after tax	582,677	130,908	451,769	345.11%
Dividend from subsidiaries	612,004	90,081	521,923	579.39%
Profit after tax after the deduction of dividend from subsidiaries	(29,327)	40,827	(70,154)	-171.83%

#### Reason:

Profit after tax of Q2/2017 of the Parent Company after the deduction of dividend from subsidiaries decreased 171.83% over the same period. The main reason is the transfer of production of Betalactam factory to the new plant in Tan Phu Thanh Industrial Zone - DHG Pharmaceutical One Member Limited Company since August 2016.

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  
18 July 2017

SEPARATE INTERIM CASH FLOW STATEMENT  
(Indirect method)

Code	Notes	For the fiscal period ended	
		30.06.2017 VND	30.06.2016 VND
<b>Cash flows from operating activities</b>			
<b>01</b>	<b>Profit before tax</b>	<b>583,665,799,955</b>	<b>219,497,091,602</b>
	Adjustments for:		
02	Fixed assets appreciation	25,205,454,115	27,407,001,379
03	Provisions	11,995,973,534	502,974,873
05	Gain from investing activities	(644,546,147,982)	(131,771,952,317)
06	Interest expenses	10,652,258,756	5,598,598,698
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>(13,026,661,622)</b>	<b>121,233,714,235</b>
09	Decrease in receivables	556,084,680,627	389,367,512,955
10	Increase in inventories	(13,921,841,390)	(52,320,884,760)
11	Decrease in payables	(208,200,596,300)	(58,108,514,845)
12	Increase in prepaid expenses	(8,983,524,952)	(2,261,437,386)
14	Interest paid	(10,757,849,397)	(5,395,198,556)
15	Corporate income tax paid	-	(18,326,098,389)
16	Other receivables on other operating activities	3,240,441,347	-
17	Other payments on other operating activities	(38,141,215,505)	(21,281,703,056)
<b>20</b>	<b>Net cash inflows from operating activities</b>	<b>266,293,432,808</b>	<b>352,907,390,198</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Acquisition and construction of fixed assets and other long-term assets	(13,464,629,896)	(30,785,739,669)
22	Proceeds from sales, disposal of fixed assets and other long-term assets	2,224,593,966	7,696,809,375
23	Payments for investments in other entities	(692,853,213,884)	(827,295,830,504)
24	Collection of loans granted to other entities	719,242,379,918	477,923,923,619
27	Interest, dividend and profit received	66,848,508,065	37,457,604,473
<b>30</b>	<b>Net cash outflows from investing activities</b>	<b>81,997,638,169</b>	<b>(335,003,232,706)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	1,383,813,007,337	633,486,276,089
34	Repayments of borrowings	(1,046,978,435,800)	(517,685,776,712)
36	Dividends paid	(305,075,155,000)	(304,296,825,000)
<b>40</b>	<b>Net cash outflows from financing activities</b>	<b>31,759,416,537</b>	<b>(188,496,325,623)</b>
<b>50</b>	<b>Net cash flow during the period/year</b>	<b>380,050,487,514</b>	<b>(170,592,168,131)</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>310,837,861,290</b>	<b>329,246,389,813</b>
<b>70</b>	<b>Cash and cash equivalents at the end of the period/year</b>	<b>690,888,348,804</b>	<b>158,654,221,682</b>

Tran Ngoc Hien  
PreparerHo Buu Huan  
Chief AccountantLe Chanh Dao  
Deputy General Director  
18 July 2017



SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 JUNE 2017

## 1 GENERAL INFORMATION

**Ownership Structure**

On 02 September 2004, DHG Pharmaceutical Joint Stock Company officially came into operation in accordance with Decision No.2405/QĐ-CT.UB dated 05 August 2004 of the People's Committee of Cantho City about the transformation of Hau Giang Pharmaceutical United Factory into a Joint Stock Company operating in the Socialist Republic of Vietnam in accordance with Business Registration Certificate No. 5703000111 dated 15 September 2004 issued by the Planning and Investment Department of Cantho City, the initial charter capital is VND 80,000,000,000.

Shares of the Company was 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.

The largest shareholder of the Company is the State Capital Investment Corporation ("SCIC"), owns 43.31% of 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 June 2017, the Group had 2,184 employees (as at 31 December 2016: 1,738 employees)

**Business lines and principal activities**

The main business line of the Company are producing and trading of pharmaceuticals.

The main principal activities of the Company are to manufacture and trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals.

**Corporate structure**

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

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.06.2017	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%	100%

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**Form B 09 – DN**

**1 GENERAL INFORMATION (cont.)**

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.06.2017	31.12.2016
<b>Subsidiaries (cont)</b>				
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%	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%	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%	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%	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	51%	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 trading in 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%

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.06.2017	31.12.2016
<b>Subsidiaries (cont.)</b>				
DHG Packaging and Printing 1 One Member Limited Company	Produce label, packaging from paper and cover; Manufacture and trade plastic, aluminium, paper; provide printing services	No. 6300215818 issued by the Planning and Investment Department of Hau Giang province on 28 September 2012	100%	100%
Fuji Medic Limited 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 03 October 2016, the Board of Directors approved the change in operating model of subsidiaries into branches under the parent company, including

- Approved the dissolution of subsidiaries.
- Approved the establishment of branches under the parent company to receive the transfer of all subsidiary activities after the dissolution
- Time to close the book was 31 December 2016. Since 01 January 2017, those companies will operate as branches of the parent company

At the release date of this separate statement, the Company is still proceeding with dissolution procedures for the subsidiaries.

#### **Normal production and business cycle**

The Group's normal production and business cycle is carried out for a time period of 12 months or less.

## **2 BASIS OF PREPARATION OF SEPARATE INTERIM FINANCIAL STATEMENTS AND THE FISCAL YEAR**

### **Basis of preparation of separate interim financial statements**

The separate interim financial statements, expressed in Vietnam 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 separate interim financial statements are intended to present the financial position of the Company as at 30 June 2017, and the results of its operations and cash flows for the fiscal year ended the same day. Therefore, the Company does not perform consolidation of investments in subsidiaries and associated companies in this separate interim financial statements. The Company's investments are recognized under the Company policies and disclosed in Note 3 below.

The separate 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.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of the separate interim financial statements, are as follows:

#### **Accounting estimates**

The preparation of consolidated interim financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the fiscal year. Although these accounting estimates are based on the Board of Management' best knowledge, actual results may differ from those estimates.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits, and short-term investments with a maturity term not exceeding 3 months 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.

#### **Financial investments**

##### ***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Board of Management has the positive intent or ability to hold to maturity.

Held-to-maturity investments include term deposits with a remaining maturity term not exceeding 12 months from balance sheet date to earn periodic interest. These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the income statement on accrual basis.

##### ***Loan receivables***

Loan receivables are measured at cost less provisions. Provisions relating to loan receivables of the Group are made in accordance with prevailing accounting regulations.

##### ***Investments in subsidiaries and associates***

###### ***Investments in subsidiaries***

Subsidiaries are all entities controlled by the Company. The control is achieved when the Company has the ability to control the financial and operating policies of the investee companies to obtain benefits from the activities of these companies.

###### ***Investments in associates***

An associate is an entity in which the Company has significant influence but is not a subsidiary or joint venture of the Company. Significant influence is the power to participate in the financial and operating policies of the investee, but not control or joint control of these policies.

Interests in subsidiaries and associate are initially recorded at cost. The Company's share of the net profit of the investee after acquisition is recognized in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associates are made in accordance with Circular No.228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No.89/2013/TT-BTC dated 28 June 2013 of the Ministry of Finance amending and supplementing Circular No.228/2009/TT-BTC and current accounting regulations.

**Equity investments in other entities**

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of these investments is made when the entities made losses, except for the loss that was anticipated in their business plan before the date of investment.

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors. They are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises the cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realizable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchasing tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3 - 25
Machinery and equipment	15 - 20
Motor vehicles	3 - 10
Office equipment	3 - 10

Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognized in the income statement.

**Lease**The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in the process of negotiating an operating lease are recognized in the book value of the leased asset and accounting under the straight-line method over the lease term.

The company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are considered 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.

**Intangible assets and amortization**

Intangible assets represent the value of land use rights and computer software that are stated at cost less accumulated amortization.

Definite land use rights are amortized using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortized under prevailing regulations.

Computer software is amortized using the straight-line method over its useful life from 3 to 8 years.

**Real estate investment**

Real estate investment are buildings, or part of buildings or both buildings and land or infrastructure held by the Company to earn rentals or for capital appreciation. Real estate investment held to earn rentals are stated at cost less accumulated depreciation. Real estate investment held for capital appreciation is stated at cost less impairment loss. The cost of purchasing real estate investment comprises their purchase price and any directly attributable costs, such as professional fees for legal services, registration fees and other related transaction costs. The costs of self-constructed real estate investment is the finally accounted construction or directly attributable costs of the real estate investment.

Real estate investment held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 10 to 16 years.

**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

**Prepayments**

Prepayments are expenses which have already been paid, but relate to the results of operations of multiple accounting periods. Prepayments comprise leasehold improvement expenses, land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepaid expenses.

Land rentals represent the prepaid land rentals. The prepaid land rentals are allocated to the consolidated income statement using the straight-line method over the lease term.

Others have been capitalized as prepayments, and are allocated to the consolidated income statement using the straight-line method in accordance with the current prevailing accounting regulations.

**Provisions**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation as at the consolidated balance sheet date.

**Severance allowance payable**

The severance allowance for employees is accrued at the end of each reporting year for all employees having worked at the Company for a full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labor Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements. The increase or decrease in the accrued amount shall be recorded in the income statement.

**Provision for dismantling and restoration costs**

In accordance with 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 or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 01 January 2015 to the time of returning the premises or land.

**Unearned revenue**

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

**Sales recognition**

Sales of the goods are recognized when all five (5) following conditions are satisfied:

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

Sales of transactions involving the rendering of services are recognized when the outcome of such transactions can be measured reliably. Where transactions involving the rendering of services are attributable to several periods, sales are recognized in each period by reference to the percentage of completion of the transactions on the consolidated balance sheet date. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of sales can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transactions on the consolidated balance sheet date can be measured reliably; and
- (d) the costs incurred for the transactions and the costs to complete the transactions can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognized when the Company's right to receive payment has been established.

**Sales deductions**

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of sales of products, goods and services are recorded as deduction of sales of that year. Sales deductions for the products, goods or services which are sold in the previous years, incurred after the balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue for the current reporting year.

**Customer loyalty programs**

Sales are recognized at a total consideration received less 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 Company is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Company's income statement at the time that obligations to customers are fulfilled, which means goods are delivered and services are rendered to customers.

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

**Foreign currencies**

Transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the Exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the income statement.

**Borrowing costs**

Borrowing costs are recognized in the income statement in the year when incurred unless they are capitalized in accordance with Vietnamese Accounting Standard No.16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalized even when the construction period is under 12 months.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. The taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between book value and the basis for calculating income tax on assets or liabilities in the financial statements and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to corporate income taxes levied by the same tax authority and the Company intends to settle its current tax liabilities on a net basis.

The determination of the corporate income tax currently payable is based on the current tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are applied in accordance with the prevailing tax laws in Vietnam.

#### Dividend distribution

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

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

Appropriation of the Company's net profit after tax of 2016 was approved by shareholders at the Company's Annual General Meeting 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, and collaborators: VND 5 billion.
- Bonus for Board of Directors, Board of Supervisory, collaborators, Executive Board and key staffs: 5% growth in consolidated profit after tax of parent company's shareholders
- Net profit after tax and deductions was appropriated to the investment and development fund.

#### 4 CASH AND CASH EQUIVALENTS

	30.06.2017 VND	31.12.2016 VND
Cash on hand	14,502,236,716	10,996,396,256
Cash in banks	32,886,112,088	14,213,152,221
Cash equivalents (*)	643,500,000,000	285,628,312,813
	<u>690,888,348,804</u>	<u>310,837,861,290</u>

(\*) Cash equivalents represent term deposits at banks with the original maturity terms not exceeding 3 months.

#### 5 SHORT-TERM FINANCIAL INVESTMENTS

##### Held-to-maturity investments

Held-to-maturity investments represent term deposits at banks with the original maturity terms from more than 3 months to 12 months.

## 5 SHORT-TERM FINANCIAL INVESTMENTS (cont.)

## Equity investments in other entities

	30.06.2017		31.12.2016	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiaries	691,292,460,000	-	696,292,460,000	-
Investment in associate	3,787,450,000	(597,096,044)	3,787,450,000	-
Equity investment in other entities	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>722,988,080,200</u>	<u>(17,097,096,044)</u>	<u>727,988,080,200</u>	<u>(16,500,000,000)</u>

## Investments in subsidiaries

	30.06.2017 VND	31.12.2016 VND
DT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Travel One Member Limited Company	5,000,000,000	5,000,000,000
HT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
CM Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
Song Hau Pharmaceutical Joint-Stock Company	2,550,000,000	2,550,000,000
A&G Pharmaceutical One Member Limited Company	-	5,000,000,000
ST Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TOT Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TG Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
Bali Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Pharmaceutical One Member Limited Company	540,000,000,000	540,000,000,000
B&T Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
VL Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
TVP Pharmaceutical One Member Limited Company	5,000,000,000	5,000,000,000
DHG Packaging and Printing 1 One Member Limited Company	80,000,000,000	80,000,000,000
Fuji Medic Limited Company	13,742,460,000	13,742,460,000
	<u>691,292,460,000</u>	<u>696,292,460,000</u>

## Investment in associate

	30.06.2017 VND	31.12.2016 VND
Vinh Hao Algae Processing Joint Stock Company	3,787,450,000	3,787,450,000
	<u>3,787,450,000</u>	<u>3,787,450,000</u>

## Equity investments in other entities

	30.06.2017 VND	31.12.2016 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Binh Duong Pharmaceutical & Medical Supplies Joint Stock Company	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipment Joint Stock Company	796,675,000	796,675,000
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

The balance of allowance as at 30 June 2017 represents the allowance for long-term financial investments in ATP Packaging Joint Stock Company and Vinh Hao Algae Processing Joint Stock Company (as at 31 December 2016, it represents the long-term financial investments in ATP Packaging Joint Stock Company).

**6 SHORT-TERM TRADE RECEIVABLES**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
From subsidiaries (Note 38)	9,308,010,157	110,472,202,944
From third parties	523,052,748,086	394,922,980,979
	<u>532,360,758,243</u>	<u>505,395,183,923</u>

As at 30 June 2017 and 31 December 2016, there is no short-term receivables from third parties accounted for 10% or more on the total trade receivables.

**7 LOANS RECEIVABLE**

<b>Short-term loans receivable</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Short-term loans receivable from subsidiaries (Note 38)	44,822,938,865	31,950,415,700
Short-term loans receivable from customers	39,098,705,865	14,386,638,849
	<u>83,921,644,730</u>	<u>46,337,054,549</u>

<b>Long-term loans receivable</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Long-term loans receivable from customers	13,775,715,894	2,749,472,109
	<u>13,775,715,894</u>	<u>2,749,472,109</u>

**8 OTHER SHORT-TERM RECEIVABLES**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Prepaid trade discounts	253,366,514	183,850,237
Interest income receivable	16,284,830,560	15,585,033,271
Receivable from employees	2,673,134,695	1,403,269,689
Other receivables	10,878,723,402	5,415,373,753
	<u>30,090,055,171</u>	<u>22,587,526,950</u>

**9 BAD DEBTS**

	<b>30.06.2017</b>		
	<b>Cost</b>	<b>Recoverable amount</b>	<b>Allowance</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	<u>207,229,861,683</u>	<u>189,593,433,434</u>	<u>(17,636,428,249)</u>
	<b>31.12.2016</b>		
	<b>Cost</b>	<b>Recoverable amount</b>	<b>Allowance</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	<u>125,032,943,616</u>	<u>118,926,436,836</u>	<u>(6,106,506,780)</u>

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

	Fiscal period ended 30.06.2017 VND	Fiscal year ended 31.12.2016 VND
Opening balance	6,106,506,780	5,777,715,142
Increase in allowance during the period/year	5,407,959,572	328,791,638
Provision from subsidiaries	6,121,961,897	-
Decrease in allowance during the period/year	-	-
Closing balance/year	<u>17,636,428,249</u>	<u>6,106,506,780</u>

## 10 INVENTORIES

	<u>30.06.2017</u>		<u>31.12.2016</u>	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	87,077,559,043	-	60,597,811,325	-
Raw materials	162,741,032,632	-	174,559,432,461	-
Work in progress	12,985,011,337	-	9,884,664,619	-
Finished goods	84,876,306,777	1,329,865,193	120,444,958,431	1,028,460,903
Merchandises	438,785,697,303	2,241,991,357	407,056,898,866	626,162,795
	<u>786,465,607,092</u>	<u>3,571,856,550</u>	<u>772,543,765,702</u>	<u>1,654,623,698</u>

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

	Fiscal period ended 30.06.2017 VND	Fiscal year ended 31.12.2016 VND
Opening balance	1,654,623,698	2,360,634,730
Increase on allowance/year	1,917,232,852	-
Reversal of allowance/year	-	(706,011,032)
Closing balance/year	<u>3,571,856,550</u>	<u>1,654,623,698</u>

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

As at 30 June 2017 and 31 December 2016, the Company has no inventory backlog, poor and deteriorating quality unable to sell.

## 11 PREPAID EXPENSES

## Short-term prepaid expenses

	30.06.2017 VND	31.12.2016 VND
Operating lease expenses	2,962,504,951	30,818,180
Others	2,934,006,991	2,606,918,073
	<u>5,896,511,942</u>	<u>2,637,736,253</u>

Prepaid expenses with a term not exceeding 12 months from the time of prepayment.

## Long-term prepaid expenses

	30.06.2017 VND	31.12.2016 VND
Prepaid land rental	10,886,040,348	11,059,114,850
Tools and supplies	8,370,017,156	3,722,025,943
Leasehold improvements	95,406,168	111,109,236
Others	2,791,794,354	1,533,712,487
	<u>22,143,258,026</u>	<u>16,425,962,516</u>

Prepaid expenses with a term over 12 months from the time of prepayment.

Movements of long-term prepaid expenses as follows:

	Fiscal period ended 30.06.2017 VND	Fiscal year ended 31.12.2016 VND
Opening balance	16,425,962,516	14,621,653,241
Increase	8,168,418,539	4,756,380,827
Amortization in the period/year	(2,451,123,029)	(2,952,071,552)
Closing balance	<u>22,143,258,026</u>	<u>16,425,962,516</u>

## 12 TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable during the period/year VND	Paid during the period/year VND	Closing balance VND
<b>Receivables</b>				
VAT on domestic sales	2,959,709,577	17,713,643,792	22,598,251,047	7,844,316,832
Import VAT	9,120,020	21,867,958,501	22,031,884,267	173,045,786
Import export tax	696,183,652	6,243,114,525	7,163,660,762	1,616,729,889
Corporate income tax	5,743,754,917	2,293,047,949	-	3,450,706,968
Personal income tax	-	29,123,959,586	31,330,608,893	2,206,649,307
	<u>9,408,768,166</u>	<u>77,241,724,353</u>	<u>83,124,404,969</u>	<u>15,291,448,782</u>
<b>Payables</b>				
VAT on domestic sales	-	-	-	-
Corporate income tax	-	-	-	-
Personal income tax	2,265,214,563	-	2,265,214,563	-
Land rental fee, land tax	-	5,578,214,735	2,937,526,725	2,640,688,010
Others	-	129,894,560	129,894,560	-
	<u>2,265,214,563</u>	<u>5,708,109,295</u>	<u>5,332,635,848</u>	<u>2,640,688,010</u>

## 13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
As at 01 January 2017	233,895,975,591	214,148,457,109	117,449,597,439	74,521,438,531	640,015,468,670
Purchase during the period/year	-	-	-	-	-
Transferred from construction in progress (Note 16)	97,376,543	2,087,137,273	1,121,411,105	411,365,989	3,717,290,910
Transfer from real estate investment (Note 15)	35,974,311,996	-	-	-	35,974,311,996
Transfer to real estate investment (Note 15)	(750,381,087)	-	-	-	(750,381,087)
Disposals	-	(11,794,431,609)	(353,666,647)	(6,277,795,723)	(18,425,893,979)
As at 30 June 2017	<u>269,217,283,043</u>	<u>204,441,162,773</u>	<u>118,217,341,897</u>	<u>68,655,008,797</u>	<u>660,530,796,510</u>
<b>Accumulated depreciation</b>					
As at 01 January 2017	95,750,794,071	125,495,766,885	79,998,597,658	54,738,638,857	355,983,797,471
Depreciation for the period/year	10,113,152,217	8,358,264,281	5,468,220,621	3,081,463,445	27,021,100,564
Transfer from real estate investment (Note 15)	10,589,607,934	-	-	-	10,589,607,934
Transfer to real estate investment (Note 15)	(427,054,135)	-	-	-	(427,054,135)
Disposals	-	(9,715,131,267)	(353,666,647)	(5,601,048,911)	(15,669,846,825)
As at 30 June 2017	<u>116,026,500,087</u>	<u>124,138,899,899</u>	<u>85,113,151,632</u>	<u>52,219,053,391</u>	<u>377,497,605,009</u>
<b>Net book value</b>					
As at 01 January 2017	138,145,181,520	88,652,690,224	37,450,999,781	19,782,799,674	284,031,671,199
As at 30 June 2017	<u>153,190,782,956</u>	<u>80,302,262,874</u>	<u>33,104,190,265</u>	<u>16,435,955,406</u>	<u>283,033,191,501</u>

The cost of tangible fixed assets of the Company has been fully depreciated and still in use as at 30 June 2017 is VND 153,364 million.  
(As at 31 December 2016: VND 148,975 million).

## 14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer Software VND	Total VND
<b>Cost</b>				
As at 01 January 2017	110,288,939,361	102,821,579,711	12,942,777,805	226,053,296,877
Purchase in the period/year	-	-	-	-
Transferred from construction in progress (note 16)	-	-	2,264,085,000	2,264,085,000
Disposals	-	-	-	-
As at 30 June 2017	<u>110,288,939,361</u>	<u>102,821,579,711</u>	<u>15,206,862,805</u>	<u>228,317,381,877</u>
<b>Accumulated depreciation</b>				
As at 01 January 2017	-	12,710,844,439	7,036,453,517	19,747,297,956
Depreciation for the period/year	-	1,051,881,708	1,093,754,296	2,145,636,004
Disposals	-	-	-	-
As at 30 June 2017	<u>-</u>	<u>13,762,726,147</u>	<u>8,130,207,813</u>	<u>21,892,933,960</u>
<b>Net book value</b>				
As at 01 January 2017	110,288,939,361	90,110,735,272	5,906,324,288	206,305,998,921
As at 30 June 2017	<u>110,288,939,361</u>	<u>89,058,853,564</u>	<u>7,076,654,992</u>	<u>206,424,447,917</u>

The cost of intangible fixed assets of the Company has been fully amortized and still in use as at 30 June 2017 and 31 December 2016 is VND 2,917 million.

## 15 REAL ESTATE INVESTMENT

	Nhà cửa VND
<b>Cost</b>	
As at 01 January 2017	36,576,236,140
Transfer from tangible fixed assets (Note 13)	750,381,087
Transfer to tangible fixed assets (Note 13)	(35,974,311,996)
Disposals	-
As at 30 June 2017	<u>1,352,305,231</u>
<b>Accumulated depreciation</b>	
As at 01 January 2017	11,008,259,421
Depreciation for the period/year	41,754,973
Transfer from tangible fixed assets (Note 13)	427,054,135
Transfer to tangible fixed assets (Note 13)	(10,589,607,934)
Disposals	-
As at 30 June 2017	<u>887,460,595</u>
<b>Net book value</b>	
As at 01 January 2017	<u>25,567,976,719</u>
As at 30 June 2017	<u>464,844,636</u>

The original price of the real estate investment of the Company has been fully depreciated but still used at 30 June 2017 is VND 47,567,069 and at 31 December 2016 is VND 612,933,335.

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16 CONSTRUCTION IN PROGRESS

	30.06.2017 VND	31.12.2016 VND
Effervescent tablets plant	12,761,869,885	6,267,835,000
Construction of Gia Lai branch office	623,948,774	623,948,774
Construction of office building	526,037,283	-
Construction of Thai Nguyen branch office	-	11,818,182
	<u>13,911,855,942</u>	<u>6,903,601,956</u>

Movements in construction in progress in the period/year:

	Fiscal period ended 30.06.2017 VND	Fiscal year ended 31.12.2016 VND
Opening balance	6,903,601,956	13,094,070,465
Purchase	13,464,629,896	92,473,008,537
Transfer to tangible fixed assets (Note 13)	(3,717,290,910)	(84,930,323,433)
Transfer to intangible fixed assets (Note 14)	(2,264,085,000)	(6,205,435,000)
Transfer to real estate investment (Note 15)	-	(136,483,613)
Transfer to tools & equipment	-	(496,913,970)
Disposals	(475,000,000)	(6,894,321,030)
Closing balance	<u>13,911,855,942</u>	<u>6,903,601,956</u>

17 DEFERRED TAX ASSETS

	30.06.2017 VND	31.12.2016 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences of provision amount	<u>48,594,053,574</u>	<u>45,303,092,215</u>
Deferred tax assets	<u>9,718,810,715</u>	<u>9,060,618,443</u>

18 SHORT-TERM TRADE PAYABLES

	Value VND	30.06.2017 Amount able to be paid off VND	Value VND	31.12.2016 Amount able to be paid off VND
<b>Trade payables to third parties</b>				
Truong Tin Pharmaceutical Co., Ltd.	9,633,198,762	9,633,198,762	56,484,958,549	56,484,958,549
Mega Lifescience Limited Company (VN)	21,623,267,484	21,623,267,484	26,633,640,634	26,633,640,634
Nomura Trading Co., Ltd.	33,745,140,000	33,745,140,000	46,661,401,500	46,661,401,500
Others	150,836,517,363	150,836,517,363	145,283,545,293	145,283,545,293
<b>Trade payables to subsidiaries and associate (Note 38)</b>				
	<u>187,266,058,814</u>	<u>187,266,058,814</u>	<u>370,804,348,141</u>	<u>370,804,348,141</u>
	<u>403,104,182,423</u>	<u>403,104,182,423</u>	<u>645,867,894,117</u>	<u>645,867,894,117</u>



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19 SHORT-TERM ACCRUED EXPENSES

	30.06.2017 VND	31.12.2016 VND
Seminar expenses	3,280,000,000	12,058,228
Interest expense	483,544,107	589,134,749
Marketing and customer care expenses	13,867,038,712	2,984,753,722
Others	20,694,548,987	23,840,253,628
	<u>38,325,131,806</u>	<u>27,426,200,327</u>

20 SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue represents the unearned revenue for customer loyalty programs (as presented in Note 3).

21 OTHER SHORT-TERM PAYABLES

	30.06.2017 VND	31.12.2016 VND
Union fee	462,775,796	700,902,630
Others	77,976,076,761	4,507,284,468
	<u>78,438,852,557</u>	<u>5,208,187,098</u>

22 SHORT-TERM LOANS

	Value VND	30.06.2017 Amount able to be paid off VND	Value VND	31.12.2016 Amount able to be paid off VND
Loans from banks	691,600,000,000	691,600,000,000	323,700,000,000	323,700,000,000
Loans from others	-	-	31,065,428,463	31,065,428,463
	<u>691,600,000,000</u>	<u>691,600,000,000</u>	<u>354,765,428,463</u>	<u>354,765,428,463</u>

Movements in the short-term loans during the period/year were as follows:

	As at 01.01.2017 VND	Increase VND	Decrease VND	As at 30.06.2017 VND
Loans from banks (*)	323,700,000,000	1,379,900,000,000	(1,012,000,000,000)	691,600,000,000
Loans from others (**)	31,065,428,463	3,913,007,336	(34,978,435,799)	-
	<u>354,765,428,463</u>	<u>1,383,813,007,336</u>	<u>(1,046,978,435,799)</u>	<u>691,600,000,000</u>

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

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

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### 23 BONUS AND WELFARE FUND

The Bonus and Welfare fund of the Company is established through appropriation from retained earnings upon approval of shareholders at the Annual General Meetings (“AGM”). This fund is used to pay a bonus and welfare to the Company’s employees in accordance with the Bonus and Welfare policies and to pay a bonus to the Board of Directors in accordance with the AGM’s Resolution.

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

	Bonus and welfare fund for employees VND	Bonus fund for the Board of Directors VND	Welfare fund in from of assets VND	Total VND
Opening balance	23,284,835,838	6,822,310,000	31,082,436,238	61,189,582,076
Appropriation in the period/year	85,212,171,380	11,070,021,247	-	96,282,192,627
Subsidiaries transfer	1,712,874,138	32,655,428	-	1,745,529,566
Transfer from the welfare fund used for fixed asset acquisition into welfare fund	7,519,442,000	-	(7,519,442,000)	-
Depreciation of assets formed from fund	-	-	(1,646,760,132)	(1,646,760,132)
Transfer fund to subsidiaries	(4,000,000,000)	-	-	(4,000,000,000)
Utilization of fund	(25,513,811,474)	(5,978,837,701)	-	(31,492,649,175)
Closing balance	88,215,511,882	11,946,148,974	21,916,234,106	122,077,894,962

### 24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration costs VND	Severance allowance VND	Total VND
Opening balance	3,055,713,715	25,747,378,500	28,803,092,215
Appropriation in the period/year	850,997,964	3,222,687,102	4,073,685,066
Utilization of provision	-	(1,379,819,751)	(1,379,819,751)
Closing balance	3,906,711,679	27,590,245,851	31,496,957,530

### 25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

In accordance with Circular No.12/2016/TTLT-BKHCN-BTC dated 28 June 2016, enterprises are allowed to establish the science and technology development fund for research and development activities. Provision made during the year is charged to expenses. The fund is utilized when disbursement is paid for research and development activities.

## 25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND (cont.)

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

	Science and technology development fund VND	Science and technology development fund in form of fixed assets VND	Total VND
Opening balance	(5,308,384,662)	26,307,373,038	20,998,988,376
Appropriation in the period/year	7,000,000,000	-	7,000,000,000
Fixed assets formed from the fund	(1,863,636,364)	1,863,636,364	-
Depreciation of assets formed from fund	-	(2,356,277,294)	(2,356,277,294)
Disposal of assets formed from fund	1,640,441,347	(1,640,441,347)	-
Transfer fund to subsidiaries	(1,827,793,048)	-	(1,827,793,048)
Utilization of fund	(856,882,463)	-	(856,882,463)
Closing balance	<u>(1,216,255,190)</u>	<u>24,174,290,761</u>	<u>22,958,035,571</u>

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MOVEMENTS IN OWNER'S EQUITY

	Contributed capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Undistributed profit after tax VND	Total VND
<b>As at 01 January 2016</b>	<b>871,643,300,000</b>	-	<b>(16,121,030,000)</b>	<b>1,025,023,272,831</b>	<b>542,991,263,137</b>	<b>2,423,536,805,968</b>
Reissuance of treasury shares	-	6,778,948,000	16,121,030,000	-	-	22,899,978,000
Net profit for the year	-	-	-	-	255,321,632,334	255,321,632,334
Dividends	-	-	-	-	(304,296,825,000)	(304,296,825,000)
Profit distribution	-	-	-	179,395,311,823	(179,395,311,823)	-
Appropriation to bonus and welfare fund	-	-	-	-	(54,299,126,314)	(54,299,126,314)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(5,000,000,000)	(5,000,000,000)
<b>As at 31 December 2016</b>	<b>871,643,300,000</b>	<b>6,778,948,000</b>	-	<b>1,204,418,584,654</b>	<b>255,321,632,334</b>	<b>2,338,162,464,988</b>
Issuance of bonus shares with the rate 2:1	435,817,410,000	-	-	(435,817,410,000)	-	-
Profit transferred form subsidiaries	-	-	-	-	539,520,185	539,520,185
Net profit for the year	-	-	-	-	582,030,944,278	582,030,944,278
Dividends	-	-	-	-	(305,075,155,000)	(305,075,155,000)
Profit distribution	-	-	-	308,744,080,539	(308,744,080,539)	-
Appropriation to bonus and welfare fund	-	-	-	-	(85,212,171,380)	(85,212,171,380)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(11,070,021,247)	(11,070,021,247)
<b>As at 30 June 2017</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	-	<b>1,077,345,255,193</b>	<b>127,790,668,631</b>	<b>2,519,375,581,824</b>

## Charter capital

	30.06.2017		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	<u>130,746,071</u>	<u>1,307,460,710,000</u>	<u>87,164,330</u>	<u>871,643,300,000</u>

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to receive dividends declared by the Company. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the period/year were as follows:

	Fiscal period ended 30.06.2017		Fiscal year ended 31.12.2016	
	Number of shares	VND	Number of shares	VND
Opening balance	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
Closing balance	<u>130,746,071</u>	<u>1,307,460,710,000</u>	<u>87,164,330</u>	<u>871,643,300,000</u>

## Dividends

According to Resolution of the AGM No.001/2017/NQ-ĐHĐCĐ dated 18 April 2017, the AGM has approved the declaration of dividends from profit after tax of 2016 at 35% in cash, equal to VND 305,075,155,000.

## 27 OFF BALANCE SHEET ITEMS

## Foreign currencies

Cash and cash equivalents include the following foreign currencies:

	30.06.2017 VND	31.12.2016 VND
US Dollar (USD)	647,747	52,290
Euro (EUR)	2,291	2,086
Pataca Macau (MOP)	-	20

## 28 SALES

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	VND	VND	VND	VND
<b>Sales</b>				
Sales of finished goods	191,825,485,899	427,320,688,117	401,588,755,484	852,152,304,375
Sales of merchandise goods	960,515,230,890	504,584,007,916	1,855,738,413,973	938,733,073,885
Leasing, distribution and sale services	10,622,576,613	749,377,144	17,623,080,900	1,478,849,375
	<u>1,162,963,293,402</u>	<u>932,654,073,177</u>	<u>2,274,950,250,357</u>	<u>1,792,364,227,635</u>
<b>Sales deductions</b>				
Sales discounts	97,792,400,951	49,541,496,712	164,875,598,422	85,242,806,500
Sales returns	3,076,014,461	7,538,817,126	5,225,998,133	10,776,331,925
	<u>100,868,415,412</u>	<u>57,080,313,838</u>	<u>170,101,596,555</u>	<u>96,019,138,425</u>
<b>Net sales</b>	<u>1,062,094,877,990</u>	<u>875,573,759,339</u>	<u>2,104,848,653,802</u>	<u>1,696,345,089,210</u>
<b>In which:</b>				
Sales of finished goods	173,583,142,075	392,789,063,104	367,365,955,460	795,860,163,838
Sales of merchandise goods	877,889,159,302	482,035,319,091	1,719,859,617,442	899,006,075,997
Leasing, distribution and sale services	10,622,576,613	749,377,144	17,623,080,900	1,478,849,375

## 29 COST OF GOODS SOLD

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	VND	VND	VND	VND
Cost of finished goods sold	102,566,573,430	210,689,889,124	207,375,890,314	421,341,637,116
Cost of merchandises sold	750,651,364,000	454,425,776,805	1,473,961,669,081	831,520,244,435
Cost of services rendered	143,931,540	628,823,154	162,681,876	1,257,646,308
Allowances for inventories	1,917,232,852	(1,003,646,883)	1,917,232,852	(1,003,646,883)
	<u>855,279,101,822</u>	<u>664,740,842,200</u>	<u>1,683,417,474,123</u>	<u>1,253,115,880,976</u>

## 30 FINANCIAL INCOME

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	VND	VND	VND	VND
Interest income	17,370,393,100	13,162,774,179	30,984,292,053	24,205,624,898
Dividends and profits earned	612,028,968,926	90,099,843,249	612,056,954,126	90,236,308,449
Foreign exchange gains	761,906,783	728,023,286	1,935,828,054	1,646,195,531
Interest income from subsidiaries	470,740,797	12,439,260,140	870,913,644	12,439,260,140
Other financial income	-	249,752,568	-	249,752,568
	<u>630,632,009,606</u>	<u>116,679,653,422</u>	<u>645,847,987,877</u>	<u>128,777,141,586</u>

## 31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017 VND	30.06.2016 VND	30.06.2017 VND	30.06.2016 VND
Interest expenses	5,992,899,462	2,978,740,007	10,652,258,756	5,598,598,698
Foreign exchange losses	981,579,842	987,310,138	2,363,017,454	1,897,965,904
Settlement discount	16,621,029,493	12,540,767,853	30,390,536,453	23,507,203,887
Provision for diminution in value of long - term investments	597,096,044	-	597,096,044	-
Other financial expenses	35,008,560	15,274,357	78,733,459	59,263,668
	<u>24,227,613,401</u>	<u>16,522,092,355</u>	<u>44,081,642,166</u>	<u>31,063,032,157</u>

## 32 SELLING EXPENSES AND GENERAL &amp; ADMINISTRATIVE EXPENSES

## Selling expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017 VND	30.06.2016 VND	30.06.2017 VND	30.06.2016 VND
Staff cost	84,190,879,283	38,454,421,818	148,073,059,550	75,433,665,199
Material expenses	6,004,059,110	2,145,345,539	11,114,487,996	3,983,032,812
Tools and supplies expenses	1,707,663,631	2,147,150,293	3,203,485,293	2,845,459,620
Depreciation and amortization expenses	5,007,359,170	4,144,748,021	10,060,881,956	7,467,459,055
Advertising expenses	15,553,419,012	57,301,227,610	47,209,209,195	106,696,775,590
Seminar expenses	4,808,033,235	3,645,774,257	8,634,031,600	4,877,002,689
Transportation expenses	5,298,393,325	3,483,910,614	8,439,861,871	7,292,899,747
Others	25,841,668,094	24,758,392,235	51,526,451,358	35,636,439,838
	<u>148,411,474,860</u>	<u>136,080,970,387</u>	<u>288,261,468,819</u>	<u>244,232,734,550</u>

## General &amp; administrative expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017 VND	30.06.2016 VND	30.06.2017 VND	30.06.2016 VND
Staff cost	65,556,928,528	30,524,261,496	120,056,836,060	74,633,814,001
Material expenses	513,203,417	8,600,000	1,174,544,369	8,600,000
Tools and supplies expenses	197,805,821	297,651,202	577,866,722	748,203,952
Depreciation and amortization expenses	1,809,431,017	1,482,975,297	3,584,399,577	4,053,764,396
Taxes, fees and duties	74,734,707	121,025,598	209,485,630	213,670,258
Allowances for doubtful debts	4,566,497,556	(255,321,442)	5,407,959,572	246,862,492
Provision for dismantling and restoration	425,498,982	425,498,982	850,997,964	850,997,964
Outsourced services expenses	3,208,895,602	2,912,189,676	5,599,885,926	5,257,448,863
Science and technology development expenses	-	-	7,000,000,000	-
Others	3,204,887,129	458,657,585	7,410,698,000	7,494,136,882
	<u>79,557,882,759</u>	<u>35,975,538,394</u>	<u>151,872,673,820</u>	<u>93,507,498,808</u>

**33 OTHER INCOME**

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	VND	VND	VND	VND
Gain from disposal of fixed assets and other non-current assets	89,083,332	2,613,646,431	633,988,159	4,641,006,262
Rental income	-	588,181,817	-	920,909,090
Commission income	-	7,960,013,460	-	14,983,963,390
Others	712,347,765	1,701,561,033	1,831,610,183	4,480,328,564
	<u>801,431,097</u>	<u>12,863,402,741</u>	<u>2,465,598,342</u>	<u>25,026,207,306</u>

**34 OTHER EXPENSES**

	For the 3-month period ended		For the 6-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	VND	VND	VND	VND
Missing inventories written-off	-	8,295,694,967	-	8,295,694,967
Others	1,523,950,242	174,047,476	1,863,181,138	436,505,042
	<u>1,523,950,242</u>	<u>8,469,742,443</u>	<u>1,863,181,138</u>	<u>8,732,200,009</u>

**35 COST OF OPERATION BY FACTORS**

	For the fiscal period ended	
	30.06.2017	30.06.2016
	VND	VND
Material cost	1,584,487,893,532	1,149,176,535,909
Labor cost	316,525,852,034	223,751,881,200
Depreciation expenses	24,949,504,762	27,150,545,441
Outside service expenses	67,360,727,905	165,206,845,829
Other expenses	96,546,762,820	34,648,903,431
	<u>2,089,870,741,053</u>	<u>1,599,934,711,810</u>

**36 CORPORATE INCOME TAX EXPENSE**

According to Decision No. 3044/QD-Committee of the People's Committee of Can Tho City, the Company subject to corporate income tax at the rate of 20% from 2005 to 2014. Decision No. 3044/QD-Committee for allowing the company is exempt from income tax from 2005 to 2006 and a 50% reduction of income tax from 2007 to 2011. According to Circular 78/2014 / TT-BTC, from 01 January 2014, tax rate income for ordinary business is 22% and since 01 January 2016 decreased to 20%.



**36 CORPORATE INCOME TAX EXPENSE (cont.)**

The current corporate income tax expense in the period/year is calculated as follows:

	<b>For the 3-month period ended</b>		<b>For the 6-month period ended</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Accounting profit before tax	584,528,295,609	143,327,629,723	583,665,799,955	219,497,091,602
Tax calculated at a normal rate of 20%	116,905,659,122	28,665,525,944	116,733,159,991	43,899,418,320
Adjustments for:				
Impact of negative income tax	5,678,230,834	-	5,678,230,834	-
Expenses not deductible for tax purpose	2,206,898,719	1,774,447,912	2,293,047,949	1,906,325,124
Income not subject to tax	(122,405,793,785)	(18,019,968,650)	(122,411,390,825)	(18,047,261,690)
Corporate income tax expense	<u>2,384,994,890</u>	<u>12,420,005,206</u>	<u>2,293,047,949</u>	<u>27,758,481,754</u>

**37 COMMITMENTS****a) Operating lease commitment**

At the balance sheet date, the Company had commitments under irrevocable operating leases as follows:

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Within one year	2,711,014,189	5,481,993,358
From 1 to 5 years	21,688,113,512	21,927,973,432
Over 5 years	118,502,981,141	122,558,946,522
	<u>142,902,108,842</u>	<u>149,968,913,312</u>

**b) Capital commitment**

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

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	10,650,179,069	20,957,976,618
Approved and contracted but not implemented	<u>16,005,998,657</u>	<u>16,355,560,493</u>
	<u>26,656,177,726</u>	<u>37,313,537,111</u>

## 38 RELATED PARTY TRANSACTIONS AND BALANCES

<u>Related party</u>	<u>Relationship</u>
DT Pharmaceutical One Member Limited Company	Subsidiary
DHG Travel One Member Limited Company	Subsidiary
HT Pharmaceutical One Member Limited Company	Subsidiary
ST Pharmaceutical One Member Limited Company	Subsidiary
CM Pharmaceutical One Member Limited Company	Subsidiary
SH Pharmaceutical Joint Stock Company	Subsidiary
A&G Pharmaceutical One Member Limited Company	Subsidiary
TG Pharmaceutical One Member Limited Company	Subsidiary
TOT Pharmaceutical One Member Limited Company	Subsidiary
Bali Pharmaceutical One Member Limited Company	Subsidiary
DHG Pharmaceutical One Member Limited Company	Subsidiary
TVP Pharmaceutical One Member Limited Company	Subsidiary
B&T Pharmaceutical One Member Limited Company	Subsidiary
VL Pharmaceutical One Member Limited Company	Subsidiary
DHG Packaging and Printing 1 One Member Limited Company	Subsidiary
Fuji Medic Limited Company	Subsidiary
Vinh Hao Algae Processing Joint Stock Company	Associate
State Capital Investment Corporation (SCIC)	Major shareholder

During the period/year, the following activities were conducted by the related parties:

	<b>For the fiscal period ended</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>VND</b>	<b>VND</b>
<b><i>Sales of goods and services</i></b>		
<b>Subsidiaries</b>		
DHG Packaging and Printing 1 One Member Limited Company	265,731,509	316,240,431
DHG Travel One Member Limited Company	982,007,094	1,064,296,756
CM Pharmaceutical One Member Limited Company	-	19,720,096,790
DT Pharmaceutical One Member Limited Company	-	16,156,791,433
HT Pharmaceutical One Member Limited Company	-	24,435,446,100
ST Pharmaceutical One Member Limited Company	-	27,093,862,284
SH Pharmaceutical Joint Stock Company	36,348,492,405	33,911,683,252
A&G Pharmaceutical One Member Limited Company	-	47,067,998,218
TOT Pharmaceutical One Member Limited Company	-	71,200,449,421
TG Pharmaceutical One Member Limited Company	-	13,250,437,599
Bali Pharmaceutical One Member Limited Company	-	20,015,768,866
DHG Pharmaceutical One Member Limited Company	337,391,230,795	169,855,676,724
TVP Pharmaceutical One Member Limited Company	-	10,192,145,448
B&T Pharmaceutical One Member Limited Company	-	19,407,699,359
VL Pharmaceutical One Member Limited Company	-	20,236,878,161
Vinh Hao Algae Processing Joint Stock Company	-	-
	<b>374,987,461,803</b>	<b>493,925,470,842</b>
<b><i>Sales of fixed assets</i></b>		
DHG Pharmaceutical One member Limited Company	3,396,004,997	-
	<b>3,396,004,997</b>	<b>-</b>

## 38 RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

	For the fiscal period ended	
	30.06.2017	30.06.2016
	VND	VND
<b>Purchase of goods and services</b>		
DHG Packaging and Printing 1 One Member Limited Company	16,467,656,885	46,209,394,055
DHG Travel One Member Limited Company	14,702,311,861	14,077,666,364
TOT Pharmaceutical One Member Limited Company	-	224,673,304
DHG Pharmaceutical One Member Limited Company	870,476,877,428	464,561,501,313
Vinh Hao Algae Processing Joint Stock Company	1,132,250,000	717,050,000
	<b>902,779,096,174</b>	<b>525,790,285,036</b>

**Dividend income**

DHG Packaging and Printing 1 One Member Limited Company	36,075,222,427	8,556,365,201
DHG Travel One Member Limited Company	435,525,710	69,187,375
CM Pharmaceutical One Member Limited Company	6,353,700,178	1,018,960,957
DT Pharmaceutical One Member Limited Company	1,616,676,596	654,886,490
HT Pharmaceutical One Member Limited Company	6,548,577,233	1,939,298,020
ST Pharmaceutical One Member Limited Company	6,892,286,367	853,786,842
SH Pharmaceutical Joint Stock Company	765,000,000	1,275,000,000
A&G Pharmaceutical One Member Limited Company	11,274,561,340	1,538,343,416
TOT Pharmaceutical One Member Limited Company	28,569,221,931	2,210,827,450
TG Pharmaceutical One Member Limited Company	2,285,345,720	693,817,933
Bali Pharmaceutical One Member Limited Company	6,435,232,133	990,249,704
DHG Pharmaceutical One Member Limited Company	497,405,232,363	68,214,526,669
TVP Pharmaceutical One Member Limited Company	563,672,164	87,450,668
B&T Pharmaceutical One Member Limited Company	3,396,890,325	959,981,576
VL Pharmaceutical One Member Limited Company	3,386,544,475	1,018,037,728
	<b>612,003,688,962</b>	<b>90,080,720,029</b>

## For the fiscal period ended

	30.06.2017	30.06.2016
	VND	VND
<b>Loan interest income</b>		
DHG Packaging and Printing 1 One Member Limited Company	518,558,461	2,227,673,426
DHG Travel One Member Limited Company	3,750,000	-
ST Pharmaceutical One Member Limited Company	-	41,473,602
DHG Pharmaceutical One Member Limited Company	348,605,183	10,169,863,112
	<b>870,913,644</b>	<b>12,439,010,140</b>

## 38 RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

**Loans to subsidiaries in the period/year****The investment for a project of a subsidiary in the period/year**

DHG Pharmaceutical One Member Limited Company	10,872,523,165	26,484,328,789
	<b>10,872,523,165</b>	<b>26,484,328,789</b>

**Loans granted for working capital of subsidiaries during the period/year**

DHG Travel One Member Limited Company	2,000,000,000	-
ST Pharmaceutical One Member Limited Company	-	3,878,438,285
	<b>2,000,000,000</b>	<b>3,878,438,285</b>

**Loan collection from subsidiaries in the period/year**

HT Pharmaceutical One Member Limited Company	-	2,000,000,000
ST Pharmaceutical One Member Limited Company	-	3,878,438,285
DHG Pharmaceutical One Member Limited Company	-	218,718,743,786
TVP Pharmaceutical One Member Limited Company	-	2,829,000,000
	<b>-</b>	<b>227,426,182,071</b>

**Collection of contributed capital of a subsidiary in the period/year**

A&G Pharmaceutical One Member Limited Company	5,000,000,000	-
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**Dividend paid**

State Capital Investment Corporation (SCIC)	132,127,887,500	132,127,887,500
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The income of the Board of Directors and the Board of Management paid during the period as follows:

Salary and other benefits	9,911,906,264	6,084,280,428
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## 38 RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

Balances with related parties at the date of the accounting balance sheet as follows:

<b>Trade receivables</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
DHG Packaging and Printing 1 One Member Limited Company	720,000	720,000
DHG Travel One Member Limited Company	-	1,841,860
CM Pharmaceutical One Member Limited Company	-	12,867,061,125
DT Pharmaceutical One Member Limited Company	-	8,042,060,515
HT Pharmaceutical One Member Limited Company	-	8,650,030,666
ST Pharmaceutical One Member Limited Company	-	13,113,970,433
SH Pharmaceutical Joint Stock Company	9,307,290,157	8,256,820,378
A&G Pharmaceutical One Member Limited Company	-	15,233,812,633
TOT Pharmaceutical One Member Limited Company	-	10,337,468,553
TG Pharmaceutical One Member Limited Company	-	6,095,572,073
Bali Pharmaceutical One Member Limited Company	-	8,579,349,638
TVP Pharmaceutical One Member Limited Company	-	2,310,029,324
B&T Pharmaceutical One Member Limited Company	-	658,526,143
VL Pharmaceutical One Member Limited Company	-	11,625,139,603
Fuji Medic Limited Company	-	4,699,800,000
	<u>9,308,010,157</u>	<u>110,472,202,944</u>
<b>Loans receivable</b>		
DHG Pharmaceutical One Member Limited Company	19,903,227,828	9,030,704,663
DHG Packaging and Printing 1 One Member Limited Company	22,919,711,037	22,919,711,037
DHG Travel One Member Limited Company	2,000,000,000	-
	<u>44,822,938,865</u>	<u>31,950,415,700</u>
<b>Trade payables</b>		
DHG Packaging and Printing 1 One Member Limited Company	4,804,278,317	7,577,591,879
DHG Travel One Member Limited Company	2,716,432,500	103,390,000
DHG Pharmaceutical One Member Limited Company	179,498,847,997	362,912,166,262
Vinh Hao Algae Processing Joint Stock Company	246,500,000	211,200,000
	<u>187,266,058,814</u>	<u>370,804,348,141</u>
<b>Prepaid trade payables</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>VND</b>	<b>VND</b>
Fuji Medic Limited Company	404,737,800	-
	<u>404,737,800</u>	<u>-</u>

**39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENTS (“CFS”)****(a) Non-cash transactions affecting the CFS**

	<b>For the fiscal period ended</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>VND</b>	<b>VND</b>
Appropriation to reserves	405,026,273,166	238,694,438,137
Transferred from construction in progress to tangible fixed assets	3,717,290,910	16,999,310,850
Transferred from construction in progress to intangible assets	2,264,085,000	6,205,435,000
Transferred from construction in progress to tools and supplies	-	1,395,000
Transfers from real estate investment to tangible fixed assets	25,384,704,062	-
Transfer from tangible fixed assets to real estate investment	323,326,952	-
Clearing the debts when receiving profit earned and loan interest income	509,550,707,347	78,384,389,781
Clearing the debts when collecting the loans	-	218,718,743,786
Clearing the debts for the loans of subsidiaries	-	3,878,438,285
Clearing the debts when collecting the contributed capital of a subsidiary	5,000,000,000	-
Disposed fixed assets funded by science and technology development fund	1,640,441,347	-
The balances of the transferred subsidiaries are recorded in the Company's financial statements		
- Loans	21,504,411,839	-
- Allowances for doubtful debts	6,121,961,897	-
- Payables to employees	26,416,761,894	-
- Accrued expenses	1,330,586,153	-
- Bonus and welfare fund, bonus fund for Executive Board	145,529,566	-
- Trade receivables and other receivables	140,577,758,828	-

**(b) Proceeds from borrowings**

	<b>For the fiscal period ended</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>VND</b>	<b>VND</b>
Proceeds from borrowings under normal contracts	1,383,813,007,337	633,486,276,089

**(c) Repayment of borrowings**

	<b>For the fiscal period ended</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>VND</b>	<b>VND</b>
Repayments of borrowings under normal contracts	1,046,978,435,800	517,685,776,712

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Le Chanh Dao  
Deputy General Director  
18 July 2017