

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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

CONTENTS

Corporate information	1
Balance Sheet (Form B 01-DN)	2
Income statement (Form B 02- DN)	4
Cash flow statement (Form B 03-DN)	6
Notes to financial statements (Form B 09-DN)	7

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

Board of Directors	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)

Board of Management	Mdm. Pham Thi Viet Nga	General Director (resigned on 01 September 2017)
	Mr. Doan Dinh Duy Khuong	Acting General Director (appointed on 01 September 2017)
	Mr. Le Chanh Dao	Deputy General Director
	Ms. Nguyen Ngoc Diep	Deputy General Director

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

Legal representative Mr. Doan Dinh Duy Khuong Acting General Director

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

SEPARATE INTERIM BALANCE SHEET

Code	ASSETS	Notes	As at 30.09.2017	As at 31.12.2016
			VND	VND
100	CURRENT ASSETS		2,606,654,634,044	2,380,779,149,339
110	Cash and cash equivalents	3	660,338,732,192	310,837,861,290
111	Cash		104,282,509,970	25,209,548,477
112	Cash equivalents		556,056,222,222	285,628,312,813
120	Short-term investments	4	564,500,000,000	694,000,000,000
123	Investments held-to-maturity		564,500,000,000	694,000,000,000
130	Short-term receivables		629,357,972,817	587,663,605,860
131	Trade accounts receivable	5	537,787,105,903	505,395,183,923
132	Prepayments to suppliers		40,698,387,352	19,450,347,218
135	Short-term lending	6	30,837,124,297	46,337,054,549
136	Other short-term receivables	7	39,429,349,382	22,587,526,950
137	Provision for doubtful debts	8	(19,393,994,117)	(6,106,506,780)
140	Inventories	9	727,342,028,794	770,889,142,004
141	Inventories		730,913,885,344	772,543,765,702
149	Provision for decline in value of inventories		(3,571,856,550)	(1,654,623,698)
150	Other current assets		25,115,900,241	17,388,540,185
151	Short-term prepaid expenses	10	4,919,395,318	2,637,736,253
152	Value Added Tax to be reclaimed		10,748,285,678	1,488,901,617
153	Other taxes receivable	11	9,448,219,245	13,261,902,315
200	Non-current assets		1,271,753,318,656	1,262,533,382,063
210	Long-term receivables		56,226,082,383	2,749,472,109
215	Long-term lending	6	56,226,082,383	2,749,472,109
220	Fixed assets		462,095,886,498	490,337,670,120
221	Tangible fixed assets	12	274,659,319,362	284,031,671,199
222	Cost		662,607,084,899	640,015,468,670
223	Accumulated depreciation		(387,947,765,537)	(355,983,797,471)
227	Intangible fixed assets	13	187,436,567,136	206,305,998,921
228	Cost		210,442,791,877	226,053,296,877
229	Accumulated amortization		(23,006,224,741)	(19,747,297,956)
230	Investment properties	14	433,331,397	25,567,976,719
231	Cost		1,671,878,867	36,576,236,140
232	Accumulated depreciation		(1,238,547,470)	(11,008,259,421)
240	Long-term assets in progress	15	16,430,824,763	6,903,601,956
242	Construction in progress		16,430,824,763	6,903,601,956
250	Long-term investments	4	704,330,984,156	711,488,080,200
251	Investments in subsidiaries		689,732,460,000	696,292,460,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Investments in other entities		27,908,170,200	27,908,170,200
254	Provision for long-term investments		(17,097,096,044)	(16,500,000,000)
260	Other long-term assets		32,236,209,459	25,486,580,959
261	Long-term prepaid expenses	10	22,505,872,573	16,425,962,516
262	Deferred income tax assets	16	9,730,336,886	9,060,618,443
270	TOTAL ASSETS		3,878,407,952,700	3,643,312,531,402

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE INTERIM BALANCE SHEET (cont.)

Code	RESOURCES	Notes	As at 30.09.2017 VND	As at 31.12.2016 VND
300	LIABILITIES		1,535,073,907,337	1,305,150,066,414
310	Short-term liabilities		1,480,526,212,120	1,255,347,985,823
311	Short-term trade accounts payable	17	503,954,684,140	645,867,894,117
312	Short-term advances from customers		14,010,105,644	13,737,632,713
	Taxes and other payables to the State			
313	Budget	11	10,429,931,841	7,607,250,329
314	Payables to employees		96,734,394,276	113,184,224,509
315	Short-term accrued expenses	18	36,050,311,435	27,426,200,327
318	Unearned revenue	19	38,441,006,461	26,361,586,191
319	Other short-term payables	20	163,545,225,984	5,208,187,098
320	Short-term borrowings	21	522,000,000,000	354,765,428,463
322	Bonus and welfare funds	22	95,360,552,339	61,189,582,076
330	Long-term liabilities		54,547,695,217	49,802,080,591
342	Provision for long-term payables	23	31,554,588,387	28,803,092,215
	Science and technology development			
343	funds	24	22,993,106,830	20,998,988,376
400	Owners' equity		2,343,334,045,363	2,338,162,464,988
410	Capital and reserves	25	2,343,334,045,363	2,338,162,464,988
411	Owners' capital		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		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		(48,250,867,830)	255,321,632,334
	- Undistributed profit after tax for the			
421b	current period		(48,250,867,830)	255,321,632,334
440	TOTAL RESOURCES		3,878,407,952,700	3,643,312,531,402

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
16 October 2017

SEPARATE 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	1,116,138,847,917	961,654,560,718	3,391,089,098,274	2,754,018,788,353
02	Less deductions	106,913,495,869	69,098,950,479	277,015,092,424	165,118,088,904
10	Net sales	27 1,009,225,352,048	892,555,610,239	3,114,074,005,850	2,588,900,699,449
11	Cost of goods sold	28 803,737,573,576	641,797,531,661	2,487,155,047,699	1,894,913,412,637
20	Gross profit	205,487,778,472	250,758,078,578	626,918,958,151	693,987,286,812
21	Financial income	29 24,711,807,931	16,706,844,658	670,559,795,808	145,483,986,244
22	Financial expenses	30 24,097,397,293	16,584,118,321	68,179,039,459	47,647,150,478
23	<i>Including: Interest expenses</i>	8,007,611,708	4,180,335,055	18,659,870,464	9,778,933,753
25	Selling expenses General & administrative expenses	31 191,716,433,981	129,378,560,415	479,977,902,800	373,611,294,965
26		31 60,139,041,966	53,881,626,888	212,011,715,786	147,389,125,696
30	Net operating profit	(45,753,286,837)	67,620,617,612	537,310,095,914	270,823,701,917
31	Other income	32 2,239,064,749	(14,650,730,829)	4,704,663,091	10,375,476,477
32	Other expenses	32 417,808,610	1,501,312,265	2,280,989,748	10,233,512,274
40	Other profit	1,821,256,139	(16,152,043,094)	2,423,673,343	141,964,203
50	Net accounting profit before tax	(43,932,030,698)	51,468,574,518	539,733,769,257	270,965,666,120
51	Current tax expenses	34 835,440,749	10,635,937,067	3,128,488,698	38,394,418,821
52	Deferred tax expenses	(11,526,171)	(5,279,753,347)	(669,718,443)	(5,279,753,347)
60	Net profit after tax	(44,755,945,276)	46,112,390,798	537,274,999,002	237,851,000,646

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

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 last year as follows:

Figures in: VND million

Target	Quarter III/2017	Quarter III/2016	Increase, decrease	
			Value	%
Net sales	1,009,225	892,556	116,670	13.07%
Profit before tax	(43,932)	51,469	(95,401)	-185.36%
Profit after tax	(44,756)	46,112	(90,868)	-197.06%
Dividend from subsidiaries	545	-	545	
Profit after tax after the deduction of dividend from subsidiaries	(45,301)	46,112	(91,413)	-198.24%

Reason:

Profit after tax of Quarter III/2017 of the Parent Company after the deduction of dividend from subsidiaries decreased 198.24% over the same period. The main reason is the Company had a plan of revenue and profit for each quarter from the beginning of the year.

DHG Pharmaceutical Joint Stock Company kindly explains.

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
16 October 2017

SEPARATE INTERIM CASH FLOW STATEMENT
(Indirect method)

Code	Notes	For the fiscal period ended	
		30.09.2017 VND	30.09.2016 VND
Cash flows from operating activities			
01		539,733,769,257	270,965,666,120
Adjustments for:			
02		37,389,131,247	40,390,829,841
03		14,179,038,384	1,104,776,473
05		(666,015,903,537)	(148,176,063,957)
06	30	18,659,870,464	9,778,933,753
07		8,705,231,445	-
08		(47,348,862,740)	174,064,142,230
09		82,142,695,210	139,478,573,277
10		41,867,265,813	(42,287,011,688)
11		321,225,388,899	259,188,443,354
12		(8,369,022,875)	(1,209,982,135)
14		(18,873,128,498)	(10,042,697,705)
15		(5,052,181,819)	(32,506,597,606)
16		1,600,000,000	-
17		(67,067,057,267)	(41,683,829,055)
20		300,125,096,723	445,001,040,672
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(30,971,393,024)	(50,705,953,240)
22		32,967,697,377	8,017,239,111
23		(879,154,972,741)	(1,114,831,994,589)
24		992,182,704,558	855,664,265,257
25		(18,440,000,000)	(36,978,880,580)
27		85,632,321,472	51,868,496,820
30		187,216,357,642	(286,966,827,221)
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	22,899,978,000
33		1,891,013,007,337	976,774,858,019
34		(1,723,778,435,800)	(986,926,204,715)
36		(305,075,155,000)	(304,296,825,000)
40		(137,840,583,463)	(291,548,193,696)
50		349,500,870,902	(133,513,980,245)
60	3	310,837,861,290	329,246,389,813
70	3	660,338,732,192	195,732,409,568

Tran Ngoc Hien
PreparerHo Buu Huan
Chief AccountantLe Chanh Dao
Deputy General Director
16 October 2017

**NOTES TO THE SEPARATE 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.

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 2,021 employees (as at 31 December 2016: 1,738 employees).

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

The Company'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
Subsidiaries:				
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

1 GENERAL INFORMATION OF THE COMPANY (cont.)

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.09.2017	31.12.2016
Subsidiaries (cont.)				
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	97.10%	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%

1 GENERAL INFORMATION OF THE COMPANY (cont.)

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.09.2017	31.12.2016
Subsidiaries (cont.)				
DHG Packaging and Printing 1 One Member Limited Company	Produce label, packaging from paper and cover; Manufacture and trade plastic, aluminum, paper; provide printing services	No. 6300215818 issued by the Planning and Investment Department of Hau Giang province on 28 September 2012	100%	100%
Fuji Medic Limited Liability Company	Operation of polyclinics, Specialized and dental clinics	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	51%
Associate:				
Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade Spirulina algae	No. 4803000150 issued by the 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 separate 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 separate interim financial statements**

The separate interim financial statements, expressed in Vietnamese Dong (VND), are prepared under the historical cost convention, in accordance with Vietnamese Accounting Standards, the Vietnamese 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 September 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.

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.

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

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

Accounting currency

The separate 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.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)***Investments in subsidiaries***

Subsidiaries are all entities over which the Company 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 Company controls another entity.

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

Investments in associates

Associates are investments that the Company has significant influence but not control and would generally have from 20% to under 50% voting shares of the investee.

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

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.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Leases**

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

Investment properties

All of the Company's investment properties are held for lease.

Investment properties held for lease are stated at historical cost less accumulated depreciation. Cost of investment properties comprises all costs (cash or cash equivalents) that the Company paid or the fair value of any other consideration given to acquire the investment properties at the time of its acquisition or completion of construction.

Depreciation

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

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognized as income or expense in the income statement.

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.

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 in 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.

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

Provision for dismantling and restoration costs

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

Unearned revenue

Unearned revenue represents the fair value of goods and services provided to customers for free or at a discount in the customer loyalty programs. The Company records unearned revenue for the future obligations that the Company 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.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Current and deferred income tax (cont.)**

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 business 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.

Bonus and welfare fund

Bonus and welfare fund is appropriated from the net profit of the Group and approved by shareholders at the Annual 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 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:

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)***Sales of goods (cont.)***

- 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 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 Company;
- 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.

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.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Customer loyalty programs (cont.)**

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, corresponding to the fair value of free goods or services provided or discounted amount for the customers, 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 the obligations of providing the free or discounted goods and services to customers are carried out by a third party: If the Company does not act as an agent of the third party, the unearned revenue is realized into the Company's income statement at the time that the third party provides the free or discounted goods and services to customers. If the Company acts as an agent of the third party, the Company 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.

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

	30.09.2017	31.12.2016
	VND	VND
Cash on hand	14,583,725,192	10,996,396,256
Cash at bank	89,199,605,901	14,213,152,221
Cash in transit	499,178,877	-
Cash equivalents (*)	<u>556,056,222,222</u>	<u>285,628,312,813</u>
	<u>660,338,732,192</u>	<u>310,837,861,290</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

	30.9.2017		31.12.2016	
	Historical cost VND	Book value VND	Historical cost VND	Book value VND
Term deposits	564,500,000,000	564,500,000,000	694,000,000,000	694,000,000,000

(b) Long-term investments

	30.09.2017		31.12.2016	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Investments in subsidiaries (*)	689,732,460,000	-	696,292,460,000	-
Investments in associates (**)	3,787,450,000	(597,096,044)	3,787,450,000	-
Investments in other entities (***)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>721,428,080,200</u>	<u>(17,097,096,044)</u>	<u>727,988,080,200</u>	<u>(16,500,000,000)</u>

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

	30.09.2017 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
SH Pharmaceutical Joint Stock Company	20,990,000,000	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
TOT Pharmaceutical One Member Limited Company	-	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
TVP Pharmaceutical One Member Limited Company	-	5,000,000,000
DHG Packaging and Printing 1 One Member Limited Company	80,000,000,000	80,000,000,000
Fuji Medic Limited Liability Company	13,742,460,000	13,742,460,000
	<u>689,732,460,000</u>	<u>696,292,460,000</u>

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

	30.09.2017 VND	31.12.2016 VND
Vinh Hao Algae Processing Joint Stock Company	<u>3,787,450,000</u>	<u>3,787,450,000</u>

4 INVESTMENTS (cont.)**(b) Long-term investments (cont.)**

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

	30.09.2017	31.12.2016
	VND	VND
ATP Packaging JSC	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>

Provision balance as at 30 September 2017 represents the provision for long-term investments in ATP Packaging Joint Stock Company and Vinh Hao Algae Processing Joint Stock Company (as at 31 December 2016 represents the provision for long-term investments in ATP Packaging Joint Stock Company).

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.09.2017	31.12.2016
	VND	VND
From subsidiaries (Note 36)	10,018,782,280	110,472,202,944
From third parties	<u>527,768,323,623</u>	<u>394,922,980,979</u>
	<u>537,787,105,903</u>	<u>505,395,183,923</u>

As at 30 September 2017 and 31 December 2016, there was no short-term trade accounts receivable from third parties accounting for 10% or more of total short-term trade accounts receivable balance.

6 LENDING

Short-term lending	30.09.2017	31.12.2016
	VND	VND
Lending to subsidiaries (Note 36)	-	31,950,415,700
Lending to customers	<u>30,837,124,297</u>	<u>14,386,638,849</u>
	<u>30,837,124,297</u>	<u>46,337,054,549</u>
Long-term lending	30.09.2017	31.12.2016
	VND	VND
Lending to subsidiaries (Note 36)	42,944,959,865	-
Lending to customers	<u>13,281,122,518</u>	<u>2,749,472,109</u>
	<u>56,226,082,383</u>	<u>2,749,472,109</u>

7 OTHER SHORT-TERM RECEIVABLES

	30.09.2017	31.12.2016
	VND	VND
Prepaid trade discounts	244,859,409	183,850,237
Interest income receivable	17,535,101,956	15,585,033,271
Receivables from employees	10,706,142,478	1,403,269,689
Other receivables	<u>10,943,245,539</u>	<u>5,415,373,753</u>
	<u>39,429,349,382</u>	<u>22,587,526,950</u>

8 DOUBTFUL DEBTS

	30.09.2017		
	Historical cost VND	Recoverable amount VND	Provision VND
The total amount of receivables and loans past due or not past due but impaired	195,953,154,976	176,559,160,859	(19,393,994,117)
	<u> </u>	<u> </u>	<u> </u>
	31.12.2016		
	Historical cost VND	Recoverable amount VND	Provision VND
The total amount of receivables and loans past due or not past due but impaired	125,032,943,616	118,926,436,836	(6,106,506,780)
	<u> </u>	<u> </u>	<u> </u>

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:

	Fiscal period ended 30.09.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	6,106,506,780	5,777,715,142
Increase in the period/year	7,165,525,440	328,791,638
Transfers from subsidiaries	6,121,961,897	-
Decrease in the period/year	-	-
End of period/year	<u>19,393,994,117</u>	<u>6,106,506,780</u>

9 INVENTORIES

	30.09.2017		31.12.2016	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Goods in transit	55,337,080,569	-	60,597,811,325	-
Raw materials	188,229,559,321	-	174,559,432,461	-
Work in progress	14,235,738,935	-	9,884,664,619	-
Finished goods	97,022,857,867	(1,329,865,193)	120,444,958,431	(1,028,460,903)
Merchandise	376,088,648,652	(2,241,991,357)	407,056,898,866	(626,162,795)
	<u>730,913,885,344</u>	<u>(3,571,856,550)</u>	<u>772,543,765,702</u>	<u>(1,654,623,698)</u>

9 INVENTORIES (cont.)

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

	Fiscal period ended 30.09.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	1,654,623,698	2,360,634,730
Increase in the period/year	1,917,232,852	-
Reversal in the period/year	-	(706,011,032)
End of period/year	<u>3,571,856,550</u>	<u>1,654,623,698</u>

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

As at 30 September 2017 and 31 December 2016, the Company did not have any slow moving, damaged or sub-standard inventories.

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

	30.09.2017 VND	31.12.2016 VND
Operating lease	1,572,625,201	30,818,180
Others	3,346,770,117	2,606,918,073
	<u>4,919,395,318</u>	<u>2,637,736,253</u>

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

Long-term prepaid expenses

	30.09.2017 VND	31.12.2016 VND
Prepaid land rental fees	10,799,678,439	11,059,114,850
Tools and supplies	7,729,170,406	3,722,025,943
Leasehold improvements	87,493,128	111,109,236
Others	3,889,530,600	1,533,712,487
	<u>22,505,872,573</u>	<u>16,425,962,516</u>

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

Movements in long-term prepaid expenses are as follows:

	Fiscal period ended 30.09.2017 VND	Fiscal year ended 31.12.2016 VND
Beginning of year	16,425,962,516	14,621,653,241
Increase	10,256,268,398	4,756,380,827
Allocation in the period/year	(4,176,358,341)	(2,952,071,552)
End of period/year	<u>22,505,872,573</u>	<u>16,425,962,516</u>

11 TAX AND OTHER RECEIVABLES/PAYABLES TO THE STATE BUDGET

	Beginning of year	Payable during the period/year	Paid during the period/year	End of period/year
	VND	VND	VND	VND
Receivables				
VAT on domestic sales	6,812,843,726	(7,812,843,726)	1,000,000,000	-
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 – current	5,743,754,917	(3,128,488,698)	5,052,181,819	7,667,448,038
Personal income tax	-	-	-	-
	<u>13,261,902,315</u>	<u>(52,544,013,536)</u>	<u>48,730,330,466</u>	<u>9,448,219,245</u>
Payables				
Output VAT	5,342,035,766	29,305,055,945	(30,269,541,452)	4,377,550,259
Corporate income tax – current	-	-	-	-
Personal income tax	2,265,214,563	36,058,798,286	(34,912,494,777)	3,411,518,072
Land tax, land use tax	-	5,590,870,781	(2,950,007,271)	2,640,863,510
Other taxes	-	141,834,560	(141,834,560)	-
	<u>7,607,250,329</u>	<u>71,096,559,572</u>	<u>(68,273,878,060)</u>	<u>10,429,931,841</u>

12 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
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 in the period/year					
Construction in progress finished (Note 15)	765,940,288	5,714,239,680	1,495,309,923	411,365,989	8,386,855,880
Transfers from investment properties (Note 14)	35,974,311,996	-	-	-	35,974,311,996
Transfers to investment properties (Note 14)	(1,069,954,723)	-	-	-	(1,069,954,723)
Disposals	(41,671,313)	(11,794,431,609)	(2,585,698,279)	(6,277,795,723)	(20,699,596,924)
As at 30 September 2017	<u>269,524,601,839</u>	<u>208,068,265,180</u>	<u>116,359,209,083</u>	<u>68,655,008,797</u>	<u>662,607,084,899</u>
Accumulated depreciation					
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 in the period/year	15,159,013,563	12,413,244,735	7,974,678,577	4,517,600,798	40,064,537,673
Transfers from investment properties (Note 14)	10,589,607,934	-	-	-	10,589,607,934
Transfers to investment properties (Note 14)	(746,627,771)	-	-	-	(746,627,771)
Disposals	(41,671,313)	(9,715,131,267)	(2,585,698,279)	(5,601,048,911)	(17,943,549,770)
As at 30 September 2017	<u>120,711,116,484</u>	<u>128,193,880,353</u>	<u>85,387,577,956</u>	<u>53,655,190,744</u>	<u>387,947,765,537</u>
Net book value					
As at 01 January 2017	<u>138,145,181,520</u>	<u>88,652,690,224</u>	<u>37,450,999,781</u>	<u>19,782,799,674</u>	<u>284,031,671,199</u>
As at 30 September 2017	<u>148,813,485,355</u>	<u>79,874,384,827</u>	<u>30,971,631,127</u>	<u>14,999,818,053</u>	<u>274,659,319,362</u>

Cost of fully depreciated tangible fixed assets but still in use as at 30 September 2017 was VND 162,585 million (31 December 2016: VND 148,975 million).

13 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
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				
Construction in progress finished (Note 15)	-	-	2,264,085,000	2,264,085,000
Disposals	(17,874,590,000)	-	-	(17,874,590,000)
As at 30 September 2017	<u>92,414,349,361</u>	<u>102,821,579,711</u>	<u>15,206,862,805</u>	<u>210,442,791,877</u>
Accumulated amortization				
As at 01 January 2017	-	12,710,844,439	7,036,453,517	19,747,297,956
Amortization in the period/year	-	1,577,822,562	1,681,104,223	3,258,926,785
Disposals				
As at 30 September 2017	<u>-</u>	<u>14,288,667,001</u>	<u>8,717,557,740</u>	<u>23,006,224,741</u>
Net book value				
As at 01 January 2017	110,288,939,361	90,110,735,272	5,906,324,288	206,305,998,921
As at 30 September 2017	<u>92,414,349,361</u>	<u>88,532,912,710</u>	<u>6,489,305,065</u>	<u>187,436,567,136</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.)

14 INVESTMENT PROPERTIES

	Buildings VND
Historical cost	
As at 01 January 2017	36,576,236,140
Transfers from tangible fixed assets (Note 12)	1,069,954,723
Transfers to tangible fixed assets (Note 12)	(35,974,311,996)
Disposals	-
As at 30 September 2017	<u>1,671,878,867</u>
Accumulated depreciation	
As at 01 January 2017	11,008,259,421
Charge for the period	73,268,212
Transfers from tangible fixed assets (Note 12)	746,627,771
Transfers to tangible fixed assets (Note 12)	(10,589,607,934)
Disposals	-
As at 30 September 2017	<u>1,238,547,470</u>
Net book value	
As at 01 January 2017	25,567,976,719
As at 30 September 2017	<u>433,331,397</u>

Cost of fully depreciated investment properties but still in use as at 30 September 2017 was VND 367,140,705 and as at 31 December 2016 was VND 612,933,335.

15 LONG-TERM ASSETS IN PROGRESS

	30.09.2017	31.12.2016
	VND	VND
Effervescent tablet production factory	15,731,623,864	6,267,835,000
Construction of Gia Lai office	623,948,774	623,948,774
Construction of office	4,000,000	-
Construction of Thai Nguyen office	-	11,818,182
Construction of Bac Lieu office	23,252,125	-
Repairing and maintenance of GMP WHO re-evaluation	48,000,000	-
	<u>16,430,824,763</u>	<u>6,903,601,956</u>

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

	Fiscal period ended	Fiscal year ended
	30.09.2017	31.12.2016
	VND	VND
Beginning of year	6,903,601,956	13,094,070,465
Purchase	30,971,393,024	92,473,008,537
Transfers to tangible fixed assets (Note 12)	(8,386,855,880)	(84,930,323,433)
Transfers to intangible fixed assets (Note 13)	(2,264,085,000)	(6,205,435,000)
Transfers to investment properties	-	(136,483,613)
Transfers to tools, supplies	(237,385,455)	(496,913,970)
Disposals	(10,555,843,882)	(6,894,321,030)
End of period/year	<u>16,430,824,763</u>	<u>6,903,601,956</u>

16 DEFERRED INCOME TAX ASSETS

	30.09.2017	31.12.2016
	VND	VND
Corporate income tax rate used for determining deferred income tax assets	20%	20%
Deductible temporary differences relating to provisions	48,651,684,431	45,303,092,215
Deferred income tax assets	<u>9,730,336,886</u>	<u>9,060,618,443</u>

17 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.09.2017		31.12.2016	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties (*)	179,065,373,578	179,065,373,578	275,063,545,976	275,063,545,976
Related parties (Note 36)	324,889,310,562	324,889,310,562	370,804,348,141	370,804,348,141
	<u>503,954,684,140</u>	<u>503,954,684,140</u>	<u>645,867,894,117</u>	<u>645,867,894,117</u>

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

17 SHORT-TERM TRADE ACCOUNTS PAYABLE (cont.)

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

	30.09.2017	31.12.2016
	VND	VND
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.

18 SHORT-TERM ACCRUED EXPENSES

	30.09.2017	31.12.2016
	VND	VND
Seminar expenses	27,943,404	12,058,228
Interest expenses	375,876,715	589,134,749
Marketing and customer care expenses	18,632,116,560	2,984,753,722
Others	17,014,374,756	23,840,253,628
	<u>36,050,311,435</u>	<u>27,426,200,327</u>

19 SHORT-TERM UNEARNED REVENUE

	30.09.2017	31.12.2016
	VND	VND
Unearned revenue for customer loyalty programs (Note 2)	38,441,006,461	26,361,586,191

20 OTHER SHORT-TERM PAYABLES

	30.09.2017	31.12.2016
	VND	VND
Union fee	495,673,455	700,902,630
Dividend payables	130,746,071,000	-
Payables to subsidiaries	28,597,497,858	-
Other payables	3,705,983,671	4,507,284,468
	<u>163,545,225,984</u>	<u>5,208,187,098</u>

21 SHORT-TERM BORROWINGS

	30.09.2017		31.12.2016	
	Value	Able-to-pay amount	Value	Able-to-pay amount
	VND	VND	VND	VND
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>

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

21 SHORT-TERM BORROWINGS (cont.)

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

	As at 01.01.2017 VND	Increase VND	Decrease VND	As at 30.09.2017 VND
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	3,913,007,337	(34,978,435,800)	-
	<u>354,765,428,463</u>	<u>1,891,013,007,337</u>	<u>(1,723,778,435,800)</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.

22 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”). The funds are used to pay a bonus and welfare to the Company’s employees in accordance with the Company’s 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 funds during the period/year were as follows:

	Bonus and welfare fund VND	Bonus fund for the Board of Directors VND	Welfare fund in form of assets VND	Total VND
Beginning of year	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
Transfers from subsidiaries	1,712,874,138	1,156,202,539	-	2,869,076,677
Transfers from welfare fund in form of assets	7,519,442,000	-	(7,519,442,000)	-
Depreciation of assets formed from funds	-	-	(2,470,140,198)	(2,470,140,198)
Transfers to subsidiaries	(9,839,891,144)	-	-	(9,839,891,144)
Utilization	(43,258,065,114)	(9,412,202,585)	-	(52,670,267,699)
End of period/year	<u>64,631,367,098</u>	<u>9,636,331,201</u>	<u>21,092,854,040</u>	<u>95,360,552,339</u>

23 PROVISIONS FOR LONG-TERM PAYABLES

	Provision for dismantling and restoration costs of the Company's leased premises or lands VND	Provision for severance allowances VND	Total VND
Beginning of year	3,055,713,715	25,747,378,500	28,803,092,215
Appropriation in the period/year	1,276,496,946	3,222,687,102	4,499,184,048
Utilization	-	(1,747,687,876)	(1,747,687,876)
End of period/year	<u>4,332,210,661</u>	<u>27,222,377,726</u>	<u>31,554,588,387</u>

24 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No.12/2016/TTLT-BKHCHN-BTC dated 28 June 2016, entities are allowed to establish the science and technology development funds for research and development activities. Provision made during the year is charged to expenses. Funds are utilized when disbursements are paid for research and development activities.

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

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
Beginning of year	(5,308,384,662)	26,307,373,038	20,998,988,376
Appropriation in the period/year	8,705,231,445	-	8,705,231,445
Assets formed from science and technology development fund	(1,863,636,364)	1,863,636,364	-
Depreciation of assets formed from science and technology development fund	-	(3,537,461,225)	(3,537,461,225)
Disposals of assets formed from science and technology development fund	1,640,441,347	(1,640,441,347)	-
Transfers to subsidiaries	(2,257,793,048)	-	(2,257,793,048)
Expenditure in the period/year	(915,858,718)	-	(915,858,718)
End of period/year	-	22,993,106,830	22,993,106,830

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN26

25 OWNERS' EQUITY

Movements in owners' equity

	Owners' capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Undistributed profit after tax VND	Total VND
Balance as at 01 January 2016	871,643,300,000	-	(16,121,030,000)	1,025,023,272,831	542,991,263,137	2,423,536,805,968
Treasury shares reissued	-	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)
Appropriation to reserves	-	-	-	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)
Balance as at 31 December 2016	871,643,300,000	6,778,948,000	-	1,204,418,584,654	255,321,632,334	2,338,162,464,988
Bonus shares issued at ratio 2:1 (*)	435,817,410,000	-	-	(435,817,410,000)	-	-
Net profit for the year	-	-	-	-	537,274,999,002	537,274,999,002
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	-	-	-	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)
Balance as at 30 September 2017	1,307,460,710,000	6,778,948,000	-	1,077,345,255,193	(48,250,867,830)	2,343,334,045,363

(*) 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.

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

Movements of share capital during the period/year 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.

26 OFF-BALANCE SHEET ITEMS

Foreign currencies

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

	30.09.2017 VND	31.12.2016 VND
USD	187,042	52,290
EUR	2,288	2,086
MOP	-	20

27 SALES

	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
Sales				
Sales of finished goods	149,253,486,446	456,115,146,776	550,842,241,930	1,308,267,451,151
Sales of merchandise	958,029,809,400	480,751,428,232	2,813,768,223,373	1,419,484,502,117
Leasing, distribution and sale services	8,855,552,071	24,787,985,710	26,478,632,971	26,266,835,085
	<u>1,116,138,847,917</u>	<u>961,654,560,718</u>	<u>3,391,089,098,274</u>	<u>2,754,018,788,353</u>
Sales deductions				
Trade discounts	102,978,113,445	63,177,359,566	267,853,711,867	148,420,166,066
Sales returns	3,935,382,424	5,921,590,913	9,161,380,557	16,697,922,838
	<u>106,913,495,869</u>	<u>69,098,950,479</u>	<u>277,015,092,424</u>	<u>165,118,088,904</u>
Net sales	<u>1,009,225,352,048</u>	<u>892,555,610,239</u>	<u>3,114,074,005,850</u>	<u>2,588,900,699,449</u>
In which:				
Sales of finished goods	132,053,001,321	418,077,496,772	499,418,956,781	1,213,937,660,610
Sales of merchandise	868,316,798,656	449,690,127,757	2,588,176,416,098	1,348,696,203,754
Leasing, distribution and sale services	8,855,552,071	24,787,985,710	26,478,632,971	26,266,835,085

28 COST OF GOODS SOLD

	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
Cost of finished goods sold	84,385,774,835	234,646,429,162	301,209,884,264	655,988,066,278
Cost of merchandise sold	719,307,160,755	406,520,495,245	2,183,820,610,721	1,238,040,739,680
Cost of services provided	44,637,986	630,607,254	207,319,862	1,888,253,562
Provision for decline in value of inventories	-	-	1,917,232,852	(1,003,646,883)
	<u>803,737,573,576</u>	<u>641,797,531,661</u>	<u>2,487,155,047,699</u>	<u>1,894,913,412,637</u>

29 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	19,109,619,603	13,632,427,989	50,093,911,656	37,838,052,887
Dividend income	681,518,285	158,161,200	612,738,472,411	90,394,469,649
Income from investment liquidation	4,000,000,000	-	4,000,000,000	-
Foreign exchange gains	389,280,558	302,847,743	2,325,108,612	1,949,043,274
Loan interest income from subsidiaries	531,389,485	2,604,777,109	1,402,303,129	15,044,037,249
Others	-	8,630,617	-	258,383,185
	<u>24,711,807,931</u>	<u>16,706,844,658</u>	<u>670,559,795,808</u>	<u>145,483,986,244</u>

30 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	1,062,342,764	766,670,882	3,425,360,218	2,664,636,786
Payment discounts	14,925,138,479	11,576,961,524	45,315,674,932	35,084,165,411
Provision for long-term investments	-	-	597,096,044	-
Losses from subsidiaries	60,116,601	-	60,116,601	-
Others	42,187,741	60,150,860	120,921,200	119,414,528
	<u>24,097,397,293</u>	<u>16,584,118,321</u>	<u>68,179,039,459</u>	<u>47,647,150,478</u>

31 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	93,460,541,342	64,217,255,453	241,533,600,892	139,650,920,652
Material expenses	3,756,472,589	517,000	9,330,133,467	6,626,065
Tools and supplies expenses	1,719,568,068	1,700,102,161	4,923,053,361	4,545,561,781
Depreciation expenses	5,017,220,347	3,973,625,777	15,078,102,303	11,441,084,832
Advertising expenses	41,647,048,620	26,699,824,063	93,141,380,633	133,396,599,653
Seminar and customer care expenses	2,681,978,894	9,961,814,206	11,316,010,494	14,838,816,895
Transportation for goods sold	8,235,382,368	6,232,240,459	23,392,458,618	17,502,063,953
Others	35,198,221,753	16,593,181,296	81,263,163,032	52,229,621,134
	<u>191,716,433,981</u>	<u>129,378,560,415</u>	<u>479,977,902,800</u>	<u>373,611,294,965</u>

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	47,703,499,483	45,087,861,442	167,760,335,543	119,721,675,443
Material expenses	611,192,011	350,000	1,785,736,380	8,950,000
Tools and supplies expenses	238,429,537	498,170,356	816,296,259	1,246,374,308
Depreciation expenses	1,800,353,793	1,561,780,473	5,384,753,370	5,615,544,869
Taxes, fees and duties	63,155,137	36,683,319	272,640,767	250,353,577
Provisions for doubtful debts	1,757,565,868	(427,908,082)	7,165,525,440	(181,045,590)
Provision for dismantling and restoration costs	425,498,982	425,498,982	1,276,496,946	1,276,496,946
Outside service expenses	2,565,683,868	3,093,355,684	8,165,569,794	8,350,804,547
Appropriation to science and technology development funds	1,705,231,445	-	8,705,231,445	-
Other expenses	3,268,431,842	3,605,834,714	10,679,129,842	11,099,971,596
	<u>60,139,041,966</u>	<u>53,881,626,888</u>	<u>212,011,715,786</u>	<u>147,389,125,696</u>

32 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	258,497,910	1,781,216,341	4,899,504,172
Revenue from rental services	-	(920,909,090)	-	-
Commission income	-	(14,983,963,390)	-	-
Sundry income	1,091,836,567	995,643,741	2,923,446,750	5,475,972,305
	<u>2,239,064,749</u>	<u>(14,650,730,829)</u>	<u>4,704,663,091</u>	<u>10,375,476,477</u>

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
Sundry expenses	417,808,610	1,501,312,265	2,280,989,748	1,937,817,307
	<u>417,808,610</u>	<u>1,501,312,265</u>	<u>2,280,989,748</u>	<u>10,233,512,274</u>

33 COST OF OPERATIONS BY FACTOR

	For the fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
Raw materials	2,373,608,263,220	1,728,524,154,253
Labor costs	481,289,366,365	359,610,127,172
Depreciation expenses	37,015,049,913	38,115,588,577
Outside service expenses	110,380,628,202	228,992,700,452
Others	163,082,370,789	50,093,356,475
	<u>3,165,375,678,489</u>	<u>2,405,335,926,929</u>

34 CORPORATE INCOME TAX

According to Decision No. 3044/QĐ-UBND of the People's Committee of Cantho City, the Company is required to pay the corporate income tax ("CIT") at rate of 20% from 2005 to 2014. Decision No. 3044/QĐ-UBND for allowing the company is exempt from income tax from 2005 to 2006 and a 50% reduction in income tax from 2007 to 2011. According to Circular 78/2014/TT-BTC, the standard corporate income tax decreased to 22% since 01 January 2014 and 20% since 01 January 2016.

34 CORPORATE INCOME TAX (cont.)

Current income tax expense during the period/year is calculated as follows:

	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	(43,932,030,698)	51,468,574,518	539,733,769,257	270,965,666,120
Tax calculated at the normal tax rate of 20%	(8,786,406,140)	10,293,714,904	107,946,753,851	54,193,133,224
The effect of:				
Tax losses for which no deferred income tax asset was recognized	8,922,709,797	-	14,600,940,631	-
Expenses not deductible for tax purposes	835,440,749	373,854,403	3,128,488,698	2,280,179,527
Income not subject to tax	(136,303,657)	(31,632,240)	(122,547,694,482)	(18,078,893,930)
Temporary differences of provisions	(11,526,171)	(5,279,753,347)	(669,718,443)	(5,279,753,347)
Corporate income tax charge	<u>823,914,578</u>	<u>5,356,183,720</u>	<u>2,458,770,255</u>	<u>33,114,665,474</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
Charge/(credit) to the income statement				
Corporate income tax - current	835,440,749	10,635,937,067	3,128,488,698	38,394,418,821
Corporate income tax - deferred	(11,526,171)	(5,279,753,347)	(669,718,443)	(5,279,753,347)
Corporate income tax expenses	<u>823,914,578</u>	<u>5,356,183,720</u>	<u>2,458,770,255</u>	<u>33,114,665,474</u>

35 COMMITMENTS**a) Operating lease commitment**

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, as follows:

	30.09.2017	31.12.2016
	VND	VND
Within one 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 commitment

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

	30.09.2017	31.12.2016
	VND	VND
Approved but not contracted	19,980,986,596	20,957,976,618
Approved and contracted but not implemented	3,351,675,976	16,355,560,493
	<u>23,332,662,572</u>	<u>37,313,537,111</u>

6 RELATED PARTY DISCLOSURES

<u>Related parties</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 Liability Company	Subsidiary
Vinh Hao Algae Processing Joint Stock Company	Associate
State Capital Investment Corporation (SCIC)	Major Shareholder

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

	For the fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
<i>Sales of goods and services</i>		
Subsidiaries		
DHG Packaging and Printing 1 One Member Limited Company	396,901,002	510,910,992
DHG Travel One Member Limited Company	2,035,309,957	2,021,387,806
CM Pharmaceutical One Member Limited Company	-	29,016,220,192
DT Pharmaceutical One Member Limited Company	-	25,237,368,284
HT Pharmaceutical One Member Limited Company	-	36,595,595,974
ST Pharmaceutical One Member Limited Company	-	45,189,860,749
SH Pharmaceutical Joint Stock Company	54,070,130,013	55,139,732,605
A&G Pharmaceutical One Member Limited Company	-	66,901,475,193
TOT Pharmaceutical One Member Limited Company	-	109,297,953,354
TG Pharmaceutical One Member Limited Company	-	21,904,032,880
Bali Pharmaceutical One Member Limited Company	-	33,215,293,192
DHG Pharmaceutical One Member Limited Company	466,182,151,447	242,294,579,494
TVP Pharmaceutical One Member Limited Company	-	16,866,904,490
B&T Pharmaceutical One Member Limited Company	-	30,351,035,241
VL Pharmaceutical One Member Limited Company	-	30,690,617,762
Fuji Medic Limited Liability Company	400,000	-
Vinh Hao Algae Processing Joint Stock Company	-	54,000,000
	522,684,892,419	745,286,968,208
Sales of fixed assets		
DHG Pharmaceutical One Member Limited Company	13,476,848,879	265,752,082
	13,476,848,879	265,752,082

36 RELATED PARTY DISCLOSURES (cont.)

	For the fiscal period ended	
	30.09.2017 VND	30.09.2016 VND
Purchases of goods and services		
DHG Packaging and Printing 1 One Member Limited Company	26,000,664,735	65,894,640,170
DHG Travel One Member Limited Company	34,541,750,497	22,090,553,183
DHG Pharmaceutical One Member Limited Company	1,227,886,522,418	675,253,527,355
Fuji Medic Limited Liability Company	1,194,679,000	-
Vinh Hao Algae Processing Joint Stock Company	1,876,560,000	1,697,150,000
	<u>1,291,500,176,650</u>	<u>764,935,870,708</u>
Purchases of fixed assets		
DHG Pharmaceutical One Member Limited Company	819,298,302	-
	<u>819,298,302</u>	<u>-</u>
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
	<u>612,003,688,962</u>	<u>90,080,720,029</u>
Gains from subsidiaries after dissolution		
A&G Pharmaceutical One Member Limited Company	539,520,185	-
TVP Pharmaceutical One Member Limited Company	4,389,368	-
ST Pharmaceutical One Member Limited Company	1,143,532	-
	<u>545,053,085</u>	<u>-</u>
Losses from subsidiaries after dissolution		
VL Pharmaceutical One Member Limited Company	(60,116,601)	-
	<u>(60,116,601)</u>	<u>-</u>
Loan interest income		
DHG Packaging and Printing 1 One Member Limited Company	801,553,226	3,072,500,103
DHG Travel One Member Limited Company	23,000,000	21,250,000
HT Pharmaceutical One Member Limited Company	-	33,500,000
ST Pharmaceutical One Member Limited Company	-	41,473,602
DHG Pharmaceutical One Member Limited Company	577,749,903	11,825,806,044
TVP Pharmaceutical One Member Limited Company	-	49,507,500
	<u>1,402,303,129</u>	<u>15,044,037,249</u>

36 RELATED PARTY DISCLOSURES (cont.)

	Fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
Lending to subsidiaries during the period/year		
Loans granted for investment capital during the period/year		
DHG Pharmaceutical One Member Limited Company	10,994,544,165	31,000,694,589
	<u>10,994,544,165</u>	<u>31,000,694,589</u>
Loans granted for working capital during the period/year		
DHG Travel One Member Limited Company	2,000,000,000	2,000,000,000
ST Pharmaceutical One Member Limited Company	-	3,878,438,285
	<u>2,000,000,000</u>	<u>5,878,438,285</u>
Collections of loans to subsidiaries during the period/year		
DHG Packaging and Printing 1 One Member Limited Company		75,000,000,000
DHG Travel One Member Limited Company	2,000,000,000	2,000,000,000
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	-	516,164,149,293
TVP Pharmaceutical One Member Limited Company	-	2,829,000,000
	<u>2,000,000,000</u>	<u>601,871,587,578</u>
Capital contribution in subsidiaries during the period/year		
DHG Packaging and Printing 1 One Member Limited Company	-	75,000,000,000
DHG Pharmaceutical One Member Limited Company	-	321,200,000,000
Fuji Medic Limited Liability Company	-	13,742,460,000
SH Pharmaceutical Joint Stock Company	18,440,000,000	-
	<u>18,440,000,000</u>	<u>409,942,460,000</u>
Withdrawal of contributed capital in subsidiaries during the period/year		
A&G Pharmaceutical One Member Limited Company	5,000,000,000	-
TOT Pharmaceutical One Member Limited Company	5,000,000,000	-
VL Pharmaceutical One Member Limited Company	5,000,000,000	-
ST Pharmaceutical One Member Limited Company	5,000,000,000	-
TVP Pharmaceutical One Member Limited Company	5,000,000,000	-
	<u>25,000,000,000</u>	<u>-</u>
Dividend paid		
State Capital Investment Corporation (SCIC)	<u>132,127,887,500</u>	<u>132,127,887,500</u>

The income of the Board of Directors and the Board of Management paid during the period as follows:

Gross salaries and other benefits	<u>14,539,957,836</u>	<u>8,559,063,981</u>
-----------------------------------	-----------------------	----------------------

36 RELATED PARTY DISCLOSURES (cont.)

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

Trade accounts receivable	30.09.2017	31.12.2016
	VND	VND
DHG Packaging and Printing 1 One Member Limited Company	720,000	720,000
DHG Travel One Member Limited Company	582,685,380	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	9,420,427,900	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
DHG Pharmaceutical One Member Limited Company	14,949,000	-
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 Liability Company	-	4,699,800,000
	<u>10,018,782,280</u>	<u>110,472,202,944</u>
 Loans receivable		
DHG Pharmaceutical One Member Limited Company	20,025,248,828	9,030,704,663
DHG Packaging and Printing 1 One Member Limited Company	22,919,711,037	22,919,711,037
	<u>42,944,959,865</u>	<u>31,950,415,700</u>
 Trade accounts payable		
Subsidiaries		
DHG Packaging and Printing 1 One Member Limited Company	6,214,279,112	7,577,591,879
DHG Travel One Member Limited Company	1,096,761,954	103,390,000
DHG Pharmaceutical One Member Limited Company	317,578,269,496	362,912,166,262
 Associate		
Vinh Hao Algae Processing Joint Stock Company	-	211,200,000
	<u>324,889,310,562</u>	<u>370,804,348,141</u>

37 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(a) Non-cash transactions affecting cash flow statement

	Fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
Appropriation to reserves	405,026,273,166	238,694,438,137
Transferred from construction in progress to tangible fixed assets	8,386,855,880	24,859,708,009
Transferred from construction in progress to intangible fixed assets	2,264,085,000	6,205,435,000
Transferred from construction in progress to investment properties		136,483,613
Transferred from construction in progress to tools and supplies	237,385,455	1,395,000
Transferred from investment properties to tangible fixed assets	25,384,704,062	-
Transferred from tangible fixed assets to investment properties	323,326,952	-
Issuance of bonus shares from investment and development fund	435,817,410,000	-
Net off payables and receivables for dividend income and loan interest income	576,652,297,039	78,384,389,781
Net off payables and receivables for lending collection	-	218,718,743,786
Net off payables and receivables for loans granted	-	3,878,438,285
Net off payables and receivables for capital withdrawal	25,000,000,000	-
Disposals of fixed assets formed from science and technology development fund	1,640,441,347	-
Remaining balances of the liquidated subsidiaries are recorded in the financial statements of the Company as follows:		
- Accounts receivable and other receivables	110,098,899,301	-
- Provision for doubtful debts	2,386,198,334	-
- Lending	11,903,405,566	-
- Payables to suppliers and other payables	7,187,461,251	-
- Payables to employees	14,423,803,844	-
- Accrued expenses	377,909,684	-
- Bonus and welfare funds, bonus fund for Executive Board	590,404,859	-
Balances of subsidiaries that are in liquidation process are recorded in the financial statements of the Company as follows:		
- Accounts receivable and other receivables	103,047,824,153	-
- Provision for doubtful debts	3,735,763,563	-
- Lending	9,601,006,273	-
- Payables to suppliers and other payables	3,797,588,082	-
- Payables to employees	11,992,958,050	-
- Accrued expenses	952,676,469	-
- Bonus and welfare funds, bonus fund for Executive Board	321,684,353	-

(b) Proceeds from borrowings

	Fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
Proceeds from borrowings under normal contracts	1,891,013,007,337	976,774,858,019

(c) Repayments of borrowings

	Fiscal period ended	
	30.09.2017	30.09.2016
	VND	VND
Repayments of borrowings under normal contracts	1,723,778,435,800	986,926,204,715

DHG PHARMACEUTICAL JOINT STOCK COMPANY

38 COMPARATIVE FIGURES

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

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
16 October 2017