

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

CORPORATE INFORMATION

Establishment Decision No. 2405/QD-CT,UB dated 5 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 12 May 2014 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	Vice Chairman
Mrs Pham Thi Viet Nga	Member
Mr Doan Dinh Duy Khuong	Member
Mrs Dang Pham Minh Loan	Member
Mr Tran Chi Liem	Member
Mr Shuhei Tabata	Member

Board of Management

Mrs Pham Thi Viet Nga	CEO
Mr Le Chanh Dao	Deputy CEO
Mr Doan Dinh Duy Khuong	Deputy CEO
Mrs Nguyen Ngoc Diep	Deputy CEO

Supervisory Board

Mr Tran Quoc Hung	Head of the Board
Mrs Nguyen Phuong Thao	Member
Mr Dinh Duc Minh	Member

Legal representative

Mrs Pham Thi Viet Nga	CEO
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Registered office

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

CONSOLIDATED BALANCE SHEET

Code	Note	As at 31.03.2015 VND	As at 31.12.2014 VND
100	ASSET		
100	CURRENT ASSET	2,011,484,488,349	2,386,250,376,004
110	Cash and cash equivalents	299,526,651,454	496,491,764,030
111	Cash	102,985,013,615	108,745,132,437
112	Cash equivalents	196,541,637,839	387,746,631,593
120	Short – term investments	287,851,316,331	260,616,666,667
130	Accounts receivable	670,016,589,954	844,200,659,808
131	Trade accounts receivable	564,009,372,237	760,722,312,361
132	Prepayments to suppliers	55,044,384,354	45,230,064,069
135	Short-term loans receivables	39,148,885,215	32,720,645,396
136	Other receivables	20,552,967,233	13,233,083,634
137	Provision for doubtful debts	(8,739,019,085)	(7,705,445,652)
140	Inventories	741,628,500,524	780,703,611,464
141	Inventories	747,006,924,417	786,123,041,332
149	Provision for decline in value of inventories	(5,378,423,893)	(5,419,429,868)
150	Other current assets	12,461,430,086	4,237,674,035
151	Short-term prepayments	5,890,651,258	1,029,267,451
152	Value Added Tax to be reclaimed	4,032,865,865	1,767,528,950
153	Other taxes receivable	2,265,353,705	874,613,071
155	Other current assets	272,559,258	566,264,563
200	LONG-TERM ASSETS	1,099,297,347,042	1,096,467,924,049
220	Fixed assets	1,003,316,815,547	963,813,452,083
221	Tangible fixed assets	716,521,377,908	733,663,998,483
222	Cost	1,095,858,883,160	1,090,746,573,280
223	Accumulated depreciation	(379,337,505,252)	(357,082,574,797)
227	Intangible fixed assets	209,534,194,717	180,016,913,505
228	Cost	223,559,294,452	193,368,549,477
229	Accumulated amortisation	(14,025,099,735)	(13,351,635,972)
242	Construction in progress	77,261,242,922	50,132,540,095
250	Long-term investments	16,842,443,714	16,842,443,714
252	Investments in associates	5,434,273,514	5,434,273,514
253	Other long-term investments	27,908,170,200	27,908,170,200
254	Provision for diminution in value of long-term investments	(16,500,000,000)	(16,500,000,000)
260	Other long-term assets	79,138,087,781	115,812,028,252
261	Long-term prepayments	65,446,037,712	100,946,118,907
262	Deferred income tax assets	12,906,082,948	14,017,983,554
268	Other long-term assets	785,967,121	847,925,791
270	TOTAL ASSETS	3,110,781,835,391	3,482,718,300,053

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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CONSOLIDATED BALANCE SHEET (Continued)

Code	Note	As at 31.03.2015 VND	As at 31.12.2014 VND
300	RESOURCES		
300	LIABILITIES	704,866,436,088	1,189,092,829,107
310	Current liabilities	640,078,539,617	1,119,689,495,134
311	Trade accounts payable	180,645,430,973	261,374,420,147
312	Advances from customers	42,509,639,083	912,804,381
	Taxes and other payables to the State		
313	Budget	36,843,848,945	103,311,154,783
314	Payable to employees	126,407,174,935	208,304,993,114
315	Accrued expenses	44,982,794,720	266,009,951,113
318	Unrealized turnover	15,045,919,935	
	Taxes and other payables to the State		
319	Budget	32,435,576,327	36,083,180,507
320	Short-term borrowings	104,626,220,249	176,707,408,762
322	Bonus and welfare funds	56,581,934,450	66,985,582,327
330	Long-term liabilities	64,787,896,471	69,403,333,973
342	Provisions for long-term liabilities	24,813,696,393	28,843,956,033
	Science and technology development		
343	funds	39,974,200,078	40,559,377,940
400	OWNERS' EQUITY	2,388,804,009,638	2,276,795,062,055
410	Capital and reserves	2,388,804,009,638	2,276,795,062,055
411	Owners' capital	871,643,300,000	871,643,300,000
415	Treasury shares	(455,850,000)	(455,850,000)
418	Investment and development fund	849,140,257,139	849,140,257,139
421	Undistributed earnings	668,476,302,499	556,467,354,916
429	MINORITY INTEREST	17,111,389,665	16,830,408,891
440	TOTAL RESOURCES	3,110,781,835,391	3,482,718,300,053

OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents are balances held in gold and following foreign currencies:

	Tại ngày 31.03.2015	Tại ngày 31.12.2014
USD	110,000	336,670
EUR	2,900	16,444
MOP	20	20
NDT	3,515	3,515
CAD	100	100
A tenth of tael of gold	1,335	1,507
Tael of gold	200	200

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director
Authorised signatory
22 April 2015

CONSOLIDATED INCOME STATEMENT

Code	Note	For 3-month period ended	
		31,03,2015 VNĐ	31,03,2014 VNĐ
01	Sales	764,325,978,714	740,207,487,280
02	Less deductions	(95,242,625,533)	(12,582,441,094)
10	Net sales	669,083,353,181	727,625,046,186
11	Cost of sales	(377,555,149,104)	(346,698,399,438)
20	Gross profit	291,528,204,077	380,926,646,748
21	Financial income	6,282,471,229	8,651,497,259
22	Financial expenses	(17,344,577,999)	(14,864,871,681)
23	<i>Including: interest expense</i>	(1,855,841,468)	(1,605,280,843)
24	Selling expenses	(104,166,874,830)	(171,681,790,372)
25	General and administration expenses	(56,634,492,533)	(57,602,400,264)
30	Operating profit	119,664,729,944	145,429,081,690
31	Other income	22,073,666,382	2,021,810,449
32	Other expenses	(6,714,796,358)	(756,928,002)
40	Net other income	15,358,870,024	1,264,882,447
41	Share of associates' result		-
50	Net accounting profit before tax	135,023,599,968	146,693,964,137
51	Business income tax - current	(21,621,771,005)	(29,032,937,425)
52	Business income tax - deferred	(1,111,900,606)	584,768,926
60	Net profit after tax	112,289,928,357	118,245,795,638
	Attributable to:		
61	Minority interest	280,980,774	(121,197,864)
62	Owners of the parent company	112,008,947,583	118,366,993,502
70	Basic earnings per share (VNĐ)	1,285	1,811

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director
Authorised signatory
22 April 2015

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

NOTES

DHG Pharmaceutical Joint-Stock Company explains the fluctuations in revenue and profits of the Q1/2015 compared to the same period last year, details as follows:

Target	Q1/2015	Q1/2014	Increase, decrease	
			Value	Rate
Net sales	669,083	727,625	(58,542)	(8,05%)
Profit before tax	135,024	146,694	(11,670)	(7,96%)
Profit after tax	112,290	118,246	(5,956)	(5,04%)

Reasons:

- Net sales of Q1/2015 decrease 8,05%, profit before tax decrease 11.37% compared with the same period.
- **Reasons:** Performance of business plan 2015 in Q1/2015 is relatively low due to impact of Q4/2014 revenue and market demand of early in the year 2015.

DHG Pharmaceutical Joint-Stock Company kindly explains.

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy General Director
Authorised signatory
22 April 2015

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	As at	
		31.03.2015 VND	31.03.2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		135,023,599,968	146,693,964,137
02	8	23,800,292,873	16,193,343,048
03		992,567,458	650,687,943
05	28	388,968,546	(39,090,910)
05	23(b)	(5,409,532,005)	(8,268,271,767)
05		-	-
06	25	1,855,841,468	1,605,280,843
08		156,651,738,308	156,835,913,294
09		168,170,332,814	104,997,598,181
10		39,116,116,915	(27,124,514,452)
11		(333,202,551,776)	(218,137,770,092)
12		30,638,697,388	(2,307,777,840)
13		(2,327,078,400)	(1,646,196,032)
14		(88,630,640,932)	(47,064,966,016)
16		(11,462,545,871)	(13,197,382,615)
20		(41,045,931,554)	(47,645,095,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
21			
22	8	(69,033,397,612)	(107,680,044,346)
22		5,340,772,729	55,454,547
23		(27,234,649,664)	-
24			80,000,000,000
27		7,089,282,038	8,124,077,318
30		(83,837,992,509)	(19,500,512,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
31			-
33		418,788,170,159	433,756,799,693
34		(490,869,358,672)	(498,857,130,190)
36			-
40		(72,081,188,513)	(65,100,330,497)
50		(196,965,112,576)	(132,245,938,550)
60	3	496,491,764,030	613,286,840,667
61			
70	3	299,526,651,454	481,040,902,117

 Ngo Thi Hong Dao
 Preparer

 Dang Pham Huyen Nhung
 Chief Accountant

 Le Chanh Dao
 Deputy General Director
 Authorised signatory
 22 April 2015

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

1 GENERAL INFORMATION

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (“the Company”) was equitised from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QD-CT.UB dated 5 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 legal capital of VND80,000,000,000.

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

In 2014, the Company increased its share capital to VND871,643,300,000 by issuing bonus shares to the existing shareholders at the ratio of 3:1. The capital increase was approved by the relevant competent authorities. At the time of issuing the consolidated financial statements, the Company is in the process of amending the certificate of business registration for this capital increase.

The principal activities of the Company and its subsidiaries are to produce and trade in pharmaceutical products; and providing domestic travelling services.

As at 31 March 2015, the Group had 2,964 employees (at 31 December 2014: 2,964 employees).

The consolidated financial statements for the fiscal year ended 31 December 2015 comprises of the financial statements of the Company and its subsidiaries (together the “Group”) and the Group’s interest in associates as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			2015	2014
Subsidiaries:				
DT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5104000057 issued by the Planning and Investment Department of Dong Thap province on 28 August 2008	100%	100%
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%
HT Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 5604000048 issued by the Planning and Investment Department of Kien Giang province on 16 May 2008	100%	100%
DHG Nature One Member Limited Company	Grow, process, manufacture, and trade herbal materials; manufacture and trade pharmaceutical chemistry and dietary supplements	No. 1800723433 issued by the Planning and Investment Department of Can Tho City on 25 August 2008	100%	100%
CM Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6104000035 issued by the Planning and Investment Department of Ca Mau province on 8 April 2008	100%	100%

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			2015	2014
SH Pharmaceutical Joint Stock Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6403000044 issued by the Planning and Investment Department of Hau Giang province on 20 July 2007	51%	51%
A&G Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 1601171629 issued by the Planning and Investment Department of An Giang province on 17 June 2009	100%	100%
ST Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment, dietary supplements and pharmaceutical cosmetics	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 equipment, dietary supplements and pharmaceutical cosmetics	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 equipment, dietary supplements and pharmaceutical cosmetics	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 equipment and dietary supplements and pharmaceutical cosmetics	No. 1900455594 issued by the Planning and Investment Department of Bac Lieu Province on 29 March 2011	100%	100%
DHG Pharmaceutical One Member Limited Company	Manufacture and trade pharmaceuticals, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
B&T Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	No. 1300917335 issued by the Planning and Investment Department of Ben Tre Province on 5 October 2012	100%	100%
TVP Pharmaceutical One Member Limited Company	Trade pharmaceuticals, medical equipment and dietary supplements and pharmaceutical cosmetics	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 equipment and dietary supplements and pharmaceutical cosmetics	No. 1500971019 issued by the Planning and Investment Department of Vinh Long Province on 19 December 2012	100%	100%
DHG 1 Packaging and Printing One Member Limited Company	Manufacture label, label cover, packaging from paper and cover. Manufacture and trade plastic, aluminum, paper packaging; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			2015	2014
Associates: 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 4 February 2008	31.36%	31.36%

2 MAIN ACCOUNTING POLICIES**2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements in SR Vietnam. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.3 Consolidation

In 2015, The Company prepared its consolidated financial statements in accordance with Vietnamese Accounting Standard 25 – *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*.

Subsidiaries

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

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

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

2 MAIN ACCOUNTING POLICIES (continued)**2.3 Consolidation (continued)*****Transactions and minority interests***

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Associates

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

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

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Use of estimates

The preparation of the financial statements in conformity with Vietnamese Accounting Standards requires the Board of Directors 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 financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the Board of Directors' best knowledge of current events and actions, actual results may differ from those estimates.

2.5 Currency

The consolidated financial statements are prepared and presented in Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

2.6 Form of records applied

The Group uses journal vouchers to record its transactions.

2 MAIN ACCOUNTING POLICIES (continued)

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits, gold and other short-term investments with an original maturity of three months or less.

2.8 Trade receivables

Trade receivables are carried at 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.

2.9 Inventories

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

2.10 Investments

(a) Short-term investments

Short-term financial investments are term deposits at bank maturing within 12 months from the balance sheet date and are accounted for at cost.

(b) Investments in associates

Investments in associates are accounted for at under equity method of accounting in the consolidated financial statements.

(c) Long-term investments

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

2.11 Fixed assets

Tangible and intangible fixed assets

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

Depreciation

Fixed assets are depreciated on the straight-line method, to write off the cost of the assets to their residual value 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 – 19 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 10 years
Office equipment	2 – 10 years
Software	3 – 8 years

2 MAIN ACCOUNTING POLICIES (continued)**2.11 Fixed assets (Continued)***Depreciation (continued)*

Land use rights are amortised, using the straight-line method over the terms indicated in the land use right certificate. Land use rights which are granted for an indefinite term are carried at cost and not amortised.

Subsequent expenditure

Subsequent expenditure relating to fixed assets that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amounts. The disposal proceeds are recognised as income in the income statement. The carrying amounts are recognised as expenses in the income statement.

2.12 Leased assets

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

2.13 Share capital and treasury shares

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Where the Group purchase the Group's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Group's equity holders.

2.14 Borrowing costs

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

2.15 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the likely return of goods.

(b) Interest income

Interest income is recognised on the basis of the actual time and interest rate in each period.

(c) Dividend income

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

2 MAIN ACCOUNTING POLICIES (continued)

2.16 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly leasehold improvements, prepaid land rental, tools and equipment were put to use.

2.17 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 that of Vietnam has not signed any double tax relief 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 profit and the current tax rates. Current and deferred tax should be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, 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 accounted for 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 realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.18 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.

Interim dividends are declared and paid based on the estimated earnings of the year. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's Annual General Meeting.

2.19 Method of reserve appropriation

Annual appropriation from undistributed earnings to reserve funds belonged to owners' equity is approved by shareholders at the Annual General Meeting of the Company.

2 MAIN ACCOUNTING POLICIES (continued)**2.20 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The State Capital Investment Corporation holds the largest shareholding in the Company and accordingly is regarded as a related party. However, enterprises which are controlled or significantly influenced by the State Capital Investment Corporation are not considered as related parties of the Company for the purposes of disclosure since they do not influence, or are not influenced by, the Company.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.21 Provisions

Provisions are recognised 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. Provisions are not recognised 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, provisions will be measured at their 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 passage of time is recognised as interest expenses.

3 CASH AND CASH EQUIVALENTS

	31.03.2015	31.12.2014
	VND	VND
Cash on hand	16,750,140,386	16,321,258,859
Cash at bank	86,184,363,108	92,423,873,578
Cash in transit	50,510,121	
Cash equivalents (*)	196,541,637,839	387,746,631,593
	<u>299,526,651,454</u>	<u>496,491,764,030</u>

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

4 SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments are term deposits at bank maturing within 12 months from the balance sheet date, except for term deposits with an original maturity of 3 months or less being classified to cash equivalents in Note 3.

5 TRADE ACCOUNTS RECEIVABLE

	31.03.2015	31.12.2014
	VND	VND
Trade receivables from third parties	564,009,372,237	760,722,312,361

Movements in the provision for doubtful accounts in the period / year are as follows:

	Fiscal period ended 31.03.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	7,705,445,652	9,437,307,072
Increase	1,194,063,100	3,105,888,426
Reversal	(160,489,667)	(4,837,749,846)
Closing balance	<u>8,739,019,085</u>	<u>7,705,445,652</u>

6 OTHER RECEIVABLES

	31.03.2015 VND	31.12.2014 VND
Interest income receivable	3,826,498,127	5,506,248,160
Advance	3,657,029,389	2,734,294,251
Other receivables	13,069,439,717	4,992,541,223
	<u>20,552,967,233</u>	<u>13,233,083,634</u>

7 INVENTORIES

	31.03.2015 VND	31.12.2014 VND
Goods in transit	58,760,415,813	56,439,936,854
Raw materials	231,428,801,562	263,217,163,928
Work in progress	35,980,489,454	31,768,962,547
Finished goods	269,171,717,590	346,304,666,143
Merchandises	145,013,726,695	88,392,311,860
Goods sent for sale	6,651,773,303	
	<u>747,006,924,417</u>	<u>786,123,041,332</u>
Provision for decline in value of inventory	(5,378,423,893)	(5,419,429,868)
	<u>741,628,500,524</u>	<u>780,703,611,464</u>

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

	31.03.2015 VND	31.12.2014 VND
Opening balance	5,419,429,868	4,457,981,612
Increase	-	961,448,256
Reversal	(41,005,975)	-
Closing balance	<u>5,378,423,893</u>	<u>5,419,429,868</u>

8 FIXED ASSETS**(a) Tangible fixed assets**

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2015	409,107,292,593	450,217,148,519	161,166,902,151	70,255,230,017	1,090,746,573,280
Increase	-	284,555,615	-	578,744,032	863,299,647
Transfers from construction in progress (Thuyết minh 8(c))	2,371,958,887	2,084,769,600	-	748,407,855	5,205,136,342
Transfers to tools and supplies	(84,227,454)	-	-	-	(84,227,454)
Disposals	-	(132,000,000)	-	(739,898,655)	(871,898,655)
At 31 March 2015	<u>411,395,024,026</u>	<u>452,454,473,734</u>	<u>161,166,902,151</u>	<u>70,842,483,249</u>	<u>1,095,858,883,160</u>
Accumulated depreciation					
At 1 January 2015	77,399,212,389	161,333,863,172	71,567,636,221	46,781,863,015	357,082,574,797
Depreciation for the period	6,181,566,792	10,173,947,464	4,690,279,324	2,081,035,530	23,126,829,110
Disposals	-	(132,000,000)	-	(739,898,655)	(871,898,655)
At 31 March 2015	<u>83,580,779,181</u>	<u>171,375,810,636</u>	<u>76,257,915,545</u>	<u>48,122,999,890</u>	<u>379,337,505,252</u>
Net book value					
At 1 January 2015	<u>331,708,080,204</u>	<u>288,883,285,347</u>	<u>89,599,265,930</u>	<u>23,473,367,002</u>	<u>733,663,998,483</u>
At 31 March 2015	<u>327,814,244,845</u>	<u>281,078,663,098</u>	<u>84,908,986,606</u>	<u>22,719,483,359</u>	<u>716,521,377,908</u>

Included in tangible fixed assets as at 31 March 2015 were assets costing VND 117,261,667,405 (31 December 2013: VND114,317,371) which were fully depreciated but still in active use.

8 FIXED ASSETS (continued)**(b) Intangible fixed assets**

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
At 1 January 2015	114,973,064,021	72,388,067,651	6,007,417,805	193,368,549,477
Increase	-	34,820,486,250	-	34,820,486,250
Transfers from construction in progress (Note 8(c))	1,100,000,000	-	-	1,100,000,000
Disposals	(5,729,741,275)	-	-	(5,729,741,275)
At 31 March 2015	<u>110,343,322,746</u>	<u>107,208,553,901</u>	<u>6,007,417,805</u>	<u>223,559,294,452</u>
Accumulated amortisation				
At 1 January 2015	-	8,741,492,753	4,610,143,219	13,351,635,972
Depreciation for the period	-	546,937,377	126,526,386	673,463,763
Disposals	-	-	-	-
At 31 March 2015	<u>-</u>	<u>9,288,430,130</u>	<u>4,736,669,605</u>	<u>14,025,099,735</u>
Net book value				
At 1 January 2015	<u>114,973,064,021</u>	<u>63,646,574,898</u>	<u>1,397,274,586</u>	<u>180,016,913,505</u>
At 31 March 2015	<u>110,343,322,746</u>	<u>97,920,123,771</u>	<u>1,270,748,200</u>	<u>209,534,194,717</u>

(c) Construction in progress

	31.03.2015 VND	31.12.2014 VND
Opening balance	50,132,540,095	281,537,063,873
Additions	33,433,839,169	231,319,133,808
Transfers to tangible fixed assets (Note 8(a))	(5,205,136,342)	(447,386,996,173)
Transfers to intangible fixed assets (Note 8(b))	(1,100,000,000)	(6,852,020,000)
Transfers to tools and supplies	-	(5,994,690,672)
Transfers to prepayments	-	(2,539,950,741)
Closing balance	<u>77,261,242,922</u>	<u>50,132,540,095</u>

In which, valuable large projects are being implemented in subsidiaries as follows:

	31.03.2015 VND	31.12.2014 VND
Office and auxiliary works at DHG Pharmaceutical One-member Limited Company	1,461,886,271	876,649,246
Project of beta lactam factory	45,581,258,146	23,629,137,559
Project of non-beta lactam factory	46,181,818	46,181,818

9 LONG-TERM FINANCIAL INVESTMENTS**(a) Investments in associates**

	31.03.2015 VND	31.12.2014 VND
Vinh Hao Algae Processing Joint Stock Company	<u>5,434,273,514</u>	<u>5,434,273,514</u>

Movement in investment in associates during the period/year were as follows:

	Fiscal period ended 31.03.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	5,434,273,514	5,434,273,514
Losses from associates	-	-
Dividend received	-	-
Transfers to other long-term investments	-	-
Closing balance	<u>5,434,273,514</u>	<u>5,434,273,514</u>

(b) Other long-term investments

	31.03.2015 VND	31.12.2014 VND
Vinh Tuong High-Tech Packaging Corporation	20,000,000,000	20,000,000,000
Binh Duong Pharmaceutical & Medical Equipment 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>

(c) Provision for diminution in value of long-term investments

Movement in provision for diminution in value of long-term investments during the period/year were as follows:

	Fiscal period ended 31.03.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	16,500,000,000	16,500,000,000
Increase	-	-
Reversal	-	-
Closing balance	<u>16,500,000,000</u>	<u>16,500,000,000</u>

Balance as at 31 March 2015 represents the provision for diminution in value of long-term investments in Vinh Tuong High-Tech Packaging Corporation (2014: VND16,500,000,000).

10 LONG-TERM PREPAYMENTS

Details of long-term prepayments are presented as follows:

	Leasehold improvements VND	Prepaid land rental fees VND	Tools and supplies VND	Total VND
Opening balance	608,209,443	88,135,409,821	12,202,499,643	100,946,118,907
Increase	-	-	1,245,130,062	1,245,130,062
Reclassification according to Circular 200	(434,533,959)	(30,873,851,250)	(3,514,806,524)	(34,823,191,733)
Allocation	(7,820,781)	(276,266,940)	(1,637,931,803)	(1,922,019,524)
Closing balance	<u>165,854,703</u>	<u>56,985,291,631</u>	<u>8,294,891,378</u>	<u>65,446,037,712</u>

11 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Fiscal period ended 31.03.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	14,017,983,554	8,256,999,578
Income statement credit	<u>(1,111,900,606)</u>	<u>5,760,983,976</u>
Closing balance	<u>12,906,082,948</u>	<u>14,017,983,554</u>

The deferred income tax asset mainly arises from deductible temporary differences of provisions and unrealised gains on transactions among subsidiaries of the Group arising in consolidation.

12 TRADE ACCOUNTS PAYABLE

	31.03.2015 VND	31.12.2014 VND
Trade payables to third parties	<u>180,645,430,973</u>	<u>261,374,420,147</u>

13 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	31.03.2015 VND	31.12.2014 VND
Value added tax	10,149,409,938	11,422,235,182
Corporate income tax - current	21,854,206,971	87,380,168,507
Personal income tax	2,855,095,790	4,508,702,955
Others	<u>1,985,136,246</u>	<u>48,139</u>
	<u>36,843,848,945</u>	<u>103,311,154,783</u>

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Taxes included as follows:

	<u>Opening balance</u>	<u>Amount payable in the period/year</u>	<u>Loss transfer from the last year</u>	<u>Reclassification of accounts</u>	<u>Closing balance</u>
VAT on domestic sales	9,654,706,232	11,701,874,696	(15,815,132,467)	-	5,541,448,461
VAT on imports	-	7,282,489,128	(7,282,489,128)	-	-
Import export tax	(740,713,926)	2,163,866,607	(1,515,321,417)	-	(92,168,736)
Corporate income tax	87,380,168,507	21,621,771,005	(88,630,640,932)	12,010	20,371,310,590
Personal income tax	4,374,803,810	23,344,287,134	(24,929,311,483)	-	2,789,779,461
Land tax	-	1,985,757,046	(620,800)	-	1,985,136,246
Others	48,139	81,960,995	(131,885,781)	-	(49,876,647)
Total	<u>100,669,012,762</u>	<u>68,182,006,611</u>	<u>(138,305,402,008)</u>	<u>12,010</u>	<u>30,545,629,375</u>

14 ACCRUED EXPENSES

	31.03.2015	31.12.2014
	VND	VND
Trade discounts and promotions	14,280,600,063	246,880,627,671
Marketing and customer care expenses	14,063,520,974	7,386,412,520
Interest payable	910,468,739	1,381,705,671
Seminar expenses	348,397,216	859,859,395
Others	15,379,807,728	9,501,345,856
	<u>44,982,794,720</u>	<u>266,009,951,113</u>

15 OTHER PAYABLES

	31.03.2015	31.12.2014
	VND	VND
Trade discounts	8,919,939,194	10,104,760,934
Union fee and health insurance	2,527,819,419	1,484,416,312
Dividends payable	17,894,000	17,894,000
Other payables	20,969,923,714	24,476,109,261
	<u>32,435,576,327</u>	<u>36,083,180,507</u>

16 SHORT-TERM BORROWINGS

	31.03.2015	31.12.2014
	VND	VND
Loans from bank (*)	80.000.000.000	150.000.000.000
Loans from the Group's employees (**)	24.626.220.249	26.707.408.762
	<u>104.626.220.249</u>	<u>176.707.408.762</u>

(*) These loans are secured by term deposits at bank (Note 3) and bear interest at 0.33% to 0.61% per month (31.12.2014: from 0.42% to 0.5% per month).

(**) These loans are unsecured and bear interest at 0.42% to 0.5% per month (31.12.2014: from 0.42% to 0.5% per month).

17 BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's and its subsidiaries' Annual General Meetings ("AGM"). The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies and Board of Management in accordance with the Company's and its subsidiaries' AGM Resolution.

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

	Bonus and welfare fund for staffs VND	Welfare fund in form of assets VND	Bonus fund for Board of Directors VND	Total VND
Opening balance	26,460,470,761	30,537,725,466	9,987,386,100	66,985,582,327
Appropriation to the funds in the period				
Assets formed from funds	(9,228,221,494)	9,228,221,494	-	-
Depreciation of assets formed from funds	-	(1,196,869,695)	-	(1,196,869,695)
Utilisation	(7,960,242,095)	-	(1,246,536,087)	(9,206,778,182)
Closing balance	<u>9,272,007,172</u>	<u>38,569,077,265</u>	<u>8,740,850,013</u>	<u>56,581,934,450</u>

18 LONG-TERM PROVISIONS

Long-term provisions represent allowances paid to employees as required by the Labor Code of Vietnam. According to the Vietnam Labor Code, The Group's employees are entitled to severance benefits based on their years of service. This allowance will be paid once to employees who have left the Group. Provision for severance allowance is calculated based on number of years of service of the employees until 31 December 2008 (before the Law on Social Insurance is in effect) and the average wage of employees in a phase of 6 months before the date of accounting balance sheet

19 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular 15/2011/TT-BTC dated 9 February 2011, 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 utilised when disbursement 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
Opening balance	18,566,450,573	21,992,927,367	40,559,377,940
Increase	473,720,132	-	473,720,132
Depreciation of assets formed from funds	-	(953,756,384)	(953,756,384)
Utilisation	(105,141,610)	-	(105,141,610)
Closing balance	<u>18,935,029,095</u>	<u>21,039,170,983</u>	<u>39,974,200,078</u>

20 OWNERS' CAPITAL

	31.03.2015		31.12.2014	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	87,164,330	871,643,300,000	87,164,330	871,643,300,000
Treasury shares	(10,130)	(455,850,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation				
	<u>87,154,200</u>	<u>871,187,450,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meetings. Ordinary shares are ranked equally with regard to the Company's residual assets. Shareholders are eligible to dividends declared by the Company. 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 follows:

	Fiscal period ended 31.03.2015		Fiscal year ended 31.12.2014	
	Number of shares	VND	Number of shares	VND
Opening balance	87,154,200	871,187,450,000	65,366,299	653,308,440,000
Ordinary shares issued			21,787,901	217,879,010,000
Closing balance	<u>87,154,200</u>	<u>871,187,450,000</u>	<u>87,154,200</u>	<u>871,187,450,000</u>

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21 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
As at 1 January 2014	653,764,290,000	(455,850,000)	701,396,760,268	66,929,751,817	559,730,522,015	1,981,365,474,100
Bonus share issued	217,879,010,000		(217,879,010,000)			-
Profit for the year					533,272,781,144	533,272,781,144
Dividends paid for the final phase of the year 2013	-	-	-	-	(130,731,300,000)	(130,731,300,000)
Appropriation to funds	-		298,558,731,951	134,023,103	(298,692,755,054)	-
Appropriation to bonus and welfare fund	-	-			(90,366,344,160)	(90,366,344,160)
Appropriation to Board of Directors bonus fund	-	-	-	-	(16,745,549,029)	(16,745,549,029)
As at 31 December 2014	<u>871,643,300,000</u>	<u>(455,850,000)</u>	<u>782,076,482,219</u>	<u>67,063,774,920</u>	<u>556,467,354,916</u>	<u>2,276,795,062,055</u>
Profit for the period/year	-	-	-	-	112,008,947,583	112,008,947,583
Reclassification according to circular 200			67,063,774,920	(67,063,774,920)	-	-
As at 31 March 2015	<u>871,643,300,000</u>	<u>(455,850,000)</u>	<u>849,140,257,139</u>	<u>-</u>	<u>668,476,302,499</u>	<u>2,388,804,009,638</u>

22 MINORITY INTEREST

	Fiscal period ended 31.03.2015 VND	Fiscal year ended 31.12.2014 VND
Opening balance	16,830,408,891	18,077,447,483
Net profit for the year	280,980,774	499,297,883
Appropriation to bonus and welfare fund	-	(643,836,475)
Appropriation to Board of Directors bonus fund	-	(245,000,000)
Dividends paid	-	(857,500,000)
	<hr/>	<hr/>
Closing balance	17,111,389,665	16,830,408,891
	<hr/>	<hr/>

23 DIVIDENDS

In the year 2014, the Company has declared and paid the final dividends of 15% in cash for the year 2013 which was paid on 4 August 2014.

24 REVENUE**(a) Net sales**

	For 3-month period ended	
	31.03.2015 VND	31.03.2014 VND
Sales		
Sales of finished goods	631,110,962,472	675,492,076,566
Sales of merchandise goods	129,322,970,646	57,657,579,423
Revenue from services rendered	3,755,558,819	3,414,627,748
Revenue from promotion goods	136,486,777	3,643,203,543
	<hr/>	<hr/>
	764,325,978,714	740,207,487,280
	<hr/>	<hr/>
Sales deductions		
Discount sales	-	-
Trade discounts (*)	(91,548,341,210)	(7,181,670,843)
Sales returns	(3,694,284,323)	(5,400,770,251)
	<hr/>	<hr/>
	(95,242,625,533)	(12,582,441,094)
	<hr/>	<hr/>
Net sales	669,083,353,181	727,625,046,186
	<hr/>	<hr/>
In which:		
Sales of finished goods	539,685,826,641	663,052,663,886
Sales of merchandise goods	125,505,480,944	57,514,551,009
Revenue from services rendered	3,755,558,819	3,414,627,748
Revenue from promotion goods	136,486,777	3,643,203,543

24 REVENUE (continued)

(b) Financial income

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Interest income from deposits at bank	5,301,052,005	8,243,936,967
Dividend income	108,480,000	24,334,800
Realised foreign exchange gains	454,002,893	248,499,736
Others	418,936,331	134,725,756
	<u>6,282,471,229</u>	<u>8,651,497,259</u>

25 COST OF SALES

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Cost of finished goods sold	261,485,786,886	286,996,004,943
Cost of merchandises sold	113,152,397,746	52,955,478,436
Cost of services rendered	2,833,448,881	2,840,173,700
Cost of promotion goods	124,521,566	3,906,742,359
(Reversal)/provision for decline in value of inventories	(41,005,975)	
	<u>377,555,149,104</u>	<u>346,698,399,438</u>

26 FINANCIAL EXPENSES

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Interest expense	1,855,841,468	1,605,280,843
Realised foreign exchange losses	895,372,596	112,960,665
Payment discounts	14,564,632,322	13,120,077,349
Other expenses	28,731,613	26,552,824
	<u>17,344,577,999</u>	<u>14,864,871,681</u>

27 SELLING EXPENSES

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Staff costs	66,147,717,997	68,891,367,832
Material expenses	1,544,864,178	719,965,010
Tools and supplies expenses	793,436,751	971,866,438
Depreciation expenses	3,561,376,975	3,146,631,798
Outside service expensed	28,301,828,061	77,152,242,499
Other expenses	3,817,650,868	20,799,716,795
	<u>104,166,874,830</u>	<u>171,681,790,372</u>

28 GENERAL AND ADMINISTRATION EXPENSES

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Staff costs	38,463,370,022	41,769,384,314
Material expenses	290,264,255	121,700,614
Tools and supplies expenses	983,444,015	1,227,258,959
Depreciation expenses	3,363,832,265	3,073,699,374
Taxes, fees and duties	190,606,343	195,196,626
Provision expenses	1,033,573,433	653,306,221
Outside service expenses	4,895,596,547	2,988,943,613
Other expenses	7,413,805,653	7,572,910,543
	<u>56,634,492,533</u>	<u>57,602,400,264</u>

29 OTHER INCOME AND EXPENSES

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Other income		
Proceeds from sales of scraps	104,005,904	262,505,905
Proceeds from disposals of fixed assets	5,340,772,729	55,454,547
Commission income	9,076,024,562	928,004,357
Sundry income	7,552,863,187	775,845,640
	<u>22,073,666,382</u>	<u>2,021,810,449</u>
Other expenses		
Net book value of fixed assets disposed	5,729,741,275	16,363,637
Sundry expenses	985,055,083	740,564,365
	<u>6,714,796,358</u>	<u>756,928,002</u>
Net other income	<u>15,358,870,024</u>	<u>1,264,882,447</u>

30 CORPORATE INCOME TAX

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the normal tax rate of 25% as regulated in current tax regulations as follows:

	Fiscal period ended	
	31.03.2015	31.03.2014
	VND	VND
Net accounting profit before tax	135,023,599,968	146,693,964,137
Tax calculated at a rate of 22%	29,705,191,993	32,272,672,110
Effect of:		
Expenses not deductible for tax purposes	14,098,167	79,975,860
Income not subject to tax		(5,353,656)
Tax incentives	(6,985,618,549)	(3,899,125,815)
	<hr/>	<hr/>
Business income tax charge	<u>22,733,671,611</u>	<u>28,448,168,499</u>

Applicable tax rates*The Company*

According to the Decision of 3044/QĐ-UBND of People's Committee of Can Tho City, the Company is required to pay the business income tax ("BIT") at rate of 20% from 2005 to 2014 and 22% for the following years. The Company was exempted from income tax from 2005 to 2006 and received a 50% reduction in income tax from 2007 to 2011 according to Decision No. 3044/QĐ-UBND.

This tax reduction is not applied for other income. Other income is taxed at the rate of 22%.

The Subsidiaries

Except for DHG 1 Packaging and Printing One Member Limited Company, DHG Nature One Member Limited Company, ST Pharmaceutical One Member Limited Company, HT Pharmaceutical One Member Limited Company, DHG Pharmaceutical One Member Limited Company and Song Hau Pharmaceutical Joint Stock Company, other subsidiaries in the Group have an obligation to pay the business income tax at rate of 22% of taxable profits.

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

Pursuant to its Business Registration Certificate, DHG 1 Packaging and Printing has an obligation to pay the business income tax at rate of 10% of taxable profits from 2014 to 2028 and 22% for the following years. The company was exempted from income tax from 2014 to 2017 and received a 50% reduction in income tax from 2018 to 2026.

DHG Nature One Member Limited Company ("DHG Nature")

Pursuant to its Business Registration Certificate, DHG Nature has an obligation to pay the business income tax at rate of 20% of taxable profits from 2009 to 2018 and 22% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2013.

ST Pharmaceutical One Member Limited Company ("ST Pharma")

Pursuant to its Business Registration Certificate, ST Pharma has an obligation to pay the business income tax at rate of 20% of taxable profits from 2009 to 2018 and 22% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2014.

30 CORPORATE INCOME TAX (continued)*HT Pharmaceutical One Member Limited Company ("HT Pharma")*

Pursuant to its Business Registration Certificate, HT Pharma has an obligation to pay the business income tax at rate of 20% of taxable profits from 2008 to 2014 and 22% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2008 to 2009.

DHG Pharmaceutical One Member Limited Company

Pursuant to its Business Registration Certificate, the Company has an obligation to pay the business income tax at rate of 10% of taxable profits for 15 (fifteen) years from the beginning of operation. The company was exempted from income tax for 4 (four) years and received a 50% reduction in income tax for 9 (nine) years for the next years after the taxable income.

Song Hau Pharmaceutical Joint Stock Company ("SH Pharm")

Pursuant to its Business Registration Certificate, SH Pharma has an obligation to pay the business income tax at rate of 15% of taxable profits generated from production activities and 20% of taxable profits generated from trading activities from 2008 to 2019 and 22% thereafter. The Company was exempted from income tax from 2008 to 2010 and received a 50% reduction in income tax from 2011 to 2017.

All the above tax incentives are not applicable to other income which is taxed at rate of 22%.

31 EARNINGS PER SHARE

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Net profit attributable to shareholders	112,008,947,583	118,366,993,502
Issued ordinary shares at the beginning of the period/year (shares)		65,366,299
Effect of bonus shares issued during the period/year (shares)		-
Weighted average number of ordinary shares at the end of the period/year (shares)		65,366,299
Basic earnings per share	1,285	1,811

32 COST OF OPERATIONS BY FACTOR

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Material cost	316,611,442,596	322,613,239,125
Labour costs	159,688,686,937	165,645,867,103
Depreciation expense	20,991,510,784	16,193,343,048
Outside service expenses	48,209,277,462	105,128,120,946
Other expenses	16,091,488,223	30,952,974,948
	561,592,406,002	640,533,545,170

33 RELATED PARTY TRANSACTIONS

The largest shareholder of the Group is the State Capital Investment Corporation (“SCIC”) which owns 43.31% of the Group’s share capital. The SCIC is controlled by the Government of SR Vietnam.

Remuneration of key management

	For 3-month period ended	
	31.03.2015	31.03.2014
	VND	VND
Gross salaries and other benefits	4,824,846,441	4,915,115,574

34 COMMITMENTS**(a) Capital commitments**

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

	31.03.2015	31.12.2014
	VND	VND
Approved but not contracted	1,932,696,137	183,740,702,869
Approved and contracted but not recognised in the financial statements	17,666,657,218	112,345,655,928
	<u>19,599,353,355</u>	<u>296,086,358,797</u>

(b) Commitments under operating leases

The future minimum lease payments under non-cancellable operating lease are as follows:

Land rental	31.03.2015	31.12.2014
	VND	VND
Within 1 year	1,854,150,976	2,141,497,932
Between 1 and 5 years	7,416,603,904	8,565,991,728
Over 5 years	44,754,556,677	52,192,466,036
Total minimum payments	<u>54,025,311,557</u>	<u>62,899,955,696</u>

35 FINANCIAL RISK MANAGEMENT**Financial risk factors****Overview**

The Group has exposure to the following risks from their use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group's business is exposed to foreign currency risk arising from various currency exposures, primarily United States Dollar ("USD").

The Company's currency exposure to the USD is as follows:

	Original currency - USD		Equivalent to VND	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Financial assets	110,000	336,670	2,368,300,000	7,206,417,283
Cash and deposits at bank	124,420	15,615	2,678,761,222	334,235,137
Trade and other receivables	234,420	352,285	5,047,061,222	7,540,652,420
Financial liabilities	3,508,510	4,991,674	75,538,220,300	106,846,788,392
Trade and other payables	(3,274,090)	(4,639,390)	(70,491,159,078)	(99,306,135,972)
Net currency exposure	110,000	336,670	2,368,300,000	7,206,417,283

At 31 March 2015, if the USD had strengthened/weakened by 10% against the VND with all other variables (included tax rate) being held constant, the Group's profit after tax for the fiscal period ended 31 March 2015 would have been VND5,498,310,408 lower/higher as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments.

(ii) Interest risk

The Group is not subject to significant risks on interest rates because the majority of the Group's loans are short-term loans from banks which bear fixed interest rates.

35 FINANCIAL RISK MANAGEMENT (continued)**(b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group's policy is to regularly monitor current, future liquidity requirements to ensure the Group can maintain sufficient cash reserves to meet liquidity requirements in the short to medium term.

As at 31 March 2015, the Group had financial liabilities comprising short-term borrowings, trade and other payables amounting to VND504,143,117,139 (31.12.2013: VND948,479,953,643) which represented contractual undiscounted cash outflows payable in less than one year.

35 COMPARATIVE FIGURES

According to Circular 200/2014/TT/BTC dated 22/12/2014 of the Ministry of Finance, certain comparative figures have been reclassified to conform to the current year's presentation, detailed as follows:

Code	Fiscal year ended 31 December 2014		
	As reported previously VND	Adjusted (*) VND	Represented VND
135	Receivables of short-term loans	32,720,645,396	32,720,645,396
136	Other receivables	43,219,434,779	(29,986,351,145) 13,233,083,634
155	Other current assets	3,300,558,814	(2,734,294,251) 566,264,563
418	Development and investment Fund	782,076,482,219	67,063,774,920 849,140,257,139
	Fund financial reserve	67,063,774,920	(67,063,774,920) 0

This reclassification does not affect net income and taxable expense for the fiscal year ended 31 December 2014.

Ngo Thi Hong Dao
Preparer

Dang Pham Huyen Nhung
Chief Accountant

Le Chanh Dao
Deputy CEO
22 April 2015