

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013**



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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 16 May 2013 was issued by the Planning and Investment Department of Can Tho City.

Board of Management

Mdm Pham Thi Viet Nga	Chairwoman
Ms Le Minh Hong	Member
Mr Le Chanh Dao	Member
Mr Doan Dinh Duy Khuong	Member
Ms Nguyen Thi Hong Loan	Member
Mr Nguyen Nhu Song	Member
Mr Le Dinh Buu Tri	Member

Board of Directors

Ms Le Minh Hong	General Director
Mr Le Chanh Dao	Deputy General Director
Mr Doan Dinh Duy Khuong	Deputy General Director
Ms Nguyen Ngoc Diep	Deputy General Director

Supervisory Board

Mr Tran Quoc Hung	Head of the Board
Ms Tran Thi Anh Nhu	Member
Ms Nguyen Phuong Thao	Member

Legal representative

Ms Le Minh Hong	General Director
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Registered office

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

Auditor

PricewaterhouseCoopers (Vietnam) Limited

DHG PHARMACEUTICAL JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors is responsible for the consolidated interim financial statements of DHG Pharmaceutical Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which give a true and fair view of the consolidated financial position of the Group as at 30 June 2013 and of the consolidated results of operation and cash flows for the six-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable the consolidated interim financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the consolidated interim financial statements. We are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 4 to 37 which give a true and fair view of the consolidated financial position of the Group as at 30 June 2013, and of the consolidated results of operation and cash flows for the six-month period ended 30 June 2013 in accordance with Vietnamese Accounting Standard no. 27 – *Interim Financial Reporting*.

On behalf of the Board of Directors



Le Chanh Dao
Deputy General Director

Can Tho City, SR Vietnam
26 August 2013



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF DHG PHARMACEUTICAL JOINT STOCK COMPANY

We have reviewed the accompanying consolidated interim financial statements of DHG Pharmaceutical Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which were approved by the Board of Directors on 26 August 2013. These interim financial statements include the consolidated balance sheet as at 30 June 2013, the related consolidated income statement and cash flow statement for the six-month period then ended and selected notes to these consolidated interim financial statements, as set out on pages 4 to 37. The Board of Directors is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Vietnamese Auditing Standard No. 910 - *Engagement to Review Financial Statements*. This standard requires that we plan and perform the review to obtain moderate assurance as to whether these consolidated interim financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Quach Thanh Chau
Audit Practising Licence No. 0875-2013-006-1
Deputy General Director
Authorised signatory


Pham Thi Xuan Mai
Audit Practising Licence No. 1771-2013-006-1

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Review report number HCM3797
26 August 2013

As indicated in Note 2.1 to the consolidated interim financial statements, the accompanying consolidated interim 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, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 30.6.2013 VND	As at 31.12.2012 VND
100	CURRENT ASSETS		1,983,648,528,458	1,817,659,554,913
110	Cash and cash equivalents	3	590,348,148,714	718,975,317,797
111	Cash		181,160,298,256	179,126,910,532
112	Cash equivalents		409,187,850,458	539,848,407,265
120	Short-term investments	4	165,955,000,000	-
130	Accounts receivable		615,388,409,064	574,318,472,865
131	Trade accounts receivable	5	431,353,548,906	449,467,053,831
132	Prepayments to suppliers		114,925,913,051	84,260,939,798
135	Other receivables	6	75,184,107,186	46,319,680,651
139	Provision for doubtful debts		(6,075,160,079)	(5,729,201,415)
140	Inventories	7	597,997,793,974	511,841,369,741
141	Inventories		604,026,383,107	517,869,958,874
149	Provision for decline in value of inventories		(6,028,589,133)	(6,028,589,133)
150	Other current assets		13,959,176,706	12,524,394,510
151	Short-term prepayments		3,150,285,004	819,469,001
152	Value Added Tax to be reclaimed		1,739,737,076	3,876,949,889
154	Other taxes receivable		347,628,972	1,882,551,193
158	Other current assets		8,721,525,654	5,945,424,427
200	LONG-TERM ASSETS		611,363,030,277	560,605,090,482
220	Fixed assets		567,939,905,538	517,134,916,078
221	Tangible fixed assets	8(a)	275,923,279,914	279,742,292,179
222	Cost		539,267,293,370	522,619,957,611
223	Accumulated depreciation		(263,344,013,456)	(242,877,665,432)
227	Intangible fixed assets	8(b)	171,492,001,976	167,001,188,865
228	Cost		181,575,719,354	174,923,643,193
229	Accumulated amortisation		(10,083,717,378)	(7,922,454,328)
230	Construction in progress	8(c)	120,524,623,648	70,391,435,034
250	Long-term investments	9	16,251,442,265	16,651,442,265
252	Investments in associates		5,434,273,514	9,334,273,514
258	Other long-term investments		31,831,050,200	11,831,050,200
259	Provision for diminution in value of long-term investments		(21,013,881,449)	(4,513,881,449)
260	Other long-term assets		27,171,682,474	26,818,732,139
261	Long-term prepayments	10	17,853,556,658	19,347,501,172
262	Deferred income tax assets	11	7,993,984,514	5,840,892,665
268	Other long-term assets		1,324,141,302	1,630,338,302
270	TOTAL ASSETS		2,595,011,558,735	2,378,264,645,395

The notes on pages 8 to 37 are an integral part of these consolidated interim financial statements.


CONSOLIDATED BALANCE SHEET
 (continued)

Code	RESOURCES	Note	As at 30.6.2013 VND	As at 31.12.2012 VND
300	LIABILITIES		846,249,718,713	674,795,265,880
310	Current liabilities		812,515,871,204	653,532,156,155
311	Short-term borrowings	12	24,457,512,251	19,484,808,997
312	Trade accounts payable	13	176,248,117,459	73,733,794,359
313	Advances from customers		2,665,589,318	1,236,669,394
314	Taxes and other payables to the State Budget	14	33,668,007,008	33,519,701,311
315	Payable to employees		130,098,861,551	157,300,094,036
316	Accrued expenses	15	257,553,217,787	242,014,199,700
319	Other payables	16	79,953,243,053	63,583,567,645
323	Bonus and welfare funds	17	107,871,322,777	62,659,320,713
330	Long-term liabilities		33,733,847,509	21,263,109,725
339	Science and technology development funds	18	33,733,847,509	21,263,109,725
400	OWNERS' EQUITY		1,732,385,192,610	1,687,719,251,266
410	Capital and reserves		1,732,385,192,610	1,687,719,251,266
411	Owners' capital	19, 20	653,764,290,000	653,764,290,000
414	Treasury shares	19, 20	(455,850,000)	(455,850,000)
417	Investment and development fund	20	701,396,760,268	491,137,167,263
418	Financial reserve fund	20	66,929,751,817	66,762,044,635
420	Undistributed earnings	20	310,750,240,525	476,511,599,368
439	MINORITY INTEREST	21	16,376,647,412	15,750,128,249
440	TOTAL RESOURCES		2,595,011,558,735	2,378,264,645,395

OFF BALANCE SHEET ITEMS

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

	As at 30.6.2013	As at 31.12.2012
USD	377,188	109,684
EUR	347	131,696
MOP	20	20
NDT	3,515	3,515
CAD	100	100
A tenth of tael	938.5	3,404.5
Tael	771.5	808.5


 Dang Pham Huyen Nhung
 Chief Accountant




 Le Chanh Dao
 Deputy General Director
 26 August 2013

The notes on pages 8 to 37 are an integral part of these consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	For the six-month period ended	
		30.6.2013 VND	30.6.2012 VND
01	Sales	1,901,575,142,657	1,320,284,506,188
02	Less deductions	(351,882,901,297)	(8,386,353,353)
10	Net sales	1,549,692,241,360	1,311,898,152,835
11	Cost of sales	(833,578,793,246)	(686,309,579,213)
20	Gross profit	716,113,448,114	625,588,573,622
21	Financial income	26,456,247,758	19,928,614,099
22	Financial expenses	(1,516,040,989)	(2,816,394,445)
23	<i>Including: interest expenses</i>	<i>(1,210,993,184)</i>	<i>(1,626,605,104)</i>
24	Selling expenses	(315,985,416,881)	(242,421,284,519)
25	General and administration expenses	(121,831,158,798)	(99,521,677,025)
30	Operating profit	303,237,079,204	300,757,831,732
31	Other income	14,873,506,618	6,235,037,670
32	Other expenses	(6,435,513,370)	(3,747,943,825)
40	Net other income	8,437,993,248	2,487,093,845
41	Share of associates' result	(400,000,000)	69,876,411
50	Net accounting profit before tax	311,275,072,452	303,314,801,988
51	Business income tax - current	(68,906,697,394)	(41,195,506,113)
52	Business income tax - deferred	2,153,091,849	719,842,336
60	Net profit after tax	244,521,466,907	262,839,138,211
	Attributable to:		
61	Minority interest	2,591,443,096	3,157,230,059
62	Owners of the parent company	241,930,023,811	259,681,908,152
70	Basic earnings per share (VND)	30 3,701	3,982



Dang Pham Huyen Nhung
Chief Accountant





Le Chanh Dao
Deputy General Director
26 August 2013

The notes on pages 8 to 37 are an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the six-month period ended	
		30.6.2013 VND	30.6.2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		311,275,072,452	303,314,801,988
		Adjustments for:	
02	8	29,398,329,478	30,628,832,578
03		345,958,664	1,425,457,585
05	28	(94,991,856)	(2,477,717,805)
05	23(b)	(25,013,369,313)	(18,848,167,440)
05		-	(20,000,000)
05		400,000,000	(69,876,411)
06	25	1,210,993,184	1,626,605,104
08		317,521,992,609	315,579,935,599
09		(36,308,386,278)	(24,127,890,220)
10		(86,057,658,019)	(82,659,112,353)
11		112,620,936,736	(25,286,403,185)
12		(1,517,747,312)	(1,852,229,400)
13		(1,579,987,862)	(1,560,096,920)
14		(58,116,248,187)	(17,605,067,850)
16		(24,163,192,897)	(17,032,625,330)
20		222,399,708,790	145,456,510,341
CASH FLOWS FROM INVESTING ACTIVITIES			
21	8	(83,033,854,279)	(73,679,774,652)
22		3,471,279,617	4,947,704,870
23		(165,955,000,000)	-
24		-	1,269,867,671
26		-	90,000,000
27		21,108,091,535	13,748,728,551
30		(224,409,483,127)	(53,623,473,560)
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	2,000,000,000
33		5,834,635,669	15,236,403,938
34		(861,932,415)	(20,041,256,024)
36		(131,590,098,000)	(735,000,000)
40		(126,617,394,746)	(3,539,852,086)
50		(128,627,169,083)	88,293,184,695
60	3	718,975,317,797	467,084,218,098
61		-	-
70		590,348,148,714	555,377,402,793


 Dang Pham Huyen Nhung
 Chief Accountant




 Le Chanh Dao
 Deputy General Director
 26 August 2013

The notes on pages 8 to 37 are an integral part of these consolidated interim financial statements.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013**

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.

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

As at 30 June 2013, the Company had 2,779 employees (at 31 December 2012: 2,764 employees).

The consolidated interim financial statements for the six-month period ended 30 June 2013 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	
			30.6.2013	31.12.2012
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 Packaging and Printing One Member Limited Company	Manufacture and trade packaging, plastic, aluminum, paper for pharmaceutical industry; provide printing services	No. 5704000183 issued by the Planning and Investment Department of Can Tho City on 29 April 2008	100%	100%

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN/HN

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.6.2013	31.12.2012
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%

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			30.6.2013	31.12.2012
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%	30%
Vinh Tuong High-Tech Packaging Corporation (*) ⁴	Manufacture packages from primeval plastics	No. 4603000373 issued by the Planning and Investment Department of Binh Duong Province on 9 July 2007	6.67%	20%

(*) As at 30 June 2013, Vinh Tuong High-Tech Packaging Corporation was no longer an associate of the Company (Note 9(a)).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES**2.1 Basis of preparation of consolidated interim financial statements**

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*. The consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and applicable regulations in SR Vietnam. The accounting policies applied in the consolidated interim financial statements are consistent with those of the consolidated annual financial statements for the year ended 31 December 2012.

The accompanying consolidated interim 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 2013, the Company prepared its consolidated interim 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.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.3 Consolidation (continued)*****Subsidiaries (continued)***

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.

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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.5 Currency**

The consolidated interim 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.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits 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 Directors 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 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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

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 amount and are recognised as income or expense 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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.

2.16 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 the Socialist Republic 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.

2.17 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.

2.18 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 and its subsidiaries.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.19 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.

2.20 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.

2.21 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Group. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Group is no longer required to provide for the service period after 1 January 2009.

However, severance allowance payable to eligible employees as of 30 June 2013 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the leaving date.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.21 Provision for severance allowances (continued)**

On 24 October 2012, the Ministry of Finance issued Circular No.180/2012/TT-BTC ("Circular 180") guiding the financial treatment for retrenchment allowances to employees of enterprises. Circular 180 provides that, in preparation of the 2012 financial statements, if an enterprise's provision for retrenchment allowances (Account 351- Provision for retrenchment allowances) still has outstanding balance, the enterprise must reverse the balance to other income for the year 2012 and must not carry forward balance to the following year. The Group's Board of Directors believed that Circular 180 also applied to provision for severance allowances. Accordingly, the Group reversed the outstanding balance of provision for severance allowance as at 31 December 2012 to other income for the year ended 31 December 2012 and since then ceased to make provision for severance allowances.

Had the Group adopted the previous accounting policy for provision for severance allowances in accordance with the Vietnamese Labour Law and VAS 18, the provision for severance allowance as at 30 June 2013 would be VND38,481 million.

3 CASH AND CASH EQUIVALENTS

	30.6.2013	31.12.2012
	VND	VND
Cash on hand	27,964,150,986	29,557,000,325
Cash at bank	152,333,890,624	149,564,383,926
Cash in transit	862,256,646	5,526,281
Cash equivalents (*)	409,187,850,458	539,848,407,265
	<u>590,348,148,714</u>	<u>718,975,317,797</u>

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

4 SHORT-TERM INVESTMENTS

Short-term 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

	30.6.2013	31.12.2012
	VND	VND
Trade receivables from associates (Note 32(b))	356,765,200	356,765,200
Trade receivables from third parties	430,996,783,706	449,110,288,631
	<u>431,353,548,906</u>	<u>449,467,053,831</u>

6 OTHER RECEIVABLES

	30.6.2013 VND	31.12.2012 VND
Prepaid trade discounts	47,124,508,894	37,379,455,592
Interest income receivable	5,674,305,556	1,769,027,778
Receivables from employees	3,827,712,249	3,236,251,949
Other receivables	18,557,580,487	3,934,945,332
	<u>75,184,107,186</u>	<u>46,319,680,651</u>

7 INVENTORIES

	30.6.2013 VND	31.12.2012 VND
Goods in transit	84,067,896,009	54,087,252,044
Raw materials	183,384,997,230	185,398,402,659
Work in progress	34,687,501,781	24,966,649,172
Finished goods	264,015,567,277	248,142,138,655
Merchandises	37,870,420,810	5,275,516,344
	<u>604,026,383,107</u>	<u>517,869,958,874</u>
Provision for decline in value of inventory	(6,028,589,133)	(6,028,589,133)
	<u>597,997,793,974</u>	<u>511,841,369,741</u>

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

	Six-month period ended 30.6.2013 VND	Year ended 31.12.2012 VND
Opening balance	6,028,589,133	4,669,661,795
Increase	-	1,425,457,585
Reversal	-	(66,530,247)
	<u>6,028,589,133</u>	<u>6,028,589,133</u>

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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 2013	153,581,445,265	211,592,557,293	94,118,138,987	63,327,816,066	522,619,957,611
Increase	2,276,236,887	4,851,043,642	1,244,763,834	2,077,491,546	10,449,535,909
Transfers from construction in progress (Note 8(c))	15,571,135,479	608,797,760	3,524,791,455	237,902,691	19,942,627,385
Reclassifications (*)	(118,083,768)	(3,351,439,248)	(899,352,944)	(6,740,027,891)	(11,108,903,851)
Disposals	(615,983,144)	(1,077,229,688)	(645,939,819)	(296,771,033)	(2,635,923,684)
At 30 June 2013	170,694,750,719	212,623,729,759	97,342,401,513	58,606,411,379	539,267,293,370
Accumulated depreciation					
At 1 January 2013	43,235,485,426	118,961,949,995	43,538,906,375	37,141,323,636	242,877,665,432
Charge for the period	7,087,817,853	9,873,373,403	7,280,373,368	3,992,818,576	28,234,383,200
Reclassifications (*)	(68,268,449)	(2,402,875,175)	(469,285,425)	(3,077,359,964)	(6,017,789,013)
Disposals	(259,334,034)	(969,188,500)	(370,092,548)	(151,631,081)	(1,750,246,163)
At 30 June 2013	49,995,700,796	125,463,259,723	49,979,901,770	37,905,151,167	263,344,013,456
Net book value					
At 1 January 2013	110,345,959,839	92,630,607,298	50,579,232,612	26,186,492,430	279,742,292,179
At 30 June 2013	120,699,049,923	87,160,470,036	47,362,499,743	20,701,260,212	275,923,279,914

(*) The reclassifications were made in accordance with guidance of Circular 45/2013/TT-BTC regarding to asset management, usage and depreciation. The Circular is effective on 10 June 2013 and applied for the financial year 2013, according to which fixed assets having historical cost below VND30 million were reclassified to long-term prepayment.

Included in tangible fixed assets as at 30 June 2013 were assets costing VND104,599 million (31 December 2012: VND97,962 million) 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 2013	103,839,330,049	65,482,275,339	5,602,037,805	174,923,643,193
Increase	823,003,000	-	-	823,003,000
Transfers from construction in progress (Note 8(c))	-	1,685,499,371	-	1,685,499,371
Transfers from long-term prepayments (Note 10)	-	6,644,184,030	-	6,644,184,030
Reclassifications	(170,322,581)	170,322,581	(10,000,000)	(10,000,000)
Disposals	(2,490,610,240)	-	-	(2,490,610,240)
At 30 June 2013	102,001,400,228	73,982,281,321	5,592,037,805	181,575,719,354
Accumulated amortisation				
At 1 January 2013	-	5,210,030,860	2,712,423,468	7,922,454,328
Charge for the period	-	610,734,519	553,211,759	1,163,946,278
Transfers from long-term prepayments (Note 10)	-	1,006,483,413	-	1,006,483,413
Reclassifications	-	-	(9,166,641)	(9,166,641)
At 30 June 2013	-	6,827,248,792	3,256,468,586	10,083,717,378
Net book value				
At 1 January 2013	103,839,330,049	60,272,244,479	2,889,614,337	167,001,188,865
At 30 June 2013	102,001,400,228	67,155,032,529	2,335,569,219	171,492,001,976

(c) Construction in progress

	Six-month period ended 30.6.2013 VND	Year ended 31.12.2012 VND
Opening balance	70,391,435,034	46,746,407,572
Additions	71,761,315,370	84,240,374,974
Transfers to tangible fixed assets (Note 8(a))	(19,942,627,385)	(58,659,132,557)
Transfers to intangible fixed assets (Note 8(b))	(1,685,499,371)	(1,936,214,955)
Closing balance	120,524,623,648	70,391,435,034

9 LONG-TERM INVESTMENTS

(a) Investments in associates

	30.6.2013 VND	31.12.2012 VND
Vinh Hao Algae Processing Joint Stock Company	5,434,273,514	5,434,273,514
Vinh Tuong High-Tech Packaging Corporation (*)	-	3,900,000,000
	<u>5,434,273,514</u>	<u>9,334,273,514</u>

(*) Vinh Tuong High-Tech Packaging Corporation (VIPHACO) issued additional shares to increase its charter capital from VND50 billion to VND150 billion. Accordingly, the percentage of ownership of the Group in VIPHACO was reduced from 20% to 6.67% and VIPHACO was no longer an associate of the Group since 2 April 2013. This investment was therefore reclassified to other long term investments.

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

	Six-month period ended 30.6.2013 VND	Year ended 31.12.2012 VND
Opening balance	9,334,273,514	10,086,282,266
Share of losses from associates	(400,000,000)	(187,558,752)
Dividend received	-	(564,450,000)
Transfers to other long-term investments	(3,500,000,000)	-
Closing balance	<u>5,434,273,514</u>	<u>9,334,273,514</u>

(b) Other long-term investments

	30.6.2013 VND	31.12.2012 VND
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
Binh Duong Pharmaceutical & Medical Equipments Joint Stock Company	4,286,800,000	4,286,800,000
Ninh Thuan Pharmaceutical & Medical Equipments Joint Stock Company	796,675,000	796,675,000
Nghe An Pharmaceutical & Medical Equipments Joint Stock Company	3,922,880,000	3,922,880,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Vinh Tuong High-Tech Packaging Corporation	20,000,000,000	-
	<u>31,831,050,200</u>	<u>11,831,050,200</u>

9 LONG-TERM INVESTMENTS (continued)**(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:

	Six-month period ended 30.6.2013 VND	Year ended 31.12.2012 VND
Opening balance	4,513,881,449	4,513,881,449
Increase	16,500,000,000	-
Closing balance	<u>21,013,881,449</u>	<u>4,513,881,449</u>

Included in the provision for diminution in value of long-term investments as at 30 June 2013 was VND16,500,000,000 of provision for the long-term investment in Vinh Tuong High-Tech Packaging Corporation (2012: 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	1,064,919,744	18,158,828,142	123,753,286	19,347,501,172
Increase	-	-	4,986,935,135	4,986,935,135
Allocation	(228,932,669)	(249,263,782)	(364,982,581)	(843,179,032)
Transfers to intangible fixed assets (*)	-	(5,637,700,617)	-	(5,637,700,617)
Closing balance	<u>835,987,075</u>	<u>12,271,863,743</u>	<u>4,745,705,840</u>	<u>17,853,556,658</u>

(*) Represented the prepaid rental fees of a land lot for which the land use right certificate has been granted to the Group.

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:

	Six-month period ended 30.6.2013 VND	Year ended 31.12.2012 VND
Opening balance	5,840,892,665	5,509,693,831
Income statement credit	2,153,091,849	331,198,834
Closing balance	<u>7,993,984,514</u>	<u>5,840,892,665</u>

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

12 SHORT-TERM BORROWINGS

	30.6.2013 VND	31.12.2012 VND
Loans from employees (*)	24,457,512,251	19,484,808,997

(*) These loans are unsecured and bear interest at 0.9% per month (2012: from 0.9% to 1.1% per month).

13 TRADE ACCOUNTS PAYABLE

	30.6.2013 VND	31.12.2012 VND
Trade payables to associates (Note 32(b))	448,800,000	-
Trade payables to third parties	175,799,317,459	73,733,794,359
	<u>176,248,117,459</u>	<u>73,733,794,359</u>

14 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.6.2013 VND	31.12.2012 VND
Value added tax	4,579,747,552	9,613,137,679
Corporate income tax - current	26,569,283,883	16,469,400,198
Personal income tax	2,421,719,357	7,437,163,434
Others	97,256,216	-
	<u>33,668,007,008</u>	<u>33,519,701,311</u>

15 ACCRUED EXPENSES

	30.6.2013 VND	31.12.2012 VND
Trade discounts and promotions	174,693,053,953	207,608,245,962
Seminar expenses	20,054,161,952	16,925,732,519
Advertising expenses	1,029,583,500	5,520,924,677
Interest payable	611,415,946	980,410,624
Marketing and customer care expenses	41,323,230,642	517,334,795
Others	19,841,771,794	10,461,551,123
	<u>257,553,217,787</u>	<u>242,014,199,700</u>

16 OTHER PAYABLES

	30.6.2013 VND	31.12.2012 VND
Union fee and health insurance	2,363,557,148	3,761,839,350
Trade discounts	59,280,439,232	39,675,278,154
Dividends payable	15,750,000	17,894,000
Other payables	18,293,496,673	20,128,556,141
	<u>79,953,243,053</u>	<u>63,583,567,645</u>

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 period were as follows:

	Bonus and welfare fund VND	Bonus fund for Board of management VND	Welfare fund in form of assets VND	Total VND
Opening balance	39,214,437,183	2,785,088,462	20,659,795,068	62,659,320,713
Appropriation to the funds (Note 20)	56,292,766,983	11,346,141,417	-	67,638,908,400
Assets formed from funds	(8,963,245,359)	-	8,963,245,359	-
Depreciation of assets formed from funds	-	-	(1,400,413,578)	(1,400,413,578)
Utilisation	(14,178,560,359)	(6,847,932,399)	-	(21,026,492,758)
Closing balance	<u>72,365,398,448</u>	<u>7,283,297,480</u>	<u>28,222,626,849</u>	<u>107,871,322,777</u>

18 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular 130/2008/TT-BTC dated 26 December 2008, entities are allowed to establish the science and technology development funds for research and development activities. Provision made during the period 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 were as follows:

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
Opening balance	15,766,459,349	5,496,650,376	21,263,109,725
Appropriation to the funds (Note 20)	14,243,381,534	-	14,243,381,534
Assets formed from funds	(1,162,903,407)	1,162,903,407	-
Depreciation of assets formed from funds	-	(665,200,302)	(665,200,302)
Utilisation	(1,107,443,448)	-	(1,107,443,448)
Closing balance	27,739,494,028	5,994,353,481	33,733,847,509

19 OWNERS' CAPITAL

	30.6.2013		31.12.2012	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	65,376,429	653,764,290,000	65,376,429	653,764,290,000
Treasury shares	(10,130)	(455,850,000)	(10,130)	(455,850,000)
Ordinary shares currently in circulation	65,366,299	653,308,440,000	65,366,299	653,308,440,000

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:

	Six-month period ended 30.6.2013		Year ended 31.12.2012	
	Number of shares	VND	Number of shares	VND
Opening balance	65,366,299	653,308,440,000	65,166,299	651,308,440,000
Ordinary shares issued	-	-	200,000	2,000,000,000
Closing balance	65,366,299	653,308,440,000	65,366,299	653,308,440,000

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20 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 2012	651,764,290,000	(455,850,000)	286,384,048,884	66,541,621,663	377,312,752,928	1,381,546,863,475
Shares issued	2,000,000,000	-	-	-	-	2,000,000,000
Profit for the year	-	-	-	-	485,921,786,675	485,921,786,675
Dividends paid	-	-	-	-	(130,532,598,000)	(130,532,598,000)
Appropriation to reserves	-	-	204,753,118,379	220,422,972	(204,973,541,351)	-
Appropriation to bonus and welfare fund	-	-	-	-	(42,473,937,214)	(42,473,937,214)
Appropriation to Board of Management bonus fund	-	-	-	-	(8,742,863,670)	(8,742,863,670)
As at 31 December 2012	653,764,290,000	(455,850,000)	491,137,167,263	66,762,044,635	476,511,599,368	1,687,719,251,266
Profit for the period	-	-	-	-	241,930,023,811	241,930,023,811
Dividends paid (Note 22)	-	-	-	-	(130,732,598,000)	(130,732,598,000)
Appropriation to reserves	-	-	210,259,593,005	167,707,182	(210,427,300,187)	-
Appropriation to bonus and welfare fund (Note 17)	-	-	-	-	(55,487,114,833)	(55,487,114,833)
Appropriation to Board of Management bonus fund (Note 17)	-	-	-	-	(11,044,369,634)	(11,044,369,634)
As at 30 June 2013	653,764,290,000	(455,850,000)	701,396,760,268	66,929,751,817	310,750,240,525	1,732,385,192,610

21 MINORITY INTEREST

	Six-month period ended 30.6.2013 VND	Year ended 31.12.2012 VND
Opening balance	15,750,128,249	11,911,380,319
Net profit for the period/year	2,591,443,096	5,371,014,333
Appropriation to bonus and welfare fund	(805,652,150)	(635,336,802)
Appropriation to Board of management bonus fund	(301,771,783)	(161,929,601)
Dividends paid	(857,500,000)	(735,000,000)
Closing balance	<u>16,376,647,412</u>	<u>15,750,128,249</u>

22 DIVIDENDS

In 2013, the Company has declared and paid final dividends of 10% in cash of the year 2012.

On 2 August 2013, the Board of Management of the Company approved the first dividends of 15% in cash for the year 2013 which is scheduled to be paid on 30 August 2013.

Final dividends of 2013 will be proposed at the Company's Annual General Meeting to be held in 2014.

23 REVENUE**(a) Net sales**

	For six-month period ended	
	30.6.2013 VND	30.6.2012 VND
Sales		
Sales of finished goods	1,685,801,712,895	1,219,147,425,142
Sales of merchandise goods	151,812,535,502	54,937,813,317
Revenue from services rendered	8,681,726,054	3,741,062,721
Revenue from promotion goods	55,279,168,206	42,458,205,008
	<u>1,901,575,142,657</u>	<u>1,320,284,506,188</u>
Sales deductions		
Sales allowances	117,500,569	306,254,164
Trade discounts (*)	346,188,174,945	-
Sales returns	5,577,225,783	8,080,099,189
	<u>351,882,901,297</u>	<u>8,386,353,353</u>
Net sales	<u>1,549,692,241,360</u>	<u>1,311,898,152,835</u>
In which:		
Sales of finished goods	1,353,169,697,494	1,210,761,071,789
Sales of merchandise goods	132,565,670,866	54,937,813,317
Revenue from services rendered	8,681,726,054	3,741,062,721
Revenue from promotion goods	55,275,146,946	42,458,205,008
	<u>1,549,692,241,360</u>	<u>1,311,898,152,835</u>

23 REVENUE (continued)**(a) Net sales (continued)**

(*) In 2013, the Group has classified trade discounts as a separate item on the income statement rather than directly deducting from sales to comply with Vietnamese Accounting System. The comparative figure of the prior year six - month period of the related trade discounts is VND313,817,483,092.

(b) Financial income

	For six-month period ended	
	30.6.2013	30.6.2012
	VND	VND
Interest income from deposits at bank	24,680,383,713	18,565,785,085
Gains on disposal of investments	-	282,382,355
Dividend income	332,985,600	20,000,000
Realised foreign exchange gains	1,192,667,752	627,767,270
Others	250,210,693	432,679,389
	<u>26,456,247,758</u>	<u>19,928,614,099</u>

24 COST OF SALES

	For six-month period ended	
	30.6.2013	30.6.2012
	VND	VND
Cost of finished goods sold	648,410,857,054	593,324,863,171
Cost of merchandises sold	125,152,795,420	50,822,596,127
Cost of promotion goods	52,990,589,582	2,035,289,430
Cost of services rendered	7,024,551,190	38,701,372,900
Provision for decline in value of inventories	-	1,425,457,585
	<u>833,578,793,246</u>	<u>686,309,579,213</u>

25 FINANCIAL EXPENSES

	For six-month period ended	
	30.6.2013	30.6.2012
	VND	VND
Interest expenses from loans	1,210,993,184	1,626,605,104
Realised foreign exchange losses	206,843,085	1,122,976,894
Other expenses	98,204,720	66,812,447
	<u>1,516,040,989</u>	<u>2,816,394,445</u>

26 SELLING EXPENSES

	For six-month period ended	
	30.6.2013 VND	30.6.2012 VND
Staff costs	151,274,303,247	134,321,872,862
Material expenses	1,778,053,524	6,316,739,857
Tools and supplies expenses	1,951,374,065	2,371,908,630
Depreciation expenses	6,390,840,102	6,381,774,908
Advertising expenses	22,410,595,679	25,466,064,855
Discount and promotion expenses	29,650,081,149	16,997,387,761
Seminar expenses	49,949,645,722	18,431,218,667
Customer care expenses	15,791,489,848	8,315,471,500
Transportation for goods sold	12,122,647,781	8,735,866,490
Other expenses	24,666,385,764	15,082,978,989
	<u>315,985,416,881</u>	<u>242,421,284,519</u>

27 GENERAL AND ADMINISTRATION EXPENSES

	For six-month period ended	
	30.6.2013 VND	30.6.2012 VND
Staff costs	77,318,792,317	71,754,170,335
Material expenses	281,311,310	549,982,024
Tools and supplies expenses	1,582,964,067	2,291,420,531
Depreciation expenses	6,208,486,581	5,177,184,715
Fees and duties	266,671,722	196,778,621
Provision for doubtful debts	345,958,664	90,322,362
Outside service expenses	6,656,603,560	5,077,230,823
Science and technology development fund	14,243,381,534	-
Other expenses	14,926,989,043	14,384,587,614
	<u>121,831,158,798</u>	<u>99,521,677,025</u>

28 OTHER INCOME AND EXPENSES

	For six-month period ended	
	30.6.2013 VND	30.6.2012 VND
Other income		
Proceeds from sales of scraps	391,896,343	418,919,423
Proceeds from disposals of fixed assets	3,471,279,617	4,582,671,011
Fire insurance compensation	4,725,320,451	-
Commission income	3,977,997,897	-
Sundry income	2,307,012,310	1,233,447,236
	<u>14,873,506,618</u>	<u>6,235,037,670</u>
Other expenses		
Net book value of fixed assets disposed	2,813,812,328	2,104,953,206
Sundry expenses	3,621,701,042	1,642,990,619
	<u>6,435,513,370</u>	<u>3,747,943,825</u>
Net other income	<u>8,437,993,248</u>	<u>2,487,093,845</u>

29 TAXATION

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:

	For six-month period ended	
	30.6.2013	30.6.2012
	VND	VND
Net accounting profit before tax	311,275,072,452	303,314,801,988
Tax calculated at a rate of 25%	77,818,768,113	75,828,700,497
Effect of:		
Expenses not deductible for tax purposes	51,047,005	461,934,089
Income not subject to tax	(83,246,400)	(70,595,589)
Under provision in previous years	177,973,857	37,997,037
Tax incentives	(11,210,937,030)	(35,782,372,257)
Business income tax charge	<u>66,753,605,545</u>	<u>40,475,663,777</u>

The business income tax charge for the period is based on estimated taxable income.

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 25% 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.

This tax reduction is not applied for other income. Other income is taxed at the rate of 25%.

The Subsidiaries

Except for DHG Packaging and Printing One Member Limited Company, DHG Nature One Member Limited Company, ST 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 25% of taxable profits.

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

Pursuant to its Investment Licence, DHG Packaging and Printing has an obligation to pay the business income tax at rate of 25% of taxable profits. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2012.

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

Pursuant to its Investment Licence, DHG Nature has an obligation to pay the business income tax at rate of 20% of taxable profits from 2009 to 2018 and 25% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2013.

29 TAXATION (continued)

Applicable tax rates (continued)*ST Pharmaceutical One Member Limited Company ("ST Pharma")*

Pursuant to its Investment Licence, ST Pharma has an obligation to pay the business income tax at rate of 20% of taxable profits from 2009 to 2018 and 25% thereafter. The company was exempted from income tax from 2009 to 2010 and received a 50% reduction in income tax from 2011 to 2014.

Song Hau Pharmaceutical Joint Stock Company ("SH Pharma JSC")

Pursuant to its Investment Licence, SH Pharma JSC has an obligation to pay the business income tax at rate of 15% of taxable profits from 2008 to 2019 and 25% 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 25%.

30 EARNINGS PER SHARE

	For six-month period ended	
	30.6.2013	30.6.2012
	VND	VND
Net profit attributable to shareholders (VND)	241,930,023,811	259,681,908,152
Issued ordinary shares at the beginning of the period	65,366,299	65,166,299
Effect of ordinary shares issued during the period	-	42,222
Weighted average number of ordinary shares at the end of the period (shares)	65,366,299	65,208,521
Basic earnings per share (VND)	3,701	3,982

The Group does not have potentially dilutive ordinary shares.

31 COST OF GOODS MANUFACTURED BY FACTORS

	For six-month period ended	
	30.6.2013	30.6.2012
	VND	VND
Raw materials in production	642,780,434,052	656,639,363,459
Labour costs	328,731,702,864	304,073,441,672
Depreciation expense	29,541,476,493	30,628,832,578
Outside service expenses	186,265,572,094	105,879,248,397
Other expenses	47,118,021,470	47,473,923,687
	1,234,437,206,973	1,144,694,809,793

32 RELATED PARTY TRANSACTIONS

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

(a) Related party transactions

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

	For six-month period ended	
	30.6.2013 VND	30.6.2012 VND
<i>i) Purchases of goods and services</i>		
Associate		
Vinh Hao Algae Processing Joint Stock Company	448,800,000	6,270,000,000
<i>ii) Dividend income</i>		
Associate		
Vinh Hao Algae Processing Joint Stock Company	-	564,450,000
<i>iii) Dividend paid</i>		
Major shareholder		
The State Capital Investment Corporation (“SCIC”)	56,626,238,000	-
<i>iv) Remuneration of key management</i>		
Gross salaries and other benefits	5,591,561,414	3,595,486,671
(b) Period/year end balances with related parties		
	30.6.2013 VND	31.12.2012 VND
<i>(i) Trade accounts receivable (Note 5)</i>		
Associate (Note 9(a))		
Vinh Tuong High-Tech Packaging Corporation	356,765,200	356,765,200
<i>(ii) Trade accounts payable (Note 13)</i>		
Associate		
Vinh Hao Algae Processing Joint Stock Company	448,800,000	-

33 COMMITMENTS**(a) Capital commitments**

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

	30.6.2013 VND	31.12.2012 VND
Approved but not contracted	380,670,407,568	693,655,841,444
Approved and contracted but not recognised in the financial statements	268,701,958,195	120,853,848,501
	<u>649,372,365,763</u>	<u>814,509,689,945</u>

(b) Commitments under operating leases

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

(i) Building rental

	30.6.2013 VND	31.12.2012 VND
Within 1 year	12,000,000	882,837,545
Between 1 and 5 years	-	327,055,000
Total minimum payments	<u>12,000,000</u>	<u>1,209,892,545</u>

(ii) Land rental

	30.6.2013 VND	31.12.2012 VND
Within 1 year	1,070,748,966	1,999,355,673
Between 1 and 5 years	8,565,991,728	7,997,422,692
Over 5 years	55,458,250,383	51,735,535,190
Total minimum payments	<u>65,094,991,077</u>	<u>61,732,313,555</u>

34 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

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board establishes policies to identify and analyse the risks faced by the Group, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(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") and Euro ("EUR").

The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Board of Directors does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

34 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk

The Group's currency exposure to the USD and EUR is as follows:

	Original currency - USD		Equivalent to VND	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Financial assets				
Cash and deposits at bank	377,188	109,684	7,996,480,936	2,287,451,895
Trade and other receivables	135,772	135,325	2,878,356,181	2,822,207,463
	<u>512,960</u>	<u>245,009</u>	<u>10,874,837,117</u>	<u>5,109,659,358</u>
Financial liabilities				
Trade and other payables	3,303,342	2,107,460	70,030,844,124	43,951,078,300
Net currency exposure	<u>(2,790,382)</u>	<u>(1,862,451)</u>	<u>(59,156,007,007)</u>	<u>(38,841,418,942)</u>

	Original currency - EUR		Equivalent to VND	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Financial assets				
Cash and deposits at bank	347	131,696	9,643,601	3,654,905,533
Trade and other receivables	32,542	22,644	905,102,855	628,484,220
	<u>32,889</u>	<u>154,340</u>	<u>914,746,456</u>	<u>4,283,389,753</u>
Financial liabilities				
Trade and other payables	230,240	138,354	6,403,665,120	3,840,015,270
Net currency exposure	<u>(197,351)</u>	<u>15,986</u>	<u>(5,488,918,664)</u>	<u>443,374,483</u>

At 30 June 2013, 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 six-month period ended 30 June 2013 would have been VND4,732,480,561 lower/higher as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments.

At 30 June 2013, if the EUR 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 six-month period ended 30 June 2013 would have been VND439,113,493 lower/higher as a result of foreign exchange losses/gains on translation of EUR-denominated financial instruments.

34 FINANCIAL RISK MANAGEMENT (continued)**(a) Market risk (continued)***(ii) Interest risk*

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	30.6.2013	31.12.2012
	VND	VND
Floating interest rate financial instruments		
Demand deposits at bank	154,521,741,082	149,564,383,926
Short-term borrowings	(24,457,512,251)	(19,484,808,997)
	<u>130,064,228,831</u>	<u>130,079,574,929</u>
Fixed interest rate financial instruments		
Term deposits at banks	407,000,000,000	539,848,407,265
Short-term investments	165,955,000,000	-
	<u>572,955,000,000</u>	<u>539,848,407,265</u>

Floating interest rate financial instruments expose the Group to risk of changes in interest rates. No policy was in place pertaining to the mitigation of any potential volatility of the interest rate. A change of 1% per year in interest rates would have no significant impact on the Group's net profit.

(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, and arises principally from the Group's receivables from customers.

Trade and other receivables

Credit risk of the Group is mainly influenced by the characteristics of each customer. Dealing with these risks, the Board of Directors of the Group has established a credit policy under which each new customer will be assessed separately on the reliability of the repayment capacity before the Group set out the terms and conditions of delivery and payment standards for customers. Deferred purchase limits are established for each customer, these limits are reviewed annually. Receivables are due within 30 days from the invoice date. Clients having receivable balances exceed 45 days are required to pay the balance before further deferred payment.

Balances with banks

Cash and term deposits at the bank of the Group are mainly deposited in the financial institutions which have high credit-ratings in Vietnam as assessed by the Board. The Board does not expect any losses arising from performance of these financial institutions.

34 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly term deposits at banks which have high credit-ratings in Vietnam as assessed by the Board. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group.

The Group's trade and other receivables not past due nor impaired include receivables amounting to VND389,421,554,745 (2012: VND306,616,482,627).

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and others receivables.

Trade and other receivables that are past due but not impaired are as follows:

	30.6.2013 VND	31.12.2012 VND
Past due 1 to 30 days	65,316,946,310	98,546,072,567
Past due 31 to 180 days	44,497,596,614	79,986,828,656
	<u>109,814,542,924</u>	<u>178,532,901,223</u>

The carrying amount of trade and other receivables determined to be impaired and the movement in the related allowance for impairment are as follows:

	30.6.2013 VND	31.12.2012 VND
Carrying amount		
Gross amount	7,301,558,423	10,637,350,632
Less: Allowance for impairment	(6,075,160,079)	(5,729,201,415)
	<u>1,226,398,344</u>	<u>4,908,149,217</u>
Allowance for impairment		
Opening balance	5,729,201,415	2,852,522,107
Allowance made	345,958,664	3,276,127,874
Written-off	-	(399,448,566)
	<u>6,075,160,079</u>	<u>5,729,201,415</u>
Closing balance	<u>6,075,160,079</u>	<u>5,729,201,415</u>

34 FINANCIAL RISK MANAGEMENT (continued)**(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 and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and medium term. The Group's holdings of cash, together with net cash flows from operations, are expected to be sufficient to cover the Group's liabilities due in the next financial year.

As at 30 June 2013, the Group had the financial liabilities comprising short-term loan, trade and other payables amounting to VND668,310,952,101 (31.12.2012: VND556,116,464,737) which represented contractual undiscounted cash outflows payable in less than 1 year.

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

The consolidated interim financial statements were approved by the Board of Directors on 26 August 2013.



Dang Pham Huyen Nhung
Chief Accountant



Le Chanh Dao
Deputy General Director