

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016**

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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FOR THE YEAR ENDED DECEMBER 31, 2016**

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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 29 October 2015 was issued by the Planning and Investment Department of Can Tho City.

Board of Directors

Mr. Hoang Nguyen Hoc	Chairman
Mr. Le Dinh Buu Tri	Deputy Chairman
Mrs. Pham Thi Viet Nga	Member
Mr. Doan Dinh Duy Khuong	Member
Mr. Tran Chi Liem	Member
Mrs. Dang Pham Minh Loan	Member (dismiss on July 20, 2016)
Mr. Jun Kuroda	Member (from August 15, 2016)
Mr. Shuhei Tabata	Member

Board of Management

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

Board of Supervisors

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

Legal representative

Mrs Pham Thi Viet Nga CEO

Head office

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

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As of 12.31.2016 VND	As of 12.31.2015 VND
100	CURRENT ASSETS		2,344,973,979,795	2,031,832,065,087
110	Cash and cash equivalents	4	310,837,861,290	329,246,389,813
111	Cash		25,209,548,477	35,246,389,813
112	Cash equivalents		285,628,312,813	294,000,000,000
120	Short-term investments	5	694,000,000,000	507,000,000,000
123	Held to maturity investments		694,000,000,000	507,000,000,000
130	Short-term receivables		589,183,475,076	594,243,840,493
131	Trade receivables	6	506,915,053,139	548,426,113,594
132	Prepayments to suppliers		19,450,347,218	19,165,999,426
135	Receivables from short-term loans	7	46,337,054,549	12,388,633,598
136	Other receivables	8	22,587,526,950	20,040,809,017
137	Allowances for doubtful debts	9	(6,106,506,780)	(5,777,715,142)
140	Inventories	10	730,426,187,282	598,246,141,828
141	Inventories		732,080,810,980	600,606,776,558
149	Allowances for inventories		(1,654,623,698)	(2,360,634,730)
150	Other current assets		20,526,456,147	3,095,692,953
151	Short-term prepayments	11	2,637,736,253	2,534,418,542
152	Deducted VAT		2,959,709,577	-
153	Taxes and other payables to State Budget	12	14,929,010,317	561,274,411
200	NON-CURRENT ASSETS		1,262,533,382,063	1,252,430,878,671
210	Long-term receivables		2,749,472,109	587,912,165,741
215	Receivables on long-term loans	7	2,749,472,109	587,912,165,741
220	Fixed assets		490,337,670,120	472,315,847,869
221	Tangible fixed assets	13	284,031,671,199	266,012,104,528
222	<i>Original cost</i>		640,015,468,670	623,153,018,708
223	<i>Accumulated depreciation</i>		(355,983,797,471)	(357,140,914,180)
227	Intangible fixed assets	14	206,305,998,921	206,303,743,341
228	<i>Original cost</i>		226,053,296,877	222,283,861,877
229	<i>Accumulated depreciation</i>		(19,747,297,956)	(15,980,118,536)
230	Real estate investments	15	25,567,976,719	28,441,521,155
231	Original cost		36,576,236,140	38,679,461,157
232	Accumulated depreciation		(11,008,259,421)	(10,237,940,002)
240	Long-term assets in progress	16	6,903,601,956	13,094,070,465
242	Cost of work in progress		6,903,601,956	13,094,070,465
250	Long-term financial investments	5	711,488,080,200	132,745,620,200
251	Investments in subsidiaries		696,292,460,000	117,550,000,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Investments in equity of other entities		27,908,170,200	27,908,170,200
254	Provision for long-term financial investments		(16,500,000,000)	(16,500,000,000)
260	Other non-current assets		25,486,580,959	17,921,653,241
261	Long-term prepaid expenses	11	16,425,962,516	14,621,653,241
262	Deferred income tax assets	17	9,060,618,443	3,300,000,000
270	TOTAL ASSETS		3,607,507,361,858	3,284,262,943,758

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET (cont.)

Code		Note	As of 12.31.2016 VND	As of 12.31.2015 VND
	RESOURCES			
300	LIABILITIES		1,302,704,187,429	860,726,137,790
310	Current liabilities		1,252,902,106,838	802,723,891,367
311	Trade payables	18	644,409,654,117	330,290,069,777
312	Advances from customers		9,727,071,094	6,327,390,829
	Taxes and other payables to the State			
313	Budget	11	2,265,214,563	6,623,165,735
314	Payable to employees		111,804,224,509	87,474,273,542
315	Accrued expenses	19	37,171,158,727	18,201,995,862
318	Unrealized revenue	20	26,361,586,191	3,447,830,110
319	Other payables	21	5,208,187,098	9,331,710,323
320	Short-term borrowings	22	354,765,428,463	270,711,206,737
322	Bonus and welfare fund	23	61,189,582,076	70,316,248,452
330	Long-term liabilities		49,802,080,591	58,002,246,423
342	Provision for long-term payables	24	28,803,092,215	27,623,718,837
343	Science and technology development fund	25	20,998,988,376	30,378,527,586
400	OWNERS' EQUITY		2,304,803,174,429	2,423,536,805,968
410	Owner's capital	26	2,304,803,174,429	2,423,536,805,968
411	Owners' capital		871,643,300,000	871,643,300,000
411a	- Common shares with voting rights		871,643,300,000	871,643,300,000
412	PIC in excess of par		6,778,948,000	-
415	Treasury shares		-	(16,121,030,000)
418	Investment and development fund		1,204,418,584,654	1,025,023,272,831
421	Undistributed profit after tax		221,962,341,775	542,991,263,137
	- Undistributed profit after tax for the			
421b	current year		221,962,341,775	542,991,263,137
440	TOTAL RESOURCES		3,607,507,361,858	3,284,262,943,758

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
January 19, 2017

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	For 3-month period ended		For fiscal year ended	
		12.31.2016 VND	12.31.2015 VND	12.31.2016 VND	12.31.2015 VND
01	Sales	1,303,398,034,942	1,219,106,495,226	4,057,416,823,295	3,778,188,167,497
02	Deductions	139,939,642,816	152,845,926,512	305,057,731,720	403,681,280,290
10	Net sales	1,163,458,392,126	1,066,260,568,714	3,752,359,091,575	3,374,506,887,207
11	Costs of goods sold	949,274,815,420	791,849,835,074	2,844,188,228,057	2,416,091,990,072
20	Gross profit	214,183,576,706	274,410,733,640	908,170,863,518	958,414,897,135
21	Financial income	13,999,417,764	139,931,431,428	159,483,404,008	244,290,798,443
22	Financial expenses	17,300,555,659	23,504,627,950	64,947,706,137	69,040,214,925
23	<i>Including: interest expense</i>	2,713,418,092	2,543,476,651	12,492,351,845	8,701,231,748
25	Selling expenses	155,828,844,554	124,431,538,942	529,440,139,519	371,606,981,440
26	General administration expenses	82,614,955,519	57,512,495,343	230,004,081,215	185,213,223,571
30	Operating profit	(27,561,361,262)	208,893,502,833	243,262,340,655	576,845,275,642
31	Other income	6,764,610,208	17,487,958,401	17,140,086,685	63,969,146,636
32	Other expense	(270,239,842)	713,461,255	9,963,272,432	4,114,561,637
40	Net other income	7,034,850,050	16,774,497,146	7,176,814,253	59,854,584,999
50	Profit before tax	(20,526,511,212)	225,667,999,979	250,439,154,908	636,699,860,641
51	Corporate income tax	(4,156,987,245)	21,485,468,095	34,237,431,576	93,708,597,504
52	Deferred income tax	(480,865,096)	-	(5,760,618,443)	-
60	Profit after tax	(15,888,658,871)	204,182,531,884	221,962,341,775	542,991,263,137

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
January 19, 2017

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

NOTE

DHG Pharmaceutical Joint-Stock Company explains the fluctuations in sales and profits of Q4/2016 compared to the same period last year, details as follows:

Unit: VND million

Target	2016		2015		Increase / Decrease			
	Q4	12 months	Q4	12 months	Q4		12 months	
					Value	Rate	Value	Rate
Net sales	1,163,458	3,752,359	1,066,261	3,374,507	97,198	9.12%	377,852	11.20%
Profit before tax	(20,527)	250,439	225,668	636,700	(246,195)	-109.10%	(386,261)	-60.67%
Profit after tax	(15,889)	221,962	204,183	542,991	(220,071)	-107.78%	(321,029)	-59.12%

Reason:

PAT of Q4/2016 of Parent Company decreased 107.78% y.o.y due to:

- Transfer to the new pharmaceuticals plant at Tan Phu Thanh industrial area - DHG Pharmaceutical One Member Company Limited
- In addition, to strengthen the market share reaching revenue target in 2016, net sales of Q4 grew 9.12% y.o.y and DHG continued investment on promoting of major brands.

DHG Pharma kindly explains.

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
January 19, 2017

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	For fiscal year ended	
		12.31.2016 VND	12.31.2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		250.439.154.908	636.699.860.641
		Adjustments for:	
02		53.268.911.253	56.639.299.171
03		4.345.585.034	(1.903.602.177)
05		(12.066.405.113)	(2.636.303.090)
05	30	(156.906.061.998)	(240.674.829.154)
06	31	12.492.351.845	8.701.231.748
08		151.573.535.929	456.825.657.139
09		109.260.190.110	159.689.904.306
10		(130.977.120.452)	144.381.535.884
11		605.782.599.767	(240.229.038.196)
12		(1.907.626.986)	(1.055.027.426)
14		(12.355.359.094)	(9.227.527.464)
15		(49.731.051.237)	(155.599.288.793)
17		(69.160.370.320)	(52.443.380.758)
20		602.484.797.717	302.342.834.692
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(92.473.008.537)	(65.367.087.102)
22		33.170.817.541	25.648.399.864
23		(1.399.756.599.252)	(929.617.538.023)
24		1.176.685.160.925	549.664.682.597
25		(205.778.880.580)	-
27		64.601.808.937	238.469.520.198
30		(423.550.700.966)	(181.202.022.466)
CASH FLOWS FROM FINANCING ACTIVITIES			
31		22.899.978.000	-
32		-	(15.665.180.000)
33		1.561.815.329.559	1.216.254.694.302
34		(1.477.761.107.833)	(1.122.250.896.327)
36		(304.296.825.000)	(261.462.600.000)
40		(197.342.625.274)	(183.123.982.025)
50		(18.408.528.523)	(61.983.169.799)
60	4	329.246.389.813	391.229.559.612
61			
70	4	310.837.861.290	329.246.389.813

Tran Ngoc Hien
PreparerHo Buu Huan
Chief AccountantLe Chanh Dao
Deputy General Director
January 19, 2017

**NOTES TO THE SEPERATE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2016**

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 charter capital of VND80,000,000,000

The Company’s shares are listed on the Ho Chi Minh Stock Exchange on December 1, 2006 in accordance to the listing License No. 93/SSC-GPNY of the State Securities Commission with “DHG” stock code.

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

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

Normal production business cycle of the Company is within 12 months.

As at September 31, 2016, the Company had 1,738 employees (at December 31, 2015: 1,852 employees).

The interest in subsidiaries and associates as listed below:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			31.12.2016	31.12.2015
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%
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%
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%

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 09 – DN

1 GENERAL INFORMATION (continued)

Name	Principal activities	Business Registration Certificate	% Ownership and voting rights	
			31.12.2016	31.12.2015
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 13 November 2013	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%
DHG 1 Packaging and Printing One Member Limited Company	Manufacture label, label cover, packaging from paper and cover. Manufacture and trade plastic, aluminium, paper packaging; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	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%
Fuji Medic Company Ltd.	Operation of clinic, dental, and specialist clinic	No. 1801472944 issued by the planning and investment department of Can Tho City on 27 July 2016	51%	-
Associates: Vinh Hao Algae Corporation	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 BASIS OF PREPARATION OF SEPERATE FINANCIAL STATEMENTS AND FISCAL YEAR

Basis of preparation of separate financial statements

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

The Separate Financial Reports aims to present the financial position of the Company as at December 31, 2016, and the results of operations and cash flows for the fiscal year ended December 31, 2016. Therefore, the company does not perform consolidation of investments in subsidiaries and associated companies in the separate financial statements. The Company's investments are recorded under the policy of the Company and are presented in Note 3 below.

The accompanying separate 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.

Fiscal year

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

3 MAIN ACCOUNTING POLICIES

Following are key accounting policies for preparing separate financial statements:

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investment, which are highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Investments

Held to maturity investments

Held to maturity investments are things which Company's Board of Management intends and has ability to hold to maturity.

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

Equity investments in other entities

Investment in subsidiaries

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

Investment in associates

Associates is a company which has significant influence but is not a subsidiary or a joint venture of the Company. The significant influence expresses the power to participate in making decisions on financial policy and operations of the investee but has no effect on control or co-control over these policies.

The company initially recognized investments in subsidiaries and associates by original cost. The company accounted for as income in the report on business activities results divided from accumulated net profits of the investee arising after the date of investment. Other amounts received by the Company in addition to shared profits are considered a recovery of investment and are recognized as a deduction from the investment cost.

Equity investments in other entities

Equity investments in other entities are items invested in equity instruments of other entities but have no right of control or co-control, no significant influence on the invested parties.

These investments are initially recorded at cost. Provision for decrease in value of investments is made when the Company recognized investment losses, except for losses that the Board of Management of the Company had anticipated from the investment.

Trade receivables

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

Provision for bad debts is create for receivables overdue for six months or more, or the receivable of which the debtor is unlikely to pay due to liquidation, bankruptcy or similar difficulties.

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.

Provision for decline in price of inventories of the Company are made in accordance with current accounting regulations. Accordingly, the Company is allowed to book provision for decrease in value of inventory for obsolete, damaged, poor quality and in the case of historical cost is higher than the inventory's net realizable value currently at the date of balance sheet.

Tangible fixed assets and depreciation

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

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

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

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

Operating LeaseThe company is the lessor

Operating lease revenue is recognized on a straight-line basis during the lease. Initial direct costs incurred in the process of negotiating an operating lease contract are recognized in the book value of leased assets and the accounting straight-line basis during the lease.

The company is the lessee

Some leases are considered operating leases as lessor still enjoy most of the benefits and bear the risk of asset ownership. Lease operating expenses are recognized in the statement of operations under the straight-line method over the lease term.

Intangible Fixed Assets and depreciation

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

Land use rights is amortized straight-line basis during the validity period of the certificate of land use rights. Indefinitely land use rights are recorded at cost and are not depreciated.

Computer software is amortized using the straight line method during the estimated useful lives of 3 to 8 years.

Real Estate Investment

Real Estate Investments include home, or part of a building and land, infrastructure held by the company for the purpose to earn rentals or for capital appreciation. Investment real estate leasing are stated at cost less accumulated depreciation. Real estate investing for capital appreciation is shown at cost less impairment. The original cost of the investment real estate is purchased includes purchase price and costs directly related to such fees for consulting services related law, registration tax and transaction related costs other. The original price of real estate investment is self-construction work settlement value or the costs directly related to the real estate investment.

Real estate leasing investment is amortized straight-line method over the estimated useful life of 10 to 16 years.

Work in progress

The property which is in the process of construction for production, leasing, management purposes or for any other purpose are recorded at cost. This amount covers the costs necessary to create assets in line with the accounting policies of the Company. The depreciation of these assets is applied just as with other assets, commences when the assets are ready for their use.

Prepaid expenses

Prepaid expenses include the actual costs incurred, but is related to the results of operations and business of many accounting periods. Prepaid expenses include the cost of upgrading the leased property, the cost of prepaid land lease, the value of tools, instruments, spare parts issued for use and other prepaid expenses.

Land rents represent land lease amount was paid in advance. Prepaid land rent is allocated to report on results of operations in accordance with the respective straight-line basis over the lease term.

Provisions

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

Severance allowances

Severance allowances for employees are accrued at the end of each reporting period for all employees who have worked at the company for 12 months or more. Working time for calculation is the total time the employee has actually worked for the employer minus time workers joined the unemployment insurance under the provisions of law and the workspace was the employers who pay severance allowance. The deduction level for each year of employment is half the average monthly salary in accordance with the Labor Law, Social Insurance Law and guidelines related. The average monthly salary for calculating severance allowances will be adjusted at the end of each reporting period in accordance with the average salary of the six-month period up to the date of the financial statements. Any changes to the accrued amount will be recognized in the Report on results of operations.

Provision for cleanup costs, recovery and return of premises

As required by Circular 200/2014/TT-BTC of Ministry of Finance, since January 1, 2015, the Group set up provision for cleanup costs and recover arises when returning the leasing premises. The provision is determined based on the total estimated cost of cleanup and site restoration arise when returning the premises in the future and are recognized evenly starting January 1, 2015 to the date of returning the premises.

Unrealized revenue

Unrealized revenue is that corresponding to the value of goods and services subject to discounts for customers in the traditional client program, The Group recorded the unrealized revenues corresponding to the obligations which the Group will have to perform in the future.

Revenue recognition

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

- (a) the Company has transferred substantially all risks and rewards associated with ownership of the goods to the buyer;
- (b) the Company no longer retains management of goods as cargo owners or control of goods;
- (c) revenue can be measured reliably;
- (d) the Company will obtain economic benefits from the sale transaction; and
- (e) able to identify the costs related to sales transactions.

Sales of the transaction involving the rendering of services is recognized when the outcome of the transaction can be measured reliably. Where a transaction on the provision of services related to several periods, revenue is recognized in the period according to the percentage of completion at the balance sheet date of the reporting period. The result of the transaction service provider is defined as satisfying all four (4) conditions:

- (a) The revenue can be measured reliably;
- (b) It is probable that the economic benefits associated with the transaction will provide such services;
- (c) able to identify the percentage of work completed at the date of the accounting balance sheet; and
- (d) able to identify the costs incurred for the transaction and the costs to complete the transaction provides that service.

Interest income is recognized on an accrual basis, shall be determined on the balance of the deposit account and the interest rate applied.

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

Revenue deductions

Revenue deductions include trade discounts, sales returns and sales rebates. The revenue deductions arising from consumption of products, goods and services in the same period are recorded adjustment of revenue deductions at the arising period.

In case of products, goods and services sold from the previous period, to a new period after trade discounts, sales rebates, or sales return but incurred prior to the issuance of financial statements, the adjusted revenues are at the reporting period in revenue deductions.

Programs for traditional customers

Revenue is recognized as the total amount to be receivables or received minus the fair value of goods and services to provide free or discounts to buyers. The value of goods and services must be provided for free or discounts to buyer are recognized as unrealized revenue. If the expiry of the program that the buyer does not qualify as prescribed and does not enjoy free goods or services or discounts, the unrealized revenues are transferred to sales, service provision.

When buyers achieve the conditions prescribed by the program, in case the seller directly provides goods or services free or at a discounts for buyers: the unrealized revenue corresponding to fair value of the free or discounted goods and services provided, discounts for the buyer are recognized as sales, service provider when the buyer has received the goods or services free or discount prescribed by the program.

When buyers achieve the conditions prescribed by the program, in case the third party is obliged to supply goods or services free or at a discounts for buyers: If the contract between the seller and the third party was not the nature of the agency contract, the third party shall provide goods, services, discounts, unrealized revenues are transferred to sales, service provider. If the agency contract, the difference between the unrealized revenues and the amounts payable to third parties is only recognized as revenue. The amount paid to third parties is considered as the payment of liabilities.

Foreign Currency

The Company applies processing exchange rate differences under the guidance of Vietnam Accounting Standard No. 10 (VAS 10) "Effects of Changes in exchange rates". Accordingly, transactions in foreign currencies are translated at exchange rates at the dates of the transactions. The balances of monetary items denominated in foreign currencies at the end of the period are converted at the exchange rate at that date. Foreign exchange differences arising are accounted for in reports business results. Interest rate differences due to the revaluation of the balance sheet date in the operation can not be used to distribute to shareholders.

Borrowing costs

Borrowing costs are recognized in the cost of production, sales in the period they are incurred, unless it is capitalized in accordance with the provisions of Vietnam Accounting Standards No. 16 "Borrowing Costs". Accordingly, borrowing costs directly attributable to the acquisition, the construction or production of assets requiring a relatively long time to complete and put into use or sale, are added to the cost of assets to until the asset is put into use or sale. The income arising from the temporary investment of loans are deducted from the related asset prices. For private loans serve the construction of fixed assets, real estate investment, interest is capitalized even if the construction period of less than 12 months.

Tax

Corporate income tax represents the total value of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income in the period. Taxable income differs from net profit as presented on the statement of operations as taxable income excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred income taxes are calculated on the difference between the carrying amount and tax base of the income or assets liabilities on separate financial statements and interim method are recorded at the Balance Sheet. Deferred income tax can be recognized for all temporary differences remaining, however deferred tax assets are only recognized when it is probable that taxable profits in the future can be used to deduct the difference temporary differences.

Deferred income tax is determined using tax rates expected to apply to any asset is realized or the liability is paid. Deferred income taxes are recognized in the statement of operations and recorded in equity if such taxes related to items charged or credited directly to equity.

Deferred tax assets and deferred income tax payable are offset when the Company has the legal right to offset tax assets between current income and current income tax payable, and the deferred income tax assets and Deferred income tax asset payable are managed by the same taxation authority and the company intends to pay current income tax on a net basis.

The determination of corporate income tax payable by the Company pursuant to the current regulations on taxation. However, these regulations are changed from time to time and the ultimate determination of corporate income tax, depending on the test results of the competent tax authority.

Other taxes are applied according to the prevailing tax laws in Vietnam.

Dividend distribution

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

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

The distribution of 2015 profit after tax of the Company is approved by the General Meeting of Shareholders as follows:

- Dividend 2015: 35% of par value.
- Deductions for the employee reward, welfare fund: 10% of profit after tax.
- Remuneration of the BOD, Supervisory Board, members of the subcommittees directly under the BOD, the Board secretary: VND5 billion.
- The remaining profit is added the development investment fund.

4 CASH AND CASH EQUIVALENTS

	31.12.2016	31.12.2015
	VND	VND
Cash on hand	10,996,396,256	11,613,242,800
Cash in banks	14,213,152,221	23,633,147,013
Cash equivalents (*)	285,628,312,813	294,000,000,000
	310,837,861,290	329,246,389,813

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

5 FINANCIAL INVESTMENTS

Held to maturity investments

Investments held to maturity include bank deposits with an original maturity period of 3 months to 12 months.

5 FINANCIAL INVESTMENTS (cont.)

Capital investment in other entities

	31.12.2016		31.12.2015	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Investment in subsidiaries	696,292,460,000	-	117,550,000,000	-
Investment in associates	3,787,450,000	-	3,787,450,000	-
Equity investment in other entities	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>727,988,080,200</u>	<u>(16,500,000,000)</u>	<u>149,245,620,200</u>	<u>(16,500,000,000)</u>

Investment in subsidiaries

	31.12.2016 VND	31.12.2015 VND
DT Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
DHG Travel One Member Co. Ltd.	5,000,000,000	5,000,000,000
HT Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
CM Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
Song Hau Pharmaceutical JSC.	2,550,000,000	2,550,000,000
A&G Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
ST Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
TOT Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
TG Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
Bali Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
DHG Pharmaceutical One Member Co. Ltd.	540,000,000,000	50,000,000,000
B&T Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
VL Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
TV Pharma One Member Co. Ltd.	5,000,000,000	5,000,000,000
DHG PP1 One Member Co. Ltd.	80,000,000,000	5,000,000,000
Fuji Medic Co. Ltd.	13,742,460,000	-
	<u>696,292,460,000</u>	<u>117,550,000,000</u>

Investment in associated company

	31.12.2016 VND	31.12.2015 VND
Vinh Hao Algae Corporation	<u>3,787,450,000</u>	<u>3,787,450,000</u>

Investments in equity of other entities

	31.12.2016 VND	31.12.2015 VND
ATP Packaging JSC	20,000,000,000	20,000,000,000
Binh Duong Pharmaceutical & Medical Equipment JSC	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical JSC	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipment JSC	796,675,000	796,675,000
Tay Ninh Pharmaceutical JSC	221,960,000	221,960,000
Cuu Long Pharmaceutical JSC	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

Balance as of December 31, 2016 and December 31, 2015 represents the provision for decrease in value of long-term investments in ATP Packaging JSC.

6 SHORT TERM RECEIVABLES

	31.12.2016	31.12.2015
	VND	VND
From subsidiaries (Note 38)	116,002,633,779	166,465,441,184
From third parties	390,912,419,360	381,960,672,410
	<u>506,915,053,139</u>	<u>548,426,113,594</u>

At December 31, 2016 and December 31, 2015, no receivables from third parties account for 10% or more on total trade receivables.

7 RECEIVABLES ON LOANS

Receivables on short-term loans	31.12.2016	31.12.2015
	VND	VND
Receivables on long-term loans from subsidiaries (Note 38)	31,950,415,700	-
Receivables on long-term loans from customers	14,386,638,849	12,388,633,598
	<u>46,337,054,549</u>	<u>12,388,633,598</u>

Receivables on long-term loans	31.12.2016	31.12.2015
	VND	VND
Receivables on long-term loans from subsidiaries (Note 38)	-	587,912,165,741
Receivables on long-term loans from customers	2,749,472,109	-
	<u>2,749,472,109</u>	<u>587,912,165,741</u>

8 OTHER SHORT TERM RECEIVABLES

	31.12.2016	31.12.2015
	Value	Value
	VND	VND
Prepaid sale discount	183,850,237	1,879,928,969
Interest income receivable	15,585,033,271	6,691,565,280
Receivables from employees	1,403,269,689	1,079,415,539
Other receivables	5,415,373,753	10,389,899,229
	<u>22,587,526,950</u>	<u>20,040,809,017</u>

9 BAD DEBTS

	31.12.2016		
	Original cost	Recoverable	Provision
	VND	value	VND
		VND	VND
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover	125,032,943,616	118,926,436,836	(6,106,506,780)
	<u>125,032,943,616</u>	<u>118,926,436,836</u>	<u>(6,106,506,780)</u>
	31.12.2015		
	Original cost	Recoverable	Provision
	VND	value	VND
		VND	VND
The total value of receivables and loans that are overdue or not overdue but it is unlikely to recover	220,403,010,780	214,625,295,638	(5,777,715,142)
	<u>220,403,010,780</u>	<u>214,625,295,638</u>	<u>(5,777,715,142)</u>

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

	Fiscal period ended 31.12.2016 VND	Fiscal period ended 31.12.2015 VND
Opening balance	5,777,715,142	4,357,578,640
Increase	328,791,638	2,420,136,502
Reverse	-	(1,000,000,000)
Closing balance	<u>6,106,506,780</u>	<u>5,777,715,142</u>

10 INVENTORY

	<u>31.12.2016</u>		<u>31.12.2015</u>	
	Original cost VND	Provision VND	Original cost VND	Provision VND
Goods in transit	59,139,571,325		62,830,863,204	-
Raw materials	174,559,432,461		162,793,439,478	-
Work in progress	9,884,664,619		9,671,982,095	-
Finished goods	118,794,753,675	1,028,460,903	173,403,421,194	1,992,804,385
Merchandises	369,702,388,900	626,162,795	191,907,070,587	367,830,345
	<u>732,080,810,980</u>	<u>1,654,623,698</u>	<u>600,606,776,558</u>	<u>2,360,634,730</u>

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

	Fiscal year ended 31.12.2016 VND	Fiscal year ended 31.12.2015 VND
Opening balance	2,360,634,730	4,464,136,213
Increase	-	-
Reversal	(706,011,032)	(2,103,501,483)
Closing balance	<u>1,654,623,698</u>	<u>2,360,634,730</u>

Provision for decline in inventories is established by original cost of inventories higher than net realizable value of inventories.

As at December 31, 2016 and December 31, 2015, the Company has no backlog, poor inventory and deteriorating quality which unable to sell.

11 PREPAID EXPENSES
Short-term prepayments

	31.12.2016	31.12.2015
	VND	VND
Operating lease expenses	30,818,180	341,400,000
Others expenses	2,606,918,073	2,193,018,542
	<u>2,637,736,253</u>	<u>2,534,418,542</u>

Prepayments with term not exceeding 12 months from the time of prepayment.

Long-term prepayments

	31.12.2016	31.12.2015
	VND	VND
Prepaid land rental fees	11,059,114,850	11,405,614,538
Tools	3,722,025,943	2,803,402,447
Leasehold improvements	111,109,236	174,666,020
Others expenses	1,533,712,487	237,970,236
	<u>16,425,962,516</u>	<u>14,621,653,241</u>

Prepayments with term exceeding 12 months from the time of prepayment.

Movements in long-term prepaid expenses are as follows:

	Fiscal year	Fiscal year
	ended	ended
	31.12.2016	31.12.2015
	VND	VND
Opening balance	14,621,653,241	46,748,981,443
Increase	4,756,380,827	2,437,758,294
Allocation	(2,952,071,552)	(3,691,235,246)
Transfer to intangible fixed assets (*)	-	(30,873,851,250)
Closing balance	<u>16,425,962,516</u>	<u>14,621,653,241</u>

(*) Value transferred to intangible fixed assets is the value of land use rights allocated by the State with collection of land use certificates of land use rights.

12 TAXES AND OTHER RECEIVABLE/PAYABLE TO THE STATE

	As at	Amount payable	Amount paid in	As at
	01/01/2016	in the period	the period	31/12/2016
	VND	VND	VND	VND
Receivables				
VAT on imports	-	43,348,766,951	43,357,886,971	9,120,020
Import export tax	561,274,411	16,350,388,977	16,485,298,218	696,183,652
Corporate income tax - current	-	-	14,223,706,645	14,223,706,645
	<u>561,274,411</u>	<u>59,699,155,928</u>	<u>74,066,891,834</u>	<u>14,929,010,317</u>
Payables				
Output VAT	4,070,803,548	25,716,964,832	29,787,768,380	-
Corporate income tax - current	1,269,913,016	34,237,431,576	35,507,344,592	-
Personal income tax	1,281,960,137	24,057,794,778	23,074,540,352	2,265,214,563
Land lease, land use tax	-	5,597,572,488	5,597,572,488	-
Others	489,034	177,967,790	178,456,824	-
	<u>6,623,165,735</u>	<u>89,787,731,464</u>	<u>94,145,682,636</u>	<u>2,265,214,563</u>

13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At January 1, 2016	201,008,638,811	232,793,030,506	110,596,867,367	78,754,482,024	623,153,018,708
Purchase in period / Year	-	-	-	-	-
Transfer from CIP (Note 16)	34,550,821,496	37,135,436,590	11,497,176,093	1,746,889,254	84,930,323,433
Reclassify	(184,219,795)	(1,566,295,309)	(495,120,593)	(3,339,867,776)	(5,585,503,473)
Disposal	(1,479,264,921)	(54,213,714,678)	(4,149,325,428)	(2,640,064,971)	(62,482,369,998)
At December 31, 2016	<u>233,895,975,591</u>	<u>214,148,457,109</u>	<u>117,449,597,439</u>	<u>74,521,438,531</u>	<u>640,015,468,670</u>
Accumulated depreciation					
At January 1, 2016	81,141,966,118	151,381,237,057	70,866,854,085	53,750,856,920	357,140,914,180
Depreciation for the period/year	16,053,539,773	20,521,375,245	11,900,621,405	6,929,235,329	55,404,771,752
Reclassify	(184,219,795)	(1,566,295,309)	(495,120,593)	(3,339,867,776)	(5,585,503,473)
Disposal	(1,260,492,025)	(44,840,550,108)	(2,273,757,239)	(2,601,585,616)	(50,976,384,988)
At December 31, 2016	<u>95,750,794,071</u>	<u>125,495,766,885</u>	<u>79,998,597,658</u>	<u>54,738,638,857</u>	<u>355,983,797,471</u>
Remaining value					
At January 1, 2016	<u>119,866,672,693</u>	<u>81,411,793,449</u>	<u>39,730,013,282</u>	<u>25,003,625,104</u>	<u>266,012,104,528</u>
At December 31, 2016	<u>138,145,181,520</u>	<u>88,652,690,224</u>	<u>37,450,999,781</u>	<u>19,782,799,674</u>	<u>284,031,671,199</u>

The historical cost of tangible fixed assets of the Company has been fully depreciated and still in use as at December 31, 2016 is 148,975 million Vietnam dong (at December 31, 2015: VND 124,465 million).

14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
At January 1, 2016	110,924,939,361	102,821,579,711	8,537,342,805	222,283,861,877
Purchase during period / year	-	-	-	-
CIP finished (Note 16)	1,800,000,000	-	4,405,435,000	6,205,435,000
Disposal	(2,436,000,000)	-	-	(2,436,000,000)
	<u>110,288,939,361</u>	<u>102,821,579,711</u>	<u>12,942,777,805</u>	<u>226,053,296,877</u>
At December 31, 2016				
Accumulated amortisation				
At January 1, 2016	-	10,607,081,023	5,373,037,513	15,980,118,536
Depreciation in the period/year	-	2,103,763,416	1,663,416,004	3,767,179,420
Disposal	-	-	-	-
At December 31, 2016	<u>-</u>	<u>12,710,844,439</u>	<u>7,036,453,517</u>	<u>19,747,297,956</u>
Net book value				
At January 1, 2016	<u>110,924,939,361</u>	<u>92,214,498,688</u>	<u>3,164,305,292</u>	<u>206,303,743,341</u>
At December 31, 2016	<u>110,288,939,361</u>	<u>90,110,735,272</u>	<u>5,906,324,288</u>	<u>206,305,998,921</u>

The historical cost of intangible fixed assets of the Company has been fully depreciated but still used at December 31, 2016 and December 31, 2015 is VND 2,917 million.

15 REAL ESTATE INVESTMENT

	Residential Building VND
Historical cost	
At January 1, 2016	38,679,461,157
Transfer from CIP	136,483,613
Disposal	(2,239,708,630)
	<u>36,576,236,140</u>
At December 31, 2016	
Accumulated Depreciation	
At January 1, 2016	10,237,940,002
Depreciation in period / year	2,608,997,832
Disposal	(1,838,678,413)
	<u>11,008,259,421</u>
At December 31, 2016	
Remaining Balance	
At January 1, 2016	<u>28,441,521,155</u>
At December 31, 2016	<u>25,567,976,719</u>

The original price of the real estate investment company fully depreciated but still in use as at December 31, 2016 and December 31, 2015 is VND 612,933,335.

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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16 COST OF CONSTRUCTION IN PROGRESS

	31.12.2016	31.12.2015
	VND	VND
Construction of Tan Phu Thanh plant	-	6,244,200,000
Construction of effervescent drug production factory	6,267,835,000	3,061,360,000
Build an office in Da Nang branch	-	27,580,000
Build an office in HCMC branch	-	14,461,818
Build an office in Gia Lai branch	623,948,774	623,948,774
Build an office in Hai Phong branch	-	90,909,091
Build finished goods warehouse-CMT8	-	3,031,610,782
Build an office in Thai Nguyen branch	11,818,182	-
	<u>6,903,601,956</u>	<u>13,094,070,465</u>

Movement in costs of construction in progress in the period/year

	Fiscal year ended	Fiscal year ended
	31.12.2016	31.12.2015
	VND	VND
Opening balance	13,094,070,465	17,954,990,322
Additions	92,473,008,537	61,420,452,102
Transfer to tangible fixed assets (Note 13)	(84,930,323,433)	(48,270,825,808)
Transfer to intangible fixed assets (Note 14)	(6,205,435,000)	(8,374,045,680)
Transfer to real estate investment (Note 15)	(136,483,613)	-
Transfer to tools & equipment	(496,913,970)	(239,876,938)
Disposal	(6,894,321,030)	(9,396,623,533)
Ending period/year balance	<u>6,903,601,956</u>	<u>13,094,070,465</u>

17 DEFERRED INCOME TAX ASSETS

	31.12.2016	31.12.2015
	VND	VND
Income tax rate now used to determine the value of assets Deferred income tax	20%	20%
Deferred income tax assets related to the temporary difference deducted from provision	45,303,092,215	16,500,000,000
Deferred income tax assets	<u>9,060,618,443</u>	<u>3,300,000,000</u>

18 TRADE ACCOUNTS PAYABLE

	31.12.2016	31.12.2015
	Value	Value
	VND	VND
Payable to third party		
Truong Tin Pharma Co. Ltd.	56,484,958,549	38,175,021,388
Mega Lifesciences One Member Co. Ltd. (VN)	26,633,640,634	42,854,138,507
Other	190,486,706,793	110,686,782,962
Payable to subsidiaries and associates (Note 38)	<u>370,804,348,141</u>	<u>138,574,126,920</u>
	<u>644,409,654,117</u>	<u>330,290,069,777</u>

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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19 SHORT TERM PAYABLE

	31.12.2016	31.12.2015
	VND	VND
Seminar expenses	11,442,671	827,636,363
Loan interest payable	589,134,749	452,141,998
Promotion and Customer care expenses	2,984,753,722	3,196,827,384
Other payable	33,585,827,585	13,725,390,117
	<u>37,171,158,727</u>	<u>18,201,995,862</u>

20 SHORT TERM UNEARNED REVENUES

Short-term unrealized revenues represent revenue from traditional client program, as described in Note 3.

21 OTHER SHORT TERM PAYABLE

	31.12.2016	31.12.2015
	VND	VND
Union fee	700,902,630	542,914,569
Trade discounts	-	665,218,581
Other payables	4,507,284,468	8,123,577,173
	<u>5,208,187,098</u>	<u>9,331,710,323</u>

22 SHORT-TERM BORROWINGS

	At			At
	01.01.2016	Increase	Decrease	31.12.2016
	VND	VND	VND	VND
Short-term loans from bank (*)	247,000,000,000	1,548,300,000,000	(1,471,600,000,000)	323,700,000,000
Loans from the Company employees (**)	23,711,206,737	13,515,329,559	(6,161,107,833)	31,065,428,463
	<u>270,711,206,737</u>	<u>1,561,815,329,559</u>	<u>(1,477,761,107,833)</u>	<u>354,765,428,463</u>

(*) These loans are secured by term deposits with banks (Note 4) and bear interest ranging from 0.32% to 0.38% per month (2015: from 0.29% to 0.62% per month)

(**) The loans from the employees of the Company unsecured and bears interest at 0.375% to 0.57% per month (2015: from 0.42% to 0.57% per month).

23 BONUS AND WELFARE FUND

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

23 BONUS AND WELFARE FUND (cont.)

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

	Bonus and welfare fund for staffs VND	Bonus fund for Board of Directors VND	Welfare fund in form of fixed assets VND	Total VND
Opening balance	28,610,527,409	6,727,252,863	34,978,468,180	70,316,248,452
Appropriation to the funds in the period/year	54,299,126,314	5,000,000,000	-	59,299,126,314
Assets formed from the welfare fund	-	-	-	-
Depreciation of assets formed from the welfare fund	-	-	(3,896,031,942)	(3,896,031,942)
Transfer to subsidiaries	(4,091,395,902)	-	-	(4,091,395,902)
Utilisation	(55,533,421,983)	(4,904,942,863)	-	(60,438,364,846)
Closing balance	23,284,835,838	6,822,310,000	31,082,436,238	61,189,582,076

24 PROVISION FOR LONG-TERM PAYABLES

	Provision for environmental recovery, returning of premises VND	Provision for severance allowances VND	Total VND
At 01/01/2016	1,353,717,787	26,270,001,050	27,623,718,837
Appropriation of fund in the period/year	1,701,995,928	3,020,808,500	4,722,804,428
Use of appropriation	-	(3,543,431,050)	(3,543,431,050)
At 31/12/2016	3,055,713,715	25,747,378,500	28,803,092,215

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

In accordance with Circular 12/2016/TTLT-BKHCN-BTC dated June 28, 2016, entities are allowed to establish the science and technology development fund for research and development activities, Provision made during the year is charged to expenses, the fund is utilised when disbursement is paid for research and development activities.

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

	Science and technology development fund VND	Science and technology development fund in form of fixed assets VND	Total VND
Opening balance	6,519,245,955	23,859,281,631	30,378,527,586
Fixed assets acquisition	(7,197,021,045)	7,197,021,045	-
Depreciation of fixed assets	-	(4,616,005,809)	(4,616,005,809)
Disposal of fixed assets	138,479,355	(132,923,829)	5,555,526
Transfer to subsidiaries	(2,709,344,000)	-	(2,709,344,000)
Use of fund	(2,059,744,927)	-	(2,059,744,927)
Closing balance	(5,308,384,662)	26,307,373,038	20,998,988,376

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26 MOVEMENTS OF OWNERS' EQUITY

	Share capital	PIC in excess of par value	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
	VND	VND	VND	VND	VND	VND	VND
At January 1, 2015	871,643,300,000	-	(455,850,000)	768,665,991,301	66,026,578,871	521,167,607,431	2,227,047,627,603
Treasury share repurchased	-	(15,665,180,000)	-	-	-	-	(15,665,180,000)
Profit for the year	-	-	-	-	-	542,991,263,137	542,991,263,137
Dividend	-	-	-	-	-	(261,462,600,000)	(261,462,600,000)
Transfer from Financial Reserve Fund	-	-	-	66,026,578,871	(66,026,578,871)	-	-
Appropriation to funds	-	-	-	190,330,702,659	-	(190,330,702,659)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(62,540,112,892)	(62,540,112,892)
Appropriation to Board of Directors bonus fund	-	-	-	-	-	(6,834,191,880)	(6,834,191,880)
At December 31, 2015	871,643,300,000	-	(16,121,030,000)	1,025,023,272,831	-	542,991,263,137	2,423,536,805,968
Treasury shares reissued	-	6,778,948,000	16,121,030,000	-	-	-	22,899,978,000
Net profit for the period/year	-	-	-	-	-	221,962,341,775	221,962,341,775
Dividend	-	-	-	-	-	(304,296,825,000)	(304,296,825,000)
Appropriation to funds	-	-	-	179,395,311,823	-	(179,395,311,823)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(54,299,126,314)	(54,299,126,314)
Appropriation to Board of Directors bonus fund	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
At December 31, 2016	871,643,300,000	6,778,948,000	-	1,204,418,584,654	-	221,962,341,775	2,304,803,174,429

Charter capital

	31.12.2016		31.12.2015	
	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	-	-	(222,380)	(16,121,030,000)
Ordinary shares currently in circulation	87,164,330	871,643,300,000	86,941,950	855,522,270,000

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:

	Fiscal year ended 31.12.2016		Fiscal year ended 31.12.2015	
	Number of shares	VND	Number of shares	VND
Opening balance	86,941,950	855,522,270,000	87,154,200	871,187,450,000
Acquisition of shares as treasury shares	-	-	(212,250)	(15,665,180,000)
Treasury shares reissued in the period	222,380	16,121,030,000	-	-
Closing balance	87,164,330	871,643,300,000	86,941,950	855,522,270,000

Dividend

According to Resolution of the Company's Annual General Meeting No. 001/2016/NQ-DHDCD dated 28 April 2016, the shareholders of the Company has approved declaration of dividends from profit after tax of 2015 of 35% in cash, equivalent to VND 304,296,825,000.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

Cash and cash equivalents include gold and foreign currencies as follows:

	31.12.2016 VND	31.12.2015 VND
USD	84,451	246,134
EUR	13,786	37,665
MOP	20	20

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28 REVENUE

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Sales				
Sales of semi-finished goods	362,873,794,546	615,245,308,150	1,671,141,245,697	2,047,213,733,094
Sales of merchandise goods	920,312,091,935	603,124,588,951	2,339,796,594,052	1,728,137,892,006
Services on rental, distribution, sale of scrap	20,212,148,461	736,598,125	46,478,983,546	2,836,542,397
	<u>1,303,398,034,942</u>	<u>1,219,106,495,226</u>	<u>4,057,416,823,295</u>	<u>3,778,188,167,497</u>
Sales deductions				
Trade discounts	89,670,569,170	143,881,558,435	238,090,735,236	370,395,044,895
Sales returns	50,269,073,646	8,964,368,077	66,966,996,484	33,286,235,395
	<u>139,939,642,816</u>	<u>152,845,926,512</u>	<u>305,057,731,720</u>	<u>403,681,280,290</u>
Net sales	<u>1,163,458,392,126</u>	<u>1,066,260,568,714</u>	<u>3,752,359,091,575</u>	<u>3,374,506,887,207</u>

In which:

Sales of semi-finished goods	307,879,178,914	514,879,160,749	1,521,816,839,524	1,771,538,983,431
Sales of merchandise goods	835,367,064,751	550,644,809,840	2,184,063,268,505	1,600,131,361,379
Services on rental, distribution, sale of scrap	20,212,148,461	736,598,125	46,478,983,546	2,836,542,397

29 COST OF SALES

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Cost of finished goods sold	166,255,368,686	284,347,783,326	822,243,434,964	955,611,251,143
Cost of merchandises sold	781,689,281,361	508,976,730,077	2,019,730,021,041	1,460,055,347,796
Cost of services rendered	1,032,529,521	628,823,154	2,920,783,083	2,528,892,616
Provision for decline in value of inventories	297,635,852	(2,103,501,483)	(706,011,031)	(2,103,501,483)
	<u>949,274,815,420</u>	<u>791,849,835,074</u>	<u>2,844,188,228,057</u>	<u>2,416,091,990,072</u>

30 FINANCIAL INCOME

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Interest income from deposits at bank	13,352,549,959	9,582,399,635	51,190,602,846	28,254,468,550
Dividend income	-	128,303,000,859	90,394,469,649	212,420,360,604
Realised foreign exchange gains	365,440,355	2,046,030,934	2,314,483,629	3,615,846,289
Interest from loan to subsidiaries	276,952,254	-	15,320,989,503	-
Other financial income	4,475,196	-	262,858,381	123,000
	<u>13,999,417,764</u>	<u>139,931,431,428</u>	<u>159,483,404,008</u>	<u>244,290,798,443</u>

31 FINANCIAL EXPENSES

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Interest expense	2,713,418,092	2,543,476,651	12,492,351,845	8,701,231,748
Realised foreign exchange losses	2,517,751,196	2,495,970,400	5,182,387,982	9,425,817,986
Payment discounts	12,074,838,453	18,464,997,980	47,159,003,864	50,854,023,347
Other expenses	(5,452,082)	182,919	113,962,446	59,141,844
	<u>17,300,555,659</u>	<u>23,504,627,950</u>	<u>64,947,706,137</u>	<u>69,040,214,925</u>

32 SELLING, GENERAL & ADMINISTRATION EXPENSES**Selling expenses**

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Labour costs	73,095,929,674	69,850,565,126	212,746,850,326	174,045,483,868
Material costs	2,454,313,492	2,353,183,719	8,639,516,817	8,047,262,740
Tools and supplies expenses	1,499,464,436	1,969,597,962	6,045,026,217	3,608,471,020
Depreciation expenses	3,886,949,475	3,285,297,022	15,328,034,307	12,928,200,658
Advertising expenses	29,284,603,952	17,287,962,756	162,681,203,605	77,928,492,936
Seminar expenses	4,694,146,640	5,791,123,279	15,993,550,783	14,667,144,681
Customer care expenses	1,720,602,224	1,665,834,507	5,260,014,976	3,136,614,689
Transportation expenses	6,144,329,669	5,623,941,628	17,467,816,362	19,455,491,232
Other expenses	33,048,504,992	16,604,032,943	85,278,126,126	57,789,819,616
	<u>155,828,844,554</u>	<u>124,431,538,942</u>	<u>529,440,139,519</u>	<u>371,606,981,440</u>

General & administration expenses

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Staff expenses	68,752,672,291	38,199,036,341	188,474,347,734	124,697,683,835
Material costs	938,333	8,977,385	9,888,333	188,797,651
Tools and instruments	565,121,775	596,630,516	1,811,496,083	2,605,642,360
Depreciation expenses	1,563,025,690	2,644,836,992	7,178,570,559	11,119,795,487
Taxes, fees and charges	55,307,209	148,306,066	305,660,786	452,380,129
Provision expenses	509,837,228	934,215,908	328,791,638	2,420,136,502
Provision for cleanup costs, recovery and return of premises	425,498,982	1,353,717,787	1,701,995,928	1,353,717,787
Outside services	3,020,083,205	6,826,696,773	11,370,887,752	17,089,731,449
Other expenses	7,722,470,806	6,800,077,575	18,822,442,402	25,285,338,371
	<u>82,614,955,519</u>	<u>57,512,495,343</u>	<u>230,004,081,215</u>	<u>185,213,223,571</u>

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33 OTHER INCOMES

	For 3-month period ended		For fiscal year ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	VND	VND	VND	VND
Proceeds from disposals of fixed assets and other LT assets	6,095,203,885	1,103,445,508	10,994,708,057	2,636,303,090
Leasing income	-	(320,449,357)	-	1,659,023,155
Commission	-	14,220,139,760	-	40,191,089,356
Other income from DHG Pharmaceutical One Member Co. Ltd. promotion	-	-	-	12,983,516,948
Other	669,406,323	2,484,822,490	6,145,378,628	6,499,214,087
	<u>6,764,610,208</u>	<u>17,487,958,401</u>	<u>17,140,086,685</u>	<u>63,969,146,636</u>

34 OTHER EXPENSES

	For 3-month period ended		For fiscal year ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	VND	VND	VND	VND
Inventory loss	-	-	8,295,694,967	-
Sundry income	(270,239,842)	713,461,255	1,667,577,465	4,114,561,637
	<u>(270,239,842)</u>	<u>713,461,255</u>	<u>9,963,272,432</u>	<u>4,114,561,637</u>

35 COST OF OPERATIONS BY FACTOR

	For fiscal year ended	
	31.12.2016	31.12.2015
	VND	VND
Material cost	2,561,029,038,712	2,152,362,484,694
Labour costs	524,914,842,209	425,597,449,971
Depreciation expense	50,231,638,921	53,752,124,019
Outside service expenses	310,071,106,295	204,496,331,723
Other expenses	77,146,457,858	82,323,720,648
	<u>3,523,393,083,995</u>	<u>2,918,532,111,055</u>

36 CORPORATE INCOME TAX

According to Decision No. 3044/QĐ-UBND of the People's Committee of Can Tho City, the Company subjects to corporate income tax at the rate of 20% from 2005 to 2014. Decision No. 3044/QĐ-UBND allows the Company exemption of income tax from 2005 to 2006 and a 50% income tax from 2007 to 2011. According to Circular 78/2014/TT-BTC, from January 1, 2014 tax rate of ordinary business income is 22% and since January 1, 2016 decreased to 20%

36 CORPORATE INCOME TAX (cont.)

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

	For 3-month period ended		For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND	31.12.2016 VND	31.12.2015 VND
Net accounting profit before tax	(20,526,511,212)	225,667,999,979	250,439,154,908	636,699,860,641
Tax calculated at a rate of 20% (2015: 22%)	(4,105,302,242)	49,646,959,995	50,087,830,982	140,073,969,341
Effect of:				
Expenses not deductible for tax purposes	(118,404,403)	93,575,950	2,161,775,124	367,107,496
Lacked tax in previous years	66,719,400		66,719,400	
Income not subject to tax	-	(28,255,067,850)	(18,078,893,930)	(46,732,479,333)
Business income tax charge	<u>(4,156,987,245)</u>	<u>21,485,468,095</u>	<u>34,237,431,576</u>	<u>93,708,597,504</u>

37 COMMITMENTS**a) Operating leases commitments**

At the date of the accounting balance sheet, the Company has non-cancellable lease contracts as follows:

	31.12.2016 VND	31.12.2015 VND
Within 1 year	5,481,993,358	1,854,150,976
From 1 to 5 years	21,927,973,432	7,416,603,904
Over 5 years	122,558,946,522	43,338,191,348
	<u>149,968,913,312</u>	<u>52,608,946,228</u>

b) Capital commitments

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

	31.12.2016 VND	31.12.2015 VND
Approved but not contracted	20,957,976,618	21,025,105,098
Approved and contracted but not recognised	16,355,560,493	16,138,007,212
	<u>37,313,537,111</u>	<u>37,163,112,310</u>

38 RELATED PARTY TRANSACTIONS

<u>Related parties</u>	<u>Relationship</u>
DT pharma One Member Co. Ltd.	Subsidiary
DHG Travel One Member Co. Ltd.	Subsidiary
HT Pharma One Member Co. Ltd.	Subsidiary
ST Pharma One Member Co. Ltd.	Subsidiary
CM Pharma One Member Co. Ltd.	Subsidiary
Song Hau Pharmceutical JSC.	Subsidiary
A&G Pharma One Member Co. Ltd.	Subsidiary
TG Pharma One Member Co. Ltd.	Subsidiary
TOT Pharma One Member Co. Ltd.	Subsidiary
Bali Pharma One Member Co. Ltd.	Subsidiary
DHG Pharmaceutical One Member Co. Ltd.	Subsidiary
TVP Pharma One Member Co. Ltd.	Subsidiary
B&T Pharma One Member Co. Ltd.	Subsidiary
VL Pharma One Member Co. Ltd.	Subsidiary
DHG PP 1 One Member Co. Ltd.	Subsidiary
Fuji Medic Co. Ltd.	Subsidiary
DHG Nature One Member Co. Ltd. (*)	Subsidiary
Vinh Hao Algae Corporation	Associate
State Capital Investment Corporation (SCIC)	Major shareholder

(*) DHG Medicinal One Member Co. Ltd. has completed the dissolution procedure in 2015.

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

	For fiscal year ended	
	31.12.2016	31.12.2015
	VND	VND
<i>Sales of goods and services</i>		
Subsidiaries		
DHG PP 1 One Member Co. Ltd.	671,422,082	560,797,435
DHG Travel One Member Co. Ltd.	2,424,228,850	1,866,234,972
CM Pharma One Member Co. Ltd.	44,523,981,022	41,605,188,004
DT pharma One Member Co. Ltd.	36,820,213,097	32,138,275,541
HT Pharma One Member Co. Ltd.	56,803,021,200	44,441,811,330
ST Pharma One Member Co. Ltd.	60,661,563,669	50,461,730,680
DHG Nature One Member Co. Ltd.	-	750,280,798
Song Hau Pharmceutical JSC.	81,711,743,735	64,327,155,934
A&G Pharma One Member Co. Ltd.	95,311,786,700	81,379,443,980
TOT Pharma One Member Co. Ltd.	145,365,634,187	133,259,123,056
TG Pharma One Member Co. Ltd.	31,843,230,024	28,486,237,786
Bali Pharma One Member Co. Ltd.	43,421,519,125	40,042,565,964
DHG Pharmaceutical One Member Co. Ltd.	419,900,296,100	210,383,050,327
TVP Pharma One Member Co. Ltd.	23,838,303,097	24,680,351,743
B&T Pharma One Member Co. Ltd.	42,252,642,375	33,991,568,663
VL Pharma One Member Co. Ltd.	43,071,534,466	37,558,283,577
Vinh Hao Algae Corporation	149,132,240	-
	1,128,770,251,969	825,932,099,790
Sales of fixed assets		
DHG PP 1 One Member Co. Ltd.	-	18,181,818
DHG Pharmaceutical One Member Co. Ltd.	21,010,603,239	9,396,623,533
Fuji Medic Co. Ltd.	4,385,090,909	-
	25,395,694,148	9,414,805,351

38 RELATED PARTY TRANSACTIONS (cont.)

	For fiscal year ended	
	31.12.2016	31.12.2015
	VND	VND
Purchase of goods and services		
DHG PP 1 One Member Co. Ltd.	83,509,376,000	91,429,725,044
DHG Travel One Member Co. Ltd.	30,966,967,000	35,723,363,567
DT pharma One Member Co. Ltd.	4,270,829	-
HT Pharma One Member Co. Ltd.	197,586,259	-
ST Pharma One Member Co. Ltd.	98,073,313	-
DHG Nature One Member Co. Ltd.	-	11,799,633,808
A&G Pharma One Member Co. Ltd.	114,629,566	-
TOT Pharma One Member Co. Ltd.	1,350,507,004	980,577,630
Bali Pharma One Member Co. Ltd.	54,733,455	-
DHG Pharmaceutical One Member Co. Ltd.	1,157,703,846,169	543,123,983,361
TVP Pharma One Member Co. Ltd.	617,113	-
B&T Pharma One Member Co. Ltd.	235,284,000	-
VL Pharma One Member Co. Ltd.	469,456,821	-
Vinh Hao Algae Corporation	2,253,860,000	51,950,000
	<u>1,276,959,207,529</u>	<u>683,109,233,410</u>
Purchase of fixed assets		
CM Pharma One Member Co. Ltd.	373,000,000	-
DT pharma One Member Co. Ltd.	368,000,000	-
HT Pharma One Member Co. Ltd.	155,454,009	-
ST Pharma One Member Co. Ltd.	370,935,589	-
DHG Nature One Member Co. Ltd.	-	4,561,681,295
A&G Pharma One Member Co. Ltd.	880,000,000	-
TOT Pharma One Member Co. Ltd.	718,000,000	-
TG Pharma One Member Co. Ltd.	476,971,508	-
Bali Pharma One Member Co. Ltd.	256,893,940	-
TVP Pharma One Member Co. Ltd.	785,084,849	-
B&T Pharma One Member Co. Ltd.	803,000,000	-
VL Pharma One Member Co. Ltd.	283,000,000	-
	<u>5,470,339,895</u>	<u>4,561,681,295</u>
Dividend income		
DHG PP 1 One Member Co. Ltd.	8,556,365,201	56,453,674,866
DHG Travel One Member Co. Ltd.	69,187,375	2,717,107,096
CM Pharma One Member Co. Ltd.	1,018,960,957	3,303,440,138
DT pharma One Member Co. Ltd.	654,886,490	2,195,714,876
HT Pharma One Member Co. Ltd.	1,939,298,020	6,541,665,273
CM Pharma One Member Co. Ltd.	853,786,842	6,207,869,160
DT pharma One Member Co. Ltd.	-	4,352,714,993
Song Hau Pharmaceutical JSC.	1,275,000,000	331,500,000
A&G Pharma One Member Co. Ltd.	1,538,343,416	7,688,111,262
TOT Pharma One Member Co. Ltd.	2,210,827,450	10,852,136,409
TG Pharma One Member Co. Ltd.	693,817,933	1,244,460,792
Bali Pharma One Member Co. Ltd.	990,249,704	4,468,601,959
DHG Pharmaceutical One Member Co. Ltd.	68,214,526,669	98,663,307,483
TVP Pharma One Member Co. Ltd.	87,450,668	1,905,474,737
B&T Pharma One Member Co. Ltd.	959,981,576	2,858,091,878
VL Pharma One Member Co. Ltd.	1,018,037,728	2,345,575,056
	<u>90,080,720,029</u>	<u>212,129,445,978</u>

38 RELATED PARTY TRANSACTIONS (cont.)

	For fiscal year ended	
	31.12.2016 VND	31.12.2015 VND
Interest income		
DHG PP 1 One Member Co. Ltd.	3,336,076,779	-
DHG Travel One Member Co. Ltd.	21,250,000	-
HT Pharma One Member Co. Ltd.	33,500,000	-
ST Pharma One Member Co. Ltd.	41,473,602	-
DHG Pharmaceutical One Member Co. Ltd.	11,839,181,622	-
TVP Pharma One Member Co. Ltd.	49,507,500	-
	<u>15,320,989,503</u>	-
Loans to subsidiaries in the year		
Investment in projects of subsidiaries		
DHG PP 1 One Member Co. Ltd.	-	42,078,476,167
DHG Pharmaceutical One Member Co. Ltd.	40,031,399,252	82,866,130,758
	<u>40,031,399,252</u>	<u>124,944,606,925</u>
Loans to activities of subsidiaries in the year		
DHG Travel One Member Co. Ltd.	2,000,000,000	-
ST Pharma One Member Co. Ltd.	3,878,438,285	-
HT Pharma One Member Co. Ltd.	-	2,000,000,000
TVP Pharma One Member Co. Ltd.	-	2,829,000,000
	<u>5,878,438,285</u>	<u>4,829,000,000</u>
Recovery of loans from subsidiaries in the year		
DHG PP 1 One Member Co. Ltd.	75,000,000,000	-
DHG Travel One Member Co. Ltd.	2,000,000,000	-
HT Pharma One Member Co. Ltd.	2,000,000,000	-
ST Pharma One Member Co. Ltd.	3,878,438,285	-
DHG Pharmaceutical One Member Co. Ltd.	516,164,149,293	-
TVP Pharma One Member Co. Ltd.	2,829,000,000	-
	<u>601,871,587,578</u>	-
Capital contribution to subsidiaries in the year		
DHG PP 1 One Member Co. Ltd.	75,000,000,000	-
DHG Pharmaceutical One Member Co. Ltd.	490,000,000,000	-
Fuji Medic Co. Ltd.	13,742,460,000	-
	<u>578,742,460,000</u>	-
Dividend payment		
State Capital Investment Corporation (SCIC)	<u>132,127,887,500</u>	<u>113,252,475,000</u>
The income of the Board of Management and the Board of Directors paid during the period as follows:		
Gross salaries and other benefits	<u>10,691,087,971</u>	<u>11,883,263,388</u>

38 RELATED PARTY TRANSACTIONS (cont.)

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

Trade Receivables	31.12.2016	31.12.2015
	VND	VND
DHG PP 1 One Member Co. Ltd.	720,000	145,728,000
DHG Travel One Member Co. Ltd.	1,841,860	-
CM Pharma One Member Co. Ltd.	12,867,061,125	13,470,636,019
DT pharma One Member Co. Ltd.	8,042,060,515	5,581,420,887
HT Pharma One Member Co. Ltd.	8,650,030,666	16,329,487,130
ST Pharma One Member Co. Ltd.	13,113,970,433	16,278,620,117
Song Hau Pharmceutical JSC.	13,787,251,213	10,328,814,061
A&G Pharma One Member Co. Ltd.	15,233,812,633	23,230,169,374
TOT Pharma One Member Co. Ltd.	10,337,468,553	36,872,239,339
TG Pharma One Member Co. Ltd.	6,095,572,073	8,052,492,750
Bali Pharma One Member Co. Ltd.	8,579,349,638	12,502,161,914
TVP Pharma One Member Co. Ltd.	2,310,029,324	3,807,452,391
B&T Pharma One Member Co. Ltd.	658,526,143	8,710,527,880
VL Pharma One Member Co. Ltd.	11,625,139,603	11,155,691,322
Fuji Medic Co. Ltd.	4,699,800,000	-
	<u>116,002,633,779</u>	<u>166,465,441,184</u>
Loans Receivable		
DHG Pharmaceutical One Member Co. Ltd.	9,030,704,663	485,163,454,704
DHG PP 1 One Member Co. Ltd.	22,919,711,037	97,919,711,037
TVP Pharma One Member Co. Ltd.	-	2,829,000,000
HT Pharma One Member Co. Ltd.	-	2,000,000,000
	<u>31,950,415,700</u>	<u>587,912,165,741</u>
Trade payable		
DHG PP 1 One Member Co. Ltd.	7,577,591,879	10,717,981,462
DHG Travel One Member Co. Ltd.	103,390,000	-
DHG Pharmaceutical One Member Co. Ltd.	362,912,166,262	127,856,145,458
Vinh Hao Algae Corporation	211,200,000	-
	<u>370,804,348,141</u>	<u>138,574,126,920</u>

DHG PHARMACEUTICAL JOINT-STOCK COMPANY

Form B 09 – DN

39 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS (CFS)

(a) Non cash transactions affecting CFS

	For fiscal year ended	
	31.12.2016	31.12.2015
	VND	VND
Allocation of funds from profit	238,694,438,137	259,705,007,431
Transfer from construction in progress to Tangible fixed assets	84,930,323,433	48,270,825,808
Transfer from construction in progress to Intangible fixed assets	6,205,435,000	8,374,045,680
Transfer from construction in progress to Real Estate Investments	136,483,613	-
Transfer from construction in progress to the tools and instruments	496,913,970	239,876,938
Transfer from long-term prepaid expenses to intangible fixed assets	-	30,873,851,250
Transfer from financial reserve fund to development investment fund	-	66,026,578,871
The balance of the dissolved DHG Nature Co. Ltd. is recognized on the financial statement of the Company:		
Trade receivables and other receivables	-	6,900,440,129
Bonus and welfare fund	-	381,064,368
Fund for scientific and technological development	-	2,461,735,224

(b) Borrowing amount actually collected during the period / year

	For fiscal year ended	
	31.12.2016	31.12.2015
	VND	VND
Loans with regular terms	<u>1,561,815,329,559</u>	<u>1,216,254,694,302</u>

(c) Money paid during the period of loan period/year

	For fiscal year ended	
	31.12.2016	31.12.2015
	VND	VND
Loans with regular terms	<u>1,477,761,107,833</u>	<u>1,122,250,896,327</u>

40 COMPARATIVE FIGURES

Some data from previous reporting periods were reclassified to conform with the comparison with the figures of this period, as follows:

	Reported figures VND	Reclassified figures VND	Net change VND
Other income	86,981,243,410	63,969,146,636	(23,012,096,774)
Other expense	27,126,658,411	4,114,561,637	(23,012,096,774)

The reclassification does not affect net income and tax expense for the financial period ended December 31, 2015.

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
January 19, 2017