



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

**AUDITED FINANCIAL STATEMENTS
For the fiscal year ended December 31, 2014**

Headquarters: 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City

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MEKOPHAR CHEMICAL PHARMACEUTICAL JOINT-STOCK COMPANY

REPORT OF THE BOARD OF MANAGEMENT

For the fiscal year ended December 31, 2014

The Board of Management has the honor of submitting this report and the audited financial statements for the fiscal year ended December 31, 2014.

1. Business highlights:

Establishment:

Mekophar Chemical Pharmaceutical Joint-Stock Company, whose business code is 0302533156, operates under Business registration certificate No. 4103000833 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City (under the first amendment on October 21, 2005, the second amendment on April 14, 2006, the third amendment on December 19, 2006, the fourth amendment on July 11, 2009, the fifth amendment on September 15, 2008, the sixth amendment on October 17, 2009, the seventh amendment on September 30, 2010, the eighth amendment on December 02, 2010, the ninth amendment on November 23, 2011, the tenth amendment on December 02, 2010, the eleventh amendment on August 08, 2012, the twelfth amendment on December 15, 2012, the thirteenth amendment on April 16, 2013 . According to the fourteenth amended certificate on August 14, 2014, the chartered capital increases to VND 131,234,130,000.

Structure of ownership: Joint Stock Company.

The Company's principal activities: Producing, trading medicine; Trading perfume; ; Trading cosmetics and other cleaning products; Trading medical tools; Maintaining and testing medicine; Retailing medicine; Producing packing used in pharmaceutical industry (plastic bottle, paper box, carton box); Producing technological food (except for producing and processing fresh food); Trading functional food; processing food; Producing cosmetics (not manufacturing chemicals, soap, and detergent at the head office); Trading real estates, leasing apartment, office; Trading garments; Producing bottled pure water; Trading beverages; Trading medical machinery and equipment; Trading other chemicals (except for chemicals used in agriculture); Trading plastics in primary form; Investment consultancy (except for accounting, finance, law); Consultancy on technology transfer; Commercial introduction and promotion; Acting as brokerage agent (except for real estates).

Head office: No. 297/5 Ly Thuong Kiet Str., Dist. 11, Ho Chi Minh City.

The Company's branches are located at:

Hanoi branch: No. 95 Lang Ha Str., Dong Da Dist., Hanoi City

Da Nang branch: No. 410 Nguyen Tri Phuong Str., Hai Chau Dist., Da Nang City

Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City

2. Financial position and results of operation:

The Company's financial position and results of operation in the year are presented in the attached financial statements.

REPORT OF THE BOARD OF MANAGEMENT

For the fiscal year ended December 31, 2014

3. Board of Management, Board of Supervisors and Board of General Directors:

The Board of Management and Board of General Directors holding office in the year and at the reporting date include:

Board of Management:

Ms. Huynh Thi Lan	Chairman
Ms. Dang Thi Kim Lan	Member
Mr. Le Anh Phuong	Member
Ms. Vo Thi Thanh Van	Member
Ms. Nguyen Thuy Van	Member
Ms. Nguyen Thi Quynh Anh	Member
Ms. Phan Thi Lan Huong	Member

Board of General Directors and Chief Accountant:

Ms. Huynh Thi Lan	General Director
Ms. Dang Thi Kim Lan	Deputy General Director
Mr. Le Anh Phuong	Deputy General Director
Ms. Phan Thi Lan Huong	Deputy General Director
Ms. Le Thi Thuy Hang	Chief Accountant

Chairman of the Board and General Director is the legal representative of the company.

4. Other information

In the period, the Company applied to terminate listing in the Stock Exchange because of its restructure of foreign shareholding in order to be in conformity with the additional activities "wholesaling, retailing pharmaceutical products". The termination of listing is effective from July 12, 2012.

5. Auditor

Auditing and Informatic Services Limited Company (AISC) has been appointed as an independent auditor for the fiscal year ended December 31, 2014.

6. Statement of the Responsibility of the Board of Management and Board of General Directors in respect of the Financial Statements

The Board of Management and Board of General Directors of the Company are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company as of December 31, 2014 as well as its results of operation and cash flows for the year then ended. In order to prepare these financial statements, the Board of Management and Board of General Directors have considered and complied with the following matters:

- Selected the appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- The financial statements of the Company are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE BOARD OF MANAGEMENT

For the fiscal year ended December 31, 2014

The Board of Management and Board of General Directors are responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements are prepared in compliance with the registered accounting policies stated in the Notes to the Financial Statements. The Board of Management and Board of General Directors are also responsible for safeguarding the assets of the Company and thus taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Approval of the Financial Statements

In the Board of Management's opinion, the financial statements consisting of Balance Sheet as at December 31, 2014, Income Statement, Cash Flow Statement and Notes to the Financial Statements enclosed with this report give a true and fair view of the financial position of the Company as well as its operating results and cash flows for the fiscal year ended December 31, 2014.

The financial statements are prepared in compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System.

HCMC, March 27, 2015

For and on behalf of the Board of Management



Huynh Thi Lan

Chairman



NO.: 1014582/AISC-DN4

INDEPENDENT AUDITOR'S REPORT

To:

**The Board of Management and Board of General Directors
Mekophar Chemical Pharmaceutical Joint-Stock Company**

We have audited the financial statements of **Mekophar Chemical Pharmaceutical Joint-Stock Company** consisting of Balance Sheet as at December 31, 2014, Income Statement, Cash Flow Statement for the year then ended and Notes to the Financial Statements as set out on Page 5 to Page 35, which were prepared on January 28, 2015.

Responsibility of the Board of General Directors

The Board of General Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Accounting System Corporate and prevailing regulations applicable to the preparation and presentation of the financial statements and also for the internal control that the Board of General Directors considers necessary for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's qualified opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of **Mekophar Chemical Pharmaceutical Joint-Stock Company** as of December 31, 2014 as well as the results of its operation and its cash flows for the year then ended. The financial statements are prepared in compliance with the prevailing Vietnamese Accounting System, Vietnamese Accounting Standards and other relevant statutory requirements.

AUDITOR

Huynh Tieu Phung

*Certificate of Audit Practice Registration
No.1269-2013-05-1
Issued by the Ministry of Finance*



HCMC, March 27, 2015
GENERAL DIRECTOR

Phạm Văn Vinh

*Certificate of Audit Practice Registration
No. 0112-2013-05-1
Issued by the Ministry of Finance*

BALANCE SHEET

As at December 31, 2014

Unit: VND

ASSETS	Code	Notes	Dec. 31, 2014	Jan. 01, 2014
A. CURRENT ASSETS	100		598.538.588.373	490.658.696.986
(100 = 110+120+130+140+150)				
I. Cash and cash equivalents	110	V.1	271.046.799.758	78.927.779.980
1. Cash	111		21.046.799.758	28.768.550.549
2. Cash equivalents	112		250.000.000.000	50.159.229.431
II. Short-term investments	120		-	-
1. Short-term investments	121		-	-
Provision for diminution in the value of short-term				
2. investments	122		-	-
III. Accounts receivable	130		103.942.407.861	163.111.717.483
1. Trade accounts receivable	131	V.2	94.418.090.945	157.300.784.485
2. Prepayments to suppliers	132		8.739.921.097	4.820.581.189
3. Intercompany receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Other receivables	135	V.3	784.395.819	990.351.809
6. Provision for doubtful debts	139		-	-
IV. Inventories	140	V.4	213.408.941.000	241.677.455.344
1. Inventories	141		213.408.941.000	241.677.455.344
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		10.140.439.754	6.941.744.179
1. Short-term prepayments	151		-	-
2. Deductible VAT	152	V.5	8.801.167.624	5.705.036.490
3. Taxes and other receivables from the State Budget	154	V.6	918.085.807	923.840.308
4. Repurchase and sale of Government's bonds	157		-	-
5. Other current assets	158	V.7	421.186.323	312.867.381

BALANCE SHEET

As at December 31, 2014

Unit: VND

ASSETS	Code	Notes	Dec. 31, 2014	Jan. 01, 2014
B. LONG-TERM ASSETS	200		165.743.895.334	160.992.808.351
(200 = 210+220+240+250+260)				
I. Long-term receivables	210		-	-
1. Long-term trade receivables	211		-	-
2. Working capital from sub-units	212		-	-
3. Long-term intercompany receivables	213		-	-
4. Other long-term receivables	218		-	-
5. Provision for doubtful long-term receivables	219		-	-
II. Fixed assets	220		112.784.775.689	124.874.939.969
1. Tangible fixed assets	221	V.8	81.989.693.584	94.094.374.629
- Cost	222		230.400.449.717	227.670.905.614
- Accumulated depreciation	223		(148.410.756.133)	(133.576.530.985)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	28.361.855.105	29.023.418.340
- Cost	228		34.160.130.823	34.160.130.823
- Accumulated amortization	229		(5.798.275.718)	(5.136.712.483)
4. Construction in progress	230	V.10	2.433.227.000	1.757.147.000
III Investment Properties	240		-	-
- Cost	241		-	-
- Accumulated depreciation	242		-	-
IV Long-term investments	250	V.11	51.298.101.100	33.337.601.100
1. Investments in subsidiaries	251		-	-
2. Investments in associates, joint-ventures	252		19.510.000.000	19.510.000.000
3. Other long-term investments	258		37.216.101.100	19.255.601.100
Provision for decline in the value of				
4. long-term investments	259		(5.428.000.000)	(5.428.000.000)
V. Other long-term assets	260		1.661.018.545	2.780.267.282
1. Long-term prepaid expenses	261	V.12	1.661.018.545	2.780.267.282
2. Deferred income tax assets	262		-	-
3. Other long-term assets	263		-	-
TOTAL ASSETS	270		764.282.483.707	651.651.505.337

BALANCE SHEET

As at December 31, 2014

Unit: VND

RESOURCES	Code	Notes	Dec. 31, 2014	Jan. 01, 2014
A. LIABILITIES (300 = 310 + 330)	300		181.417.350.358	180.387.563.886
I. Current liabilities	310		138.045.076.652	142.306.333.690
1. Short-term borrowings & liabilities	311		-	-
2. Trade accounts payable	312	V.13	22.025.070.364	40.719.821.800
3. Advances from customers	313	V.13	31.127.738.107	14.023.783.448
4. Taxes and other payables to the State Budget	314	V.14	6.725.923.267	18.763.465.779
5. Payables to employees	315		11.054.714.731	12.732.958.210
6. Accrued expenses	316		-	-
7. Intercompany payables	317		-	-
8. Construction contract-in-progress payables	318		-	-
9. Other payables	319	V.15	35.013.128.215	27.179.438.886
10 Provision for short-term payables	320		-	-
11 Bonus and welfare fund	323		32.098.501.968	28.886.865.567
12 Repurchase and sale of Government's bond	327		-	-
II. Long-term liabilities	330		43.372.273.706	38.081.230.196
1. Long-term trade payables	331		-	-
2. Long-term intercompany payables	332		-	-
3. Other long-term payables	333		-	-
4. Long-term borrowings and liabilities	334		-	-
5. Deferred income tax liabilities	335		-	-
6. Provision for severance allowances	336		-	-
7. Provision for long-term liabilities	337	V.16	30.000.000.000	30.000.000.000
8. Unrealized revenue	338		13.372.273.706	8.081.230.196
9. Fund for science and technology development	339		-	-

BALANCE SHEET

As at December 31, 2014

Unit: VND

RESOURCES	Code	Notes	Dec. 31, 2014	Jan. 01, 2014
B. OWNERS' EQUITY (400 = 410 + 430)	400		582.865.133.349	471.263.941.451
I. Owners' equity	410	V.17	582.433.133.349	470.831.941.451
1. Owners' capital	411		131.234.130.000	105.659.320.000
2. Share premium	412		114.206.704.458	113.206.704.458
3. Owners' other capital	413		-	-
4. Treasury shares	414		(14.487.151.158)	(14.487.151.158)
5. Difference upon assets revaluation	415		-	-
6. Foreign exchange differences	416		-	-
7. Investment and development fund	417		338.356.037.049	255.887.136.151
8. Financial reserve fund	418		13.123.413.000	10.565.932.000
9. Other funds	419		-	-
10. Undistributed earnings	420		-	-
11. Investment reserve for basic construction	421		-	-
12. Fund for Enterprise Arrangement Support	422		-	-
II. Budget sources and other funds	430		432.000.000	432.000.000
1. Budget sources	432	V.18	432.000.000	432.000.000
2. Fund to form fixed assets	433		-	-
TOTAL RESOURCES	440		764.282.483.707	651.651.505.337

OFF - BALANCE SHEET ITEMS

ITEMS	TM	Dec. 31, 2014	Jan. 01, 2014
5. Foreign currencies			
USD		93.518,40	431.723,23
EUR		430,48	438,67

Prepared By



CN. Le Thi Thu Huong

Chief Accountant



CN. Le Thi Thuy Hang

January 28, 2015

General Director



DS. Huynh Thi Lan

INCOME STATEMENT

For the fiscal year ended December 31, 2014

Unit: VND

ITEMS	Code	Notes	Year 2014	Year 2013
1. Sales	01	VI.1	1.146.218.667.334	1.243.006.272.953
2. Less sales deductions	02	VI.2	674.690.296	1.288.625.024
3. Net sales	10	VI.3	1.145.543.977.038	1.241.717.647.929
4. Cost of sales	11	VI.4	899.996.759.439	987.140.964.676
5. Gross profit (20 = 10 - 11)	20		245.547.217.599	254.576.683.253
6. Financial income	21	VI.5	11.013.840.473	8.855.581.319
7. Financial expenses	22	VI.6	12.146.075.496	1.797.174.805
<i>In which: loan interest expenses</i>	23		-	-
8. Selling expenses	24	VI.7	67.269.991.528	64.787.402.763
9. General & administration expenses	25	VI.8	69.756.689.153	85.116.054.396
10. Operating profit (30 = 20 + 21 - 22 - 24 - 25)	30		107.388.301.895	111.731.632.608
11. Other income	31	VI.9	110.140.647.807	1.913.157.945
12. Other expenses	32	VI.10	581.291.393	362.401.520
13. Other profit (40 = 31 - 32)	40		109.559.356.414	1.550.756.425
14. Net accounting profit before tax (50 = 30 + 40)	50		216.947.658.309	113.282.389.033
15. Corporate income tax - current	51	VI.11	54.863.777.311	39.545.607.916
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		162.083.880.998	73.736.781.117
18. Earnings per share	70	VI.13	14.276	7.246

Prepared By



CN. Le Thi Thu Huong

Chief Accountant



CN. Le Thi Thuy Hang



January 28, 2015

General Director

DS. Huynh Thi Lan

CASH FLOW STATEMENT

(Under indirect method)

*For the fiscal year ended December 31, 2014**Unit: VND*

ITEMS	Code	Notes	Year 2014	Year 2013
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		216.947.658.309	113.282.389.033
2. Adjustments for :				
- Depreciation and amortisation	02	V.8;V.9	16.379.364.640	18.637.223.837
- Provisions	03		-	-
- Unrealised foreign exchange gains/ losses	04		(21.752.170)	(1.650.417)
- Gains/losses from investing activities	05		(119.154.114.906)	(8.283.863.105)
- Interest expense	06		-	-
3. Profit from operating activities before changes in working capital	08		114.151.155.873	123.634.099.348
- Increase (-)/ decrease (+) in receivables	09		56.034.589.419	(40.727.351.389)
- Increase (-)/ decrease (+) in inventories	10		28.268.514.344	8.242.263.514
- Increase (+)/ decrease (-) in payables (Other than loan interests, income tax)	11		1.295.548.623	33.558.551.617
- Increase (-)/ decrease (+) in prepaid expenses	12		1.119.248.737	(1.150.372.937)
- Interest paid	13		-	-
- Corporate income tax paid	14		(66.464.604.943)	(41.295.594.769)
- Other receipts from operating activities	15		305.737.929.235	55.592.236.527
- Other payments for operating activities	16		(319.716.834.046)	(68.137.781.755)
Net cash inflows/(outflows) from operating activities	20		120.425.547.242	69.716.050.156
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21		(254.559.882.643)	(30.778.111.856)
2. Proceeds from disposals of fixed assets and other long-term assets	22		359.255.454.546	36.363.636
3. Loans granted, purchases of debt instruments of other entities	23		-	-
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		-	-
5. Investments in other entities	25		(359.210.000.000)	-
6. Proceeds from divestment in other entities	26		341.249.500.000	-
7. Dividends and interest received	27		10.169.342.643	8.273.749.469
Net cash inflows/(outflows) from investing activities	30		96.904.414.546	(22.467.998.751)

CASH FLOW STATEMENT

(Under indirect method)

For the fiscal year ended December 31, 2014

Unit: VND


ITEMS	Code	Notes	Year 2014	Year 2013
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		6.000.000.000	9.000.000.000
2. Payments for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33		260.921.673.205	-
4. Repayments of borrowings	34		(260.921.673.205)	-
5. Payments for finance lease liabilities	35		-	-
6. Dividends paid	36		(31.210.326.070)	(31.655.060.020)
Net cash inflows/(outflows) from financing activities	40		(25.210.326.070)	(22.655.060.020)
Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		192.119.635.718	24.592.991.385
Cash and cash equivalents at the beginning of the year	60		78.927.779.980	54.333.874.317
Effect of foreign exchange differences	61		(615.940)	914.278
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	V.1	271.046.799.758	78.927.779.980

Prepared By



CN. Le Thi Thu Huong

Chief Accountant



CN. Le Thi Thuy Hang



January 28, 2015

General Director

DS. Huynh Thi Lan

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

I. BUSINESS HIGHLIGHTS

1. Establishment:

Mekophar Chemical Pharmaceutical Joint-Stock Company, whose business code is 0302533156, operates under Business registration certificate No. 4103000833 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City and the fourteenth amendment on December 15, 2012. According to the fourteenth amended certificate on August 14, 2014, the chartered capital increases to VND 131,234,130,000.

English name: Mekophar Chemical Pharmaceutical Joint Stock Company

Short name: Mekophar

Head office: No. 297/5 Ly Thuong Kiet Str., Dist. 11, Ho Chi Minh City.

The Company's branches are located at:

Hanoi branch: No. 95 Lang Ha Str., Dong Da Dist., Hanoi City

Da Nang branch: No. 410 Nguyen Tri Phuong Str., Hai Chau Dist., Da Nang City

Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City

2. Structure of ownership: Joint Stock Company

3. Structure of operations: Production and trading

4. Business sector:

The Company's principal activities: Producing, trading medicine; Trading perfume; ; Trading cosmetics and other cleaning products; Trading medical tools; Maintaining and testing medicine; Retailing medicine; Producing packing used in pharmaceutical industry (plastic bottle, paper box, carton box); Producing technological food (except for producing and processing fresh food); Trading functional food; processing food; Producing cosmetics (not manufacturing chemicals, soap, and detergent at the head office); Trading real estates, leasing apartment, office; Trading garments; Producing bottled pure water; Trading beverages; Trading medical machinery and equipment; Trading other chemicals (except for chemicals used in agriculture); Trading plastics in primary form; Investment consultancy (except for accounting, finance, law); Consultancy on technology transfer; Commercial introduction and promotion; Acting as brokerage agent (except for real estates).

5. Operations in the fiscal year affecting the financial statements: Not applicable.

6. Total employees to December 31, 2014: 846 staffs (December 31, 2013: 860 staffs)

II. ACCOUNTING PERIOD AND REPORTING CURRENCY

1. Fiscal year

The fiscal year is begun on January 01 and ended December 31 annually.

2. Reporting currency

Vietnam Dong (VND) is used as a currency unit for accounting records.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

III. ADOPTION OF ACCOUNTING STANDARDS AND POLICIES

1. Applicable Accounting System

The company applies the Vietnamese Accounting System issued by the Vietnam Ministry of Finance in accordance with Decision No.15/2006/QĐ-BTC dated March 20, 2006 and the amended, supplemented circulars.

2.

Disclosure of compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System

We conducted our accounting in accordance with Vietnamese Accounting Standards and other relevant statutory regulations. The financial statements give a true and fair view of the state of affairs of the Company and the results of its operations as well as its cash flows.

The selection of figures and information presented in the notes to the financial statements is complied with the material principles in Vietnamese Accounting Standard No.21 - Presentation of the financial statements.

3. Form of records applied

Form of records applied: Documents far book entry.

IV. APPLICABLE ACCOUNTING POLICIES

1. New accounting policies and some changes:

The accounting policies that the Company uses for preparing the financial statements for the current year are in consistency with those used in the fiscal year ended December 31, 2013.

2. Principles for recording cash amounts

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit and other short-term investments with an original maturity of three months or less, highly liquid, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Principles for foreign currency translation:

Transactions in currencies other than VND during the year have been translated into VND at the rates of exchange at the transaction dates, foreign exchange differences are recorded in the financial income or expenses and presented in the income statement.

3. Principles for recording trade receivables and other receivables:

Principle for recording receivables: At original cost less provision for doubtful debts.

Method of making provision for doubtful debts: Provision for doubtful debts represents the estimated loss value of overdue receivable debts and undue receivable debts which are likely to become possibly irrecoverable due to insolvency of debtors. The Company does not make provision for receivables because in the year no doubtful receivables are incurred

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

4. Principles for recording inventories:

Principles adopted in recording inventory: Inventories are stated at original cost less (-) the provision for the decline in value of inventories and obsolete items. The original cost of inventories consists of costs of purchase, processing costs and other costs incurred in bringing the inventories to their present location and condition.

Method of determining cost of inventories in the end of the period: Weighted Average Method.

Method of accounting for the inventories: Perpetual method.

Method of making provision for decline in value of inventories: Provision for decline in value of inventories is made when the net realisable value of inventories are lower than their original cost. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. The provision for decline in value of inventories is the difference between the cost of inventories greater than their net realisable value.

5. Principles for recording fixed assets:

5.1 Principles for recording tangible fixed assets:

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred beyond their originally assessed standard of performance are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the year.

When the assets are sold or disposed, their original costs and the accumulated depreciation which have been written off and any gain or loss from disposal of assets are recorded in the income statement.

Increase of tangible fixed assets is due to purchase and investment in completed basic construction.

The original cost of purchased tangible fixed assets shall consist of the actual purchase price less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operation of fixed assets; specialists and other direct costs.

The original cost of a tangible fixed asset formed from capital construction under the mode of tendering shall be the finalisation price of the construction project, other relevant fees plus (+) registration fee (if any).

5.2 Principles for recording intangible fixed assets:

Intangible fixed assets are stated at cost less accumulated amortization. The original cost of a intangible fixed asset comprises all costs of owning the asset to the date it is put into operation as expected.

Intangible fixed assets purchased

The original cost of purchased intangible fixed acquired separately comprises its purchase price (with the deduction of any trade discounts and rebates) plus (+) taxes (excluding refundable taxes) and any directly attributable expenditure on preparing the asset for its intended use.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

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5.3 Method of depreciating and amortizing fixed assets

Depreciation is charged to write off the cost of fixed assets on a straight line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

The estimated useful life for assets is as follows:

<i>Buildings and structures</i>	<i>5 - 25 years</i>
<i>Machinery and equipment</i>	<i>3 - 12 years</i>
<i>Transportation and facilities</i>	<i>5 - 8 years</i>
<i>Office equipment</i>	<i>4 - 10 years</i>
<i>Land use right</i>	<i>25 years</i>
<i>Copyright to use original cells</i>	<i>3 years</i>

6. Principles for recording construction in progress:

Construction in progress is stated at original cost. These costs include: purchase of fixed assets.

These costs are capitalised as an additional cost of asset when the works have been completed. After the works have been finalized, the asset will be handed over and put into use.

7. Principles for recording financial investments:

Principles for recording financial investments in associates: Companies are considered as the Company's associates when the Company has 20% - 50% of the long-term owners' equity in those companies and has considerable influence over their decisions on financial policies. Investments in associates are recorded at cost method.

The cost method: is the method in which the investment is recorded initially at cost and will not be adjusted whenever there is a change of the investor's ownership in net assets of the investees. The income statement reflects the investor's income which is provided from the investee's accumulated net profit after the investment date.

Principles for recording short-term, long-term securities investment and other short-term, long-term investments: Investments include debt securities, equity securities or paid-in capital in other economic institutions established in accordance with regulation, but the Company only holds less than 20% of the owners' equity (less than 20% of the voting right) and the recovery term is less than 1 year (short-term investment) or more than 1 year (long-term investment). These investments are recorded at cost method.

Provision for decline in value of financial investments :

Provision for decline in value of short-term, long-term security investments is made when the net realizable value (market value) of the security investments is lower than the original cost.

Provision for loss of long-term financial investments is made when the Company confirms that these investments' value does not decline temporarily and out of the plan since the investee suffers from loss.

The level of provision is the difference between the net realizable value (market value) or value of recoverable investments and the original cost stated in the accounting book.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

8. Principles for recording and capitalizing borrowing costs:

Principles for recording borrowing costs: Borrowing costs are loan interest and other costs incurred in direct relation to borrowings of an enterprise; Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction or production of uncompleted assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned when they satisfy conditions stipulated in the VAS No. 16 "Borrowing costs".

9. Principles for recording and capitalizing other expenses:

Short-term prepaid expenses: are storing charges of original cell bank. These expenses are allocated by the quantity of stored cell sample in the period.

Method of allocating prepaid expenses: The determining and allocating of prepaid expenses into costs of production and doing business of each period is on a straight-line basis. Based on the nature and level of each expense, the term of allocation is defined as follows: short-term prepaid expenses should be allocated within 12 months. Long-term prepaid expenses should be allocated from 24 months to 36 months.

10. Principles for recording provision liabilities:

The provision liabilities are amounts the Board of General Directors provided for science research projects. The providing value depends on the operating result of the Company of each year.

11. Principles for recording owner's Equity

Principles for recording owner's paid-in capital:

The capital sourced from shares, securities purchased by members or shareholders or added from the profit after tax or added from the profit after tax in accordance with the Decree of annual shareholders' meeting or the Company's charter will be recorded at the actual contributed capital by cash or assets computed at the par value in the early establishment period or additional mobilization to expand operation scale.

Principles for recording share premium and other capitals

Share premium is the difference between the cost over and above the nominal value of the first issued, additionally issued share or reissued treasury share. In case where shares are bought to cancel immediately at the purchase date, shares' value for business capital written down at purchase date is the actual repurchase price and the business resource should be written down in details according to the par value and share premium of the repurchased shares.

Principles for recognising undistributed profit:

Principle for recognising undistributed profit: the undistributed profit is recorded as the profit (loss) from the Company's result of operation after deducting the current year corporate income tax and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous year.

The distributing of profit is based on the charter of the Company approved by the annual shareholder meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

12. Principles for recording treasury shares

The owners' equity instruments acquired by the Company (treasury share) are recorded at original cost and deducted into the owners' equity. The Company does not record gain (loss) when purchasing, selling, issuing or cancelling its equity instruments.

13. Principles for recording revenues

Sales of goods

Revenue from the sale of good should be recognised when all the five (5) following conditions have been satisfied: 1) The enterprise has transferred to buyer the significant risks and rewards of ownership of the goods; 2) The enterprise retains neither continuing managerial involvement as an owner nor effective control over the goods sold; 3) The amount of revenue can be measured reliably; 4) The economic benefits associated with the transaction has flown or will flow to the enterprise; 5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Supply of services

Revenue from services rendered is recorded when the result of the supply of services is determined reliably. In case where the services are rendered in several periods, the revenue will recorded by the part of completed works at the balance sheet. Revenue from services rendered is determined when the following four conditions have been satisfied: 1. The revenue is determined firmly; 2. The economic benefits associated with the transaction has flown or will flow from the supply of the services; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract results can not be determined firmly, the revenue will be recorded at recoverable level of expenses recorded.

Principles for recording financial income

Financial incomes include interests, distributed dividends and profits and income from other financing activities (investment in associates, other investments; Foreign exchange gains)

Income arising from interests, distributed dividends and profits of the enterprises shall be recognized if they simultaneously satisfy the two (2) conditions below 1. It is possible to obtain economic benefits from the concerned transactions; 2. Income is determined with relative certainty.

- Interests recognized on the basis of the actual time and interest rates in each period;

- Distributed dividends and profits shall be recognized when shareholders are entitled to receive dividends or the capital-contributing parties are entitled to receive profits from the capital contribution.

14. Principles for recording financial expenses

Financial expenses include: Interest expenses, foreign exchange loss occurrence in the year. These expenses are recorded when they are actually incurred.

Financial expenses are recorded in details by their content and determined reliably when there are sufficient evidences on these expenses.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***15. Principles and methods of recording taxes**

Income tax on the profit or loss for the year comprises current and deferred tax when profit or loss of one accounting period is determined.

Current tax: is the tax payable (or recoverable) on the taxable income and tax rate enacted in current year in accordance with the law on corporate income tax.

The tax amounts payable to the State budget will be finalized with the tax office. Differences between the tax amounts payable specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

The tax rate in the year 2014: 22%.

16. Provisions for foreign exchange risks

Revaluation of the balance of monetary items denominated in foreign currencies at the fiscal year end:

Closing balance of monetary items (cash, cash equivalents, payables and receivables) denominated in foreign currencies should be revaluated at average inter-bank exchange rate stated by Vietcombank at the balance sheet date. The exchange rate as at December 31, 2014: 21,405 VND/USD; 26,128 VND/EUR.

In the year, the Board of Directors decides to record foreign exchange differences in compliance with the guidance in Circular No. 179//2012/TT-BTC dated October 24, 2012 ("Circular No. 179") and believes that the application of this circular together with the full disclosure of information on the differences in case of complying VAS 10 "Influences of changes in exchange rate ("VAS 10")" will supply the users of these financial statements with more sufficient information.

Guidance on foreign exchange differences upon revaluation of the monetary items denominated in foreign currency at the year end in accordance with VAS 10 in comparison with Circular 179:

Transactions	Accounting treatment under Circular 179	Accounting treatment under VAS 10
Revaluation of the balance of monetary assets denominated in foreign currencies (except for prepayments to suppliers in foreign currencies)	Revaluation of the balance in foreign currencies at the period end will be at the purchase exchange rate of the commercial bank where the enterprise open its account at the fiscal year end.	Revaluation of the balance in foreign currencies at the period end will be at the inter-bank exchange rate stated by the State Bank of Vietnam at the fiscal year end
Closing balance of prepayments to suppliers in foreign currencies	Revaluation of foreign exchange differences at the period end is not applied	Revaluation of foreign exchange differences at the period end is applied

There are no material influences due to differences of applying Circular 179 against VAS 10 on the preparing and presenting of the financial statements for the fiscal year ended December 31, 2014.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***17. Financial instruments:****Financial assets**

According to Circular 210/2009/TT-BTC November 6th, 2009 (Circular 210), financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition.

At the date of initial recognition, the financial assets are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial assets.

Financial assets of the Company comprise cash, term deposits, trade accounts receivables, available-for-sale assets and held-to-maturity investments.

Financial liabilities

According to Circular 210, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial liabilities which are stated at fair value through the Income Statement, financial liabilities determined on amortised cost basis. The Company decides to classify these liabilities at the date of initial recognition.

At the date of initial recognition, the financial liabilities are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial liabilities.

Financial liabilities of the Company comprise borrowing and trade payables.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the report on financial position if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

1. Cash and cash equivalents	Dec. 31, 2014	Jan. 01, 2014
Cash	21.046.799.758	28.768.550.549
Cash on hand	1.559.603.555	425.277.597
Cash in banks	19.487.196.203	28.343.272.952
<i>VND</i>	<i>17.740.144.445</i>	<i>19.229.810.919</i>
<i>Foreign currency</i>	<i>1.747.051.758</i>	<i>9.113.462.033</i>
Cash equivalents	250.000.000.000	50.159.229.431
Maturity deposits under 3 months	250.000.000.000	50.159.229.431
Total	271.046.799.758	78.927.779.980

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

	Dec. 31, 2014	Jan. 01, 2014
2. Trade receivables		
Local customers	83.070.448.738	144.943.010.552
Foreign customeres	11.347.642.207	12.357.773.933
Total	94.418.090.945	157.300.784.485
Prepayments to suppliers		
Local suppliers	6.757.581.786	1.903.353.300
Foreign suppliers	1.982.339.311	2.917.227.889
Total	8.739.921.097	4.820.581.189
3. Other short-term receivables		
Other receivables		
<i>Health, social insurance, trade union fee</i>	747.116.939	576.938.149
<i>Expenses of appraising land area at Ngo Thoi Nhiem</i>	-	270.682.283
<i>Other receivables</i>	37.278.880	142.731.377
Total	784.395.819	990.351.809
4. Inventories		
Raw materials	123.188.851.059	146.464.984.793
Tools & supplies	939.615.219	1.634.689.281
Work in progress	11.994.415.191	32.551.313.339
Finished goods	77.125.898.849	60.751.390.957
Merchandise inventory	160.160.682	275.076.974
Total	213.408.941.000	241.677.455.344
Provision for decline in value of inventories (-)	-	-
Total net value of inventories	213.408.941.000	241.677.455.344

* The carrying amount of inventories pledged as security for liabilities: Not applicable.

* Reversal of provision for decline in value of inventories: Not applicable.

* Circumstances or events that led to the addition or reversal of provision for decline in value of inventories: For testing process inventory, items related to drugs which company manage under the expiry date. If the inventory items have expired, the company will cancel the standard implementation of the Department of Health. Therefore, there is not inventory damaged, outdated, lost of quality. The company have no provision for decline in value of inventories.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

5. Deductible VAT	Dec. 31, 2014	Jan. 01, 2014	
Deductible VAT	8.801.167.624	5.705.036.490	
Total	8.801.167.624	5.705.036.490	
6. Taxes and other receivables from the State Budget	Dec. 31, 2014	Jan. 01, 2014	
Overpaid VAT on imports	16.678.110	195.028.937	
Overpaid personal income tax	901.407.697	728.811.371	
Total	918.085.807	923.840.308	
7. Other current assets	Dec. 31, 2014	Jan. 01, 2014	
Advances	117.106.613	23.940.783	
Non-business and project expenditure	304.079.710	288.926.598	
Total	421.186.323	312.867.381	
8. Tangible fixed assets (See Notes in page 33)			
9. Intangible fixed assets			
	Land use rights	Patents, copyrights	Total
Original cost			
Opening balance	31.531.831.684	2.628.299.139	34.160.130.823
<i>New purchases</i>	<i>250.270.682.283</i>	<i>-</i>	<i>250.270.682.283</i>
<i>Disposals</i>	<i>250.270.682.283</i>	<i>-</i>	<i>250.270.682.283</i>
Closing balance	31.531.831.684	2.628.299.139	34.160.130.823
Accumulated amortization			
Opening balance	2.805.589.911	2.331.122.572	5.136.712.483
<i>Charge for the year</i>	<i>528.361.668</i>	<i>133.201.567</i>	<i>661.563.235</i>
Closing balance	3.333.951.579	2.464.324.139	5.798.275.718
Net book value			
As at the beginning of the year	28.726.241.773	297.176.567	29.023.418.340
As at the end of the year	28.197.880.105	163.975.000	28.361.855.105
10. Construction in progress	Dec. 31, 2014	Jan. 01, 2014	
Accounting software	2.433.227.000	1.757.147.000	
Total	2.433.227.000	1.757.147.000	

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

11. Long-term financial investments:

	Dec. 31, 2014		Jan. 01, 2014	
	Quantity	Value	Quantity	Value
Investment in associates	2.080.000	19.510.000.000	1.596.000	19.510.000.000
An Sinh Hospital - percentage of shareholding: 22%	1.980.000	18.510.000.000	1.496.000	18.510.000.000
Mekopharma - percentage of shareholding: 22%	100.000	1.000.000.000	100.000	1.000.000.000
Other long-term investments	3.284.895	37.216.101.100	1.483.730	19.255.601.100
Tiger Fund - percentage of shareholding: 2% (**)	1.000.000	10.100.000.000	1.000.000	10.100.000.000
Investments in bond	2.284.895	27.116.101.100	483.730	9.155.601.100
<i>Vidipha Central Pharmaceutical Packaging Joint Stock Company</i>	<i>144.000</i>	<i>3.800.000.000</i>	<i>144.000</i>	<i>3.800.000.000</i>
<i>OPC Pharmaceutical</i>	<i>329.500</i>	<i>5.152.500.000</i>	<i>329.500</i>	<i>5.152.500.000</i>
<i>Joint Stock Company ARECO Real Estate Limited Company</i>	<i>15.345</i>	<i>203.101.100</i>	<i>10.230</i>	<i>203.101.100</i>
<i>Limited Company</i>	<i>1.796.050</i>	<i>17.960.500.000</i>	-	-
Provision for decline in value of long-term financial investments (*)	-	(5.428.000.000)	-	(5.428.000.000)
Total	5.364.895	51.298.101.100	3.079.730	33.337.601.100

(*) Notes of other long- term financial invesments of ARECO Real Estate Limited Company

In the year, the Company paid in capital in Areco Real Estates One-Member Co.,Ltd by the right to use the land lot in accordance with Land use right certificate No.AO83065 dated September 08, 2009 issued by the People's Committee of HCMC under Decision No.48/HDQT dated March 24, 2014. The original cost of the land use right is appraised as 250,270,682,283, increasing 108,939,317,717. The chartered capital of Areco Real Estates One-Member Co.,Ltd is 359,210,000,000, equivalent to 100% of Mekophar's paid-in capital

The Company transferred of 95% of the paid - in captital of VND 341,249,500,000 to Binh Duong Trading and Tourist Joint Stock company as of May 30,2014. Such the transfer does not bring in gain (loss) not profit (loss). The residual value of the investment of 5% is VND 17,960,500,000.

(**): Provision for decline in value of Tiger Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

	Dec. 31, 2014	Jan. 01, 2014	
12. Long-term prepaid expenses and assets	Dec. 31, 2014	Jan. 01, 2014	
Long-term prepaid expenses	1.661.018.545	2.780.267.282	
Construction of store in District 11	102.000.000	174.000.000	
Major repairs of fixed asset expenses	1.559.018.545	2.606.267.282	
Total	1.661.018.545	2.780.267.282	
13. Trade payables	Dec. 31, 2014	Jan. 01, 2014	
Local suppliers	18.731.911.114	35.830.842.800	
Foreign suppliers	3.293.159.250	4.888.979.000	
Total	22.025.070.364	40.719.821.800	
Prepayments from customers	Dec. 31, 2014	Jan. 01, 2014	
Local customers	31.125.982.683	5.117.050.465	
Foreign customers	1.755.424	8.906.732.983	
Total	31.127.738.107	14.023.783.448	
14. Taxes and payables to the State Budget	Dec. 31, 2014	Jan. 01, 2014	
VAT on import	16.678.110	195.028.937	
Corporate income tax	6.709.245.157	18.310.072.789	
Personal income tax	-	258.364.053	
Total	6.725.923.267	18.763.465.779	
15. Other payables	Dec. 31, 2014	Jan. 01, 2014	
Social, health insurance and trade union fee	101.161.412	245.758.980	
Costs of Mekostem subject	177.595.069	177.595.069	
Dividends paid to shareholders	25.691.534.000	18.518.914.800	
Board of Management	1.930.000.000	1.160.000.000	
Other payables	7.112.837.734	7.077.170.037	
Total	35.013.128.215	27.179.438.886	
16. Provision for long-term payables	Dec. 31, 2014	Jan. 01, 2014	
Provision for research project	30.000.000.000	30.000.000.000	
Total	30.000.000.000	30.000.000.000	
17. Owners' equity			
a. Comparison schedule for changes in Owner's Equity: See Notes in page 34			
b. Details of owners' shareholding			
	% of shareholding	Dec. 31, 2014	Jan. 01, 2014
Shareholding owned by the State	27%	35.283.600.000	29.403.000.000
Shareholding owned by other owners	73%	95.950.530.000	76.256.320.000
Share premium		114.206.704.458	113.206.704.458
Treasury share		(14.487.151.158)	(14.487.151.158)
Total	100%	230.953.683.300	204.378.873.300

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

c. Capital transactions with owners and distribution of dividends, profits	Year 2014	Year 2013
Owners' equity		
<i>At the beginning of the year</i>	105.659.320.000	101.159.320.000
<i>Capital increase during the year</i>	25.574.810.000	4.500.000.000
<i>Capital decrease during the year</i>	-	-
<i>At the end of the year</i>	131.234.130.000	105.659.320.000
Dividends paid	38.537.301.000	30.864.858.000

According to the fourteenth amended Business registration certificate dated August 14, 2014, the Company's chartered capital is VND 131,234,130,000. The Company increases its capital by issuing 500.000 preferred shares whose face value is VND 10,000 and selling price is VND 12,000. The amount from selling shares is VND 6,000,000,000 and the capital increases from Investment and Development Fund is VND 20,574,810,000.

d. Dividends	Year 2014	Year 2013
Dividends declared after the balance sheet date		
<i>Dividends on ordinary shares</i>	30%	30%
e. Shares	Dec. 31, 2014	Jan. 01, 2014
Number of shares authorised to be issued	13.123.413	10.565.932
Number of shares sold out to the public	13.123.413	10.565.932
<i>Ordinary share</i>	13.123.413	10.565.932
Number of shares repurchased	277.646	277.646
<i>Ordinary share</i>	277.646	277.646
Number of existing shares in issue	12.845.767	10.288.286
<i>Ordinary share</i>	12.845.767	10.288.286
<i>Par value: VND/share.</i>	10.000	10.000
f. Funds	Dec. 31, 2014	Jan. 01, 2014
Investment and development fund	338.356.037.049	255.887.136.151
Financial reserve fund	13.123.413.000	10.565.932.000
Total	351.479.450.049	266.453.068.151

* Purpose of appropriating and using funds

Investment and development fund is established from the profit after tax of the enterprise and used for expanding the operating scale or investing further in the enterprise .

Financial reserve fund is established from profit after income tax and used for treating when an enterprise encounters risks in business or loss in a long time.

18. Budget sources	Year 2014	Year 2013
Opening balance	432.000.000	300.000.000
Addition	-	132.000.000
Disbursement	-	-
Closing balance	432.000.000	432.000.000

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT**

1. Sales	Year 2014	Year 2013
Revenue from exchange of finished goods	722.035.545.486	790.098.628.996
Revenue from services of original cells bank	20.265.007.903	20.757.985.895
Revenue from exchange of goods	390.057.621.110	414.208.187.512
Revenue from sale of materials	10.402.311.016	15.137.834.186
Revenue from office lease	3.458.181.819	2.803.636.364
Total	1.146.218.667.334	1.243.006.272.953
2. Sales deductions	Year 2014	Year 2013
Sales discount	7.349.714	7.761.237
Sales returns	667.340.582	1.280.863.787
Total	674.690.296	1.288.625.024
3. Net sales	Year 2014	Year 2013
Revenue from exchange of finished goods	721.364.082.047	789.082.186.777
Revenue from services of original cells bank	20.265.007.903	20.757.985.895
Revenue from exchange of goods	390.054.394.253	413.936.004.707
Revenue from sale of materials	10.402.311.016	15.137.834.186
Revenue from premise lease	3.458.181.819	2.803.636.364
Total	1.145.543.977.038	1.241.717.647.929
4. Cost of sales	Year 2014	Year 2013
Cost of finished goods sold	496.811.840.005	556.534.919.849
Cost of service of original cells bank	6.675.406.113	5.939.109.534
Cost of goods sold	387.762.973.586	410.942.863.219
Cost of materials, services rendered	8.746.539.735	13.724.072.074
Total	899.996.759.439	987.140.964.676
5. Financial income	Year 2014	Year 2013
Interest income from deposits, loans	4.201.608.643	997.674.165
Dividends, profit	5.967.734.000	7.276.075.304
Realised foreign exchange gains	844.497.830	547.994.063
Unrealised foreign exchange gains	-	33.837.787
Total	11.013.840.473	8.855.581.319
6. Financial expenses	Year 2014	Year 2013
Interest expense	-	-
Realised foreign exchange losses	12.118.344.634	1.764.987.435
Unrealised foreign exchange losses	27.730.862	32.187.370
Total	12.146.075.496	1.797.174.805

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

	Year 2014	Year 2013
7. Selling expenses		
Salary	22.040.177.939	22.167.713.121
Commission	26.444.120.219	26.574.903.921
Depreciation	803.361.336	695.511.590
Services bought from outsiders	13.117.340.964	11.968.377.479
Transport	4.239.542.351	2.742.010.916
Other sundry expenses by cash	625.448.719	638.885.736
Total	67.269.991.528	64.787.402.763
8 General and administration expenses		
Salaries	28.698.613.192	27.250.996.898
Office supplies	6.291.392.875	8.653.490.146
Depreciation	5.576.137.873	7.348.508.644
Taxes, fees and duties	8.332.069.959	9.439.643.587
Services bought from outsiders	3.767.858.340	2.143.123.295
Other sundry expenses by cash	17.090.616.914	30.280.291.826
Total	69.756.689.153	85.116.054.396
9. Other income		
Disposal of fixed assets	45.454.546	36.363.636
Other income (Treatment to surplus amount upon the counting)	1.155.875.544	1.876.794.309
Difference revaluation of Land use rights (*)	108.939.317.717	-
Total	110.140.647.807	1.913.157.945
<i>(*) To V.11 of notes of financial statement, term of land use rights was revalued increase to VND 108,939,317,717</i>		
10. Other expenses		
Disposal of fixed assets	-	26.250.000
Other expenses (Treatment to deficient amount upon the counting)	167.545.938	336.151.520
Appraisal, legal consultant for contribution	413.745.455	-
Total	581.291.393	362.401.520
11. Current corporate income tax		
1. Total accounting profit before tax	216.947.658.309	113.282.389.033
2. Adjustments to increase (decrease) accounting profit to determine taxable income	32.433.147.650	43.314.827.037
- <i>Adjustment to increase</i>	<i>38.450.364.682</i>	<i>50.624.740.128</i>
- <i>Adjustment to decrease</i>	<i>6.017.217.032</i>	<i>7.309.913.091</i>
+ <i>Dividends income</i>	<i>5.967.734.000</i>	<i>7.276.075.304</i>
+ <i>Difference in exchange rates and currency debts income</i>	<i>49.483.032</i>	<i>33.837.787</i>

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

3. Total taxable income (1+2)	249.380.805.959	156.597.216.070
4. Current corporate income tax	54.863.777.311	39.149.304.018
+ Corporate income tax payable (tax rate of 22%)	54.863.777.311	39.149.304.018
5. Adjustments of corporate income tax of prior years to that of current year	-	396.303.898
6. Total current corporate income tax	54.863.777.311	39.149.304.018
12. Costs of production and doing business by factors	Year 2014	Year 2013
Raw materials	509.402.051.304	557.874.135.904
Labour cost	93.339.172.514	92.477.563.021
Depreciation and amortization	16.379.364.640	18.637.223.837
Services bought	36.192.974.933	31.989.174.191
Other sundry cash expense	53.999.878.107	84.176.999.550
Total	709.313.441.498	785.155.096.503
13. Earnings per share	Year 2014	Year 2013
Accounting profit after corporate income tax	162.083.880.998	73.736.781.117
Profit or loss attributable to ordinary equity holders	162.083.880.998	73.736.781.117
Average ordinary shares outstanding during the year	11.353.903	10.175.786
Earnings per share	14.276	7.246

14. Objectives and financial risks management policies

Major risks of financial instruments include market risk, credit risk and liquidity risk.

The Board of General Directors considers the application of management policies for the above risks as follows:

14.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in market prices. There are three market risks: interest rate risk, foreign exchange risk and other price risks, for example risk of stock price. Financial instruments affected by the market risks include: borrowings and liabilities, deposits, investments.

The following sensibility analysis relates to the financial position of the Company as at December 31, 2014.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

When calculating the sensibility analysis, the Board of General Directors assumes that the sensibility of available-for-sale liability in the balance sheet and related items in the income statement is affected by changes in the assumption of corresponding market risks. This analysis is based on the financial assets and liabilities that the Company held as at December 31, 2014.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***14.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market prices. Market risks due to change in interest rate of the Company mainly relate to: cash, deposit, borrowings and liabilities.

The Company manages the interest rate risk by analyzing the competition status in the market in order to apply the interest rate that brings benefits to the Company and still in the limit of its risk management.

Sensibility to interest rate

The sensibility of cash, deposit, borrowings and liabilities of the Company to changes that may occur at reasonable level in the interest rate is illustrated as follows:

Assuming that other variables remain constant, the fluctuation in the interest rate of cash, deposit, borrowings and liabilities with floating interest rate makes impact on the Company's profit before tax as follows:

	<i>Increase/Decrease of basic points</i>	<i>Influences on profit before tax</i>
For the fiscal year ended December 31, 2014		
VND	-100	(2.710.467.998)
VND	100	2.710.467.998
For the fiscal year ended December 31, 2013		
VND	-200	(1.578.555.600)
VND	+200	1.578.555.600

Increase/decrease of basic points being used to analyze the sensibility to the interest rate is assumed on the basis of observable conditions of current market. These conditions show that the fluctuation is insignificantly greater than prior periods.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in exchange rate. The Company bears risks due to changes in the exchange rate of the currencies other than VND related directly to the Company's business.

The Company manages foreign exchange risk by considering current and expected market status when it outlines plans for future transactions in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND**Sensibility to foreign currencies*

The sensibility of borrowings and liabilities, cash and short-term deposits of the Company to changes that may occur at reasonable level in the foreign currencies is illustrated as follows;

Assuming that other variables remain constant, the following table shows the sensibility of the Company's profit before tax (due to the changes in the fair value of assets and liabilities) to changes that may occur at reasonable level of the exchange rate of USD. Risks due to changes in the exchange rates of other foreign currencies of the Company are insignificant.

	<i>Changes in Influences on profit</i>	
	<i>exchange rate</i>	<i>before tax</i>
	<i>USD</i>	<i>VND</i>
Current year	+ 1%	100.350.668
	- 1%	(100.350.668)
Prior year	+ 1%	(85.559.399)
	- 1%	85.559.399

14.3 Stock price risk

Listed and unlisted stocks held by the Company are affected by market risks resulted from the uncertainty of future value of investment stock. The Company manages risks of stock price by setting up investment limit. The Company's Board of Management considers and approves decisions on stock investment.

At the reporting date, the fair value of investments in listed stock of the Company is VND 37,216,101,100. If the price of these stocks decreases 10%, the profit before tax will decrease approximately VND 3,721,610,110.

14.4 Credit risk

Credit risk is the risk due to the uncertainty in a counterparty's ability to meet its obligations causing the financial loss. The Company bears credit risks from production and doing business activities (mainly trade receivables) and from its financial activities including deposits, foreign exchange transactions and other financial instruments.

Trade receivables

The Company minimizes the credit risk by only doing business with entities who have good financial capacity and regularly keeping track of the liabilities to speed up the recovery of debts. On the basis of this method and receivables related to different customers, the credit risk does not concentrate on a certain customer.

Deposit

The Company mainly maintains deposits in big and prestigious banks in Vietnam. The Company realized that the concentration level of credit exposure to deposits is low.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***14.5 Liquidity risk**

Liquidity risk is the risk that arises from the difficulty in fulfilling financial obligations due to lack of capital. The liquidity risk of the Company mainly arises from difference of maturity of the financial assets and liabilities.

The Company supervises liquidity risk by maintaining an amount of cash, cash equivalents and borrowings from banks at the level that the Board of General Directors considers as sufficient to satisfy the Company's activities and minimize influences of changes in cash flows.

The following table summarizes liquidity deadline of the Company's financial liabilities on the basis of estimated payments in accordance with contract which are not discounted:

VND

Dec. 31, 2014	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Trade payables	22.025.070.364	-	-	22.025.070.364
Total	22.025.070.364	-	-	22.025.070.364
Dec. 31, 2013				
Trade payables	40.719.821.800	-	-	40.719.821.800
Total	40.719.821.800	-	-	40.719.821.800

The Company believes that the concentration level of liquidity risks is low. The Company is able to access capital sources and may not settle due borrowings within 12 months to its current creditors.

Secured assets

The Company does not hold any secured assets of the third party as at December 31, 2014 and January 01, 2014.

15. Financial assets and liabilities :See Notes in page 35

The fair value of financial assets and financial liabilities is stated at the value that the financial instruments are convertible in the present transaction among partners, except for compulsory sale or disposal.

The Company uses the following methods and assumptions to estimate the fair value:

The fair value of cash on hand and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the book value of these items because these instruments are in short-term.

The fair value of securities and listed financial liabilities is determined at market value.

As to unlisted securities investments but under regular transactions, the fair value is the average price provided by three independent securities company at the fiscal year end.

The fair value of securities and financial investments whose fair value can not be firmly determined since there exists no high-liquid market for securities, financial investments will be stated at book value.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

Except for these above items, the fair value of financial assets and financial liabilities was not assessed and officially determined as at December 31, 2014 and January 01, 2014. The Board of Directors, however, assesses that the fair value of the financial assets and liabilities are not different from the book value at the fiscal year end.

VII. OTHER INFORMATION**1. Related party transactions**

Related parties	Relationship	Transactions	Movement	Closing balance
An Sinh Hospital Company Limited	Associate	Sale	Opening balance	270.090.428
			Purchase	4.449.355.977
			Proceeds	4.436.375.856
			Closing balance	283.070.549
Mekong Pharmaceutical Joint Stock Company	Associate	Sale	Opening balance	235.203.665
			Purchase	11.462.430.930
			Proceeds	11.066.272.022
			Closing balance	631.362.573
Mekong Pharmaceutical Joint Stock Company		Purchase	Opening balance	147.665.377
			Purchase	8.966.938.526
			Payment	8.890.754.448
			Closing balance	71.481.299
Board of Management and Board of General Director		Salary + Bonus	Payment in the year	5.629.665.409

2. Segment report**Segment report by business sector:**

Items	Net revenue	Cost of goods sold	Gross profit
	(1)	(2)	(3)=(1)-(2)
Finished goods	721.364.082.047	496.811.840.005	224.552.242.042
Original cells bank	20.265.007.903	6.675.406.113	13.589.601.790
Merchandise	390.054.394.253	387.762.973.586	2.291.420.667
Materials	10.402.311.016	8.746.539.735	1.655.771.281
Premise lease	3.458.181.819	-	3.458.181.819
Total	1.145.543.977.038	899.996.759.439	245.547.217.599

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***Segment report by geographical region 2014**

The Company's branches operate in the same place, so there are no differences of operations in geographical region and thus there is no segment report either.

3. Other information

In the period, the Company applied to terminate listing in the Stock Exchange because of its restructure of foreign shareholding in order to be in conformity with the additional activities "wholesaling, retailing pharmaceutical products". The termination of listing is effective from July 12, 2012.

4. Information on going-concern operation: The Company will continue its operation in the future.

5. Events after the balance sheet date

No significant events occurred from the end of the financial year would require adjustments or disclosures in the financial statements.

Prepared By  **CN. Le Thi Thu Huong**

Chief Accountant  **CN. Le Thi Thuy Hang**

General Director  **DS. Huynh Thi Lan**

January 28, 2015



NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***V.8 Tangible fixed assets**

Items	Buildings & structures	Machinery & equipment	Transportation & facilities	Others	Total
Original cost					
Opening balance	54.158.385.658	111.690.542.826	15.423.043.098	46.398.934.032	227.670.905.614
<i>New purchases</i>	-	2.715.136.566	-	897.983.794	3.613.120.360
<i>Disposals</i>	-	383.138.812	103.014.195	397.423.250	883.576.257
Closing balance	54.158.385.658	114.022.540.580	15.320.028.903	46.899.494.576	230.400.449.717
Accumulated depreciation					
Opening balance	24.406.619.243	74.488.842.827	8.034.073.488	26.646.995.427	133.576.530.985
<i>Charge for the year</i>	2.916.713.285	7.115.748.081	1.434.659.400	4.250.680.639	15.717.801.405
<i>Disposals</i>	-	383.138.812	103.014.195	397.423.250	883.576.257
Closing balance	27.323.332.528	81.221.452.096	9.365.718.693	30.500.252.816	148.410.756.133
Net book value					
As at beginning of the year	29.751.766.415	37.201.699.999	7.388.969.610	19.751.938.605	94.094.374.629
As at the end of the year	26.835.053.130	32.801.088.484	5.954.310.210	16.399.241.760	81.989.693.584

* Ending net book value of tangible fixed assets pledged/mortgaged as loan security: 0 VND.

* Ending original costs of tangible fixed assets—fully depreciated but still in use: VND 80,706,025,391.

* Ending original costs of tangible fixed assets—waiting to be disposed: 0 VND.

* Commitments on tangible fixed assets acquisitions, sales of large value : Not incurred.

* Other changes in tangible fixed assets : Not incurred.

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***V.17.a Owners' Equity****a. Comparison schedule for changes in Owner's Equity :**

Items	Paid-in capital	Share premium	Treasury share	Foreign exchange differences	Development and Investment Fund	Finance reserve fund	Undistributed earnings	Total
Prior year opening balance	101.159.320.000	108.706.704.458	(14.487.151.158)	-	226.272.778.012	10.115.932.000	-	431.767.583.312
- Profit of this year	-	-	-	-	-	-	73.736.781.117	73.736.781.117
- Increase owner's equity	4.500.000.000	4.500.000.000	-	-	-	-	-	9.000.000.000
- Bonus for Board of Management of 2013	-	-	-	-	-	-	(1.202.000.000)	(1.202.000.000)
- Appropriation to funds from profit of 2013	-	-	-	-	29.614.358.139	450.000.000	(30.064.358.139)	-
- Dividends paid to shareholders	-	-	-	-	-	-	(30.864.858.000)	(30.864.858.000)
- Appropriation to bonus & welfare fund from profit of 2013	-	-	-	-	-	-	(11.605.564.978)	(11.605.564.978)
Prior year closing balance	105.659.320.000	113.206.704.458	(14.487.151.158)	-	255.887.136.151	10.565.932.000	-	470.831.941.451
Current year opening balance	105.659.320.000	113.206.704.458	(14.487.151.158)	-	255.887.136.151	10.565.932.000	-	470.831.941.451
- Profit of this year	-	-	-	-	-	-	162.083.880.998	162.083.880.998
- Increase owner's equity by Development and Investment Fund	20.574.810.000	-	-	-	(20.574.810.000)	-	-	-
- Increase owner's equity	5.000.000.000	1.000.000.000	-	-	-	-	-	6.000.000.000
- Bonus for Board of Management of 2014	-	-	-	-	-	-	(1.930.000.000)	(1.930.000.000)
- Appropriation to funds from profit of 2014	-	-	-	-	103.043.710.898	2.557.481.000	(105.601.191.898)	-
- Dividends paid to shareholders	-	-	-	-	-	-	(25.691.534.000)	(25.691.534.000)
- Paid dividends to shareholders	-	-	-	-	-	-	(12.845.767.000)	(12.845.767.000)
- Appropriation to bonus & welfare fund from profit of 2014	-	-	-	-	-	-	(16.015.388.100)	(16.015.388.100)
Current year closing balance	131.234.130.000	114.206.704.458	(14.487.151.158)	-	338.356.037.049	13.123.413.000	-	582.433.133.349

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2014

Unit: VND

-
- Profit of this year

- Tăng vốn
- Reversal of foreign exchange of last year

- Bonus for Board of Management of 2012

- Appropriation to funds from profit of 2012
- Dividends paid to shareholders

- Appropriation to bonus & welfare fund from profit of 2012
-

NOTES TO THE FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2014**Unit: VND***VI.15. Financial assets and financial liabilities:**

The following table specifies book value and fair value of the financial instruments presented in the financial statements.

	Book value				Fair value	
	Dec. 31, 2014		Jan. 01, 2014		Dec. 31, 2014	Jan. 01, 2014
	Value	Provision	Value	Provision	Value	Provision
Financial assets						
- Available-for-sale financial assets	9.155.601.100	-	9.155.601.100	-	9.155.601.100	9.155.601.100
- Held-to-maturity investments	17.960.500.000	(5.428.000.000)	10.100.000.000	(5.428.000.000)	12.994.348.900	4.672.000.000
- Trade receivables	94.418.090.945	-	157.300.784.485	-	94.418.090.945	157.300.784.485
- Cash and cash equivalents	271.046.799.758	-	78.927.779.980	-	271.046.799.758	78.927.779.980
TOTAL	392.580.991.803	(5.428.000.000)	255.484.165.565	(5.428.000.000)	387.614.840.703	250.056.165.565
Financial liabilities						
- Trade payables	22.025.070.364	-	40.719.821.800	-	22.025.070.364	40.719.821.800
TOTAL	22.025.070.364	-	40.719.821.800	-	22.025.070.364	40.719.821.800