

**IMEXPHARM PHARMACEUTICAL JOINT STOCK  
COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2015**

TABLE OF CONTENTS

| <u>CONTENTS</u>                             | <u>PAGE(S)</u> |
|---|----------------|
| STATEMENT OF THE BOARD OF GENERAL DIRECTORS | 1              |
| INDEPENDENT AUDITORS' REPORT                | 2              |
| BALANCE SHEET                               | 3 - 4          |
| INCOME STATEMENT                            | 5              |
| CASH FLOW STATEMENT                         | 6              |
| NOTES TO THE FINANCIAL STATEMENTS           | 7 - 30         |



**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

No. 4 Street 30/4, Cao Lanh City  
Dong Thap Province, S.R. Vietnam

**STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of Imexpharm Pharmaceutical Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2015.

**THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS**

The members of the Boards of Management and General Directors of the Company who held office during the year and to the date of this report are as follows:

**Board of Management**

|                         |                                     |
|-------------------------|-------------------------------------|
| Mr. Nguyen Quoc Dinh    | Chairman                            |
| Ms. Tran Thi Dao        | Vice Chairman                       |
| Mr. Vo Huu Tuan         | Member                              |
| Mr. Huynh Van Nhung     | Member                              |
| Mr. Nguyen Quy Son      | Member                              |
| Mr. Tran Anh Tuan       | Member                              |
| Mr. Ngo Minh Tuan       | Member (appointed on 24 April 2015) |
| Mr. Truong Viet Vu      | Member (appointed on 30 April 2015) |
| Mr. Phan Hoang Minh Tri | Member (resigned on 30 March 2015)  |
| Ms. Nguyen Kiem Phuong  | Member (resigned on 30 March 2015)  |

**Board of General Directors**

|                      |  |
|----------------------|--|
| Ms. Tran Thi Dao     | General Director                                     |
| Mr. Nguyen Quoc Dinh | Deputy General Director                              |
| Mr. Huynh Van Nhung  | Deputy General Director                              |
| Mr. Ngo Minh Tuan    | Deputy General Director (appointed on 30 March 2015) |
| Mr. Tran Hoai Hanh   | Chief Accountant                                     |

**BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of General Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of General Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

The Board of General Directors is 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 comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Company has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of General Directors,



Nguyen Quoc Dinh  
Deputy General Director  
28 March 2016

No. 453 /VNIA-HC-BC

A JOURNEY TO EXCELLENCE

## INDEPENDENT AUDITORS' REPORT

To: **The Shareholders  
The Boards of Management and General Directors  
Imexpharm Pharmaceutical Joint Stock Company**

We have audited the accompanying financial statements of Imexpharm Pharmaceutical Joint Stock Company (the "Company"), prepared on 28 March 2016 as set out from page 03 to page 30, which comprise the balance sheet as at 31 December 2015, and the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Board of Directors' Responsibility for the Financial Statements*

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 auditors consider 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 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.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



**Võ Thái Hoa**  
Audit Partner  
Audit Practising Registration Certificate  
No. 0138-2013-001-1

*For and on behalf of*  
**Deloitte Vietnam Company Limited**  
28 March 2016  
Ho Chi Minh City, S.R. Vietnam



**Bui Quoc Anh**  
Auditor  
Audit Practising Registration Certificate  
No. 2133-2013-001-1

**BALANCE SHEET**  
 As at 31 December 2015

FORM B 01-DN  
 Unit: VND

| ASSETS   | Codes      | Notes     | 31/12/2015               | 31/12/2014               |
|--|------------|-----------|--------------------------|--------------------------|
| <b>A. CURRENT ASSETS</b>                                       | <b>100</b> |           | <b>744,701,467,114</b>   | <b>719,282,481,026</b>   |
| <b>I. Cash and cash equivalents</b>                            | <b>110</b> | <b>5</b>  | <b>87,841,659,460</b>    | <b>178,550,050,326</b>   |
| 1. Cash  | 111        |           | 42,841,659,460           | 50,050,050,326           |
| 2. Cash equivalents  | 112        |           | 45,000,000,000           | 128,500,000,000          |
| <b>II. Short-term financial investments</b>                    | <b>120</b> |           | <b>103,568,325,260</b>   | <b>3,283,181,020</b>     |
| 1. Trading securities  | 121        | 6         | 6,619,485,680            | 6,600,735,680            |
| 2. Provision for impairment of trading securities              | 122        | 6         | (3,051,160,420)          | (3,317,554,660)          |
| 3. Held-to-maturity investments                                | 123        | 7         | 100,000,000,000          | -                        |
| <b>III. Short-term receivables</b>                             | <b>130</b> |           | <b>302,541,396,650</b>   | <b>238,140,772,325</b>   |
| 1. Short-term trade receivables                                | 131        | 8         | 228,893,207,143          | 207,324,365,361          |
| 2. Short-term advances to suppliers                            | 132        | 9         | 54,729,704,653           | 20,426,902,833           |
| 3. Other short-term receivables                                | 136        | 10        | 33,626,931,181           | 18,581,499,844           |
| 4. Provision for short-term doubtful debts                     | 137        | 11        | (14,708,446,327)         | (8,191,995,713)          |
| <b>IV. Inventories</b>   | <b>140</b> | <b>12</b> | <b>245,718,867,225</b>   | <b>294,566,944,991</b>   |
| 1. Inventories   | 141        |           | 246,410,602,948          | 295,598,899,143          |
| 2. Provision for devaluation of inventories                    | 149        |           | (691,735,723)            | (1,031,954,152)          |
| <b>V. Other short-term assets</b>                              | <b>150</b> |           | <b>5,031,218,519</b>     | <b>4,741,532,364</b>     |
| 1. Short-term prepayments                                      | 151        | 13        | 519,468,122              | 1,887,284,251            |
| 2. Value added tax deductibles                                 | 152        |           | 3,707,500,798            | 2,761,662,333            |
| 3. Taxes and other receivables from the State budget           | 153        | 16        | 804,249,599              | 92,585,780               |
| <b>B. NON-CURRENT ASSETS</b>                                   | <b>200</b> |           | <b>348,013,281,318</b>   | <b>310,256,152,226</b>   |
| <b>I. Long-term receivables</b>                                | <b>210</b> |           | <b>76,244,740</b>        | <b>220,298,740</b>       |
| 1. Other long-term receivables                                 | 216        |           | 76,244,740               | 220,298,740              |
| <b>II. Fixed assets</b>  | <b>220</b> |           | <b>263,381,208,167</b>   | <b>241,613,868,907</b>   |
| 1. Tangible fixed assets                                       | 221        | 14        | 192,041,437,356          | 172,621,789,202          |
| - Cost   | 222        |           | 443,128,772,252          | 387,020,599,372          |
| - Accumulated depreciation                                     | 223        |           | (251,087,334,896)        | (214,398,810,170)        |
| 2. Intangible assets   | 227        | 15        | 71,339,770,811           | 68,992,079,705           |
| - Cost   | 228        |           | 87,127,046,094           | 80,209,606,136           |
| - Accumulated amortisation                                     | 229        |           | (15,787,275,283)         | (11,217,526,431)         |
| <b>III. Long-term assets in progress</b>                       | <b>240</b> |           | <b>15,229,088,635</b>    | <b>4,422,540,908</b>     |
| 1. Construction in progress                                    | 242        | 17        | 15,229,088,635           | 4,422,540,908            |
| <b>IV. Long-term financial investments</b>                     | <b>250</b> |           | <b>48,601,654,700</b>    | <b>46,228,154,700</b>    |
| 1. Investments in associates                                   | 252        | 18        | 39,956,986,700           | 37,610,486,700           |
| 2. Equity investments in other entities                        | 253        | 19        | 8,826,668,000            | 8,799,668,000            |
| 3. Provision for impairment of long-term financial investments | 254        | 18        | (182,000,000)            | (182,000,000)            |
| <b>V. Other long-term assets</b>                               | <b>260</b> |           | <b>20,725,085,076</b>    | <b>17,771,288,971</b>    |
| 1. Long-term prepayments                                       | 261        | 13        | 20,725,085,076           | 17,771,288,971           |
| <b>TOTAL ASSETS (270=100+200)</b>                              | <b>270</b> |           | <b>1,092,714,748,432</b> | <b>1,029,538,633,252</b> |

The notes set out on pages 7 to 30 are an integral part of these financial statements



**BALANCE SHEET (Continued)**

As at 31 December 2015


FORM B 01-DN

Unit: VND

| RESOURCES   | Codes      | Notes     | 31/12/2015               | 31/12/2014               |
|---|------------|-----------|--------------------------|--------------------------|
| <b>C. LIABILITIES</b>                                 | <b>300</b> |           | <b>185,883,740,216</b>   | <b>232,902,181,007</b>   |
| <b>I. Current liabilities</b>                         | <b>310</b> |           | <b>156,439,039,640</b>   | <b>200,327,394,051</b>   |
| 1. Short-term trade payables                          | 311        | 20        | 56,005,703,228           | 112,795,081,350          |
| 2. Short-term advances from customers                 | 312        |           | 1,982,940,561            | 760,122,040              |
| 3. Taxes and amounts payable to the State budget      | 313        | 16        | 13,002,004,785           | 8,823,501,596            |
| 4. Payables to employees                              | 314        |           | 21,957,790,453           | 29,206,785,697           |
| 5. Short-term accrued expenses                        | 315        | 21        | 41,823,288,570           | 46,055,241,368           |
| 6. Short-term unearned revenue                        | 318        | 22        | 12,053,818,688           | -                        |
| 7. Other current payables                             | 319        | 23        | 1,747,203,710            | 923,144,647              |
| 8. Bonus and welfare funds                            | 322        |           | 7,866,289,645            | 1,763,517,353            |
| <b>II. Long-term liabilities</b>                      | <b>330</b> |           | <b>29,444,700,576</b>    | <b>32,574,786,956</b>    |
| 1. Other long-term payables                           | 337        |           | 127,000,000              | 5,077,000,000            |
| 2. Scientific and technological development fund      | 343        | 24        | 29,317,700,576           | 27,497,786,956           |
| <b>D. EQUITY</b>                                      | <b>400</b> |           | <b>906,831,008,216</b>   | <b>796,636,452,245</b>   |
| <b>I. Owner's equity</b>                              | <b>410</b> | <b>25</b> | <b>906,831,008,216</b>   | <b>796,636,452,245</b>   |
| 1. Owner's contributed capital                        | 411        |           | 289,426,460,000          | 263,114,860,000          |
| - Ordinary shares carrying voting rights              | 411a       |           | 289,426,460,000          | 263,114,860,000          |
| 2. Share premium                                      | 412        |           | 297,733,719,049          | 238,957,833,609          |
| 3. Other owner's capital                              | 414        |           | 2,420,789,142            | 2,420,789,142            |
| 4. Investment and development fund                    | 418        |           | 232,200,344,467          | 211,913,764,388          |
| 5. Retained earnings                                  | 421        |           | 85,049,695,558           | 80,229,205,106           |
| - Retained earnings accumulated to the prior year end | 421a       |           | 140,179,117              | 80,229,205,106           |
| - Retained earnings of the current year               | 421b       |           | 84,909,516,441           | -                        |
| <b>TOTAL RESOURCES (440=300+400)</b>                  | <b>440</b> |           | <b>1,092,714,748,432</b> | <b>1,029,538,633,252</b> |

  
Duong Hoang Vu  
Preparer

  
Tran Hoai Hanh  
Chief Accountant

  
Nguyen Quoc Dinh  
Deputy General Director  
28 March 2016



**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015


**INCOME STATEMENT**

For the year ended 31 December 2015


**FORM B 02-DN**

Unit: VND

| ITEMS  | Codes | Notes | 2015              | 2014            |
|--|-------|-------|-------------------|-----------------|
| 1. Gross revenue from goods sold and services rendered           | 01    | 28    | 1,012,732,462,485 | 907,338,298,242 |
| 2. Deductions  | 02    | 28    | 48,413,617,969    | 10,202,577,089  |
| 3. Net revenue from goods sold and services rendered (10=01-02)  | 10    |       | 964,318,844,516   | 897,135,721,153 |
| 4. Cost of sales   | 11    | 29    | 581,059,144,497   | 478,268,587,502 |
| 5. Gross profit from goods sold and services rendered (20=10-11) | 20    |       | 383,259,700,019   | 418,867,133,651 |
| 6. Financial income  | 21    | 31    | 17,837,370,543    | 9,560,926,831   |
| 7. Financial expenses  | 22    | 32    | 15,230,727,129    | 8,257,073,479   |
| - In which: Interest expense                                     | 23    |       | 605,820,692       | -               |
| 8. Selling expenses  | 25    | 33    | 193,149,502,750   | 244,363,050,548 |
| 9. General and administration expenses                           | 26    | 33    | 72,788,824,688    | 64,640,040,183  |
| 10. Operating profit<br>(30=20+(21-22)-(25+26))                  | 30    |       | 119,928,015,995   | 111,167,896,272 |
| 11. Other income   | 31    | 34    | 932,830,347       | 808,720,874     |
| 12. Other expenses   | 32    | 35    | 2,182,318,730     | 1,694,643,055   |
| 13. Loss from other activities (40=31-32)                        | 40    |       | (1,249,488,383)   | (885,922,181)   |
| 14. Accounting profit before tax (50=30+40)                      | 50    |       | 118,678,527,612   | 110,281,974,091 |
| 15. Current corporate income tax expense                         | 51    | 36    | 25,769,011,171    | 24,503,296,985  |
| 16. Net profit after corporate income tax<br>(60=50-51)          | 60    |       | 92,909,516,441    | 85,778,677,106  |
| 17. Basic earnings per share                                     | 70    | 37    | <u>2,729</u>      | <u>2,909</u>    |


  
 Duong Hoang Vu  
 Preparer


  
 Tran Hoai Hanh  
 Chief Accountant


  
 Nguyen Quoc Dinh  
 Deputy General Director  
 28 March 2016


The notes set out on pages 7 to 30 are an integral part of these financial statements

**CASH FLOW STATEMENT**  
For the year ended 31 December 2015


FORM B 03-DN

Unit: VND

|  | Codes | 2015              | 2014             |
|--|-------|-------------------|------------------|
| <b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |       |                   |                  |
| 1. Profit before tax   | 01    | 118,678,527,612   | 110,281,974,091  |
| 2. Adjustments for:  |       |                   |                  |
| Depreciation and amortisation  | 02    | 38,402,557,093    | 37,443,719,332   |
| Provisions   | 03    | 5,909,837,945     | (6,968,392,582)  |
| Foreign exchange difference gain                                       | 04    | (255,283,736)     | (140,915,117)    |
| Gain from investing activities   | 05    | (13,966,939,106)  | (7,988,716,758)  |
| Interest expense   | 06    | 605,820,692       | -                |
| 3. Operating profit before movements in working capital                | 08    | 149,374,520,500   | 132,627,668,966  |
| Change in receivables  | 09    | (67,603,937,266)  | (58,440,088,735) |
| Change in inventories  | 10    | 49,188,296,195    | (95,578,255,416) |
| Change in accounts payable   | 11    | (36,890,804,770)  | 88,417,259,151   |
| Change in prepaid expenses   | 12    | (8,856,776,311)   | (1,064,622,992)  |
| Change in in trading securities  | 13    | (18,750,000)      | -                |
| Interest paid  | 14    | (605,820,692)     | -                |
| Corporate income tax paid  | 15    | (26,090,729,363)  | (32,402,689,230) |
| Other cash inflows   | 16    | -                 | 35,167,500       |
| Other cash outflows  | 17    | (13,696,525,838)  | (17,990,253,944) |
| Net cash generated by operating activities                             | 20    | 44,799,472,455    | 15,604,185,300   |
| <b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |       |                   |                  |
| 1. Acquisition of fixed assets   | 21    | (75,389,386,749)  | (31,445,790,321) |
| 2. Proceeds from sale, disposal of fixed assets                        | 22    | 584,545,454       | 224,660,000      |
| 3. Cash outflow for lending, buying debt instruments of other entities | 23    | (100,000,000,000) | -                |
| 4. Investments in other entities                                       | 25    | (2,373,500,000)   | (12,026,480,000) |
| 5. Cash recovered from investments in other entities                   | 26    | -                 | 50,000,000       |
| 6. Interest earned, dividends and profits received                     | 27    | 8,679,738,858     | 6,836,401,202    |
| Net cash used in investing activities                                  | 30    | (168,498,602,437) | (36,361,209,119) |
| <b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |       |                   |                  |
| 1. Proceeds from owners' contributed capital                           | 31    | 85,087,485,440    | 31,660,800,000   |
| 2. Dividends and profits paid  | 36    | (52,096,762,800)  | (24,608,187,000) |
| Net cash generated by financing activities                             | 40    | 32,990,722,640    | 7,052,613,000    |
| Net decrease in cash (50=20+30+40)                                     | 50    | (90,708,407,342)  | (13,704,410,819) |
| Cash and cash equivalents at the beginning of the year                 | 60    | 178,550,050,326   | 192,255,383,511  |
| Effects of changes in foreign exchange rates                           | 61    | 16,476            | (922,366)        |
| Cash and cash equivalents at the end of the year (70=50+60+61)         | 70    | 87,841,659,460    | 178,550,050,326  |

  
Duong Hoang Vu  
Preparer

  
Tran Hoai Hanh  
Chief Accountant

  
Nguyen Quoc Dinh  
Deputy General Director  
28 March 2016





**NOTES TO THE FINANCIAL STATEMENTS****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***1. GENERAL INFORMATION****Structure of ownership**

Imexpharm Pharmaceutical Joint Stock Company (the "Company"), formerly Dong Thap Pharmaceutical Union incorporated under the Decision No. 284/TCCQ dated 28 September 1983 issued by the Health Department of Dong Thap Province, was transformed from a state enterprise into a joint stock company under Business Registration Certificate No. 1400384433 dated 1 August 2001 issued by the Department of Planning and Investment of Dong Thap Province and other amendment certificates thereafter with the latest amendment (the twenty-third amendment) dated 12 January 2015. The Company's stocks are listed in Ho Chi Minh Stock Exchange under the Decision No. 76/UBCK-GPNY on 4 December 2006 with code IMP.

The number of employees of the Company as at 31 December 2015 was 1,012 (as at 31 December 2014: 962).

**Operating industry and principal activities**

The principal activities of the Company are manufacturing, processing, trading, import and export pharmaceutical products; import and export of equipment and medical equipment, chemicals, packaging materials for manufacturing drugs, sterilizing and disinfecting chemicals (exception from the products list regulated at Point A Part II Appendix No. 04 accompanying with the Decision No. 10/2007/QD-BTM dated 21 May 2007 issued by the Ministry of Trading); trading of cosmetics; growing traditional medicines; trading of food, functional foods, beverages, alcoholic drinks, fizzy drinks; manufacturing of milks; financial investment; producing functional foods, nutritional food; providing maintenance storage system of medicines, medicine materials; retailing of medicines, medical equipment, cosmetics and hygiene article at specialized stores.

**Normal production and business cycle**

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

**Notes on the comparability of information on financial statements**

As stated in Note 3, since 1 January 2015, the Company has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200") guiding the accounting regime for enterprises. This Circular is effective for the financial year beginning on or after 1 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QD-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Accordingly, certain figures of the balance sheet as at 31 December 2014 and the income statement for the year ended 31 December 2014 are reclassified to enhance their comparability due to effects of the adoption of Circular 200 on the preparation and presentation of the financial statements for the year ended 31 December 2015.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR****Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong ("VND"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***Financial year**

The Company's financial year begins on 1 January and ends on 31 December.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE****New guidance on accounting regime for enterprises**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the accounting regime for enterprises. This Circular is effective for financial years beginning on or after 1 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. The Board of General Directors has adopted Circular 200 in the preparation and presentation of the financial statements for the year ended 31 December 2015.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

**Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results may differ from those estimates.

**Financial instruments*****Initial recognition***

*Financial assets:* At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, trade and other receivables, short-term and long-term financial investments.

*Financial liabilities:* At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade and other payables and short-term accrued expenses.

***Subsequent measurement after initial recognition***

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***Financial investments*****Trading securities***

Trading securities are those the Company holds for trading purpose. Trading securities are recognised from the date the Company obtains the ownership of those securities and initially measured at the fair value of payments made at the transaction date plus directly attributable transaction costs.

In subsequent years, investments in trading securities are measured at cost less provision for impairment of such investments.

Provision for impairment of investments in trading securities is made in accordance with prevailing accounting regulations.

***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity including term deposits with the terms over 3 months. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis.

***Investments in associates***

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in associates are initially recognised at cost including acquisition price and direct transaction cost (if any). The Company's share of the net profit of the investment after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in associates are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

***Equity investments in other entities***

Equity investments in other entities represent the Company's investments in the entities which the Company has no control, joint control or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

**Receivables**

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

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

|                          | <u>Years</u> |
|--------------------------|--------------|
| Buildings and structures | 10 - 25      |
| Machinery and equipment  | 6 - 15       |
| Motor vehicles           | 6 - 10       |
| Office equipment         | 3 - 8        |

**Leasing**

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

**Intangible assets and amortization**

Intangible assets represent land use rights, copyright and computer software that are stated at cost less accumulated amortization. Indefinite land use rights are not amortised. Definite land use rights are amortized using the straight-line method over the duration specified in the land use right certificate. Copyright and computer software are amortized using the straight-line method over 3 years.

**Construction in progress**

Properties in the course of construction or production for administrative purposes are carried at cost. Cost includes professional fees, and for qualifying assets and other costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including land rentals, renovation cost, tools and office furniture and other types of prepayments.

Land rentals represent rentals that have been paid in advance. Prepaid land rentals are charged to the income statement using the straight-line method over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

Renovation cost, tools and office furniture and other types of prepayments are allocated to the income statement using the straight-line method over the lease term.

**Payable provisions**

Payable 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 General Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

**Unearned revenue**

Unearned revenue is the revenue corresponding to the value of goods and services subjected to discounts for customers in the traditional customer programs. The Company records unearned revenue corresponding to unrealized part of the obligations that the Company will have to make in the future.

**Revenue recognition**

Revenue from the sale of goods is recognized when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Revenue from the program for traditional customers are recorded as the total amount that needs to be received or has been received minus the fair value of goods and services provided free or discounts to customers. The value of goods and services provided free or discounts for customers are recorded as an unearned revenue. If at the expiry date of the program, the customer does not qualify under the prescribed conditions and is not entitled to free goods, services or discounts, the unearned revenue is transferred to the revenue of sales, provisions of services.

When the buyers meet the conditions as stipulated by the program and sellers directly provide goods or services for free or discount for customers: The unearned turnovers corresponding to the fair value of some goods and services provided free or discount for customers are recorded in revenue from selling goods, providing services when customers have received goods or services for free or been discounted as prescribed by the program.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

When the buyers meet the conditions as stipulated by the program and the third parties is obliged to provide goods or services free or discount for the customers: If the contract between the seller and such third party is not an agency contract, when the third party provides goods, services or discounts, the unearned revenue is transferred to the revenue from selling goods, providing services. If the contact is an agent contract, only the difference between the unearned revenue and the amount payable to the third party is recorded as revenue. The amount paid to the third party is considered as the payment of liabilities.

**Foreign currencies**

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising are recognized in the income statement. Unrealized exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

**Scientific and technological development fund**

Scientific and technological development fund is appropriated to generate fund for scientific and technological development activities of the Company. The fund is set up on the basis of maximum 10% of assessable income before corporate income tax calculation and is recognised in production cost in the year.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it 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 tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**5. CASH AND CASH EQUIVALENTS**

|                  | 31/12/2015            | 31/12/2014             |
|------------------|-----------------------|------------------------|
|                  | VND                   | VND                    |
| Cash on hand     | 1,584,162,663         | 697,684,120            |
| Cash in bank     | 41,257,496,797        | 49,352,366,206         |
| Cash equivalents | 45,000,000,000        | 128,500,000,000        |
|                  | <u>87,841,659,460</u> | <u>178,550,050,326</u> |

Cash equivalents represent time deposits in Vietnam Dong with terms under 3 months which earn interest rates from 4.7% to 4.8% per annum in commercial banks (2014: from 4.9% to 5.7% per annum).

**6. TRADING SECURITIES**

|  | 31/12/2015           |                      |                      | 31/12/2014           |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Cost<br>VND          | Fair Value<br>VND    | Provision<br>VND     | Cost<br>VND          | Fair Value<br>VND    | Provision<br>VND     |
| Mekophar Chemical Pharmaceutical<br>Joint-Stock Company  | 5,589,637,900        | 2,850,600,000        | 2,739,037,900        | 5,589,637,900        | 2,587,955,760        | 3,001,682,140        |
| Bach Tuyet Cotton Corporation                            | 239,465,000          | -                    | 239,465,000          | 239,465,000          | -                    | 239,465,000          |
| DHG Pharma Corporation                                   | 239,510,000          | 239,510,000          | -                    | 239,510,000          | 239,510,000          | -                    |
| Domesco Mediacl Import-Export<br>Joint-Stock Corporation | 383,907,520          | 311,250,000          | 72,657,520           | 383,907,520          | 307,500,000          | 76,407,520           |
| OPC Pharmaceutical Joint Stock<br>Company                | 166,965,260          | 166,965,260          | -                    | 148,215,260          | 148,215,260          | -                    |
|  | <u>6,619,485,680</u> | <u>3,568,325,260</u> | <u>3,051,160,420</u> | <u>6,600,735,680</u> | <u>3,283,181,020</u> | <u>3,317,554,660</u> |

**7. HELD-TO-MATURITY INVESTMENTS**

Held-to-maturity investments represent in Vietnam Dong with terms over 3 months but under 12 months in commercial banks which earn interest rates from 6% to 7% per annum.

**8. SHORT-TERM TRADE RECEIVABLES**

|   | 31/12/2015             | 31/12/2014             |
|---|------------------------|------------------------|
|   | VND                    | VND                    |
| a. Short-term trade receivables                       |                        |                        |
| <i>Viet Thong Pharmaceutical Company Limited</i>      | 36,946,528,002         | -                      |
| <i>Receivables from other customers</i>               | 179,156,905,171        | 184,748,110,305        |
|   | <u>216,103,433,173</u> | <u>184,748,110,305</u> |
| b. Receivables from related parties                   |                        |                        |
| <i>Agimexpharm Pharmaceutical Joint Stock Company</i> | 10,905,006,141         | 21,488,191,822         |
| <i>S.Pharm Pharmaceutical Joint Stock Company</i>     | 1,884,767,829          | 1,071,068,211          |
| <i>Gia Dai Pharmaceutical Company Limited</i>         | -                      | 16,995,023             |
|   | <u>12,789,773,970</u>  | <u>22,576,255,056</u>  |

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**9. SHORT-TERM ADVANCES TO SUPPLIERS**

|   | 31/12/2015                   | 31/12/2014                   |
|---|------------------------------|------------------------------|
|   | <u>VND</u>                   | <u>VND</u>                   |
| Dong Thap Hydraulic construction JSC                  | 17,100,000,000               | -                            |
| Trenwell LLC  | 9,220,750,000                | 5,189,500,000                |
| Hoa Viet Mechanical Refrigeration Electrical Co., Ltd | 7,322,378,400                | 1,100,000,000                |
| Romaco Pharmatechnik GmbH                             | 3,723,408,000                | -                            |
| Nhat Hoa Industrial Construction&Trading Co.,Ltd      | 2,402,992,000                | -                            |
| Greensol Co., Ltd                                     | 1,592,629,500                | 71,049,000                   |
| APS Electrical Engineering Co., Ltd                   | 1,534,500,000                | -                            |
| Thien Long Dien Co., Ltd                              | 1,525,691,436                | -                            |
| Volpak S.A. Unipersonal                               | -                            | 1,589,200,000                |
| Construction Joint Stock Company No.9                 | -                            | 2,641,360,000                |
| Pham Hai Chau - Van Thi Hoa                           | -                            | 5,830,000,000                |
| Others  | 10,307,355,317               | 4,005,793,833                |
|   | <b><u>54,729,704,653</u></b> | <b><u>20,426,902,833</u></b> |

**10. OTHER SHORT-TERM RECEIVABLES**

|   | 31/12/2015                   | 31/12/2014                   |
|---|------------------------------|------------------------------|
|   | <u>VND</u>                   | <u>VND</u>                   |
| Outside personal income tax receivables | 247,066,310                  | 247,066,310                  |
| Advances to employees                   | 11,479,901,549               | 9,942,863,898                |
| Deposits and mortgages                  | 567,789,401                  | 1,194,410,381                |
| Others                                  | 21,332,173,921               | 7,197,159,255                |
|   | <b><u>33,626,931,181</u></b> | <b><u>18,581,499,844</u></b> |

**11. PROVISION FOR SHORT-TERM DOUBTFUL DEBTS**

|                                     | 31/12/2015                   |                                |                                     | 31/12/2014                   |                                |                                     |
|-------------------------------------|------------------------------|--------------------------------|-------------------------------------|------------------------------|--------------------------------|-------------------------------------|
|                                     | Cost<br><u>VND</u>           | Provision amount<br><u>VND</u> | Recoverable<br>amount<br><u>VND</u> | Cost<br><u>VND</u>           | Provision amount<br><u>VND</u> | Recoverable<br>amount<br><u>VND</u> |
| Cai Nuoc Hospital                   | 674,890,843                  | 518,992,139                    | 155,898,704                         | 674,890,843                  | 368,210,787                    | 306,680,056                         |
| Thuan Hoa Store                     | 924,204,255                  | 459,589,568                    | 464,614,687                         | -                            | -                              | -                                   |
| Binh Tan Hospital                   | 169,412,040                  | 38,916,612                     | 130,495,428                         | 845,920,446                  | 392,310,017                    | 453,610,429                         |
| Ministry of Health                  | 889,560,000                  | 889,560,000                    | -                                   | 889,560,000                  | 889,560,000                    | -                                   |
| DTN Pharmacial Company Limited      | 844,042,572                  | 253,212,772                    | 590,829,800                         | -                            | -                              | -                                   |
| Thien Kim II Store                  | 951,271,243                  | 249,155,314                    | 702,115,929                         | -                            | -                              | -                                   |
| Store No. 64                        | 1,167,648,507                | 583,824,254                    | 583,824,254                         | -                            | -                              | -                                   |
| Khanh Son Health Center (Khanh Hoa) | 1,765,547,419                | 1,061,198,523                  | 704,348,895                         | 1,858,952,347                | 767,727,034                    | 1,091,225,314                       |
| Phuoc An Health Center              | 38,556,000                   | -                              | 38,556,000                          | 1,000,494,684                | 500,247,342                    | 500,247,342                         |
| Others                              | 72,362,314,618               | 10,653,997,145                 | 61,708,317,473                      | 11,430,949,413               | 5,273,940,533                  | 6,157,008,880                       |
|                                     | <b><u>79,787,447,497</u></b> | <b><u>14,708,446,327</u></b>   | <b><u>65,079,001,170</u></b>        | <b><u>16,700,767,733</u></b> | <b><u>8,191,995,713</u></b>    | <b><u>8,508,772,020</u></b>         |



**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**
*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*
**12. INVENTORIES**

|                        | 31/12/2015             |                      | 31/12/2014             |                        |
|------------------------|------------------------|----------------------|------------------------|------------------------|
|                        | Cost<br>VND            | Provision<br>VND     | Cost<br>VND            | Provision<br>VND       |
| Goods in transit       | 4,713,418,995          | -                    | 15,851,974,998         | -                      |
| Materials              | 121,611,409,123        | (691,735,723)        | 156,441,310,006        | (1,031,954,152)        |
| Work in progress       | 15,759,932,962         | -                    | 16,914,315,650         | -                      |
| Finished goods         | 99,261,151,085         | -                    | 98,737,308,857         | -                      |
| Merchandises           | 3,628,676,362          | -                    | 7,653,989,632          | -                      |
| Short-term spare parts | 1,436,014,421          | -                    | -                      | -                      |
|                        | <b>246,410,602,948</b> | <b>(691,735,723)</b> | <b>295,598,899,143</b> | <b>(1,031,954,152)</b> |

During the year, VND 340,218,429 (2014: VND 716,276,618 was provided for devaluation of inventories) was reversed as a provision for devaluation of slow-moving, damaged and sub-standard inventories.

**13. PREPAYMENTS**

|  | 31/12/2015<br>VND     | 31/12/2014<br>VND     |
|--|-----------------------|-----------------------|
| a. Short-term prepayments                      |                       |                       |
| Uniform  | -                     | 1,672,515,000         |
| Advertising expense                            | 115,135,622           | -                     |
| House rental                                   | 72,000,000            | 72,600,000            |
| Office equipment                               | -                     | 142,169,251           |
| Others   | 332,332,500           | -                     |
|  | <b>519,468,122</b>    | <b>1,887,284,251</b>  |
| b. Long-term prepayments                       |                       |                       |
| Land rental                                    | 13,005,710,469        | 13,321,861,347        |
| Office decoration                              | 3,536,429,370         | 2,241,831,125         |
| Branch 2 - Ho Chi Minh City renovation expense | 1,370,436,841         | 2,085,447,366         |
| Insurance of fire and asset risks              | 349,723,916           | 122,149,133           |
| Project of PMU3 Binh Duong Factory             | 1,605,094,150         | -                     |
| Office equipment                               | 665,690,330           | -                     |
| House rental                                   | 192,000,000           | -                     |
|  | <b>20,725,085,076</b> | <b>17,771,288,971</b> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

14. INCREASES, DECREASES TANGIBLE FIXED ASSETS

|                                 | Buildings and<br>structures<br>VND | Machinery and<br>equipment<br>VND | Motor<br>vehicles<br>VND | Office<br>equipment<br>VND | Total<br>VND           |
|---------------------------------|------------------------------------|-----------------------------------|--------------------------|----------------------------|------------------------|
| <b>COST</b>                     |                                    |                                   |                          |                            |                        |
| As at 01/01/2015                | 155,142,147,789                    | 171,611,050,760                   | 53,364,635,434           | 6,902,765,389              | 387,020,599,372        |
| Purchases                       | -                                  | 4,823,696,364                     | 2,331,581,818            | 230,454,545                | 7,385,732,727          |
| Transfer from CIP               | 16,042,690,306                     | 24,723,071,372                    | 6,998,850,626            | 2,129,267,068              | 49,893,879,372         |
| Disposals                       | -                                  | -                                 | (1,171,439,219)          | -                          | (1,171,439,219)        |
| As at 31/12/2015                | <u>171,184,838,095</u>             | <u>201,157,818,496</u>            | <u>61,523,628,659</u>    | <u>9,262,487,002</u>       | <u>443,128,772,252</u> |
| <b>ACCUMULATED DEPRECIATION</b> |                                    |                                   |                          |                            |                        |
| As at 01/01/2015                | 67,770,582,467                     | 112,073,503,328                   | 30,109,088,972           | 4,445,635,403              | 214,398,810,170        |
| Charge for the year             | 10,050,876,048                     | 18,460,225,659                    | 8,244,066,948            | 986,929,631                | 37,742,098,286         |
| Disposals                       | -                                  | -                                 | (1,053,573,560)          | -                          | (1,053,573,560)        |
| As at 31/12/2015                | <u>77,821,458,515</u>              | <u>130,533,728,987</u>            | <u>37,299,582,360</u>    | <u>5,432,565,034</u>       | <u>251,087,334,896</u> |
| <b>NET BOOK VALUE</b>           |                                    |                                   |                          |                            |                        |
| As at 31/12/2015                | <u>93,363,379,580</u>              | <u>70,624,089,509</u>             | <u>24,224,046,299</u>    | <u>3,829,921,968</u>       | <u>192,041,437,356</u> |
| As at 31/12/2014                | <u>87,371,565,322</u>              | <u>59,537,547,432</u>             | <u>23,255,546,462</u>    | <u>2,457,129,986</u>       | <u>172,621,789,202</u> |

The cost of the Company's tangible fixed assets as at 31 December 2015 includes VND 110,734,209,529 (as at 31 December 2014: VND 89,216,117,721) of assets that have been fully depreciated but are still in use.

15. INCREASES, DECREASES INTANGIBLE ASSETS

|                                 | Land use rights<br>VND | Copyright<br>VND   | Computer<br>software<br>VND | Total<br>VND          |
|---------------------------------|------------------------|--------------------|-----------------------------|-----------------------|
| <b>COST</b>                     |                        |                    |                             |                       |
| As at 01/01/2015                | 67,178,995,237         | 744,712,823        | 12,285,898,076              | 80,209,606,136        |
| Additions                       | 6,870,439,958          | -                  | 47,000,000                  | 6,917,439,958         |
| As at 31/12/2015                | <u>74,049,435,195</u>  | <u>744,712,823</u> | <u>12,332,898,076</u>       | <u>87,127,046,094</u> |
| <b>ACCUMULATED DEPRECIATION</b> |                        |                    |                             |                       |
| As at 01/01/2015                | 3,435,464,465          | 744,712,823        | 7,037,349,143               | 11,217,526,431        |
| Charge for the year             | 528,533,000            | -                  | 4,041,215,852               | 4,569,748,852         |
| As at 31/12/2015                | <u>3,963,997,465</u>   | <u>744,712,823</u> | <u>11,078,564,995</u>       | <u>15,787,275,283</u> |
| <b>NET BOOK VALUE</b>           |                        |                    |                             |                       |
| As at 31/12/2015                | <u>70,085,437,730</u>  | <u>-</u>           | <u>1,254,333,081</u>        | <u>71,339,770,811</u> |
| As at 31/12/2014                | <u>63,743,530,772</u>  | <u>-</u>           | <u>5,248,548,933</u>        | <u>68,992,079,705</u> |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

16. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

|                       | 01/01/2015<br>VND    | Receivable/payable<br>during the year<br>VND | Received/paid<br>during the year<br>VND | 31/12/2015<br>VND     |
|-----------------------|----------------------|--|---|-----------------------|
| <b>a. Receivables</b> |                      |  |   |                       |
| Personal income tax   | 7,191,693            | 5,757,720,533                                | 6,039,562,939                           | 289,034,099           |
| Others                | 85,394,087           | 665,892,107                                  | 1,095,713,520                           | 515,215,500           |
|                       | <u>92,585,780</u>    | <u>6,423,612,640</u>                         | <u>7,135,276,459</u>                    | <u>804,249,599</u>    |
| <b>b. Payables</b>    |                      |  |   |                       |
| Value added tax       | 1,538,847,534        | 26,598,484,020                               | 22,456,648,067                          | 5,680,683,487         |
| Corporate income tax  | 6,950,733,552        | 25,769,011,171                               | 26,090,729,363                          | 6,629,015,360         |
| Personal income tax   | 323,038,828          | 4,944,570,734                                | 4,575,303,624                           | 692,305,938           |
| Import-export tax     | -                    | 6,344,760,273                                | 6,344,760,273                           | -                     |
| Others                | 10,881,682           | -  | 10,881,682                              | -                     |
|                       | <u>8,823,501,596</u> | <u>63,656,826,198</u>                        | <u>59,478,323,009</u>                   | <u>13,002,004,785</u> |

17. LONG-TERM CONSTRUCTION IN PROGRESS

|   | 31/12/2015<br>VND     | 31/12/2014<br>VND    |
|---|-----------------------|----------------------|
| Ba Ria - Vung Tau branch's office           | 731,272,727           | 731,272,727          |
| Dong Nai branch's office                    | -                     | 700,000,000          |
| Can Tho branch's office                     | 1,563,795,454         | 1,563,795,454        |
| Purchase of fixed assets                    | 5,951,535,000         | 1,402,927,272        |
| Binh Dinh branch's office                   | 102,374,545           | -                    |
| Binh Duong high-tech pharmaceutical factory | 6,880,110,909         | -                    |
| Others                                      | -                     | 24,545,455           |
|   | <u>15,229,088,635</u> | <u>4,422,540,908</u> |

18. INVESTMENTS IN ASSOCIATES

|  | 31/12/2015            |                      | 31/12/2014            |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Cost<br>VND           | Provision<br>VND     | Cost<br>VND           | Provision<br>VND     |
| Gia Dai Pharmaceutical Company Limited   | 182,000,000           | (182,000,000)        | 182,000,000           | (182,000,000)        |
| Agimexpharm Pharmaceutical Joint Stock Company   | 26,419,806,700        | -                    | 26,419,806,700        | -                    |
| Spharm Pharmaceutical Joint Stock Company  | 11,015,180,000        | -                    | 8,668,680,000         | -                    |
| Dong Thap Muoi Conservation Research and Development of Pharmaceutical Joint Stock Company | 2,340,000,000         | -                    | 2,340,000,000         | -                    |
|  | <u>39,956,986,700</u> | <u>(182,000,000)</u> | <u>37,610,486,700</u> | <u>(182,000,000)</u> |

| Name of associates  | Place of incorporation and operation | Proportion of ownership interest | Proportion of voting power held | Principal activity  |
|---|--------------------------------------|----------------------------------|---------------------------------|---|
| Gia Dai Pharmaceutical Company Limited  | Ho Chi Minh                          | 26.00%                           | 26.00%                          | Manufacturing and trading pharmaceutical products           |
| Agimexpharm Pharmaceutical Joint Stock Company  | An Giang                             | 33.99%                           | 33.99%                          | Manufacturing and trading pharmaceutical products           |
| Spharm Pharmaceutical Joint Stock Company   | Soc Trang                            | 29.48%                           | 29.48%                          | Manufacturing and trading pharmaceutical products           |
| Dong Thap Muoi Research Conservation and Development Pharmaceutical Joint Stock Company | Dong Thap                            | 20.00%                           | 20.00%                          | Researching, conserving and developing traditional medicine |

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**19. EQUITY INVESTMENTS IN OTHER ENTITIES**

|   | 31/12/2015                  | 31/12/2014                  |
|---|-----------------------------|-----------------------------|
|   | <u>VND</u>                  | <u>VND</u>                  |
| Central Pharmaceutical Joint Stock Company - No.25  | 114,550,000                 | 114,550,000                 |
| TV.Pharm Pharmaceutical Joint Stock Company         | 581,428,000                 | 581,428,000                 |
| Vidipha Central Pharmaceutical Joint Stock Company  | 503,000,000                 | 476,000,000                 |
| Saigon Thuong Tin Commercial Joint Stock Bank       | 127,690,000                 | 127,690,000                 |
| Danang Pharmaceutical Medical Equipment Joint Stock | 7,500,000,000               | 7,500,000,000               |
|   | <u><b>8,826,668,000</b></u> | <u><b>8,799,668,000</b></u> |

There was no provision which needed to be made as at 31 December 2015 and 31 December 2014.

**20. SHORT-TERM TRADE PAYABLES**

|   | 31/12/2015                   | 31/12/2014                    |
|---|------------------------------|-------------------------------|
|   | <u>VND</u>                   | <u>VND</u>                    |
| a) Short-term trade payables:                         |                              |                               |
| <i>Novartis (Singapore) PTE</i>                       | 18,954,189,210               | 63,784,377,291                |
| <i>APC Pharmaceuticals Chemical Ltd</i>               | 9,686,884,500                | 4,235,400,000                 |
| <i>Other suppliers</i>                                | 26,797,565,168               | 43,824,023,484                |
|   | <u><b>55,438,638,878</b></u> | <u><b>111,843,800,775</b></u> |
| b) Trade payables to related parties                  |                              |                               |
| <i>Agimexpharm Pharmaceutical Joint Stock Company</i> | 567,064,350                  | 805,996,275                   |
| <i>S.pharm Pharmaceutical Joint Stock Company</i>     | -                            | 145,284,300                   |
|   | <u><b>567,064,350</b></u>    | <u><b>951,280,575</b></u>     |

All short-term trade payable balances were able to be paid off as at 31 December 2015 and 31 December 2014.

**21. SHORT-TERM ACCRUED EXPENSES**

|                         | 31/12/2015                   | 31/12/2014                   |
|-------------------------|------------------------------|------------------------------|
|                         | <u>VND</u>                   | <u>VND</u>                   |
| Royalty fee             | 12,427,561,290               | 9,828,926,303                |
| Accrued selling expense | 26,200,101,455               | 30,198,041,275               |
| Others                  | 3,195,625,825                | 6,028,273,790                |
|                         | <u><b>41,823,288,570</b></u> | <u><b>46,055,241,368</b></u> |

**22. SHORT-TERM UNEARNED REVENUE**

Short-term unearned revenue is the revenue corresponding to the value of goods and services subjected to discounts for customers in the traditional customer programs that the Company has not carried out at the end of the financial year.

**23. OTHER CURRENT PAYABLES**

|                              | 31/12/2015                  | 31/12/2014                |
|------------------------------|-----------------------------|---------------------------|
|                              | <u>VND</u>                  | <u>VND</u>                |
| Payables to the State budget | 479,868,594                 | 421,469,444               |
| Short-term deposits received | 50,000,000                  | 50,000,000                |
| Others                       | 1,217,335,116               | 451,675,203               |
|                              | <u><b>1,747,203,710</b></u> | <u><b>923,144,647</b></u> |

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**No. 4 Street 30/4, Cao Lanh City  
Dong Thap Province, S.R Vietnam**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***24. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND**

|                        | 2015                         | 2014                         |
|------------------------|------------------------------|------------------------------|
|                        | <u>VND</u>                   | <u>VND</u>                   |
| Opening balance        | 27,497,786,956               | 19,207,077,000               |
| Additions              | 13,000,000,000               | 12,200,000,000               |
| Utilization            | <u>(11,180,086,380)</u>      | <u>(3,909,290,044)</u>       |
| <b>Closing balance</b> | <b><u>29,317,700,576</u></b> | <b><u>27,497,786,956</u></b> |

**25. OWNER'S EQUITY**

Details of the Company's par value and shares are as follows:

|   | 31/12/2015    | 31/12/2014    |
|---|---------------|---------------|
| Number of authorized shares                 | 28,942,646    | 26,311,486    |
| Number of issued and fully paid shares      | 28,942,646    | 26,311,486    |
| Number of outstanding shares in circulation | 28,942,646    | 26,311,486    |
| Par value (VND)                             | <u>10,000</u> | <u>10,000</u> |

The Company has one class of ordinary share which carries no right to fixed income with par value of VND 10,000/share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

Actual charter capital contributed by the shareholders as at 31 December 2015 and 31 December 2014 was as follows:

|   | As at 31/12/2015         |                   |                               | As at 31/12/2014         |                   |                               |
|---|--------------------------|-------------------|-------------------------------|--------------------------|-------------------|-------------------------------|
|   | Share                    | %                 | Contributed capital<br>VND    | Share                    | %                 | Contributed capital<br>VND    |
| Vinapharm   | 6,874,447                | 23.75             | 68,744,470,000                | 6,874,447                | 26.13             | 68,744,470,000                |
| Balestrand Limited  | 1,764,669                | 6.10              | 17,646,690,000                | 1,746,669                | 6.64              | 17,466,690,000                |
| Franklin Templeton Investment -Templeton<br>Frontier Markets Fund | 2,456,820                | 8.49              | 24,568,200,000                | 2,456,820                | 9.34              | 24,568,200,000                |
| Kwe Beteiligungen AG  | 2,117,000                | 7.31              | 21,170,000,000                | 2,317,503                | 8.81              | 23,175,030,000                |
| Pha No Pharmaceutical Joint Stock Company                         | 2,631,160                | 9.09              | 26,311,600,000                | -                        | -                 | -                             |
| Others  | <u>13,098,550</u>        | <u>45.26</u>      | <u>130,985,500,000</u>        | <u>12,916,047</u>        | <u>49.09</u>      | <u>129,160,470,000</u>        |
|   | <b><u>28,942,646</u></b> | <b><u>100</u></b> | <b><u>289,426,460,000</u></b> | <b><u>26,311,486</u></b> | <b><u>100</u></b> | <b><u>263,114,860,000</u></b> |

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**  
 For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**Movement in owner's equity:**

|   | Owner's contributed<br>capital<br>VND | Share premium<br>VND   | Other owner's<br>capital<br>VND | Treasury shares<br>VND | Investment and<br>development fund<br>(restated)<br>VND | Retained earnings<br>VND | Total<br>VND           |
|---|---------------------------------------|------------------------|---------------------------------|------------------------|---|--------------------------|------------------------|
| As at 01/01/2014                        | 167,058,100,000                       | 315,192,059,609        | 2,420,789,142                   | (11,838,266,000)       | 213,302,305,300   | 39,718,409,442           | 725,853,397,493        |
| Treasury share re-issuance              | -                                     | 4,787,734,000          | -                               | 11,838,266,000         | -   | -                        | 16,626,000,000         |
| Bonus share issuance                    | 83,527,760,000                        | (83,527,760,000)       | -                               | -                      | -   | -                        | -                      |
| Share issuance under ESOP               | 12,529,000,000                        | 2,505,800,000          | -                               | -                      | -   | -                        | 15,034,800,000         |
| Profit for the year                     | -                                     | -                      | -                               | -                      | -   | 85,778,677,106           | 85,778,677,106         |
| Dividends declared                      | -                                     | -                      | -                               | -                      | -   | (24,608,187,000)         | (24,608,187,000)       |
| Fund appropriation                      | -                                     | -                      | -                               | -                      | 10,066,061,526  | (20,553,452,248)         | (10,487,390,722)       |
| Fund utilization                        | -                                     | -                      | -                               | -                      | (11,454,602,438)  | -                        | (11,454,602,438)       |
| Remuneration to the Board of Management | -                                     | -                      | -                               | -                      | -   | (106,242,194)            | (106,242,194)          |
| <b>As at 31/12/2014</b>                 | <b>263,114,860,000</b>                | <b>238,957,833,609</b> | <b>2,420,789,142</b>            | <b>-</b>               | <b>211,913,764,388</b>                                  | <b>80,229,205,106</b>    | <b>796,636,452,245</b> |
| Share issuance                          | 26,311,600,000                        | 58,775,885,440         | -                               | -                      | -   | -                        | 85,087,485,440         |
| Profit for the year                     | -                                     | -                      | -                               | -                      | -   | 92,909,516,441           | 92,909,516,441         |
| Dividends declared                      | -                                     | -                      | -                               | -                      | -   | (52,096,762,800)         | (52,096,762,800)       |
| Fund appropriation                      | -                                     | -                      | -                               | -                      | 19,839,575,511  | (34,685,350,209)         | (14,845,774,698)       |
| Fund utilization                        | -                                     | -                      | -                               | -                      | (3,523,432)   | -                        | (3,523,432)            |
| Remuneration to the Board of Management | -                                     | -                      | -                               | -                      | -   | (856,384,980)            | (856,384,980)          |
| Dividend of treasury share              | -                                     | -                      | -                               | -                      | 450,528,000   | (450,528,000)            | -                      |
| <b>As at 31/12/2015</b>                 | <b>289,426,460,000</b>                | <b>297,733,719,049</b> | <b>2,420,789,142</b>            | <b>-</b>               | <b>232,200,344,467</b>                                  | <b>85,049,695,558</b>    | <b>906,831,008,216</b> |

According to Resolution No. 15/ĐHQ-T-IMEX issued on 19 April 2014 by the Company's General Shareholders' meeting, the shareholders have approved the plan to issue 2,631,160 shares to strategy shareholders. The Board of Management has approved to issue 2,631,160 shares (equivalent to 10% of the number of outstanding shares in circulation) with par value of VND 10,000/share for strategy shareholders to increase the charter capital. The subscription price will be the average price of 10 latest market-days with discount rate not exceeding 20% of the above price, and the price will not be lower VND 30,000 per share. The plan has been approved by the State Securities Commission of Vietnam according to Official Letter No. 7281/UBCK-QLPH dated 31 December 2014.

The Company has completed issuing 2,631,160 shares in accordance with Official letter No. 04/IMEX result report of issuing stock to strategy shareholders dated 06 January 2015 sent to the State Securities Commission of Vietnam. Additional shares have been listed on HOSE according to Decision No. 26/QĐ-SGDHCM dated 27 January 2015 issued by Ho Chi Minh Stock Exchange.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

According to Resolution No. 25/NQ-IMEX issued on 24 April 2015 by General Shareholders' meeting of Imexpharm Pharmaceutical Joint Stock Company, the General Shareholders have approved the plan of distribution of the profit after tax in 2014. Details are as follows:

- a) Appropriation of the Bonus and welfare fund by the amount of VND 12,845,774,698 (including temporary appropriation of an amount of VND 6,000,000,000 in 2014 and VND 6,845,774,698 in 2015).
- b) Appropriation of the Investment and development fund by the amount of VND 19,839,575,511.
- c) Remuneration of the Boards of Management and Supervisors due to profit target achievement according to Article 11 Clause 25 of the Company's charter by the amount of VND 856,384,980.
- d) Dividends paid in cash by the amount of VND 52,096,762,800.

During the year, funds and Board of Management's remuneration have been appropriated adequately and dividend by cash has been paid to shareholders according to the Resolution of General Shareholders as mentioned above.

Besides, the Company has temporarily appropriated the Bonus and welfare fund with the amount of VND 8,000,000,000 according to profit and profit distribution plan in 2015.

**26. OFF BALANCE SHEET ITEMS**

**Foreign currencies:**

|                            | 31/12/2015    | 31/12/2014 |
|----------------------------|---------------|------------|
| United States Dollar (USD) | 2,026.96      | 158,811    |
| Euro (EUR)                 | <u>483.53</u> | <u>-</u>   |

**Bad debts written off:**

|                       | 31/12/2015           | 31/12/2014           |
|-----------------------|----------------------|----------------------|
|                       | <u>VND</u>           | <u>VND</u>           |
| Bad debts written off | <u>7,699,465,202</u> | <u>7,570,450,028</u> |

**27. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Business segments**

The Company's principal activities are to manufacture and purchase materials used for processing pharmaceutical products and other products produced by the Company. Other business activities make up a minor ratio in total revenue and operating result of the Company in this financial year as well as the previous ones. Hence, the financial information presented in the balance sheet as at 31 December 2015 and 31 December 2014 as well as revenues, expenses presented in the income statement for the year ended 31 December 2015 and previous years are relevant to principal activities. Consequently, the Company did not prepare the report by business segment.

**Geographical segments**

The Company's revenue is generated by the consumption of the finished goods in domestic whereas the revenue generated by exporting makes up a minor ratio in total revenue and operating result of the Company for the the year ended 31 December 2015 and the previous years. Consequently, the Company did not prepare the report by geographical segment.



**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**
*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*
**28. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED**

|                            | 2015                          | 2014                          |
|----------------------------|-------------------------------|-------------------------------|
|                            | <u>VND</u>                    | <u>VND</u>                    |
| <b>Sales of goods sold</b> |                               |                               |
| Exported sales             | 3,706,760,020                 | 11,678,164,159                |
| Manufactured goods sales   | 829,352,962,453               | 747,432,589,237               |
| Franchised sales           | 148,263,699,610               | 110,946,042,974               |
| Imported goods trading     | -                             | -                             |
| Other revenues             | 31,409,040,402                | 37,281,501,872                |
|                            | <u>1,012,732,462,485</u>      | <u>907,338,298,242</u>        |
| <b>Deductions</b>          |                               |                               |
| Sales return               | (7,147,905,279)               | (1,704,785,835)               |
| Trade discount             | (41,265,712,690)              | (8,497,791,254)               |
|                            | <u>(48,413,617,969)</u>       | <u>(10,202,577,089)</u>       |
|                            | <u><b>964,318,844,516</b></u> | <u><b>897,135,721,153</b></u> |

**29. COST OF SALES**

|                            | 2015                          | 2014                          |
|----------------------------|-------------------------------|-------------------------------|
|                            | <u>VND</u>                    | <u>VND</u>                    |
| Cost of exported goods     | 1,792,135,320                 | 8,331,220,556                 |
| Cost of manufactured goods | 377,756,834,131               | 352,892,561,033               |
| Cost of franchised goods   | 105,954,897,978               | 83,002,531,466                |
| Cost of other sales        | 27,938,784,935                | 34,042,274,447                |
|                            | <u>67,616,492,133</u>         | <u>-</u>                      |
|                            | <u><b>581,059,144,497</b></u> | <u><b>478,268,587,502</b></u> |

**30. OPERATING COST BY NATURE**

|                               | 2015                          | 2014                          |
|-------------------------------|-------------------------------|-------------------------------|
|                               | <u>VND</u>                    | <u>VND</u>                    |
| Raw materials and consumables | 529,327,178,927               | 376,783,895,538               |
| Labour                        | 152,473,740,018               | 146,886,197,887               |
| Depreciation and amortization | 38,402,557,093                | 37,443,719,332                |
| Out-sourced services          | 40,801,227,737                | 76,790,909,410                |
| Other expenses                | 149,047,807,699               | 137,166,956,066               |
|                               | <u><b>910,052,511,474</b></u> | <u><b>775,071,678,233</b></u> |

**31. FINANCIAL INCOME**

|                                  | 2015                         | 2014                        |
|----------------------------------|------------------------------|-----------------------------|
|                                  | <u>VND</u>                   | <u>VND</u>                  |
| Bank interest                    | 9,008,477,569                | 6,495,439,158               |
| Realised foreign exchange gain   | 3,963,961,838                | 1,649,390,956               |
| Unrealised foreign exchange gain | 255,283,736                  | 140,179,117                 |
| Dividend received                | 4,609,647,400                | 1,268,617,600               |
| Others                           | -                            | 7,300,000                   |
|                                  | <u><b>17,837,370,543</b></u> | <u><b>9,560,926,831</b></u> |



**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**
*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*
**32. FINANCIAL EXPENSES**

|  | 2015                         | 2014                        |
|--|------------------------------|-----------------------------|
|  | <u>VND</u>                   | <u>VND</u>                  |
| Interest expense                                 | 605,820,692                  | -                           |
| Interest expense due to advances from customers  | 102,235,002                  | 389,764,998                 |
| Foreign exchange loss                            | 3,749,985,083                | 533,648,342                 |
| Reversal for impairment of financial investments | (266,394,240)                | (457,205,760)               |
| Payment discount                                 | 10,984,402,934               | 7,697,613,899               |
| Others   | 54,677,658                   | 93,252,000                  |
|  | <u><b>15,230,727,129</b></u> | <u><b>8,257,073,479</b></u> |

**33. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

|   | 2015                          | 2014                          |
|---|-------------------------------|-------------------------------|
|   | <u>VND</u>                    | <u>VND</u>                    |
| a) General and administration expenses                |                               |                               |
| <i>Management staff expense</i>                       | 15,733,053,106                | 14,367,838,766                |
| <i>Depreciation expenses</i>                          | 5,120,187,990                 | 8,744,152,864                 |
| <i>Outsourced service expenses</i>                    | 10,396,761,059                | 6,617,158,098                 |
| <i>Scientific and technological fund distribution</i> | 13,000,000,000                | 12,200,000,000                |
| <i>Other monetary expenses</i>                        | 10,997,105,824                | 3,988,164,164                 |
| <i>Others</i>   | 17,541,716,709                | 18,722,726,291                |
|   | <u><b>72,788,824,688</b></u>  | <u><b>64,640,040,183</b></u>  |
| b) Selling expenses                                   |                               |                               |
| <i>Staff expense</i>                                  | 68,427,390,992                | 61,431,239,000                |
| <i>Promotion expenses</i>                             | -                             | 41,440,118,368                |
| <i>Market research and development expenses</i>       | 32,086,291,067                | 40,752,752,316                |
| <i>Others</i>   | 92,635,820,691                | 100,738,940,864               |
|   | <u><b>193,149,502,750</b></u> | <u><b>244,363,050,548</b></u> |

**34. OTHER INCOME**

|   | 2015                      | 2014                      |
|---|---------------------------|---------------------------|
|   | <u>VND</u>                | <u>VND</u>                |
| Proceeds from disposals of fixed assets | 466,679,796               | 204,236,364               |
| Others                                  | 466,150,551               | 604,484,510               |
|   | <u><b>932,830,347</b></u> | <u><b>808,720,874</b></u> |

**35. OTHER EXPENSES**

|                                  | 2015                        | 2014                        |
|----------------------------------|-----------------------------|-----------------------------|
|                                  | <u>VND</u>                  | <u>VND</u>                  |
| Rental expenses from the outside | 1,523,776,883               | 1,353,372,452               |
| Others                           | 658,541,847                 | 341,270,603                 |
|                                  | <u><b>2,182,318,730</b></u> | <u><b>1,694,643,055</b></u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

36. CURRENT CORPORATE INCOME TAX EXPENSE

|   | 2015<br>VND           | 2014<br>VND           |
|---|-----------------------|-----------------------|
| <b>Current corporate income tax expenses</b>                        |                       |                       |
| Corporate income tax based on assessable income in the current year | 25,769,011,171        | 24,503,296,985        |
|   | <u>25,769,011,171</u> | <u>24,503,296,985</u> |

The current corporate income tax expense for the year was computed as follows:

|   | 2015<br>VND            | 2014<br>VND            |
|---|------------------------|------------------------|
| Profit before Scientific and technological development fund appropriation | 131,678,527,612        | 122,481,974,091        |
| Scientific and technological development fund appropriation               | 13,000,000,000         | 12,200,000,000         |
| Accounting profit before tax  | 118,678,527,612        | 110,281,974,091        |
| Add back: non-deductible expenses   | 3,062,988,749          | 2,429,622,890          |
| Less: non-assessable income   | (4,609,647,400)        | (1,332,974,324)        |
| <b>Assessable income</b>  | <u>117,131,868,961</u> | <u>111,378,622,657</u> |
| Tax rate  | 22%                    | 22%                    |
| <b>Current corporate income tax expense</b>                               | <u>25,769,011,171</u>  | <u>24,503,296,985</u>  |

The Company is obliged to pay corporate income tax at the rate of 22% of its assessable income (2014: 22%).

No deferred tax assets and liabilities are recognized as there are no significant temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax base used in the computation of taxable profit.

37. BASIC EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

|   | 2015<br>VND      | 2014<br>VND      |
|---|------------------|------------------|
| Profits attributable to the Company's shareholders                | 92,909,516,441   | 85,778,677,106   |
| Deductions from Bonus and welfare fund                            | (13,936,427,466) | (12,845,774,698) |
| Earnings for the purposes of basic earnings per share calculation | 78,973,088,975   | 72,932,902,408   |
| Weighted average number of ordinary shares                        | 28,942,646       | 25,074,336       |
| <b>Basic earnings per share</b>                                   | <u>2,729</u>     | <u>2,909</u>     |

Basic earnings per share for the year ended 31 December 2015 are calculated based on the profit after tax of 2015 for the current year and estimated figures of bonus and welfare fund appropriation from profit after tax with the same rate with 2014 (15%).

38. OPERATING LEASE COMMITMENTS

|   | 2015<br>VND | 2014<br>VND |
|---|-------------|-------------|
| Minimum lease payments under operating leases recognised in the income statement for the year | 500,380,455 | 562,571,626 |

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**No. 4 Street 30/4, Cao Lanh City  
Dong Thap Province, S.R Vietnam**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

At the balance sheet date, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows:

|                                       | 31/12/2015                | 31/12/2014                |
|---------------------------------------|---------------------------|---------------------------|
|                                       | <u>VND</u>                | <u>VND</u>                |
| On demand or within one year          | 387,300,000               | 150,000,000               |
| In the second to fifth year inclusive | 155,000,000               | 270,000,000               |
| After five years                      | 5,000,000                 | 2,500,000                 |
|                                       | <u><u>547,300,000</u></u> | <u><u>422,500,000</u></u> |

Operating lease payments represent the total rentals payable by the Company for renting premises to organize drug stores of some branches in the country.

**39. FINANCIAL INSTRUMENTS****Capital risk management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity of shareholders (comprising owner's contributed capital, share premium, other owner's capital, investment and development fund and retained earnings).

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

**Categories of financial instruments**

|                                  | <u>Carrying amount</u>        |                               |
|----------------------------------|-------------------------------|-------------------------------|
|                                  | 31/12/2015                    | 31/12/2014                    |
|                                  | <u>VND</u>                    | <u>VND</u>                    |
| <b>Financial assets</b>          |                               |                               |
| Cash and cash equivalents        | 87,841,659,460                | 178,550,050,326               |
| Short-term financial investments | 103,568,325,260               | 3,283,181,020                 |
| Trade and other receivables      | 236,408,035,188               | 207,991,304,334               |
| Long-term financial investments  | 48,601,654,700                | 46,228,154,700                |
|                                  | <u><u>476,419,674,608</u></u> | <u><u>436,052,690,380</u></u> |
| <b>Financial liabilities</b>     |                               |                               |
| Trade and other payables         | 57,752,906,938                | 113,718,225,997               |
| Short-term accrued expenses      | 41,823,288,570                | 46,055,241,368                |
|                                  | <u><u>99,576,195,508</u></u>  | <u><u>159,773,467,365</u></u> |

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards (IFRS) on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the measurement and recognition of financial instruments, including application of fair value, in accordance with IFRS.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**Financial risk management objectives**

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. The risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

**Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and prices. The Company does not hedge these risk exposures because the Board of General Directors assessed that the costs to be incurred to hedge these risks may exceed the inherent cost due to the fluctuation of the foreign exchange rates and price of these financial instruments.

*Foreign currency risk management*

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

|                            | Assets     |               | Liabilities    |                |
|----------------------------|------------|---------------|----------------|----------------|
|                            | 31/12/2015 | 31/12/2014    | 31/12/2015     | 31/12/2014     |
|                            | VND        | VND           | VND            | VND            |
| United States Dollar (USD) | 45,610,132 | 9,581,205,757 | 36,936,157,481 | 87,559,798,877 |
| Euro (EUR)                 | 11,832,463 | -             | 1,194,620,000  | 1,682,003,405  |

*Foreign currency sensitivity analysis*

The Company is mainly exposed to the United States Dollar.

The following analysis details the Company's sensitivity to a 3% (2014: 5%) increase and decrease in Vietnam Dong against United States Dollar. 3% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to the Board of General Directors and represents the Board of General Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% (2014: 5%) change in foreign currency rates. For a 3% (2014: 5%) increase/decrease in United States Dollar against Vietnam Dong, the profit before-tax in the year would decrease/increase by VND 1,106,716,420 (2014: VND 3,898,929,656).

*Commodity price risk management*

The Company purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Company is exposed to the risk of changes in selling prices of materials, commodities.

*Share price risk management*

Shares held by the Company are affected by market risks arising from the uncertainty about future prices of such shares. The Company manages this risk exposure by setting up investment limits. The Company's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc. The Company assesses the share price risk to be immaterial.

500  
NH  
NG  
HIEM  
LOT  
TN  
TP. H

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

**Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

|                                  | Less than 1 year<br>VND | More than 1 year<br>VND | Total<br>VND           |
|----------------------------------|-------------------------|-------------------------|------------------------|
| <b>As at 31/12/2015</b>          |                         |                         |                        |
| Cash and cash equivalents        | 87,841,659,460          | -                       | 87,841,659,460         |
| Short-term financial investments | 103,568,325,260         | -                       | 103,568,325,260        |
| Trade and other receivables      | 236,331,790,448         | 76,244,740              | 236,408,035,188        |
| Long-term financial investments  | -                       | 48,601,654,700          | 48,601,654,700         |
|                                  | <u>427,741,775,168</u>  | <u>48,677,899,440</u>   | <u>476,419,674,608</u> |
|                                  |                         |                         |                        |
|                                  | Less than 1 year<br>VND | More than 1 year<br>VND | Total<br>VND           |
| <b>As at 31/12/2015</b>          |                         |                         |                        |
| Trade and other payables         | 57,625,906,938          | 127,000,000             | 57,752,906,938         |
| Accrued expenses                 | 41,823,288,570          | -                       | 41,823,288,570         |
|                                  | <u>99,449,195,508</u>   | <u>127,000,000</u>      | <u>99,576,195,508</u>  |
|                                  |                         |                         |                        |
| <b>Net liquidity gap</b>         | <u>328,292,579,660</u>  | <u>48,550,899,440</u>   | <u>376,843,479,100</u> |

002-C  
NH  
TY  
HUU HA  
TE  
AM  
5 CHI

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

 No. 4 Street 30/4, Cao Lanh City  
 Dong Thap Province, S.R Vietnam

**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**FORM B 09-DN**
*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

|                                  | Less than 1 year<br><u>VND</u> | More than 1 year<br><u>VND</u> | Total<br><u>VND</u>    |
|----------------------------------|--------------------------------|--------------------------------|------------------------|
| <b>As at 31/12/2014</b>          |                                |                                |                        |
| Cash and cash equivalents        | 178,550,050,326                | -                              | 178,550,050,326        |
| Short-term financial investments | 3,283,181,020                  | -                              | 3,283,181,020          |
| Trade and other receivables      | 207,771,005,594                | 220,298,740                    | 207,991,304,334        |
| Long-term financial investments  | -                              | 46,228,154,700                 | 46,228,154,700         |
|                                  | <u>389,604,236,940</u>         | <u>46,448,453,440</u>          | <u>436,052,690,380</u> |

|                          | Less than 1 year<br><u>VND</u> | More than 1 year<br><u>VND</u> | Total<br><u>VND</u>    |
|--------------------------|--------------------------------|--------------------------------|------------------------|
| <b>As at 31/12/2014</b>  |                                |                                |                        |
| Trade and other payables | 108,641,225,997                | 5,077,000,000                  | 113,718,225,997        |
| Accrued expenses         | 46,055,241,368                 | -                              | 46,055,241,368         |
|                          | <u>154,696,467,365</u>         | <u>5,077,000,000</u>           | <u>159,773,467,365</u> |
| <b>Net liquidity gap</b> | <u>234,907,769,575</u>         | <u>41,371,453,440</u>          | <u>276,279,223,015</u> |

The Board of General Directors assessed the liquidity risk at low level. The Board of General Directors believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

**40. RELATED PARTY TRANSACTIONS AND BALANCES**
**List of related parties**

| <u>Related party</u>                           | <u>Relationship</u> |
|--|---------------------|
| Gia Dai Pharmaceutical Company Limited         | Associate           |
| Agimexpharm Pharmaceutical Joint Stock Company | Associate           |
| S.pharm Pharmaceutical Joint Stock Company     | Associate           |

Related party balances at the balance sheet date were as follows:

|  | 31/12/2015<br><u>VND</u> | 31/12/2014<br><u>VND</u> |
|--|--------------------------|--------------------------|
| <b>Trade receivables</b>                       |                          |                          |
| Gia Dai Pharmaceutical Company Limited         | -                        | 16,995,023               |
| Agimexpharm Pharmaceutical Joint Stock Company | 10,905,006,141           | 21,488,191,822           |
| S.pharm Pharmaceutical Joint Stock Company     | <u>1,884,767,829</u>     | <u>1,071,068,211</u>     |
| <b>Trade payables</b>                          |                          |                          |
| S.pharm Pharmaceutical Joint Stock Company     | -                        | 145,284,300              |
| Agimexpharm Pharmaceutical Joint Stock Company | <u>567,064,350</u>       | <u>805,996,275</u>       |

**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**No. 4 Street 30/4, Cao Lanh City  
Dong Thap Province, S.R Vietnam**Financial Statements**

For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

During the year, the Company entered into the following significant transactions with its related parties:

|  | 2015               | 2014                 |
|--|--------------------|----------------------|
|  | <u>VND</u>         | <u>VND</u>           |
| <b>Sales</b>                                   |                    |                      |
| Agimexpharm Pharmaceutical Joint Stock Company | 9,594,451,369      | 34,810,862,998       |
| S.pharm Pharmaceutical Joint Stock Company     | <u>826,506,380</u> | <u>3,701,879,419</u> |
| <b>Purchase</b>                                |                    |                      |
| Agimexpharm Pharmaceutical Joint Stock Company | 2,299,631,481      | 15,080,185,260       |
| S.pharm Pharmaceutical Joint Stock Company     | <u>669,154,500</u> | <u>928,447,380</u>   |

**Remuneration of the Board of Management and Board of General Directors**

Remuneration paid to members of the Board of Management and Board of General Directors of the Company during the year was as follows:

|                                      | 2015                  | 2014                  |
|--------------------------------------|-----------------------|-----------------------|
|                                      | <u>VND</u>            | <u>VND</u>            |
| Salaries, bonus and benefits in kind | <u>11,071,662,450</u> | <u>10,324,923,050</u> |

**41. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION****Supplemental non-cash disclosures**

Cash outflows for purchases of fixed assets and other long-term assets during the year exclude an amount of VND 3,986,055,066 (as at 31 December 2014: VND 385,786,965), representing an addition in fixed assets during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.



**IMEXPHARM PHARMACEUTICAL JOINT STOCK COMPANY**

No. 4 Street 30/4, Cao Lanh City  
Dong Thap Province, S.R Vietnam

**Financial Statements**  
For the year ended 31 December 2015

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

**FORM B 09-DN**

**42. COMPARATIVE FIGURES**

Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:


Unit: VND

| Under Decision No. 15/2006/QĐ-BTC                              |      |                 | Under Circular No. 200/2014/TT-BTC                             |      |                 | Change                |
|--|------|-----------------|--|------|-----------------|-----------------------|
| Items  | Code | 31/12/2014      | Items  | Code | 31/12/2014      |                       |
| <b>BALANCE SHEET</b>   |      |                 |  |      |                 |                       |
| <b>I. Assets</b>   |      |                 |  |      |                 |                       |
| 1. Other receivables   | 135  | 7,444,225,565   | 1. Other short-term receivables                                | 136  | 18,581,499,844  | Reclassify and rename |
| 2. Other short-term assets                                     | 158  | 11,137,274,279  | 2. Other short-term assets                                     | 155  | -               | Reclassify            |
| 3. Other long-term receivables                                 | 216  | -               | 3. Other long-term receivables                                 | 216  | 220,298,740     | Reclassify            |
| 4. Other long-term assets                                      | 268  | 220,298,740     | 4. Other long-term assets                                      | 268  | -               | Reclassify            |
| 5. Other long-term investments                                 | 258  | 8,799,668,000   | 5. Equity investments in other entities                        | 253  | 8,799,668,000   | Rename                |
| 6. Provision for impairment of long-term financial investments | 259  | (182,000,000)   | 6. Provision for impairment of long-term financial investments | 254  | (182,000,000)   | Rename                |
| <b>II. Resources</b>   |      |                 |  |      |                 |                       |
| 1. Trade accounts payable                                      | 312  | 112,795,081,350 | 1. Short-term trade payables                                   | 311  | 112,795,081,350 | Rename                |
| 2. Advances from customers                                     | 313  | 760,122,040     | 2. Short-term advances from customers                          | 312  | 760,122,040     | Rename                |
| 3. Accrued expenses  | 316  | 46,055,241,368  | 3. Short-term accrued expenses                                 | 315  | 46,055,241,368  | Rename                |
| 4. Unearned revenue  | 338  | -               | 4. Short-term unearned revenue                                 | 318  | -               | Rename                |
| 5. Investment and development fund                             | 417  | 206,362,374,388 | 5. Investment and development fund                             | 418  | 211,913,764,388 | Reclassify            |
| 6. Share capital   | 411  | 263,114,860,000 | 6. Owner's contributed capital                                 | 411  | 263,114,860,000 | Rename                |
| <i>No corresponding item</i>                                   |      |                 | - Ordinary shares carrying voting rights                       | 411a | 263,114,860,000 | Reclassify            |
| 7. Financial reserve fund                                      | 418  | 5,551,390,000   | <i>No corresponding item</i>                                   |      |                 | Reclassify            |
| <b>INCOME STATEMENT</b>  |      |                 |  |      |                 |                       |
| 1. Earnings per share  | 70   | 3,421           | 1. Earnings per share  | 70   | 2,909           | Reclassify            |

  
Duong Hoang Vu  
Preparer

  
Tran Hoai Hanh  
Chief Accountant



  
Nguyen Quoc Dinh  
Deputy General Director  
28 March 2016

