

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 31 MARCH 2019**

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

Establishment decision	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.	
Business registration certificate	No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City. The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 17 August 2018 was issued by the Department of Planning and Investment of Can Tho City.	
The Board of Directors	Mr. Nguyen Chi Thanh Mdm. Pham Thi Viet Nga Mr. Doan Dinh Duy Khuong Mr. Tran Chi Liem Mr. Jun Kuroda Ms. Dang Thi Thu Ha Mr. Phan Minh Tien	Chairman Member Member Member Member Member Member
The Board of Management	Mr. Doan Dinh Duy Khuong Mr. Le Chanh Dao Ms. Nguyen Ngoc Diep Mr. Tomoyuki Kawata	Acting General Director Deputy General Director Deputy General Director Deputy General Director
The Board of Supervisory	Mr. Tran Quoc Hung Ms. Nguyen Phuong Thao Mr. Tran Trung Kien	Head Member Member
Legal representative	Mr. Doan Dinh Duy Khuong	Acting General Director
Head office	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

INTERIM SEPARATE BALANCE SHEET

Codes	ASSETS	Notes	As at 31.03.2019 VND	As at 31.12.2018 VND
100	CURRENT ASSETS		3,149,090,085,332	3,140,204,746,425
110	Cash and cash equivalents	4	47,897,708,596	74,532,884,988
111	Cash		47,897,708,596	74,532,884,988
120	Short-term investments	5	1,577,222,000,000	1,454,222,000,000
123	Held-to-maturity investments		1,577,222,000,000	1,454,222,000,000
130	Short-term receivables		539,211,175,528	669,575,679,451
131	Trade receivables	6	494,606,850,377	618,500,755,955
132	Advances to suppliers		21,257,115,764	26,832,297,656
135	Short-term loan receivables	7	2,567,742,343	3,395,400,976
136	Other short-term receivables	8	57,576,614,750	55,418,939,111
137	Provision for doubtful debts	9	(36,797,147,706)	(34,571,714,247)
140	Inventories	10	939,185,746,162	891,258,048,542
141	Inventories		940,000,072,394	892,072,374,774
149	Provision for devaluation of inventories		(814,326,232)	(814,326,232)
150	Other short-term assets		45,573,455,046	50,616,133,444
151	Short-term prepayments	11	7,238,154,760	3,263,710,674
152	Value added tax deductibles		22,876,517,813	32,191,908,956
153	Taxes and other receivables from the State budget	12	15,458,782,473	15,160,513,814
200	Non-current assets		1,076,125,439,312	1,055,626,395,175
210	Long-term receivables		880,000,000	1,500,000,000
215	Long-term loans receivable	7	850,000,000	1,330,000,000
216	Other long-term receivables		30,000,000	170,000,000
220	Fixed assets		947,697,439,528	964,586,601,565
221	Tangible fixed assets	13	713,843,961,817	729,315,677,578
222	Cost		1,339,670,491,184	1,333,201,404,077
223	Accumulated depreciation		(625,826,529,367)	(603,885,726,499)
227	Intangible fixed assets	14	233,853,477,711	235,270,923,987
228	Cost		268,799,316,114	268,799,316,114
229	Accumulated amortization		(34,945,838,403)	(33,528,392,127)
230	Investment properties	15	233,098,003	247,880,293
231	Cost		982,448,156	1,249,521,792
232	Accumulated depreciation		(749,350,153)	(1,001,641,499)
240	Long-term assets in progress	16	25,787,865,588	14,087,991,804
242	Construction in progress		25,787,865,588	14,087,991,804
250	Long-term financial investments	5	63,999,633,927	34,795,190,535
251	Investments in subsidiaries		13,742,460,000	13,742,460,000
252	Investments in associates		3,787,450,000	3,787,450,000
253	Equity investments in other entities		27,908,170,200	27,908,170,200
254	Provision for impairment of long-term financial investments		(11,438,446,273)	(10,642,889,665)
255	Held-to-maturity investments		30,000,000,000	-
260	Other long-term assets		37,527,402,266	40,408,730,978
261	Long-term prepayments	11	26,940,161,846	30,034,914,000
262	Deferred tax assets	17	10,587,240,420	10,373,816,978
270	TOTAL ASSETS		4,225,215,524,644	4,195,831,141,600

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN

INTERIM SEPARATE BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 31.03.2019 VND	As at 31.12.2018 VND
300	LIABILITIES		1,216,482,488,638	1,061,254,177,382
310	Current liabilities		1,156,853,666,482	1,001,039,537,807
311	Short-term trade payables	18	178,205,336,080	145,540,398,538
312	Short-term advances from customers		10,297,796,438	9,728,206,186
313	Taxes and amounts payable to the State budget	12	14,640,387,391	13,629,440,563
314	Payables to employees		91,418,986,758	179,893,955,715
315	Short-term accrued expenses	19	26,636,771,000	39,992,715,726
318	Unearned revenue	20	16,197,046,888	9,030,131,533
319	Other current payables	21	265,808,161,651	1,963,480,753
320	Short-term loans	22	529,955,932,457	557,901,327,419
322	Bonus and welfare funds	23	23,693,247,819	43,359,881,374
330	Long-term liabilities		59,628,822,156	60,214,639,575
342	Long-term provisions	24	40,252,938,643	39,753,692,402
343	Science and technology development fund	25	19,375,883,513	20,460,947,173
400	Equity		3,008,733,036,006	3,134,576,964,218
410	Owner's equity	26	3,008,733,036,006	3,134,576,964,218
411	Owner's contributed capital		1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares carrying voting rights		1,307,460,710,000	1,307,460,710,000
412	Share premium		6,778,948,000	6,778,948,000
418	Investment and development fund		1,270,235,596,228	1,270,235,596,228
421	Retained earnings		424,257,781,778	550,101,709,990
421a	- Retained earnings accumulated to the prior year end		288,609,567,990	140,019,952,072
421b	- Retained earnings of the current year		135,648,213,788	410,081,757,918
440	TOTAL RESOURCES		4,225,215,524,644	4,195,831,141,600

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 April 2019

INTERIM SEPARATE INCOME STATEMENT

Codes		Notes	For the 3-month period ended	
			31.03.2019	31.03.2018
			VND	VND
01	Gross revenue from goods sold and services rendered		853,775,038,253	1,169,617,512,115
02	Deductions		86,986,691,982	120,089,014,569
10	Net revenue from goods sold and services rendered	28	766,788,346,271	1,049,528,497,546
11	Cost of sales	29	429,417,491,535	854,865,286,874
20	Gross profit		337,370,854,736	194,663,210,672
21	Financial income	30	25,938,318,445	20,220,186,857
22	Financial expenses	31	22,689,797,574	26,604,125,668
23	<i>In which: Interest expense</i>		5,324,257,564	7,546,685,346
25	Selling expenses	32	122,266,907,637	141,579,128,131
26	General and administrative expenses	32	67,350,604,579	52,865,336,859
30	Operating profit		151,001,863,391	(6,165,193,129)
31	Other income	33	4,247,128,015	1,414,646,878
32	Other expenses	33	1,346,247,296	763,526,341
40	Profit from other activities		2,900,880,719	651,120,537
50	Accounting profit before tax		153,902,744,110	(5,514,072,592)
51	Current corporate income tax expense	35	18,467,953,764	966,778,253
52	Deferred corporate tax expense		(213,423,442)	(59,164,208)
60	Net profit after corporate income tax		135,648,213,788	(6,421,686,637)

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 April 2019

INTERIM SEPARATE CASH FLOW STATEMENT
 (Indirect method)

Codes	Notes	Fiscal period ended	
		31.03.2019 VND	31.03.2018 VND
		Cash flows from operating activities	
01		153,902,744,110	(5,514,072,592)
		Profit before tax	
		Adjustments for:	
02		21,848,258,005	11,185,179,635
03		3,575,038,640	679,973,814
04			
		Foreign exchange loss arising from translating foreign currency items	
		181,429,776	213,746,346
05		(25,437,106,298)	(20,009,787,755)
06	31	5,324,257,564	7,546,685,346
08		159,394,621,797	(5,898,275,206)
		Operating profit/(loss) before movements in working capital	
09		146,441,248,978	472,020,315,751
10		(47,927,697,620)	(62,732,808,744)
11		(76,780,297,651)	(354,909,912,253)
12		(796,591,932)	(5,574,084,834)
14		(5,134,919,211)	(7,449,223,149)
15		(20,000,000,000)	(15,000,000,000)
17		(18,986,713,786)	(31,154,103,862)
20		136,209,650,575	(10,698,092,297)
		Net cash generated by/ (used in) operating activities	
		CASH FLOWS FROM INVESTING ACTIVITIES	
21		(18,670,813,703)	(3,633,371,280)
		Acquisition and construction of fixed assets and other long-term assets	
22		96,909,091	36,363,636
		Proceeds from sale, disposal of fixed assets and other long-term assets	
23		(872,673,917,808)	(876,372,583,232)
		Cash outflow for lending, buying debt instruments of other entities	
24		720,981,576,441	637,783,182,733
		Cash recovered from lending, selling debt instruments of other entities	
25		-	(160,000,000)
		Equity investments in other entities	
27		35,370,303,491	27,698,308,826
		Interest earned, dividends and profits received	
30		(134,895,942,488)	(214,648,099,317)
		Net cash used in investing activities	
		CASH FLOWS FROM FINANCING ACTIVITIES	
33		563,955,932,457	776,200,000,000
		Proceeds from borrowings	
34		(591,901,327,419)	(564,400,000,000)
		Repayment of borrowings	
40		(27,945,394,962)	211,800,000,000
		Net cash (used in)/ generated by financing activities	
50		(26,631,686,875)	(13,546,191,614)
		Net decrease in cash	
		Cash and cash equivalents at the beginning of the year	
60	4	74,532,884,988	419,183,311,635
		Effects of changes in foreign exchange rates	
61		(3,489,517)	(3,992,365)
		Cash and cash equivalents at the end of the period/ year	
70	4	47,897,708,596	405,633,127,656

 Tran Ngoc Hien
 Preparer

 Ho Buu Huan
 Chief Accountant

 Le Chanh Dao
 Deputy General Director
 18 April 2019

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 31 MARCH 2019**
1 GENERAL INFORMATION
Structure of ownership

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the “Company”) was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QD-CT.UB dated 5 August 2004 issued by the People’s Committee of Can Tho City. The Company was officially incorporated as a joint stock company under the Business Registration Certificate No.5703000111 dated 15 September 2014 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

The Company’s shares were listed on Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

The largest shareholder of the Company is the State Capital Investment Corporation (“SCIC”) which owned 43.31% of share capital of the Company. SCIC is controlled by Commission for the Management of State Capital at Enterprises.

The Company’s head office is located at 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, S.R. Vietnam.

The number of employees of the Company as at 31 March 2019 was 2,957 (as at 31 December 2018: 3,026).

Operating industry and principal activities

The Company’s operating industry is to manufacture and sell pharmaceutical products.

The Company’s principal activities are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and cosmeceuticals.

The Company’s structure

As at 31 March 2019, the Company’s subsidiaries and associate were as follows:

Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
Subsidiary				
Fuji Medic Limited Liability Company	Health care services	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	51%
Associate				
Vinh Hao Algae Processing Joint Stock Company	Manufacturing and trading spirulina algae	No. 4803000150 issued by the Planning and Investment Department of Binh Thuan Province on 4 February 2008	31.36%	31.36%

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.

Disclosure of information comparability in the interim separate financial statements

The figures of the separate financial statements cannot be comparable because DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company were merged into the Company on 28 March 2018.

2 ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The separate 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 separate financial statements are prepared solely to present the separate financial position of the Company as at 31 March 2019, and its separate results of operations and cash flows for the 3-month period ended 31 March 2019. Therefore, the Company did not consolidate its investments in subsidiaries and associate in these separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

The separate 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.

Financial year

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company's Board of Management has the positive intent or ability to hold to maturity.

Held-to-maturity investments include term deposits to earn periodic interest (except for term deposits presented in Note "Cash and cash equivalents"). These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the separate income statement on accrual basis.

Loan receivables

Loan receivables are measured at cost less provision. Provision for loan receivables is made in accordance with prevailing accounting regulations.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)***Investments in subsidiary and associate******Investment in subsidiary***

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investment in associate

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 subsidiaries and associate are initially recognized at cost. The Company's share of the net profit of the investee after acquisition is recognized in the separate income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associate are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associate 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 ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of these investments is made when the entities made losses, except for loss that was anticipated in their business plan before the date of investment.

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.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, 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 realizable 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 realizable values as at the separate balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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 their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3 - 50
Machinery and equipment	3 - 20
Motor vehicles	3 - 20
Office equipment	3 - 10

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

LeaseThe Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor 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 fixed assets and amortization

Intangible fixed assets represent land use rights and computer software that are stated at cost less accumulated amortization.

Definite land use rights are amortized using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortized under prevailing regulations.

Computer software is amortized using the straight-line method from 3 to 8 years.

Investment properties

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Company to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 10 to 16 years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets 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. Prepayments comprise leasehold improvement expenses, land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

Land rentals represent prepaid land rentals. The prepaid land rentals are allocated to the separate income statement using the straight-line method over the lease term.

Others have been capitalized as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Provisions

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

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each financial year. The increase or decrease in the accrued amount shall be recorded in the income statement.

Provision for dismantling and restoration costs

In accordance with Circular 200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

Unearned revenue

Unearned revenue represents the fair value of goods and services provided to customers for free or at discount in the customer loyalty programs. Unearned revenue is recognized for the portion of obligation that the Company has not yet fulfilled to customers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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 recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. 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 recognized when the Company's right to receive payment has been established.

Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for the products, goods or services which are sold in the previous period, incurred after the balance sheet date, but before the issuance of the financial statements are recorded as deduction of revenue in the period.

Customer loyalty programs

Revenue is recognized at total consideration received less fair value of goods and services which are provided to customers for free or at discount. Fair value amounts of goods and services provided for free or at discount are recognized as unearned revenue. If customers do not meet the required conditions stated in the customer loyalty programs at the end of the programs and hence, are not entitled to the free or discounted goods and services, the unearned revenue is realized into the revenue of goods sold and services rendered.

When customers meet all the required conditions and the Company is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Company's income statement at the time that obligations to customers are fulfilled, which means goods are delivered and services are rendered to customers. When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Company does not act as an agent of the third party, the unearned revenue is realized into the revenue of goods sold and services rendered at the time that third party provides the free or discounted goods and services to customers. If the Company acts as an agent of the third party, the Company recognizes revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers. The amount payable to the third party is settlement for payable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the separate balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the separate income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalized even when the construction period is under 12 months.

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 profit before tax as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the separate 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 recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to the separate income statement, 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 applied in accordance with the prevailing tax laws in Vietnam.

4 CASH AND CASH EQUIVALENTS

	31.03.2019	31.12.2018
	VND	VND
Cash on hand	15,796,780,659	27,957,108,000
Demand deposits	31,777,335,959	46,575,776,988
Cash in transit	323,591,978	-
	<u>47,897,708,596</u>	<u>74,532,884,988</u>

5 FINANCIAL INVESTMENTS**(a) Short-term financial investments**

Held-to-maturity investments include term deposits with the remaining term within 12 months from the time of reporting and exclude held-to-maturity investments presented in the item "cash equivalents" in Note 4.

Long-term held-to-maturity investments represent term deposits with a remaining maturity term exceeding 12 months from balance sheet date.

Held-to-maturity investments

	31.03.2019		31.12.2018	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	1,577,222,000,000	1,577,222,000,000	1,454,222,000,000	1,454,222,000,000

(b) Long-term financial investments

	31.03.2019		31.12.2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiary (*)	13,742,460,000	(4,487,026,518)	13,742,460,000	(3,819,635,054)
Investment in associate (**)	3,787,450,000	(1,220,557,992)	3,787,450,000	(1,092,392,848)
Equity investments in other entities (***)	27,908,170,200	(5,730,861,763)	27,908,170,200	(5,730,861,763)
	<u>45,438,080,200</u>	<u>(11,438,446,273)</u>	<u>45,438,080,200</u>	<u>(10,642,889,665)</u>

(*) Percentages of ownership and voting rights of the Company in subsidiary are presented in Note 1. Detail of investment in subsidiary is as follow:

	31.03.2019 VND	31.12.2018 VND
Fuji Medic Limited Liability Company	13,742,460,000	13,742,460,000
	<u>13,742,460,000</u>	<u>13,742,460,000</u>

(**) Percentages of ownership and voting rights of the Company in associate are presented in Note 1. Detail of investment in associate is as follow:

	31.03.2019 VND	31.12.2018 VND
Vinh Hao Algae Processing Joint Stock Company	3,787,450,000	3,787,450,000
	<u>3,787,450,000</u>	<u>3,787,450,000</u>

5 FINANCIAL INVESTMENTS (cont.)**(b) Long-term financial investments (cont.)**

(***) Equity investments in other entities:

	31.03.2019	31.12.2018
	VND	VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Becamex Pharmaceutical Joint Stock Company	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipment Joint Stock Company	796,675,000	796,675,000
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

Provision balance as at 31 March 2019 and 31 December 2018 represents the provision for impairment of the long-term investment in Fuji Medic Limited Liability Company, ATP Packaging Joint Stock Company and Vinh Hao Algae Processing Joint Stock Company. Details were as follows:

	31.03.2019	31.12.2018
	VND	VND
Fuji Medic Limited Liability Company	4,487,026,518	3,819,635,054
Vinh Hao Algae Processing Joint Stock Company	1,220,557,992	1,092,392,848
ATP Packaging Joint Stock Company	5,730,861,763	5,730,861,763
	<u>11,438,446,273</u>	<u>10,642,889,665</u>

Held-to-maturity investments – long-term

	31.03.2019		31.12.2018	
	Cost	Book value	Cost	Book value
	VND	VND	VND	VND
Term deposits	<u>30,000,000,000</u>	<u>30,000,000,000</u>	-	-

6 SHORT-TERM TRADE RECEIVABLES

	31.03.2019	31.12.2018
	VND	VND
Receivables from third parties	<u>494,606,850,377</u>	<u>618,500,755,955</u>
	<u>494,606,850,377</u>	<u>618,500,755,955</u>

As at 31 March 2019 and 31 December 2018, there was no single trade receivable from third parties accounting for 10% or more of total trade accounts receivable balance.

7 LOAN RECEIVABLES

Short-term loan receivables		
	31.03.2019	31.12.2018
	VND	VND
Loan receivables from customers	<u>2,567,742,343</u>	<u>3,395,400,976</u>
	<u>2,567,742,343</u>	<u>3,395,400,976</u>
Long-term loan receivables		
	31.03.2019	31.12.2018
	VND	VND
Loan receivables from customers	<u>850,000,000</u>	<u>1,330,000,000</u>
	<u>850,000,000</u>	<u>1,330,000,000</u>

8 OTHER SHORT-TERM RECEIVABLES

	31.03.2019	31.12.2018
	VND	VND
Interest income receivable	36,044,198,921	46,074,305,205
Receivable from employees	11,955,309,640	5,712,580,521
Other receivables	9,577,106,189	3,632,053,385
	<u>57,576,614,750</u>	<u>55,418,939,111</u>

9 BAD DEBTS

	31.03.2019		
	Cost	Recoverable	Provision
	VND	amount	VND
		VND	VND
Total amount of receivables and loan receivables past due or not past due but impaired	230,424,352,886	193,627,205,180	(36,797,147,706)
	<u>230,424,352,886</u>	<u>193,627,205,180</u>	<u>(36,797,147,706)</u>
	31.12.2018		
	Cost	Recoverable	Provision
	VND	amount	VND
		VND	VND
Total amount of receivables and loan receivables past due or not past due but impaired	205,852,717,492	171,281,003,245	(34,571,714,247)
	<u>205,852,717,492</u>	<u>171,281,003,245</u>	<u>(34,571,714,247)</u>

As at 31 March 2019 and 31 December 2018, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	Fiscal period	Fiscal year
	ended	ended
	31.03.2019	31.12.2018
	VND	VND
Opening balance	34,571,714,247	19,797,719,098
Increase during the period/year	2,225,433,459	12,198,225,485
Transfer from subsidiaries	-	2,575,769,664
Closing balance	<u>36,797,147,706</u>	<u>34,571,714,247</u>

10 INVENTORIES

	31.03.2019		31.12.2018	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	88,920,707,080	-	66,470,323,130	-
Raw materials	347,089,600,931	-	376,538,041,655	-
Work in progress	40,127,057,062	-	54,189,946,414	-
Finished goods	437,512,383,174	(814,326,232)	346,534,828,838	(814,326,232)
Merchandise	26,350,324,147	-	48,339,234,737	-
	<u>940,000,072,394</u>	<u>(814,326,232)</u>	<u>892,072,374,774</u>	<u>(814,326,232)</u>

10 INVENTORIES (cont.)

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

	Fiscal period ended 31.03.2019 VND	Fiscal year ended 31.12.2018 VND
Opening balance	814,326,232	3,328,368,066
Utilisation of provisions	-	(1,294,938,769)
Reversal in the period/ year	-	(1,219,103,065)
Closing balance	<u>814,326,232</u>	<u>814,326,232</u>

The provision for devaluation of inventories was made for inventories of which costs were higher than net realizable value.

As at 31 March 2019 and 31 December 2018, the Company did not have any slow moving, damaged or sub-standard inventories.

11 PREPAYMENTS**Short-term prepayments**

	31.03.2019 VND	31.12.2018 VND
Prepayment related to operating lease	5,060,047,235	101,800,010
Others	2,178,107,525	3,161,910,664
	<u>7,238,154,760</u>	<u>3,263,710,674</u>

Prepayments are allocated within 12 months since the time of prepayment.

Long-term prepayments

	31.03.2019 VND	31.12.2018 VND
Prepaid land rental	10,281,506,985	10,367,868,894
Tools and supplies	10,008,356,469	11,828,145,326
Leasehold improvement	-	47,927,928
Others	6,650,298,392	7,790,971,852
	<u>26,940,161,846</u>	<u>30,034,914,000</u>

Prepayments are allocated in a period of more than 12 months since the time of prepayment.

Movements in long-term prepayments were as follows:

	Fiscal period ended 31.03.2019 VND	Fiscal year ended 31.12.2018 VND
Opening balance	30,034,914,000	25,968,452,669
Increase	958,193,190	12,694,541,439
Transferred from subsidiaries	-	4,297,359,154
Allocation during the period/year	(4,052,945,344)	(12,939,859,048)
Reclassifications of opening balance	-	14,419,786
Closing balance	<u>26,940,161,846</u>	<u>30,034,914,000</u>

12 TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable during the period/year VND	Paid during the period/year	Closing balance VND
Receivables				
Value added tax for import goods	3,713,591,537	(9,873,559,258)	9,581,860,477	3,421,892,756
Import and export duties	926,396,477	(926,396,477)	-	-
Corporate income tax – current	10,504,843,481	(18,467,953,764)	20,000,000,000	12,036,889,717
Land rental fee, land use tax	15,682,319	(15,682,319)	-	-
	<u>15,160,513,814</u>	<u>(29,283,591,818)</u>	<u>29,581,860,477</u>	<u>15,458,782,473</u>
Payables				
Output value added tax	13,499,506,643	10,429,402,329	(18,313,523,889)	5,615,385,083
Import and export duties	-	2,563,945,865	(2,146,802,569)	417,143,296
Personal income tax	129,933,920	15,121,419,922	(12,266,496,565)	2,984,857,277
Land rental fee, land use tax	-	5,623,980,286	(978,551)	5,623,001,735
Other taxes	-	319,171,419	(319,171,419)	-
	<u>13,629,440,563</u>	<u>34,057,919,821</u>	<u>(33,046,972,993)</u>	<u>14,640,387,391</u>

13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
As at 01 January 2019	523,308,829,235	579,265,383,302	160,671,502,625	69,955,688,915	1,333,201,404,077
Purchase during the period/year	-	985,000,000	-	34,900,000	1,019,900,000
Transferred from construction in progress (Note 16)	-	5,657,397,107	-	32,000,000	5,689,397,107
Transfer from investment properties (Note 15)	267,073,636	-	-	-	267,073,636
Disposals	-	-	(507,283,636)	-	(507,283,636)
As at 31 March 2019	<u>523,575,902,871</u>	<u>585,907,780,409</u>	<u>160,164,218,989</u>	<u>70,022,588,915</u>	<u>1,339,670,491,184</u>
Accumulated depreciation					
As at 01 January 2019	182,276,573,936	261,752,989,050	100,416,305,688	59,439,857,825	603,885,726,499
Charge for the period/ year	7,293,693,643	11,242,626,096	2,753,642,594	891,050,535	22,181,012,868
Transfer from investment properties (Note 15)	267,073,636	-	-	-	267,073,636
Disposals	-	-	(507,283,636)	-	(507,283,636)
As at 31 March 2019	<u>189,837,341,215</u>	<u>272,995,615,146</u>	<u>102,662,664,646</u>	<u>60,330,908,360</u>	<u>625,826,529,367</u>
Net book value					
As at 01 January 2019	<u>341,032,255,299</u>	<u>317,512,394,252</u>	<u>60,255,196,937</u>	<u>10,515,831,090</u>	<u>729,315,677,578</u>
As at 31 March 2019	<u>333,738,561,656</u>	<u>312,912,165,263</u>	<u>57,501,554,343</u>	<u>9,691,680,555</u>	<u>713,843,961,817</u>

As at 31 March 2019, the cost of tangible fixed assets included VND 215,772,062,641 (as at 31 December 2018: VND 206,527,246,637) of assets which were fully depreciated but are still in active use.

14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
Cost				
As at 01 January 2019	95,158,560,046	157,471,235,263	16,169,520,805	268,799,316,114
Disposals	-	-	-	-
As at 31 March 2019	<u>95,158,560,046</u>	<u>157,471,235,263</u>	<u>16,169,520,805</u>	<u>268,799,316,114</u>
Accumulated amortization				
As at 01 January 2019	-	22,026,708,192	11,501,683,935	33,528,392,127
Charge for the period/year	-	832,762,557	584,683,719	1,417,446,276
As at 31 March 2019	-	<u>22,859,470,749</u>	<u>12,086,367,654</u>	<u>34,945,838,403</u>
Net book value				
As at 01 January 2019	95,158,560,046	135,444,527,071	4,667,836,870	235,270,923,987
As at 31 March 2019	<u>95,158,560,046</u>	<u>134,611,764,514</u>	<u>4,083,153,151</u>	<u>233,853,477,711</u>

As at 31 March 2019 and 31 December 2018, the cost of intangible fixed assets included VND 6,007,417,805 of assets which were fully amortized but are still in use.

15 INVESTMENT PROPERTIES

	Buildings VND
Cost	
As at 01 January 2019	1,249,521,792
Transferred to tangible fixed assets (Note 13)	<u>(267,073,636)</u>
As at 31 March 2019	<u>982,448,156</u>
Accumulated depreciation	
As at 01 January 2019	1,001,641,499
Charge for the period/ year	14,782,290
Transferred to tangible fixed assets (Note 13)	<u>(267,073,636)</u>
As at 31 March 2019	<u>749,350,153</u>
Net book value	
As at 01 January 2019	<u>247,880,293</u>
As at 31 March 2019	<u>233,098,003</u>

As at 31 March 2019, the cost of investment properties included VND 100,067,069 of assets which were fully depreciated but are still in active use (as at 31 December 2018: VND 367,140,705).

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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16 LONG-TERM ASSETS IN PROGRESS

	31.03.2019	31.12.2018
	VND	VND
Construction of effervescent tablets plant - stage 2	-	83,100,000
Office and auxiliary works at DHG		
Pharmaceutical Plant Branch in Hau Giang	11,746,318,768	11,746,318,768
Construction of Gia Lai branch office	623,948,774	623,948,774
Repair of parking lot	1,268,293,577	-
Rebamipide product technology transfer project	1,925,000	-
Counterpain product technology transfer project	202,029,350	202,029,350
Technology transfer and development of Budesonide		
Nasal Spray product	1,293,522,895	1,143,281,604
Raw materials for testing new machines	298,018,243	144,235,771
Renovating and repairing packaging plant	3,083,430,913	145,077,537
Purchase of new machines	7,270,378,068	-
	<u>25,787,865,588</u>	<u>14,087,991,804</u>

Movements of construction in progress in the period/year:

	Fiscal period	Fiscal year
	ended	ended
	31.03.2019	31.12.2018
	VND	VND
Opening balance	14,087,991,804	17,391,628,650
Purchases	17,650,913,703	29,930,920,306
Transfer from subsidiaries	-	12,688,624,754
Transfer to tangible fixed assets (Note 13)	(5,689,397,107)	(29,103,115,838)
Transfer to intangible fixed assets (Note 14)	-	(2,696,709,627)
Transfer to prepayments	(83,100,000)	(2,283,909,837)
Transfer to expenses in the period/year	(178,542,812)	(11,839,446,604)
Closing balance	<u>25,787,865,588</u>	<u>14,087,991,804</u>

17 DEFERRED TAX ASSETS

	31.03.2019	31.12.2018
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences of provisions	52,936,202,100	51,869,084,890
Deferred tax assets	<u>10,587,240,420</u>	<u>10,373,816,978</u>

Movements of deferred tax assets in the period/year were as follows:

	Fiscal period	Fiscal year
	ended	ended
	31.03.2019	31.12.2018
	VND	VND
Opening balance	10,373,816,978	9,776,044,031
Additional provision/ (Reversal)	258,960,570	(1,171,501,437)
Incurred due to consolidation of fixed assets	(45,537,128)	294,500,565
Transfer from subsidiaries	-	1,474,773,819
Closing balance	<u>10,587,240,420</u>	<u>10,373,816,978</u>

18 SHORT-TERM TRADE PAYABLES

	31.03.2019		31.12.2018	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Third parties (*)	178,002,315,280	178,002,315,280	145,540,398,538	145,540,398,538
Related parties (Note 37)	203,020,800	203,020,800	-	-
	<u>178,205,336,080</u>	<u>178,205,336,080</u>	<u>145,540,398,538</u>	<u>145,540,398,538</u>

(*) Suppliers accounting for 10% or more of total trade accounts payable balance were as follows:

	31.03.2019 VND	31.12.2018 VND
DSM SINOCHEM PHARMACEUTICALS INDIA PVT LTD	4,799,832,000	18,987,080,000
DSM SINOCHEM PHARMACEUTICALS SPAIN S.A	15,348,300,000	20,246,688,000
ROQUETTE FRERES	1,244,316,215	15,258,076,053

As at 31 March 2019 and 31 December 2018, there was no balance of short-term trade payables that was past due.

19 SHORT-TERM ACCRUED EXPENSES

	31.03.2019 VND	31.12.2018 VND
Seminar expenses	3,960,000,000	-
Interest payable	660,458,363	471,120,010
Market and customer care expenses	-	94,419,309
Payment discount	4,153,814,482	6,553,611,056
Other accruals	17,862,498,155	32,873,565,351
	<u>26,636,771,000</u>	<u>39,992,715,726</u>

20 SHORT-TERM UNEARNED REVENUE

	31.03.2019 VND	31.12.2018 VND
Unearned revenue from customer loyalty programs (Note 3)	16,197,046,888	9,030,131,533

21 OTHER SHORT-TERM PAYABLES

	31.03.2019 VND	31.12.2018 VND
Union fee	598,069,308	605,764,697
Dividends payable	261,492,142,000	-
Others	3,717,950,343	1,357,716,056
	<u>265,808,161,651</u>	<u>1,963,480,753</u>

22 SHORT-TERM LOANS

	31.03.2019		31.12.2018	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	529,955,932,457	529,955,932,457	557,901,327,419	557,901,327,419
	<u>529,955,932,457</u>	<u>529,955,932,457</u>	<u>557,901,327,419</u>	<u>557,901,327,419</u>

Movements of short-term loans during the period/year were as follows:

	As at 01.01.2019 VND	Increases VND	Decreases VND	As at 31.03.2019 VND
Loans from banks (*)	557,901,327,419	563,955,932,457	(591,901,327,419)	529,955,932,457
	<u>557,901,327,419</u>	<u>563,955,932,457</u>	<u>(591,901,327,419)</u>	<u>529,955,932,457</u>

(*) These loans bear interests at the rates ranging from 0.4% to 0.69% per month (in 2018: from 0.23% to 0.69% per month)

As at 31 March 2019 and 31 December 2018, there was no short-term loan that was past due.

23 BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for Board of Directors VND	Welfare fund in form of assets VND	Total VND
Opening balance	17,760,519,100	7,983,652,438	17,615,709,836	43,359,881,374
Depreciation of assets formed from the funds	-	-	(679,919,769)	(679,919,769)
Utilization	(17,760,519,100)	(1,226,194,686)	-	(18,986,713,786)
Closing balance	<u>-</u>	<u>6,757,457,752</u>	<u>16,935,790,067</u>	<u>23,693,247,819</u>

24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	15,535,236,761	24,218,455,641	39,753,692,402
Additional provision/Reversal during the period/year	992,719,683	(438,671,110)	554,048,573
Utilization of provisions	-	(54,802,332)	(54,802,332)
Closing balance	<u>16,527,956,444</u>	<u>23,724,982,199</u>	<u>40,252,938,643</u>

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 12/2016/TTTL-BKHCHN-BTC dated 28 June 2016, enterprises are allowed to establish the science and technology development funds for research and development activities. Provision made during the year is charged to expenses. Funds are utilized when disbursements are paid for research and development activities.

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

	Science and technology development fund in form of assets VND
Opening balance	20,460,947,173
Depreciation of assets formed from the funds	(1,085,063,660)
Closing balance	<u>19,375,883,513</u>

26 OWNER'S EQUITY

Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01 January 2018	1,307,460,710,000	6,778,948,000	1,077,345,255,193	437,893,650,006	2,829,478,563,199
Net profit for the year	-	-	-	441,989,287,693	441,989,287,693
Profit transferred from subsidiaries	-	-	-	185,573,040,197	185,573,040,197
Dividends	-	-	-	(305,075,155,000)	(305,075,155,000)
Profit due to impact of merger of subsidiaries (*)	-	-	-	(71,067,756,802)	(71,067,756,802)
Change due to collection of investments in subsidiaries	-	-	34,971,949,716	(17,150,000,000)	17,821,949,716
Change due to adjustment of consolidated assets	-	-	-	(5,303,835,027)	(5,303,835,027)
3 rd dividends declared for 2017 at 5%	-	-	-	(65,373,035,500)	(65,373,035,500)
1 st dividends advance for 2018 at 10%	-	-	-	(130,746,071,000)	(130,746,071,000)
Fund distribution	-	-	157,918,391,319	(157,918,391,319)	-
Appropriation to bonus and welfare funds	-	-	-	(61,795,178,258)	(61,795,178,258)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Balance as at 31 December 2018	1,307,460,710,000	6,778,948,000	1,270,235,596,228	550,101,709,990	3,134,576,964,218
Net profit for the period/year	-	-	-	135,648,213,788	135,648,213,788
2 nd dividends advance for 2018 at 20%	-	-	-	(261,492,142,000)	(261,492,142,000)
Balance as at 31 March 2019	1,307,460,710,000	6,778,948,000	1,270,235,596,228	424,257,781,778	3,008,733,036,006

(*) This amount is the unrealized profit in the balance of inventories of the Company obtained from the subsidiaries at the effective date of merging.

26 OWNER'S EQUITY (cont.)

Charter capital

	31.03.2019		31.12.2018	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets.

Dividends

According to Decision of the Board of Directors No. 001/2019/QĐ.HĐQT dated 27 February 2019, the advance was made for the second time in 2018 at 20% par value equivalent to VND 261,492,142,000 and it is expected to be paid on 16 June 2019.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

Cash and cash equivalents included following foreign currencies:

	31.03.2019 VND	31.12.2018 VND
United states Dollar (USD)	195,740	215,886
Euros (EUR)	14,495	34,833

28 REVENUE

	For the 3-month period ended	
	31.03.2019 VND	31.03.2018 VND
Sales		
Sales of finished goods	736,727,688,613	138,054,135,221
Sales of merchandises	116,651,161,557	1,016,894,045,990
Leasing, distribution and sales of cheap commodities	396,188,083	14,669,330,904
	<u>853,775,038,253</u>	<u>1,169,617,512,115</u>
Deductions		
Sales discounts	85,830,057,502	117,314,780,650
Sales returns	1,156,634,480	2,774,233,919
	<u>86,986,691,982</u>	<u>120,089,014,569</u>
Net sales	<u>766,788,346,271</u>	<u>1,049,528,497,546</u>
In which:		
Sales of finished goods	650,763,491,262	128,317,961,338
Sales of merchandises	115,628,666,926	906,541,205,304
Leasing, distribution and sales of cheap commodities	396,188,083	14,669,330,904

29 COST OF SALES

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Cost of finished goods sold	318,039,027,859	93,205,838,705
Cost of merchandises sold	111,363,681,386	761,094,337,720
Cost of services rendered	14,782,290	565,110,449
	<u>429,417,491,535</u>	<u>854,865,286,874</u>

30 FINANCIAL INCOME

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Interest income	24,890,084,498	19,333,803,179
Dividends and profits earned	450,112,709	27,985,200
Foreign exchange gains	598,121,238	246,762,738
Loan interest income from subsidiaries	-	611,635,740
	<u>25,938,318,445</u>	<u>20,220,186,857</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Interest expenses	5,324,257,564	7,546,685,346
Foreign exchange losses	932,893,848	1,167,576,242
Settlement discount	15,589,007,539	17,816,781,007
Provision for impairment of long-term financial investments	795,556,608	-
Other financial expenses	48,082,015	73,083,073
	<u>22,689,797,574</u>	<u>26,604,125,668</u>

32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES**Selling expenses**

Major items included in selling expenses were:

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Staff cost	69,405,105,251	75,013,033,756
Advertising expenses	9,835,840,015	25,848,048,754
Others	43,025,962,371	40,718,045,621
	<u>122,266,907,637</u>	<u>141,579,128,131</u>

General & administrative expenses

Major items included in general & administrative expenses were:

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Staff cost	46,448,816,698	39,316,435,314
Others	20,901,787,881	13,548,901,545
	<u>67,350,604,579</u>	<u>52,865,336,859</u>

33 OTHER INCOME AND EXPENSES**Other income**

	For the 3-month period ended	
	31.03.2019 VND	31.03.2018 VND
Gains from disposals of fixed assets and other long-term assets	92,909,091	36,363,636
Others	4,154,218,924	1,378,283,242
	<u>4,247,128,015</u>	<u>1,414,646,878</u>

Other expenses

	For the 3-month period ended	
	31.03.2019 VND	31.03.2018 VND
Others	1,346,247,296	763,526,341
	<u>1,346,247,296</u>	<u>763,526,341</u>

34 PRODUCTION AND OPERATION COSTS BY NATURE

	For the 3-month period ended	
	31.03.2019 VND	31.03.2018 VND
Raw materials and consumables	456,670,239,818	838,509,725,214
Staff cost	181,041,229,716	135,543,179,270
Depreciation and amortization	21,694,706,115	11,052,029,211
Out-sourced services	38,663,710,927	32,193,435,217
Other expenses	37,333,181,535	46,303,333,903
	<u>735,403,068,111</u>	<u>1,063,601,702,815</u>

35 CURRENT AND DEFERRED CORPORATE INCOME TAX

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

	For the 3-month period ended	
	31.03.2019 VND	31.03.2018 VND
Accounting profit before tax	153,902,744,110	(5,514,072,592)
Tax calculated at a normal rate of 20%	30,780,548,822	(1,102,814,518)
Adjustments for:		
Expenses not deductible for tax purposes	2,933,670,582	966,778,253
Non-assessable income	(90,022,542)	(5,597,040)
Corporate income tax incentives at branches	(15,156,243,098)	-
Corporate income tax before applying the market profit margin on related party transactions	<u>18,467,953,764</u>	<u>(141,633,305)</u>
Increase in corporate income tax by applying the market profit margin on related party transactions	-	1,108,411,558
Corporate income tax expense	<u>18,467,953,764</u>	<u>966,778,253</u>

35 CURRENT AND DEFERRED CORPORATE INCOME TAX (cont.)

Since 01 April 2018, DHG Pharmaceutical One Member Limited Company (DHG Pharma Ltd.) and DHG Packaging and Printing 1 One Member Limited Company (DHG PP1) have been merged into the Company and still have the following preferential tax rates:

Pursuant to the investment certificate, DHG PP1 is obliged to pay CIT at the rate of 10% of taxable income from 2014 to 2028. Under terms in investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and 50% reduction of CIT from 2018 to 2026.

Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. is obliged to pay CIT at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma Ltd. is entitled to the CIT exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma Ltd. has registered to apply the above tax incentives effective from the financial year 2015.

Movements in deferred corporate tax expense/(income) during the period/year were as follows:

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Deferred corporate tax income	(258,960,570)	(59,164,208)
Incurring due to consolidation of fixed assets	45,537,128	-
	<u>(213,423,442)</u>	<u>(59,164,208)</u>

36 COMMITMENTS**a) Operating lease commitment**

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period	1,356,507,100	1,366,662,390

At the separate balance sheet date, the Company had outstanding commitments under noncancellable operating leases as follows:

	31.03.2019	31.12.2018
	VND	VND
Within one year	1,355,507,096	5,422,028,378
In the first to fifth year inclusive	21,688,113,512	21,688,113,512
After five years	108,878,880,771	110,234,387,865
	<u>131,922,501,379</u>	<u>137,344,529,755</u>

b) Capital commitment

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

	31.03.2019	31.12.2018
	VND	VND
Approved but not contracted	352,035,931	6,412,563,066
Approved and contracted but not implemented	6,218,368,841	4,763,046,095
	<u>6,570,404,772</u>	<u>11,175,609,161</u>

37 TRANSACTIONS WITH RELATED PARTIES

Related parties**Relationship**

DHG Travel One Member Limited Company (*)	Subsidiary
Song Hau Pharmaceutical One Member Limited Company (*)	Subsidiary
B&T Pharmaceutical One Member Limited Company (*)	Subsidiary
DHG Pharmaceutical One Member Limited Company (**)	Subsidiary
DHG Packaging and Printing 1 One Member Limited Company (**)	Subsidiary
Fuji Medic Limited Liability Company	Subsidiary
Vinh Hao Algae Processing Joint Stock Company	Associate
State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd	Major shareholder

(*) Subsidiaries have been dissolved in 2018

(**) Subsidiaries have been dissolved and merged in 2018.

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

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
<i>Sales of goods and services</i>		
DHG Packaging and Printing 1 One Member Limited Company	-	183,541,022
Song Hau Pharmaceutical One Member Limited Company	-	16,135,325,619
DHG Pharmaceutical One Member Limited Company	-	155,719,582,755
		<u>172,038,449,396</u>

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
<i>Purchases of goods and services</i>		
DHG Packaging and Printing 1 One Member Limited Company	-	10,932,029,742
DHG Pharmaceutical One Member Limited Company	-	437,669,886,011
Vinh Hao Algae Processing Joint Stock Company	412,951,600	395,546,000
	<u>412,951,600</u>	<u>448,997,461,753</u>

Loan interest income

DHG Packaging and Printing 1 One Member Limited Company	-	355,246,388
DHG Pharmaceutical One Member Limited Company	-	256,389,352
	<u>-</u>	<u>611,635,740</u>

Remuneration paid to the Company's the Board of Directors and the Board of Management during the period/year was as follows:

	For the 3-month period ended	
	31.03.2019	31.03.2018
	VND	VND
Salaries and other benefits	<u>6,989,061,316</u>	<u>7,255,972,268</u>

37 TRANSACTIONS WITH RELATED PARTIES (cont.)

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

	31.03.2019 VND	31.12.2018 VND
Trade payables		
Associate		
Vinh Hao Algae Processing Joint Stock Company	203,020,800	-
	<u>203,020,800</u>	<u>-</u>

38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(a) Non-cash transactions affecting the cash flow statement

	<u>For the 3-month period ended</u>	
	31.03.2019 VND	31.03.2018 VND
Appropriation to reserves from profit	-	225,713,569,577
Transfers from construction in progress to tangible fixed assets	5,689,397,107	881,523,636
Transfers from construction in progress to intangible fixed assets	-	60,933,600
Transfers from construction in progress to prepayments	83,100,000	-
Transfers from investment properties to tangible fixed assets	-	94,808,705

(b) Proceeds from borrowings

	<u>For the 3-month period ended</u>	
	31.03.2019 VND	31.03.2018 VND
Proceeds from borrowings under normal contracts	563,955,932,457	776,200,000,000
	<u>563,955,932,457</u>	<u>776,200,000,000</u>

(c) Repayment of borrowings

	<u>For the 3-month period ended</u>	
	31.03.2019 VND	31.03.2018 VND
Repayment of borrowings under normal contracts	591,901,327,419	564,400,000,000
	<u>591,901,327,419</u>	<u>564,400,000,000</u>

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
18 April 2019