

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2018**

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

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FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2018**

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## DHG PHARMACEUTICAL JOINT STOCK COMPANY

### CORPORATE INFORMATION

<b>Establishment decision</b>	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.														
<b>Business registration certificate</b>	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.														
<b>The Board of Directors</b>	<table><tr><td>Mr. Nguyen Chi Thanh</td><td>Chairman</td></tr><tr><td>Mdm. Pham Thi Viet Nga</td><td>Member</td></tr><tr><td>Mr. Doan Dinh Duy Khuong</td><td>Member</td></tr><tr><td>Mr. Tran Chi Liem</td><td>Member</td></tr><tr><td>Mr. Jun Kuroda</td><td>Member</td></tr><tr><td>Mrs. Dang Thi Thu Ha</td><td>Member</td></tr><tr><td>Mr. Phan Minh Tien</td><td>Member (appointed on 28 March 2018)</td></tr></table>	Mr. Nguyen Chi Thanh	Chairman	Mdm. Pham Thi Viet Nga	Member	Mr. Doan Dinh Duy Khuong	Member	Mr. Tran Chi Liem	Member	Mr. Jun Kuroda	Member	Mrs. Dang Thi Thu Ha	Member	Mr. Phan Minh Tien	Member (appointed on 28 March 2018)
Mr. Nguyen Chi Thanh	Chairman														
Mdm. Pham Thi Viet Nga	Member														
Mr. Doan Dinh Duy Khuong	Member														
Mr. Tran Chi Liem	Member														
Mr. Jun Kuroda	Member														
Mrs. Dang Thi Thu Ha	Member														
Mr. Phan Minh Tien	Member (appointed on 28 March 2018)														
<b>The Board of Management</b>	<table><tr><td>Mr. Doan Dinh Duy Khuong</td><td>Acting General Director</td></tr><tr><td>Mr. Le Chanh Dao</td><td>Deputy General Director</td></tr><tr><td>Mrs. Nguyen Ngoc Diep</td><td>Deputy General Director</td></tr><tr><td>Mr. Tomoyuki Kawata</td><td>Deputy General Director</td></tr></table>	Mr. Doan Dinh Duy Khuong	Acting General Director	Mr. Le Chanh Dao	Deputy General Director	Mrs. Nguyen Ngoc Diep	Deputy General Director	Mr. Tomoyuki Kawata	Deputy General Director						
Mr. Doan Dinh Duy Khuong	Acting General Director														
Mr. Le Chanh Dao	Deputy General Director														
Mrs. Nguyen Ngoc Diep	Deputy General Director														
Mr. Tomoyuki Kawata	Deputy General Director														
<b>The Board of Supervisory</b>	<table><tr><td>Mr. Tran Quoc Hung</td><td>Head</td></tr><tr><td>Ms. Nguyen Phuong Thao</td><td>Member</td></tr><tr><td>Mr. Tran Trung Kien</td><td>Member (appointed on 28 March 2018)</td></tr></table>	Mr. Tran Quoc Hung	Head	Ms. Nguyen Phuong Thao	Member	Mr. Tran Trung Kien	Member (appointed on 28 March 2018)								
Mr. Tran Quoc Hung	Head														
Ms. Nguyen Phuong Thao	Member														
Mr. Tran Trung Kien	Member (appointed on 28 March 2018)														
<b>Legal representative</b>	Mr. Doan Dinh Duy Khuong      Acting General Director														
<b>Head office</b>	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam														

## CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 30.09.2018 VND	As at 31.12.2017 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>3,010,953,756,078</b>	<b>2,939,184,938,924</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>4</b>	<b>60,046,996,505</b>	<b>549,777,216,585</b>
111	Cash		59,546,996,505	88,442,815,647
112	Cash equivalents		500,000,000	461,334,400,938
<b>120</b>	<b>Short-term financial investments</b>		<b>1,478,757,707,675</b>	<b>930,615,143,091</b>
123	Held-to-maturity investments	5	1,478,757,707,675	930,615,143,091
<b>130</b>	<b>Short-term receivables</b>		<b>554,393,003,636</b>	<b>799,556,214,859</b>
131	Short-term trade receivables	6	503,038,051,436	739,281,053,856
132	Short-term advances to suppliers		33,681,422,210	21,016,649,661
135	Short-term loan receivables		5,095,408,528	16,239,970,057
136	Other short-term receivables	7	46,901,518,546	44,731,373,224
137	Provision for short-term doubtful debts	8	(34,323,397,084)	(21,712,831,939)
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>870,829,379,909</b>	<b>633,807,876,593</b>
141	Inventories		871,915,818,705	636,264,032,772
149	Provision for devaluation of inventories		(1,086,438,796)	(2,456,156,179)
<b>150</b>	<b>Other current assets</b>		<b>46,926,668,353</b>	<b>25,428,487,796</b>
151	Short-term prepayments	10	7,063,962,054	9,715,813,993
152	Value added tax deductibles Taxes and other receivables from the		36,564,504,405	7,972,889,195
153	State budget	11	3,298,201,894	7,739,784,608
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,080,447,649,367</b>	<b>1,148,295,051,933</b>
<b>210</b>	<b>Long-term receivables</b>		<b>2,900,227,813</b>	<b>3,509,997,935</b>
215	Long-term loan receivables		2,670,227,813	3,449,997,935
216	Other long-term receivables		230,000,000	60,000,000
<b>220</b>	<b>Fixed assets</b>		<b>989,088,544,935</b>	<b>1,026,999,503,625</b>
221	Tangible fixed assets	12	752,144,424,262	785,209,377,724
222	Cost		1,406,803,111,474	1,377,975,628,774
223	Accumulated depreciation		(654,658,687,212)	(592,766,251,050)
227	Intangible fixed assets	13	236,944,120,673	241,790,125,901
228	Cost		269,103,363,042	269,846,865,042
229	Accumulated amortization		(32,159,242,369)	(28,056,739,141)
<b>240</b>	<b>Long-term assets in progress</b>		<b>35,100,296,897</b>	<b>36,307,709,778</b>
242	Construction in progress	14	35,100,296,897	36,307,709,778
<b>250</b>	<b>Long-term financial investments</b>	<b>5</b>	<b>14,499,602,267</b>	<b>14,537,718,549</b>
252	Investments in associates		3,091,432,067	3,129,548,349
253	Equity investments in other entities		27,908,170,200	27,908,170,200
254	Provision for impairment of long-term financial investments		(16,500,000,000)	(16,500,000,000)
<b>260</b>	<b>Other long-term assets</b>		<b>38,858,977,455</b>	<b>66,940,122,046</b>
261	Long-term prepayments	10	26,938,804,263	31,156,425,691
262	Deferred tax assets	15	11,920,173,192	35,783,696,355
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,091,401,405,445</b>	<b>4,087,479,990,857</b>

## DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

## CONSOLIDATED BALANCE SHEET (cont.)

Code	RESOURCES	Note	As at 30.09.2018 VND	As at 31.12.2017 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,149,757,545,180</b>	<b>1,328,385,577,037</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1,088,051,664,602</b>	<b>1,264,936,829,442</b>
311	Short-term trade payables	16	188,966,513,734	262,986,735,355
312	Short-term advances from customers		14,530,976,097	10,627,043,023
313	Taxes and amounts payable to the State budget	11	22,598,825,015	23,613,683,701
314	Payables to employees		111,847,601,403	170,969,066,081
315	Short-term accrued expenses	17	28,075,260,917	50,418,119,261
318	Short-term unearned revenue	18	39,549,285,192	9,479,895,138
319	Other short-term payables	19	9,227,554,633	204,083,490,483
320	Short-term loans	20	606,324,431,126	469,800,000,000
322	Bonus and welfare funds	21	66,931,216,485	62,958,796,400
<b>330</b>	<b>Long-term liabilities</b>		<b>61,705,880,578</b>	<b>63,448,747,595</b>
342	Long-term provisions	22	40,135,883,661	38,386,466,419
343	Science and technology development funds	23	21,569,996,917	25,062,281,176
<b>400</b>	<b>EQUITY</b>		<b>2,941,643,860,265</b>	<b>2,759,094,413,820</b>
<b>410</b>	<b>Owners' equity</b>		<b>2,941,643,860,265</b>	<b>2,759,094,413,820</b>
411	Owners' capital	24	1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares with voting rights		1,307,460,710,000	1,307,460,710,000
412	Capital surplus	24	6,778,948,000	6,778,948,000
418	Investment and development fund	24	1,270,235,596,228	1,112,177,317,110
421	Undistributed earnings	24	347,210,142,186	321,006,296,742
421a	- Undistributed post-tax profits accumulated to the prior year end		28,072,641,016	21,204,089,359
421b	- Post-tax profit of current period		319,137,501,170	299,802,207,383
429	Non-controlling interests	25	9,958,463,851	11,671,141,968
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>4,091,401,405,445</b>	<b>4,087,479,990,857</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Doan Dinh Duy Khuong  
Acting General Director  
18 October 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 02 – DN/HH

CONSOLIDATED INCOME STATEMENT

Code	Note	For the 3-month period ended		For the 9-month period ended		
		30.09.2018 VND	30.09.2017 VND	30.09.2018 VND	30.09.2017 VND	
01	Gross revenue of goods sold and services rendered	27	946,826,950,091	1,013,774,741,385	3,018,358,341,580	3,001,288,126,940
02	Deductions	27	118,736,704,461	111,752,518,453	348,682,599,254	291,201,123,464
<b>10</b>	<b>Net revenue of goods sold and services rendered</b>	<b>27</b>	<b>828,090,245,630</b>	<b>902,022,222,932</b>	<b>2,669,675,742,326</b>	<b>2,710,087,003,476</b>
11	Cost of sales	28	446,580,368,543	498,950,158,988	1,473,926,835,424	1,490,617,766,319
20	Gross profit		381,509,877,087	403,072,063,944	1,195,748,906,902	1,219,469,237,157
21	Financial income	29	28,667,959,881	26,915,630,804	80,127,484,174	66,714,180,886
22	Financial expenses	30	25,219,153,321	23,880,309,156	79,071,306,919	69,034,496,756
23	Including: Interest expenses		6,848,467,518	8,007,611,708	21,823,828,097	18,659,870,464
24	Profit/(loss) sharing from investment in associates		(38,116,282)	-	(38,116,282)	(789,818,646)
25	Selling expenses	31	164,990,095,433	195,927,188,821	491,821,246,771	489,752,153,896
26	General and administrative expense	31	70,375,327,325	67,473,382,455	200,066,968,540	233,055,566,528
<b>30</b>	<b>Net operating profit</b>		<b>149,555,144,607</b>	<b>142,706,814,316</b>	<b>504,878,752,564</b>	<b>493,551,382,217</b>
31	Other income	32	3,643,931,152	2,465,121,325	10,779,472,563	5,587,340,201
32	Other expenses	32	1,804,247,996	891,925,401	3,580,706,382	2,921,924,937
40	Profit from other activities		1,839,683,156	1,573,195,924	7,198,766,181	2,665,415,264
<b>50</b>	<b>Accounting profit before tax</b>		<b>151,394,827,763</b>	<b>144,280,010,240</b>	<b>512,077,518,745</b>	<b>496,216,797,481</b>
51	Current corporate income tax expense	34	12,685,553,029	1,970,470,185	39,743,213,730	4,940,490,379
52	Deferred corporate tax expenses	34	(80,263,175)	4,210,397,709	23,863,523,163	(6,501,162,972)
<b>60</b>	<b>Net profit after tax</b>		<b>138,789,537,909</b>	<b>138,099,142,346</b>	<b>448,470,781,852</b>	<b>497,777,470,074</b>

## CONSOLIDATED INCOME STATEMENT

Code	Note	For the 3-month period ended		For the 9-month period ended	
		30.09.2018 VND	30.09.2017 VND	30.09.2018 VND	30.09.2017 VND
<b>60</b>	<b>Net profit after tax</b>	<b>138,789,537,909</b>	<b>138,099,142,346</b>	<b>448,470,781,852</b>	<b>497,777,470,074</b>
	<b>Attributable to:</b>				
	Owners of the				
61	parent company	138,681,461,751	138,122,665,664	449,986,929,081	497,055,481,128
	Non-controlling				
62	interests	108,076,158	(23,523,318)	(1,516,147,229)	721,988,946
	<b>Earnings per</b>				
<b>70</b>	<b>share (VND)</b>	<b>35</b>	<b>943</b>	<b>3,063</b>	<b>3,393</b>

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Tran Ngoc Hien  
Preparer

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Ho Buu Huan  
Chief Accountant

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Doan Dinh Duy Khuong  
Acting General Director  
18 October 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT  
(Indirect method)

Code	Note	Fiscal period ended	
		30.09.2018	30.09.2017
		VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>	<b>512,077,518,745</b>	<b>496,216,797,481</b>
	Adjustments for:		
02	Depreciation and amortization of fixed assets	66,487,110,822	69,312,357,199
03	Provisions	14,080,280,508	12,210,913,719
04	Foreign exchange (gain)/loss arising from translating foreign currency items	164,684,988	-
05	(Gains) from investing activities	(82,374,701,532)	(61,316,473,905)
06	Interest expenses	21,823,828,097	18,659,870,464
07	Appropriation to science and technology development funds	-	8,705,231,445
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>532,258,721,628</b>	<b>543,788,696,403</b>
09	Changes in receivables	204,300,821,699	57,264,468,644
10	Changes in inventories	(234,859,849,735)	2,313,563,542
11	Changes in payables	(115,368,721,123)	(140,101,472,061)
12	Changes in prepaid expenses	6,869,473,367	(10,134,766,239)
14	Interest paid	(21,940,387,577)	(18,873,128,498)
15	Corporate income tax paid	(46,811,010,901)	(15,766,332,875)
17	Other cash outflows	(63,367,868,336)	(87,155,762,426)
<b>20</b>	<b>Net cash generated by operating activities</b>	<b>261,081,179,022</b>	<b>331,335,266,490</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Acquisition and construction of fixed assets and other long-term assets	(36,790,284,982)	(46,486,369,785)
22	Proceeds from disposals of fixed assets and other long-term assets	7,071,090,910	19,974,636,377
23	Payments for granting loans, purchasing debt instruments of other entities	(2,440,920,873,526)	(1,101,001,084,580)
24	Receipts from collecting loans, proceeds from sales of debt instruments of other entities	1,904,938,613,592	1,086,712,704,558
25	Equity investments in other entities	(160,000,000)	-
27	Interest earned, dividends and profits received	70,735,630,234	53,366,916,083
<b>30</b>	<b>Net cash (used in)/generated by investing activities</b>	<b>(495,125,823,772)</b>	<b>12,566,802,653</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	2,169,939,831,596	1,891,013,007,337
34	Repayments of borrowings	(2,033,415,400,470)	(1,723,778,435,800)
36	Dividends and profit paid	(392,238,213,000)	(305,810,155,000)
<b>40</b>	<b>Net cash used in financing activities</b>	<b>(255,713,781,874)</b>	<b>(138,575,583,463)</b>
<b>50</b>	<b>Net (decrease)/increase in cash</b>	<b>(489,758,426,624)</b>	<b>205,326,485,680</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of year</b>	<b>549,777,216,585</b>	<b>603,188,961,343</b>
<b>61</b>	Effect of foreign exchange differences	28,206,544	-
<b>70</b>	<b>Cash and cash equivalents at the end of period/year</b>	<b>60,046,996,505</b>	<b>808,515,447,023</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Doan Dinh Duy Khuong  
Acting General Director  
18 October 2018



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2018**

**1 GENERAL INFORMATION**

**Ownership Structure**

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 05 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company, according to the Business registration certificate No.5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

In 2017, the Company increased the share capital to VND 1,307,460,710,000. The Company was granted the 23rd amended Business registration certificate dated 28 July 2017 for the increase in share capital.

The Company’s shares were approved to be listed in Ho Chi Minh City Stock Exchange on 01 December 2006 under the Stock Listing License No.93/UBCK-GPNY of the State Securities Commission, with "DHG" ticker.

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 the Government of the Socialist Republic of Vietnam.

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

As at 30 September 2018, the Group had 3,081 employees (as at 31 December 2017: 3,205 employees).

**Business lines and principal activities**

The Company’s core business lines are to produce, trade in pharmaceutical products.

The principal activities of the Company are to produce, trade in pharmaceutical products, medical supplies and equipment, dietary supplements and cosmeceuticals.

**Corporate structure**

As at 30 September 2018 and 31 December 2017, the Company’s subsidiaries and associates were as follows:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			Closing balance	Opening balance
<b>Subsidiaries</b>				
B&T Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1300917335 issued by the Department of Planning and Investment of Ben Tre Province on 05 October 2012	-	100%
DHG Travel One Member Limited Company (**)	Domestic travel services	No. 5704000134 issued by the Department of Planning and Investment of Can Tho City on 26 December 2007	100%	100%
Song Hau One Member Limited Company (***) (formerly Song Hau Pharmaceutical Joint Stock Company)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6403000044 issued by the Department of Planning and Investment of Hau Giang province on 20 July 2007	100%	99.6%

## 1 GENERAL INFORMATION (cont.)

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
DHG Pharmaceutical One Member Limited Company (****)	Manufacture and trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6300124430 issued by the Department of Planning and Investment of Hau Giang province on 16 August 2010	100%	100%
DHG Packaging and Printing 1 One Member Limited Company (****)	Produce label, packaging from paper and cover; Manufacture and trade plastic, aluminum, paper; provide printing services	No. 6300215818 issued by the Department of Planning and Investment of Hau Giang province on 28 September 2012	100%	100%
Fuji Medic Limited Liability Company	Healthcare sector	No. 1801472944 issued by the Department of Planning and Investment of Can Tho City on 27 July 2016	51%	51%
<b>Associate</b>				
Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade Spirulina algae	No. 4803000150 issued by the Department of Planning and Investment of Binh Thuan province on 4 February 2008	31.36%	31.36%

(\*) On 03 October 2016, the Board of Directors of the Company approved the change of subsidiaries' operation form into branches under the parent company including:

- Approval of dissolution of subsidiaries.
- Approval of the establishment of branches under the parent company to receive the transfer of all activities of the subsidiaries after the dissolution.
- The converting date is 31 December 2016. From 1 January 2017, the subsidiaries will operate as branches under the parent company.

As at the date of the interim consolidated financial statements, the procedures for dissolution of B&T Pharmaceutical One Member Limited Company have been completed.

(\*\*) On 14 July 2017, the Board of Directors of the Company approved the dissolution of DHG Travel One Member Limited Company. As at the date of issuance of the consolidated financial statements, the procedures for dissolution of DHG Travel One Member Limited Company are still in progress.

(\*\*\*) On 19 June 2017, the Board of Directors of the Company approved the plan to increase the proportion of ownership interest in Song Hau Pharmaceutical Joint Stock Company to 100%. On 10 May 2018, the Board of Directors approved the change of Song Hau Pharmaceutical Joint Stock Company into Song Hau Pharmaceutical One Member Limited Company, and at the same time approved the dissolution of Song Hau Pharmaceutical One Member Limited Company. As at the date of this consolidated financial statements, the procedures for dissolution of Song Hau Pharmaceutical One Member Limited Company are still in progress.

(\*\*\*\*) On 28 March 2018, the Resolution of General Meeting of Shareholders approved the merger plan of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company into DHG Pharmaceutical Joint Stock Company. Under the 25th amended Business Registration Certificate dated 12 June 2018, DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company were merged into DHG Pharmaceutical Joint Stock Company. As at the date of the interim consolidated financial statements, the procedures for dissolution for these subsidiaries are still in progress.

**1 GENERAL INFORMATION (cont.)****Normal production and business cycle**

The Group'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 consolidated financial statements**

Comparative figures on the interim consolidated balance sheet are the figures of the audited consolidated financial statements for the year ended 31 December 2017 and comparative figures on the interim consolidated income statement and interim consolidated cash flow statement are the figures of the reviewed interim consolidated financial statements for the 9-month period ended 30 September 2017.

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

The interim consolidated 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 interim financial reporting.

The consolidated 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 Group's financial year begins on 1 January and ends on 31 December. The interim consolidated financial statements are prepared for the 9-month period ended 30 September each year.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of consolidated 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 balance sheet date and the reported amounts of revenues and expenses during the period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 30 September each year. 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.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company. Intra-group transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Business combination**

Assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

**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.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized.

Where a group entity transacts with an associate of the Company, unrealized profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

**Cash and cash equivalents**

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

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

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

Held-to-maturity investments include term deposits with a remaining maturity term exceeding 3 months from balance sheet date to earn periodic interest. These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the income statement on accrual basis.

**Loan receivables**

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

**Equity investments in other entities**

Equity investments in other entities represent the Group's investments in ordinary shares of the entities over which the Group 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.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****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 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 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 income statement.

**Leases**

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 the value of 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 over its useful life from 3 to 8 years.

**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 Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****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 prepaid expenses.

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

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

**Provisions**

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

**Severance allowance payable**

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Group 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 period 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 reporting period. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

**Provision for dismantling and restoration costs**

In accordance with Circular No. 200/2014/TT-BTC issued by Ministry of Finance, since 1 January 2016, the Group is required to provide for dismantling and restoration costs of the Group'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 2016 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 Group has not yet fulfilled to customers.

**Revenue recognition**

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

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group 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 Group; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Revenue recognition**

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 Group;
- (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 Group'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 sales of products, goods and services are recorded as deduction of revenue of the period.

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

When customers meet all the required conditions and the Group is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Group'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 Group does not act as an agent of the third party, the unearned revenue is realized into the Group's income statement at the time that third party provides the free or discounted goods and services to customers. If the Group acts as an agent of the third party, the Group 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 paid to the third party is treated as the payment of the liability.

**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 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 consolidated income statement.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Borrowing costs**

Borrowing costs are recognized in the income statement in the period when incurred unless they are capitalized in accordance with Vietnamese Accounting Standard No. 16 “Borrowing costs”. Accordingly, 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 income for the period. Taxable income differs from profit before tax as reported in the consolidated 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 consolidated financial statements and the corresponding tax bases used in the computation of taxable income 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 income 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 consolidated 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 Group 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.

**Dividend distribution**

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

Final dividends are declared and paid from retained earnings based on the approval of shareholders at the Company's Annual General Meeting of Shareholders.

Appropriation of the Company's profit after tax of 2017 was approved by shareholders at the Company's Annual General Meeting of Shareholders as follows:

- Dividends declared for 2017: 30% of par value.
- Appropriation to the bonus and welfare fund: 10% of profit after tax.

Remuneration payment to the Board of Directors, Board of Supervisory, members of sub-committees under the Board of Directors and the Board of Directors' Secretary: VND 6,000,000,000.

- Remaining profit after tax was appropriated to the investment and development fund.



**4 CASH AND CASH EQUIVALENTS**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	16,918,639,571	20,721,551,877
Demand deposits	42,350,793,858	67,721,263,770
Cash in transit	277,563,076	-
Cash equivalents (*)	500,000,000	461,334,400,938
	<u>60,046,996,505</u>	<u>549,777,216,585</u>

(\*) Cash equivalents represent term deposits at banks with the original maturity terms not exceeding 3 months.

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

	<b>30.09.2018</b>		<b>31.12.2017</b>	
	<b>Cost</b>	<b>Book value</b>	<b>Cost</b>	<b>Book value</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Term deposits	<u>1,478,757,707,675</u>	<u>1,478,757,707,675</u>	<u>930,615,143,091</u>	<u>930,615,143,091</u>

**(b) Long-term financial investments**

	<b>30.09.2018</b>		<b>31.12.2017</b>	
	<b>Cost</b>	<b>Provision</b>	<b>Cost</b>	<b>Provision</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Investments in associates (*)	3,091,432,067	-	3,129,548,349	-
Equity investments in other entities (**)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>30,999,602,267</u>	<u>(16,500,000,000)</u>	<u>31,037,718,549</u>	<u>(16,500,000,000)</u>

(\*) Percentages of ownership and voting rights of the Group in associates are presented in Note 1. Details of investments in associates are as follow:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Vinh Hao Algae Processing Joint Stock Company	3,091,432,067	3,129,548,349

**5 FINANCIAL INVESTMENTS (cont.)**

Movements in investments in associate during the period/year were as follows:

	<b>Fiscal period ended 30.09.2018 VND</b>	<b>Fiscal year ended 31.12.2017 VND</b>
Opening balance	3,129,548,349	4,335,981,051
Share of losses	(38,116,282)	(1,206,432,702)
Closing balance	<u>3,091,432,067</u>	<u>3,129,548,349</u>

(\*\*) Equity investments in other entities:

	<b>30.09.2018 VND</b>	<b>31.12.2017 VND</b>
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 Equipments 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 30 September 2018 and 31 December 2017 represents the provision for impairment of the investment in ATP Packaging Joint Stock Company.

**6 SHORT-TERM TRADE RECEIVABLES**

	<b>30.09.2018 VND</b>	<b>31.12.2017 VND</b>
Third parties	<u>503,038,051,436</u>	<u>739,281,053,856</u>

As at 30 September 2018 and 31 December 2017, there was no single short-term trade receivables accounting for 10% or more of total trade accounts receivable balance.

**7 OTHER SHORT-TERM RECEIVABLES**

	<b>30.09.2018 Value VND</b>	<b>31.12.2017 Value VND</b>
Prepaid trade discounts	-	243,590,918
Interest income receivable	34,943,905,751	27,502,424,293
Receivable from employees	8,077,221,034	7,443,741,219
Other receivables	3,880,391,761	9,541,616,794
	<u>46,901,518,546</u>	<u>44,731,373,224</u>

**8 BAD DEBTS**

	<b>30.09.2018</b>		
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Provision VND</b>
Total amount of receivables and loans past due or not past due but impaired	223,023,216,353	188,699,819,269	(34,323,397,084)
	<b>31.12.2017</b>		
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Provision VND</b>
Total amount of receivables and loans past due or not past due but impaired	195,352,900,453	173,640,068,514	(21,712,831,939)

As at 30 September 2018 and 31 December 2017, 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:

	<b>Fiscal period ended 30.09.2018 VND</b>	<b>Fiscal year ended 31.12.2017 VND</b>
Opening balance	21,712,831,939	13,492,082,101
Increase during the period/year	12,617,642,863	8,220,749,838
Reversal during the period/year	(7,077,718)	-
Closing balance	<u>34,323,397,084</u>	<u>21,712,831,939</u>

**9 INVENTORIES**

	<b>30.09.2018</b>		<b>31.12.2017</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Goods in transit	79,303,211,805	-	41,560,218,649	-
Raw materials	342,269,462,249	-	285,333,766,326	(1,320,277,628)
Work in progress	60,176,000,282	-	54,916,072,790	-
Finished goods	366,216,468,919	(1,086,438,796)	209,547,370,635	(1,135,878,551)
Merchandises	23,950,675,450	-	44,906,604,372	-
	<u>871,915,818,705</u>	<u>(1,086,438,796)</u>	<u>636,264,032,772</u>	<u>(2,456,156,179)</u>

**9 INVENTORIES (cont.)**

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

	<b>Fiscal period ended 30.09.2018 VND</b>	<b>Fiscal year ended 31.12.2017 VND</b>
Opening balance	2,456,156,179	1,696,412,765
Increase of provision	-	759,743,414
Utilization of provision	(1,320,277,628)	-
Reversal of provision	(49,439,755)	-
	<u>1,086,438,796</u>	<u>2,456,156,179</u>
Closing balance	<u>1,086,438,796</u>	<u>2,456,156,179</u>

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

**10 PREPAYMENTS****Short-term prepayments**

	<b>30.09.2018 VND</b>	<b>31.12.2017 VND</b>
Operating leases	1,764,926,024	39,409,097
Others	5,299,036,030	9,676,404,896
	<u>7,063,962,054</u>	<u>9,715,813,993</u>

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

**Long-term prepayments**

	<b>30.09.2018 VND</b>	<b>31.12.2017 VND</b>
Prepaid land rental	10,454,230,803	10,713,316,530
Tools and supplies	9,432,611,311	12,535,021,407
Leasehold improvements	99,892,314	167,682,780
Others	6,952,069,835	7,740,404,974
	<u>26,938,804,263</u>	<u>31,156,425,691</u>

Movements in long-term prepayments during the period/year were as follows:

	<b>Fiscal period ended 30.09.2018 VND</b>	<b>Fiscal year ended 31.12.2017 VND</b>
Opening balance	31,156,425,691	22,760,003,178
Increase	6,125,669,562	18,636,482,446
Allocation during the period/year	(10,357,710,776)	(10,240,059,933)
Reclassifications of opening balance	14,419,786	-
Closing balance	<u>26,938,804,263</u>	<u>31,156,425,691</u>

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

Receivables

	Opening balance	Payable during the period/year	Refund during the period/year	Decrease during the period/year	Paid during the period/year	Closing balance
VAT on domestic sales	26,076,408	-	(26,076,408)	-	-	-
VAT on import sales	-	-	-	-	2,018,779,593	2,018,779,593
Import - export duties	1,536,214,509	(14,985,790,626)	-	-	14,358,696,699	909,120,582
Corporate income tax	156,686,546	(88,214,504)	(68,472,042)	-	-	-
Personal income tax	6,005,124,826	(5,608,366,368)	(427,955,364)	31,196,906	370,301,719	370,301,719
Land use tax	15,682,319	(15,682,319)	-	-	-	-
<b>Total</b>	<b>7,739,784,608</b>	<b>(20,698,053,817)</b>	<b>(522,503,814)</b>	<b>31,196,906</b>	<b>16,747,778,011</b>	<b>3,298,201,894</b>

Payables

VAT on domestic sales	12,034,687,525	84,690,897,977	-	-	(85,185,384,302)	11,540,201,200
VAT on import sales	3,461,540	32,728,983,170	-	-	(32,732,444,710)	-
Corporate income tax	10,993,648,506	39,654,999,226	-	-	(46,811,010,901)	3,837,636,831
Personal income tax	581,886,130	25,468,979,435	-	-	(21,525,998,451)	4,524,867,114
Land rental fee, land use tax	-	5,682,132,493	-	-	(2,986,012,623)	2,696,119,870
Other taxes	-	437,946,135	-	-	(437,946,135)	-
<b>Total</b>	<b>23,613,683,701</b>	<b>188,663,938,436</b>	<b>-</b>	<b>-</b>	<b>(189,678,797,122)</b>	<b>22,598,825,015</b>

## 12 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
As at 01 January 2018	521,977,060,519	607,883,977,430	175,520,721,573	72,593,869,252	1,377,975,628,774
Purchase during the period/year	356,000,000	9,343,130,327	-	214,000,000	9,913,130,327
Transfers from construction in progress (Note 14)	5,458,190,052	14,442,756,364	6,406,807,089	168,379,833	26,476,133,338
Disposals	(2,499,207,818)	(1,207,334,041)	(2,273,304,196)	(30,190,000)	(6,010,036,055)
Reclassification	-	3,071,480,190	-	(3,071,480,190)	-
Write-off	-	(1,759,185,317)	207,440,407	-	(1,551,744,910)
As at 30 September 2018	<u>525,292,042,753</u>	<u>631,774,824,953</u>	<u>179,861,664,873</u>	<u>69,874,578,895</u>	<u>1,406,803,111,474</u>
<b>Accumulated depreciation</b>					
As at 01 January 2018	156,131,798,226	270,643,388,060	108,205,741,276	57,785,323,488	592,766,251,050
Charge for the period/year	22,260,024,940	33,949,496,123	8,736,330,631	3,232,980,645	68,178,832,339
Disposals	(1,436,868,475)	(1,207,334,041)	(2,060,258,751)	(30,190,000)	(4,734,651,267)
Reclassification	-	2,437,266,312	-	(2,437,266,312)	-
Write-off	-	(1,759,185,317)	207,440,407	-	(1,551,744,910)
As at 30 September 2018	<u>176,954,954,691</u>	<u>304,063,631,137</u>	<u>115,089,253,563</u>	<u>58,550,847,821</u>	<u>654,658,687,212</u>
<b>Net book value</b>					
As at 01 January 2018	<u>365,845,262,293</u>	<u>337,240,589,370</u>	<u>67,314,980,297</u>	<u>14,808,545,764</u>	<u>785,209,377,724</u>
As at 30 September 2018	<u>348,337,088,062</u>	<u>327,711,193,816</u>	<u>64,772,411,310</u>	<u>11,323,731,074</u>	<u>752,144,424,262</u>

The cost of fully depreciated tangible fixed assets but still in use as at 30 September 2018 was VND 206,164 million (as at 31 December 2017: VND 180,764 million).

**13 INTANGIBLE FIXED ASSETS**

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
<b>Cost</b>				
As at 01 January 2018	95,158,560,046	159,056,771,791	15,631,533,205	269,846,865,042
Purchase during the period/year	-	-	30,466,800	30,466,800
Transfers from construction in progress (Note 14)	-	-	786,031,200	786,031,200
Disposals	-	(1,560,000,000)	-	(1,560,000,000)
As at 30 September 2018	<u>95,158,560,046</u>	<u>157,496,771,791</u>	<u>16,448,031,205</u>	<u>269,103,363,042</u>
<b>Accumulated amortization</b>				
As at 01 January 2018	-	18,721,194,492	9,335,544,649	28,056,739,141
Charge for the period/year	-	2,498,287,671	1,604,215,557	4,102,503,228
As at 30 September 2018	<u>-</u>	<u>21,219,482,163</u>	<u>10,939,760,206</u>	<u>32,159,242,369</u>
<b>Net book value</b>				
As at 01 January 2018	<u>95,158,560,046</u>	<u>140,335,577,299</u>	<u>6,295,988,556</u>	<u>241,790,125,901</u>
As at 30 September 2018	<u>95,158,560,046</u>	<u>136,277,289,628</u>	<u>5,508,270,999</u>	<u>236,944,120,673</u>

As at 30 September 2018, the cost of intangible fixed assets included VND 6,007 million (as at 31 December 2017: VND 5,861 million) of assets which were fully amortized but are still in use.

**14 CONSTRUCTION IN PROGRESS**

	30.09.2018 VND	31.12.2017 VND
Effervescent tablets plant	21,610,868,047	16,658,486,842
Office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	11,746,318,769	11,596,485,312
Construction of branches' offices	623,948,774	699,591,808
Purchase of machinery and equipment	-	7,353,145,816
Repairing warehouses and factories	85,827,344	-
Registration of Foreign Manufacturer Accreditation (PMDA)	876,013,781	-
GMP inspection	157,320,182	-
	<u>35,100,296,897</u>	<u>36,307,709,778</u>

**Movements in the construction in progress during the period/year**

	Fiscal period ended 30.09.2018 VND	Fiscal year ended 31.12.2017 VND
Opening balance	36,307,709,778	17,160,871,337
Purchase	26,846,687,855	56,940,741,775
Transfers to tangible fixed assets (Note 12)	(26,476,133,338)	(32,717,262,432)
Transfers to intangible fixed assets (Note 13)	(786,031,200)	(2,930,291,720)
Transfers to long-term prepayments	-	(2,146,349,182)
Transfers to tools and supplies	(791,936,198)	-
Closing balance	<u>35,100,296,897</u>	<u>36,307,709,778</u>

**15 DEFERRED TAX ASSETS**

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits of intra-group transactions when consolidation.

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Corporate income tax rate used for determining deferred tax assets	20%	20%
Deductible temporary differences	59,600,865,960	178,918,481,775
Deferred tax assets	<u>11,920,173,192</u>	<u>35,783,696,355</u>

**16 SHORT-TERM TRADE PAYABLES**

As at 30 September 2018 and 31 December 2017, the Group did not have any short-term trade payables past due.

	<b>30.09.2018</b>		<b>31.12.2017</b>	
	<b>Amount VND</b>	<b>Amount able to be paid off VND</b>	<b>Amount VND</b>	<b>Amount able to be paid off VND</b>
Related parties (Note 37)	-	-	4,500,000	4,500,000
Third parties (*)	188,966,513,734	188,966,513,734	262,982,235,355	262,982,235,355
	<u>188,966,513,734</u>	<u>188,966,513,734</u>	<u>262,986,735,355</u>	<u>262,986,735,355</u>

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

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Truong Tin Pharmaceutical Limited Company	-	35,135,876,027
Mega Lifesciences Limited Company (VN)	-	33,450,431,047
DSM SINOCHEM PHARMACEUTICALS INDIA PVT LTD	22,781,076,000	-

As at 30 September 2018 and 31 December 2017, there was no balance of short-term trade payables that was past due.

**17 SHORT-TERM ACCRUED EXPENSES**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Seminar expenses	96,681,104	-
Market research expenses	-	10,429,270,479
Settlement discount expenses	5,673,822,397	8,261,692,934
Marketing and customer care expenses	4,853,216,628	6,660,719,815
Interest expenses	336,290,381	452,849,861
Other accruals	17,115,250,407	24,613,586,172
	<u>28,075,260,917</u>	<u>50,418,119,261</u>



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**18 SHORT-TERM UNEARNED REVENUE**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Unearned revenue from customer loyalty programs (Note 3)	39,549,285,192	9,479,895,138

**19 OTHER SHORT-TERM PAYABLES**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Insurance and union fee	841,098,836	800,645,116
Dividends payable	-	196,119,106,500
Others	8,386,455,797	7,163,738,867
	<u>9,227,554,633</u>	<u>204,083,490,483</u>

**20 SHORT-TERM LOANS**

	<b>30.09.2018</b>		<b>31.12.2017</b>	
	<b>Amount</b>	<b>Amount able</b>	<b>Amount</b>	<b>Amount able</b>
	<b>VND</b>	<b>to be paid off</b>	<b>VND</b>	<b>to be paid off</b>
		<b>VND</b>		<b>VND</b>
Loans from banks	606,324,431,126	606,324,431,126	469,800,000,000	469,800,000,000
	<u>606,324,431,126</u>	<u>606,324,431,126</u>	<u>469,800,000,000</u>	<u>469,800,000,000</u>

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

	<b>As at</b>		<b>Increase</b>		<b>Decrease</b>	<b>As at</b>
	<b>01.01.2018</b>		<b>VND</b>		<b>VND</b>	<b>30.09.2018</b>
	<b>VND</b>				<b>VND</b>	<b>VND</b>
Loans from banks (*)	469,800,000,000	2,169,939,831,596	(2,033,415,400,470)		606,324,431,126	
	<u>469,800,000,000</u>	<u>2,169,939,831,596</u>	<u>(2,033,415,400,470)</u>		<u>606,324,431,126</u>	

(\*) These loans bear interests at the rates ranging from 0.23% to 0.62% per month (in 2017: from 0.32% to 0.42% per month).

As at 30 September 2018 and 31 December 2017, there was no short-term loan that was past due.

**21 BONUS AND WELFARE FUNDS**

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

**21 BONUS AND WELFARE FUNDS (cont.)**

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

	<b>Bonus and welfare fund for employees VND</b>	<b>Welfare fund in form of assets VND</b>	<b>Bonus fund for the Board of Directors VND</b>	<b>Total VND</b>
Opening balance	34,770,345,726	20,285,705,306	7,902,745,368	62,958,796,400
Appropriation to the funds	63,169,294,111	-	6,472,934,796	69,642,228,907
Assets formed from funds	(338,721,111)	338,721,111	-	-
Depreciation of assets formed from funds	-	(2,301,940,486)	-	(2,301,940,486)
Utilization of funds	(58,684,600,351)	-	(4,683,267,985)	(63,367,868,336)
Closing balance	<u>38,916,318,375</u>	<u>18,322,485,931</u>	<u>9,692,412,179</u>	<u>66,931,216,485</u>

**22 LONG-TERM PROVISIONS**

	<b>Provision for dismantling and restoration costs VND</b>	<b>Severance allowance VND</b>	<b>Total VND</b>
Opening balance	11,564,358,036	26,822,108,383	38,386,466,419
Additional provision	1,843,717,646	995,715,100	2,839,432,746
Utilization of provision	-	(1,090,015,504)	(1,090,015,504)
Closing balance	<u>13,408,075,682</u>	<u>26,727,807,979</u>	<u>40,135,883,661</u>

**23 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS**

In accordance with Circular No. 12/2016/TTLT-BKHCN-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:

	<b>Science and technology development fund in form of assets VND</b>
Opening balance	25,062,281,176
Depreciation of assets formed from funds	<u>(3,492,284,259)</u>
Closing balance	<u>21,569,996,917</u>

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24 OWNERS' EQUITY

Movement in owners' equity

	Owners' capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 01 January 2017	871,643,300,000	6,778,948,000	-	1,220,561,708,767	736,638,702,184	2,835,622,658,951
Bonus shares issued at ratio 2:1	435,817,410,000	-	-	(435,817,410,000)	-	-
Net profit for the year	-	-	-	-	642,407,977,142	642,407,977,142
Changes in benefits due to uncontrolled shareholders' transactions	-	-	-	16,996,367,562	(15,324,900,367)	1,671,467,195
Dividends	-	-	-	-	(305,075,155,000)	(305,075,155,000)
1st interim dividends declared for 2017 at rate of 10%	-	-	-	-	(130,746,071,000)	(130,746,071,000)
2nd interim dividends declared for 2017 at rate of 15%	-	-	-	-	(196,119,106,500)	(196,119,106,500)
Appropriation to reserves	-	-	-	310,436,650,781	(310,436,650,781)	-
Appropriation to bonus and welfare fund	-	-	-	-	(85,678,223,316)	(85,678,223,316)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(14,660,275,620)	(14,660,275,620)
<b>As at 31 December 2017</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>-</b>	<b>1,112,177,317,110</b>	<b>321,006,296,742</b>	<b>2,747,423,271,852</b>
Net profit for the period/year	-	-	-	-	449,986,929,081	449,986,929,081
Changes in benefits due to uncontrolled shareholders' transactions	-	-	-	139,887,799	(103,356,911)	36,530,888
3rd dividends declared for 2017 at rate of 5%	-	-	-	-	(65,373,035,500)	(65,373,035,500)
1st interim dividends declared for 2018 at rate of 10%	-	-	-	-	(130,746,071,000)	(130,746,071,000)
Appropriation to reserves	-	-	-	157,918,391,319	(157,918,391,319)	-
Appropriation to bonus and welfare fund	-	-	-	-	(63,169,294,111)	(63,169,294,111)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(6,472,934,796)	(6,472,934,796)
<b>As at 30 September 2018</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>-</b>	<b>1,270,235,596,228</b>	<b>347,210,142,186</b>	<b>2,931,685,396,414</b>

## 24 OWNERS' EQUITY (cont.)

## Charter capital

	30.09.2018		31.12.2017	
	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 receive dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements of share capital during the period/year:

	Fiscal period ended 30.09.2018		Fiscal year ended 31.12.2017	
	Number of shares	VND	Number of shares	VND
Opening balance	130,746,071	1,307,460,710,000	87,164,330	871,643,300,000
Bonus shares issued during the period/year	-	-	43,581,741	435,817,410,000
Closing balance	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

## Dividends

According to Resolution of the Company's AGM No. 001/2018/NQ-ĐHĐCĐ dated 28 March 2018, the shareholders of the Company has approved declaration of dividends from profit after tax of 2017 at 30% in cash, equivalent to VND 392,238,213,000. In 2017, the Company declared the 1<sup>st</sup> interim dividends for 2017 in cash at the rate of 10% of par value, equivalent to VND 130,746,071,000. On 25 January 2018 and 09 May 2018, the Company paid the remaining dividends for 2017 in 2 phases with the amount of VND 196,119,106,500 and VND 65,373,035,500, respectively.

According to the Board of Directors' Resolution No. 011/2018/NQ.HĐQT dated 14 July 2018 on advance dividend payment in cash of the 1<sup>st</sup> phase in 2018 at the rate of 10% of par value, equivalent to the amount of VND 130,746,071,000, paid on 31 August 2018.

## 25 NON-CONTROLLING INTERESTS

	Fiscal period ended 30.09.2018 VND	Fiscal year ended 31.12.2017 VND
Opening balance	11,671,141,968	34,160,248,863
Net profit attributable to non-controlling interests during the period/year	(1,516,147,229)	(18,665,378)
Appropriation to bonus and welfare fund	-	(447,775,389)
Appropriation to the bonus fund for the Board of Directors	-	(176,198,933)
Dividends	-	(735,000,000)
Changes in interests due to transferring investments	(196,530,888)	(21,111,467,195)
Closing balance	9,958,463,851	11,671,141,968

**26 OFF BALANCE SHEET ITEMS****Foreign currencies**

Included in cash and cash equivalents were balances held in foreign currencies as follows:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
United States Dollar (USD)	369,173	651,982
Euro (EUR)	3,126	5,649
	<u>                    </u>	<u>                    </u>

**27 REVENUE OF GOODS SOLD AND SERVICES RENDERED**

	<b>For the 3-month period ended</b>		<b>For the 9-month period ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Sales of goods and services</b>				
Sales of finished goods	855,758,104,900	802,966,050,354	2,547,429,110,220	2,372,036,501,881
Sales of merchandises	90,091,429,076	198,355,868,285	453,687,950,243	589,714,195,183
Other sales	977,416,115	12,452,822,746	17,241,281,117	39,537,429,876
	<u>946,826,950,091</u>	<u>1,013,774,741,385</u>	<u>3,018,358,341,580</u>	<u>3,001,288,126,940</u>
<b>Sales deductions</b>				
Sales discounts	117,909,267,289	107,962,156,877	344,354,318,298	282,449,691,721
Sales returns	827,437,172	3,790,361,576	4,328,280,956	8,751,431,743
	<u>118,736,704,461</u>	<u>111,752,518,453</u>	<u>348,682,599,254</u>	<u>291,201,123,464</u>
<b>Net sales</b>	<u>828,090,245,630</u>	<u>902,022,222,932</u>	<u>2,669,675,742,326</u>	<u>2,710,087,003,476</u>
<b>In which:</b>				
Sales of finished goods	738,005,585,739	693,957,804,829	2,210,318,336,450	2,092,889,076,652
Sales of merchandises	89,107,243,776	195,611,595,357	442,116,124,759	577,660,496,948
Other sales	977,416,115	12,452,822,746	17,241,281,117	39,537,429,876

**28 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>For the 3-month period ended</b>		<b>For the 9-month period ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Cost of finished goods sold	361,957,426,112	316,906,947,322	1,056,577,690,028	935,580,054,263
Cost of merchandises sold	85,807,557,533	178,652,407,088	416,103,693,258	543,865,642,678
Others	(1,184,615,102)	3,390,804,578	2,192,442,639	11,215,788,424
Provision for devaluation of inventories	-	-	(946,990,501)	(43,719,046)
	<u>446,580,368,543</u>	<u>498,950,158,988</u>	<u>1,473,926,835,424</u>	<u>1,490,617,766,319</u>

**29 FINANCIAL INCOME**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Interest income	27,528,972,210	22,391,341,229	77,973,098,612	60,042,089,056
Dividend income	150,841,200	136,465,200	204,013,080	189,730,364
Gains from disposal of subsidiaries	-	3,992,308,108	-	3,992,308,108
Foreign exchange gains	988,146,471	395,516,267	1,950,372,482	2,490,053,358
	<u>28,667,959,881</u>	<u>26,915,630,804</u>	<u>80,127,484,174</u>	<u>66,714,180,886</u>

**30 FINANCIAL EXPENSES**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Interest expense	6,848,467,518	8,007,611,708	21,823,828,097	18,659,870,464
Foreign exchange losses	2,916,036,700	1,067,677,282	6,012,030,649	3,552,407,076
Settlement discount	15,434,640,449	15,359,928,469	51,122,347,886	46,701,298,016
Other financial expenses	20,008,654	(554,908,303)	113,100,287	120,921,200
	<u>25,219,153,321</u>	<u>23,880,309,156</u>	<u>79,071,306,919</u>	<u>69,034,496,756</u>

**31 SELLING AND GENERAL AND ADMINISTRATIVE EXPENSES**

**Selling expenses**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Staff cost	83,874,365,355	96,674,553,201	258,438,507,008	249,649,366,996
Advertising expenses	24,360,549,569	41,575,490,984	86,600,049,879	93,141,380,633

**General and administrative expenses**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Staff cost	48,596,008,526	52,359,142,584	138,516,988,339	180,822,283,132

**32 OTHER INCOME AND EXPENSES****Other income**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Gains from disposals of fixed assets and other non-current assets	614,718,193	1,147,228,182	4,175,106,122	1,874,473,131
Others	3,029,212,959	1,317,893,143	6,604,366,441	3,712,867,070
	<u>3,643,931,152</u>	<u>2,465,121,325</u>	<u>10,779,472,563</u>	<u>5,587,340,201</u>

**Other expenses**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Depreciation expenses	182,794,540	114,461,037	484,069,230	468,084,448
Others	1,621,453,456	777,464,364	3,096,637,152	2,453,840,489
	<u>1,804,247,996</u>	<u>891,925,401</u>	<u>3,580,706,382</u>	<u>2,921,924,937</u>

**33 PRODUCTION AND OPERATING COSTS BY NATURE**

	For the 9-month period ended	
	30.09.2018	30.09.2017
	VND	VND
Raw materials and consumables	1,369,993,762,975	1,216,076,548,438
Staff cost	597,172,295,097	618,723,747,029
Depreciation and amortization	65,912,001,489	68,711,631,864
Out-sourced services	128,443,654,492	135,068,231,990
Others	180,777,378,283	169,086,601,245
	<u>2,342,299,092,336</u>	<u>2,207,666,760,566</u>

**34 CORPORATE INCOME TAX EXPENSE**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Accounting profit before tax	151,394,827,763	144,280,010,240	512,077,518,745	496,216,797,481
Tax calculated at a normal rate of 20%	30,278,965,553	28,856,002,048	102,415,503,749	99,243,359,496
Adjustments for:				
Impact of negative taxable income	(44,081,158)	9,057,652,236	680,724,166	15,103,022,126
Impact of non-deductible items	1,242,437,367	718,122,290	3,140,347,750	3,201,954,514
Under/(over) provision of tax in prior years	10,141,145	719,101,029	11,886,600	192,696,517
Income not subject to tax	(30,147,890)	(27,293,040)	(40,822,966)	(37,946,073)
Tax incentives	(18,675,695,543)	(32,831,676,298)	(55,525,980,615)	(117,365,273,789)
Temporary differences of provisions	(138,087,023)	(11,526,171)	(397,119,913)	(669,718,443)
Adjustments arising from consolidation	(38,242,597)	(299,514,200)	13,322,198,122	(1,228,766,941)
Corporate income tax expenses	12,605,289,854	6,180,867,894	63,606,736,893	(1,560,672,593)

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
<b>Charge/(credit) to the income statement:</b>				
Corporate income tax - current	12,685,553,029	1,970,470,185	39,743,213,730	4,940,490,379
Corporate income tax - deferred	(80,263,175)	4,210,397,709	23,863,523,163	(6,501,162,972)
Corporate income tax expenses	12,605,289,854	6,180,867,894	63,606,736,893	(1,560,672,593)



**Applicable tax rates**

According to Circular No. 78/2014/TT-BTC, the standard corporate income tax decreased to 22% since 01 January 2014 and 20% since 01 January 2016.

*The Company*

According to Decision No. 3044/QĐ-UBND of the People's Committee of Can Tho City, the Company is required to pay the corporate income tax ("CIT") at a rate of 20% from 2005 to 2014, and 22% for the following years. According to Circular No. 78/2014/TT-BTC, the standard CIT is 20% since 01 January 2016. Accordingly, the applicable tax rate of the Company is 20% in 2018.

*The subsidiaries*

Except for DHG Packaging and Printing 1 One Member Limited Company, DHG Pharmaceutical One Member Limited Company, other subsidiaries in the Group have obligations to pay the CIT to the State at the standard rate of taxable profits.

*DHG Packaging and Printing 1 One Member Limited Company ("DHG PP1")*

Pursuant to the Investment Certificate, DHG PP1 has an obligation to pay CIT at the rate of 10% of taxable profits 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.

*DHG Pharmaceutical One Member Limited Company ("DHG Pharma Ltd.")*

Pursuant to Investment Certificate No. 64204100005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. is entitled to CIT at the rate of 10% of taxable income for 15 years from the date of starting its operation. The company 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. The company has registered to apply the above tax incentives effective from 2015.

**35 BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Group and held as treasury shares.

	<b>For the 3-month period ended</b>		<b>For the 9-month period ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Net profit attributable to shareholders (VND)	138,681,461,751	138,122,665,664	449,986,929,081	497,055,481,128
The estimated amount appropriated to bonus and welfare funds (*)	(15,368,146,175)	(15,062,266,567)	(49,498,692,908)	(53,455,548,113)
	<u>123,313,315,576</u>	<u>123,060,399,097</u>	<u>400,488,236,173</u>	<u>443,599,933,015</u>
Weighted average number of ordinary shares currently in circulation (shares)	130,746,071	130,746,071	130,746,071	130,746,071
Basic earnings per share (VND)	943	941	3,063	3,393

**35 BASIC EARNINGS PER SHARE (cont.)**

(\*) Estimated amounts appropriated to bonus and welfare funds in 2018 are determined based on the planned appropriation percentage of profit distribution at the rate of 10%, according to Resolution of the Company's AGM No. 001/2018/NQ-ĐHĐCĐ dated 28 March 2018.

The Group does not have potentially diluted ordinary shares.

**36 COMMITMENTS****a) Operating lease commitment**

Minimum lease payments in the future under non-cancellable operating leases are as follows:

	<b>Land lease</b>	
	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	4,066,521,285	5,422,028,378
Between 1 to 5 years	21,688,113,512	21,688,113,512
Over 5 years	111,620,017,339	115,731,722,192
	<u>137,374,652,136</u>	<u>142,841,864,082</u>

**b) Capital commitment**

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

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	17,146,301,277	18,727,173,322
Approved and contracted but not implemented	7,929,057,166	10,326,337,676
	<u>25,075,358,443</u>	<u>29,053,510,998</u>

**37 TRANSACTIONS WITH RELATED PARTIES**

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

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

	<b>Fiscal period ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>VND</b>	<b>VND</b>
<b>Purchases of goods and services</b>		
<b>Associate</b>		
Vinh Hao Algae Processing JSC	647,706,800	1,876,560,000
	<u>647,706,800</u>	<u>1,876,560,000</u>
<b>Dividend payment</b>		
State Capital Investment Corporation ("SCIC")	169,878,711,000	132,127,887,500
	<u>169,878,711,000</u>	<u>132,127,887,500</u>
<b>Benefits paid to key management personnel</b>		
Salary and other benefits	16,291,345,246	14,539,957,836
	<u>16,291,345,246</u>	<u>14,539,957,836</u>

## 37 TRANSACTIONS WITH RELATED PARTIES (cont.)

Period/year end balances with related parties	30.09.2018 VND	31.12.2017 VND
<b>Trade payables</b>		
Vinh Hao Algae Processing JSC – an associate	-	4,500,000

## 38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

## a. Non-cash transactions affecting the cash flow statement:

	Fiscal period ended	
	30.09.2018 VND	30.09.2017 VND
Appropriation to reserves	227,560,620,226	410,367,149,717
Transfer from construction in progress to tangible fixed assets	26,476,133,338	26,516,292,803
Transfer from construction in progress to intangible fixed assets	786,031,200	2,930,291,720
Transferred from construction in progress to tools and supplies	791,936,198	237,385,455
Interest earned and dividends which have not been received	34,943,905,751	22,453,469,759
Issuance of bonus shares from investment and development fund	-	435,817,410,000

## b. Proceeds from borrowings

	Fiscal period ended	
	30.09.2018 VND	30.09.2017 VND
Proceeds from borrowings under normal contracts	2,169,939,831,596	1,891,013,007,337

## c. Repayment of borrowings

	Fiscal period ended	
	30.09.2018 VND	30.09.2017 VND
Repayment of borrowings under normal contracts	2,033,415,400,470	1,723,778,435,800

\_\_\_\_\_  
Tran Ngoc Hien  
Preparer

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Ho Buu Huan  
Chief Accountant

\_\_\_\_\_  
Doan Dinh Duy Khuong  
Acting General Director  
18 October 2018