

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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

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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 12 June 2018 was issued by the Department of Planning and Investment of Can Tho City.														
The Board of Directors	<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)														
The Board of Management	<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														
The Board of Supervisory	<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)														
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														

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 30.06.2018 VND	As at 31.12.2017 VND
100	CURRENT ASSETS		3,149,602,498,253	2,939,184,938,924
110	Cash and cash equivalents	3	74,377,826,389	549,777,216,585
111	Cash		52,393,045,510	88,442,815,647
112	Cash equivalents		21,984,780,879	461,334,400,938
120	Short-term investments		1,644,044,242,321	930,615,143,091
123	Investments held-to-maturity	4	1,644,044,242,321	930,615,143,091
130	Short-term receivables		608,749,028,245	799,556,214,859
131	Short-term trade accounts receivable	5	541,289,827,060	739,281,053,856
132	Short-term prepayments to suppliers		38,262,304,258	21,016,649,661
135	Short-term lending		7,036,774,288	16,239,970,057
136	Other short-term receivables	6	51,029,107,370	44,731,373,224
137	Provision for doubtful debts – short-term	7	(28,868,984,731)	(21,712,831,939)
140	Inventories	8	780,467,935,286	633,807,876,593
141	Inventories		781,554,374,082	636,264,032,772
149	Provision for decline in value of inventories		(1,086,438,796)	(2,456,156,179)
150	Other current assets		41,963,466,012	25,428,487,796
151	Short-term prepaid expenses	9	10,666,907,007	9,715,813,993
152	Value Added Tax to be reclaimed		28,168,896,975	7,972,889,195
153	Other taxes receivable	10	3,127,662,030	7,739,784,608
200	LONG-TERM ASSETS		1,095,380,369,489	1,148,295,051,933
210	Long-term receivables		2,817,368,962	3,509,997,935
215	Long-term lending		2,757,368,962	3,449,997,935
216	Other long-term receivables		60,000,000	60,000,000
220	Fixed assets		1,001,708,078,412	1,026,999,503,625
221	Tangible fixed assets	11	763,720,224,943	785,209,377,724
222	Historical cost		1,400,694,986,725	1,377,975,628,774
223	Accumulated depreciation		(636,974,761,782)	(592,766,251,050)
227	Intangible fixed assets	12	237,987,853,469	241,790,125,901
228	Historical cost		268,740,814,242	269,846,865,042
229	Accumulated amortization		(30,752,960,773)	(28,056,739,141)
240	Long-term assets in progress		37,112,972,037	36,307,709,778
242	Construction in progress	13	37,112,972,037	36,307,709,778
250	Long-term investments	4	14,537,718,549	14,537,718,549
252	Investments in associates		3,129,548,349	3,129,548,349
253	Investments in other entities		27,908,170,200	27,908,170,200
254	Provisions for long-term investments		(16,500,000,000)	(16,500,000,000)
260	Other long-term assets		39,204,231,529	66,940,122,046
261	Long-term prepaid expenses	9	27,364,321,512	31,156,425,691
262	Deferred income tax assets	14	11,839,910,017	35,783,696,355
270	TOTAL ASSETS		4,244,982,867,742	4,087,479,990,857

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET (cont.)

Code	RESOURCES	Note	As at 30.06.2018 VND	As at 31.12.2017 VND
300	LIABILITIES		1,311,281,955,429	1,328,385,577,037
310	Short-term liabilities		1,249,122,457,738	1,264,936,829,442
311	Short-term trade accounts payable	15	239,440,457,429	262,986,735,355
312	Short-term advances from customers		12,192,745,021	10,627,043,023
313	Tax and other payables to the State Budget	10	52,335,488,626	23,613,683,701
314	Payable to employees		127,679,112,998	170,969,066,081
315	Short-term accrued expenses	16	41,297,482,176	50,418,119,261
318	Short-term unearned revenue	17	26,349,881,929	9,479,895,138
319	Other short-term payables	18	3,097,560,601	204,083,490,483
320	Short-term borrowings	19	657,255,412,545	469,800,000,000
322	Bonus and welfare funds	20	89,474,316,413	62,958,796,400
330	Long-term liabilities		62,159,497,691	63,448,747,595
342	Provision for long-term liabilities Science and technology development	21	39,467,641,953	38,386,466,419
343	funds	22	22,691,855,738	25,062,281,176
400	OWNERS' EQUITY		2,933,700,912,313	2,759,094,413,820
410	Capital and reserves		2,933,700,912,313	2,759,094,413,820
411	Owners' capital	23	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	23	6,778,948,000	6,778,948,000
418	Investment and development fund	23	1,270,235,596,228	1,112,177,317,110
421	Undistributed earnings	23	339,326,016,104	321,006,296,742
	- Undistributed post-tax profits			
421a	accumulated to the prior year end		28,072,641,016	21,204,089,359
421b	- Post-tax profit of current period		311,253,375,088	299,802,207,383
429	Non-controlling interests	24	9,899,641,981	11,671,141,968
440	TOTAL RESOURCES		4,244,982,867,742	4,087,479,990,857

 Ngo Thi Hong Dao
Preparer

 Ho Buu Huan
Chief Accountant

 Le Chanh Dao
Deputy General Director
19 July 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code	Note	For the 3-month period ended		For the 6-month period ended		
		30.06.2018 VND	30.06.2017 VND	30.06.2018 VND	30.06.2017 VND	
01	Sales	26	1,040,328,312,093	1,031,570,894,527	2,071,531,391,489	1,987,513,385,555
02	Less deductions	26	(107,171,806,815)	(105,873,520,414)	(229,945,894,793)	(179,448,605,011)
10	Net sales	26	933,156,505,278	925,697,374,113	1,841,585,496,696	1,808,064,780,544
11	Cost of sales	27	(497,228,778,148)	(505,003,895,882)	(1,027,290,490,790)	(991,667,607,331)
20	Gross profit		435,927,727,130	420,693,478,231	814,295,005,906	816,397,173,213
21	Financial income	28	28,278,980,532	22,620,827,122	51,589,528,106	39,798,550,082
22	Financial expenses	29	(26,833,476,661)	(24,737,365,290)	(54,005,753,301)	(45,154,187,600)
23	Including: Interest expenses		(7,428,675,233)	(5,992,899,462)	(14,975,360,579)	(10,652,258,756)
24	Profit/(loss) sharing from investment in associates		-	(789,818,646)	-	(789,818,646)
25	Selling expenses	30	(182,803,737,987)	(151,131,090,810)	(326,811,181,338)	(293,824,965,075)
	General and administrative expense					
26		30	(68,790,526,421)	(86,719,601,708)	(129,643,472,459)	(165,582,184,073)
30	Net operating profit		185,778,966,593	179,936,428,899	355,424,126,914	350,844,567,901
31	Other income	31	5,185,607,297	1,326,432,609	7,135,541,411	3,122,218,876
32	Other expenses	31	(958,041,125)	(1,818,724,960)	(1,776,458,386)	(2,029,999,536)
40	Net other income		4,227,566,172	(492,292,351)	5,359,083,025	1,092,219,340
50	Net accounting profit before tax		190,006,532,765	179,444,136,548	360,783,209,939	351,936,787,241
51	Current corporate income tax expense	33	(25,329,318,148)	(2,571,742,414)	(27,057,660,701)	(2,970,020,194)
52	Deferred corporate income tax expense	33	(25,875,412,012)	8,931,670,691	(23,943,786,338)	10,711,560,681
60	Net profit after tax		138,801,802,605	185,804,064,825	309,781,762,900	359,678,327,728

CONSOLIDATED INCOME STATEMENT

Code	Note	For the 3-month period ended		For the 6-month period ended	
		30.06.2018 VND	30.06.2017 VND	30.06.2018 VND	30.06.2017 VND
60	Net profit after tax	138,801,802,605	185,804,064,825	309,781,762,900	359,678,327,728
	Attributable to:				
61	Owners of the parent company	139,881,470,734	185,844,115,950	311,356,731,999	358,932,815,464
62	Non-controlling interests	(1,079,668,129)	(40,051,125)	(1,574,969,099)	745,512,264
70	Earnings per share (VND)	951	1,252	2,120	2,452

Ngo Thi Hong Dao
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
19 July 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY
NOTE

DHG Pharmaceutical Joint Stock Company (DHG Pharma) explains the fluctuations in profit after tax of Q2/2018 compared to the same period last year as follows:

Figures in: VND million

Targets	Q2/2018	Q2/2017	Increase, decrease	
			Value	%
Net sales	933,157	925,697	7,459	0.81%
Profit before tax	190,007	179,444	10,562	5.89%
Corporate income tax expense	(25,329)	(2,572)		
Deferred corporate income tax expense	(25,875)	8,932		
Profit after tax	138,802	185,804	(47,002)	-25.30%

In Q2/2018, profit before tax of the Group increased by VND 10 billion compared to Q2/2017, experiencing an increase of 5.89% over the same period. But the Group's profit after tax in Q2/2018 decreased by 47 billion compared to Q2/2017, witnessed a drop of 12% over the same period due to:

- The Company temporarily calculated corporate income tax (CIT) of Q2/2018 for the 6-month period of 2018 (In Q1/2018, CIT was not calculated due to the process of merging the subsidiaries into the parent company). In Q2/2017, the CIT has not been recognized as adjustments in 2016.
- From 01 April 2018, DHG Packing and Printing 1 One Member Limited Company (DHG PP1) and DHG Pharmaceutical One Member Limited Company (DHG Pharma Ltd.) were merged into DHG Pharma and became DHG Pharmaceutical Plant Branch in Hau Giang. The merger resulted in deferred CIT expense on inventories (unrealized profit) of VND 25 billion.

DHG Pharmaceutical Joint Stock Company kindly explains.

Ngo Thi Hong Dao
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
19 July 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Fiscal period ended	
		30.06.2018	30.06.2017
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	360,783,209,939	351,936,787,241
	Adjustments for:		
02	Depreciation and amortisation	44,353,849,822	46,150,474,756
03	Provisions	7,775,783,614	10,409,523,799
04	Unrealised foreign exchange (gains)/losses	804,767,708	(195,171,278)
05	(Gains) from investing activities	(54,034,090,321)	(37,641,439,294)
06	Interest expenses	14,975,360,579	10,652,258,756
	Appropriation to science and technology		
07	development funds	-	7,000,000,000
08	Operating profit before changes in working capital	374,658,881,341	388,312,433,980
09	Decrease in receivables	165,786,435,264	37,948,289,883
10	Increase in inventories	(145,290,341,310)	(20,464,586,382)
11	Decrease in payables	(241,913,698,681)	(122,287,735,746)
12	(Decrease)/Increase in prepaid expenses	2,841,011,165	(9,399,353,106)
14	Interest paid	(14,983,041,446)	(10,757,849,398)
15	Corporate income tax paid	(16,492,827,972)	(10,126,979,896)
17	Other payments on operating activities	(41,568,246,870)	(43,740,861,233)
20	Net cash inflows from operating activities	83,038,171,491	209,483,358,102
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Acquisition and construction of fixed assets and other long-term assets	(26,418,913,673)	(26,829,129,686)
22	Proceeds from sales, disposals of fixed assets and other long-term assets	6,182,727,272	952,818,195
23	Payments for granting loans, purchasing debt instruments of other entities	(1,817,776,863,079)	(856,884,637,715)
24	Receipts from collecting loans, proceeds from sales of debt instruments of other entities	1,112,871,005,359	729,165,858,981
25	Investments in other entities	(160,000,000)	-
27	Interest, dividends and profit received	44,724,009,978	32,557,405,485
30	Net cash outflows from investing activities	(680,578,034,143)	(121,037,684,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares and receipt of contributed capital	-	-
33	Proceeds from borrowings	1,463,145,782,841	1,383,813,007,336
34	Repayments of borrowings	(1,275,690,370,296)	(1,017,643,696,928)
36	Dividends and profit paid	(65,373,035,500)	(305,075,155,000)
40	Net cash inflows from financing activities	122,082,377,045	61,094,155,408
50	Net (decrease)/increase in cash and cash equivalents	(475,457,485,607)	149,539,828,770
60	Cash and cash equivalents at beginning of year	549,777,216,585	603,188,961,343
61	Effect of foreign exchange differences	58,095,411	41,656,891
70	Cash and cash equivalents at end of period/year	74,377,826,389	752,770,447,004

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Ngo Thi Hong Dao
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
19 July 2018

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 JUNE 2018**1 GENERAL INFORMATION OF THE COMPANY****Ownership Structure**

On 2 September 2004, DHG Pharmaceutical Joint Stock 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.

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.

In 2017, the Company increased the share capital to VND 1,307,460,710,000 by issuing bonus shares to existing shareholders at ratio 2:1. The Company was granted the 23rd amended Business registration certificate dated 28 July 2017 for the increase in share capital.

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 June 2018, the Group had 3,152 employees (as at 31 December 2017: 3,205 employees).

The principal activities of the Company and its subsidiaries are to produce, trade in pharmaceutical products, and provide traveling services.

The Group's normal business cycle is within 12 months.

Corporate structure

As at 30 June 2018, the Company's subsidiaries and associates were as follows:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.06.2018	31.12.2017
Subsidiaries:				
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%
Song Hau Pharmaceutical One Member Limited 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%	51%
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%
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 PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN/HN

1 GENERAL INFORMATION OF THE COMPANY (cont.)

Name Subsidiaries (cont.)	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			30.06.2018	31.12.2017
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	Activities of polyclinics, specialty and dental clinics	No. 1801472944 issued by the Department of Planning and Investment of Can Tho City on 27 July 2016	51%	51%
Associate: 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 19 June 2017, the Board of Directors of the Company approved the policy to raise the ownership ratio of Song Hau Pharmaceutical Joint Stock Company from 51% to 100%. On 10 May 2018, the Board of Directors of the Company approved the conversion of Song Hau Pharmaceutical Joint Stock Company into Song Hau Pharmaceutical One Member Limited Company.

(**) On 14 July 2017, the Board of Directors of the Company approved the dissolution of DHG Travel One Member Limited Company. The dissolution date is 31 December 2017.

(***) On 28 March 2018, the General Meeting of Shareholders approved the merger of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company into DHG Pharma.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements, expressed in Vietnamese Dong (VND), are prepared under the historical cost convention, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and legal regulations on preparation and presentation of financial statements.

The consolidated financial statements are not intended to present the financial status and its results of operations and cash flow in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Fiscal year

The Company's fiscal year begins on 01 January and ends on 31 December.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Basis of consolidation**

The Group prepared its consolidated financial statements in accordance with Circular 202/2014/TT-BTC - Guidance on the preparation and presentation of financial statements.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

The divestment of the Group's interest in a subsidiary that does not result in a loss of control is accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received of the divestment of the Group's interest in a subsidiary is recorded directly in the undistributed earnings under equity.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates in accordance with applicable accounting regulations. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Accounting estimates**

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

Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognized in the income statement.

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, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Management of all outstanding amounts at the year end. Bad debts are written off when identified.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

Investments***Investments held-to-maturity***

Investments held-to-maturity are investments which the Company's Board of Management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits for interest earning. Those investments are accounted for at cost less provision.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Investments held-to-maturity (cont.)***

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

Investments in associates

Investments in associates are accounted using the equity method when preparing the consolidated financial statements.

Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated by the Company's Board of Management before the date of investment.

Fixed assets***Tangible and intangible fixed assets***

Fixed assets are stated at historical cost less accumulated depreciation/ amortization. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortization

Fixed assets are depreciated and amortized using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of the project if shorter. The estimated useful lives of the assets are as follows:

Building and structures	3 – 50 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 10 years
Office equipment	3 – 10 years
Software	3 – 8 years

Land use rights with definite terms are amortized using the straight-line method over the terms indicated in the land use right certificates. Land use rights with indefinite useful life are recorded at historical cost and are not amortized.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognized as income or expense in the income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight-line method over estimated useful lives.

Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognized in the income statement when incurred.

Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognized for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the law and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**Provision for dismantling and restoration costs**

In accordance with Circular No.200/2014/TT-BTC issued by the Ministry of Finance, since 01 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 01 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. The Group records unearned revenue for the future obligations that the Group has to conduct.

Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognized as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Owners' capital

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

Capital surplus is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Undistributed earnings record the Group's results (profit, loss) after corporate income tax at the reporting date.

Funds

The Group's funds are as below:

Investment and development fund

Investment and development fund is appropriated from net profit of the Group and approved by shareholders at the General Meeting of Shareholders.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Bonus and welfare fund***

Bonus and welfare fund is appropriated from the net profit of the Group and approved by shareholders at the General Meeting of Shareholders.

Dividend distribution

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

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

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

- Dividends declared for year 2017: 30% of par value.
- Appropriation to the bonus and welfare fund: 10% of consolidated profit after tax of parent company's shareholders
- Remuneration payment for the Board of Directors, Board of Supervisory, members of Subcommittees under the Board of Directors and the Board of Directors' secretary: VND 6 billion.
- After appropriations were made, remaining consolidated profit after tax was appropriated to the investment and development fund.

Revenue recognition***Sales of goods***

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

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

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognized based on principle of substance over form and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers' purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognized as cost of sales.

Rendering of services

Revenue from rendering of services is recognized in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognized when all four following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)***Interest income***

Interest income is recognized on an earned basis.

Dividend income

Income from dividend is recognized when the Group has established the receiving right from investees.

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 periods, incurred after the balance sheet date but before the issuance of the financial statements are recorded as deduction of revenue of the current reporting 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 the 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 the 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.

Cost of sales

Cost of goods sold or cost of services are cost of finished goods, merchandises, materials sold or services provided during the period and recorded on the basis of matching with revenue and on prudent concept.

Financial expenses

Financial expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences and payment discounts.

Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include salary expenses for salesman, publicity expenses, goods display and introduction expenses, advertising expenses, sales commission, maintenance charges, costs of packing and transportation.

2 SIGNIFICANT ACCOUNTING POLICIES (cont.)**General and administrative expenses**

General and administrative expenses represent expenses for administrative purposes of the Group which mainly include salary expenses for administrative staff (salaries, wages, allowances, etc.); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; expenses of office materials, tools and supplies, depreciation of fixed assets used for administration; land rental, licence tax; provision for bad debts; outside services and other expenses.

3 CASH AND CASH EQUIVALENTS

	30.06.2018	31.12.2017
	VND	VND
Cash on hand	12,432,575,571	20,721,551,877
Cash at bank	39,654,100,939	67,721,263,770
Cash in transit	306,369,000	-
Cash equivalents (*)	21,984,780,879	461,334,400,938
	<u>74,377,826,389</u>	<u>549,777,216,585</u>

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

4 INVESTMENTS**(a) Short-term investments****Investments held-to-maturity**

	30.06.2018		31.12.2017	
	Cost	Book value	Cost	Book value
	VND	VND	VND	VND
Term deposits	1,644,044,242,321	1,644,044,242,321	930,615,143,091	930,615,143,091

(b) Long-term investments

	30.06.2018		31.12.2017	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Investments in associates (*)	3,129,548,349	-	3,129,548,349	-
Investments in other entities (**)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>31,037,718,549</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:

4 INVESTMENTS (cont.)

	30.06.2018 VND	31.12.2017 VND
Vinh Hao Algae Processing Joint Stock Company	3,129,548,349	3,129,548,349

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

	Fiscal period ended 30.06.2018 VND	Fiscal year ended 31.12.2017 VND
Beginning of year	3,129,548,349	4,335,981,051
Loss sharing	-	(1,206,432,702)
End of period/year	<u>3,129,548,349</u>	<u>3,129,548,349</u>

(**) Details of investments in other entities were as follows:

	30.06.2018 VND	31.12.2017 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Becamex Pharmaceutical JSC	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical JSC	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipments JSC	796,675,000	796,675,000
Tay Ninh Pharmaceutical JSC	221,960,000	221,960,000
Cuu Long Pharmaceutical JSC	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

Provision balance as at 30 June 2018 and 31 December 2017 represented the provision for long-term investments in ATP Packaging Joint Stock Company.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.06.2018 VND	31.12.2017 VND
Third parties	<u>541,289,827,060</u>	<u>739,281,053,856</u>

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

6 OTHER SHORT-TERM RECEIVABLES

	30.06.2018 Value VND	31.12.2017 Value VND
Prepaid trade discounts	237,299,823	243,590,918
Interest income receivable	33,252,116,707	27,502,424,293
Receivables from employees	8,958,763,735	7,443,741,219
Other receivables	8,580,927,105	9,541,616,794
	<u>51,029,107,370</u>	<u>44,731,373,224</u>

7 DOUBTFUL DEBTS

	30.06.2018		
	Historical cost VND	Recoverable amount VND	Provision VND
The total amount of receivables and loans past due or not past due but impaired	216,479,719,704	187,610,734,973	(28,868,984,731)
	31.12.2017		
	Historical cost VND	Recoverable amount VND	Provision VND
The 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 June 2018 and 31 December 2017, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	Fiscal period ended 30.06.2018 VND	Fiscal year ended 31.12.2017 VND
Beginning of year	21,712,831,939	13,492,082,101
Increase during the period/year	7,163,230,510	8,220,749,838
Reversal during the period/year	(7,077,718)	-
End of period/year	<u>28,868,984,731</u>	<u>21,712,831,939</u>

8 INVENTORIES

	30.06.2018		31.12.2017	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Goods in transit	81,878,447,037	-	41,560,218,649	-
Raw materials	298,444,354,851	-	285,333,766,326	(1,320,277,628)
Work in progress	70,080,954,931	-	54,916,072,790	-
Finished goods	294,069,354,712	(1,086,438,796)	209,547,370,635	(1,135,878,551)
Merchandises	37,081,262,551	-	44,906,604,372	-
	<u>781,554,374,082</u>	<u>(1,086,438,796)</u>	<u>636,264,032,772</u>	<u>(2,456,156,179)</u>

8 INVENTORIES (cont.)

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

	Fiscal period ended 30.06.2018 VND	Fiscal year ended 31.12.2017 VND
Beginning of year	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)	-
End of period/year	<u>1,086,438,796</u>	<u>2,456,156,179</u>

Provision for decline in value of inventories was made for inventories of which costs were higher than net realizable value.

9 PREPAID EXPENSES**Short-term prepaid expenses**

	30.06.2018 VND	31.12.2017 VND
Operating leases	3,071,736,894	39,409,097
Others	7,595,170,113	9,676,404,896
	<u>10,666,907,007</u>	<u>9,715,813,993</u>

Prepaid expenses are allocated within 12 months since the time of prepayment.

Long-term prepaid expenses

	30.06.2018 VND	31.12.2017 VND
Prepaid land rental fees	10,540,592,712	10,713,316,530
Tools and supplies	10,114,412,327	12,535,021,407
Leasehold improvements	247,416,000	167,682,780
Others	6,461,900,473	7,740,404,974
	<u>27,364,321,512</u>	<u>31,156,425,691</u>

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

	Fiscal period ended 30.06.2018 VND	Fiscal year ended 31.12.2017 VND
Beginning of period/year	31,156,425,691	22,760,003,178
Increase	3,130,013,058	18,636,482,446
Allocation during the period/year	(6,922,117,237)	(10,240,059,933)
Disposal	-	-
End of period/year	<u>27,364,321,512</u>	<u>31,156,425,691</u>

10 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Receivables

	Beginning of year	Payable during the period/year	Refunded during the period/year	Other decreases during the period/year	Payment during the period/year	End of period/year
VAT on domestic sales	26,076,408	-	(26,076,408)	-	-	-
VAT on import sales	-	-	-	-	485,237,897	485,237,897
Import - export duties	1,536,214,509	(8,432,692,821)	-	-	7,919,621,678	1,023,143,366
Corporate income tax	156,686,546	(88,214,504)	(68,472,042)	-	-	-
Personal income tax	6,005,124,826	(3,997,072,885)	(427,955,364)	31,196,906	-	1,611,293,483
Land use tax	15,682,319	(15,682,319)	-	-	-	-
Other taxes	-	-	-	-	7,987,284	7,987,284
Total	7,739,784,608	(12,533,662,529)	(522,503,814)	31,196,906	8,412,846,859	3,127,662,030

Payables

VAT on domestic sales	12,034,687,525	61,431,905,019	-	-	(45,313,492,815)	28,153,099,729
VAT on import sales	3,461,540	21,588,097,256	-	-	(21,591,558,796)	-
Import - export duties	-	-	-	-	-	-
Corporate income tax	10,993,648,506	26,969,446,197	-	-	(16,492,827,972)	21,470,266,731
Personal income tax	581,886,130	17,632,616,571	-	-	(18,196,682,541)	17,820,160
Land rental fee, land tax	-	5,670,657,445	-	-	(2,976,355,439)	2,694,302,006
Other taxes	-	327,796,586	-	-	(327,796,586)	-
Total	23,613,683,701	133,620,519,074	-	-	(104,898,714,149)	52,335,488,626

11 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
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	3,092,234,000	-	-	3,448,234,000
Transfers from construction in progress (Note 13)	4,292,890,853	13,919,927,907	3,460,970,363	37,679,091	21,711,468,214
Disposals	(2,499,207,818)	-	(138,219,172)	(30,190,000)	(2,667,616,990)
Reclassification	-	2,417,331,818	-	(2,417,331,818)	-
Write-off	-	-	227,272,727	-	227,272,727
As at 30 June 2018	524,126,743,554	627,313,471,155	179,070,745,491	70,184,026,525	1,400,694,986,725
Accumulated depreciation					
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	14,866,052,034	22,666,719,296	5,811,426,157	2,242,318,165	45,586,515,652
Disposals	(1,436,868,475)	-	(138,219,172)	(30,190,000)	(1,605,277,647)
Reclassification	-	(13,271,212)	-	13,271,212	-
Write-off	-	-	227,272,727	-	227,272,727
As at 30 June 2018	169,560,981,785	293,296,836,144	114,106,220,988	60,010,722,865	636,974,761,782
Net book value					
As at 01 January 2018	365,845,262,293	337,240,589,370	67,314,980,297	14,808,545,764	785,209,377,724
As at 30 June 2018	354,565,761,769	334,016,635,011	64,964,524,503	10,173,303,660	763,720,224,943

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2018 was VND 200,712 million (as at 31 December 2017: VND 180,764 million).

12 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Software VND	Total VND
Historical cost				
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 13)	-	-	423,482,400	423,482,400
Disposals	-	(1,560,000,000)	-	(1,560,000,000)
As at 30 June 2018	95,158,560,046	157,496,771,791	16,085,482,405	268,740,814,242
Accumulated amortization				
As at 01 January 2018	-	18,721,194,492	9,335,544,649	28,056,739,141
Charge for the period/year	-	1,665,525,114	1,030,696,518	2,696,221,632
As at 30 June 2018	-	20,386,719,606	10,366,241,167	30,752,960,773
Net book value				
As at 01 January 2018	95,158,560,046	140,335,577,299	6,295,988,556	241,790,125,901
As at 30 June 2018	95,158,560,046	137,110,052,185	5,719,241,238	237,987,853,469

Historical cost of fully amortized intangible fixed assets but still in use as at 30 June 2018 was VND 6,007 million (as at 31 December 2017: VND 5,861 million).

13 CONSTRUCTION IN PROGRESS

	30.06.2018 VND	31.12.2017 VND
Effervescent tablet production factory	21,072,036,020	16,658,486,842
Construction of office and auxiliary works at DHG Pharmaceutical One Member Limited Company	11,746,318,769	11,596,485,312
Construction of branches' offices	2,049,779,781	699,591,808
Purchase of machinery and equipment	-	7,353,145,816
Repairing warehouses and factories	433,305,661	-
Registration of Foreign Manufacturer Accreditation (PMDA)	353,349,987	-
Motor vehicles for branches	1,458,181,819	-
	37,112,972,037	36,307,709,778

Movements in the construction in progress during the period/year

	Fiscal period ended 30.06.2018 VND	Fiscal year ended 31.12.2017 VND
Beginning of year	36,307,709,778	17,160,871,337
Purchase	22,940,212,873	56,940,741,775
Transfers to tangible fixed assets (Note 11)	(21,711,468,214)	(32,717,262,432)
Transfers to intangible fixed assets (Note 12)	(423,482,400)	(2,930,291,720)
Transfers to long-term prepaid expenses	-	(2,146,349,182)
Transfers to tools and supplies	-	-
Write-off	-	-
End of period/year	37,112,972,037	36,307,709,778

14 DEFERRED INCOME TAX ASSETS

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

	30.06.2018	31.12.2017
	VND	VND
Corporate income tax rate used for determining deferred income tax assets	20%	20%
Deductible temporary differences	59,199,550,085	178,918,481,775
Deferred income tax assets	<u>11,839,910,017</u>	<u>35,783,696,355</u>

15 SHORT-TERM TRADE ACCOUNTS PAYABLE

As at 30 June 2018 and 31 December 2017, there was no balance of trade accounts payable that was past due.

	30.06.2018		31.12.2017	
	Value	Able-to-pay	Value	Able-to-pay
	VND	amount	VND	amount
		VND		VND
Related parties (Note 36)	-	-	4,500,000	4,500,000
Third parties (*)	239,440,457,429	239,440,457,429	262,982,235,355	262,982,235,355
	<u>239,440,457,429</u>	<u>239,440,457,429</u>	<u>262,986,735,355</u>	<u>262,986,735,355</u>

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

	30.06.2018	31.12.2017
	VND	VND
Truong Tin Pharmaceutical Limited Company	37,649,425,080	35,135,876,027

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

16 SHORT-TERM ACCRUED EXPENSES

	30.06.2018	31.12.2017
	VND	VND
Seminar expenses	7,251,119,982	-
Market research	-	10,429,270,479
Payment discounts	5,935,651,633	8,261,692,934
Marketing and customer care expenses	12,669,693,367	6,660,719,815
Interest expenses	445,168,994	452,849,861
Others	14,995,848,200	24,613,586,172
	<u>41,297,482,176</u>	<u>50,418,119,261</u>

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17 SHORT-TERM UNEARNED REVENUE

	30.06.2018	31.12.2017
	VND	VND
Unearned revenue from customer loyalty programs (Note 2)	26,349,881,929	9,479,895,138

18 OTHER SHORT-TERM PAYABLES

	30.06.2018	31.12.2017
	VND	VND
Insurance and union fees	1,144,379,975	800,645,116
Dividends payable	-	196,119,106,500
Other payables	1,953,180,626	7,163,738,867
	<u>3,097,560,601</u>	<u>204,083,490,483</u>

19 SHORT-TERM BORROWINGS

	30.06.2018		31.12.2017	
	Value	Able-to-pay amount	Value	Able-to-pay amount
	VND	VND	VND	VND
Loans from banks	657,255,412,545	657,255,412,545	469,800,000,000	469,800,000,000
	<u>657,255,412,545</u>	<u>657,255,412,545</u>	<u>469,800,000,000</u>	<u>469,800,000,000</u>

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

	As at 01.01.2018	Increase	Decrease	As at 30.06.2018
	VND	VND	VND	VND
Loans from banks (*)	469,800,000,000	1,463,145,782,841	(1,275,690,370,296)	657,255,412,545
	<u>469,800,000,000</u>	<u>1,463,145,782,841</u>	<u>(1,275,690,370,296)</u>	<u>657,255,412,545</u>

(*) These loans bear interest at 0.23% to 0.42% per month (in 2017: from 0.32% to 0.42% per month).

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

20 BONUS AND WELFARE FUNDS

The bonus and welfare funds of the Group are established through appropriation from retained earnings upon approval of shareholders at the Annual General Meetings of Shareholders. 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 Group's bonus and welfare policies and to pay bonus to the Board of Directors in accordance with the Resolution of the Annual General Meeting of Shareholders.

20 BONUS AND WELFARE FUNDS (cont.)

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

	Bonus and welfare fund for employees VND	Welfare fund in form of assets VND	Bonus fund for the Board of Directors VND	Total VND
Beginning of year	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	-	(1,558,462,024)	-	(1,558,462,024)
Utilisation	(38,481,477,067)	-	(3,086,769,803)	(41,568,246,870)
End of period/year	<u>59,119,441,659</u>	<u>19,065,964,393</u>	<u>11,288,910,361</u>	<u>89,474,316,413</u>

21 PROVISIONS FOR LONG-TERM LIABILITIES

	Provision for dismantling and restoration costs of the Group's leased premises or lands VND	Provision for severance allowances VND	Total VND
Beginning of year	11,564,358,036	26,822,108,383	38,386,466,419
Provision	1,418,218,664	571,129,541	1,989,348,205
Utilisation	-	(908,172,671)	(908,172,671)
End of period/year	<u>12,982,576,700</u>	<u>26,485,065,253</u>	<u>39,467,641,953</u>

22 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular 12/2016/TTLT-BKHCHN-BTC dated 28 June 2016, entities 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 the science and technology development funds during the period/year were as follows:

	Science and technology development fund VND	Science and technology development fund in form of assets VND	Total VND
Beginning of year	-	25,062,281,176	25,062,281,176
Appropriation to the funds	-	-	-
Depreciation of assets formed from science and technology development fund	-	(2,370,425,438)	(2,370,425,438)
Utilisation	-	-	-
End of period/year	<u>-</u>	<u>22,691,855,738</u>	<u>22,691,855,738</u>

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23 OWNERS' EQUITY

Movements 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)
1 st interim dividends declared for the year 2017 at the rate of 10%	-	-	-	-	(130,746,071,000)	(130,746,071,000)
2 nd interim dividends declared for the year 2017 at the 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)
As at 31 December 2017	1,307,460,710,000	6,778,948,000	-	1,112,177,317,110	321,006,296,742	2,747,423,271,852
Net profit for the period/year	-	-	-	-	311,356,731,999	311,356,731,999
Changes in benefits due to uncontrolled shareholders' transactions	-	-	-	139,887,799	(103,356,911)	36,530,888
Dividends	-	-	-	-	(65,373,035,500)	(65,373,035,500)
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)
As at 30 June 2018	1,307,460,710,000	6,778,948,000	-	1,270,235,596,228	339,326,016,104	2,923,801,270,332

23 OWNERS' EQUITY (cont.)

Charter capital

	30.06.2018		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

Ordinary share has a par value of VND 10,000. Each ordinary share is entitled to one vote at shareholders' meetings of the Company. Shareholders are eligible to receive dividends declared by the Company from time to time. All 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 30.06.2018		Fiscal year ended 31.12.2017	
	Number of shares	VND	Number of shares	VND
Beginning of year	130,746,071	1,307,460,710,000	87,164,330	871,643,300,000
Bonus shares issued in the period/year	-	-	43,581,741	435,817,410,000
Treasury shares reissued in the period/year	-	-	-	-
End of period/year	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

Dividends

According to Resolution No. 001/2018/NQ-ĐHĐCĐ of the General Meeting of Shareholders approved on 28 March 2018, the General Meeting of Shareholders approved dividend payment of 30% in cash from profit after tax of 2017, equivalent to VND 392,238,213,000. In 2017, the Company paid interim dividends in cash for 2 phases at the rate of 10% and 15% of par value, equivalent to VND 326,865,177,500. On 09 May 2018, the Company paid the remaining 5% of dividend with the amount of 65,373,035,500 VND.

24 NON-CONTROLLING INTERESTS

	Fiscal period ended 30.06.2018 VND	Fiscal year ended 31.12.2017 VND
Beginning of year	11,671,141,968	34,160,248,863
Minority capital	-	-
Net profit for the period/year	(1,574,969,099)	(18,665,378)
Appropriation to bonus and welfare fund	-	(447,775,389)
Appropriation to bonus fund for the Board of Directors	-	(176,198,933)
Dividends	-	(735,000,000)
Changes in benefits due to transfer of investment	(196,530,888)	(21,111,467,195)
End of period/year	9,899,641,981	11,671,141,968

25 OFF BALANCE SHEET ITEMS**Foreign currencies**

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

	30.06.2018	31.12.2017
	VND	VND
US dollar (USD)	591,587	651,982
Euro (EUR)	5,632	5,649
	<u> </u>	<u> </u>

26 REVENUE OF GOODS SOLD AND SERVICES RENDERED

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Sales				
Sales of finished goods	930,211,263,614	828,528,248,033	1,691,671,005,320	1,569,070,451,527
Sales of merchandises	107,616,913,423	184,864,437,284	363,596,521,167	391,358,326,898
Others	2,500,135,056	18,178,209,210	16,263,865,002	27,084,607,130
	<u>1,040,328,312,093</u>	<u>1,031,570,894,527</u>	<u>2,071,531,391,489</u>	<u>1,987,513,385,555</u>
Sales deductions				
Trade discounts	105,426,023,166	103,071,908,761	226,445,051,009	174,487,534,844
Sales returns	1,745,783,649	2,801,611,653	3,500,843,784	4,961,070,167
	<u>107,171,806,815</u>	<u>105,873,520,414</u>	<u>229,945,894,793</u>	<u>179,448,605,011</u>
Net sales	<u>933,156,505,278</u>	<u>925,697,374,113</u>	<u>1,841,585,496,696</u>	<u>1,808,064,780,544</u>
In which:				
Sales of finished goods	825,995,728,532	727,269,575,787	1,472,312,750,711	1,398,931,271,823
Sales of merchandises	104,660,641,690	180,249,589,116	353,008,880,983	382,048,901,591
Others	2,500,135,056	18,178,209,210	16,263,865,002	27,084,607,130

27 COST OF GOODS SOLD AND SERVICES RENDERED

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Cost of finished goods sold	391,145,391,164	324,077,250,409	694,620,263,916	618,673,106,941
Cost of merchandises sold	104,834,745,860	174,939,760,608	330,296,135,725	365,213,235,590
Others	2,195,631,625	6,030,603,911	3,321,081,650	7,824,983,846
Provision for decline in value of inventories	(946,990,501)	(43,719,046)	(946,990,501)	(43,719,046)
	<u>497,228,778,148</u>	<u>505,003,895,882</u>	<u>1,027,290,490,790</u>	<u>991,667,607,331</u>

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28 FINANCIAL INCOME

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Interest income	27,400,270,475	21,816,049,156	50,420,530,512	37,650,747,827
Dividend income	25,186,680	25,279,964	53,171,880	53,265,164
Foreign exchange gains	853,523,377	779,498,002	1,115,825,714	2,094,537,091
	<u>28,278,980,532</u>	<u>22,620,827,122</u>	<u>51,589,528,106</u>	<u>39,798,550,082</u>

29 FINANCIAL EXPENSES

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Interest expenses	7,428,675,233	5,992,899,462	14,975,360,579	10,652,258,756
Foreign exchange losses	2,079,525,893	999,954,395	3,249,593,652	2,484,729,794
Payment discounts	17,305,266,975	17,112,406,829	35,687,707,437	31,341,369,547
Others	20,008,560	632,104,604	93,091,633	675,829,503
	<u>26,833,476,661</u>	<u>24,737,365,290</u>	<u>54,005,753,301</u>	<u>45,154,187,600</u>

30 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Staff costs	97,518,812,410	86,601,567,603	174,560,141,653	152,974,813,795
Advertising expenses	36,391,451,556	19,910,099,466	62,239,500,310	51,565,889,649

General & administrative expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Staff costs	46,534,985,995	69,816,095,639	89,899,265,527	128,463,140,548

31 OTHER INCOME AND EXPENSES**Other income**

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Gains from disposals of fixed assets and other long-term assets	3,524,024,293	297,416,665	3,560,387,929	727,244,949
Sundry income	1,661,583,004	1,029,015,944	3,575,153,482	2,394,973,927
	<u>5,185,607,297</u>	<u>1,326,432,609</u>	<u>7,135,541,411</u>	<u>3,122,218,876</u>

Other expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Depreciation and amortisation	168,124,266	196,177,643	275,330,244	353,623,411
Sundry expenses	789,916,859	1,622,547,317	1,501,128,142	1,676,376,125
	<u>958,041,125</u>	<u>1,818,724,960</u>	<u>1,776,458,386</u>	<u>2,029,999,536</u>

32 COST OF OPERATION BY FACTOR

	For the 6-month period ended	
	30.06.2018	30.06.2017
	VND	VND
Raw materials	914,985,939,700	797,036,803,838
Staff costs	393,216,538,336	406,350,124,980
Depreciation and amortisation expenses	43,961,535,029	45,895,932,910
Outside service expenses	86,443,291,140	83,329,999,422
Others	117,832,015,474	100,000,160,035
	<u>1,556,439,319,679</u>	<u>1,432,613,021,185</u>

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33 CORPORATE INCOME TAX EXPENSES

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Net accounting profit before tax	190,006,532,765	179,444,136,548	360,783,209,939	351,936,787,241
Tax calculated at the normal tax rate of 20%	38,001,306,553	35,888,827,309	72,156,641,988	70,387,357,448
Effect of:				
Impact of negative taxable income	(629,364,942)	6,045,369,890	706,121,532	6,045,369,890
Impact of non-deductible items (Over-provision)/under-provision in the previous years	785,708,314	2,192,724,861	1,896,490,383	2,483,832,224
Income not subject to tax	1,745,455	(526,404,512)	1,745,455	(526,404,512)
Tax incentives	(1,467,782,935)	(5,055,993)	(1,473,419,417)	(10,653,033)
Temporary differences of provisions	(9,658,620)	(49,131,048,252)	(36,850,285,072)	(84,533,597,491)
Adjustments arising from consolidation	24,116,394,686	(533,606,190)	23,943,786,338	(658,192,272)
	(9,593,618,351)	(290,735,390)	(9,379,634,168)	(929,252,741)
Corporate income tax expenses	51,204,730,160	(6,359,928,277)	51,001,447,039	(7,741,540,487)

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Charged/(credited) to the income statement				
Corporate income tax - current	25,329,318,148	2,571,742,414	27,057,660,701	2,970,020,194
Corporate income tax - deferred	25,875,412,012	(8,931,670,691)	23,943,786,338	(10,711,560,681)
Corporate income tax expenses	51,204,730,160	(6,359,928,277)	51,001,447,039	(7,741,540,487)

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 the Decision of 3044/QĐ-UBND of the People’s Committee of Can Tho City, the Company is required to pay the corporate income tax (“CIT”) at rate of 20% from 2005 to 2014 and 22% for the following years. According to Circular 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 of investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and a 50% CIT reduction from 2018 to 2026.

DHG Pharmaceutical One Member Limited Company (“DHG Pharma Ltd.”)

Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. has an obligation to pay the CIT at the rate of 10% of taxable profits for 15 years since its operation. The Company was entitled to the CIT exemption for 4 years and 50% CIT reduction for the following 9 years commencing from the first year of making profits. The Company has registered to apply the above tax incentive effective since the financial year 2015.

34 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.

	For the 3-month period ended		For the 6-month period ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	VND	VND	VND	VND
Net profit attributable to shareholders (VND)	139,881,470,734	185,844,115,950	311,356,731,999	358,932,815,464
The estimated amount appropriated to bonus and welfare funds (*)	(15,488,147,073)	(21,084,411,595)	(34,135,673,200)	(38,393,281,546)
	<u>124,393,323,661</u>	<u>164,759,704,355</u>	<u>277,221,058,799</u>	<u>320,539,533,918</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)	951	1,252	2,120	2,452

34 BASIC EARNINGS PER SHARE (cont.)

(*) The estimated amount appropriated to Bonus and welfare funds for the year 2018 is 10%, based on the distribution rate as the plan in the Resolution No. 001/2018/NQ-DHĐCĐ of the General Meeting of Shareholders approved on 28 March 2018.

The Group does not have potentially dilutive ordinary shares.

35 COMMITMENTS**a) Operating lease commitment**

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

	Land lease	
	30.06.2018	31.12.2017
	VND	VND
Within 1 year	2,711,014,189	5,422,028,378
Between 1 to 5 years	21,688,113,512	21,688,113,512
Over 5 years	113,005,646,812	115,731,722,192
	<u>137,404,774,513</u>	<u>142,841,864,082</u>

b) Capital commitment

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

	30.06.2018	31.12.2017
	VND	VND
Approved but not contracted	13,247,194,643	18,727,173,322
Approved and contracted but not implemented	11,249,857,551	10,326,337,676
	<u>24,497,052,194</u>	<u>29,053,510,998</u>

36 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:

	Fiscal period ended	
	30.06.2018	30.06.2017
	VND	VND
<i>Purchases of goods and services</i>		
Associate		
Vinh Hao Algae Processing JSC	421,846,000	1,132,250,000
	<u>421,846,000</u>	<u>1,132,250,000</u>
Dividend payment		
State Capital Investment Corporation (“SCIC”)	28,313,118,500	132,127,887,500
	<u>28,313,118,500</u>	<u>132,127,887,500</u>
Remuneration of key management		
Salary and other benefits	11,037,963,806	9,911,906,264
	<u>11,037,963,806</u>	<u>9,911,906,264</u>

36 TRANSACTIONS WITH RELATED PARTIES (cont.)

Period/year end balances with related parties	30.06.2018 VND	31.12.2017 VND
Trade accounts payable		
Vinh Hao Algae Processing JSC – an associate	-	4,500,000

37 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**a. Non-cash transactions affecting the cash flow statement**

	Fiscal period ended	
	30.06.2018 VND	30.06.2017 VND
Appropriation to reserves	227,560,620,226	410,367,149,717
Transferred from construction in progress to tangible fixed assets	21,711,468,214	11,715,732,523
Transferred from construction in progress to intangible fixed assets	423,482,400	2,930,291,720
Transferred from construction in progress to long-term prepaid expenses	-	-
Transferred from construction in progress to tools and supplies	-	-
Transferred from long-term prepaid expenses to intangible fixed assets	-	-
Interest earned and dividends have not been received	33,252,116,707	20,406,141,670
Issuing bonus shares from investment and development fund	435,817,410,000	435,817,410,000

b. Proceeds from borrowings during the period/year

	Fiscal period ended	
	30.06.2018 VND	30.06.2017 VND
Proceeds from borrowings under normal contracts	1,463,145,782,841	1,383,813,007,336

c. Repayments of borrowings during the period/year

	Fiscal period ended	
	30.06.2018 VND	30.06.2017 VND
Repayments of borrowings under normal contracts	1,275,690,370,296	1,017,643,696,928

Ngo Thi Hong Dao
Preparer

Ho Buu Huan
Chief Accountant

Le Chanh Dao
Deputy General Director
19 July 2018