

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS 2019
OF DHG PHARMACEUTICAL JOINT STOCK COMPANY****Kind Attn to: THE GENERAL MEETING OF SHAREHOLDERS OF DHG PHARMA**

- Pursuant to the Law on Enterprises No. 68/2014/QH13 dated 26 Nov 2014;
- Pursuant to the Charter of DHG Pharmaceutical Joint Stock Company (DHG Pharma) issued on 25 June 2019,

Consolidated financial statements 2019 of DHG Pharma was audited by Deloitte Vietnam Company Limited. This document was published on the Company's website: www.dhgpharma.com.vn and on the website of Ho Chi Minh Stock Exchange: www.hsx.vn. At the Annual General Meeting of Shareholders (AGM) 2019, the Board of Directors presents a summary of the Company's consolidated financial statements 2019 as follows:

I. BALANCE SHEET

No.	Items	01 Jan 2019 (VND)	31 Dec 2019 (VND)
	TOTAL ASSETS	4,205,964,486,794	4,146,818,721,257
A	Current assets	3,147,636,450,849	3,133,924,348,700
I	Cash and cash equivalents	75,835,597,431	70,328,408,693
II	Short-term financial investments	1,459,722,000,000	1,768,000,000,000
III	Short-term receivables	669,787,225,237	560,791,995,735
IV	Inventories	891,486,976,436	725,438,891,568
V	Other short-term assets	50,804,651,745	9,365,052,704
B	Non-current assets	1,058,328,035,945	1,012,894,372,557
I	Long-term receivables	1,560,000,000	459,000,000
II	Fixed assets	976,618,370,054	900,116,925,455
III	Investment property	247,880,293	15,345,447,332
IV	Long-term assets in progress	14,087,991,804	28,927,855,544
V	Long-term financial investments	25,219,928,995	28,122,793,643
VI	Other long-term assets	40,593,864,799	39,922,350,583
	TOTAL RESOURCES	4,205,964,486,794	4,146,818,721,257
A	Liabilities	1,061,702,377,563	769,267,239,060
I	Current liabilities	1,001,487,737,988	704,899,493,292
II	Long-term liabilities	60,214,639,575	64,367,745,768
B	Owner's equity	3,144,262,109,231	3,377,551,482,197

No.	Items	01 Jan 2019 (VND)	31 Dec 2019 (VND)
I	Owner's contributed capital	1,307,460,710,000	1,307,460,710,000
II	Share premium	6,778,948,000	6,778,948,000
III	Investment and development fund	1,270,235,596,228	1,392,604,475,464
IV	Retained earnings	550,252,659,422	665,297,795,718
V	Non-controlling interests	9,534,195,581	5,409,553,015

II. INCOME STATEMENT IN 2019

No.	Items	2018 (VND)	2019 (VND)
1	Gross revenue from goods sold and services rendered	4,421,559,894,432	4,413,958,643,618
2	Deductions	539,431,684,721	517,204,814,394
3	Net revenue from goods sold and services rendered	3,882,128,209,711	3,896,753,829,224
4	Cost of sales	2,165,405,025,080	2,184,461,607,643
5	Gross profit from goods sold and services rendered	1,716,723,184,631	1,712,292,221,581
6	Financial income	107,785,026,956	122,487,815,915
7	Financial expenses	96,053,992,493	98,859,012,607
	<i>In which: Interest expense</i>	28,523,706,808	22,715,202,068
8	Share of net losses from associates	(86,927,791)	(112,629,706)
9	Selling expenses	724,884,959,648	687,045,221,994
10	General and administration expenses	285,637,232,611	333,829,908,766
11	Operating profit	717,845,099,044	714,933,264,423
12	Other income	18,209,846,265	15,583,127,368
13	Other expenses	4,272,517,757	17,321,295,887
14	Profit/(loss) from other activities	13,937,328,508	(1,738,168,519)
15	Accounting profit before tax	731,782,427,552	713,195,095,904
16	Current corporate income tax expense	55,332,650,287	83,855,680,646
17	Deferred corporate tax expense/(income)	25,360,746,447	(1,924,038,290)
18	Net profit after corporate income tax	651,089,030,818	631,263,453,548
	In which:		
	Profit after tax attributable to Parent Company	653,029,446,317	635,388,096,114
	Losses after tax attributable to non-controlling shareholders	(1,940,415,499)	(4,124,642,566)
19	Basic earnings per share	4,451	4,668

III. CASH FLOW STATEMENT

No.	Items	2018 (VND)	2019 (VND)
I.	Cash flows from operating activities		
1	Profit before tax	731,782,427,552	713,195,095,904
2	Adjustments for:		
	Depreciation and amortisation of fixed assets and investment properties	88,607,459,577	88,710,979,693
	Provisions	3,326,854,111	26,907,747,769
	Foreign exchange (gain)/loss arising from translating foreign currency items	(256,709,543)	42,737,167
	Gain from investing activities	(111,551,817,456)	(122,667,908,308)
	Interest expense	28,523,706,808	22,715,202,068
3	Operating profit before movements in working capital	740,431,921,049	728,903,854,293
	Changes in receivables	102,583,668,709	119,150,350,172
	Changes in inventories	(256,037,269,896)	165,771,307,812
	Changes in payables	(114,239,302,717)	(41,251,889,486)
	Changes in prepaid expenses	9,533,005,655	3,463,741,092
	Interest paid	(28,505,436,659)	(22,858,370,847)
	Corporate income tax paid	(76,742,927,770)	(65,982,154,011)
	Other cash outflows	(86,232,427,352)	(48,956,622,398)
	Net cash generated by operating activities	290,791,231,019	838,240,216,627
II.	Cash flows from investing activities		
1	Acquisition and construction of fixed assets and other long-term assets	(40,845,253,595)	(57,101,418,800)
2	Proceeds from sale, disposal of fixed assets and other long-term assets	9,906,521,326	11,584,129,859
3	Cash outflow for lending and time deposits	(2,795,800,810,202)	(3,015,673,917,808)
4	Cash recovered from lending and time deposits	2,280,521,910,076	2,711,687,125,261
5	Equity investments in other entities	(160,000,000)	-
6	Interest, dividends and profits received	85,825,118,708	125,848,754,578
	Net cash used in investing activities	(460,552,513,687)	(223,655,326,910)
III.	Cash flows from financing activities		
1	Proceeds from borrowings	2,851,557,133,423	1,916,023,391,699
2	Repayment of borrowings	(2,763,455,806,004)	(2,209,257,867,364)
3	Dividends and profits paid	(392,238,213,000)	(326,865,177,500)
	Net cash used in financing activities	(304,136,885,581)	(620,099,653,165)
	Net decreases in cash	(473,898,168,249)	(5,514,763,448)

No.	Items	2018 (VND)	2019 (VND)
	Cash and cash equivalents at the beginning of the year	549,777,216,585	75,835,597,431
	Effects of changes in foreign exchange rates	(43,450,905)	7,574,710
	Cash and cash equivalents at the end of the year	75,835,597,431	70,328,408,693

IV. BASIC FINANCIAL RATIOS

No.	Items	Figures in	2018	2019
1	Asset structure ratios			
	Current assets to Total assets ratio	%	74.84%	75.57%
	Non-current assets to Total assets ratio	%	25.16%	24.43%
2	Capital structure ratios			
	Liabilities to Total resources ratio	%	25.24%	18.55%
	Owner's equity to Total resources ratio	%	74.76%	81.45%
3	Liquidity ratios			
	Current ratio	Time	3.14	4.45
	Quick ratio	Time	2.25	3.42
	Cash ratio	Time	0.08	0.10
4	Profitability ratios			
	Return on Sales (ROS)	%	16.77%	16.20%
	Return on Assets (ROA)	%	15.70%	15.12%
	Return on Equity (ROE)	%	22.06%	19.36%

Respectfully submits to the AGM for consideration and approval.

Best regards.

Recipients:

- As above;
- Archived: BOD Secretary, AC.

**ON BEHALF OF THE BOD
BOD MEMBER, GENERAL DIRECTOR**

Masashi Nakaura

[NOTICE: This Convocation Notice is a translation of the Vietnamese language original for convenience purpose only, and in the event of any discrepancy, the Vietnamese language original shall prevail.]

INDEPENDENT AUDITORS' REPORT

**To: The shareholders
The Board of Directors, Audit Committee and Management of
DHG Pharmaceutical Joint Stock Company**

We have audited the accompanying consolidated financial statements of DHG Pharmaceutical Joint Stock Company (the "Parent Company") and its subsidiary (the Parent Company and its subsidiary are referred to as the "Group"), prepared on 23 March 2020 as set out from page 4 to page 32, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Auditors' opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.



Võ Thái Hòa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
**BRANCH OF DELOITTE VIETNAM COMPANY
LIMITED**
23 March 2020
Ho Chi Minh City, Vietnam

Nguyen Thi Thanh Huyen
Auditor
Audit Practising Registration Certificate
No. 3026-2019-001-1