

FUJI MEDIC LIMITED LIABILITY COMPANY
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

March 2019

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STATEMENT OF THE GENERAL DIRECTOR

The General Director of Fuji Medic Limited Liability Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2018.

THE BOARD MEMBERS AND GENERAL DIRECTOR

The members of the Board Members and General Director of the Company who held office during the year and to the date of this report are as follows:

Board Members

Ms. Pham Thi Viet Nga	Chairwoman, cum legal representative
Mr. Shuhei Tabata	Member

General Director

Mr. Shuhei Tabata	General Director
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GENERAL DIRECTOR'S STATEMENT OF RESPONSIBILITY

The legal representative authorised the General Director of the Company to be responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the General Director is required to:

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

The General Director is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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



Shuhei Tabata
General Director
6 April 2019

No. /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: **The Board Members and General Director of
Fuji Medic Limited Liability Company**

We have audited the accompanying financial statements of Fuji Medic Limited Liability Company (the "Company") prepared on 6 April 2019 as set out from page 3 to page 16, which comprise the balance sheet as at 31 December 2018, the income statement and statement of cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

General Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Auditors' Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Other matters

The financial statements of the Company for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 12 March 2018.

Vo Thai Hoa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED
6 April 2019
Ho Chi Minh City, S.R Vietnam

Le Thanh Vinh
Auditor
Audit Practising Registration Certificate
No. 4329-2018-001-1

BALANCE SHEET
 As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		7,431,704,460	11,127,555,254
I. Cash and cash equivalents	110	4	1,302,712,443	8,179,571,532
1. Cash	111		797,411,074	6,179,571,532
2. Cash equivalents	112		505,301,369	2,000,000,000
II. Short-term financial investments	120		5,500,000,000	2,500,000,000
1. Held-to-maturity investments	123	5	5,500,000,000	2,500,000,000
III. Short-term receivables	130		211,545,786	65,989,000
1. Short-term trade receivables	131		3,100,000	-
2. Short-term advances to suppliers	132	6	9,097,000	53,900,000
3. Other short-term receivables	136	7	199,348,786	12,089,000
IV. Inventories	140	8	228,927,894	189,662,430
1. Inventories	141		228,927,894	215,001,289
2. Provision for devaluation of inventories	149		-	(25,338,859)
V. Other short-term assets	150		188,518,337	192,332,292
1. Short-term prepayments	151	9	188,518,337	192,332,292
B. NON-CURRENT ASSETS	200		12,473,434,030	12,612,944,043
I. Long-term receivables	210		60,000,000	60,000,000
1. Other long-term receivables	216	7	60,000,000	60,000,000
II. Fixed assets	220		12,277,433,139	12,464,841,351
1. Tangible fixed assets	221	10	12,028,645,489	12,188,202,661
- Cost	222		14,502,841,000	13,265,700,000
- Accumulated depreciation	223		(2,474,195,511)	(1,077,497,339)
2. Intangible assets	227	11	248,787,650	276,638,690
- Cost	228		278,510,400	278,510,400
- Accumulated amortisation	229		(29,722,750)	(1,871,710)
III. Other long-term assets	260		136,000,891	88,102,692
1. Long-term prepayments	261	9	136,000,891	88,102,692
TOTAL ASSETS (270=100+200)	270		19,905,138,490	23,740,499,297

BALANCE SHEET (Continued)

As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		448,200,181	323,529,358
I. Current liabilities	310		448,200,181	323,529,358
1. Short-term trade payables	311	12	210,077,569	33,672,500
2. Taxes and amounts payable to State	313	13	12,309,612	11,830,000
3. Payables to employees	314		125,700,000	270,526,858
4. Short-term accrued expenses	315		59,400,000	-
5. Other current payables	319	14	40,713,000	7,500,000
D. OWNERS' EQUITY	400		19,456,938,309	23,416,969,939
I. Owners' equity	410	15	19,456,938,309	23,416,969,939
1. Owners' contributed capital	411		26,946,580,020	26,946,580,020
2. Accumulated losses	421		(7,489,641,711)	(3,529,610,081)
- (Accumulated loss)/retained earnings up to the prior year end	421a		(3,529,610,081)	22,243,184
- Losses for the current year	421b		(3,960,031,630)	(3,551,853,265)
TOTAL RESOURCES (440=300+400)	440		19,905,138,490	23,740,499,297



Nguyen Hoang Du
 Preparer/Chief Accountant



Shuhei Tabata
 General Director
 6 April 2019

INCOME STATEMENT
 For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from services rendered	01		3,993,012,240	2,073,661,500
2. Deductions	02		-	-
3. Net revenue from services rendered (10=01-02)	10		3,993,012,240	2,073,661,500
4. Cost of services rendered	11		5,777,023,852	2,998,524,648
5. Gross losses from services rendered (20=10-11)	20		(1,784,011,612)	(924,863,148)
6. Financial income	21	17	410,656,896	237,865,050
7. Financial expenses	22	18	5,051,483	120,843,807
8. Selling expenses	25	19	328,681,442	131,554,762
9. General and administration expenses	26	19	2,239,822,261	2,542,740,129
10. Operating losses (30=20+(21-22)-(25+26))	30		(3,946,909,902)	(3,482,136,796)
11. Other income	31		-	58,430,668
12. Other expenses	32		13,121,728	128,147,137
13. Losses from other activities (40=31-32)	40		(13,121,728)	(69,716,469)
14. Losses before tax (50=30+40)	50		(3,960,031,630)	(3,551,853,265)
15. Current corporate income tax expense	51	20	-	-
16. Net losses after corporate income tax (60=50-51-52)	60		(3,960,031,630)	(3,551,853,265)



Nguyen Hoang Du
 Preparer/Chief Accountant



Shuhei Tabata
 General Director
 6 April 2019

CASH FLOW STATEMENT
 For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Losses before tax	01	(3,960,031,630)	(3,551,853,265)
2. Adjustments for:			
Depreciation and amortisation	02	1,424,549,212	1,079,369,049
Provisions	03	(25,338,859)	25,338,859
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(27,392,519)	3,780,669
Gains from investing activities	05	(378,212,894)	(122,712,843)
3. Operating loss before movements in working capital	08	(2,966,426,690)	(2,566,077,531)
Changes in receivables	09	47,025,760	80,148,500
Changes in inventories	10	(13,926,605)	(191,454,925)
Changes in payables	11	124,670,823	(5,082,889,642)
Changes in prepaid expenses	12	(44,084,244)	(280,434,984)
Corporate income tax paid	15	-	(5,560,796)
Net cash used in operating activities	20	(2,852,740,956)	(8,046,269,378)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets	21	(1,237,141,000)	(852,784,758)
2. Cash outflow for investing in term deposits	23	(5,000,000,000)	(2,500,000,000)
3. Cash collected from withdrawal of term deposits	24	2,000,000,000	-
4. Interest received	27	185,630,348	122,712,843
Net cash used in investing activities	30	(4,051,510,652)	(3,230,071,915)
Net decrease in cash during the year (50=20+30)	50	(6,904,251,608)	(11,276,341,293)
Cash and cash equivalents at the beginning of the year	60	8,179,571,532	19,459,693,494
Effects of changes in foreign exchange rates	61	27,392,519	(3,780,669)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	1,302,712,443	8,179,571,532


Nguyen Hoang Du
 Preparer/Chief Accountant


Shunei Tabata
 General Director

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

Fuji Medic Limited Liability Company (the "Company"), was incorporated in Vietnam pursuant to the initial Enterprise Registration Certificate No. 1801472944 issued by the Department of Planning and Investment of Can Tho City dated 27 July 2016 and the initial Investment Registration Certificate No. 7636347328 issued by Can Tho Export Processing and Industrial Zones Authority dated 16 November 2016, as amended.

Latest Enterprise Registration Certificate of the Company is the second amended Enterprise Registration Certificate dated 6 December 2017 issued by the Department of Planning and Investment of Can Tho City.

Latest Investment Registration Certificate of the Company is the second amended Investment Registration Certificate dated 9 February 2018 issued by Can Tho Export Processing and Industrial Zones Authority.

The Company's operation period is 50 years from the date of the initial Investment Registration Certificate.

The number of employees of the Company as at 31 December 2018 and 31 December 2017 was 32.

Principal activities

The principal activity of the Company is providing services of general clinic and dental clinic.

Normal business cycle

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

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2017.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

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 realisable value. Cost comprises cost of purchases and other directly attributable expenses. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

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

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

	<u>Years</u>
Machinery and equipment	10
Motor vehicles	10
Office equipment	10

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

Lease

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

Intangible assets and amortisation

Intangible assets represent computer software that are stated at cost less accumulated amortisation. Computer software are amortised using the straight-line method within 10 years.

Prepayments

Prepayments include short-term prepayments and long-term prepayments, presented in the balance sheet. These expenses are recognised by historical cost and are allocated to the income statement using the straight-line method over their estimated useful lives.

Revenue recognition

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

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

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

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 recognised in the income statement.

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

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised.

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	12,498,758	27,787,096
Bank demand deposits	784,912,316	6,151,784,436
Cash equivalents (*)	505,301,369	2,000,000,000
	<u>1,302,712,443</u>	<u>8,179,571,532</u>

(*) Cash equivalents at 31 December 2018 comprise term deposits with a maturity of 3 months in Vietnam Dong at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Can Tho Branch, with an interest rate of 4.1% per annum (as at 31 December 2017: 4.8% per annum).

5. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments at 31 December 2018 comprise term deposits with a maturity from 6 to 12 months in Vietnam Dong at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Can Tho Branch, with interest rates from 5.1% per annum to 6.5% per annum (as at 31 December 2017: 5.3% per annum).

6. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Center for Environmental Monitoring - Can Tho City	9,097,000	-
Fortune Trading Service Company Limited	-	53,900,000
	<u>9,097,000</u>	<u>53,900,000</u>

7. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
- Accruals of interest income	192,582,546	-
- Advance to employees	2,866,240	-
- Deposits	3,900,000	3,500,000
- Others	-	8,589,000
	<u>199,348,786</u>	<u>12,089,000</u>
b. Long-term		
- Deposits for office rental	60,000,000	60,000,000
	<u>60,000,000</u>	<u>60,000,000</u>

8. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Chemicals	213,037,341	-	199,352,873	(25,338,859)
Medical tools	15,890,553	-	15,648,416	-
	<u>228,927,894</u>	<u>-</u>	<u>215,001,289</u>	<u>(25,338,859)</u>

During the year, an amount of VND 25,338,859 was reversed as a provision for devaluation of inventories, and during prior year, a same amount was also provided for devaluation of inventories.

9. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
- Instruments and tools	15,501,673	94,834,177
- Others	173,016,664	97,498,115
	<u>188,518,337</u>	<u>192,332,292</u>
b. Long-term		
- Office renovation expenses	29,367,564	88,102,692
- Others	106,633,327	-
	<u>136,000,891</u>	<u>88,102,692</u>

10. TANGIBLE FIXED ASSETS

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST				
Opening balance	11,165,700,000	2,100,000,000	-	13,265,700,000
Additions	1,023,141,000	-	214,000,000	1,237,141,000
Closing balance	<u>12,188,841,000</u>	<u>2,100,000,000</u>	<u>214,000,000</u>	<u>14,502,841,000</u>
ACCUMULATED DEPRECIATION				
Opening balance	877,042,793	200,454,546	-	1,077,497,339
Charged for the year	1,175,998,174	210,000,000	10,699,998	1,396,698,172
Closing balance	<u>2,053,040,967</u>	<u>410,454,546</u>	<u>10,699,998</u>	<u>2,474,195,511</u>
NET BOOK VALUE				
Opening balance	<u>10,288,657,207</u>	<u>1,899,545,454</u>	<u>-</u>	<u>12,188,202,661</u>
Closing balance	<u>10,135,800,033</u>	<u>1,689,545,454</u>	<u>203,300,002</u>	<u>12,028,645,489</u>

11. INTANGIBLE ASSETS

	Computer software VND
COST	
Opening and closing balance	<u>278,510,400</u>
ACCUMULATED AMORTISATION	
Opening balance	1,871,710
Charge for the year	<u>27,851,040</u>
Closing balance	<u>29,722,750</u>
NET BOOK VALUE	
Opening balance	<u>276,638,690</u>
Closing balance	<u>248,787,650</u>

12. SHORT-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
- Sienmens Healthcare Co., Ltd	159,000,000	-
- DELTA Trading Technical Services Co., Ltd	51,077,569	-
- Center for Environmental Monitoring - Can Tho City	-	8,420,500
- 306 Consulting and Construction Designing Joint Stock Company	-	25,252,000
	<u>210,077,569</u>	<u>33,672,500</u>

13. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payables during the year VND	Paid during the year VND	Closing balance VND
Personal income tax	11,830,000	82,268,748	81,789,136	12,309,612

14. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
Social insurance, health insurance	31,299,000	-
Union fee	1,914,000	-
Others	7,500,000	7,500,000
	<u>40,713,000</u>	<u>7,500,000</u>

15. OWNERS' EQUITY

	Owners' contributed capital VND	Accumulated losses VND	Total VND
Prior year's opening balance	26,946,580,020	22,243,184	26,968,823,204
Loss for the year	-	(3,551,853,265)	(3,551,853,265)
Prior year's closing balance	26,946,580,020	(3,529,610,081)	23,416,969,939
Loss for the year	-	(3,960,031,630)	(3,960,031,630)
Current year's closing balance	<u>26,946,580,020</u>	<u>(7,489,641,711)</u>	<u>19,456,938,309</u>

Investment capital and charter capital

According to the Company's (amended) Investment Registration Certificate, the Company's investment capital and charter capital are VND 44,910,000,000 (equivalent to USD 2,000,000) and VND 26,946,000,000 (equivalent to USD 1,200,000). The owner's contributed capital amount in the balance sheet was recorded using spot exchange rate at the date of capital contribution. As at 31 December 2018 and 31 December 2017, the charter capital has been contributed by the owners as follows:

	Per Investment Registration Certificate		Contributed capital			
			Closing balance		Opening balance	
	VND	%	USD	VND equivalent	USD	VND equivalent
DHG Pharmaceutical Joint Stock Company	13,742,460,000	51	612,000	13,742,460,000	612,000	13,742,460,000
Nomura Trading Co., Ltd	8,083,800,000	30	360,000	8,084,386,800	360,000	8,084,386,800
Japan Medical Laboratory Co., Ltd	5,119,740,000	19	228,000	5,119,733,220	228,000	5,119,733,220
Total	<u>26,946,000,000</u>	<u>100</u>	<u>1,200,000</u>	<u>26,946,580,020</u>	<u>1,200,000</u>	<u>26,946,580,020</u>

16. OFF BALANCE SHEET ITEM

Cash and cash equivalents included the following foreign currency:

	Closing balance	Opening balance
United States Dollar ("USD")	<u>23,816.89</u>	<u>252,043.49</u>

17. FINANCIAL INCOME

	Current year VND	Prior year VND
Interest income	378,212,894	122,712,843
Foreign exchange gain	<u>32,444,002</u>	<u>115,152,207</u>
	<u>410,656,896</u>	<u>237,865,050</u>

18. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Foreign exchange loss	<u>5,051,483</u>	<u>120,843,807</u>

19. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
a. Selling expenses		
Staff cost	280,813,714	131,554,762
Others expenses	47,867,728	-
	<u>328,681,442</u>	<u>131,554,762</u>
b. General and administration expenses		
Staff cost	812,553,411	937,244,061
Tools & supplies expenses	152,321,845	369,790,073
Depreciation expense	6,662,775	211,571,822
Out-sourcing service expenses	1,195,150,818	850,475,139
Others expenses	73,133,412	173,659,034
	<u>2,239,822,261</u>	<u>2,542,740,129</u>

20. CURRENT CORPORATE INCOME TAX EXPENSE

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

	Current year VND	Prior year VND
Losses before tax	(3,960,031,630)	(3,551,853,265)
<i>Adjustments for:</i>		
Add: Non-deductible expense	14,531,111	25,629,427
Taxable losses at normal tax rate 20%	<u>(3,945,500,519)</u>	<u>(3,526,223,838)</u>
Current corporate income tax expense	<u>-</u>	<u>-</u>

The Company is obliged to pay corporate income tax at the rate of 20%.

No income tax has been provided during the year as the Company has no taxable income.

As at 31 December 2018, the Company has unused tax losses of VND 3,960,031,630 (as at 31 December 2017: VND 3,551,853,265) available for offset against future taxable income. No deferred tax asset has been recognised in respect of these tax losses due to the uncertainty of future taxable income.

The benefits from the Company's tax losses carried forward expire according to the following schedule:

Year	Tax losses VND
2022	3,551,853,265
2023	3,960,031,630
	<u>7,511,884,895</u>

No deferred tax assets and liabilities are recognised as there are no significant temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable income.

21. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Materials, tools supplies	1,345,186,442	947,549,831
Staff cost	2,859,271,539	2,006,371,359
Depreciation and amortisation	1,424,549,212	982,055,581
Out-sourcing service expenses	2,232,776,677	1,066,831,612
Others expenses	483,743,685	670,011,156
	<u>8,345,527,555</u>	<u>5,672,819,539</u>

22. OPERATING LEASE COMMITMENTS

	Current year VND	Prior year VND
Minimum lease payments under operating leases recognised in income statement for the year	<u>886,456,417</u>	<u>724,266,475</u>

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

	Closing balance VND	Opening balance VND
Within one year	674,866,475	928,400,720
In the second to fifth year inclusive	962,266,475	-
	<u>1,637,132,950</u>	<u>928,400,720</u>

Operating lease payments represent the total rentals payable by the Company for renting office, car, system of machine and software for medical services.

23. RELATED PARTY TRANSACTIONS

List of related parties

Related parties

Relationship

DHG Pharmaceutical JSC	Parent company
DHG Packaging & Printing One Member Co., Ltd	Parent company's subsidiary

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

	Current year VND	Prior year VND
Sales of services		
DHG Pharmaceutical JSC	1,873,034,000	1,194,679,000
DHG Pharmaceutical One Member Co., Ltd	-	527,463,000
DHG Packaging and Printing One Member Co., Ltd	-	103,467,000
	<u>1,873,034,000</u>	<u>1,825,609,000</u>
Purchase of goods and services		
DHG Pharmaceutical JSC	21,790,909	400,000
DHG Packaging and Printing One Member Co., Ltd	-	2,250,000
	<u>21,790,909</u>	<u>2,650,000</u>
Purchase of fixed assets		
Japan Medical Laboratory Co., Ltd	-	278,510,400

Remuneration of the key management

Remuneration paid to the key management of the Company during the year was as follows:

	Current year VND	Prior year VND
Remuneration of key management	<u>332,298,500</u>	<u>185,416,667</u>



Nguyen Hoang Du
Preparer/Chief Accountant



Shuhei Tabata
General Director
6 April 2019