

DHG PHARMACEUTICAL JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE FINANCIAL
STATEMENTS**

For the year ended 31 December 2019

DHG PHARMACEUTICAL JOINT STOCK COMPANY

288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District
Can Tho City, Vietnam

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District
Can Tho City, Vietnam

STATEMENT OF THE MANAGEMENT

The Management of DHG Pharmaceutical Joint Stock Company (the "Company") presents this report together with the Company's separate financial statements for the year ended 31 December 2019.

BOARD OF DIRECTORS, SUPERVISORY BOARD, AUDIT COMMITTEE AND MANAGEMENT

The members of the Board of Directors, Supervisory Board and Management of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

Ms. Dang Thi Thu Ha	Chairman (appointed on 11 June 2019)
Mr. Nguyen Chi Thanh	Chairman (resigned on 11 June 2019)
Mr. Jun Kuroda	Member
Mr. Masashi Nakaura	Member (appointed on 11 June 2019)
Mr. Maki Kamijo	Member (appointed on 11 June 2019)
Mr. Doan Dinh Duy Khuong	Member
Mr. Phan Minh Tien	Member
Mr. Do Le Hung	Member (appointed on 11 June 2019)
Ms. Pham Thi Viet Nga	Member (resigned on 11 June 2019)
Mr. Tran Chi Liem	Member (resigned on 11 June 2019)

Supervisory Board

From 11 June 2019, the Company changed the organization, management and control structure from the Supervisory Board model to Audit Committee under Board of Directors.

Mr. Tran Quoc Hung	Head of the Board (resigned on 11 June 2019)
Ms. Nguyen Phuong Thao	Member (resigned on 11 June 2019)
Mr. Tran Trung Kien	Member (resigned on 11 June 2019)

Audit Committee

Mr. Do Le Hung	Head of the Committee (appointed on 11 June 2019)
Ms. Dang Thi Thu Ha	Member (appointed on 11 June 2019)
Mr. Maki Kamijo	Member (appointed on 11 June 2019)

Management

Mr. Masashi Nakaura	General Director (appointed on 1 January 2020)
Mr. Doan Dinh Duy Khuong	Acting General Director (resigned on 1 January 2020)/ Chief Operating Officer (appointed on 1 January 2020)
Mr. Le Chanh Dao	Deputy General Director (retired on 1 August 2019)
Ms. Nguyen Ngoc Diep	Deputy General Director
Mr. Tomoyuki Kawata	Deputy General Director

Legal representative

Legal representative of the Company who held office during the year and to the date of this report is:

Mr. Masashi Nakaura	Legal representative (appointed on 1 January 2020)
Mr. Doan Dinh Duy Khuong	Legal representative (resigned on 1 January 2020)

MANAGEMENT' STATEMENT OF RESPONSIBILITY

The Management of the Company is responsible for preparing the separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019, 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. In preparing these separate financial statements, the Management 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 interim separate financial statements;
- prepare the interim separate 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 interim separate financial statements so as to minimize errors and frauds.

DHG PHARMACEUTICAL JOINT STOCK COMPANY

288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District
Can Tho City, Vietnam

STATEMENT OF THE MANAGEMENT (Continued)

The Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the separate financial position of the Company and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Management 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 Management confirms that the Company has complied with the above requirements in preparing these interim separate financial statements.

For and on behalf of the Management,



Masashi Nakaura
General Director
23 March 2020

No.: 0451 /VN1A-HC-BC

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 separate financial statements of DHG Pharmaceutical Company Joint Stock Company (the "Company"), prepared on 23 March 2020 as set out from page 4 to page 30, which comprise the separate balance sheet as at 31 December 2019, the separate income statement and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management' Responsibility for the Separate Financial Statements

The Management is responsible for the preparation and fair presentation of these separate 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 Management determines is necessary to enable the preparation of separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 Management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

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



Võ Thái Hoa
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

SEPARATE BALANCE SHEET

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		3,129,997,224,305	3,140,204,746,425
I. Cash and cash equivalents	110	4	66,489,589,298	74,532,884,988
1. Cash	111		66,489,589,298	74,532,884,988
II. Short-term financial investments	120	5	1,768,000,000,000	1,454,222,000,000
1. Held-to-maturity investments	123		1,768,000,000,000	1,454,222,000,000
III. Short-term receivables	130		560,703,690,735	669,575,679,451
1. Short-term trade receivables	131	6	510,101,306,774	618,500,755,955
2. Short-term advances to suppliers	132		42,468,675,491	26,832,297,656
3. Short-term loan receivables	135	12	434,193,523	3,395,400,976
4. Other short-term receivables	136	7	62,916,898,593	55,418,939,111
5. Provision for short-term doubtful debts	137	8	(55,217,383,646)	(34,571,714,247)
IV. Inventories	140	9	725,438,891,568	891,258,048,542
1. Inventories	141		726,529,994,856	892,072,374,774
2. Provision for devaluation of inventories	149		(1,091,103,288)	(814,326,232)
V. Other short-term assets	150		9,365,052,704	50,616,133,444
1. Short-term prepayments	151	10	2,828,340,389	3,263,710,674
2. Value added tax deductibles	152		6,536,161,194	32,191,908,956
3. Taxes and other receivables from the State budget	153	11	551,121	15,160,513,814
B. NON-CURRENT ASSETS	200		1,011,073,522,116	1,055,626,395,175
I. Long-term receivables	210		459,000,000	1,500,000,000
1. Long-term loans receivable	215	12	-	1,330,000,000
2. Other long-term receivables	216		459,000,000	170,000,000
II. Fixed assets	220		893,209,887,615	964,586,601,565
1. Tangible fixed assets	221	13	682,757,548,064	729,315,677,578
- Cost	222		1,364,963,938,259	1,333,201,404,077
- Accumulated depreciation	223		(682,206,390,195)	(603,885,726,499)
2. Intangible assets	227	14	210,452,339,551	235,270,923,987
- Cost	228		247,918,493,964	268,799,316,114
- Accumulated amortization	229		(37,466,154,413)	(33,528,392,127)
III. Investment property	230	15	15,345,447,332	247,880,293
- Cost	231		17,304,956,819	1,249,521,792
- Accumulated depreciation	232		(1,959,509,487)	(1,001,641,499)
IV. Long-term assets in progress	240		28,927,855,544	14,087,991,804
1. Construction in progress	242	16	28,927,855,544	14,087,991,804
V. Long-term financial investments	250		33,252,078,214	34,795,190,535
1. Investments in subsidiaries	251	5	13,742,460,000	13,742,460,000
2. Investments in associates	252	5	3,787,450,000	3,787,450,000
3. Equity investments in other entities	253	5	27,908,170,200	27,908,170,200
4. Provision for impairment of long-term financial investments	254	5	(12,186,001,986)	(10,642,889,665)
VI. Other long-term assets	260		39,879,253,411	40,408,730,978
1. Long-term prepayments	261	10	27,575,362,385	30,034,914,000
2. Deferred tax assets	262	17	12,303,891,026	10,373,816,978
TOTAL ASSETS (270=100+200)	270		<u>4,141,070,746,421</u>	<u>4,195,831,141,600</u>

The accompanying notes are an integral part of these separate financial statements

SEPARATE BALANCE SHEET (Continued)
 As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		769,256,891,384	1,061,254,177,382
I. Current liabilities	310		704,889,145,616	1,001,039,537,807
1. Short-term trade payables	311	18	120,317,315,145	145,540,398,538
2. Short-term advances from customers	312		16,010,766,057	9,728,206,186
3. Taxes and amounts payable to the State budget	313	11	30,777,417,928	13,629,440,563
4. Payables to employees	314		132,481,915,608	179,893,955,715
5. Short-term accrued expenses	315	19	46,576,741,462	39,992,715,726
6. Short-term unearned revenue	318	20	29,295,047,003	9,030,131,533
7. Other current payables	319	21	1,907,128,227	1,963,480,753
8. Short-term loans	320	22	264,666,851,754	557,901,327,419
9. Bonus and welfare funds	322	23	62,855,962,432	43,359,881,374
II. Long-term liabilities	330		64,367,745,768	60,214,639,575
1. Long-term provisions	342	24	47,943,012,779	39,753,692,402
2. Scientific and technological development fund	343	25	16,424,732,989	20,460,947,173
D. EQUITY	400		3,371,813,855,037	3,134,576,964,218
I. Owner's equity	410	26	3,371,813,855,037	3,134,576,964,218
1. Owner's contributed capital	411		1,307,460,710,000	1,307,460,710,000
- Ordinary shares carrying voting rights	411a		1,307,460,710,000	1,307,460,710,000
2. Share premium	412		6,778,948,000	6,778,948,000
3. Investment and development fund	418		1,392,604,475,464	1,270,235,596,228
4. Retained earnings	421		664,969,721,573	550,101,709,990
- Retained earnings brought forward from the previous years	421a		29,758,750,172	140,019,952,072
- Retained earnings of the current year	421b		635,210,971,401	410,081,757,918
TOTAL RESOURCES (440=300+400)	440		4,141,070,746,421	4,195,831,141,600

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director
23 March 2020

DHG PHARMACEUTICAL JOINT STOCK COMPANY288 Bis Nguyen Van Cu Street, An Hoa Ward
Ninh Kieu District, Can Tho City, Vietnam**FORM B 02-DN**Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance**SEPARATE INCOME STATEMENT**
For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		4,413,339,495,505	4,548,964,527,659
2. Deductions	02		517,204,814,394	533,740,019,341
3. Net revenue from goods sold and services rendered (10=01-02)	10	29	3,896,134,681,111	4,015,224,508,318
4. Cost of sales	11	30	2,183,050,050,314	2,549,766,815,413
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,713,084,630,797	1,465,457,692,905
6. Financial income	21	32	122,365,964,020	112,377,963,779
7. Financial expenses	22	33	103,417,619,282	99,390,262,922
- In which: Interest expense	23		22,715,202,068	28,523,706,808
8. Selling expenses	25	34	686,904,064,027	720,522,758,741
9. General and administration expenses	26	34	329,994,382,520	273,996,100,752
10. Operating profit (30=20+(21-22)-(25+26))	30		715,134,528,988	483,926,534,269
11. Other income	31	35	15,585,035,357	17,639,540,199
12. Other expenses	32	36	13,582,986,346	3,792,382,424
13. Profit from other activities (40=31-32)	40		2,002,049,011	13,847,157,775
14. Accounting profit before tax (50=30+40)	50		717,136,577,999	497,773,692,044
15. Current corporate income tax expense	51	37	83,855,680,646	54,495,878,629
16. Deferred corporate tax (income)/expense	52	37	(1,930,074,048)	1,288,525,722
17. Net profit after corporate income tax (60=50-51-52)	60		635,210,971,401	441,989,287,693


Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief AccountantMasashi Nakaura
General Director
23 March 2020

SEPARATE CASH FLOW STATEMENT
For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	717,136,577,999	497,773,692,044
2. Adjustments for:			
Depreciation and amortization of fixed assets and investment properties	02	87,263,023,335	77,672,323,422
Provisions	03	31,466,354,444	5,140,326,456
Foreign exchange loss/(gain) arising from translating foreign currency items	04	42,730,962	(253,613,315)
Gain from investing activities	05	(126,347,370,905)	(115,728,197,082)
Interest expense	06	22,715,202,068	28,523,706,808
3. Operating profit before movements in working capital	08	732,276,517,903	493,128,238,333
Changes in receivables	09	119,159,691,932	292,129,403,410
Changes in inventories	10	165,542,379,918	(203,486,653,426)
Changes in payables	11	(40,804,628,981)	(35,448,877,787)
Changes in prepaid expenses	12	3,139,221,900	7,337,101,706
Interest paid	14	(22,858,370,847)	(28,505,436,659)
Corporate income tax paid	15	(65,982,154,011)	(76,290,732,538)
Other cash outflows	17	(48,956,622,398)	(84,756,991,878)
Net cash generated by operating activities	20	841,516,035,416	364,106,051,161
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(57,101,418,800)	(35,898,738,237)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	11,584,129,859	9,906,521,326
3. Cash outflow for lending, buying debt instruments of other entities	23	(3,015,673,917,808)	(2,455,377,583,232)
4. Cash recovered from lending, selling debt instruments of other entities	24	2,706,187,125,261	1,995,675,540,015
5. Equity investments in other entities	25	-	(160,000,000)
6. Interest, dividends and profits received	27	125,536,822,632	81,281,215,034
Net cash used in investing activities	30	(229,467,258,856)	(404,573,045,094)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,916,023,391,699	2,851,557,133,423
2. Repayment of borrowings	34	(2,209,257,867,364)	(2,763,455,806,004)
3. Dividends and profits paid	36	(326,865,177,500)	(392,238,213,000)
Net cash used in financing activities	40	(620,099,653,165)	(304,136,885,581)
Net decreases in cash (50=20+30+40)	50	(8,050,876,605)	(344,603,879,514)
Cash and cash equivalents at the beginning of the year	60	74,532,884,988	419,183,311,635
Effects of changes in foreign exchange rates	61	7,580,915	(46,547,133)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	66,489,589,298	74,532,884,988

Significant non-cash transactions for the year ended 31 December 2019 are presented in Note 40.



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director

23 March 2020

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the "Company") was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No. 2405/QĐ-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company under the Business Registration Certificate No.5703000111 dated 15 September 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 listed on Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

As at 31 December 2019, the largest shareholders of the Company are Taisho Pharmaceutical Co., Ltd., which owns 51.01% and the State Capital Investment Corporation ("SCIC"), which owns 43.31% of share capital of the Company. SCIC is controlled by Commission for the Management of State Capital at Enterprises.

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

The number of employees of the Company as at 31 December 2019 was 2,871 (as at 31 December 2018: 3,026).

Operating industry and principal activities

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

The principal activities are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics.

The Company's structure

As at 31 December 2019, the Company's subsidiary and associate were as follows:

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

According to the Resolution of the Board of Directors No.003/2019/NQ.HĐQT dated 1 April 2019, the Board of Directors of the Company approved the plan to transfer its interest in Fuji Medic Limited Liability Company ("Fuji Medic") or to liquidate its assets for the dissolution of this company. As at the date of these separate financial statements, the Company is in process of liquidating the assets of Fuji Medic.

Normal production and business cycle

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

Disclosure of information comparability in the separate financial statements

Comparative figures are the figures of the audited separate financial statements for the year ended 31 December 2018.

DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company were merged into the Company on 28 March 2018. SH Pharmaceutical Joint Stock Company was dissolved on 27 December 2018 and transferred all of its operation to the Company after its dissolution. Therefore, the figures of the separate financial statements cannot be compared with the Prior year.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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



Loan receivables

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

Investments in subsidiaries and associates

Investment in subsidiaries

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

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

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

Investments in subsidiaries and associate are carried in the balance sheet at cost less provision for impairment of such investments (if any).

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

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

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

Lease

The Company as lessor

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

The Company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortization

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

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

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

Investment properties

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

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise leasehold improvement expenses, land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

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

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



Provisions

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

Severance allowance payable

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

Provision for dismantling and restoration costs

In accordance with Circular No. 200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

Unearned revenue

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

Revenue recognition

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

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

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

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

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

Dividend income from investments is recognized when the Company's right to receive payment has been established.

Sales deductions

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



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

Customer loyalty programs

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

When customers meet all the required conditions and the Company is the one providing the free or discounted goods and services to customers, the unearned revenue is realized into the Company's income statement at the time that obligations to customers are fulfilled, which means goods are delivered and services are rendered to customers.

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

Foreign currencies

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

Borrowing costs

Borrowing costs are recognized in the income statement in the year when incurred unless they are capitalized in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalized even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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



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

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

Dividend distribution

The Company's net profit after tax is available for appropriation to shareholders as dividends upon approval by shareholders at the Company's Annual General Meeting. Dividends are declared and paid from retained earnings based on the approval of shareholders at the Company's Annual General Meeting.

Segmental reporting

A segment is a distinct business segment of the Company that provides a single product or service or a group of related products and services (product segment), or provides products and services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from others. The basic reportable segment of the Company is business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Company's separate financial statements in order to help users of separate financial statements to understand and evaluate the operations of the Company in a comprehensive way.

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	11,727,878,000	27,957,108,000
Demand deposits	54,761,711,298	46,575,776,988
	<u>66,489,589,298</u>	<u>74,532,884,988</u>

5. FINANCIAL INVESTMENTS

Held-to-maturity investments

Short-term held-to maturity investments represent term deposits with the original maturity terms of more than 3 months and remaining maturity terms of less than 12 months from reporting date.

As at 31 December 2019, the Company mortgaged the cash deposit contract at Vietnam Prosperity Joint Stock Commercial Bank ("VPBank") with the amount of VND 20,000,000,000 to provide guarantee to customers who have borrowings at VPBank. Loan balance of customers guaranteed by the Company at the separate balance sheet date is as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Unsecured guarantee	5,883,260,249	-
Secured guarantee	691,567,932	-
	<u>6,574,828,181</u>	<u>-</u>

At as 31 December 2019, term deposits with maturity term of over 3 months of VND 140,000,000,000 were pledged as collaterals for the short-term loans from the bank as presented in Note 22 (as at 31 December 2018: VND 296,200,000,000).

Financial investments in subsidiary, associate and other entities

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiary	13,742,460,000	(8,112,537,972)	13,742,460,000	(3,819,635,054)
Investment in associate	3,787,450,000	(1,358,096,605)	3,787,450,000	(1,092,392,848)
Equity investments in other entities	27,908,170,200	(2,715,367,409)	27,908,170,200	(5,730,861,763)
	<u>45,438,080,200</u>	<u>(12,186,001,986)</u>	<u>45,438,080,200</u>	<u>(10,642,889,665)</u>

In accordance with Circular No. 200/2014/TT-BTC issued on 22 December 2014, the fair value of investment in subsidiaries, associates and other entities needs to be presented. However, the Circular does not provide guidance on determination of fair value of unquoted entities. Accordingly, as at 31 December 2019 and 31 December 2018, fair values of long-term investments in other entities were not determined by the Company as there is no quoted price in the market, except for the following companies which are public in the stock market exchanges:

	Fair value	
	Closing balance VND	Opening balance VND
Enlie Pharmaceutical Joint Stock Company (renamed from Becamex Pharmaceutical Joint Stock Company)	2,282,500,000	1,332,980,000
TV.Pharm Pharmaceutical Joint Stock Company	3,245,721,600	2,207,568,000
Cuu Long Pharmaceutical Joint Stock Company	<u>197,568,000</u>	<u>65,973,600</u>

Investments in subsidiaries

	Closing balance VND	Opening balance VND
Fuji Medic Limited Liability Company	<u>13,742,460,000</u>	<u>13,742,460,000</u>

Investments in associates

	Closing balance VND	Opening balance VND
Vinh Hao Algae Processing Joint Stock Company	<u>3,787,450,000</u>	<u>3,787,450,000</u>

Investments in other entities

	Closing balance VND	Opening balance VND
ATP Packaging JSC	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company (renamed from Becamex Pharmaceutical Joint Stock Company)	4,286,800,000	4,286,800,000
TV.Pharm Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical Equipment Joint Stock Company	796,675,000	796,675,000
Tay Ninh Pharmaceutical Joint Stock Company	221,960,000	221,960,000
Cuu Long Pharmaceutical Joint Stock Company	27,420,000	27,420,000
	<u>27,908,170,200</u>	<u>27,908,170,200</u>

The balance of provision as at 31 December 2019 and 31 December 2018 represents the provision for impairment of the investment in Fuji Medic Limited Liability Company, ATP Packaging Joint Stock Company and Vinh Hao Algae Processing Joint Stock Company.

	Closing balance VND	Opening balance VND
Fuji Medic Limited Liability Company	8,112,537,972	3,819,635,054
Vinh Hao Algae Processing Joint Stock Company	1,358,096,605	1,092,392,848
ATP Packaging JSC	2,715,367,409	5,730,861,763
	<u>12,186,001,986</u>	<u>10,642,889,665</u>

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Receivables from third parties (*)	508,481,730,242	618,500,755,955
Receivables from related parties (Note 39)	1,619,576,532	-
	<u>510,101,306,774</u>	<u>618,500,755,955</u>

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



7. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Accruals of interest income	39,427,941,088	46,074,305,205
Receivables from employees	20,700,559,119	5,712,580,521
Other receivables	2,788,398,386	3,632,053,385
	<u>62,916,898,593</u>	<u>55,418,939,111</u>

8. BAD DEBTS

	Closing balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>150,144,912,078</u>	<u>(55,217,383,646)</u>	<u>94,927,528,432</u>
	Opening balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>205,852,717,492</u>	<u>(34,571,714,247)</u>	<u>171,281,003,245</u>

As at 31 December 2019 and 31 December 2018, there was no single receivable accounting for 10% or more of total receivables past due or not past due but impaired.

Movements in the provision for doubtful debts during the year was follows:

	Current year VND	Prior year VND
Opening balance	34,571,714,247	19,797,719,098
Additional provision	20,645,669,399	12,198,225,485
Transfer from subsidiaries	-	2,575,769,664
Closing balance	<u>55,217,383,646</u>	<u>34,571,714,247</u>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	63,594,013,463	-	66,470,323,130	-
Raw materials	265,797,233,287	-	376,538,041,655	-
Work in progress	52,106,518,719	-	54,189,946,414	-
Finished goods	300,316,307,143	(1,091,103,288)	346,534,828,838	(814,326,232)
Merchandise	44,715,922,244	-	48,339,234,737	-
	<u>726,529,994,856</u>	<u>(1,091,103,288)</u>	<u>892,072,374,774</u>	<u>(814,326,232)</u>

Movements in the provision for devaluation of inventories during current year and prior year were as follows:

	Current year VND	Prior year VND
Opening balance	814,326,232	3,328,368,066
Additional provision	276,777,056	-
Utilization of provisions	-	(1,294,938,769)
Reversal in the year	-	(1,219,103,065)
Closing balance	<u><u>1,091,103,288</u></u>	<u><u>814,326,232</u></u>

10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Current		
- Prepayment related to operating lease	679,023,036	101,800,010
- Others	2,149,317,353	3,161,910,664
	<u><u>2,828,340,389</u></u>	<u><u>3,263,710,674</u></u>
b. Non-current		
- Prepaid land rental	10,022,421,258	10,367,868,894
- Tools and supplies	8,753,316,776	11,828,145,326
- Leasehold improvement	-	47,927,928
- Others	8,799,624,351	7,790,971,852
	<u><u>27,575,362,385</u></u>	<u><u>30,034,914,000</u></u>

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

	Opening balance VND	Payables during the year VND	Refund/decrease during the year VND	Paid during the year VND	Closing balance VND
Value added tax for import goods	(3,713,591,537)	47,411,508,160	-	(43,698,198,905)	(282,282)
Import and export duties	(926,396,477)	11,960,291,097	(3,382,446,739)	(7,651,716,720)	(268,839)
Value added tax for domestic goods	13,499,506,643	65,020,298,958	-	(63,865,937,222)	14,653,868,379
Corporate income tax	(10,504,843,481)	83,855,680,646	(129,039,584)	(65,982,154,011.00)	7,239,643,570
Personal income tax	129,933,920	47,000,761,106	-	(38,264,150,839)	8,866,544,187
Land rental fee	(15,682,319)	5,551,884,990	-	(5,518,840,879)	17,361,792
Other taxes	-	615,857,682	-	(615,857,682)	-
	<u><u>(1,531,073,251)</u></u>	<u><u>261,416,282,639</u></u>	<u><u>(3,511,486,323)</u></u>	<u><u>(225,596,856,258)</u></u>	<u><u>30,776,866,807</u></u>

In which:

Tax receivables	15,160,513,814	551,121
Tax payables	13,629,440,563	30,777,417,928

12. LOAN RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
- Loan receivables from customers (*)	434,193,523	3,395,400,976
	<u><u>434,193,523</u></u>	<u><u>3,395,400,976</u></u>
b. Long-term		
- Loan receivables from customers (*)	-	1,330,000,000
	<u><u>-</u></u>	<u><u>1,330,000,000</u></u>

(*) Represents interest-free loans granted to the Company's customers based on its refundable capital support policy. Provisions for loan receivables are presented in Note 8.

13. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST					
Opening balance	523,308,829,235	579,265,383,302	160,671,502,625	69,955,688,915	1,333,201,404,077
Additions	-	985,000,000	-	34,900,000	1,019,900,000
Transfer from construction in progress	4,387,764,915	28,733,020,749	4,842,452,274	2,784,324,310	40,747,562,248
Transfer from investment property	267,073,636	-	-	-	267,073,636
Disposals	(1,631,302,720)	(729,446,519)	(7,562,067,403)	(286,395,787)	(10,209,212,429)
Write off	-	-	-	(62,789,273)	(62,789,273)
Closing balance	<u>526,332,365,066</u>	<u>608,253,957,532</u>	<u>157,951,887,496</u>	<u>72,425,728,165</u>	<u>1,364,963,938,259</u>
ACCUMULATED DEPRECIATION					
Opening balance	182,276,573,936	261,752,989,050	100,416,305,688	59,439,857,825	603,885,726,499
Charge for the year	29,010,129,476	44,835,948,778	10,778,150,258	3,618,075,859	88,242,304,371
Transfer from investment property	267,073,636	-	-	-	267,073,636
Disposals	(1,570,237,581)	(707,224,267)	(7,562,067,403)	(286,395,787)	(10,125,925,038)
Write off	-	-	-	(62,789,273)	(62,789,273)
Closing balance	<u>209,983,539,467</u>	<u>305,881,713,561</u>	<u>103,632,388,543</u>	<u>62,708,748,624</u>	<u>682,206,390,195</u>
NET BOOK VALUE					
Opening balance	<u><u>341,032,255,299</u></u>	<u><u>317,512,394,252</u></u>	<u><u>60,255,196,937</u></u>	<u><u>10,515,831,090</u></u>	<u><u>729,315,677,578</u></u>
Closing balance	<u><u>316,348,825,599</u></u>	<u><u>302,372,243,971</u></u>	<u><u>54,319,498,953</u></u>	<u><u>9,716,979,541</u></u>	<u><u>682,757,548,064</u></u>

As at 31 December 2019, the cost of tangible fixed assets included VND 232,330,033,046 (as at 31 December 2018: VND 206,527,246,637) of assets which were fully depreciated but are still in active use.

14. INTANGIBLE ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
COST				
Opening balance	95,158,560,046	157,471,235,263	16,169,520,805	268,799,316,114
Reclassification	(1,560,000,000)	1,560,000,000	-	-
Transfer to investment property	(2,431,128,400)	(17,072,889,750)	-	(19,504,018,150)
Disposal	(1,376,804,000)	-	-	(1,376,804,000)
Closing balance	<u>89,790,627,646</u>	<u>141,958,345,513</u>	<u>16,169,520,805</u>	<u>247,918,493,964</u>
ACCUMULATED DEPRECIATION				
Opening balance	-	22,026,708,192	11,501,683,935	33,528,392,127
Charge for the year	-	3,153,725,586	2,338,734,876	5,492,460,462
Transfer to investment property	-	(1,554,698,176)	-	(1,554,698,176)
Closing balance	-	<u>23,625,735,602</u>	<u>13,840,418,811</u>	<u>37,466,154,413</u>
NET BOOK VALUE				
Opening balance	<u>95,158,560,046</u>	<u>135,444,527,071</u>	<u>4,667,836,870</u>	<u>235,270,923,987</u>
Closing balance	<u>89,790,627,646</u>	<u>118,332,609,911</u>	<u>2,329,101,994</u>	<u>210,452,339,551</u>

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

15. INVESTMENT PROPERTIES

	Buildings VND
COST	
Opening balance	1,249,521,792
Transfer from intangible assets	19,504,018,150
Transfer to tangible fixed assets	(267,073,636)
Disposal	(3,181,509,487)
Closing balance	<u>17,304,956,819</u>
ACCUMULATED DEPRECIATION	
Opening balance	1,001,641,499
Charge for the year	220,672,312
Transfer from intangible assets	1,554,698,176
Transfer to tangible fixed assets	(267,073,636)
Disposal	(550,428,864)
Closing balance	<u>1,959,509,487</u>
NET BOOK VALUE	
Opening balance	<u>247,880,293</u>
Closing balance	<u>15,345,447,332</u>

As at 31 December 2019, the cost of investment properties included VND 232,067,069 (as at 31 December 2018: VND 367,140,705) of assets which were fully depreciated but are still in active use.

The fair value of the Company's investment properties as at 31 December 2019 is VND 36,262,694,400, which was determined by Valuation Century Joint Stock Company, an independent valuation company, not a related party of the Company. Century Valuation Joint Stock Company has a valid practicing certificate and has experience in real estate valuation. Real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

16. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Construction of Branch DHG Pharmaceutical Plant at Hau Giang province	11,773,591,495	11,746,318,768
BUD product project	1,293,522,895	1,143,281,604
Construction of Gia Lai branch office	623,948,774	623,948,774
CTP product project	202,029,350	202,029,350
Repairing package production warehouses	320,925,000	145,077,537
Raw materials for testing new machines	719,784,577	144,235,771
Construction of effervescent tablets plant - stage 2	-	83,100,000
REB product project	858,768,402	-
Renovating departments	1,141,681,818	-
GX Project	111,034,727	-
Other machineries	11,882,568,506	-
	<u>28,927,855,544</u>	<u>14,087,991,804</u>

Movement of construction in progress in the year was as follows:

	Current year VND	Prior year VND
Opening balance	14,087,991,804	17,391,628,650
Purchases	56,081,518,800	29,930,920,306
Transfer from subsidiaries	-	12,688,624,754
Transfer to tangible fixed assets (Note 13)	(40,747,562,248)	(29,103,115,838)
Transfer to intangible fixed assets (Note 14)	-	(2,696,709,627)
Transfer to prepayments	(244,300,000)	(2,283,909,837)
Transfer to expenses	(249,792,812)	(11,839,446,604)
Closing balance	<u>28,927,855,544</u>	<u>14,087,991,804</u>

17. DEFERRED TAX ASSETS

	Closing balance VND	Opening balance VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences	61,519,455,130	51,869,084,890
Deferred tax assets	<u>12,303,891,026</u>	<u>10,373,816,978</u>

Movement of deferred tax assets in the year was as follows:

	Current year VND	Prior year VND
Opening balance	10,373,816,978	9,776,044,031
Additional provision/(reversal)	1,946,486,540	(1,171,501,437)
Change of eliminated entry of fixed assets	(16,412,492)	294,500,565
Transfer from subsidiaries	-	1,474,773,819
Closing balance	<u>12,303,891,026</u>	<u>10,373,816,978</u>

18. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
Dsm Sinochem Pharmaceuticals Spain S.A	7,205,946,000	7,205,946,000	20,246,688,000	20,246,688,000
Dsm Sinochem Pharmaceuticals India PVT Ltd.	-	-	18,987,080,000	18,987,080,000
Roquette Freres	1,789,778,580	1,789,778,580	15,258,076,053	15,258,076,053
Develing Trade BV	-	-	4,450,801,628	4,450,801,628
Apc Pharmaceuticals and Chemical Limited	15,665,540,764	15,665,540,764	5,470,145,212	5,470,145,212
Centrient Pharmaceuticals India Private Limited	13,322,405,000	13,322,405,000	-	-
Others	82,333,644,801	82,333,644,801	81,127,607,645	81,127,607,645
	120,317,315,145	120,317,315,145	145,540,398,538	145,540,398,538

As at 31 December 2019 and 31 December 2018, the Company did not have any short-term trade payables past due.

19. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Payment discount	6,557,465,332	6,553,611,056
Marketing and customer care expenses	-	94,419,309
Interest payable	327,951,231	471,120,010
Other accruals	39,691,324,899	32,873,565,351
	46,576,741,462	39,992,715,726

20. SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue represents unearned revenue from customer loyalty programs as presented in Note 3.

21. OTHER SHORT-TERM PAYABLES

	Closing balance	Opening balance
	VND	VND
Union fee	578,813,579	605,764,697
Others	1,328,314,648	1,357,716,056
	1,907,128,227	1,963,480,753

22. SHORT-TERM LOANS

	Opening balance	Increases in year	Decreases in year	Closing balance
	VND	VND	VND	VND
Short-term loans from banks	557,901,327,419	1,916,023,391,699	2,209,257,867,364	264,666,851,754
	557,901,327,419	1,916,023,391,699	2,209,257,867,364	264,666,851,754
	Closing balance		Opening balance	
	VND		VND	
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch	254,666,851,754		500,848,825,994	
Sai Gon Thuong Tin Commercial Joint Stock Bank	-		30,000,000,000	
Saigon Hanoi Commercial Joint Stock Bank	-		20,000,000,000	
Military Commercial Joint Stock Bank	-		7,052,501,425	
HSBC Bank (Vietnam) Ltd.	10,000,000,000		-	
	264,666,851,754		557,901,327,419	

As at 31 December 2019, short-term loans from the banks represent the loans from:

- Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch with a maximum limit of VND 700,000,000,000. This credit can be withdrawn in Vietnam Dong and expires on 16 May 2020. The time limit for each capital withdrawal is from 3 months to 4 months. These loans are secured by term deposits, as described in Note 5.
- HSBC Bank with a maximum limit of VND 170,000,000,000. This credit can be withdrawn in Vietnam Dong or equivalent United States dollar or Euro ("EUR") or Hong Kong dollar ("HKD"), and expired on 28 February 2020. This loan is unsecured.
- These loans bear interests at the rates ranging from 0.4% per month to 0.72% per month (as at 31 December 2018: from 0.23% per month to 0.69% per month).

23. BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for Board of Management VND	Welfare fund in form of assets VND	Total VND
Opening balance	17,760,519,100	7,983,652,438	17,615,709,836	43,359,881,374
Appropriation to the funds (Note 26)	65,108,903,082	6,000,000,000	-	71,108,903,082
Depreciation of assets formed from the funds	-	-	(2,656,199,626)	(2,656,199,626)
Utilization	(40,908,508,806)	(8,048,113,592)	-	(48,956,622,398)
Closing balance	<u>41,960,913,376</u>	<u>5,935,538,846</u>	<u>14,959,510,210</u>	<u>62,855,962,432</u>

24. LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	15,535,236,761	24,218,455,641	39,753,692,402
Additional provision for the year	3,954,284,426	5,046,511,242	9,000,795,668
Utilization of provisions	-	(811,475,291)	(811,475,291)
Closing balance	<u>19,489,521,187</u>	<u>28,453,491,592</u>	<u>47,943,012,779</u>

25. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

In accordance with Circular No. 12/2016/TTLT-BKHCN-BTC dated 28 June 2016, enterprises are allowed to establish the scientific and technological development fund for research and development activities. The fund is utilized when disbursement is paid for research and development activities.

Movements of scientific and technological development fund during the year were as follows:

	Scientific and technological development fund in form of assets VND
Opening balance	20,460,947,173
Depreciation of assets formed from the fund	(4,036,214,184)
Closing balance	<u>16,424,732,989</u>

26. SHAREHOLDERS' EQUITY

Movement in shareholders' equity

	Shareholders' contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Prior year's opening balance	1,307,460,710,000	6,778,948,000	1,077,345,255,193	437,893,650,006	2,829,478,563,199
Profit for the year	-	-	-	441,989,287,693	441,989,287,693
Third dividends distribution for 2017	-	-	-	(65,373,035,500)	(65,373,035,500)
First interim dividends for 2018	-	-	-	(130,746,071,000)	(130,746,071,000)
Fund distribution	-	-	157,918,391,319	(157,918,391,319)	-
Appropriation to bonus and welfare fund	-	-	-	(61,795,178,258)	(61,795,178,258)
Appropriation to bonus fund for the Boards of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Profit transferred from subsidiaries	-	-	-	185,573,040,197	185,573,040,197
Change of profit due to impact of merger of subsidiaries (*)	-	-	-	(71,067,756,802)	(71,067,756,802)
Change due to impact of withdrawal of investment capital in subsidiaries	-	-	34,971,949,716	(17,150,000,000)	17,821,949,716
Change due to impact of adjustment entries of consolidated assets	-	-	-	(5,303,835,027)	(5,303,835,027)
Current year's opening balance	1,307,460,710,000	6,778,948,000	1,270,235,596,228	550,101,709,990	3,134,576,964,218
Profit for the year	-	-	-	635,210,971,401	635,210,971,401
Second and third dividend distribution for 2018	-	-	-	(326,865,177,500)	(326,865,177,500)
Fund distribution	-	-	122,368,879,236	(122,368,879,236)	-
Appropriation to bonus and welfare fund	-	-	-	(65,108,903,082)	(65,108,903,082)
Appropriation to bonus fund for the Boards of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Current year's closing balance	1,307,460,710,000	6,778,948,000	1,392,604,475,464	664,969,721,573	3,371,813,855,037

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



Charter capital

According to the amended business registration certificate, the Company's charter capital is VND 1,307,460,710,000. The value and number of shares of the Company are as follows:

	Closing balance		Opening balance	
	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 outstanding	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

Dividends

According to Resolution of the Company's Annual General Meeting No. 001/2019/NQ-ĐHĐCĐ dated 11 June 2019, the shareholders of the Company approved payout plan of dividends from profit after tax of 2018 of 35% in cash, equivalent to VND 457,611,248,500.

The Company paid cash dividends of 2018 for the first and second payment at the rate of 10% and 20% of par value, equivalent to VND 392,238,213,000. On 17 July 2019, the Company paid remaining 5% of dividends with an amount of VND 65,373,035,500.

Fund distribution

According to the Resolution of the Company's Annual General Meeting No. 001/2019/NQ-ĐHĐCĐ dated 11 June 2019, the shareholders of the Company approved distribution of bonus, welfare fund out of profit after tax of 2018 at the rate of 10%, equivalent to VND 65,108,903,082, remuneration for the Board of Directors, the Supervisory Board and members of the subcommittees under the Board of Directors, the secretary of the Board of Directors with an amount of VND 6,000,000,000. The remaining profit after tax of 2018 is appropriated to the Investment and Development Fund.

27. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	Closing balance	Opening balance
United States Dollar ("USD")	276,537	215,886
Euro ("EUR")	32,087	34,833
Japanese Yen (JPY)	32,879	

28. SEGMENTAL REPORTING

The primary format, product segments, is based on the Company's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, general and administration expenses, other income or other expenses, and corporate income tax.

Business segments

In presenting information on the basis of business segments, segment revenue is disclosed for pharmaceutical products, functional foods and others.

	Current year VND	Prior year VND
Net sales		
Pharmaceutical products	3,273,464,482,830	3,263,678,549,811
Functional foods	422,467,004,347	419,557,455,980
Others	200,203,193,934	331,988,502,527
	<u>3,896,134,681,111</u>	<u>4,015,224,508,318</u>
Cost of sales		
Pharmaceutical products	(1,739,045,341,313)	(1,991,772,760,923)
Functional foods	(267,881,193,257)	(260,202,119,818)
Others	(176,123,515,744)	(297,791,934,672)
	<u>(2,183,050,050,314)</u>	<u>(2,549,766,815,413)</u>
Gross profit		
Pharmaceutical products	1,534,419,141,517	1,271,905,788,888
Functional foods	154,585,811,090	159,355,336,162
Others	24,079,678,190	34,196,567,855
	<u>1,713,084,630,797</u>	<u>1,465,457,692,905</u>
29. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED		
	Current year VND	Prior year VND
Sales of goods and services		
Sales of finished goods	3,788,505,284,333	3,055,558,168,081
Sales of merchandise	619,260,064,265	1,475,585,153,139
Others	5,574,146,907	17,821,206,439
	<u>4,413,339,495,505</u>	<u>4,548,964,527,659</u>
Deductions		
Sales discount	511,544,456,173	526,016,862,125
Sales return	5,660,358,221	7,723,157,216
	<u>517,204,814,394</u>	<u>533,740,019,341</u>
Net revenue		
<i>In which:</i>		
Sales of finished goods	3,275,187,421,488	2,637,282,316,462
Sales of merchandise	615,373,112,716	1,360,120,985,417
Others	5,574,146,907	17,821,206,439
	<u>3,896,134,681,111</u>	<u>4,015,224,508,318</u>
30. COST OF GOODS SOLD AND SERVICES RENDERED		
	Current year VND	Prior year VND
Cost of finished goods sold	1,585,905,697,980	1,340,663,553,455
Cost of merchandise sold	594,174,991,925	1,209,697,266,769
Cost of leasing, disposal of investment property	2,692,583,353	625,098,254
Provision for devaluation of inventories	276,777,056	(1,219,103,065)
	<u>2,183,050,050,314</u>	<u>2,549,766,815,413</u>
31. PRODUCTION AND OPERATION COSTS BY NATURE		
	Current year VND	Prior year VND
Raw materials and consumables	1,926,619,360,155	2,423,922,012,553
Staff costs	850,043,288,240	800,038,158,083
Depreciation and amortization	86,608,856,340	77,013,798,027
Out-sourced services	193,232,528,275	178,501,487,095
Other expenses	252,216,113,642	263,659,260,419
	<u>3,308,720,146,652</u>	<u>3,743,134,716,177</u>

32. FINANCIAL INCOME

	Current year VND	Prior year VND
Dividends and profits earned	768,004,044	7,637,062,785
Interest income	118,122,454,471	99,928,254,959
Loan interest income from subsidiaries	-	611,635,740
Foreign exchange gain	3,462,374,517.00	3,156,434,734
Profit transferred from liquidated subsidiaries	-	1,044,575,561
Other financial income	13,130,988	-
	<u>122,365,964,020</u>	<u>112,377,963,779</u>

33. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Settlement discount	73,484,194,144	69,842,798,852
Interest expense	22,715,202,068	28,523,706,808
Foreign exchange losses	5,596,686,129	7,243,729,759
Provision for impairment of investments	1,543,112,321	(6,855,576,482)
Loss from liquidated subsidiaries	-	522,495,044
Other financial expenses	78,424,620	113,108,941
	<u>103,417,619,282</u>	<u>99,390,262,922</u>

34. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
a. Selling expenses		
- Advertising expenses	115,787,256,759	131,526,936,415
- Staff costs	348,602,477,455	372,348,444,724
- Others	222,514,329,813	216,647,377,602
	<u>686,904,064,027</u>	<u>720,522,758,741</u>
b. General and administration expenses		
- Staff costs	231,765,264,523	196,662,029,067
- Others	98,229,117,997	77,334,071,685
	<u>329,994,382,520</u>	<u>273,996,100,752</u>

35. OTHER INCOME

	Current year VND	Prior year VND
Gain from disposals of fixed assets	7,074,356,649	6,960,017,626
Income from transferring product manufacturing technology	-	1,295,959,553
Others	8,510,678,708	9,383,563,020
	<u>15,585,035,357</u>	<u>17,639,540,199</u>

36. OTHER EXPENSES

	Current year VND	Prior year VND
Severance allowances	5,622,651,750	-
Others	7,960,334,596	3,792,382,424
	<u>13,582,986,346</u>	<u>3,792,382,424</u>

37. CURRENT AND DEFERRED CORPORATE INCOME TAX EXPENSE

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

	Current year VND	Prior year VND
Profit before tax	717,136,577,999	497,773,692,044
Tax calculated at a normal rate of 20%	143,427,315,600	99,554,738,409
Adjustments for:		
Less: non-assessable income	(153,600,809)	(1,736,327,669)
Add back: non-deductible expenses	12,086,783,085	3,446,657,365
Under provision in prior year	-	1,745,455
Tax incentive	(71,504,817,230)	(64,023,274,021)
Corporate income tax before applying the market profit margin on related party transactions	83,855,680,646	37,243,539,539
Increase in corporate income tax by applying the market profit margin on related party transactions	-	17,252,339,090
Corporate income tax expense	83,855,680,646	54,495,878,629

From 1 April 2018, DHG Pharmaceutical One Member Limited Company ("DHG Pharma") and DHG Packaging and Printing 1 One Member Limited Company ("DHG Packaging and Printing 1") were merged to the Company and have been still entitled to tax incentives as follows:

- Pursuant to the Investment Certificate, DHG Packaging and Printing 1 is obliged to pay corporate income tax at the rate of 10% of taxable income from 2014 to 2028. Under terms in Investment Certificate granted to DHG Packaging and Printing 1, DHG Packaging and Printing 1 is entitled to corporate income tax exemption from 2014 to 2017 and 50% reduction of corporate income tax from 2018 to 2026.
- Pursuant to Investment Certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma is entitled to corporate income tax at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma is entitled to the corporate income tax exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma has registered to the tax department of Hau Giang province to apply the above tax incentives effective from 2015.

Movements in deferred corporate tax income/(expense) during current year and prior year were as follows:

	Current year VND	Prior year VND
Deferred corporate tax income/(expense)	1,946,486,540	(1,171,501,437)
Change of eliminated entry of fixed assets	(16,412,492)	(117,024,285)
	1,930,074,048	(1,288,525,722)

38. COMMITMENTS

a. Operating lease commitment

	Current year VND	Prior year VND
Minimum lease payment under operating leases recognized in the separate income statement for the year	5,323,267,288	5,466,649,543



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

	Closing balance	Opening balance
	VND	VND
Within one year	5,422,028,378	5,422,028,378
In the second to fifth year inclusive	21,688,113,512	21,688,113,512
After five years	104,737,053,537	110,234,387,865
	<u>131,847,195,427</u>	<u>137,344,529,755</u>

b. Capital commitment

Capital expenditure contracted for at the balance sheet date but not recognized in the separate financial statements is as follows:

	Closing balance	Opening balance
	VND	VND
Approved but not contracted	1,298,265,181	6,412,563,066
Approved and contracted but not implemented	4,898,999,936	4,763,046,095
	<u>6,197,265,117</u>	<u>11,175,609,161</u>

39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances for the year:

<u>Related parties</u>	<u>Relationship</u>
DHG Travel One Member Limited Company (*)	Subsidiary
Song Hau Pharmaceutical One Member Limited Company (renamed from Song Hau Pharmaceutical Company Limited) (*)	Subsidiary
B&T Pharmaceutical One Member Limited Company (*)	Subsidiary
DHG Pharmaceutical One Member Limited Company (**)	Subsidiary
DHG Packaging and Printing 1 One Member Limited Company (**)	Subsidiary
Fuji Medic Limited Liability Company	Subsidiary
Vinh Hao Algae Processing Joint Stock Company	Associate
The State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd. ("Taisho")	Major shareholder
Hoe Pharmaceuticals Sdn Bhd	Taisho's related party

(*) Subsidiaries that liquidated in 2018

(**) Subsidiaries that merged in 2018

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

	Current year	Prior year
	VND	VND
Sales of goods and provision of services		
Song Hau Pharmaceutical One Member Limited Company	-	31,548,452,771
DHG Pharmaceutical One Member Limited Company	-	155,719,582,755
DHG Packaging and Printing 1 One Member Limited Company	-	183,541,022
Hoe Pharmaceuticals Sdn Bhd	3,356,406,686	-
Fuji Medic Limited Liability Company	-	21,790,909
	<u>3,356,406,686</u>	<u>187,473,367,457</u>
Support for products development received		
Taisho Pharmaceutical Co., Ltd.	<u>1,026,346,453</u>	<u>-</u>
Purchases of goods and services		
DHG Pharmaceutical One Member Limited Company	-	437,669,886,011
DHG Packaging and Printing 1 One Member Limited Company	-	10,932,029,742
Vinh Hao Algae Processing Joint Stock Company	2,633,183,600	650,406,800
Fuji Medic Limited Liability Company	-	1,873,034,000
	<u>2,633,183,600</u>	<u>451,125,356,553</u>



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	Current year VND	Prior year VND
Purchases of fixed assets, tools & supplies		
Fuji Medic Limited Liability Company	103,476,764	-
Song Hau Pharmaceutical One Member Limited Company	-	6,810,351,793
	<u>103,476,764</u>	<u>6,810,351,793</u>
Dividend income		
Song Hau Pharmaceutical One Member Limited Company	-	7,313,721,705
	<u>-</u>	<u>7,313,721,705</u>
Loan interest income		
DHG Pharmaceutical One Member Limited Company	-	256,389,352
DHG Packaging and Printing 1 One Member Limited Company	-	355,246,388
	<u>-</u>	<u>611,635,740</u>
Profit transferred from subsidiaries		
Song Hau Pharmaceutical One Member Limited Company	-	1,044,473,812
	<u>-</u>	<u>1,044,473,812</u>
Loss transferred from subsidiaries		
B&T Pharmaceutical One Member Limited Company	-	140,350,390
DHG Travel One Member Limited Company	-	382,042,905
	<u>-</u>	<u>522,393,295</u>
Withdrawal of investment capital		
B&T Pharmaceutical One Member Limited Company	-	5,000,000,000
DHG Packaging and Printing 1 One Member Limited Company	-	80,000,000,000
DHG Travel One Member Limited Company	-	5,000,000,000
Song Hau Pharmaceutical One Member Limited Company	-	22,150,000,000
DHG Pharmaceutical One Member Limited Company	-	540,000,000,000
	<u>-</u>	<u>652,150,000,000</u>
Dividends paid		
SCIC	141,565,592,500	169,878,711,000
Taisho Pharmaceutical Co., Ltd.	124,870,698,000	96,518,288,000
	<u>266,436,290,500</u>	<u>266,396,999,000</u>
Remuneration paid to the Company's the Board of Directors and the Management during the year was as follows:		
	Current year VND	Prior year VND
Salaries and other benefits	<u>22,310,288,363</u>	<u>21,158,862,663</u>
Related party balances at the separate balance sheet date were as follows:		
	Closing balance VND	Opening balance VND
Trade receivables		
Hoe Pharmaceuticals Sdn Bhd	<u>1,619,576,532</u>	<u>-</u>



40. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

a. Significant non-cash transactions affecting the separate cash flow statement

	Current year VND	Prior year VND
Appropriation to reserves from profit	193,477,782,318	225,713,569,577
Transfer from construction in progress to tangible fixed assets	40,747,562,248	29,103,115,838
Transfer from construction in progress to intangible assets	-	2,696,709,627
Transfer from construction in progress to prepayments	244,300,000	2,283,909,837
Transfer from investment property to tangible fixed assets	-	94,808,705
Transfer from tangible fixed assets to investment property	19,504,018,150	-
Offset payables when receiving dividends and interest income	-	611,635,740
Offset payables when collecting long-term loan receivables	-	49,909,543,097
Offset payables when receiving investment in subsidiaries	-	175,192,000,000
Offset payables when collecting investment in subsidiaries	-	652,150,000,000
Accrued interest expense	327,951,231	471,120,010
Accrued interest income	<u>39,427,941,088</u>	<u>46,074,305,205</u>

b. Proceeds from borrowings

	Current year VND	Prior year VND
Proceeds from borrowings under normal contracts	<u>1,916,023,391,699</u>	<u>2,851,557,133,423</u>

c. Repayment of borrowings

	Current year VND	Prior year VND
Repayment of borrowings under normal contracts	<u>2,209,257,867,364</u>	<u>2,763,455,806,004</u>



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director
23 March 2020

