

DHG PHARMACEUTICAL JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

For the year ended 31 December 2018

DHG PHARMACEUTICAL JOINT STOCK COMPANY

No. 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

No. 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District
Can Tho City, Vietnam

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of DHG Pharmaceutical Joint Stock Company (the "Company") and its subsidiaries (the Company and its subsidiaries are referred to as the "Group") presents this report together with the Group's consolidated financial statements for the year ended 31 December 2018.

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND SUPERVISORY BOARD

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

Board of Management

Mr. Nguyen Chi Thanh	Chairman
Ms. Pham Thi Viet Nga	Member
Mr. Doan Dinh Duy Khuong	Member
Mr. Tran Chi Liem	Member
Mr. Jun Kuroda	Member
Ms. Dang Thi Thu Ha	Member
Mr. Phan Minh Tien	Member (appointed on 28 March 2018)

Supervisory Board

Mr. Tran Quoc Hung	Head of the Board
Ms. Nguyen Phuong Thao	Member
Mr. Dinh Duc Minh	Member (resigned on 28 March 2018)
Mr. Tran Trung Kien	Member (appointed on 28 March 2018)

Board of General Directors

Mr. Doan Dinh Duy Khuong	Acting General Director
Mr. Le Chanh Dao	Deputy General Director
Ms. Nguyen Ngoc Diep	Deputy General Director
Mr. Tomoyuki Kawata	Deputy General Director

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors is responsible for preparing the consolidated financial statements which give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated 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 consolidated financial statements, the Board of General Directors 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 consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

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

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

The Board of General Directors confirms that the Group has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of General Directors,



Le Chanh Dao
Deputy General Director
18 March 2019

No.: *A14* /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: The shareholders
The Board of Management, Supervisory Board and Board of General Directors of
DHG Pharmaceutical Joint Stock Company

We have audited the accompanying consolidated financial statements of DHG Pharmaceutical Joint Stock Company (the "Company") and its subsidiaries (the Company and its subsidiaries are referred to as the "Group"), prepared on 18 March 2019 as set out from page 5 to page 31, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of General Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Auditors' opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another audit firm whose independent auditors' report issued on 12 March 2018 expressed an unqualified opinion.



Vo Thai Hoa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
Branch of Deloitte Vietnam
Company Limited
18 March 2019
Ho Chi Minh City, S.R. Vietnam

Nguyen Thi Thu Sang
Auditor
Audit Practising Registration Certificate
No. 1144-2018-001-1



CONSOLIDATED BALANCE SHEET

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		3,147,636,450,849	2,939,184,938,924
I. Cash and cash equivalents	110	4	75,835,597,431	549,777,216,585
1. Cash	111		75,330,296,062	88,442,815,647
2. Cash equivalents	112		505,301,369	461,334,400,938
II. Short-term financial investments	120	5	1,459,722,000,000	930,615,143,091
1. Held-to-maturity investments	123		1,459,722,000,000	930,615,143,091
III. Short-term receivables	130		669,787,225,237	799,556,214,859
1. Short-term trade receivables	131	6	618,503,855,955	739,281,053,856
2. Short-term advances to suppliers	132		26,841,394,656	21,016,649,661
3. Short-term loan receivables	135	12	3,395,400,976	16,239,970,057
4. Other short-term receivables	136	7	55,618,287,897	44,731,373,224
5. Provision for short-term doubtful debts	137	8	(34,571,714,247)	(21,712,831,939)
IV. Inventories	140	9	891,486,976,436	633,807,876,593
1. Inventories	141		892,301,302,668	636,264,032,772
2. Provision for devaluation of inventories	149		(814,326,232)	(2,456,156,179)
V. Other short-term assets	150		50,804,651,745	25,428,487,796
1. Short-term prepayments	151	10	3,452,228,975	9,715,813,993
2. Value added tax deductibles	152		32,191,908,956	7,972,889,195
3. Taxes and other receivables from the State budget	153	11	15,160,513,814	7,739,784,608
B. NON-CURRENT ASSETS	200		1,058,328,035,945	1,148,295,051,933
I. Long-term receivables	210		1,560,000,000	3,509,997,935
1. Long-term loans receivable	215	12	1,330,000,000	3,449,997,935
2. Other long-term receivables	216		230,000,000	60,000,000
II. Fixed assets	220		976,618,370,054	1,026,999,503,625
1. Tangible fixed assets	221	13	741,098,658,417	785,209,377,724
- Cost	222		1,347,704,245,077	1,377,975,628,774
- Accumulated depreciation	223		(606,605,586,660)	(592,766,251,050)
2. Intangible assets	227	14	235,519,711,637	241,790,125,901
- Cost	228		269,077,826,514	269,846,865,042
- Accumulated amortisation	229		(33,558,114,877)	(28,056,739,141)
III. Investment property	230	15	247,880,293	
- Cost	231		1,249,521,792	-
- Accumulated depreciation	232		(1,001,641,499)	-
IV. Long-term assets in progress	240		14,087,991,804	36,307,709,778
1. Construction in progress	242	16	14,087,991,804	36,307,709,778
V. Long-term financial investments	250		25,219,928,995	14,537,718,549
1. Investments in joint-ventures, associates	252	5	3,042,620,558	3,129,548,349
2. Equity investments in other entities	253	5	27,908,170,200	27,908,170,200
3. Provision for impairment of long-term financial investments	254	5	(5,730,861,763)	(16,500,000,000)
VI. Other long-term assets	260		40,593,864,799	66,940,122,046
1. Long-term prepayments	261	10	30,170,914,891	31,156,425,691
2. Deferred tax assets	262	17	10,422,949,908	35,783,696,355
TOTAL ASSETS (270=100+200)	270		4,205,964,486,794	4,087,479,990,857

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

CONSOLIDATED BALANCE SHEET (Continued)
As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,061,702,377,563	1,328,385,577,037
I. Current liabilities	310		1,001,487,737,988	1,264,936,829,442
1. Short-term trade payables	311	18	145,750,476,107	262,986,735,355
2. Short-term advances from customers	312		9,728,206,186	10,627,043,023
3. Taxes and amounts payable to the State budget	313	11	13,641,750,175	23,613,683,701
4. Payables to employees	314		180,019,655,715	170,969,066,081
5. Short-term accrued expenses	315	19	40,052,115,726	50,418,119,261
6. Short-term unearned revenue	318	20	9,030,131,533	9,479,895,138
7. Other current payables	319	21	2,004,193,753	204,083,490,483
8. Short-term loans and obligations under finance leases	320	22	557,901,327,419	469,800,000,000
9. Bonus and welfare funds	322	23	43,359,881,374	62,958,796,400
II. Long-term liabilities	330		60,214,639,575	63,448,747,595
1. Long-term provisions	342	24	39,753,692,402	38,386,466,419
2. Scientific and technological development fund	343	25	20,460,947,173	25,062,281,176
D. EQUITY	400		3,144,262,109,231	2,759,094,413,820
I. Owner's equity	410		3,144,262,109,231	2,759,094,413,820
1. Owner's contributed capital	411	26	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	26	6,778,948,000	6,778,948,000
3. Investment and development fund	418	26	1,270,235,596,228	1,112,177,317,110
4. Retained earnings	421	26	550,252,659,422	321,006,296,742
- Retained earnings accumulated to the prior year end	421a		28,072,641,016	21,204,089,359
- Retained earnings of the current year	421b		522,180,018,406	299,802,207,383
5. Non-controlling interests	429	27	9,534,195,581	11,671,141,968
TOTAL RESOURCES (440=300+400)	440		4,205,964,486,794	4,087,479,990,857

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant



Le Chanh Dao
Deputy General Director
18 March 2019

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	30	4,421,559,894,432	4,569,014,010,206
2. Deductions	02	30	539,431,684,721	506,260,545,711
3. Net revenue from goods sold and services rendered (10=01-02)	10		3,882,128,209,711	4,062,753,464,495
4. Cost of sales and services rendered	11	31	2,165,405,025,080	2,279,637,916,449
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,716,723,184,631	1,783,115,548,046
6. Financial income	21	33	107,785,026,956	88,779,692,278
7. Financial expenses	22	34	96,053,992,493	97,684,683,909
- In which: Interest expense	23		28,523,706,808	24,541,141,037
8. Share of net losses from joint-ventures, associates	24		(86,927,791)	(1,206,432,702)
9. Selling expenses	25	35	724,884,959,648	732,085,284,498
10. General and administration expenses	26	35	285,637,232,611	318,385,523,755
11. Operating profit (30=20+(21-22)+24-(25+26))	30		717,845,099,044	722,533,315,460
12. Other income	31	36	18,209,846,265	6,756,814,138
13. Other expenses	32	37	4,272,517,757	10,041,010,203
14. Profit/(loss) from other activities (40=31-32)	40		13,937,328,508	(3,284,196,065)
15. Accounting profit before tax (50=30+40)	50		731,782,427,552	719,249,119,395
16. Current corporate income tax expense	51	38	55,332,650,287	77,572,213,560
17. Deferred corporate tax expense/(income)	52	17	25,360,746,447	(712,405,929)
18. Net profit after corporate income tax (60=50-51-52)	60		651,089,030,818	642,389,311,764
In which:				
Profit after tax attributable to Parent Company	61		653,029,446,317	642,407,977,142
Losses after tax attributable to non-controlling shareholders	62		(1,940,415,499)	(18,665,378)
19. Basic earnings per share (VND/share)	70	39	4,445	4,378

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant



Le Chanh Dao
Deputy General Director
18 March 2019

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CONSOLIDATED 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. Profit before tax	01	731,782,427,552	719,249,119,395
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	88,607,459,577	92,010,389,406
Provisions	03	3,326,854,111	16,053,758,031
Foreign exchange gain arising from translating foreign currency items	04	(256,709,543)	(464,083,555)
Gain from investing activities	05	(111,551,817,456)	(86,457,407,316)
Interest expense	06	28,523,706,808	24,541,141,037
Other adjustments	07	-	8,705,231,445
3. Operating profit before movements in working capital	08	740,431,921,049	773,638,148,443
Changes in receivables	09	102,583,668,709	(126,642,627,881)
Changes in inventories	10	(256,037,269,896)	98,293,050,507
Changes in payables	11	(114,239,302,717)	(46,446,885,927)
Changes in prepaid expenses	12	9,533,005,655	(11,597,356,933)
Interest paid	14	(28,505,436,659)	(24,677,425,925)
Corporate income tax paid	15	(76,742,927,770)	(95,788,362,968)
Other cash outflows	17	(86,232,427,352)	(106,470,431,383)
Net cash generated by operating activities	20	290,791,231,019	460,308,107,933
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(40,845,253,595)	(63,484,311,476)
2. Proceeds from sale, disposal of fixed assets	22	9,906,521,326	20,184,454,559
3. Cash outflow for lending and term deposit from bank	23	(2,795,800,810,202)	(1,523,238,571,667)
4. Cash recovered from lending and term deposit from bank	24	2,280,521,910,076	1,315,098,077,111
5. Equity investments in other entities	25	(160,000,000)	(19,440,000,000)
6. Cash recovered from investments in other entities	26	-	9,000,000,000
7. Interest earned, dividends and profits received	27	85,825,118,708	69,676,354,237
Net cash used in investing activities	30	(460,552,513,687)	(192,203,997,236)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	2,851,557,133,423	2,516,213,007,337
2. Repayment of borrowings	34	(2,763,455,806,004)	(2,401,178,435,800)
3. Dividends and profits paid	36	(392,238,213,000)	(436,556,226,000)
Net cash used in financing activities	40	(304,136,885,581)	(321,521,654,463)
Net decreases in cash (50=20+30+40)	50	(473,898,168,249)	(53,417,543,766)
Cash and cash equivalents at the beginning of the year	60	549,777,216,585	603,188,961,343
Effects of changes in foreign exchange rates	61	(43,450,905)	5,799,008
Cash and cash equivalents at the end of the year (70=50+60+61)	70	75,835,597,431	549,777,216,585

Significant non-cash transactions for the year ended 31 December 2018 are presented in Note 42.


Tran Ngoc Hien
Preparer


Ho Buu Huan
Chief Accountant



Le Chanh Dao
Deputy General Director
18 March 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the consolidated 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/QD-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 2014 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

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

The Company's shares were 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.

The largest shareholder of the Company is 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 Group as at 31 December 2018 was 3,054 (as at 31 December 2018: 3,205).

Operating industry and principal activities

The operating industry of the Company and its subsidiaries are to manufacture and sell pharmaceutical products, provide travelling services and dental clinics services.

The principal activities of the Company and its subsidiaries are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics; provide travelling services and dental clinics services.

The Group's structure

As at 31 December 2018, the Company's subsidiaries and associate were as follows:

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

Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
Subsidiaries				
DHG Pharmaceutical One Member Limited Company (****)	Manufacturing and trading pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 6300124430 issued by the Planning and Investment Department of Hau Giang Province on 16 August 2010	-	100%
DHG Packaging and Printing 1 One Member Limited Company (****)	Manufacturing and trading packaging, plastic, aluminum, paper for pharmaceutical industry; provide printing services	No. 6300215818 issued by the Planning and Investment Department of Hau Giang Province on 28 September 2012	-	100%
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%

On 3 October 2016, the Board of Management of the Company approved the change of subsidiaries' operation form into branches under the parent company including:

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

(*) The procedures for dissolution of B&T Pharmaceutical One Member Limited Company have been completed on 28 June 2018.

(**) On 14 July 2017, the Board of Management approved the dissolution of DHG Travel One Member Limited Company. The procedures for dissolution of DHG Travel One Member Limited Company have been completed on 20 December 2018.

(***) On 10 May 2018, the Board of Management approved the of Song Hau Pharmaceutical Joint Stock Company into Song Hau Pharmaceutical One Member Limited Company, and at the same time approved the dissolution of Song Hau Pharmaceutical One Member Limited Company. The procedures for dissolution of Song Hau Pharmaceutical One Member Limited Company have been completed on 27 December 2018.

(****) On 28 March 2018, the resolution of the General Meeting of Shareholders approved the merger of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company into the Company. According to the 25th amended Business Registration Certificate dated 12 June 2018, the merger of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company into the Company were completed. Liquidation procedures of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company have been completed on 2 August 2018 and 25 July 2018, respectively.

Normal production and business cycle

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

Disclosure of information comparability in the consolidated financial statements

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Group (its subsidiaries) up to 31 December each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intra-group transactions and balances are eliminated in full on consolidation.

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

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 Group in the preparation of these consolidated financial statements, are as follows:

Estimates

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

Business combinations

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

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

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Investments in associate

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investment, 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 Board of General Directors 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 "cash and cash equivalents" item). These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the income statement on accrual basis.

Loan receivables

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

Equity investments in other entities

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

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of these investments is made when the entities made losses, except for loss that was anticipated in their business plan before the date of investment.

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

Leases

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

Intangible assets and amortization

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

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

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

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

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 consolidated income statement using the straight-line method over the lease term.

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

Provisions

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

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting year for all employees having worked at the Group for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each 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. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

Provision for dismantling and restoration costs

In accordance with Circular No.200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Group is required to provide for dismantling and restoration costs of the Group's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 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 Group has not yet fulfilled to customers.

Revenue recognition

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

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

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 recognised in each period by reference to the percentage of completion of the transaction at the consolidated balance sheet date. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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

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

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

Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same 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 years, incurred after the balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue of the current 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 income statement.

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

When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Group does not act as an agent of the third party, the unearned revenue is realized into the Group's income statement at the time that third party provides the free or discounted goods and services to customers. If the Group acts as an agent of the third party, the Group recognizes revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers. The amount paid to the third party is treated as the payment of the liability.

Foreign currencies

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

Borrowing costs

Borrowing costs are recognized in the income statement in the year when incurred unless they are capitalised 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 consolidated 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 consolidated financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.



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

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

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

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

Segmental reporting

A segment is a distinct business segment of the Group 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 Group is business segment.

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	27,969,606,758	20,721,551,877
Bank demand deposits	47,360,689,304	67,721,263,770
Cash equivalent (*)	505,301,369	461,334,400,938
	<u>75,835,597,431</u>	<u>549,777,216,585</u>

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

5. FINANCIAL INVESTMENTS

Held-to-maturity investments

Held-to-maturity investments include term deposits with the remaining term within 12 months from the time of Reporting and exclude held-to-maturity investments presented in the item "cash equivalents" in Note 4.

At as 31 December 2018, term deposits with maturity term over 3 months VND 296,200,000,000 were pledged as collaterals for the short-term loans from the banks (Note 22), (as at 31 December 2017: VND 246,000,000,000).

Investments in associate and equity investments in other entities

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in associates	3,042,620,558	-	3,129,548,349	-
Investments in others entities	27,908,170,200	(5,730,861,763)	27,908,170,200	(16,500,000,000)
	<u>30,950,790,758</u>	<u>(5,730,861,763)</u>	<u>31,037,718,549</u>	<u>(16,500,000,000)</u>

As at 31 December 2018 and 31 December 2017, fair values of long-term equity investments in other entities were not available as there is no reference price in the market, except Cuu Long Pharmaceutical Joint Stock Company whose shares are listed in Ho Chi Minh Stock Exchange since 2008. Fair value of the Company's investment in Cuu Long Pharmaceutical Joint Stock Company as at 31 December 2018 and 31 December 2017 was VND 65,973,600 and VND 162,288,000, respectively.

Movements in the investment in associate during the current year and prior year were as follows:

	Current year	Prior year
	VND	VND
Opening balance	3,129,548,349	4,335,981,051
Share of losses	(86,927,791)	(1,206,432,702)
Closing balance	<u>3,042,620,558</u>	<u>3,129,548,349</u>

Equity investments in other entities

	Closing balance	Opening balance
	VND	VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Becamex Pharmaceutical Joint Stock Company	4,286,800,000	4,286,800,000
Tra Vinh Pharmaceutical Joint Stock Company	2,575,315,200	2,575,315,200
Ninh Thuan Pharmaceutical & Medical 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>

Provision balance as at 31 December 2018 and 31 December 2017 represented the provision for impairment of the investment in ATP Packaging Joint Stock Company (formerly known as Vinh Tuong High-Tech Packaging Corporation).

6. SHORT-TERM TRADE RECEIVABLES

As at 31 December 2018 and 31 December 2017, short-term trade receivables only included receivables from the third parties; and there were no single short-term trade receivables accounting for 10% or more of total trade receivables.

7. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Prepaid trade discounts	-	243,590,918
Accruals of interest income	46,266,887,751	27,502,424,293
Receivable from employees	5,715,446,761	7,443,741,219
Other receivables	3,635,953,385	9,541,616,794
	<u>55,618,287,897</u>	<u>44,731,373,224</u>

8. BAD DEBTS

	Closing balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loans 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>
	Opening balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loans past due or not past due but impaired	<u>195,352,900,453</u>	<u>(21,712,831,939)</u>	<u>173,640,068,514</u>

As at 31 December 2018 and 31 December 2017, 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 current year and prior year were as follows:

	Current year	Prior year
	VND	VND
Opening balance	21,712,831,939	13,492,082,101
Additional provision	12,865,960,026	8,220,749,838
Reversal	(7,077,718)	-
Closing balance	<u>34,571,714,247</u>	<u>21,712,831,939</u>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	66,470,323,130	-	41,560,218,649	-
Raw materials	376,766,969,549	-	285,333,766,326	(1,320,277,628)
Work in progress	54,189,946,414	-	54,916,072,790	-
Finished goods	346,534,828,838	(814,326,232)	209,547,370,635	(1,135,878,551)
Merchandise	48,339,234,737	-	44,906,604,372	-
	<u>892,301,302,668</u>	<u>(814,326,232)</u>	<u>636,264,032,772</u>	<u>(2,456,156,179)</u>

As presented in Note 22, the inventories with a value of VND300,000,000,000 as at 31 December 2018 (As at 31 December 2017: Nil) were used as collateral to secure short-term loans at banks.

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

	Current year	Prior year
	VND	VND
Opening balance	2,456,156,179	1,696,412,765
Additional provision	-	759,743,414
Used provision	(1,320,277,628)	-
Reversal	(321,552,319)	-
Closing balance	<u>814,326,232</u>	<u>2,456,156,179</u>

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
- Prepayment related to operating lease	101,800,010	39,409,097
- Others	3,350,428,965	9,676,404,896
	<u>3,452,228,975</u>	<u>9,715,813,993</u>
b. Non-current		
- Prepaid land rental	10,367,868,894	10,713,316,530
- Tools and supplies issued for consumption	11,828,145,326	12,535,021,407
- Leasehold improvements	77,295,492	167,682,780
- Others	7,897,605,179	7,740,404,974
	<u>30,170,914,891</u>	<u>31,156,425,691</u>

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

	Opening balance VND	Payables during the year VND	Refund during the year VND	Other decreases during the year VND	Paid during the year VND	Closing balance VND
a. Receivables						
Output value added tax	26,076,408	-	26,076,408	-	-	-
Import value added tax	-	-	-	-	3,713,591,537	3,713,591,537
Export, import duty	1,536,214,509	22,022,645,486	-	-	21,412,827,454	926,396,477
Corporate income tax	156,686,546	88,214,504	68,472,042	-	10,504,843,481	10,504,843,481
Land rental fee	15,682,319	5,697,508,164	-	-	5,697,508,164	15,682,319
Personal income tax	6,005,124,826	5,608,366,368	427,955,364	31,196,906	-	-
	7,739,784,608	33,416,734,522	522,503,814	31,196,906	41,328,770,636	15,160,513,814
b. Payables						
Output value added tax	12,034,687,525	106,670,999,571	-	-	105,206,180,453	13,499,506,643
Import value added tax	3,461,540	44,955,284,419	-	-	44,958,745,959	-
Corporate income tax	10,993,648,506	55,244,435,783	-	-	66,238,084,289	-
Land rental fee, land tax	-	58,278	-	-	58,278	-
Personal income tax	581,886,130	33,442,397,837	-	-	33,882,040,435	142,243,532
Other taxes	-	444,510,235	-	-	444,510,235	-
	23,613,683,701	240,757,686,123	-	-	250,729,619,649	13,641,750,175

12. LONG-TERM LOAN RECEIVABLES

Long-term loan receivable represents interest-free loans granted to customers in accordance with the refundable capital support policy of the Group.



13. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST					
Opening balance	521,977,060,519	607,883,977,430	175,520,721,573	72,593,869,252	1,377,975,628,774
Additions	356,000,000	9,769,678,931	-	214,000,000	10,339,678,931
Transferred from construction in progress	5,739,819,927	25,096,931,348	6,406,807,089	541,879,833	37,785,438,197
Disposals	(2,499,207,818)	(1,377,709,041)	(10,987,505,872)	(61,999,090)	(14,926,421,821)
Reclassification	-	3,071,480,190	-	(3,071,480,190)	-
Transfer to investment property	(1,249,521,792)	-	-	-	(1,249,521,792)
Written-off	(1,015,321,601)	(52,990,134,556)	(8,168,520,165)	(46,580,890)	(62,220,557,212)
Closing balance	<u>523,308,829,235</u>	<u>591,454,224,302</u>	<u>162,771,502,625</u>	<u>70,169,688,915</u>	<u>1,347,704,245,077</u>
ACCUMULATED DEPRECIATION					
Opening balance	156,131,798,226	270,643,388,060	108,205,741,276	57,785,323,488	592,766,251,050
Charge for the year	29,539,478,125	45,261,724,801	11,641,158,641	4,189,107,170	90,631,468,737
Disposals	(1,436,868,475)	(1,377,709,041)	(10,774,460,427)	(40,025,633)	(13,629,063,576)
Reclassification	-	2,437,266,312	-	(2,437,266,312)	-
Transfer to investment property	(942,512,339)	-	-	-	(942,512,339)
Written-off	(1,015,321,601)	(52,990,134,556)	(8,168,520,165)	(46,580,890)	(62,220,557,212)
Closing balance	<u>182,276,573,936</u>	<u>263,974,535,576</u>	<u>100,903,919,325</u>	<u>59,450,557,823</u>	<u>606,605,586,660</u>
NET BOOK VALUE					
Opening balance	<u>365,845,262,293</u>	<u>337,240,589,370</u>	<u>67,314,980,297</u>	<u>14,808,545,764</u>	<u>785,209,377,724</u>
Closing balance	<u>341,032,255,299</u>	<u>327,479,688,726</u>	<u>61,867,583,300</u>	<u>10,719,131,092</u>	<u>741,098,658,417</u>

As at 31 December 2018, the cost of the tangible fixed assets included VND 206,527,246,637 (as at 31 December 2017: VND 180,764,578,209) 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	159,056,771,791	15,631,533,205	269,846,865,042
Purchases	-	-	30,466,800	30,466,800
Transferred from construction in progress	-	-	786,031,200	786,031,200
Disposals	-	(1,560,000,000)	-	(1,560,000,000)
Write-off	-	(25,536,528)	-	(25,536,528)
Closing balance	<u>95,158,560,046</u>	<u>157,471,235,263</u>	<u>16,448,031,205</u>	<u>269,077,826,514</u>
ACCUMULATED AMORTIZATION				
Opening balance	-	18,721,194,492	9,335,544,649	28,056,739,141
Charge for the year	-	3,331,050,228	2,195,862,036	5,526,912,264
Write-off	-	(25,536,528)	-	(25,536,528)
Closing balance	-	<u>22,026,708,192</u>	<u>11,531,406,685</u>	<u>33,558,114,877</u>
NET BOOK VALUE				
Opening balance	<u>95,158,560,046</u>	<u>140,335,577,299</u>	<u>6,295,988,556</u>	<u>241,790,125,901</u>
Closing balance	<u>95,158,560,046</u>	<u>135,444,527,071</u>	<u>4,916,624,520</u>	<u>235,519,711,637</u>

As at 31 December 2018, the cost of intangible assets included VND 6,007,417,805 (as at 31 December 2017: VND 5,861,257,805) of assets which were fully amortized but are still in active use.

15. INVESTMENT PROPERTIES

	Buildings VND
COST	
Opening balance	-
Transfer from tangible fixed assets	1,249,521,792
Closing balance	<u>1,249,521,792</u>
ACCUMULATED DEPRECIATION	
Opening balance	-
Transfer from tangible fixed assets	942,512,339
Charge for the year	59,129,160
Closing balance	<u>1,001,641,499</u>
NET BOOK VALUE	
Opening balance	-
Closing balance	<u>247,880,293</u>

16. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Construction of Branch DHG Pharmaceutical Plant at Hau Giang province	11,746,318,768	11,596,485,312
Copyrights in technology transfer and product development	1,143,281,604	-
Construction of Gia Lai branch offices	623,948,774	623,948,774
Counterpain product technology transfer project	202,029,350	-
Repairing warehouses	145,077,537	-
Raw materials for testing new machines	144,235,771	-
Construction of effervescent tablets plant stage 2	83,100,000	-
Construction of effervescent tablets plant stage 1	-	16,658,486,842
Construction of Bac Lieu branch office	-	71,643,034
Construction of department office	-	4,000,000
Machinery and equipment	-	7,353,145,816
	<u>14,087,991,804</u>	<u>36,307,709,778</u>

Movement of construction in progress in the year:

	Curent year	Prior year
	VND	VND
Opening balance	36,307,709,778	17,160,871,337
Purchases	30,475,107,864	56,940,741,775
Transfer to tangible fixed assets (Note 13)	(37,785,438,197)	(32,717,262,432)
Transfer to intangible assets (Note 14)	(786,031,200)	(2,930,291,720)
Transfer to prepaid expenses	(2,283,909,837)	(2,146,349,182)
Transfer to expense in the year	(11,839,446,604)	-
Closing balance	<u>14,087,991,804</u>	<u>36,307,709,778</u>

17. DEFERRED TAX ASSETS

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

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
a. Trade payables to third parties	145,750,476,107	145,750,476,107	262,982,235,355	262,982,235,355
Dsm Sinochem Pharmaceuticals Spain S.A	20,246,688,000	20,246,688,000	-	-
Dsm Sinochem Pharmaceuticals India PVT LTD	18,987,080,000	18,987,080,000	-	-
Roquette Freres	15,258,076,053	15,258,076,053	5,988,853,245	5,988,853,245
Develing Trade BV	4,450,801,628	4,450,801,628	36,157,842,392	36,157,842,392
Truong Tin Pharmaceutical Co. Ltd.	-	-	35,135,876,027	35,135,876,027
Mega Lifesciences Co., Ltd.	-	-	33,450,431,047	33,450,431,047
Nomura Trading Co. Ltd	-	-	25,762,165,250	25,762,165,250
Others	86,807,830,426	86,807,830,426	126,487,067,394	126,487,067,394
b. Trade payables to subsidiaries and associate (Note 41)	-	-	4,500,000	4,500,000
	<u>145,750,476,107</u>	<u>145,750,476,107</u>	<u>262,986,735,355</u>	<u>262,986,735,355</u>

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

19. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Market research expenses	-	10,429,270,479
Settlement discount expenses	6,553,611,056	8,261,692,934
Marketing and customer care expenses	94,419,309	6,660,719,815
Interest expense	471,120,010	452,849,861
Other accruals	32,932,965,351	24,613,586,172
	<u>40,052,115,726</u>	<u>50,418,119,261</u>

20. SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue represents the unearned revenue for customer loyalty programs (as presented in Note 3).

21. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Insurance and union fee	638,977,697	800,645,116
Dividends payable	-	196,119,106,500
Others	<u>1,365,216,056</u>	<u>7,163,738,867</u>
	<u>2,004,193,753</u>	<u>204,083,490,483</u>

22. SHORT-TERM LOANS

Movements in the short-term loans during the current year were as follows:

	<u>Opening balance</u>	<u>During the year</u>		<u>Closing balance</u>
	Amount VND	Increases VND	Decreases VND	Amount VND
Loans from banks	<u>469,800,000,000</u>	<u>2,851,557,133,423</u>	<u>2,763,455,806,004</u>	<u>557,901,327,419</u>
			<u>Closing balance</u>	<u>Opening balance</u>
			VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch		500,848,825,994		59,800,000,000
Sai Gon Thuong Tin Commercial Joint Stock Bank - Can Tho Branch		30,000,000,000		-
Saigon Hanoi Commercial Joint Stock Bank - Can Tho Branch		20,000,000,000		-
Military Commercial Joint Stock Bank - Can Tho Branch		7,052,501,425		-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Can Tho Branch		-		410,000,000,000
		<u>557,901,327,419</u>		<u>469,800,000,000</u>

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 credit limit of VND 700,000,000,000. The loan can be drawn in Vietnam Dong and will expire on 28 February 2019. The duration for each withdrawal is from 3 months to 4 months from the effective day of the loan contract. The loan is secured by term deposits, as presented in Note 5.
- Military Commercial Joint Stock Bank - Can Tho Branch with a maximum credit limit of VND 300,000,000,000. The loan can be drawn in Vietnam Dong and will expire on 24 May 2019. The loans is secured by inventories, as presented in Note 9.
- Saigon Hanoi Commercial Joint Stock Bank - Can Tho Branch with a maximum credit limit of VND 20,000,000,000. The loan can be drawn in Vietnam Dong and will expire on 3 March 2019. The loan is secured by term deposits, as presented in Note 5.
- Sai Gon Thuong Tin Commercial Joint Stock Bank - Can Tho Branch with a maximum credit limit of VND 30,000,000,000. The loan can be drawn in Vietnam Dong and will expire on 27 February 2019. The loan is secured by term deposits, as presented in Note 5.
- These loans bear interests at the rates ranging from 0.23% per month to 0.69% per month (as at 31 December 2017: from 0.32% per month to 0.42% 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"). Bonus and welfare funds of the subsidiaries are established from retained earnings upon decision from the Board of Management of the Company. The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies and to pay bonus to the Board of Management in accordance with the Company's AGM Resolution.

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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	34,770,345,726	7,902,745,368	20,285,705,306	62,958,796,400
Appropriation to the funds (Note 26)	63,169,294,111	6,472,934,796	-	69,642,228,907
Assets formed from funds	(338,721,111)	-	338,721,111	-
Depreciation of assets formed from funds	-	-	(3,008,716,581)	(3,008,716,581)
Utilization of funds	(79,840,399,626)	(6,392,027,726)	-	(86,232,427,352)
Closing balance	17,760,519,100	7,983,652,438	17,615,709,836	43,359,881,374

24. LONG-TERM PROVISIONS

	Provision for dismantling and restoration costs VND	Severance allowance VND	Total VND
Opening balance	11,564,358,036	26,822,108,383	38,386,466,419
Additional provision/ (reversal) for the year	3,970,878,725	(1,091,938,738)	2,878,939,987
Utilisation of provisions	-	(1,511,714,004)	(1,511,714,004)
Closing balance	15,535,236,761	24,218,455,641	39,753,692,402

25. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUNDS

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. Funds are utilized when disbursement are paid for research and development activities.

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

	Scientific and technological development fund in form of assets VND
Opening balance	25,062,281,176
Depreciation of assets formed from funds	(4,601,334,003)
Closing balance	20,460,947,173



26. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Prior year's opening balance	871,643,300,000	6,778,948,000	1,220,561,708,767	736,638,702,184	2,835,622,658,951
Profit for the year	-	-	-	642,407,977,142	642,407,977,142
Bonus share issued	435,817,410,000	-	(435,817,410,000)	-	-
Dividends declared for 2016	-	-	-	(305,075,155,000)	(305,075,155,000)
First interim dividends for 2017 at 10%	-	-	-	(130,746,071,000)	(130,746,071,000)
Second interim dividends for 2017 at 15%	-	-	-	(196,119,106,500)	(196,119,106,500)
Appropriation to bonus fund for the Board of Management	-	-	-	(14,660,275,620)	(14,660,275,620)
Fund distribution	-	-	310,436,650,781	(310,436,650,781)	-
Appropriation to bonus and welfare funds	-	-	-	(85,678,223,316)	(85,678,223,316)
Changes in interest due to increase of its investment capital in Song Hau Pharmaceutical One Member Limited Company	-	-	16,996,367,562	(15,324,900,367)	1,671,467,195
Current year's opening balance	1,307,460,710,000	6,778,948,000	1,112,177,317,110	321,006,296,742	2,747,423,271,852
Profit for the year	-	-	-	653,029,446,317	653,029,446,317
Dividends declared 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 fund for the Board of Management	-	-	-	(6,472,934,796)	(6,472,934,796)
Appropriation to bonus and welfare funds	-	-	-	(63,169,294,111)	(63,169,294,111)
Changes in interest due to increase of its investment capital in Song Hau Pharmaceutical One Member Limited Company	-	-	139,887,799	(103,356,911)	36,530,888
Current year's closing balance	1,307,460,710,000	6,778,948,000	1,270,235,596,228	550,252,659,422	3,134,727,913,650



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 currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

Movement in share capital during the year were as follows:

	Current year		Prior year	
	Number of shares	VND	Number of shares	VND
Opening balance	130,746,071	1,307,460,710,000	87,164,330	871,643,300,000
Bonus shares issued	-	-	43,581,741	435,817,410,000
Closing balance	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

Dividends

According to Resolution of the Company's Annual General Meeting No. 001/2018/NQ-ĐHĐCĐ dated 28 March 2018, the shareholders of the Company approved declaration plan of dividends from profit after tax of 2017 of 30% in cash, equivalent to VND 392,238,213,000. In 2017, the Company made advance for the first time at 10% of par value with the total amount of VND 130,746,071,000. On 25 January 2018 and 9 May 2018, the Company paid remaining dividend with a total amount of VND 196,119,106,500 and VND 65,373,035,500, respectively.

According to Resolution of the Company's Annual General Meeting No. 011/2018/NQ.HĐQT dated 14 July 2018, the advance was made for the first time in 2018 at 10% par value equivalent to VND 130,746,071,000 and was paid on 31 August 2018.

27. NON-CONTROLLING INTERESTS

	Current year VND	Prior year VND
Opening balance	11,671,141,968	34,160,248,863
Net loss attributable to non-controlling interests	(1,940,415,499)	(18,665,378)
Dividends paid	-	(735,000,000)
Appropriation to the bonus fund for the Board of Management	-	(176,198,933)
Appropriation to bonus and welfare funds	-	(447,775,389)
Changes in interests due to transferring investments	(196,530,888)	(21,111,467,195)
Closing balance	9,534,195,581	11,671,141,968

28. OFF BALANCE SHEET ITEMS

Cash and cash equivalents include the following foreign currencies:

	Closing balance	Opening balance
United states Dollar (USD)	239,703	651,982
Euro (EUR)	34,833	5,646

29. SEGMENTAL REPORTING

The primary format, business segments, is based on the Group'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 product segments, segment revenue is disclosed for pharmaceutical products, functional foods and others.

	Current year VND	Prior year VND
Net sales		
Pharmaceutical products	3,313,372,658,190	3,343,577,175,377
Functional foods	377,747,888,070	378,846,948,365
Others	191,007,663,451	340,329,340,753
	<u>3,882,128,209,711</u>	<u>4,062,753,464,495</u>
Cost of goods sold and services rendered		
Pharmaceutical products	(1,808,366,453,817)	(1,843,075,147,436)
Functional foods	(210,378,841,770)	(224,960,245,426)
Others	(146,659,729,493)	(211,602,523,587)
	<u>(2,165,405,025,080)</u>	<u>(2,279,637,916,449)</u>
Gross profit		
Pharmaceutical products	1,505,006,204,373	1,500,502,027,941
Functional foods	167,369,046,300	153,886,702,939
Others	44,347,933,958	128,726,817,166
	<u>1,716,723,184,631</u>	<u>1,783,115,548,046</u>

30. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Sales of merchandise and services		
Sales of finished goods	3,697,829,058,032	3,533,519,681,783
Sales of merchandise	704,779,329,679	977,679,844,675
Others	18,951,506,721	57,814,483,748
	<u>4,421,559,894,432</u>	<u>4,569,014,010,206</u>
Deductions		
Sales discounts	(532,732,767,227)	(493,892,478,558)
Sales returns	(6,698,917,494)	(12,368,067,153)
	<u>(539,431,684,721)</u>	<u>(506,260,545,711)</u>
Net sales		
<i>In which:</i>		
Sales of finished goods	3,171,187,626,750	3,053,877,958,826
Sales of merchandises	691,989,076,240	951,061,021,921
Others	18,951,506,721	57,814,483,748
	<u>3,882,128,209,711</u>	<u>4,062,753,464,495</u>

31. COST OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Cost of finished goods sold	1,498,942,529,432	1,365,666,336,398
Cost of merchandise sold	663,209,443,293	900,526,104,705
Cost of services rendered	3,574,604,674	12,685,731,932
Provision for devaluation of inventories	(321,552,319)	759,743,414
	<u>2,165,405,025,080</u>	<u>2,279,637,916,449</u>



32. PRODUCTION AND OPERATING COSTS BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	1,982,456,539,598	1,909,463,543,610
Labour	852,365,897,180	855,075,780,980
Depreciation and amortisation	87,857,894,079	91,343,474,099
Out-sourced services	188,939,360,980	189,577,870,958
Other monetary expenses	268,524,705,325	277,583,371,236
	<u>3,380,144,397,162</u>	<u>3,323,044,040,883</u>

33. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank and loan interest	104,266,241,086	81,400,481,744
Interest from liquidation of investments in subsidiaries	-	3,992,308,108
Dividends and profits received	323,341,080	189,730,364
Foreign exchange gain	3,195,444,790	3,197,172,062
	<u>107,785,026,956</u>	<u>88,779,692,278</u>

34. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	28,523,706,808	24,541,141,037
Settlement discount	70,935,042,222	68,749,374,613
Foreign exchange loss	7,251,272,759	4,273,238,405
Provision for impairment of investments	(10,769,138,237)	-
Other financial expenses	113,108,941	120,929,854
	<u>96,053,992,493</u>	<u>97,684,683,909</u>

35. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
a. Selling expenses		
- Advertising expenses	131,526,936,415	152,591,701,912
- Staff cost	376,492,304,101	355,449,954,624
- Others	216,865,719,132	224,043,627,962
	<u>724,884,959,648</u>	<u>732,085,284,498</u>
b. General and administration expenses		
- Staff cost	202,608,495,908	244,848,095,072
- Others	83,028,736,703	73,537,428,683
	<u>285,637,232,611</u>	<u>318,385,523,755</u>

36. OTHER INCOME

	Current year VND	Prior year VND
Sale, disposal of fixed assets	6,980,017,626	2,081,319,802
Income from transferring product manufacturing technology	1,295,959,553	-
Others	9,933,869,086	4,675,494,336
	<u>18,209,846,265</u>	<u>6,756,814,138</u>

37. OTHER EXPENSES

	Current year VND	Prior year VND
Fines and penalties per results of tax audit	-	6,310,525,691
Others	4,272,517,757	3,730,484,512
	<u>4,272,517,757</u>	<u>10,041,010,203</u>



38. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Profit before tax	731,782,427,552	719,249,119,395
Tax calculated at a normal rate of 20%	146,356,485,510	143,849,823,879
Adjustments for:		
<i>Non-assessable income</i>	(64,688,566)	(60,631,939)
<i>Add back: non-deductible expenses</i>	4,835,279,285	5,107,379,879
<i>Deferred income tax asset of provision</i>	855,293,179	735,245,491
<i>Under provision of tax in prior year</i>	20,203,562	206,090,674
<i>Tax incentives</i>	(100,873,547,384)	(164,038,711,079)
<i>Adjustments for consolidation</i>	12,312,032,058	(700,552,642)
Corporate income tax before applying the market profit margin on related party transactions	63,441,057,644	(14,901,355,737)
Increase in corporate income tax by applying the market profit margin on related party transactions	17,252,339,090	91,761,163,368
Corporate income tax expense after adjustment	80,693,396,734	76,859,807,631

Charge/(credit) to the income statement:

	Current year VND	Prior year VND
Corporate income tax expense based on taxable income in the current year	55,332,650,287	77,572,213,560
Adjustment of corporate income tax expense in the prior years to the corporate income tax expense in the current year	25,360,746,447	(712,405,929)
Current corporate income tax expense	80,693,396,734	76,859,807,631

The corporate income tax expense for the year is estimated based on taxable income and is subject to adjustments upon review of the Tax Authority.

Applicable tax rates

According to Circular No. 78/2014/TT-BTC, the standard corporate income tax is 22% since 1 January 2014 and is decreased to 20% since 1 January 2018.

Except for DHG Packaging and Printing 1 One Member Limited Company, DHG Pharmaceutical One Member Limited Company which are entitled to tax incentives, the Company and other subsidiaries in the Group is obliged to pay corporate income tax at the rate of 20% (2017: 20%) of its taxable income.

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

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.

DHG Pharmaceutical One Member Limited Company ("DHG One Member Pharma")

Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG One Member Pharma is obliged to pay corporate income tax at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG One Member 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 One Member Pharma has registered to the tax department of Hau Giang province to apply the above tax incentives effective from the financial year 2015.



In the first quarter of 2018, DHG Packaging and Printing 1 and DHG One Member Pharma were still subsidiaries of the Company and received tax incentives. The Company calculated and adjusted additional corporate income tax for the first quarter based on profit margin of 8.17% on revenue during the time when DHG Packaging and Printing 1 and DHG One Member Pharma separately operate and have not merged into the Company.

39. BASIC EARNINGS PER SHARE

a. Basic earnings per share

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

	Current year	Prior year (Restated)
	VND	VND
Accounting profit after corporate income tax	653,029,446,317	642,407,977,142
Appropriation to fund (*)	(71,834,018,091)	(70,050,228,907)
Profit or loss attributable to ordinary shareholders	581,195,428,226	572,357,748,235
Average ordinary shares in circulation for the year	130,746,071	130,746,071
Basic earnings per share	4,445	4,378

(*) According to the Resolution of the Company's Annual General Meeting No. 011/2018/NQ.HDQT, the appropriation for bonus and welfare funds for 2018 based on planned appropriation rate for bonus and welfare funds is 10%

b. Diluted earnings per share

The Group does not have potentially ordinary shares.

40. COMMITMENTS

a. Operating lease commitment

	Current year	Prior year
	VND	VND
Minimum lease payment under operating leases recognized in the consolidated income statement for the year	5,466,649,543	5,589,603,411

At the consolidated balance sheet date, the Group 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	110,234,387,865	115,731,722,192
	137,344,529,755	142,841,864,082

b. Capital commitment

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

	Closing balance	Opening balance
	VND	VND
Approved but not contracted	6,412,563,066	18,727,173,322
Approved and contracted but not implemented	4,763,046,095	10,326,337,676
	11,175,609,161	29,053,510,998



41. RELATED PARTY TRANSACTIONS AND BALANCES

<u>Related party</u>	<u>Relationship</u>
Vinh Hao Algae Processing Joint Stock Company	Associate
The State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd.	Major shareholder

The largest shareholder of the Group is the State Capital Investment Corporation ("SCIC") which owns 43.31% of the Company's share capital. SCIC is controlled by Commission for the Management of State Capital at Enterprises.

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

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Purchases		
Vinh Hao Algae Processing Joint Stock Company	<u>650,406,800</u>	<u>2,443,371,600</u>
Dividend declared		
SCIC	169,878,711,000	188,754,124,500
Taisho Pharmaceutical Co.,Ltd	<u>96,518,288,000</u>	<u>106,520,320,000</u>

Related party balances at the balance sheet date were as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Short-term trade payables		
Vinh Hao Algae Processing Joint Stock Company	<u>-</u>	<u>4,500,000</u>

Remuneration paid to the Company's the Board of Management and the Board of General Directors during the year was as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salary and benefits	<u>21,158,862,663</u>	<u>17,749,263,439</u>

42. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
a. Non-cash transaction affecting the consolidated cash flow statement		
Appropriation to reserves from profit	227,560,620,226	410,775,149,717
Transfer from construction in progress to tangible fixed assets	37,785,438,197	32,717,262,432
Transfer from construction in progress to intangible assets	786,031,200	2,930,291,720
Transfer from construction in progress to prepaid expenses	2,283,909,837	2,146,349,182
Interest earned and dividends which have not been received	46,266,887,751	27,502,424,293
Other non-cash transactions	<u>-</u>	<u>435,817,410,000</u>
b. Proceeds from borrowings		
Proceed from borrowings under normal contracts	<u>2,851,557,133,423</u>	<u>2,516,213,007,337</u>
c. Repayment of borrowings		
Repayment of borrowings under normal contract	<u>2,763,455,806,004</u>	<u>2,401,178,435,800</u>


 Tran Ngoc Hien
 Preparer


 Ho Bui Huan
 Chief Accountant


 Le Chanh Dao
 Deputy General Director
 18 March 2019