

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**SEPARATE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED 31 DECEMBER 2019**

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## DHG PHARMACEUTICAL JOINT STOCK COMPANY

### CORPORATE INFORMATION

<b>Establishment decision</b>	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.	
<b>Business registration certificate</b>	No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City.  The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 02 January 2020 was issued by the Department of Planning and Investment of Can Tho City.	
<b>The Board of Directors</b>	Mr. Nguyen Chi Thanh Ms. Dang Thi Thu Ha Mr. Jun Kuroda Mr. Masashi Nakaura Mr. Maki Kamijo Mr. Doan Dinh Duy Khuong Mr. Phan Minh Tien Mr. Do Le Hung Mdm. Pham Thi Viet Nga Mr. Tran Chi Liem	Chairman (end of term from 11 June 2019) Chairman (appointed on 11 June 2019) Member Member (appointed on 11 June 2019) Member (appointed on 11 June 2019) Member Member Member (appointed on 11 June 2019) Member (end of term from 11 June 2019) Member (end of term from 11 June 2019)
<b>The Board of Management</b>	Mr. Masashi Nakaura Mr. Doan Dinh Duy Khuong Mr. Le Chanh Dao Ms. Nguyen Ngoc Diep Mr. Tomoyuki Kawata	General Director (appointed on 01 Jan 2020) Chief Operating Officer (appointed on 01 Jan 2020) Deputy General Director (retired from 01 Aug 2019) Deputy General Director Deputy General Director
<b>The Board of Supervisory</b>	From 11 June 2019, the Company changed its organizational structure, management and control from the Board of Supervisory model to the Audit Committee model under the Board of Directors.  Mr. Tran Quoc Hung Ms. Nguyen Phuong Thao Mr. Tran Trung Kien	
<b>Audit Committee</b>	Mr. Do Le Hung Ms. Dang Thi Thu Ha Mr. Maki Kamijo	Head (appointed on 11 June 2019) Member (appointed on 11 June 2019) Member (appointed on 11 June 2019)
<b>Legal representative</b>	Mr. Masashi Nakaura	General Director
<b>Head office</b>	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET

Codes	ASSETS	Notes	As at 31.12.2019 VND	As at 31.12.2018 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>3,129,997,224,305</b>	<b>3,140,204,746,425</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>4</b>	<b>66,489,589,298</b>	<b>74,532,884,988</b>
111	Cash		66,489,589,298	74,532,884,988
<b>120</b>	<b>Short-term financial investments</b>	<b>5</b>	<b>1,768,000,000,000</b>	<b>1,454,222,000,000</b>
123	Held-to-maturity investments		1,768,000,000,000	1,454,222,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>560,703,690,735</b>	<b>669,575,679,451</b>
131	Trade receivables	6	510,101,306,774	618,500,755,955
132	Advances to suppliers		42,468,675,491	26,832,297,656
135	Short-term loan receivables	7	434,193,523	3,395,400,976
136	Other short-term receivables	8	62,916,898,593	55,418,939,111
137	Provision for doubtful debts	9	(55,217,383,646)	(34,571,714,247)
<b>140</b>	<b>Inventories</b>	<b>10</b>	<b>725,438,891,568</b>	<b>891,258,048,542</b>
141	Inventories		726,529,994,856	892,072,374,774
149	Provision for devaluation of inventories		(1,091,103,288)	(814,326,232)
<b>150</b>	<b>Other short-term assets</b>		<b>9,365,052,704</b>	<b>50,616,133,444</b>
151	Short-term prepayments	11	2,828,340,389	3,263,710,674
152	Value added tax deductibles		6,536,161,194	32,191,908,956
153	Taxes and other receivables from the State budget	12	551,121	15,160,513,814
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,011,073,522,116</b>	<b>1,055,626,395,175</b>
<b>210</b>	<b>Long-term receivables</b>		<b>459,000,000</b>	<b>1,500,000,000</b>
215	Long-term loans receivable	7	-	1,330,000,000
216	Other long-term receivables		459,000,000	170,000,000
<b>220</b>	<b>Fixed assets</b>		<b>893,209,887,615</b>	<b>964,586,601,565</b>
221	Tangible fixed assets	13	682,757,548,064	729,315,677,578
222	Cost		1,364,963,938,259	1,333,201,404,077
223	Accumulated depreciation		(682,206,390,195)	(603,885,726,499)
227	Intangible fixed assets	14	210,452,339,551	235,270,923,987
228	Cost		247,918,493,964	268,799,316,114
229	Accumulated amortization		(37,466,154,413)	(33,528,392,127)
<b>230</b>	<b>Investment properties</b>	<b>15</b>	<b>15,345,447,332</b>	<b>247,880,293</b>
231	Cost		17,304,956,819	1,249,521,792
232	Accumulated depreciation		(1,959,509,487)	(1,001,641,499)
<b>240</b>	<b>Long-term assets in progress</b>	<b>16</b>	<b>28,927,855,544</b>	<b>14,087,991,804</b>
242	Construction in progress		28,927,855,544	14,087,991,804
<b>250</b>	<b>Long-term financial investments</b>	<b>5</b>	<b>33,252,078,214</b>	<b>34,795,190,535</b>
251	Investments in subsidiary		13,742,460,000	13,742,460,000
252	Investments in associate		3,787,450,000	3,787,450,000
253	Equity investments in other entities		27,908,170,200	27,908,170,200
254	Provision for impairment of long-term financial investments		(12,186,001,986)	(10,642,889,665)
<b>260</b>	<b>Other long-term assets</b>		<b>39,879,253,411</b>	<b>40,408,730,978</b>
261	Long-term prepayments	11	27,575,362,385	30,034,914,000
262	Deferred tax assets	17	12,303,891,026	10,373,816,978
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,141,070,746,421</b>	<b>4,195,831,141,600</b>

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 31.12.2019 VND	As at 31.12.2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>769,256,891,384</b>	<b>1,061,254,177,382</b>
<b>310</b>	<b>Current liabilities</b>		<b>704,889,145,616</b>	<b>1,001,039,537,807</b>
311	Short-term trade payables	18	120,317,315,145	145,540,398,538
312	Short-term advances from customers		16,010,766,057	9,728,206,186
313	Taxes and amounts payable to the State budget	12	30,777,417,928	13,629,440,563
314	Payables to employees		129,610,915,608	179,893,955,715
315	Short-term accrued expenses	19	49,447,741,462	39,992,715,726
318	Unearned revenue	20	29,295,047,003	9,030,131,533
319	Other current payables	21	1,907,128,227	1,963,480,753
320	Short-term loans	22	264,666,851,754	557,901,327,419
322	Bonus and welfare funds	23	62,855,962,432	43,359,881,374
<b>330</b>	<b>Long-term liabilities</b>		<b>64,367,745,768</b>	<b>60,214,639,575</b>
342	Long-term provisions	24	47,943,012,779	39,753,692,402
343	Science and technology development fund	25	16,424,732,989	20,460,947,173
<b>400</b>	<b>EQUITY</b>		<b>3,371,813,855,037</b>	<b>3,134,576,964,218</b>
<b>410</b>	<b>Owner's equity</b>	<b>26</b>	<b>3,371,813,855,037</b>	<b>3,134,576,964,218</b>
411	Owner's contributed capital		1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares carrying voting rights		1,307,460,710,000	1,307,460,710,000
412	Share premium		6,778,948,000	6,778,948,000
418	Investment and development fund		1,392,604,475,464	1,270,235,596,228
421	Retained earnings		664,969,721,573	550,101,709,990
421a	- Retained earnings accumulated to the prior year end		29,758,750,172	140,019,952,072
421b	- Retained earnings of the current year		635,210,971,401	410,081,757,918
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>4,141,070,746,421</b>	<b>4,195,831,141,600</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Masashi Nakaura  
General Director  
22 January 2020

## SEPARATE INCOME STATEMENT

Codes	Notes	For the 3-month period ended		Fiscal year ended		
		31.12.2019	31.12.2018	31.12.2019	31.12.2018	
		VND	VND	VND	VND	
01	Gross revenue from goods sold and services rendered	28	1,444,576,515,061	1,402,161,535,852	4,413,339,495,505	4,548,964,527,659
02	Deductions	28	165,193,104,455	190,749,085,467	517,204,814,394	533,740,019,341
<b>10</b>	<b>Net revenue from goods sold and services rendered</b>	<b>28</b>	<b>1,279,383,410,606</b>	<b>1,211,412,450,385</b>	<b>3,896,134,681,111</b>	<b>4,015,224,508,318</b>
11	Cost of sales	29	716,954,562,415	690,358,484,916	2,183,050,050,314	2,549,766,815,413
20	Gross profit		562,428,848,191	521,053,965,469	1,713,084,630,797	1,465,457,692,905
21	Financial income	30	31,939,948,127	28,519,630,231	122,365,964,020	112,377,963,779
22	Financial expenses	31	24,306,920,453	21,239,404,379	103,417,619,282	99,390,262,922
23	<i>In which: Interest expense</i>		<i>3,040,920,271</i>	<i>6,699,878,711</i>	<i>22,715,202,068</i>	<i>28,523,706,808</i>
25	Selling expenses	32	224,576,225,710	233,197,550,843	686,904,064,027	720,522,758,741
26	General and administrative expenses	32	111,261,619,369	85,030,040,456	329,994,382,520	273,996,100,752
<b>30</b>	<b>Operating profit</b>		<b>234,224,030,786</b>	<b>210,106,600,022</b>	<b>715,134,528,988</b>	<b>483,926,534,269</b>
31	Other income	33	8,183,610,818	7,423,189,318	15,585,035,357	17,639,540,199
32	Other expenses	33	8,444,407,824	669,109,328	13,582,986,346	3,792,382,424
40	Profit from other activities		(260,797,006)	6,754,079,990	2,002,049,011	13,847,157,775
<b>50</b>	<b>Accounting profit before tax</b>		<b>233,963,233,780</b>	<b>216,860,680,012</b>	<b>717,136,577,999</b>	<b>497,773,692,044</b>
51	Current corporate income tax expense	35	27,834,080,999	15,576,440,633	83,855,680,646	54,495,878,629
52	Deferred corporate tax expense	35	340,214,053	1,572,201,495	(1,930,074,048)	1,288,525,722
<b>60</b>	<b>Net profit after corporate income tax</b>		<b>205,788,938,728</b>	<b>199,712,037,884</b>	<b>635,210,971,401</b>	<b>441,989,287,693</b>

Tran Ngoc Hien  
Preparer

Ho Buu Huan  
Chief Accountant

Masashi Nakaura  
General Director  
22 January 2020

SEPARATE CASH FLOW STATEMENT  
(Indirect method)

Codes	Notes	Fiscal year ended	
		31.12.2019 VND	31.12.2018 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	717,136,577,999	497,773,692,044
2. Adjustment 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	(126,383,416,360)	(115,206,116,565)
Loss transferred from subsidiaries	05	-	(522,080,517)
Interest expense	06	22,715,202,068	28,523,706,808
3. Operating profit before movements in working capital	08	<b>732,240,472,448</b>	<b>493,128,238,333</b>
Changes in receivables	09	185,141,845,943	292,129,403,410
Changes in inventories	10	165,542,379,918	(203,486,653,426)
Changes in payables	11	(106,750,737,537)	(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	<b>841,516,035,416</b>	<b>364,106,051,161</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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 earned, dividends and profits received	27	125,536,822,632	81,281,215,034
Net cash used in investing activities	30	<b>(229,467,258,856)</b>	<b>(404,573,045,094)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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	<b>(620,099,653,165)</b>	<b>(304,136,885,581)</b>
Net decrease in cash	50	<b>(8,050,876,605)</b>	<b>(344,603,879,514)</b>
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	<b>66,489,589,298</b>	<b>74,532,884,988</b>

Tran Ngoc Hien  
PreparerHo Buu Huan  
Chief AccountantMasashi Nakaura  
General Director  
22 January 2020

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 31 DECEMBER 2019**

**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 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.

The largest shareholder of the Company is Taisho Pharmaceutical Co., Ltd which owned 51.01% and the State Capital Investment Corporation (“SCIC”) which owned 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, S.R. 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 Company’s principal activities are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and cosmeceuticals.

**The Company’s structure**

As at 31 December 2019 and 31 December 2018, 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
<b>Subsidiary</b>				
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%
<b>Associate</b>				
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 assets for the dissolution of this company. As at the date of these financial statements, the Company is 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.



**1 GENERAL INFORMATION (cont.)****Disclosure of information comparability in the separate financial statements**

The comparative figures on the balance sheet, income statement and cash flow statement are the figures of the audited financial statements for the fiscal year ended 31 December 2018.

**2 ACCOUNTING CONVENTION AND FISCAL 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 fiscal year ended 31 December 2019. Therefore, the Company did not consolidate its investments in subsidiary 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.

**Fiscal year**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of the 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 Board of 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 Board of 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 Board of Management has the positive intent or ability to hold to maturity.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)*****Held-to-maturity investments***

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 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 subsidiary and associate******Investment in subsidiary***

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 associate***

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 subsidiary 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 subsidiary and associate are carried in the separate balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiary and associate are made in accordance with Circular No. 48/2019/TT-BTC dated 08 August 2019 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods, service and construction works at enterprises" effective from 10 October 2019 and applied from the fiscal year 2019.

***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. 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. Receivables 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.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****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 labor 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.

**Leases**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 separate income statement on a straight-line basis over the term of the relevant lease.

**Intangible fixed assets and amortization**

Intangible fixed 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.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****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 separate 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 Board of Management's best estimate of the expenditure required to settle the obligation as at the separate 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 Labor 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 six consecutive months nearest to the date of the financial statements at the end of each fiscal year. The increase or decrease in the accrued amount shall be recorded in the income statement.

**Provision for dismantling and restoration costs**

In accordance with Circular 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.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****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 period of sales of products, goods and services are recorded as deduction of revenue of that period.

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

**Customer loyalty programs**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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 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 profit for the year. Taxable profit 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 periods (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 profit 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 profit 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 realized. 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 profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting of Shareholders.

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****Dividend distribution (cont.)**

Appropriation of the Company's net profit after tax of 2018 was approved by the Board of Directors as follows:

- Dividends declared for 2018: 35% of par value.
- Appropriation to the bonus and welfare fund: 10% of net profit after tax.
- Remuneration payment to the Board of Directors, Board of Supervisory, members of Committees under the Board of Directors and the Board of Directors' secretary: VND 6,000,000,000.
- Remaining net profit after tax was appropriated to the investment and development fund

**4 CASH AND CASH EQUIVALENTS**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
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****(a) Short-term financial investments**

Short-term held-to-maturity investments represent term deposits with original maturity terms more than 3 months to 12 months.

**Held-to-maturity investments**

	<b>31.12.2019</b>		<b>31.12.2018</b>	
	<b>Cost</b>	<b>Book value</b>	<b>Cost</b>	<b>Book value</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Term deposits	1,768,000,000,000	1,768,000,000,000	1,454,222,000,000	1,454,222,000,000

**(b) Long-term financial investments**

	<b>31.12.2019</b>		<b>31.12.2018</b>	
	<b>Cost</b>	<b>Provision</b>	<b>Cost</b>	<b>Provision</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
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>

(\*) Percentages of ownership and voting rights of the Company in subsidiary are presented in Note 1. Detail of investment in subsidiary is as follow:

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Fuji Medic Limited Liability Company	13,742,460,000	13,742,460,000
	<u>13,742,460,000</u>	<u>13,742,460,000</u>

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**5 FINANCIAL INVESTMENTS (cont.)**

**(b) Long-term financial investments (cont.)**

(\*\*) Percentages of ownership and voting rights of the Company in associate are presented in Note 1. Detail of investment in the associate is as follow:

	<b>31.12.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Vinh Hao Algae Processing Joint Stock Company	<u>3,787,450,000</u>	<u>3,787,450,000</u>

(\*\*\*) Equity investments in other entities:

	<b>31.12.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie 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>

(\*) Formerly Becamex Pharmaceutical Joint Stock Company

Provision balance as at 31 December 2019 and 31 December 2018 represents the provision for impairment of the long-term investment in Fuji Medic Limited Liability Company, ATP Packaging Joint Stock Company and Vinh Hao Algae Processing Joint Stock Company. Details are as follows:

	<b>31.12.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
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 Joint Stock Company	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**

	<b>31.12.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Receivables from related parties (Note 37)	1,619,576,532	-
Receivables from third parties	<u>508,481,730,242</u>	<u>618,500,755,955</u>
	<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 receivables.



**7 LOAN RECEIVABLES**

<b>Short-term loan receivables</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Loan receivables from customers	434,193,523	3,395,400,976
	<u>434,193,523</u>	<u>3,395,400,976</u>
<b>Long-term loan receivables</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Loan receivables from customers	-	1,330,000,000
	<u>-</u>	<u>1,330,000,000</u>

**8 OTHER SHORT-TERM RECEIVABLES**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Accruals of interest income	39,427,941,088	46,074,305,205
Receivable 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>

**9 BAD DEBTS**

	<b>31.12.2019</b>		
	<b>Cost</b>	<b>Recoverable</b>	<b>Provision</b>
	<b>VND</b>	<b>amount</b>	<b>VND</b>
		<b>VND</b>	<b>VND</b>
Total amount of receivables and loan receivables past due or not past due but impaired	150,144,912,078	94,927,528,432	(55,217,383,646)
	<u>150,144,912,078</u>	<u>94,927,528,432</u>	<u>(55,217,383,646)</u>
	<b>31.12.2018</b>		
	<b>Cost</b>	<b>Recoverable</b>	<b>Provision</b>
	<b>VND</b>	<b>amount</b>	<b>VND</b>
		<b>VND</b>	<b>VND</b>
Total amount of receivables and loan receivables past due or not past due but impaired	205,852,717,492	171,281,003,245	(34,571,714,247)
	<u>205,852,717,492</u>	<u>171,281,003,245</u>	<u>(34,571,714,247)</u>

As at 31 December 2019 and 31 December 2018, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	<b>Fiscal year</b>	<b>Fiscal year</b>
	<b>ended</b>	<b>ended</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	34,571,714,247	19,797,719,098
Additional provision in the period/year	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>

## 10 INVENTORIES

	31.12.2019		31.12.2018	
	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 inventories during the period/year were as follows:

	Fiscal year ended 31.12.2019 VND	Fiscal year ended 31.12.2018 VND
Opening balance	814,326,232	3,328,368,066
Additional provision in the period/year	276,777,056	-
Utilisation of provisions in the period/year	-	(1,294,938,769)
Reversal in the period/year	-	(1,219,103,065)
Closing balance	<u>1,091,103,288</u>	<u>814,326,232</u>

The provision for devaluation of inventories was made for inventories of which costs were higher than net realizable value.

As at 31 December 2019 and 31 December 2018, the Company did not have any slow moving, damaged or sub-standard inventories.

## 11 PREPAYMENTS

**Short-term prepayments**

	31.12.2019 VND	31.12.2018 VND
Prepayment related to operating lease	679,023,036	101,800,010
Others	2,149,317,353	3,161,910,664
	<u>2,828,340,389</u>	<u>3,263,710,674</u>

Prepayments are allocated within 12 months since the time of prepayment.

**Long-term prepayments**

	31.12.2019 VND	31.12.2018 VND
Prepaid land rental	10,022,421,258	10,367,868,894
Tools and supplies	8,756,525,105	11,828,145,326
Leasehold improvement	-	47,927,928
Others	8,796,416,022	7,790,971,852
	<u>27,575,362,385</u>	<u>30,034,914,000</u>

## 11 PREPAYMENTS (cont.)

Prepayments are allocated in a period of more than 12 months since the time of prepayment.

Movements in long-term prepayments were as follows:

	Fiscal year ended 31.12.2019 VND	Fiscal year ended 31.12.2018 VND
Opening balance	30,034,914,000	25,968,452,669
Increase	12,687,711,066	12,694,541,439
Transferred from subsidiaries	-	4,297,359,154
Allocation in the period/year	(15,123,577,014)	(12,939,859,048)
Reclassifications of opening balance	(23,685,667)	14,419,786
Closing balance	<u>27,575,362,385</u>	<u>30,034,914,000</u>

## 12 TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable during the period/year VND	Refund/ Other decreases during the period/year VND	Paid during the period/year VND	Closing balance VND
<b>Receivables</b>					
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
Corporate income tax	10,504,843,481	(76,616,037,076)	129,039,584	65,982,154,011	-
Land rental fee, land use tax	15,682,319	(15,682,319)	-	-	-
	<u>15,160,513,814</u>	<u>(136,003,518,652)</u>	<u>3,511,486,323</u>	<u>117,332,069,636</u>	<u>551,121</u>
<b>Payables</b>					
Output value added tax	13,499,506,643	65,020,298,958	-	(63,865,937,222)	14,653,868,379
Corporate income tax	-	7,239,643,570	-	-	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, land use tax	-	5,536,202,671	-	(5,518,840,879)	17,361,792
Other taxes	-	615,857,682	-	(615,857,682)	-
	<u>13,629,440,563</u>	<u>125,412,763,987</u>	<u>-</u>	<u>(108,264,786,622)</u>	<u>30,777,417,928</u>

## 13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
As at 01 January 2019	523,308,829,235	579,265,383,302	160,671,502,625	69,955,688,915	1,333,201,404,077
Additions in the period/year	-	985,000,000	-	34,900,000	1,019,900,000
Transfer from construction in progress (Note 16)	4,387,764,915	28,733,020,749	4,842,452,274	2,784,324,310	40,747,562,248
Transfer from investment properties (Note 15)	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)
Written-off	-	-	-	(62,789,273)	(62,789,273)
As at 31 December 2019	<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>
<b>Accumulated depreciation</b>					
As at 01 January 2019	182,276,573,936	261,752,989,050	100,416,305,688	59,439,857,825	603,885,726,499
Charge for the period/ year	29,010,129,476	44,835,948,778	10,778,150,258	3,618,075,859	88,242,304,371
Transfer from investment properties (Note 15)	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)
Written-off	-	-	-	(62,789,273)	(62,789,273)
As at 31 December 2019	<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>
<b>Net book value</b>					
As at 01 January 2019	<u>341,032,255,299</u>	<u>317,512,394,252</u>	<u>60,255,196,937</u>	<u>10,515,831,090</u>	<u>729,315,677,578</u>
As at 31 December 2019	<u>316,348,825,599</u>	<u>302,372,243,971</u>	<u>54,319,498,953</u>	<u>9,716,979,541</u>	<u>682,757,548,064</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.

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**14 INTANGIBLE FIXED ASSETS**

	<b>Land use rights with indefinite term VND</b>	<b>Land use rights with definite term VND</b>	<b>Computer software VND</b>	<b>Total VND</b>
<b>Cost</b>				
As at 01 January 2019	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 properties (Note 15)	(2,431,128,400)	(17,072,889,750)	-	(19,504,018,150)
Disposals	(1,376,804,000)	-	-	(1,376,804,000)
As at 31 December 2019	<u>89,790,627,646</u>	<u>141,958,345,513</u>	<u>16,169,520,805</u>	<u>247,918,493,964</u>
<b>Accumulated amortization</b>				
As at 01 January 2019	-	22,026,708,192	11,501,683,935	33,528,392,127
Charge for the period/year	-	3,153,725,586	2,338,734,876	5,492,460,462
Transfer to investment properties (Note 15)	-	(1,554,698,176)	-	(1,554,698,176)
As at 31 December 2019	<u>-</u>	<u>23,625,735,602</u>	<u>13,840,418,811</u>	<u>37,466,154,413</u>
<b>Net book value</b>				
As at 01 January 2019	<u>95,158,560,046</u>	<u>135,444,527,071</u>	<u>4,667,836,870</u>	<u>235,270,923,987</u>
As at 31 December 2019	<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 and 31 December 2018, the cost of intangible fixed assets included VND 6,007,417,805 of assets which were fully amortized but are still in use.

**15 INVESTMENT PROPERTIES**

	<b>Buildings VND</b>
<b>Cost</b>	
As at 01 January 2019	1,249,521,792
Transferred from intangible fixed assets (Note 14)	19,504,018,150
Transferred to tangible fixed assets (Note 13)	(267,073,636)
Disposals	(3,181,509,487)
As at 31 December 2019	<u>17,304,956,819</u>
<b>Accumulated depreciation</b>	
As at 01 January 2019	1,001,641,499
Charge for the period/ year	220,672,312
Transferred from intangible fixed assets (Note 14)	1,554,698,176
Transferred to tangible fixed assets (Note 13)	(267,073,636)
Disposals	(550,428,864)
As at 31 December 2019	<u>1,959,509,487</u>
<b>Net book value</b>	
As at 01 January 2019	<u>247,880,293</u>
As at 31 December 2019	<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.

Fair value of the Company's investment properties as at 31 December 2019 is VND 36,262,694,400, as determined by Century Valuation 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. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

**16 LONG-TERM ASSETS IN PROGRESS**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Construction of effervescent tablets plant stage 2	-	83,100,000
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	11,773,591,495	11,746,318,768
Construction of Gia Lai branch office	623,948,774	623,948,774
REB product project	858,768,402	-
CTP product project	202,029,350	202,029,350
BUD product project	1,293,522,895	1,143,281,604
Raw materials for testing new machines	719,784,577	144,235,771
Renovating and repairing warehouses	320,925,000	145,077,537
Purchasing new machines	11,882,568,506	-
GX project	111,034,727	-
Renovating offices	1,141,681,818	-
	<u>28,927,855,544</u>	<u>14,087,991,804</u>

**Movements of construction in progress in the period/year:**

	<b>Fiscal year</b>	<b>Fiscal year</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
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	-	(2,696,709,627)
Transfer to prepayments	(244,300,000)	(2,283,909,837)
Transfer to expenses in the period/year	(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**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences of provisions	61,519,455,130	51,869,084,890
Deferred tax assets	<u>12,303,891,026</u>	<u>10,373,816,978</u>

Movements of deferred tax assets in the period/year were as follows:

	<b>Fiscal year</b>	<b>Fiscal year</b>
	<b>ended</b>	<b>ended</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
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

	31.12.2019		31.12.2018	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Third parties (*)	120,317,315,145	120,317,315,145	145,540,398,538	145,540,398,538
	<u>120,317,315,145</u>	<u>120,317,315,145</u>	<u>145,540,398,538</u>	<u>145,540,398,538</u>

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

	31.12.2019 VND	31.12.2018 VND
Apc Pharmaceuticals and Chemical Limited	15,665,540,764	5,470,145,212
Centrient Pharmaceuticals India Private Limited	13,322,405,000	-
Roquette Freres	1,789,778,580	15,258,076,053
DSM Sinochem Pharmaceuticals India Pvt Ltd	-	18,987,080,000
DSM Sinochem Pharmaceuticals Spain S.A	7,205,946,000	20,246,688,000

As at 31 December 2019 and 31 December 2018, there was no balance of short-term trade payables that were past due.

## 19 SHORT-TERM ACCRUED EXPENSES

	31.12.2019 VND	31.12.2018 VND
Interest payable	327,951,231	471,120,010
Selling expenses	6,557,465,332	6,648,030,365
Other accruals	42,562,324,899	32,873,565,351
	<u>49,447,741,462</u>	<u>39,992,715,726</u>

## 20 SHORT-TERM UNEARNED REVENUE

	31.12.2019 VND	31.12.2018 VND
Unearned revenue from customer loyalty programs (Note 3)	29,295,047,003	9,030,131,533

## 21 OTHER SHORT-TERM PAYABLES

	31.12.2019 VND	31.12.2018 VND
Union fee	578,813,579	605,764,697
Others	1,328,314,648	1,357,716,056
	<u>1,907,128,227</u>	<u>1,963,480,753</u>

## 22 SHORT-TERM LOANS

	31.12.2019		31.12.2018	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	264,666,851,754	264,666,851,754	557,901,327,419	557,901,327,419
	<u>264,666,851,754</u>	<u>264,666,851,754</u>	<u>557,901,327,419</u>	<u>557,901,327,419</u>

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

	As at 01.01.2019 VND	Increases VND	Decreases VND	As at 31.12.2019 VND
Loans from banks (*)	557,901,327,419	1,916,023,391,699	(2,209,257,867,364)	264,666,851,754
	<u>557,901,327,419</u>	<u>1,916,023,391,699</u>	<u>(2,209,257,867,364)</u>	<u>264,666,851,754</u>

(\*) These loans bear interests at the rates ranging from 0.4% to 0.72% per month (in 2018: from 0.23% to 0.69% per month).

As at 31 December 2019 and 31 December 2018, there was no short-term loan that was past due.

## 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 the Board of Directors in accordance with the Company's AGM Resolution.

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

	Bonus and welfare fund VND	Bonus fund for the Board of Directors 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 in the period/year	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**

	<b>Provision for dismantling and restoration cost VND</b>	<b>Severance allowance VND</b>	<b>Total VND</b>
Opening balance	15,535,236,761	24,218,455,641	39,753,692,402
Additional provision for the period/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 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS**

In accordance with Circular No. 12/2016/TTLT-BKHCHN-BTC dated 28 June 2016, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are utilized when disbursement is paid for research and development activities.

Movements of science and technology development funds during the period/year were as follows:

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

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

26 OWNER'S EQUITY

Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
<b>Balance as at 01 January 2018</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,077,345,255,193</b>	<b>437,893,650,006</b>	<b>2,829,478,563,199</b>
Net profit for the year	-	-	-	441,989,287,693	441,989,287,693
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)
Third interim dividends for 2017 at 5%	-	-	-	(65,373,035,500)	(65,373,035,500)
First interim dividends for 2018 at 10%	-	-	-	(130,746,071,000)	(130,746,071,000)
Fund distribution	-	-	157,918,391,319	(157,918,391,319)	-
Appropriation to bonus and welfare funds	-	-	-	(61,795,178,258)	(61,795,178,258)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Balance as at 31 December 2018</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,270,235,596,228</b>	<b>550,101,709,990</b>	<b>3,134,576,964,218</b>
Net profit for the period/year	-	-	-	635,210,971,401	635,210,971,401
Second and third interim dividends 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 funds	-	-	-	(65,108,903,082)	(65,108,903,082)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Balance as at 31 December 2019</b>	<b>1,307,460,710,000</b>	<b>6,778,948,000</b>	<b>1,392,604,475,464</b>	<b>664,969,721,573</b>	<b>3,371,813,855,037</b>

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

**26 OWNER'S EQUITY (cont.)****Charter capital**

	31.12.2019		31.12.2018	
	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

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 General Meeting of Shareholders No.001/2019/NQ.ĐHĐCĐ dated 11 June 2019, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2018 at 35% in cash, equivalent to VND 457,611,248,500.

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

**27 OFF BALANCE SHEET ITEMS****Foreign currencies**

Cash and cash equivalents included following foreign currencies:

	31.12.2019 VND	31.12.2018 VND
United states Dollar (USD)	276,537	215,886
Euros (EUR)	32,087	34,833
Yen (JPY)	32,879	-

**28 REVENUE**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
<b>Sales</b>				
Sales of finished goods	1,202,152,815,955	1,150,399,947,812	3,788,505,284,333	3,055,558,168,081
Sales of merchandise	238,841,832,320	251,091,379,436	619,260,064,265	1,475,585,153,139
Leasing, distribution and sales of cheap commodities	3,581,866,786	670,208,604	5,574,146,907	17,821,206,439
	<u>1,444,576,515,061</u>	<u>1,402,161,535,852</u>	<u>4,413,339,495,505</u>	<u>4,548,964,527,659</u>
<b>Deductions</b>				
Sales discount	164,252,720,696	188,378,448,929	511,544,456,173	526,016,862,125
Sales return	940,383,759	2,370,636,538	5,660,358,221	7,723,157,216
	<u>165,193,104,455</u>	<u>190,749,085,467</u>	<u>517,204,814,394</u>	<u>533,740,019,341</u>
<b>Net sales</b>	<u>1,279,383,410,606</u>	<u>1,211,412,450,385</u>	<u>3,896,134,681,111</u>	<u>4,015,224,508,318</u>
				-
<b>In which:</b>				
Sales of finished goods	1,037,557,420,382	960,869,290,300	3,275,187,421,488	2,637,282,316,462
Sales of merchandise	238,244,123,438	249,872,951,481	615,373,112,716	1,360,120,985,417
Leasing, distribution and sales of cheap commodities	3,581,866,786	670,208,604	5,574,146,907	17,821,206,439

Goods in transit's revenue has not been recognized as at 31 December 2019: VND 6,909,422,690 (as at 31 December 2018: VND 5,648,961,599).

**29 COST OF SALES**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Cost of finished goods sold	482,904,781,102	443,494,424,220	1,585,905,697,980	1,340,663,553,455
Cost of merchandise sold	231,381,910,913	247,105,750,035	594,174,991,925	1,209,697,266,769
Cost of leasing, disposals	2,644,119,773	30,423,225	2,692,583,353	625,098,254
Provision/ (Reversal of provision) for devaluation of inventory	23,750,627	(272,112,564)	276,777,056	(1,219,103,065)
	<u>716,954,562,415</u>	<u>690,358,484,916</u>	<u>2,183,050,050,314</u>	<u>2,549,766,815,413</u>

**30 FINANCIAL INCOME**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Interest income	31,190,229,493	26,110,994,313	118,122,454,471	99,928,254,959
Dividends and profits earned	-	119,328,000	768,004,044	7,637,062,785
Foreign exchange gain	749,718,634	1,244,834,106	3,462,374,517	3,156,434,734
Loan interest income from subsidiaries	-	-	-	611,635,740
Profit transferred from liquidated subsidiaries	-	1,044,473,812	-	1,044,575,561
Other financial income	-	-	13,130,988	-
	<u>31,939,948,127</u>	<u>28,519,630,231</u>	<u>122,365,964,020</u>	<u>112,377,963,779</u>

**31 FINANCIAL EXPENSES**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Interest expenses	3,040,920,271	6,699,878,711	22,715,202,068	28,523,706,808
Foreign exchange losses	1,102,167,909	1,238,474,562	5,596,686,129	7,243,729,759
Settlement discount	22,791,737,644	19,812,694,336	73,484,194,144	69,842,798,852
Provision for impairment of long-term financial investments	(2,628,079,854)	(6,893,694,789)	1,543,112,321	(6,855,576,482)
Loss from liquidated subsidiaries	-	382,042,905	-	522,495,044
Other financial expenses	174,483	8,654	78,424,620	113,108,941
	<u>24,306,920,453</u>	<u>21,239,404,379</u>	<u>103,417,619,282</u>	<u>99,390,262,922</u>

**32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES****Selling expenses**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Staff cost	97,203,571,982	117,965,349,399	348,602,477,455	372,348,444,724
Advertising expenses	61,394,118,826	44,926,886,536	115,787,256,759	131,526,936,415
Others	65,978,534,902	70,305,314,908	222,514,329,813	216,647,377,602
	<u>224,576,225,710</u>	<u>233,197,550,843</u>	<u>686,904,064,027</u>	<u>720,522,758,741</u>

**32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES (cont.)****General & administrative expenses**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Staff cost	69,492,405,022	63,877,037,377	231,765,264,523	196,662,029,067
Others	41,769,214,347	21,153,003,079	98,229,117,997	77,334,071,685
	<u>111,261,619,369</u>	<u>85,030,040,456</u>	<u>329,994,382,520</u>	<u>273,996,100,752</u>

**33 OTHER INCOME AND EXPENSES****Other income**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Gain from disposals of fixed assets and other long-term assets	6,189,903,952	2,804,911,504	7,074,356,649	6,960,017,626
Income from transferring product manufacturing technology	-	1,295,959,553	-	1,295,959,553
Others	1,993,706,866	3,322,318,261	8,510,678,708	9,383,563,020
	<u>8,183,610,818</u>	<u>7,423,189,318</u>	<u>15,585,035,357</u>	<u>17,639,540,199</u>

**Other expenses**

	For the 3-month period ended		Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND	31.12.2019 VND	31.12.2018 VND
Depreciation expense	122,605,526	174,456,165	654,166,995	658,525,395
Others	8,321,802,298	494,653,163	12,928,819,351	3,133,857,029
	<u>8,444,407,824</u>	<u>669,109,328</u>	<u>13,582,986,346</u>	<u>3,792,382,424</u>

**34 PRODUCTION AND OPERATION COSTS BY NATURE**

	Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND
Raw materials and consumables	1,926,619,360,155	2,423,922,012,553
Staff cost	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>

## 35 CURRENT AND DEFERRED CORPORATE INCOME TAX

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

	Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND
Accounting 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:		
Expenses not deductible for tax purposes	12,086,783,085	3,446,657,365
Under provision of tax in prior year	-	1,745,455
Non-assessable income	(153,600,809)	(1,736,327,669)
Corporate income tax incentives at branches	(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 after adjustment	83,855,680,646	54,495,878,629

Since 01 April 2018, DHG Pharmaceutical One Member Limited Company (DHG Pharma Ltd.) and DHG Packaging and Printing 1 One Member Limited Company (DHG PP1) have been merged into the Company and still have the following preferential tax rates:

Pursuant to the investment certificate, DHG PP1 is obliged to pay corporate income tax (CIT) at the rate of 10% of taxable income from 2014 to 2028. Under terms in investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and 50% tax reduction from 2018 to 2026.

Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. is obliged to pay CIT at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma Ltd. is entitled to the CIT exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma Ltd. has registered to apply the above tax incentives effective from the fiscal year 2015.

Movements in deferred corporate tax income/(expense) during the period/year were as follows:

	Fiscal year ended	
	31.12.2019 VND	31.12.2018 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)

## 36 COMMITMENTS

## a) Operating lease commitment

	Fiscal year ended	
	31.12.2019	31.12.2018
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period	5,323,267,288	5,466,649,543

At the balance sheet date, the Company had outstanding commitments under noncancellable operating leases as follows:

	31.12.2019	31.12.2018
	VND	VND
Within one year	5,422,028,378	5,422,028,378
In the first 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>

## a) Capital commitment

Capital expenditure contracted for at the balance sheet date was as follows:

	31.12.2019	31.12.2018
	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>

## 37 TRANSACTIONS WITH RELATED PARTIES

Related partiesRelationship

DHG Travel One Member Limited Company (*)	Subsidiary
Song Hau Pharmaceutical One Member Limited Company (*)	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
State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd	Major shareholder
Hoe Pharmaceuticals Sdn.Bhd	Subsidiary of Taisho

(\*) Subsidiaries that were liquidated in 2018

(\*\*) Subsidiaries that were merged in 2018

During the period/year, the following transactions were carried out with related parties:

	Fiscal year ended	
	31.12.2019	31.12.2018
	VND	VND
<b>Sales of goods and services</b>		
DHG Packaging and Printing 1 One Member Limited Company	-	183,541,022
Song Hau Pharmaceutical One Member Limited Company	-	31,548,452,771
DHG Pharmaceutical One Member Limited Company	-	155,719,582,755
Fuji Medic Limited Liability Company	-	21,790,909
Hoe Pharmaceuticals Sdn.Bhd	3,356,406,686	-
	<u>3,356,406,686</u>	<u>187,473,367,457</u>

## 37 TRANSACTIONS WITH RELATED PARTIES (cont.)

	Fiscal year ended	
	31.12.2019 VND	31.12.2018 VND
<b>Purchases of goods and services</b>		
DHG Packaging and Printing 1 One Member Limited Company	-	10,932,029,742
DHG Pharmaceutical One Member Limited Company	-	437,669,886,011
Fuji Medic Limited Liability Company	-	1,873,034,000
Vinh Hao Algae Processing Joint Stock Company	2,633,183,600	650,406,800
	<u>2,633,183,600</u>	<u>451,125,356,553</u>
<b>Loan interest income</b>		
DHG Packaging and Printing 1 One Member Limited Company	-	355,246,388
DHG Pharmaceutical One Member Limited Company	-	256,389,352
	<u>-</u>	<u>611,635,740</u>
<b>Purchases of fixed assets, tools</b>		
Song Hau Pharmaceutical One Member Limited Company	-	6,810,351,793
Fuji Medic Limited Liability Company	103,476,764	-
	<u>103,476,764</u>	<u>6,810,351,793</u>
<b>Dividend income</b>		
Song Hau Pharmaceutical One Member Limited Company	-	7,313,721,705
	<u>-</u>	<u>7,313,721,705</u>
<b>Profit transferred from subsidiary</b>		
Song Hau Pharmaceutical One Member Limited Company	-	1,044,473,812
	<u>-</u>	<u>1,044,473,812</u>
<b>Loss transferred from subsidiaries</b>		
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>
<b>Withdrawal of investment capital</b>		
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>
<b>Support for products development received</b>		
Taisho Pharmaceutical Co., Ltd	1,026,346,453	-
	<u>1,026,346,453</u>	<u>-</u>



## 37 TRANSACTIONS WITH RELATED PARTIES (cont.)

	<b>Fiscal year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
<b>Dividends paid</b>		
SCIC	141,565,592,500	169,878,711,000
Taisho Pharmaceutical Co., Ltd.	124,870,698,000	96,518,288,000

Remuneration paid to the Board of Directors and the Board of Management during the period/year was as follows:

	<b>Fiscal year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Salaries and other benefits	22,310,288,363	21,158,862,663

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

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
<b>Trade receivables</b>		
Hoe Pharmaceuticals Sdn.Bhd	1,619,576,532	-
	1,619,576,532	-

## 38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

## (a) Non-cash transactions affecting the cash flow statement

	<b>Fiscal year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Appropriation to reserves from profit	193,477,782,318	225,713,569,577
Transfers from construction in progress to tangible fixed assets	40,747,562,248	29,103,115,838
Transfers from construction in progress to intangible fixed assets	-	2,696,709,627
Transfers from construction in progress to prepayments	244,300,000	2,283,909,837
Transfers from investment properties to tangible fixed assets	-	94,808,705
Offset payables when receiving dividends and interest income	-	611,737,489
Offset payables when collecting 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 income	39,427,941,088	46,074,305,205

## 38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (cont.)

## (b) Proceeds from borrowings

	<u>Fiscal year ended</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	VND	VND
Proceeds from borrowings under normal contracts	1,916,023,391,699	2,851,557,133,423

## (c) Repayment of borrowings

	<u>Fiscal year ended</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	VND	VND
Repayment of borrowings under normal contracts	2,209,257,867,364	2,763,455,806,004

\_\_\_\_\_  
Tran Ngoc Hien  
Preparer

\_\_\_\_\_  
Ho Buu Huan  
Chief Accountant

\_\_\_\_\_  
Masashi Nakaura  
General Director  
22 January 2020