

DHG PHARMACEUTICAL JOINT STOCK COMPANY

**INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2018**

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

Establishment decision	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.	
Business registration certificate	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 17 August 2018 was issued by the Department of Planning and Investment of Can Tho City.	
The Board of Directors	Mr. Nguyen Chi Thanh Mdm. Pham Thi Viet Nga Mr. Doan Dinh Duy Khuong Mr. Tran Chi Liem Mr. Jun Kuroda Mrs. Dang Thi Thu Ha Mr. Phan Minh Tien	Chairman Member Member Member Member Member Member (appointed on 28 March 2018)
The Board of Management	Mr. Doan Dinh Duy Khuong Mr. Le Chanh Dao Mrs. Nguyen Ngoc Diep Mr. Tomoyuki Kawata	Acting General Director Deputy General Director Deputy General Director Deputy General Director
The Board of Supervisory	Mr. Tran Quoc Hung Ms. Nguyen Phuong Thao Mr. Tran Trung Kien	Head Member Member (appointed on 28 March 2018)
Legal representative	Mr. Doan Dinh Duy Khuong	Acting General Director
Head office	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

INTERIM SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 30.09.2018	As at 31.12.2017
			VND	VND
100	CURRENT ASSETS		3,000,967,612,326	2,987,836,507,239
110	Cash and cash equivalents	4	58,093,750,452	419,183,311,635
111	Cash		58,093,750,452	53,683,311,635
112	Cash equivalents		-	365,500,000,000
120	Short-term investments	5	1,472,000,000,000	805,500,000,000
123	Held-to-maturity investments		1,472,000,000,000	805,500,000,000
130	Short-term receivables		554,071,533,960	1,161,768,508,380
131	Trade receivables	6	503,020,439,436	717,739,160,468
132	Advances to suppliers		33,646,776,710	15,772,357,928
135	Short-term loan receivables	7	5,095,408,528	16,239,970,057
136	Other short-term receivables	8	46,632,306,370	431,814,739,025
137	Provision for doubtful debts	9	(34,323,397,084)	(19,797,719,098)
140	Inventories	10	870,593,860,781	583,730,974,911
141	Inventories		871,680,299,577	587,059,342,977
149	Provision for devaluation of inventories		(1,086,438,796)	(3,328,368,066)
150	Other current assets		46,208,467,133	17,653,712,313
151	Short-term prepayments	11	6,716,076,861	2,814,096,207
152	Value added tax deductibles		36,564,490,097	7,679,352,910
153	Taxes and other receivables from the State budget	12	2,927,900,175	7,160,263,196
200	Non-current assets		1,734,162,275,660	1,239,539,429,458
210	Long-term receivables		2,840,227,813	51,986,957,800
215	Long-term loans receivable	7	2,670,227,813	51,986,957,800
216	Other long-term receivables		170,000,000	-
220	Fixed assets		982,607,204,410	454,084,914,097
221	Tangible fixed assets	13	745,918,834,147	267,649,115,014
222	Cost		1,339,696,008,592	667,403,079,048
223	Accumulated depreciation		(593,777,174,445)	(399,753,964,034)
227	Intangible fixed assets	14	236,688,370,263	186,435,799,083
228	Cost		268,799,316,114	210,442,791,877
229	Accumulated amortization		(32,110,945,851)	(24,006,992,794)
230	Investment properties	15	262,662,583	401,818,158
231	Cost		1,249,521,792	1,671,878,867
232	Accumulated depreciation		(986,859,209)	(1,270,060,709)
240	Long-term assets in progress	16	35,100,296,897	17,391,628,650
242	Construction in progress		35,100,296,897	17,391,628,650
250	Long-term financial investments	5	675,051,495,746	679,929,614,053
251	Investments in subsidiaries		660,892,460,000	665,732,460,000
252	Investments in associates		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		(17,536,584,454)	(17,498,466,147)
260	Other non-current assets		38,300,388,211	35,744,496,700
261	Long-term prepayments	11	26,765,894,588	25,968,452,669
262	Deferred tax assets	17	11,534,493,623	9,776,044,031
270	TOTAL ASSETS		4,735,129,887,986	4,227,375,936,697

INTERIM SEPARATE BALANCE SHEET (cont.)

Code	RESOURCES	Note	As at 30.09.2018 VND	As at 31.12.2017 VND
300	LIABILITIES		1,812,850,329,936	1,397,897,373,498
310	Short-term liabilities		1,751,144,449,358	1,344,651,927,458
311	Short-term trade payables	18	188,864,451,455	381,025,726,936
312	Short-term advances from customers		14,375,737,197	10,577,917,817
313	Taxes and amounts payable to the State budget	12	22,500,596,943	18,707,803,364
314	Payables to employees		111,535,805,182	136,722,141,109
315	Short-term accrued expenses	19	28,024,660,917	49,433,190,823
318	Short-term unearned revenue	20	39,549,285,192	9,218,195,665
319	Other short-term payables	21	673,038,264,861	208,049,690,196
320	Short-term loans	22	606,324,431,126	469,800,000,000
322	Bonus and welfare funds	23	66,931,216,485	61,117,261,548
330	Long-term liabilities		61,705,880,578	53,245,446,040
342	Long-term provisions	24	40,135,883,661	31,381,754,006
343	Science and technology development funds	25	21,569,996,917	21,863,692,034
400	Equity		2,922,279,558,050	2,829,478,563,199
410	Owners' equity	26	2,922,279,558,050	2,829,478,563,199
411	Owners' capital		1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares with voting rights		1,307,460,710,000	1,307,460,710,000
412	Capital surplus		6,778,948,000	6,778,948,000
418	Investment and development fund		1,235,263,646,512	1,077,345,255,193
421	Undistributed earnings		372,776,253,538	437,893,650,006
	- Undistributed post-tax profits			
421a	accumulated to the prior year end		146,807,044,929	(24,456,194,565)
421b	- Post-tax profit of current year		225,969,208,609	462,349,844,571
440	TOTAL RESOURCES		4,735,129,887,986	4,227,375,936,697

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Doan Dinh Duy Khuong
Acting General Director
18 October 2018

INTERIM SEPARATE INCOME STATEMENT

Code	Note	For the 3-month period ended		For the 9-month period ended	
		30.09.2018 VND	30.09.2017 VND	30.09.2018 VND	30.09.2017 VND
01	Gross revenue from goods sold and services rendered	946,301,605,921	1,116,138,847,917	3,146,802,991,807	3,391,089,098,274
02	Deductions	118,753,547,461	106,913,495,869	342,990,933,874	277,015,092,424
10	Net revenue from goods sold and services rendered	28 827,548,058,460	1,009,225,352,048	2,803,812,057,933	3,114,074,005,850
11	Cost of sales	29 447,040,473,611	803,737,573,576	1,859,408,330,497	2,487,155,047,699
20	Gross profit	380,507,584,849	205,487,778,472	944,403,727,436	626,918,958,151
21	Financial income	30 28,580,665,686	24,711,807,931	83,858,333,548	670,559,795,808
22	Financial expenses	31 25,241,346,728	24,097,397,293	78,150,858,543	68,179,039,459
23	<i>In which: Interest expense</i>	6,848,467,518	8,007,611,708	21,823,828,097	18,659,870,464
25	Selling expenses	32 165,155,713,848	191,716,433,981	487,325,207,898	479,977,902,800
26	General and administrative expenses	32 69,769,859,313	60,139,041,966	188,966,060,296	212,011,715,786
30	Operating profit	148,921,330,646	(45,753,286,837)	273,819,934,247	537,310,095,914
31	Other income	33 3,616,096,706	2,239,064,749	10,216,350,881	4,704,663,091
32	Other expenses	33 1,453,896,238	417,808,610	3,123,273,096	2,280,989,748
40	Profit from other activities	2,162,200,468	1,821,256,139	7,093,077,785	2,423,673,343
50	Accounting profit before tax	151,083,531,114	(43,932,030,698)	280,913,012,032	539,733,769,257
51	Current corporate income tax expense	35 12,683,197,747	835,440,749	38,919,437,996	3,128,488,698
52	Deferred corporate tax expenses	(138,087,023)	(11,526,171)	(283,675,773)	(669,718,443)
60	Net profit after tax	138,538,420,390	(44,755,945,276)	242,277,249,809	537,274,999,002

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Doan Dinh Duy Khuong
Acting General Director
18 October 2018

INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Fiscal period ended	
		30.09.2018 VND	30.09.2017 VND
Cash flows from operating activities			
01		280,913,012,032	539,733,769,257
Adjustments for:			
02		55,454,243,997	37,389,131,247
03		12,018,309,405	14,179,038,384
04		167,048,296	-
05		(86,162,337,293)	(666,015,903,537)
05		140,350,390	-
06	31	21,823,828,097	18,659,870,464
07		-	8,705,231,445
08		284,354,454,924	(47,348,862,740)
09		396,833,574,093	82,142,695,210
10		(182,302,642,031)	41,867,265,813
11		(39,917,706,975)	321,225,388,899
12		4,869,845,094	(8,369,022,875)
14		(21,940,387,577)	(18,873,128,498)
15		(46,378,834,402)	(5,052,181,819)
16		-	1,600,000,000
17		(61,470,734,362)	(67,067,057,267)
20		334,047,568,764	300,125,096,723
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(31,843,769,624)	(30,971,393,024)
22		7,071,090,910	32,967,697,377
23		(2,101,872,583,232)	(879,154,972,741)
24		1,620,130,304,650	992,182,704,558
25		(160,000,000)	(18,440,000,000)
26		-	5,000,000,000
27		67,225,765,987	85,632,321,472
30		(439,449,191,309)	187,216,357,642
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	-
33		2,169,939,831,596	1,891,013,007,337
34		(2,033,415,400,470)	(1,723,778,435,800)
36		(392,238,213,000)	(305,075,155,000)
40		(255,713,781,874)	(137,840,583,463)
50		(361,115,404,419)	349,500,870,902
Cash and cash equivalents at the beginning of the year			
60	4	419,183,311,635	310,837,861,290
61		25,843,236	-
70	4	58,093,750,452	660,338,732,192

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Doan Dinh Duy Khuong
Acting General Director
18 October 2018

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2018**
1 GENERAL INFORMATION
Ownership Structure

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 05 August 2004 issued by the People’s Committee of Can Tho City. The Company was officially incorporated as a joint stock company, according to 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.

In 2017, the Company increased the 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 approved to be listed in Ho Chi Minh City Stock Exchange on 01 December 2006 under the Stock Listing License No.93/UBCK-GPNY of the State Securities Commission, with "DHG" ticker.

The largest shareholder of the Company is The State Capital Investment Corporation (“SCIC”) which owned 43.31% of share capital of the Company. SCIC is controlled by the Government of the Socialist Republic of Vietnam.

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

As at 30 September 2018, the Company had 3,052 employees (as at 31 December 2017: 2,286 employees).

Business lines and principal activities

The Company’s core business lines are to produce, trade in pharmaceutical products.

The principal activities of the Company are to produce, trade in pharmaceutical products, medical supplies and equipment, dietary supplements and cosmeceuticals.

Corporate structure

As at 30 September 2018, the Company’s subsidiaries and associates were as follows:

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
			Closing balance	Opening balance
Subsidiaries				
B&T Pharmaceutical One Member Limited Company (*)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 1300917335 issued by the Department of Planning and Investment of Ben Tre Province on 05 October 2012	-	100%
DHG Travel One Member Limited Company (**)	Domestic travel services	No. 5704000134 issued by the Department of Planning and Investment of Can Tho City on 26 December 2007	100%	100%
Song Hau One Member Limited Company (***) (formerly Song Hau Pharmaceutical Joint Stock Company)	Trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6403000044 issued by the Department of Planning and Investment of Hau Giang province on 20 July 2007	100%	99.6%
DHG Pharmaceutical One Member Limited Company (****)	Manufacture and trade pharmaceuticals, medical supplies and equipment, dietary supplements and cosmeceuticals	No. 6300124430 issued by the Department of Planning and Investment of Hau Giang province on 16 August 2010	100%	100%

1 GENERAL INFORMATION (cont.)

Name	Principal activities	Business Registration Certificate	% of ownership and voting rights	
DHG Packaging and Printing 1 One Member Limited Company (****)	Produce label, packaging from paper and cover; Manufacture and trade plastic, aluminum, paper; provide printing services	No. 6300215818 issued by the Department of Planning and Investment of Hau Giang province on 28 September 2012	100%	100%
Fuji Medic Limited Liability Company	Healthcare sector	No. 1801472944 issued by the Department of Planning and Investment of Can Tho City on 27 July 2016	51%	51%
Associate				
Vinh Hao Algae Processing Joint Stock Company	Manufacture and trade Spirulina algae	No. 4803000150 issued by the Department of Planning and Investment of Binh Thuan province on 04 February 2008	31.36%	31.36%

(*) On 03 October 2016, the Board of Directors 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.

As at the date of the interim separate financial statements, 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 Directors of the Company approved the dissolution of DHG Travel One Member Limited Company. As at the date of issuance of the interim separate financial statements, the procedures for dissolution of DHG Travel One Member Limited Company are still in progress.

(***) On 10 May 2018, the Board of Directors approved the change 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. As at the date of this interim separate financial statements, the procedures for dissolution of Song Hau Pharmaceutical One Member Limited Company are still in progress.

(****) On 28 March 2018, the Resolution of General Meeting of Shareholders approved the merger plan of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company into DHG Pharmaceutical Joint Stock 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. At the date of issuing these interim separate financial statements, liquidation procedures of two companies above are still in process.

Normal production and business cycle

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

Disclosure of information comparability in the interim separate financial statements

The figures of the interim separate financial statements cannot be comparable because DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company were merged into the Company on 28 March 2018.

2 ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The interim 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 interim financial reporting.

The interim separate financial statements are prepared solely to present the separate financial position of the Company as at 30 September 2018, and its separate results of operations and separate cash flows for the 9-month period ended 30 September 2018. Therefore, the Company did not consolidate its investments in subsidiaries and associate in these interim separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

Financial year

The Company's financial year begins on 1 January and ends on 31 December. The interim separate financial statements are prepared for the 9-month period ended 30 September each year.

3 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 interim separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim 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 interim separate balance sheet date and the reported amounts of revenues and expenses during the period. 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, cash in transit, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investments, which are highly liquid, 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.

Held-to-maturity investments include term deposits with maturity term over 3 months to earn periodic interest. These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the interim separate income statement on accrual basis.

Loan receivables

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)***Investments in subsidiaries and associate******Investments in subsidiaries***

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

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

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

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 in value 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 interim separate balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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.

LeaseThe 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 leasing company 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 the value of land use rights and computer software that are stated at cost less accumulated amortization.

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

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

Investment properties

Investment properties are buildings, or part of buildings or infrastructure 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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 prepaid expenses.

Land rentals represent the land rentals paid in advance. 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 interim 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 interim 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 period of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. 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 No.200/2014/TT-BTC issued by Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

Unearned revenue

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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 the period.

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

Customer loyalty program

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

When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Company does not act as an agent of the third party, the unearned revenue is realized into the Company's separate income statement 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 paid to the third party is treated as the payment of the liability.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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 recognized in interim separate the income statement.

Borrowing costs

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

Taxation

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

The tax currently payable is based on taxable income for the period. Taxable income differs from profit before tax as reported in the interim 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 interim separate financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to the interim 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.

4 CASH AND CASH EQUIVALENTS

	30.09.2018	31.12.2017
	VND	VND
Cash on hand	16,868,507,640	20,202,849,000
Demand deposits	40,947,679,736	33,480,462,635
Cash in transit	277,563,076	-
Cash equivalents (*)	-	365,500,000,000
	<u>58,093,750,452</u>	<u>419,183,311,635</u>

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

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.

Long-term held-to-maturity investments represent term deposits with a remaining maturity term exceeding 12 months from balance sheet date.

Held-to-maturity investments

	30.09.2018		31.12.2017	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	1,472,000,000,000	1,472,000,000,000	805,500,000,000	805,500,000,000

(b) Long-term financial investments

	30.09.2018		31.12.2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiaries (*)	660,892,460,000	-	665,732,460,000	-
Investments in associates (**)	3,787,450,000	(1,036,584,454)	3,787,450,000	(998,466,147)
Equity investments in other entities (***)	27,908,170,200	(16,500,000,000)	27,908,170,200	(16,500,000,000)
	<u>692,588,080,200</u>	<u>(17,536,584,454)</u>	<u>697,428,080,200</u>	<u>(17,498,466,147)</u>

(*) Percentages of ownership and voting rights of the Company in subsidiaries are presented in Note 1. Details of investments in subsidiaries are as follow:

	30.09.2018 VND	31.12.2017 VND
DHG Travel One Member Limited Company	5,000,000,000	5,000,000,000
Song Hau Pharmaceutical One Member Limited Company	22,150,000,000	21,990,000,000
DHG Pharmaceutical One Member Limited Company	540,000,000,000	540,000,000,000
B&T Pharmaceutical One Member Limited Company	-	5,000,000,000
DHG Packaging and Printing 1 One Member Limited Company	80,000,000,000	80,000,000,000
Fuji Medic Limited Liability Company	13,742,460,000	13,742,460,000
	<u>660,892,460,000</u>	<u>665,732,460,000</u>

(**) Percentages of ownership and voting rights of the Company in associates are presented in Note 1. Details of investments in associates are as follow:

	30.09.2018 VND	31.12.2017 VND
Vinh Hao Algae Processing Joint Stock Company	<u>3,787,450,000</u>	<u>3,787,450,000</u>

5 FINANCIAL INVESTMENTS (cont.)**(b) Long-term financial investments (cont.)**

(***) Equity investments in other entities:

	30.09.2018	31.12.2017
	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 Equipments 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 30 September 2018 and 31 December 2017 represented the provision for impairment of the investment in ATP Packaging Joint Stock Company and Vinh Hao Algae Processing Joint Stock Company.

6 SHORT-TERM TRADE RECEIVABLES

	30.09.2018	31.12.2017
	VND	VND
Receivables from subsidiaries (Note 37)	-	14,131,213,054
Receivables from third parties	503,020,439,436	703,607,947,414
	<u>503,020,439,436</u>	<u>717,739,160,468</u>

As at 30 September 2018 and 31 December 2017, there was no trade receivable from third parties accounting for 10% or more of total trade receivable balance.

7 LOAN RECEIVABLES

Short-term loan receivables	30.09.2018	31.12.2017
	VND	VND
Loan receivables from customers	5,095,408,528	16,239,970,057
	<u>5,095,408,528</u>	<u>16,239,970,057</u>

Long-term loan receivables	30.09.2018	31.12.2017
	VND	VND
Loan receivables from subsidiaries (Note 37)	-	48,536,959,865
Loan receivables from customers	2,670,227,813	3,449,997,935
	<u>2,670,227,813</u>	<u>51,986,957,800</u>

8 OTHER SHORT-TERM RECEIVABLES

	30.09.2018	31.12.2017
	VND	VND
Prepaid trade discounts	-	243,590,918
Interest income receivable	34,943,905,751	20,834,778,056
Receivable from subsidiaries	-	395,463,956,053
Receivable from employees	8,063,148,965	7,196,606,074
Other receivables	3,625,251,654	8,075,807,924
	<u>46,632,306,370</u>	<u>431,814,739,025</u>

9 BAD DEBTS

	30.09.2018		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	223,023,216,353	188,699,819,269	(34,323,397,084)
	<u>223,023,216,353</u>	<u>188,699,819,269</u>	<u>(34,323,397,084)</u>
	31.12.2017		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	182,026,229,054	162,228,509,956	(19,797,719,098)
	<u>182,026,229,054</u>	<u>162,228,509,956</u>	<u>(19,797,719,098)</u>

As at 30 September 2018 and 31 December 2017, 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

	Fiscal period ended 30.09.2018 VND	Fiscal year ended 31.12.2017 VND
Opening balance	19,797,719,098	6,106,506,780
Increase during the period/year	11,949,908,322	7,569,250,421
Transferred from subsidiaries	2,575,769,664	6,121,961,897
Closing balance	<u>34,323,397,084</u>	<u>19,797,719,098</u>

10 INVENTORIES

	30.09.2018		31.12.2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	79,303,211,805	-	41,560,218,649	-
Raw materials	342,033,943,121	-	158,745,757,363	(1,294,938,769)
Work in progress	60,176,000,282	-	12,834,843,947	-
Finished goods	366,216,468,919	(1,086,438,796)	87,638,780,601	(667,007,995)
Merchandises	23,950,675,450	-	286,279,742,417	(1,366,421,302)
	<u>871,680,299,577</u>	<u>(1,086,438,796)</u>	<u>587,059,342,977</u>	<u>(3,328,368,066)</u>

10 INVENTORIES (cont.)

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

	Fiscal period ended 30.09.2018 VND	Fiscal year ended 31.12.2017 VND
Opening balance	3,328,368,066	1,654,623,698
Increase of provision during the period/year	-	1,673,744,368
Used provision during the period/year	(1,294,938,769)	-
Reversal of provision during the period/year	(946,990,501)	-
Closing balance	<u>1,086,438,796</u>	<u>3,328,368,066</u>

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

As at 30 September 2018 and 31 December 2017, the Company did not have any slow moving, damaged or sub-standard inventories.

11 PREPAYMENTS**Short-term prepayments**

	30.09.2018 VND	31.12.2017 VND
Operating leases	1,764,926,024	39,409,097
Others	4,951,150,837	2,774,687,110
	<u>6,716,076,861</u>	<u>2,814,096,207</u>

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

Long-term prepayments

	30.09.2018 VND	31.12.2017 VND
Prepaid land rental	10,454,230,803	10,713,316,530
Tools and supplies	9,432,611,311	9,705,821,685
Leasehold improvements	55,840,968	79,580,088
Others	6,823,211,506	5,469,734,366
	<u>26,765,894,588</u>	<u>25,968,452,669</u>

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 period ended 30.09.2018 VND	Fiscal year ended 31.12.2017 VND
Opening balance	25,968,452,669	16,425,962,516
Increase	5,673,116,835	15,756,909,308
Transferred from subsidiaries	4,297,359,154	-
Allocation during the period/year	(9,187,453,856)	(6,214,419,155)
Reclassifications of opening balance	14,419,786	-
Closing balance	<u>26,765,894,588</u>	<u>25,968,452,669</u>

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

	Opening balance	Payable during the period/year	Transferred from subsidiaries	Paid during the period/year	Closing balance
	VND	VND	VND		VND
Receivables					
VAT on import sales	-	-	-	2,018,779,593	2,018,779,593
Import - export duties	1,536,214,509	(14,985,790,626)	-	14,358,696,699	909,120,582
Personal income tax	5,608,366,368	(5,608,366,368)	-	-	-
Land rental fee and land use tax	15,682,319	(15,682,319)	-	-	-
	<u>7,160,263,196</u>	<u>(20,609,839,313)</u>	<u>-</u>	<u>16,377,476,292</u>	<u>2,927,900,175</u>
Payables					
Output value added tax	7,800,259,075	70,558,747,368	1,683,028,788	(68,571,123,662)	11,470,911,569
VAT on import sales	3,461,540	32,184,543,170	-	(32,188,004,710)	-
Corporate income tax – current	10,904,082,749	38,919,437,996	385,815,039	(46,378,834,402)	3,830,501,382
Personal income tax	-	22,656,323,982	89,571,316	(18,242,831,176)	4,503,064,122
Land rental fee and land use tax	-	5,682,074,215	-	(2,985,954,345)	2,696,119,870
Other taxes	-	425,946,135	-	(425,946,135)	-
	<u>18,707,803,364</u>	<u>170,427,072,866</u>	<u>2,158,415,143</u>	<u>(168,792,694,430)</u>	<u>22,500,596,943</u>

13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
As at 01 January 2018	270,109,462,150	210,736,501,998	117,816,877,013	68,740,237,887	667,403,079,048
Purchase during the period/year	-	5,541,269,327	-	-	5,541,269,327
Transferred from subsidiaries	245,391,117,700	358,572,444,001	49,846,396,232	705,380,285	654,515,338,218
Transferred from construction in progress (Note 16)	9,603,470,253	884,646,639	7,137,314,254	168,379,833	17,793,810,979
Transferred from investment properties (Note 15)	422,357,075	-	-	-	422,357,075
Disposals	(2,499,207,818)	(1,207,334,041)	(2,273,304,196)	-	(5,979,846,055)
As at 30 September 2018	<u>523,027,199,360</u>	<u>574,527,527,924</u>	<u>172,527,283,303</u>	<u>69,613,998,005</u>	<u>1,339,696,008,592</u>
Accumulated depreciation					
As at 01 January 2018	125,704,028,040	132,091,881,780	87,125,513,206	54,832,541,008	399,753,964,034
Charge for the period/year	19,740,627,041	26,237,893,856	8,153,790,822	3,198,838,410	57,331,150,129
Transferred from subsidiaries	30,617,438,905	95,485,858,539	14,478,138,221	467,537,514	141,048,973,179
Transferred from investment properties (Note 15)	327,548,370	-	-	-	327,548,370
Disposals	(1,436,868,475)	(1,207,334,041)	(2,040,258,751)	-	(4,684,461,267)
As at 30 September 2018	<u>174,952,773,881</u>	<u>252,608,300,134</u>	<u>107,717,183,498</u>	<u>58,498,916,932</u>	<u>593,777,174,445</u>
Net book value					
As at 01 January 2018	144,405,434,110	78,644,620,218	30,691,363,807	13,907,696,879	267,649,115,014
As at 30 September 2018	<u>348,074,425,479</u>	<u>321,919,227,790</u>	<u>64,810,099,805</u>	<u>11,115,081,073</u>	<u>745,918,834,147</u>

As at 30 September 2018, the cost of tangible fixed assets included VND 200,164 million (as at 31 December 2017: VND 175,368 million) of assets which were fully depreciated but are still in use.

14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
Cost				
As at 01 January 2018	92,414,349,361	102,821,579,711	15,206,862,805	210,442,791,877
Transferred from subsidiaries	1,020,800,000	56,022,387,810	176,626,800	57,219,814,610
Transferred from construction in progress (Note 16)	1,723,410,685	187,267,742	786,031,200	2,696,709,627
Disposals	-	(1,560,000,000)	-	(1,560,000,000)
As at 30 September 2018	95,158,560,046	157,471,235,263	16,169,520,805	268,799,316,114
Accumulated amortization				
As at 01 January 2018	-	14,814,607,855	9,192,384,939	24,006,992,794
Charge for the period/year	-	2,190,401,946	1,576,762,677	3,767,164,623
Transferred from subsidiaries	-	4,188,935,834	147,852,600	4,336,788,434
As at 30 September 2018	-	21,193,945,635	10,917,000,216	32,110,945,851
Net book value				
As at 01 January 2018	92,414,349,361	88,006,971,856	6,014,477,866	186,435,799,083
As at 30 September 2018	95,158,560,046	136,277,289,628	5,252,520,589	236,688,370,263

The cost of fully amortized intangible fixed assets but still in use as at 30 September 2018 and 31 December 2017 was VND 6,007 million and VND 5,861 million, respectively.

15 INVESTMENT PROPERTIES

	Buildings VND
Cost	
As at 01 January 2018	1,671,878,867
Transferred to tangible fixed assets (Note 13)	(422,357,075)
As at 30 September 2018	1,249,521,792
Accumulated depreciation	
As at 01 January 2017	1,270,060,709
Charge for the period/year	44,346,870
Transferred to tangible fixed assets (Note 13)	(327,548,370)
As at 30 September 2018	986,859,209
Net book value	
As at 01 January 2018	401,818,158
As at 30 September 2018	262,662,583

As at 30 September 2018 and 31 December 2017, the cost of investment properties included VND 367,140,705 of assets which were fully depreciated but are still in active use.

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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16 LONG-TERM ASSETS IN PROGRESS

	30.09.2018	31.12.2017
	VND	VND
Effervescent tablets plant	21,610,868,047	16,658,486,842
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	11,746,318,769	-
Construction of Gia Lai branch office	623,948,774	623,948,774
Construction of Bac Lieu branch office	-	71,643,034
Registration of Foreign Manufacturer Accreditation (PMDA)	876,013,781	-
Repairing warehouses and factories	85,827,344	-
Temperature and humidity measuring equipment for trucks	-	33,550,000
Head office renovation	-	4,000,000
GMP inspection	157,320,182	
	<u>35,100,296,897</u>	<u>17,391,628,650</u>

Movements in the construction in progress during the period/year:

	Fiscal period ended 30.09.2018	Fiscal year ended 31.12.2017
	VND	VND
Opening balance	17,391,628,650	6,903,601,956
Purchase	26,302,500,297	39,320,643,649
Transferred from subsidiaries	12,688,624,754	-
Transfers to tangible fixed assets (Note 13)	(17,793,810,979)	(13,880,428,662)
Transfers to intangible fixed assets (Note 14)	(2,696,709,627)	(2,264,085,000)
Transfers to tools and supplies	(791,936,198)	(2,132,259,411)
Disposals	-	(10,555,843,882)
Closing balance	<u>35,100,296,897</u>	<u>17,391,628,650</u>

17 DEFERRED TAX ASSETS

	30.09.2018	31.12.2017
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences of provisions	57,672,468,115	48,880,220,153
Deferred tax assets	<u>11,534,493,623</u>	<u>9,776,044,031</u>

18 SHORT-TERM TRADE PAYABLES

	30.09.2018		31.12.2017	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Third parties (*)	188,864,451,455	188,864,451,455	246,870,234,719	246,870,234,719
Related parties (Note 37)	-	-	134,155,492,217	134,155,492,217
	<u>188,864,451,455</u>	<u>188,864,451,455</u>	<u>381,025,726,936</u>	<u>381,025,726,936</u>

18 SHORT-TERM TRADE PAYABLES (cont.)

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

	30.09.2018	31.12.2017
	VND	VND
Truong Tin Pharmaceutical Limited Company	-	35,135,876,027
Mega Lifesciences Limited Company (VN)	-	33,450,431,047
Nomura Trading Co.,Ltd	-	25,762,165,250
DSM SINOCEM PHARMACEUTICALS INDIA PVT LTD	22,781,076,000	-

As at 30 September 2018 and 31 December 2017, there was no balance of short-term trade payables that was past due.

19 SHORT-TERM ACCRUED EXPENSES

	30.09.2018	31.12.2017
	VND	VND
Seminar expenses	96,681,104	-
Interest payable	336,290,381	452,849,861
Marketing and customer care expenses	4,853,216,628	6,660,719,815
Market research expenses	-	10,429,270,479
Payment discount	5,673,822,397	8,261,692,934
Other accruals	17,064,650,407	23,628,657,734
	<u>28,024,660,917</u>	<u>49,433,190,823</u>

20 SHORT-TERM UNEARNED REVENUE

	30.09.2018	31.12.2017
	VND	VND
Unearned revenue from customer loyalty programs (Note 3)	39,549,285,192	9,218,195,665

21 OTHER SHORT-TERM PAYABLES

	30.09.2018	31.12.2017
	VND	VND
Union fee	676,561,844	497,197,623
Dividends payable	-	196,119,106,500
Payables to subsidiaries	663,982,747,220	4,432,681,911
Others	8,378,955,797	7,000,704,162
	<u>673,038,264,861</u>	<u>208,049,690,196</u>

22 SHORT-TERM LOANS

	30.09.2018		31.12.2017	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
Loans from banks	606,324,431,126	606,324,431,126	469,800,000,000	469,800,000,000
	<u>606,324,431,126</u>	<u>606,324,431,126</u>	<u>469,800,000,000</u>	<u>469,800,000,000</u>

22 SHORT-TERM LOANS (cont.)

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

	As at 01.01.2018 VND	Increase VND	Decrease VND	As at 30.09.2018 VND
Loans from banks (*)	469,800,000,000	2,169,939,831,596	(2,033,415,400,470)	606,324,431,126
	<u>469,800,000,000</u>	<u>2,169,939,831,596</u>	<u>(2,033,415,400,470)</u>	<u>606,324,431,126</u>

(*) These loans bear interests at the rates ranging from 0.23% to 0.62% per month (in 2017: from 0.32% to 0.42% per month).

As at 30 September 2018 and 31 December 2017, 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 of Shareholders ("AGM"). The funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies and to pay bonus to Board of Directors in accordance with the Company's AGM Resolution.

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

	Bonus and welfare fund for employees VND	Bonus fund for the Board of Directors VND	Welfare fund in form of assets VND	Total VND
Opening balance	33,126,810,874	7,704,745,368	20,285,705,306	61,117,261,548
Appropriation to the funds	61,795,178,258	6,000,000,000	-	67,795,178,258
Transferred from subsidiaries	619,408,646	82,027,377	-	701,436,023
Assets formed from funds	(338,721,111)	-	338,721,111	-
Depreciation of assets formed from the funds	-	-	(2,301,940,486)	(2,301,940,486)
Transfers to subsidiaries	(6,510,756,170)	-	-	(6,510,756,170)
Utilization	(49,775,602,122)	(4,094,360,566)	-	(53,869,962,688)
Closing balance	<u>38,916,318,375</u>	<u>9,692,412,179</u>	<u>18,322,485,931</u>	<u>66,931,216,485</u>

24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration costs VND	Severance allowance VND	Total VND
Opening balance	4,757,709,643	26,624,044,363	31,381,754,006
Provision during the period/year	1,276,496,946	995,715,100	2,272,212,046
Transferred from subsidiaries	7,373,869,093	198,064,020	7,571,933,113
Utilization of provisions	-	(1,090,015,504)	(1,090,015,504)
Closing balance	<u>13,408,075,682</u>	<u>26,727,807,979</u>	<u>40,135,883,661</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. Provision made during the year is charged to expenses. Funds are utilized when disbursements are paid for research and development activities.

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

	Science and technology development fund in form of assets VND
Opening balance	21,863,692,034
Transferred from subsidiaries	3,092,782,022
Depreciation of assets formed from the fund	<u>(3,386,477,139)</u>
Closing balance	<u><u>21,569,996,917</u></u>

26 OWNERS' EQUITY

Movement in owners' equity

	Owners' capital VND	Capital surplus VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
Balance as at 01 January 2017	871,643,300,000	6,778,948,000	-	1,204,418,584,654	230,865,437,769	2,313,706,270,423
Bonus shares issued at ratio 2:1	435,817,410,000	-	-	(435,817,410,000)	-	-
Net profit for the year	-	-	-	-	1,243,994,817,903	1,243,994,817,903
Dividends	-	-	-	-	(305,075,155,000)	(305,075,155,000)
1st interim dividends declared for 2017 at rate of 10%	-	-	-	-	(130,746,071,000)	(130,746,071,000)
2nd interim dividends declared for 2017 at rate of 15%	-	-	-	-	(196,119,106,500)	(196,119,106,500)
Appropriation to reserves	-	-	-	308,744,080,539	(308,744,080,539)	-
Appropriation to bonus and welfare fund	-	-	-	-	(85,212,171,380)	(85,212,171,380)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(11,070,021,247)	(11,070,021,247)
Balance as at 31 December 2017	1,307,460,710,000	6,778,948,000	-	1,077,345,255,193	437,893,650,006	2,829,478,563,199
Net profit for the period/year	-	-	-	-	242,277,249,809	242,277,249,809
Profit transferred from subsidiaries	-	-	-	-	185,505,786,602	185,505,786,602
Profit from merger of subsidiaries (*)	-	-	-	-	(71,067,756,802)	(71,067,756,802)
3rd dividends declared for 2017 at rate of 5%	-	-	-	-	(65,373,035,500)	(65,373,035,500)
1st interim dividends declared for 2018 at rate of 10%	-	-	-	-	(130,746,071,000)	(130,746,071,000)
Appropriation to reserves	-	-	-	157,918,391,319	(157,918,391,319)	-
Appropriation to bonus and welfare fund	-	-	-	-	(61,795,178,258)	(61,795,178,258)
Appropriation to bonus fund for the Board of Directors	-	-	-	-	(6,000,000,000)	(6,000,000,000)
Balance as at 30 September 2018	1,307,460,710,000	6,778,948,000	-	1,235,263,646,512	372,776,253,538	2,922,279,558,050

(*) 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 OWNERS' EQUITY (cont.)

Charter capital

	30.09.2018		31.12.2017	
	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 receive dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements of share capital during the period/year:

	Fiscal period ended 30.09.2018		Fiscal year ended 31.12.2017	
	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 during the period/year	-	-	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

Dividends

According to Resolution of the Company's AGM No. 001/2018/NQ-ĐHĐCĐ dated 28 March 2018, the shareholders of the Company has approved declaration of dividends from profit after tax of 2017 at 30% in cash, equivalent to VND 392,238,213,000. In 2017, the Company declared the 1st interim dividends for 2017 in cash at the rate of 10% of par value, equivalent to VND 130,746,071,000. On 25 January 2018 and 09 May 2018, the Company paid the remaining dividends for 2017 in 2 phases with the amount of VND 196,119,106,500 and VND 65,373,035,500, respectively.

According to the Board of Directors' Resolution No. 011/2018/NQ.HĐQT dated 14 July 2018 on advance dividend payment in cash of the 1st phase in 2018 at the rate of 10% of par value, equivalent to the amount of VND 130,746,071,000, paid on 31 August 2018.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

Included in cash and cash equivalents were balances held in foreign currencies as follows:

	30.09.2018 VND	31.12.2017 VND
United States Dollar (USD)	345,353	399,506
Euro (EUR)	3,126	559

28 REVENUE

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Sales				
Sales of finished goods	855,758,104,900	149,253,486,446	1,905,158,220,269	550,842,241,930
Sales of merchandises	90,091,429,076	958,029,809,400	1,224,493,773,703	2,813,768,223,373
Leasing, distribution and sales of cheap commodities	452,071,945	8,855,552,071	17,150,997,835	26,478,632,971
	<u>946,301,605,921</u>	<u>1,116,138,847,917</u>	<u>3,146,802,991,807</u>	<u>3,391,089,098,274</u>
Deductions				
Sales discounts	117,909,267,289	102,978,113,445	337,638,413,196	267,853,711,867
Sales returns	844,280,172	3,935,382,424	5,352,520,678	9,161,380,557
	<u>118,753,547,461</u>	<u>106,913,495,869</u>	<u>342,990,933,874</u>	<u>277,015,092,424</u>
Net sales	<u>827,548,058,460</u>	<u>1,009,225,352,048</u>	<u>2,803,812,057,933</u>	<u>3,114,074,005,850</u>
In which:				
Sales of finished goods	738,005,585,739	132,053,001,321	1,676,413,026,162	499,418,956,781
Sales of merchandises	89,090,400,776	868,316,798,656	1,110,248,033,936	2,588,176,416,098
Leasing, distribution and sales of cheap commodities	452,071,945	8,855,552,071	17,150,997,835	26,478,632,971

29 COST OF SALES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Cost of finished goods sold	361,234,976,788	84,385,774,835	897,169,129,235	301,209,884,264
Cost of merchandises sold	85,790,714,533	719,307,160,755	962,591,516,734	2,183,820,610,721
Cost of services rendered	14,782,290	44,637,986	594,675,029	207,319,862
Provision for devaluation of inventories	-	-	(946,990,501)	1,917,232,852
	<u>447,040,473,611</u>	<u>803,737,573,576</u>	<u>1,859,408,330,497</u>	<u>2,487,155,047,699</u>

30 FINANCIAL INCOME

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Interest income	27,456,492,684	19,109,619,603	73,817,260,646	50,093,911,656
Dividends and profits earned	150,841,200	136,465,200	7,517,734,785	612,193,419,326
Gains from disposal of investments	-	4,000,000,000	-	4,000,000,000
Foreign exchange gains	973,331,802	389,280,558	1,911,600,628	2,325,108,612
Loan interest income from subsidiaries	-	531,389,485	611,635,740	1,402,303,129
Gains transferred from liquidated subsidiary	-	545,053,085	101,749	545,053,085
	<u>28,580,665,686</u>	<u>24,711,807,931</u>	<u>83,858,333,548</u>	<u>670,559,795,808</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Interest expenses	6,848,467,518	8,007,611,708	21,823,828,097	18,659,870,464
Foreign exchange losses	2,916,036,700	1,062,342,764	6,005,255,197	3,425,360,218
Settlement discount	15,434,640,449	14,925,138,479	50,030,104,516	45,315,674,932
Provision for impairment of long-term financial investments	22,193,407	-	38,118,307	597,096,044
Loss transferred from liquidated subsidiaries	-	60,116,601	140,452,139	60,116,601
Other financial expenses	20,008,654	42,187,741	113,100,287	120,921,200
	<u>25,241,346,728</u>	<u>24,097,397,293</u>	<u>78,150,858,543</u>	<u>68,179,039,459</u>

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

Major items included in selling expenses were:

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Staff cost	83,815,720,354	93,460,541,342	254,383,095,325	241,533,600,892
Advertising expenses	24,360,549,569	41,647,048,620	86,600,049,879	93,141,380,633

General and administrative expenses

Major item included in general & administrative expenses was:

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.06.2017
	VND	VND	VND	VND
Staff cost	48,360,871,149	47,703,499,483	132,784,991,690	167,760,335,543

33 OTHER INCOME AND EXPENSES**Other income**

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Gain from disposals of fixed assets, and other long-term assets	594,718,193	1,147,228,182	4,155,106,122	1,781,216,341
Others	3,021,378,513	1,091,836,567	6,061,244,759	2,923,446,750
	<u>3,616,096,706</u>	<u>2,239,064,749</u>	<u>10,216,350,881</u>	<u>4,704,663,091</u>

Other expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	VND	VND	VND	VND
Others	1,453,896,238	417,808,610	3,123,273,096	2,280,989,748
	<u>1,453,896,238</u>	<u>417,808,610</u>	<u>3,123,273,096</u>	<u>2,280,989,748</u>

34 PRODUCTION AND OPERATION COSTS BY NATURE

	For the 9-month period ended	
	30.09.2018 VND	30.09.2017 VND
Raw materials and consumables	1,811,456,766,063	2,373,608,263,220
Staff cost	545,519,747,169	481,289,366,365
Depreciation and amortization	54,970,174,767	37,015,049,913
Out-sourced services	118,541,008,972	110,380,628,202
Other expenses	176,328,266,896	163,082,370,789
	<u>2,706,815,963,867</u>	<u>3,165,375,678,489</u>

35 CORPORATE INCOME TAX

According to the Decision No. 3044/QĐ-UBND of the People's Committee of Can Tho City, the Company is required to pay the corporate income tax ("CIT") at rate of 20% from 2005 to 2014. Decision No. 3044/QĐ-UBND allows the Company to be exempted from CIT from 2005 to 2006 and a 50% reduction of CIT from 2007 to 2011. According to Circular 78/2014/TT-BTC, the standard CIT decreased to 22% since 01 January 2014 and 20% since 01 January 2016.

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

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018 VND	30.09.2017 VND	30.09.2018 VND	30.09.2017 VND
Accounting profit before tax	151,083,531,114	(43,932,030,698)	280,913,012,032	539,733,769,257
Tax calculated at a rate of 20%	30,216,706,223	(8,786,406,140)	56,182,602,406	107,946,753,851
Adjustment for:				
Tax losses for which no deferred income tax asset was recognized	-	8,922,709,797	-	14,600,940,631
Expenses not deductible for tax purposes	1,172,367,016	835,440,749	2,914,364,694	3,128,488,698
Shortage of tax in previous years	-	-	1,745,455	-
Income not subject to tax	(30,168,240)	(136,303,657)	(1,503,567,307)	(122,547,694,482)
CIT incentives at branches	(18,675,707,252)	-	(18,675,707,252)	-
Temporary differences of provisions	(138,087,023)	(11,526,171)	(283,675,773)	(669,718,443)
Corporate income tax expenses	<u>12,545,110,724</u>	<u>823,914,578</u>	<u>38,635,762,223</u>	<u>2,458,770,255</u>

	For the 3-month period ended		For the 9-month period ended	
	30.09.2018 VND	30.09.2017 VND	30.09.2018 VND	30.09.2017 VND
Charge/(credit) to the income statement:				
Corporate income tax - current	12,683,197,747	835,440,749	38,919,437,996	3,128,488,698
Corporate income tax - deferred	(138,087,023)	(11,526,171)	(283,675,773)	(669,718,443)
Corporate income tax expenses	<u>12,545,110,724</u>	<u>823,914,578</u>	<u>38,635,762,223</u>	<u>2,458,770,255</u>

36 COMMITMENTS**a) Operating lease commitment**

	30.09.2018	30.09.2017
	VND	VND
Minimum lease payments under operating leases recognized in the income statement for the period	4,099,987,164	4,451,638,976

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

	30.09.2018	31.12.2017
	VND	VND
Within 1 year	4,066,521,285	5,422,028,378
Between 1 to 5 years	21,688,113,512	21,688,113,512
Over 5 years	111,620,017,339	115,731,722,192
	<u>137,374,652,136</u>	<u>142,841,864,082</u>

b) Capital commitment

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

	30.09.2018	31.12.2017
	VND	VND
Approved but not contracted	17,146,301,277	15,055,633,763
Approved and contracted but not implemented	7,929,057,166	4,951,768,060
	<u>25,075,358,443</u>	<u>20,007,401,823</u>

37 TRANSACTIONS WITH RELATED PARTIES**Related parties****Relationship**

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
CM Pharmaceutical One Member Limited Company	Subsidiary
DT Pharmaceutical One Member Limited Company	Subsidiary
HT Pharmaceutical One Member Limited Company	Subsidiary
ST Pharmaceutical One Member Limited Company	Subsidiary
A&G Pharmaceutical One Member Limited Company	Subsidiary
TOT Pharmaceutical One Member Limited Company	Subsidiary
TG Pharmaceutical One Member Limited Company	Subsidiary
Bali Pharmaceutical One Member Limited Company	Subsidiary
TVP Pharmaceutical One Member Limited Company	Subsidiary
VL Pharmaceutical One Member Limited Company	Subsidiary
Vinh Hao Algae Processing Joint Stock Company	Associate
State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd	Major shareholder

37 TRANSACTIONS WITH RELATED PARTIES (cont.)

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

	Fiscal period ended	
	30.09.2018 VND	30.09.2017 VND
Sales of goods and services		
Subsidiaries		
DHG Packaging and Printing 1 One Member Limited Company	183,541,022	396,901,002
DHG Travel One Member Limited Company	-	2,035,309,957
Song Hau Pharmaceutical One Member Limited Company	31,548,452,771	54,070,130,013
DHG Pharmaceutical One Member Limited Company	155,719,582,755	466,182,151,447
Fuji Medic Limited Liability Company	21,790,909	400,000
	187,473,367,457	522,684,892,419
Purchases of goods and services		
DHG Packaging and Printing 1 One Member Limited Company	10,932,029,742	26,000,664,735
DHG Travel One Member Limited Company	-	34,541,750,497
DHG Pharmaceutical One Member Limited Company	437,669,886,011	1,227,886,522,418
Fuji Medic Limited Liability Company	1,873,034,000	1,194,679,000
Vinh Hao Algae Processing Joint Stock Company	647,706,800	1,876,560,000
	451,122,656,553	1,291,500,176,650
Loan interest income		
DHG Packaging and Printing 1 One Member Limited Company	355,246,388	801,553,226
DHG Travel One Member Limited Company	-	23,000,000
DHG Pharmaceutical One Member Limited Company	256,389,352	577,749,903
	611,635,740	1,402,303,129
Dividend income		
DHG Packaging and Printing 1 One Member Limited Company	-	36,075,222,427
DHG Travel One Member Limited Company	-	435,525,710
CM Pharmaceutical One Member Limited Company	-	6,353,700,178
DT Pharmaceutical One Member Limited Company	-	1,616,676,596
HT Pharmaceutical One Member Limited Company	-	6,548,577,233
ST Pharmaceutical One Member Limited Company	-	6,892,286,367
Song Hau Pharmaceutical One Member Limited Company	7,313,721,705	765,000,000
A&G Pharmaceutical One Member Limited Company	-	11,274,561,340
TOT Pharmaceutical One Member Limited Company	-	28,569,221,931
TG Pharmaceutical One Member Limited Company	-	2,285,345,720
Bali Pharmaceutical One Member Limited Company	-	6,435,232,133
DHG Pharmaceutical One Member Limited Company	-	497,405,232,363
TVP Pharmaceutical One Member Limited Company	-	563,672,164
B&T Pharmaceutical One Member Limited Company	-	3,396,890,325
VL Pharmaceutical One Member Limited Company	-	3,386,544,475
	7,313,721,705	612,003,688,962

37 TRANSACTIONS WITH RELATED PARTIES (cont.)

	Fiscal period ended 30.09.2018 VND	30.09.2018 VND
<i>Loss transferred from liquidated subsidiary</i>		
B&T Pharmaceutical One Member Limited Company	140,350,390	-
VL Pharmaceutical One Member Limited Company	-	60,116,601
	<u>140,350,390</u>	<u>60,116,601</u>

Purchases of fixed assets

Song Hau Pharmaceutical One Member Limited Company	6,810,351,793	-
DHG Pharmaceutical One Member Limited Company	-	819,298,302
	<u>6,810,351,793</u>	<u>819,298,302</u>

Collecting investment

B&T Pharmaceutical One Member Limited Company	5,000,000,000	-
A&G Pharmaceutical One Member Limited Company	-	5,000,000,000
TOT Pharmaceutical One Member Limited Company	-	5,000,000,000
VL Pharmaceutical One Member Limited Company	-	5,000,000,000
ST Pharmaceutical One Member Limited Company	-	5,000,000,000
TVP Pharmaceutical One Member Limited Company	-	5,000,000,000
	<u>5,000,000,000</u>	<u>25,000,000,000</u>

	30.09.2018 VND	Fiscal period ended 30.09.2017 VND
Dividends paid		
State Capital Investment Corporation ("SCIC")	<u>169,878,711,000</u>	<u>132,127,887,500</u>

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

	30.09.2018 VND	Fiscal period ended 30.09.2017 VND
Salaries and other benefits	<u>16.291.345.246</u>	<u>14.539.957.836</u>

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

Trade receivables	30.09.2018 VND	31.12.2017 VND
DHG Packaging and Printing 1 One Member Limited Company	-	1,440,000
Song Hau Pharmaceutical One Member Limited Company	-	14,129,773,054
	<u>-</u>	<u>14,131,213,054</u>

37 TRANSACTIONS WITH RELATED PARTIES (cont.)

	30.09.2018 VND	31.12.2017 VND
Loan receivables		
DHG Pharmaceutical One Member Limited Company	-	20,117,248,828
DHG Packaging and Printing 1 One Member Limited Company	-	28,419,711,037
	-	<u>48,536,959,865</u>
Other short-term payables		
	30.09.2018 VND	31.12.2017 VND
DHG Packaging and Printing 1 One Member Limited Company	79,991,284,240	-
DHG Travel One Member Limited Company	4,502,908,810	-
Song Hau Pharmaceutical Joint Stock Company	39,488,554,170	-
DHG Pharmaceutical One Member Limited Company	540,000,000,000	-
B&T Pharmaceutical One Member Limited Company	-	4,432,681,911
	<u>663,982,747,220</u>	<u>4,432,681,911</u>
Trade payables		
	30.09.2018 VND	31.12.2017 VND
Subsidiaries		
DHG Packaging and Printing 1 One Member Limited Company	-	4,681,937,834
DHG Travel One Member Limited Company	-	16,325,000
DHG Pharmaceutical One Member Limited Company	-	129,452,729,383
Associate		
Vinh Hao Algae Processing Joint Stock Company	-	4,500,000
	-	<u>134,155,492,217</u>

38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

	Fiscal period ended	
	30.09.2018 VND	30.09.2017 VND
Appropriation to reserves	225,713,569,577	405,026,273,166
Transferred from construction in progress to tangible fixed assets	17,793,810,979	8,386,855,880
Transferred from construction in progress to intangible fixed assets	2,696,709,627	2,264,085,000
Transferred from construction in progress to tools and supplies	791,936,198	237,385,455
Transferred from investment property to tangible fixed assets	94,808,705	25,384,704,062
Transferred from tangible fixed assets to investment property	-	323,326,952
Issuance of bonus shares from investment and development fund	-	435,817,410,000
Offset payables when receiving dividends	611,737,489	576,652,297,039
Offset payables when collecting loan receivables	49,909,543,097	-
Offset payables when receiving investment from subsidiaries	173,970,000,000	-
Offset payables when withdrawing capital from subsidiaries	5,000,000,000	25,000,000,000
Disposals of fixed assets formed from science and technology development fund	-	1,640,441,347

DHG PHARMACEUTICAL JOINT STOCK COMPANY

38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(b) Proceeds from borrowings

	Fiscal period ended	
	30.09.2018	30.09.2017
	VND	VND
Proceeds from borrowings under normal contracts	2,169,939,831,596	1,891,013,007,337

(c) Repayment of borrowings

	Fiscal period ended	
	30.09.2018	30.09.2017
	VND	VND
Repayments of borrowings under normal contracts	2,033,415,400,470	1,723,778,435,800

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Doan Dinh Duy Khuong
Acting General Director
18 October 2018