

**DHG PHARMACEUTICAL  
JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM SEPARATE  
FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 2018**

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS	3
INTERIM SEPARATE BALANCE SHEET	4 - 5
INTERIM SEPARATE INCOME STATEMENT	6
INTERIM SEPARATE CASH FLOW STATEMENT	7
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS	8 - 31



**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

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

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**STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of DHG Pharmaceutical Joint Stock Company (the "Company") presents this report together with the Company's interim separate financial statements for the 6-month period ended 30 June 2018.

**THE BOARD OF MANAGEMENT, SUPERVISORY BOARD AND BOARD OF GENERAL DIRECTORS**

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

**Board of Management**

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

**Supervisory Board**

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

**Board of General Directors**

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

**Legal representative**

Legal representative of the Company during the period and at the date of these interim separate financial statements is Mr. Doan Dinh Duy Khuong. Mr. Le Chanh Dao is authorized to sign the interim separate financial statements for the 6-month period ended on 30 June 2018.

**THE BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of General Directors of the Company is responsible for preparing the interim separate financial statements which give a true and fair view of the separate financial position of the Company as at 30 June 2018 and of its separate financial performance and separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim separate financial statements, the Board of General Directors is required to:

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

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



**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)**

The Board of General Directors confirms that the Company has complied with the above requirements in preparing these interim separate financial statements.

For and on behalf of the Board of General Directors,



**Le Chánh Dao**  
**Deputy General Director**

*14 August 2018*

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No. 144 /VNIA-HC-BC

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim separate financial statements of DHG Pharmaceutical Joint Stock Company (the "Company"), prepared on 14 August 2018 as set out from page 5 to page 31, which comprise the interim separate balance sheet as at 30 June 2018, the interim separate income statement and interim separate cash flow statement for the 6-month period ended 30 June 2018 and a summary of significant accounting policies and other explanatory information.

### Board of General Directors' Responsibility for the Interim Separate Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 June 2018, and of its separate financial performance and its separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

### Other matter

The separate financial statements of the Company for the year ended 31 December 2017 were audited by another audit firm whose independent auditors' report issued on 12 March 2018 expressed an unqualified opinion. In addition, the interim separate financial statements of the Company for the 6-month period ended 30 June 2017 were reviewed by another audit firm whose review report issued on 11 August 2017 expressed an unqualified conclusion.



**Vo Thai Hoa**  
**Audit Partner**  
Audit Practising Registration Certificate  
No. 0138-2018-001-1  
**BRANCH OF DELOITTE VIETNAM  
COMPANY LIMITED**  
14 August 2018  
Ho Chi Minh City, Vietnam

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**INTERIM SEPARATE BALANCE SHEET**

As at 30 June 2018

Unit: VND

<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>3,015,964,209,765</b>	<b>2,987,836,507,239</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>48,844,893,486</b>	<b>419,183,311,635</b>
1. Cash	111		48,844,893,486	53,683,311,635
2. Cash equivalents	112		-	365,500,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>1,550,000,000,000</b>	<b>805,500,000,000</b>
1. Held-to-maturity investments	123		1,550,000,000,000	805,500,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>595,470,083,072</b>	<b>1,161,768,508,380</b>
1. Short-term trade receivables	131	6	525,342,144,803	717,739,160,468
2. Short-term advances to suppliers	132		37,617,886,758	15,772,357,928
3. Short-term loan receivables	135	12	7,036,774,288	16,239,970,057
4. Other short-term receivables	136	7	51,846,066,081	431,814,739,025
5. Provision for short-term doubtful debts	137	8	(26,372,788,858)	(19,797,719,098)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>780,201,045,359</b>	<b>583,730,974,911</b>
1. Inventories	141		781,287,484,155	587,059,342,977
2. Provision for devaluation of inventories	149		(1,086,438,796)	(3,328,368,066)
<b>V. Other short-term assets</b>	<b>150</b>		<b>41,448,187,848</b>	<b>17,653,712,313</b>
1. Short-term prepayments	151	10	10,204,851,926	2,814,096,207
2. Value added tax deductibles	152		28,168,888,667	7,679,352,910
3. Taxes and other receivables from the State budget	153	11	3,074,447,255	7,160,263,196
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,829,606,211,947</b>	<b>1,239,539,429,458</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>2,757,368,962</b>	<b>51,986,957,800</b>
1. Long-term loans receivable	215	12	2,757,368,962	51,986,957,800
<b>II. Fixed assets</b>	<b>220</b>		<b>996,333,827,269</b>	<b>454,084,914,097</b>
1. Tangible fixed assets	221	13	758,608,686,970	267,649,115,014
- Cost	222		1,332,810,507,206	667,403,079,048
- Accumulated depreciation	223		(574,201,820,236)	(399,753,964,034)
2. Intangible assets	227	14	237,725,140,299	186,435,799,083
- Cost	228		268,436,767,314	210,442,791,877
- Accumulated amortisation	229		(30,711,627,015)	(24,006,992,794)
<b>III. Investment properties</b>	<b>230</b>	<b>15</b>	<b>277,444,873</b>	<b>401,818,158</b>
- Cost	231		1,249,521,792	1,671,878,867
- Accumulated depreciation	232		(972,076,919)	(1,270,060,709)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>37,112,972,037</b>	<b>17,391,628,650</b>
1. Construction in progress	242	16	37,112,972,037	17,391,628,650
<b>V. Long-term financial investments</b>	<b>250</b>	<b>5</b>	<b>754,573,689,153</b>	<b>679,929,614,053</b>
1. Investments in subsidiaries	251		660,892,460,000	665,732,460,000
2. Investments in joint-ventures, associates	252		3,787,450,000	3,787,450,000
3. Equity investments in other entities	253		27,908,170,200	27,908,170,200
4. Provision for impairment of long-term financial investments	254		(17,514,391,047)	(17,498,466,147)
5. Held-to-maturity investments	255		79,500,000,000	-
<b>VI. Other long-term assets</b>	<b>260</b>		<b>38,550,909,653</b>	<b>35,744,496,700</b>
1. Long-term prepayments	261	10	27,154,503,053	25,968,452,669
2. Deferred tax assets	262	17	11,396,406,600	9,776,044,031
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>4,845,570,421,712</b>	<b>4,227,375,936,697</b>

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

**INTERIM SEPARATE BALANCE SHEET (Continued)**  
 As at 30 June 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,931,083,213,052</b>	<b>1,397,897,373,498</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,868,923,715,361</b>	<b>1,344,651,927,458</b>
1. Short-term trade payables	311	18	239,183,067,136	381,025,726,936
2. Short-term advances from customers	312		11,762,792,429	10,577,917,817
3. Taxes and amounts payable to the State budget	313	11	51,889,781,411	18,707,803,364
4. Payables to employees	314		126,134,054,211	136,722,141,109
5. Short-term accrued expenses	315	19	40,965,869,338	49,433,190,823
6. Short-term unearned revenue	318	20	25,694,683,185	9,218,195,665
7. Other current payables	319	21	627,431,596,755	208,049,690,196
8. Short-term loans	320	22	657,255,412,545	469,800,000,000
9. Bonus and welfare funds	322	23	88,606,458,351	61,117,261,548
<b>II. Long-term liabilities</b>	<b>330</b>		<b>62,159,497,691</b>	<b>53,245,446,040</b>
1. Long-term provisions	342	24	39,467,641,953	31,381,754,006
2. Scientific and technological development fund	343	25	22,691,855,738	21,863,692,034
<b>D. EQUITY</b>	<b>400</b>		<b>2,914,487,208,660</b>	<b>2,829,478,563,199</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>26</b>	<b>2,914,487,208,660</b>	<b>2,829,478,563,199</b>
1. Owners' contributed capital	411		1,307,460,710,000	1,307,460,710,000
- Ordinary shares carrying voting rights	411a		1,307,460,710,000	1,307,460,710,000
2. Share premium	412		6,778,948,000	6,778,948,000
3. Investment and development fund	418		1,235,263,646,512	1,077,345,255,193
4. Retained earnings	421		364,983,904,148	437,893,650,006
- Retained earnings accumulated to the prior year end	421a		146,807,044,929	(24,456,194,565)
- Retained earnings of the current year	421b		218,176,859,219	462,349,844,571
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>4,845,570,421,712</b>	<b>4,227,375,936,697</b>

*Hong Dao*

**Ngo Thi Hong Dao**  
 Preparer

*Huan*

**Ho Bui Huan**  
 Chief Accountant



*Le Chanh Dao*

**Le Chanh Dao**  
 Deputy General Director  
 14 August 2018



**INTERIM SEPARATE INCOME STATEMENT**

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01		2,200,501,385,886	2,274,950,250,357
2. Deductions	02		224,237,386,413	170,101,596,555
3. Net revenue from goods sold and services rendered (10=01-02)	10	29	1,976,263,999,473	2,104,848,653,802
4. Cost of sales	11	30	1,412,367,856,886	1,683,417,474,123
5. Gross profit from goods sold and services rendered (20=10-11)	20		563,896,142,587	421,431,179,679
6. Financial income	21	32	55,277,667,862	645,847,987,877
7. Financial expenses	22	33	52,909,511,815	44,081,642,166
- In which: Interest expense	23		14,975,360,579	10,652,258,756
8. Selling expenses	25	34	322,169,494,050	288,261,468,819
9. General and administration expenses	26	34	119,196,200,983	151,872,673,820
<b>10. Operating profit (30=20+(21-22)-(25+26))</b>	<b>30</b>		<b>124,898,603,601</b>	<b>583,063,382,751</b>
11. Other income	31	35	6,600,254,175	2,465,598,342
12. Other expenses	32	36	1,669,376,858	1,863,181,138
13. Profit from other activities (40=31-32)	40		4,930,877,317	602,417,204
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>129,829,480,918</b>	<b>583,665,799,955</b>
15. Current corporate income tax expense	51	37	26,236,240,249	2,293,047,949
16. Deferred corporate tax income	52		(145,588,750)	(658,192,272)
<b>17. Net profit after tax (60=50-51-52)</b>	<b>60</b>		<b>103,738,829,419</b>	<b>582,030,944,278</b>

*Hong Dao*

**Ngo Thi Hong Dao**  
Preparer

*Huan*

**Ho Bui Huan**  
Chief Accountant



*Le Chanh Dao*

**Le Chanh Dao**  
Deputy General Director  
14 August 2018



**INTERIM SEPARATE CASH FLOW STATEMENT**  
For the 6-month period ended 30 June 2018

Unit: VND


ITEMS	Codes	Current period	Prior period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. <b>Profit before tax</b>	<b>01</b>	<b>129,829,480,918</b>	<b>583,665,799,955</b>
2. <b>Adjustments for:</b>			
Depreciation and amortisation of fixed assets and investment properties	02	33,220,752,325	25,205,454,115
Provisions	03	5,691,619,104	11,995,973,534
Foreign exchange loss/(gain) arising from translating foreign currency items	04	567,690,526	(149,692,834)
Gain from investing activities	05	(57,899,685,216)	(644,546,147,982)
Interest expense	06	14,975,360,579	10,652,258,756
Other adjustments	07	140,350,390	7,000,000,000
3. <b>Operating profit before movements in working capital</b>	<b>08</b>	<b>126,525,568,626</b>	<b>(6,176,354,456)</b>
Changes in receivables	09	372,356,178,448	94,615,148,818
Changes in inventories	10	(92,701,762,807)	(13,921,841,390)
Changes in payables	11	(14,511,645,923)	198,563,118,938
Changes in prepaid expenses	12	992,461,564	(8,983,524,952)
Interest paid	14	(14,983,041,446)	(10,757,849,398)
Corporate income tax paid	15	(16,394,904,402)	-
Other cash inflows	16	-	1,600,000,000
Other cash outflows	17	(39,489,270,063)	(41,121,035,256)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>321,793,583,997</b>	<b>213,817,662,304</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(22,474,039,315)	(13,464,629,896)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	6,182,727,272	3,865,035,313
3. Cash outflow for lending and term deposits	23	(1,477,872,583,232)	(671,348,802,045)
4. Cash recovered from lending and term deposits	24	836,365,824,742	719,242,379,918
5. Equity investments in other entities	25	(160,000,000)	-
6. Interest earned, dividends and profits received	27	39,796,499,442	66,848,508,065
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(618,161,571,091)</b>	<b>105,142,491,355</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	1,463,145,782,841	1,383,813,007,336
2. Repayment of borrowings	34	(1,275,690,370,296)	(1,017,643,696,928)
3. Dividends and profits paid	36	(261,492,142,000)	(305,075,155,000)
<b>Net cash (used in)/generated by financing activities</b>	<b>40</b>	<b>(74,036,729,455)</b>	<b>61,094,155,408</b>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(370,404,716,549)</b>	<b>380,054,309,067</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>419,183,311,635</b>	<b>310,837,861,290</b>
Effect of changes in foreign exchange rates	61	66,298,400	(3,821,553)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>48,844,893,486</b>	<b>690,888,348,804</b>

Significant non-cash transactions for the 6-month period ended 30 June 2018 are presented in Note 40.

  
\_\_\_\_\_  
**Ngo Thi Hong Dao**  
Preparer

  
\_\_\_\_\_  
**Ho Bui Huan**  
Chief Accountant



  
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**Le Chanh Dao**  
Deputy General Director  
14 August 2018

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

On 2 September 2004, DHG Pharmaceutical Joint Stock Corporation (the "Company") was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QD-CT.UB dated 5 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company under the Business Registration Certificate No.5703000111 dated 15 September 2014 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

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

The Company's shares were listed on Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

The largest shareholder of the Company is The State Capital Investment Corporation ("SCIC") which 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, Can Tho City, S.R. Vietnam.

The number of employees of the Company as at 30 June 2018 was 3,078 (as at 31 December 2017: 2,286).

**Operating industry and principal activities**

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

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

**The Company's structure**

As at 30 June 2018, the Company's subsidiaries and associate were as follows:

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





Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
DHG Pharmaceutical One Member Limited Company (****)	Manufacturing and Trading pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and pharmaceutical cosmetics	No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone on 16 August 2010	100%	100%
DHG Packaging and Printing 1 One Member Limited Company (****)	Manufacturing and Trading packaging, plastic, aluminum, paper for pharmaceutical industry; provide printing services	No. 642041000007 issued by the Management Board of Hau Giang Industrial Zone on 28 September 2012	100%	100%
Fuji Medic Limited Liability Company	Healthy care services	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 26 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%

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

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

As at the date of this 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 Management 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 Management approved the of SH 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 the 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 the General Meeting of Shareholders approved the merger of DHG Packaging and Printing 1 One Member Limited Company and DHG Pharmaceutical One Member Limited Company into the Company. According to the 25<sup>th</sup> 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 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 June 2018, and its separate results of operations and separate cash flows for the 6-month period ended 30 June 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 6-month period ended 30 June each year.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these interim 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 General Directors 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 General Directors' 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 General Directors 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.

**Investments in subsidiaries and associate**

*Investment in subsidiaries*

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

*Investment in 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.

**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.

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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.

#### **Lease**

##### The Company as lessor

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

##### The Company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the 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 assets and amortization**

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

Definite land use rights are 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 are 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.

#### **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 General Directors' 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 interim separate 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.

**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.

### **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.

**Segmental reporting**

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

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

**4. CASH AND CASH EQUIVALENTS**

	Closing balance VND	Opening balance VND
Cash on hand	11,534,765,732	20,202,849,000
Demand deposits	37,003,758,754	33,480,462,635
Cash in transit	306,369,000	-
Cash equivalents (*)	-	365,500,000,000
	<b><u>48,844,893,486</u></b>	<b><u>419,183,311,635</u></b>

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

**5. FINANCIAL INVESTMENTS**

**Held-to-maturity 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.

At as 30 June 2018, term deposits with maturity term over 3 months of VND 350,800,000,000 were pledged as collaterals for the short-term loans from the bank as presented in Note 22, and for tender guarantees and performance of contracts (as at 31 December 2017: VND 246,000,000,000).

**Long-term financial investments**

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiaries	660,892,460,000	-	665,732,460,000	-
Investment in associate	3,787,450,000	(1,014,391,047)	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)
	<b><u>692,588,080,200</u></b>	<b><u>(17,514,391,047)</u></b>	<b><u>697,428,080,200</u></b>	<b><u>(17,498,466,147)</u></b>

As at 30 June 2018 and 31 December 2017, fair values of long-term investments in other entities were not determined by the Company as there is no reference price in the market, except Cuu Long Pharmaceutical Joint Stock Company whose shares are listed in Ho Chi Minh Security Exchange since 2008. Fair value of investments in Cuu Long Pharmaceutical Joint Stock Company as at 30 June 2018 and 31 December 2017 were VND 104,428,800 and VND 162,288,000, respectively.





**Investments in subsidiaries**

	Closing balance VND	Opening balance VND
DHG Travel One Member Limited Company	5,000,000,000	5,000,000,000
SH 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
	<b><u>660,892,460,000</u></b>	<b><u>665,732,460,000</u></b>

**Investment in associate**

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

**Equity investments in other entities**

	Closing balance VND	Opening balance VND
ATP Packaging JSC	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
	<b><u>27,908,170,200</u></b>	<b><u>27,908,170,200</u></b>

Provision balance as at 30 June 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**

	Closing balance VND	Opening balance VND
a. Receivables from third parties (*)	523,929,512,022	703,607,947,414
b. Receivables from subsidiaries (Note 39)	<u>1,412,632,781</u>	<u>14,131,213,054</u>
	<b><u>525,342,144,803</u></b>	<b><u>717,739,160,468</u></b>

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

**7. OTHER SHORT-TERM RECEIVABLES**

	Closing balance VND	Opening balance VND
Prepaid trade discounts	237,299,823	243,590,918
Accruals of interest income	33,252,116,707	20,834,778,056
Receivable from subsidiaries (Note 39)	1,513,721,705	395,463,956,053
Receivable from employees	8,894,158,935	7,196,606,074
Other receivables	<u>7,948,768,911</u>	<u>8,075,807,924</u>
	<b><u>51,846,066,081</u></b>	<b><u>431,814,739,025</u></b>

8. BAD DEBTS

	Closing balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>214,536,145,852</u>	<u>(26,372,788,858)</u>	<u>188,163,356,994</u>

	Opening balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>182,026,229,054</u>	<u>(19,797,719,098)</u>	<u>162,228,509,956</u>

On 30 June 2018 and 31 December 2017, there are no trade receivables past due that accounting for 10% or more of total amount of trade receivables past due.

Movements in the provision for doubtful debts during the current period and prior year were as follows:

	Current period VND	Prior year VND
Opening balance	19,797,719,098	6,106,506,780
Additional provision	6,495,495,969	7,569,250,421
Transferred from subsidiaries	79,573,791	6,121,961,897
<b>Closing balance</b>	<b><u>26,372,788,858</u></b>	<b><u>19,797,719,098</u></b>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	81,878,447,037	-	41,560,218,649	-
Raw materials	298,177,464,924	-	158,745,757,363	(1,294,938,769)
Work in progress	70,080,954,931	-	12,834,843,947	-
Finished goods	294,069,354,712	(1,086,438,796)	87,638,780,601	(667,007,995)
Merchandises	37,081,262,551	-	286,279,742,417	(1,366,421,302)
	<b><u>781,287,484,155</u></b>	<b><u>(1,086,438,796)</u></b>	<b><u>587,059,342,977</u></b>	<b><u>(3,328,368,066)</u></b>

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

	Current period VND	Prior year VND
Opening balance	3,328,368,066	1,654,623,698
Provisions made	-	1,673,744,368
Used provisions	(1,294,938,769)	-
Reversal of provions	(946,990,501)	-
<b>Closing balance</b>	<b><u>1,086,438,796</u></b>	<b><u>3,328,368,066</u></b>



10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
Prepaid operating leases	3,071,736,894	39,409,097
Others	<u>7,133,115,032</u>	<u>2,774,687,110</u>
	<b><u>10,204,851,926</u></b>	<b><u>2,814,096,207</u></b>
b. Long-term		
Prepaid land rental	10,540,592,712	10,713,316,530
Tools and supplies issued for consumption	10,114,412,327	9,705,821,685
Leasehold improvements	63,754,008	79,580,088
Others	<u>6,435,744,006</u>	<u>5,469,734,366</u>
	<b><u>27,154,503,053</u></b>	<b><u>25,968,452,669</u></b>

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

	Opening balance VND	Payable during the period VND	Transferred from subsidiaries VND	Paid during the period VND	Closing balance VND
a. Receivables					
Value added tax for import goods	-	-	-	485,237,897	485,237,897
Personal income tax	5,608,366,368	4,050,287,660	-	-	1,558,078,708
Import and export duties	1,536,214,509	8,432,692,821	-	7,919,621,678	1,023,143,366
Land rental fee	15,682,319	15,682,319	-	-	-
Other taxes	-	-	-	7,987,284	7,987,284
	<b><u>7,160,263,196</u></b>	<b><u>12,498,662,800</u></b>	<b><u>-</u></b>	<b><u>8,412,846,859</u></b>	<b><u>3,074,447,255</u></b>
b. Payables					
Output value added tax	7,800,259,075	47,758,364,215	1,683,028,788	29,177,406,308	28,064,245,770
Value added tax for import goods	3,461,540	21,043,657,256	-	21,047,118,796	-
Corporate income tax	10,904,082,749	26,236,240,249	385,815,039	16,394,904,402	21,131,233,635
Personal income tax	-	14,845,964,140	89,571,316	14,935,535,456	-
Land rental and land use tax	-	5,670,599,167	-	2,976,297,161	2,694,302,006
Other taxes	-	315,796,586	-	315,796,586	-
	<b><u>18,707,803,364</u></b>	<b><u>115,870,621,613</u></b>	<b><u>2,158,415,143</u></b>	<b><u>84,847,058,709</u></b>	<b><u>51,889,781,411</u></b>

12. LOAN RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
Loan receivables from customers (*)	<u>7.036.774.288</u>	<u>16.239.970.057</u>
	<b><u>7.036.774.288</u></b>	<b><u>16.239.970.057</u></b>
b. Long-term		
Loan receivables from subsidiaries (Note 39)	-	48.536.959.865
Loan receivables from customers (*)	<u>2.757.368.962</u>	<u>3.449.997.935</u>
	<b><u>2.757.368.962</u></b>	<b><u>51.986.957.800</u></b>

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

**13. TANGIBLE FIXED ASSETS**

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>COST</b>					
Opening balance	270,109,462,150	210,736,501,998	117,816,877,013	68,740,237,887	667,403,079,048
Purchases	-	78,014,000	-	-	78,014,000
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	8,438,171,054	361,818,182	4,191,477,528	37,679,091	13,029,145,855
Transferred from investment properties	422,357,075	-	-	-	422,357,075
Disposals	(2,499,207,818)	-	(138,219,172)	-	(2,637,426,990)
Closing balance	<u>521,861,900,161</u>	<u>569,748,778,181</u>	<u>171,716,531,601</u>	<u>69,483,297,263</u>	<u>1,332,810,507,206</u>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	125,704,028,040	132,091,881,780	87,125,513,206	54,832,541,008	399,753,964,034
Charge for the period	12,361,436,425	15,022,645,618	5,048,814,328	2,213,525,929	34,646,422,300
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	327,548,370	-	-	-	327,548,370
Disposals	(1,436,868,475)	-	(138,219,172)	-	(1,575,087,647)
Closing balance	<u>167,573,583,265</u>	<u>242,600,385,937</u>	<u>106,514,246,583</u>	<u>57,513,604,451</u>	<u>574,201,820,236</u>
<b>NET BOOK VALUE</b>					
<b>Opening balance</b>	<b><u>144,405,434,110</u></b>	<b><u>78,644,620,218</u></b>	<b><u>30,691,363,807</u></b>	<b><u>13,907,696,879</u></b>	<b><u>267,649,115,014</u></b>
<b>Closing balance</b>	<b><u>354,288,316,896</u></b>	<b><u>327,148,392,244</u></b>	<b><u>65,202,285,018</u></b>	<b><u>11,969,692,812</u></b>	<b><u>758,608,686,970</u></b>

As at 30 June 2018, the cost of tangible fixed assets included VND 200,712 million (as at 31 December 2017: VND 175,368 million) of assets which were fully depreciated but are still in use.

**14. INTANGIBLE ASSETS**

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
<b>COST</b>				
Opening balance	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	1,723,410,685	187,267,742	423,482,400	2,334,160,827
Disposals	-	(1,560,000,000)	-	(1,560,000,000)
Closing balance	<u>95,158,560,046</u>	<u>157,471,235,263</u>	<u>15,806,972,005</u>	<u>268,436,767,314</u>
<b>ACCUMULATED AMORTIZATION</b>				
Opening balance	-	14,814,607,855	9,192,384,939	24,006,992,794
Charge for the period	-	1,357,639,389	1,010,206,398	2,367,845,787
Transferred from subsidiaries	-	4,188,935,834	147,852,600	4,336,788,434
Closing balance	-	<u>20,361,183,078</u>	<u>10,350,443,937</u>	<u>30,711,627,015</u>
<b>NET BOOK VALUE</b>				
<b>Opening balance</b>	<b><u>92,414,349,361</u></b>	<b><u>88,006,971,856</u></b>	<b><u>6,014,477,866</u></b>	<b><u>186,435,799,083</u></b>
<b>Closing balance</b>	<b><u>95,158,560,046</u></b>	<b><u>137,110,052,185</u></b>	<b><u>5,456,528,068</u></b>	<b><u>237,725,140,299</u></b>

As at 30 June 2018, the cost of intangible assets included VND 6,007 million (as at 31 December 2017: VND 5,861 million) of assets which were fully amortized but are still in use.



15. INVESTMENT PROPERTIES

	Buildings VND
<b>COST</b>	
Opening balance	1,671,878,867
Transferred to tangible fixed assets	(422,357,075)
Closing balance	<u>1,249,521,792</u>
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	1,270,060,709
Charge for the period	29,564,580
Transferred to tangible fixed assets	(327,548,370)
Closing balance	<u>972,076,919</u>
<b>NET BOOK VALUE</b>	
<b>Opening balance</b>	<u><b>401,818,158</b></u>
<b>Closing balance</b>	<u><b>277,444,873</b></u>

As at 30 June 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.

The fair value of investment properties was not determined since the Company has not performed revaluation of the fair value of these investment properties at the date of interim separate financial statements.

16. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Construction of effervescent tablets plant	21,072,036,020	16,658,486,842
Construction of Gia Lai branch office	623,948,774	623,948,774
Construction of Bac Lieu branch office	-	71,643,034
Construction of DHG Pharma Factory branch at Hau Giang	11,746,318,769	-
Temperature and humidity measuring equipment for trucks	-	33,550,000
Head office renovation	-	4,000,000
Certificate Registration	353,349,987	-
Transportation of Da Nang and Bac Ninh branch	1,458,181,819	-
Construction of Ho Chi Minh branch office	787,936,198	-
Construction of Commercial channel office	637,894,809	-
Repairing warehouse	433,305,661	-
	<u><b>37,112,972,037</b></u>	<u><b>17,391,628,650</b></u>

17. DEFERRED TAX ASSETS

	Closing balance VND	Opening balance VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences of provision amount	56,982,033,000	48,880,220,155
<b>Deferred tax assets</b>	<u><b>11,396,406,600</b></u>	<u><b>9,776,044,031</b></u>



**18. SHORT-TERM TRADE PAYABLES**

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
<b>a. Trade payables to third parties</b>	<b>239,183,067,136</b>	<b>239,183,067,136</b>	<b>246,870,234,719</b>	<b>246,870,234,719</b>
Truong Tin Pharmaceutical Co., Ltd.	37,649,425,080	37,649,425,080	35,135,876,027	35,135,876,027
Nomura Trading Co., Ltd.	20,152,505,230	20,152,505,230	25,762,165,250	25,762,165,250
Others	181,381,136,826	181,381,136,826	185,972,193,442	185,972,193,442
<b>b. Trade payables to subsidiaries and associate (Note 39)</b>	<b>-</b>	<b>-</b>	<b>134,155,492,217</b>	<b>134,155,492,217</b>
	<b><u>239,183,067,136</u></b>	<b><u>239,183,067,136</u></b>	<b><u>381,025,726,936</u></b>	<b><u>381,025,726,936</u></b>

As at 30 June 2018 and 31 December 2017, the Company did not have any overdue trade payables.

**19. SHORT-TERM ACCRUED EXPENSES**

	Closing balance VND	Opening balance VND
Seminars	7,251,119,982	-
Market research	-	10,429,270,479
Payment discount	5,845,223,980	8,261,692,934
Marketing and customer care expenses	12,669,693,367	6,660,719,815
Interest payable	445,168,994	452,849,861
Other accruals	14,754,663,015	23,628,657,734
	<b><u>40,965,869,338</u></b>	<b><u>49,433,190,823</u></b>

**20. SHORT-TERM UNEARNED REVENUE**

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

**21. OTHER SHORT-TERM PAYABLES**

	Closing balance VND	Opening balance VND
Union fee	986,200,985	497,197,623
Dividends payable	-	196,119,106,500
Payables to subsidiaries (Note 39)	624,499,715,144	4,432,681,911
Others	1,945,680,626	7,000,704,162
	<b><u>627,431,596,755</u></b>	<b><u>208,049,690,196</u></b>

**22. SHORT-TERM LOANS**

	Opening balance VND	Increase VND	Decrease VND	Closing balance VND
Loans from banks (*)	469,800,000,000	1,463,145,782,841	1,275,690,370,296	657,255,412,545
	<b><u>469,800,000,000</u></b>	<b><u>1,463,145,782,841</u></b>	<b><u>1,275,690,370,296</u></b>	<b><u>657,255,412,545</u></b>

(\*) Represents credit facilities from:

- Vietnam Joint Stock Commercial Bank For Industry And Trade - Can Tho Branch with a maximum credit limit of VND 700,000,000,000. This facility can be drawn in Vietnam Dong and will expire on 10 May 2019. The duration for each withdrawal is from 3 months to 4 months. These loans are secured by term deposits at other bank, as presented in Note 5.

- Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch with a maximum credit limit of VND 700,000,000,000. This facility can be drawn in Vietnam Dong and will expire on 28 February 2019. The duration for each withdrawal is from 3 months to 4 months. These loans are secured by term deposits at other bank, as presented in Note 5.

- HSBC in Vietnam Dong. This facility will expire on 31 January 2019.



- These loans bear interests at the rates ranging from 0.23% per month to 0.42% per month (as at 31 December 2017: from 0.32% per month to 0.42% per month).

**23. BONUS AND WELFARE FUNDS**

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Meetings ("AGM"). 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 Management in accordance with the Company's AGM Resolution.

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

	Bonus and welfare fund VND	Bonus fund for Board of Management VND	Welfare fund in form of assets VND	Total VND
Opening balance	33,126,810,874	7,704,745,368	20,285,705,306	61,117,261,548
Appropriation to the funds (Note 26)	61,795,178,258	6,000,000,000	-	67,795,178,258
Transferred from subsidiaries	(178,422,039)	12,000,000	-	(166,422,039)
Assets formed from funds	(338,721,111)	-	338,721,111	-
Depreciation of assets formed from the funds	-	-	(1,558,462,024)	(1,558,462,024)
Transferred to subsidiaries	(6,510,756,170)	-	-	(6,510,756,170)
Utilization	(29,572,478,838)	(2,497,862,384)	-	(32,070,341,222)
<b>Closing balance</b>	<b>58,321,610,974</b>	<b>11,218,882,984</b>	<b>19,065,964,393</b>	<b>88,606,458,351</b>

**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
Provisions made	850,997,964	571,129,541	1,422,127,505
Transferred from subsidiaries	7,373,869,093	198,064,020	7,571,933,113
Utilisation of provisions	-	(908,172,671)	(908,172,671)
<b>Closing balance</b>	<b>12,982,576,700</b>	<b>26,485,065,253</b>	<b>39,467,641,953</b>

**25. SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS**

In accordance with Circular No. 12/2016/TTLT-BKHCHN-BTC dated 26 June 2016, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are utilized when disbursement are paid for research and development activities.

Movements of science and technology funds during the period 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	(2,264,618,318)
<b>Closing balance</b>	<b>22,691,855,738</b>

26. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
<b>Opening balance of the prior year</b>	<b>871,643,300,000</b>	<b>6,778,948,000</b>	<b>1,204,418,584,654</b>	<b>230,865,437,769</b>	<b>2,313,706,270,423</b>
Bonus share issues	435,817,410,000	-	(435,817,410,000)	-	-
Profit for the year	-	-	-	1,243,994,817,903	1,243,994,817,903
Dividends declared	-	-	-	(631,940,332,500)	(631,940,332,500)
Fund distribution	-	-	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 Management	-	-	-	(11,070,021,247)	(11,070,021,247)
<b>Opening balance of the current period</b>	<b><u>1,307,460,710,000</u></b>	<b><u>6,778,948,000</u></b>	<b><u>1,077,345,255,193</u></b>	<b><u>437,893,650,006</u></b>	<b><u>2,829,478,563,199</u></b>
Profit for the period	-	-	-	103,738,829,419	103,738,829,419
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)
Dividends declared	-	-	-	(65,373,035,500)	(65,373,035,500)
Profit distribution	-	-	157,918,391,319	(157,918,391,319)	-
Appropriation to bonus and welfare fund (Note 23)	-	-	-	(61,795,178,258)	(61,795,178,258)
Appropriation to bonus fund for the Board of Management (Note 23)	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Closing balance of the current period</b>	<b><u>1,307,460,710,000</u></b>	<b><u>6,778,948,000</u></b>	<b><u>1,235,263,646,512</u></b>	<b><u>364,983,904,148</u></b>	<b><u>2,914,487,208,660</u></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.



**Charter capital**

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

	Closing balance		Opening balance	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
<b>Ordinary shares currently in circulation</b>	<b>130,746,071</b>	<b>1,307,460,710,000</b>	<b>130,746,071</b>	<b>1,307,460,710,000</b>

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. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movement in share capital during the period were as follows:

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

**Dividends**

According to Resolution of the Company's Annual General Meeting No. 001/2018/NQ-ĐHĐCĐ dated 28 March 2018, the shareholders of the Company approved declaration plan of dividends from profit after tax of 2017 of 30% in cash, equivalent to VND 392,238,213,000. In 2017, the Company made advance by cash two times at 10% and 15% of par value with the total amount is VND 326,865,177,500. On 9 May 2018, the Company paid remaining 5% dividend with a total amount of VND 65,373,035,500.

**27. OFF BALANCE SHEET ITEMS**

**Foreign currencies**

	Closing balance	Opening balance
United States Dollar ("USD")	547,764	399,506
Euro ("EUR")	5,632	559

**28. SEGMENTAL REPORTING**

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

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

**Product segments**

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



	Current period VND	Prior period VND
<b>Net sales</b>		
Pharmaceutical products	1,349,261,180,340	1,267,280,679,974
Functional foods	203,768,963,772	266,943,713,008
Others	423,233,855,361	570,624,260,820
	<b><u>1,976,263,999,473</u></b>	<b><u>2,104,848,653,802</u></b>
<b>Cost of sales</b>		
Pharmaceutical products	(871,454,987,397)	(942,104,168,306)
Functional foods	(130,991,117,574)	(175,595,696,272)
Others	(409,921,751,915)	(565,717,609,545)
	<b><u>(1,412,367,856,886)</u></b>	<b><u>(1,683,417,474,123)</u></b>
<b>Gross profit</b>		
Pharmaceutical products	477,806,192,943	325,176,511,668
Functional foods	72,777,846,198	91,348,016,736
Others	13,312,103,446	4,906,651,275
	<b><u>563,896,142,587</u></b>	<b><u>421,431,179,679</u></b>

**29. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED**

	Current period VND	Prior period VND
<b>Sales of goods and services</b>		
Sales of finished goods	1,049,400,115,369	401,588,755,484
Sales of merchandises	1,134,402,344,627	1,855,738,413,973
Others	16,698,925,890	17,623,080,900
	<b><u>2,200,501,385,886</u></b>	<b><u>2,274,950,250,357</u></b>
<b>Deductions</b>		
Sales discount	219,729,145,907	164,875,598,422
Sales return	4,508,240,506	5,225,998,133
	<b><u>224,237,386,413</u></b>	<b><u>170,101,596,555</u></b>
<b>Net sales</b>		
<i>In which:</i>		
Sales of finished goods	938,407,440,423	367,365,955,460
Sales of merchandises	1,021,157,633,160	1,719,859,617,442
Others	16,698,925,890	17,623,080,900
	<b><u>1,976,263,999,473</u></b>	<b><u>2,104,848,653,802</u></b>

**30. COST OF GOODS SOLD AND SERVICES RENDERED**

	Current period VND	Prior period VND
Cost of finished goods sold	535,934,152,447	216,824,109,429
Cost of merchandises sold	876,800,802,201	1,464,513,449,966
Cost of services rendered	579,892,739	162,681,876
(Reversal of provision)/provision for devaluation of inventories	(946,990,501)	1,917,232,852
	<b><u>1,412,367,856,886</u></b>	<b><u>1,683,417,474,123</u></b>



**31. PRODUCTION AND OPERATION COSTS BY NATURE**

	Current period VND	Prior period VND
Raw materials and consumables	1,355,037,407,759	1,588,748,900,471
Staff cost	342,423,117,061	316,525,852,034
Depreciation and amortization	32,919,477,635	24,949,504,762
Out-sourced services	77,259,213,421	67,360,727,905
Other expenses	113,420,834,710	96,546,762,820
	<b><u>1,921,060,050,586</u></b>	<b><u>2,094,131,747,992</u></b>

**32. FINANCIAL INCOME**

	Current period VND	Prior period VND
Dividends and profits earned	7,366,893,585	612,056,954,126
Bank interest income	46,360,767,962	30,984,292,053
Loan interest income from subsidiaries	611,635,740	870,913,644
Foreign exchange gains	938,268,826	1,935,828,054
Other financial income	101,749	-
	<b><u>55,277,667,862</u></b>	<b><u>645,847,987,877</u></b>

**33. FINANCIAL EXPENSES**

	Current period VND	Prior period VND
Settlement discount	34,595,464,067	30,390,536,453
Interest expense	14,975,360,579	10,652,258,756
Foreign exchange losses	3,089,218,497	2,363,017,454
Provision for impairment of investments	15,924,900	597,096,044
Loss from liquidated subsidiaries	140,452,139	-
Other financial expenses	93,091,633	78,733,459
	<b><u>52,909,511,815</u></b>	<b><u>44,081,642,166</u></b>

**34. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

	Current period VND	Prior period VND
<b>a. Selling expenses</b>		
Advertising expenses	62,239,500,310	51,494,332,013
Staff cost	170,567,374,971	148,073,059,550
Others	89,362,618,769	88,694,077,256
	<b><u>322,169,494,050</u></b>	<b><u>288,261,468,819</u></b>
<b>b. General and administration expenses</b>		
Staff cost	84,424,120,541	120,056,836,060
Others	34,772,080,442	31,815,837,760
	<b><u>119,196,200,983</u></b>	<b><u>151,872,673,820</u></b>

**35. OTHER INCOME**

	Current period VND	Prior period VND
Gain from disposals of fixed assets, long-term assets in progress	3,560,387,929	633,988,159
Others	3,039,866,246	1,831,610,183
	<b><u>6,600,254,175</u></b>	<b><u>2,465,598,342</u></b>



**36. OTHER EXPENSES**

	Current period VND	Prior period VND
Others	1,669,376,858	1,863,181,138
	<u>1,669,376,858</u>	<u>1,863,181,138</u>

**37. CURRENT CORPORATE INCOME TAX EXPENSE**

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

	Current period VND	Prior period VND
Accounting profit before tax	129,829,480,918	583,665,799,955
Tax calculated at a rate of 20%	25,965,896,183	116,733,159,991
Adjustment for:		
<i>Non-assessable income</i>	(1,473,399,067)	(122,411,390,825)
<i>Non-deductible expense</i>	1,743,743,133	2,293,047,949
<i>Tax losses for which no deferred income tax asset was recognized</i>	-	5,678,230,834
Tax rate	20%	20%
<b>Current corporate income tax expense</b>	<u>26,236,240,249</u>	<u>2,293,047,949</u>

The Company is obliged to pay corporate income tax at the rate of 20% (2017: 20%) of its assessable income except for Packaging and Printing Factory, Branch of factory DHG Pharmaceutical at Hau Giang Province which are entitled to tax incentive. However, the Company has not applied the tax incentive for the period 6-month ended 30 June 2018 yet because the Company is still waiting for the guidance from the Tax Authority on applying this tax incentive.

**38. COMMITMENTS**

**a. Operating lease commitment**

	Current period VND	Prior period VND
Minimum lease payments under operating leases recognized in the income statement for the period	2,733,324,777	2,967,876,212

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

	Closing balance VND	Opening balance VND
Within one year	2,711,014,189	5,422,028,378
In the second to fifth year inclusive	21,688,113,512	21,688,113,512
After five years	113,005,646,812	115,731,722,192
	<u>137,404,774,513</u>	<u>142,841,864,082</u>

**b. Capital commitment**

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

	Closing balance VND	Opening balance VND
Approved but not contracted	13,247,194,643	15,055,633,763
Approved and contracted but not implemented	11,249,857,551	4,951,768,060
	<u>24,497,052,194</u>	<u>20,007,401,823</u>



39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
DHG Travel One Member Limited Company	Subsidiary
SH Pharmaceutical One Member Limited Company (formerly known as Song Hau Pharmaceutical Joint Stock 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
The State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd.	Major shareholder

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

	Current period VND	Prior period VND
<b>Sales of goods and provision of services</b>		
SH Pharmaceutical One Member Limited Company	31,565,295,771	36,348,492,405
DHG Pharmaceutical One Member Limited Company	155,719,582,755	337,391,230,795
DHG Packaging and Printing 1 One Member Limited Company	183,541,022	265,731,509
DHG Travel One Member Limited Company	-	982,007,094
Fuji Medic Limited Liability Company	21,790,909	-
	<b><u>187,490,210,457</u></b>	<b><u>374,987,461,803</u></b>
<b>Purchases of goods and services</b>		
DHG Pharmaceutical One Member Limited Company	437,669,886,011	870,476,877,428
DHG Packaging and Printing 1 One Member Limited Company	10,932,029,742	16,467,656,885
Vinh Hao Algae Processing Joint Stock Company	421,846,000	1,132,250,000
DHG Travel One Member Limited Company	-	14,648,275,498
	<b><u>449,023,761,753</u></b>	<b><u>902,725,059,811</u></b>
<b>Sales of fixed assets</b>		
DHG Pharmaceutical One Member Limited Company	-	3,396,004,997
	<b><u>-</u></b>	<b><u>3,396,004,997</u></b>
<b>Purchases of fixed assets</b>		
SH Pharmaceutical One Member Limited Company	6,810,351,793	-
	<b><u>6,810,351,793</u></b>	<b><u>-</u></b>



	Current period VND	Prior period VND
<b>Dividends income</b>		
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
SH 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
	<b><u>7,313,721,705</u></b>	<b><u>612,003,688,962</u></b>
<b>Loan interest income</b>		
DHG Pharmaceutical One Member Limited Company	256,389,352	348,605,183
DHG Packaging and Printing 1 One Member Limited Company	355,246,388	518,558,461
DHG Travel One Member Limited Company	-	3,750,000
	<b><u>611,635,740</u></b>	<b><u>870,913,644</u></b>
<b>Loss transferred from subsidiary</b>		
B&T Pharmaceutical One Member Limited Company	140,350,390	-
	<b><u>140,350,390</u></b>	<b><u>-</u></b>
<b>Investment in subsidiary</b>		
DHG Pharmaceutical One Member Limited Company	-	10,872,523,165
	<b><u>-</u></b>	<b><u>10,872,523,165</u></b>
<b>Loans granted to</b>		
DHG Travel One Member Limited Company	-	2,000,000,000
	<b><u>-</u></b>	<b><u>2,000,000,000</u></b>
<b>Collecting investment</b>		
B&T Pharmaceutical One Member Limited Company	5,000,000,000	-
	<b><u>5,000,000,000</u></b>	<b><u>-</u></b>
<b>Dividends paid</b>		
SCIC	113,252,474,000	132,127,887,500
Taisho Pharmaceutical Co., Ltd.	63,912,192,000	74,564,224,000
	<b><u>177,164,666,000</u></b>	<b><u>206,692,111,500</u></b>
Remuneration paid to the Company's the Board of Management and the Board of General Directors during the period was as follows:		
	Current period VND	Prior period VND
Salaries and other benefits	<b><u>11,037,963,806</u></b>	<b><u>9,911,906,264</u></b>





**DHG PHARMACEUTICAL JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

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

	Closing balance VND	Opening balance VND
<b>Trade receivables</b>		
DHG Packaging and Printing 1 One Member Limited Company	-	1,440,000
SH Pharmaceutical One Member Limited Company	1,404,162,781	14,129,773,054
Fuji Medic Limited Liability Company	8,470,000	-
	<b><u>1,412,632,781</u></b>	<b><u>14,131,213,054</u></b>
<b>Long-term/short-term loan receivables</b>		
DHG Pharmaceutical One Member Limited Company	-	20,117,248,828
DHG Packaging and Printing 1 One Member Limited Company	-	28,419,711,037
	<b><u>-</u></b>	<b><u>48,536,959,865</u></b>
<b>Dividend receivables</b>		
DHG Pharmaceutical One Member Limited Company	-	380,774,950,615
DHG Packaging and Printing 1 One Member Limited Company	-	14,500,219,236
DHG Travel One Member Limited Company	-	188,786,202
SH Pharmaceutical One Member Limited Company	1,513,721,705	-
	<b><u>1,513,721,705</u></b>	<b><u>395,463,956,053</u></b>
<b>Short-term trade payables</b>		
DHG Pharmaceutical One Member Limited Company	-	129,452,729,383
DHG Packaging and Printing 1 One Member Limited Company	-	4,681,937,834
DHG Travel One Member Limited Company	-	16,325,000
Vinh Hao Algae Processing Joint Stock Company	-	4,500,000
	<b><u>-</u></b>	<b><u>134,155,492,217</u></b>
<b>Short-term other payables</b>		
B&T Pharmaceutical One Member Limited Company	-	4,432,681,911
DHG Pharmaceutical One Member Limited Company	540,000,000,000	-
DHG Packaging and Printing 1 One Member Limited Company	79,991,284,240	-
DHG Travel One Member Limited Company	4,508,430,904	-
	<b><u>624,499,715,144</u></b>	<b><u>4,432,681,911</u></b>

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40. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

a. Non-cash transactions affecting the cash flow statement

	Current period VND	Prior period VND
Appropriation to reserves	225,713,569,577	405,026,273,166
Transferred from construction in progress to tangible fixed assets	13,029,145,855	3,717,290,910
Transferred from construction in progress to intangible assets	2,334,160,827	2,264,085,000
Transferred from investment property to tangible fixed assets	94,808,705	25,384,704,062
Transferred from construction in progress to tangible fixed assets	-	323,326,952
Issuance of bonus shares from investment and development fund	-	435,817,410,000
Offset payables when receiving dividends and interest income	2,125,459,194	-
Offset payables when collecting long-term loan receivables	49,909,543,097	-
Offset payables when received investment in subsidiaries	173,970,000,000	-
Offset payables when collecting investment in subsidiaries	5,000,000,000	-
Transferred from long-term prepayments to intangible assets	-	30,873,851,250

b. Proceeds from borrowings

	Current period VND	Prior period VND
Proceeds from borrowings under normal contracts	<u>1,463,145,782,841</u>	<u>1,383,813,007,336</u>

c. Repayment of borrowings

	Current period VND	Prior period VND
Repayments of borrowings under normal contracts	<u>1,275,690,370,296</u>	<u>1,017,643,696,928</u>

*Hong Dao*

**Ngo Thi Hong Dao**  
Preparer

*Huan*

**Ho Bui Huan**  
Chief Accountant



**Le Chanh Dao**  
Deputy General Director  
14 August 2018