

Cantho, 19<sup>th</sup> October 2018**INFORMATION DISCLOSURE**

Kind Attn to: **State Securities Commission**  
**Ho Chi Minh Stock Exchange**

- Company's name: DHG Pharmaceutical JSC.
- Stock ticker: DHG
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- Submitted by: Mr. Doan Dinh Duy Khuong
- Type of information disclosure:

 Periodic Extraordinary (24h) Extraordinary (72h) On demand**Contents of information disclosure:**

DHG Pharmaceutical Joint Stock Company would like to explain the business results for the fiscal period ended 30 Sept 2018 as follows:

❖ **Consolidated financial statements of DHG Pharma:**

Figures in: VND billion

Indicators	Q3				9Ms			
	Q3/2018	Q3/2017	Difference	%	9Ms/2018	9Ms/2017	Difference	%
<b>Net revenue</b>	<b>828.1</b>	<b>902.0</b>	<b>(73.9)</b>	<b>-8.2%</b>	<b>2,669.7</b>	<b>2,710.1</b>	<b>(40.4)</b>	<b>-1.49%</b>
<i>In-house products</i>	738.0	694.0	44.0	6.3%	2,210.3	2,092.9	117.4	5.61%
<i>Other products</i>	90.1	208.1	(118.0)	-56.7%	459.4	617.2	(157.8)	-25.57%
<b>Profit before tax</b>	<b>151.4</b>	<b>144.3</b>	7.1	4.9%	<b>512.1</b>	<b>496.2</b>	15.9	<b>3.20%</b>
Corporate income tax - current	12.7	2.0	10.7	543.8%	39.7	4.9	34.8	704.44%
Corporate income tax - deferred	(0.1)	4.2	(4.3)		23.9	- 6.5	30.4	
<b>Profit after tax</b>	<b>138.8</b>	<b>138.1</b>	<b>0.7</b>	<b>0.5%</b>	<b>448.5</b>	<b>497.8</b>	<b>(49.3)</b>	<b>-9.91%</b>

Net revenue in Q3/2018 was VND 828.1 billion, featuring a decrease of 8.2% over the same period. In which, revenue of in-house products increased by 6.3% (reached VND 738 billion). Sales of other products dropped by 56.7% due to suspension on sales of MSD (from April 2018), Eugica (from June 2018) and raw materials trading (from July 2018) for lifting foreign ownership limit (FOL lifting).

Although profit before tax rose by 4.9% (achieved VND 151.4 billion), profit after tax increased only 0.5% over the same period (reached VND 138.8 billion). Because corporate income tax (CIT) of Q3/2018 was recognized as adjustments in 2016, while CIT of Q3/2017 was not recognized as 2016 (because the Company was waiting for the decisions of General Department of Taxation).

For results in 9 months of 2018, although profit before tax grew by 3.2% (reached VND 512 billion), profit after tax witnessed a decline by 9.9% over the same period (achieved VND 448.5 billion). Two main reasons were as follows:

- (1) CIT of 9 months/2018 was recognized as adjustments in 2016, while CIT of 9 months/2017 was not recognized as 2016. CIT – current of 9 months /2018 was VND 40 billion, 9 months/2017 was VND 5 billion, witnessing a rise of VND 35 billion.
- (2) The merger of two subsidiaries DHG Pharmaceutical One Member Limited Company (DHG Pharma Ltd.) and DHG Packing and Printing 1 One Member Limited Company (DHG PP1) into the Parent Company resulted in deferred CIT expense on inventories (unrealized profit) of VND 25 billion. This factor only impacted once in the second quarter of this year when merging. Profit of the year 2018 will not be impacted by this factor.

❖ **Separate financial statements of DHG Pharma:**

Figures in: VND billion

Indicators	Q3				9Ms			
	Q3/2018	Q3/2017	Difference	%	9Ms/2018	9Ms/2017	Difference	%
Net revenue	827.5	1,009.2	(181.7)	-18.0%	2,803.8	3,114.1	(310.3)	-10.0%
Profit before tax	151.1	(43.9)	195.0		280.9	539.7	(258.8)	-48.0%
Dividends transferred from subsidiaries	-	0.5	(0.5)		7.2	612.5	(605.3)	-98.8%
Profit before tax after the deduction of dividends transferred from subsidiaries	151.1	(44.4)	195.5		273.7	(72.8)	346.5	

Net revenue in Q3/2018 reached VND 827.5 billion, depicting a decrease of VND 181.7 billion over the same period, but profit before tax reached VND 151.1 billion, up VND 195 billion. The reasons were:

- + Net revenue in Q3/2018 decreased by VND 181.7 billion, down 18% over the same period due to suspension on sales of MSD (from April 2018), Eugica (from June 2018) and raw materials trading (from July 2018) for FOL lifting.
- + Profit before tax in Q3/2018 rose by VND 195 billion because from 01 April 2018, DHG Pharma Ltd. and DHG PP1 were merged into DHG Pharma and became DHG Pharmaceutical Plant Branch in Hau Giang. The merger resulted in a growth in proportion of finished products in the revenue structure and a rise in the profit of the Parent Company. Finished products in Q3/2018 achieved VND 738 billion, accounting for 89.2% of total revenue, while finished products in Q3/2017 achieved VND 132 billion, accounting for 13.1% of total revenue.
- + For results in 9 months of 2018, net revenue decreased by VND 310 million, but profit before tax after the deduction of dividends transferred from subsidiaries grew by VND 346.5 million.

This information has been disclosed on the Company's website since the 20<sup>th</sup> of October 2018 at [www.dhgpharma.com.vn](http://www.dhgpharma.com.vn)

We hereby undertake that the information published above is true and shall be legally responsible for any misrepresentation./.

**ACTING GENERAL DIRECTOR**

***Recipients:***

- *As above;*
- *Archived: AT, FN.*

**Doan Dinh Duy Khuong**