

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM SEPARATE FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 31 MARCH 2021



**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

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## DHG PHARMACEUTICAL JOINT STOCK COMPANY

### CORPORATE INFORMATION

<b>Establishment decision</b>	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.	
<b>Business registration Certificate</b>	No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City.  The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 02 January 2020 was issued by the Department of Planning and Investment of Can Tho City.	
<b>Board of Directors</b>	Ms. Dang Thi Thu Ha Mr. Jun Kuroda Mr. Masashi Nakaura Mr. Maki Kamijo Mr. Doan Dinh Duy Khuong Mr. Phan Minh Tien Mr. Do Le Hung	Chairwoman Member Member Member Member Member Member
<b>Management</b>	Mr. Masashi Nakaura Mr. Doan Dinh Duy Khuong Ms. Nguyen Ngoc Diep Mr. Tomoyuki Kawata Mr. Pham Chi Truc	General Director Chief Operating Officer Deputy General Director Deputy General Director Deputy General Director
<b>Audit Committee</b>	Mr. Do Le Hung Ms. Dang Thi Thu Ha Mr. Maki Kamijo	Head Member Member
<b>Legal representative</b>	Mr. Masashi Nakaura	General Director
<b>Head office</b>	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

## DHG PHARMACEUTICAL JOINT STOCK COMPANY

## INTERIM SEPARATE BALANCE SHEET

Form B 01 – DN


Codes	ASSETS	Notes	As at 31.03.2021	As at 31.12.2020
			VND	VND
100	<b>CURRENT ASSETS</b>		<b>3,748,940,716,675</b>	<b>3,475,797,124,506</b>
110	<b>Cash and cash equivalents</b>	4	<b>50,938,538,300</b>	<b>68,051,723,905</b>
111	Cash		50,938,538,300	68,051,723,905
120	<b>Short-term financial investments</b>	5	<b>2,430,000,000,000</b>	<b>2,074,000,000,000</b>
123	Held-to-maturity investments		2,430,000,000,000	2,074,000,000,000
130	<b>Short-term receivables</b>		<b>399,976,175,064</b>	<b>496,020,199,824</b>
131	Trade receivables	6	313,403,818,547	414,158,635,702
132	Advances to suppliers		62,057,300,782	69,081,209,633
135	Short-term loan receivables	7	354,417,083	380,542,458
136	Other short-term receivables	8	72,878,543,202	63,309,022,728
137	Provision for doubtful debts	9	(48,717,904,550)	(50,909,210,697)
140	<b>Inventories</b>	10	<b>851,831,357,066</b>	<b>826,585,429,976</b>
141	Inventories		852,895,968,749	827,650,041,659
149	Provision for devaluation of inventories		(1,064,611,683)	(1,064,611,683)
150	<b>Other short-term assets</b>		<b>16,194,646,245</b>	<b>11,139,770,801</b>
151	Short-term prepayments	11	8,871,774,051	4,042,674,685
152	Value added tax deductibles		7,322,872,194	7,078,253,656
153	Taxes and other receivables from the State budget	12	-	18,842,460
200	<b>NON-CURRENT ASSETS</b>		<b>949,125,869,491</b>	<b>966,974,205,664</b>
210	<b>Long-term receivables</b>		<b>642,061,880</b>	<b>244,240,000</b>
216	Other long-term receivables		642,061,880	244,240,000
220	<b>Fixed assets</b>		<b>839,025,662,751</b>	<b>845,372,226,657</b>
221	Tangible fixed assets	13	630,258,865,270	635,287,762,316
222	Cost		1,410,631,865,153	1,395,646,660,192
223	Accumulated depreciation		(780,372,999,883)	(760,358,897,876)
227	Intangible fixed assets	14	208,766,797,481	210,084,464,341
228	Cost		252,779,142,186	252,779,142,186
229	Accumulated amortization		(44,012,344,705)	(42,694,677,845)
230	<b>Investment properties</b>	15	<b>14,913,586,727</b>	<b>14,999,958,848</b>
231	Cost		17,304,956,819	17,304,956,819
232	Accumulated depreciation		(2,391,370,092)	(2,304,997,971)
240	<b>Long-term assets in progress</b>	16	<b>54,842,242,557</b>	<b>66,472,781,314</b>
242	Construction in progress		54,842,242,557	66,472,781,314
250	<b>Long-term financial investments</b>	5	<b>8,561,388,855</b>	<b>8,621,437,680</b>
251	Investments in subsidiary		13,742,460,000	13,742,460,000
253	Equity investments in other entities		24,108,379,057	24,282,104,800
254	Provision for impairment of long-term financial investments		(29,289,450,202)	(29,403,127,120)
260	<b>Other long-term assets</b>		<b>31,140,926,721</b>	<b>31,263,561,165</b>
261	Long-term prepayments	11	15,148,174,590	15,232,901,753
262	Deferred tax assets	17	15,992,752,131	16,030,659,412
270	<b>TOTAL ASSETS</b>		<b>4,698,066,586,166</b>	<b>4,442,771,330,170</b>

## DHG PHARMACEUTICAL JOINT STOCK COMPANY


## INTERIM SEPARATE BALANCE SHEET (cont.)

Form B 01 – DN

Codes	RESOURCES	Notes	As at 31.03.2021 VND	As at 31.12.2020 VND
300	LIABILITIES		929,606,174,139	878,652,181,871
310	Current liabilities		867,409,049,248	815,621,370,458
311	Short-term trade payables	18	190,382,353,473	252,270,552,909
312	Short-term advances from customers		16,937,755,097	20,694,112,030
313	Taxes and amounts payable to the State budget	12	45,631,727,914	38,150,477,839
314	Payables to employees		102,578,465,786	155,266,843,391
315	Short-term accrued expenses	19	17,172,579,304	38,817,541,041
318	Unearned revenue	20	27,805,730,064	49,532,335,735
319	Other current payables	21	1,992,096,165	1,583,049,307
320	Short-term loans	22	438,697,500,806	212,271,519,448
322	Bonus and welfare funds	23	26,210,840,639	47,034,938,758
330	Long-term liabilities		62,197,124,891	63,030,811,413
342	Long-term provisions	24	50,129,221,930	50,102,720,849
343	Science and technology development fund	25	12,067,902,961	12,928,090,564
400	EQUITY		3,768,460,412,027	3,564,119,148,299
410	Owner's equity	26	3,768,460,412,027	3,564,119,148,299
411	Owner's contributed capital		1,307,460,710,000	1,307,460,710,000
411a	- Ordinary shares carrying voting rights		1,307,460,710,000	1,307,460,710,000
412	Share premium		6,778,948,000	6,778,948,000
418	Investment and development fund		1,479,946,644,695	1,479,946,644,695
421	Retained earnings		974,274,109,332	769,932,845,604
421a	- Retained earnings accumulated to the prior year end		769,932,845,604	29,581,625,459
421b	- Retained earnings of the current period		204,341,263,728	740,351,220,145
440	TOTAL RESOURCES		4,698,066,586,166	4,442,771,330,170

  
Tran Ngoc Hien  
Preparer

  
Ho Bui Huan  
Chief Accountant

  
Masashi Nakaura  
General Director  
20 April 2021





## DHG PHARMACEUTICAL JOINT STOCK COMPANY


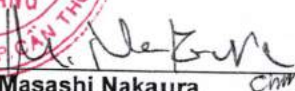
Form B 02 – DN

## INTERIM SEPARATE INCOME STATEMENT

Codes		Notes	For the 3-month period ended	
			31.03.2021 VND	31.03.2020 VND
01	Gross revenue from goods sold and services rendered	28	1,169,215,777,861	935,538,950,804
02	Deductions	28	151,831,947,402	77,082,602,842
10	<b>Net revenue from goods sold and services rendered</b>	28	<b>1,017,383,830,459</b>	<b>858,456,347,962</b>
11	Cost of sales	29	566,889,706,446	435,116,398,273
20	Gross profit		450,494,124,013	423,339,949,689
21	Financial income	30	32,585,355,949	36,529,141,377
22	Financial expenses	31	25,919,669,706	27,088,017,383
23	<i>In which: Interest expense</i>		2,291,194,957	3,549,731,421
25	Selling expenses	32	168,250,511,566	154,224,830,489
26	General and administrative expenses	32	57,352,891,427	79,348,142,226
30	<b>Operating profit</b>		<b>231,556,407,263</b>	<b>199,208,100,968</b>
31	Other income	33	1,355,804,264	563,184,110
32	Other expenses	33	2,906,368,413	3,220,959,502
40	Losses from other activities		(1,550,564,149)	(2,657,775,392)
50	<b>Accounting profit before tax</b>		<b>230,005,843,114</b>	<b>196,550,325,576</b>
51	Current corporate income tax expense	35	25,626,672,105	19,250,311,356
52	Deferred corporate tax expense	35	37,907,281	346,691,248
60	<b>Net profit after corporate income tax</b>		<b>204,341,263,728</b>	<b>176,953,322,972</b>

  
Tran Ngoc Hien  
Preparer

  
Ho Bui Huan  
Chief Accountant

  
  
Masashi Nakaura  
General Director  
20 April 2021





## DHG PHARMACEUTICAL JOINT STOCK COMPANY


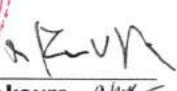
Form B 03 – DN

INTERIM SEPARATE CASH FLOW STATEMENT  
(Indirect method)

Codes	Notes	Fiscal period ended	
		31.03.2021 VND	31.03.2020 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	230,005,843,114	196,550,325,576
2. Adjustment for:			
Depreciation and amortization of fixed assets and investment properties	02	21,589,524,283	22,127,652,600
Provisions	03	(1,711,282,984)	(1,728,710,898)
Foreign exchange loss arising from translating foreign currency items	04	67,838,410	955,673,025
Gain from investing activities	05	(31,265,013,366)	(36,158,294,961)
Interest expense	06	2,291,194,957	3,549,731,421
3. Operating profit before movements in working capital	08	<b>220,978,104,414</b>	<b>185,296,376,763</b>
Changes in receivables	09	103,783,036,411	218,881,981,771
Changes in inventories	10	(25,245,927,090)	(22,575,653,755)
Changes in payables	11	(165,546,671,857)	(44,685,100,928)
Changes in prepaid expenses	12	(4,167,378,497)	(2,502,370,961)
Interest paid	14	(2,151,960,737)	(3,715,303,277)
Corporate income tax paid	15	(14,623,658,246)	(32,000,000,000)
Other cash outflows	17	(20,203,668,413)	(21,859,472,910)
Net cash generated by operating activities	20	<b>92,821,875,985</b>	<b>276,840,456,703</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(5,696,373,926)	(31,864,830,167)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	720,636,363	113,909,091
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,075,000,000,000)	(620,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	719,026,125,375	512,016,383,595
5. Cash recovered from investments and capital contributions in other entities	26	84,720,000	-
6. Interest earned, dividends and profits received	27	24,511,387,498	21,243,288,614
Net cash used in investing activities	30	<b>(336,353,504,690)</b>	<b>(118,491,248,867)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	226,425,981,358	202,123,988,346
2. Repayment of borrowings	34	-	(284,666,851,754)
Net cash generated by/(used in) financing activities	40	<b>226,425,981,358</b>	<b>(82,542,863,408)</b>
Net (decrease)/increase in cash	50	<b>(17,105,647,347)</b>	<b>75,806,344,428</b>
Cash and cash equivalents at the beginning of the year	60	<b>68,051,723,905</b>	<b>66,489,589,298</b>
Effects of changes in foreign exchange rates	61	(7,538,258)	47,046,706
Cash and cash equivalents at the end of the period/ year	70	<b>50,938,538,300</b>	<b>142,342,980,432</b>

  
Tran Ngoc Hien  
Preparer

  
Ho Buu Huan  
Chief Accountant

  
  
Masashi Nakaura  
General Director  
20 April 2021

**DHG PHARMACEUTICAL JOINT STOCK COMPANY****Form B 09 – DN****NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
FOR THE FISCAL PERIOD ENDED 31 MARCH 2021****1 GENERAL INFORMATION****Structure of ownership**

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

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

The largest shareholder of the Company is Taisho Pharmaceutical Co., Ltd which owned 51.01% and the State Capital Investment Corporation ("SCIC") which owned 43.31% of share capital of the Company. SCIC is controlled by Commission for the Management of State Capital at Enterprises.

The Company's head office is located at 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District, Can Tho City, S.R. Vietnam.

The number of employees of the Company as at 31 March 2021 was 2,698 (as at 31 December 2020: 2,711).

**Operating industry and principal activities**

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

The Company's principal activities are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, dietary supplements and cosmeceuticals.

**The Company's structure**

As at 31 March 2021 and 31 December 2020, the Company's subsidiary was as follows:

Name	Principal activities	Business Registration Certificate	Proportion of ownership interest and voting power held	
			Closing balance	Opening balance
<b>Subsidiary</b>				
Fuji Medic Limited Liability Company	Health care services	No. 1801472944 issued by the Planning and Investment Department of Can Tho City on 27 July 2016	51%	51%

According to the Resolution of the Board of Directors No. 003/2019/NQ.HĐQT dated 1 April 2019, the Board of Directors of the Company approved the plan to transfer its interest in Fuji Medic Limited Liability Company ("Fuji Medic") or to liquidate assets for the dissolution of this company. As at the date of these financial statements, the Company is liquidating the assets of Fuji Medic.

**Normal production and business cycle**

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



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

The comparative figures on the balance sheet are the figures of the audited separated financial statements for the fiscal year ended 31 December 2020. The comparative figures on the income statement and cash flow statement are the figures of the interim separated financial statements for the fiscal period ended 31 March 2020.

**2 ACCOUNTING CONVENTION AND FISCAL YEAR****Accounting convention**

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

The separate financial statements are prepared solely to present the separate financial position of the Company as at 31 March 2021, and its separate results of operations and cash flows for the fiscal period ended 31 March 2021. Therefore, the Company did not consolidate its investments in subsidiary in these separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

**Fiscal year**

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

**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 separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the separate balance sheet date and the reported amounts of revenues and expenses during the financial 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 investment, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

**Financial investments*****Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Company's Board of Management has the positive intent or ability to hold to maturity.

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

Held-to-maturity investments include term deposits to earn periodic interest (except for term deposits presented in Note "Cash and cash equivalents") for the purpose of earning annual interest. These investments are measured at cost less provision for impairment of financial investments. Interest income from term deposits is recognized in the income statement on accrual basis.

***Loan receivables***

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

***Investments in subsidiary******Investment in subsidiary***

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

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

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

***Equity investments in other entities***

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

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

***Receivables***

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

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

***Inventories***

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

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

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

**Leases**The Company as lessor

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

The Company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the separate income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

**Intangible fixed assets and amortization**

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

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

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



**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****Investment properties**

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Company to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives from 10 to 16 years.

**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise leasehold improvement expenses, land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

Land rentals represent the prepaid land rentals. The prepaid land rentals are allocated to the separate income statement using the straight-line method over the lease term.

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

**Provisions**

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

**Severance allowance payable**

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labor Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the six consecutive months nearest to the date of the financial statements at the end of each fiscal year. The increase or decrease in the accrued amount shall be recorded in the income statement.

**Provision for dismantling and restoration costs**

In accordance with Circular 200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****Unearned revenue**

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

**Revenue recognition**

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

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

Revenue of a transaction involving the rendering of services is recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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

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

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

**Sales deductions**

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of sales of products, goods and services are recorded as deduction of revenue of that year.

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

**Customer loyalty programs**

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

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



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

When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Company does not act as an agent of the third party, the unearned revenue is realized into the revenue of goods sold and services rendered at the time that third party provides the free or discounted goods and services to customers. If the Company acts as an agent of the third party, the Company recognizes revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers. The amount payable to the third party is settlement for payable.

**Foreign currencies**

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

**Borrowing costs**

Borrowing costs are recognized in the income statement in the year 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 profit for the period. Taxable profit differs from profit before tax as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

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

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

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

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

**Dividend distribution**

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

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

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## 4 CASH AND CASH EQUIVALENTS

	31.03.2021 VND	31.12.2020 VND
Cash on hand	10,857,454,500	9,061,709,500
Demand deposits	40,081,083,800	58,990,014,405
	<u>50,938,538,300</u>	<u>68,051,723,905</u>

## 5 FINANCIAL INVESTMENTS

## (a) Short-term financial investments

Short-term held-to maturity investments represent term deposits with the original maturity terms from more than 3 months and remaining maturity terms of less than 12 months from reporting date.

## Held-to-maturity investments

	31.03.2021		31.12.2020	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>2,430,000,000,000</u>	<u>2,430,000,000,000</u>	<u>2,074,000,000,000</u>	<u>2,074,000,000,000</u>

## (b) Long-term financial investments

	31.03.2021		31.12.2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiary (*)	13,742,460,000	(9,916,071,145)	13,742,460,000	(9,508,542,320)
Equity investments in other entities (**)	<u>24,108,379,057</u>	<u>(19,373,379,057)</u>	<u>24,282,104,800</u>	<u>(19,894,584,800)</u>
	<u>37,850,839,057</u>	<u>(29,289,450,202)</u>	<u>38,024,564,800</u>	<u>(29,403,127,120)</u>

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

	31.03.2021 VND	31.12.2020 VND
Fuji Medic Limited Liability Company	13,742,460,000	13,742,460,000
	<u>13,742,460,000</u>	<u>13,742,460,000</u>

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

	31.03.2021 VND	31.12.2020 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company	<u>4,108,379,057</u>	<u>4,282,104,800</u>
	<u>24,108,379,057</u>	<u>24,282,104,800</u>

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

The provision balance as at 31 March 2021 and 31 December 2020 represents the provision for long-term investments in the following other entities:

	<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>VND</b>	<b>VND</b>
Fuji Medic Limited Liability Company	9,916,071,145	9,508,542,320
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	1,973,379,057	2,494,584,800
	<u>29,289,450,202</u>	<u>29,403,127,120</u>

**6 SHORT-TERM TRADE RECEIVABLES**

	<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>VND</b>	<b>VND</b>
Receivables from related parties (Note 37)	380,366,791	1,576,719,144
Receivables from third parties	<u>313,023,451,756</u>	<u>412,581,916,558</u>
	<u>313,403,818,547</u>	<u>414,158,635,702</u>

As at 31 March 2021 and 31 December 2020, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

**7 LOAN RECEIVABLES**
**Short-term loan receivables**

Loan receivables from customers

	<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>VND</b>	<b>VND</b>
Loan receivables from customers	354,417,083	380,542,458
	<u>354,417,083</u>	<u>380,542,458</u>

**8 OTHER SHORT-TERM RECEIVABLES**

Accruals of interest income  
Receivable from employees  
Other receivables

	<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>VND</b>	<b>VND</b>
Accruals of interest income	46,670,290,436	40,494,673,974
Receivable from employees	23,247,860,558	18,314,170,360
Other receivables	2,960,392,208	4,500,178,394
	<u>72,878,543,202</u>	<u>63,309,022,728</u>

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**9 BAD DEBTS**

	<b>31.03.2021</b>		
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Provision VND</b>
Total amount of receivables and loan receivables past due or not past due but impaired	95,663,540,791	46,945,636,241	(48,717,904,550)

	<b>31.12.2020</b>		
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Provision VND</b>
Total amount of receivables and loan receivables past due or not past due but impaired	96,627,799,467	45,718,588,770	(50,909,210,697)

As at 31 March 2021 and 31 December 2020, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	<b>Fiscal period ended 31.03.2021 VND</b>	<b>Fiscal year ended 31.12.2020 VND</b>
Opening balance	50,909,210,697	55,217,383,646
Additional provision in the period/year	-	-
Reversal of provision in the period/year	(2,191,306,147)	(1,449,056,292)
Written off debts in the period/year	-	(2,859,116,657)
Closing balance	48,717,904,550	50,909,210,697

**10 INVENTORIES**

	<b>31.03.2021</b>		<b>31.12.2020</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Goods in transit	96,395,930,069	-	121,226,935,043	-
Raw materials	356,936,292,583	-	302,896,326,728	-
Work in progress	53,177,800,517	-	54,939,723,503	-
Finished goods	310,213,306,656	(1,064,611,683)	302,980,473,638	(1,064,611,683)
Merchandise	36,172,638,924	-	45,606,582,747	-
	852,895,968,749	(1,064,611,683)	827,650,041,659	(1,064,611,683)

**10 INVENTORIES (cont.)**

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

	<b>Fiscal period ended 31.03.2021 VND</b>	<b>Fiscal year ended 31.12.2020 VND</b>
Opening balance	1,064,611,683	1,091,103,288
Additional provision in the period/year	-	-
Reversal of provision in the period/year	-	(26,491,605)
Closing balance	<u>1,064,611,683</u>	<u>1,064,611,683</u>

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

As at 31 March 2021 and 31 December 2020, the Company did not have any slow moving, damaged or sub-standard inventories.

**11 PREPAYMENTS****Short-term prepayments**

	<b>31.03.2021 VND</b>	<b>31.12.2020 VND</b>
Prepayment related to operating lease	6,286,927,524	715,600,001
Others	<u>2,584,846,527</u>	<u>3,327,074,684</u>
	<u>8,871,774,051</u>	<u>4,042,674,685</u>

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

**Long-term prepayments**

	<b>31.03.2021 VND</b>	<b>31.12.2020 VND</b>
Tools and supplies	5,768,483,078	7,257,962,228
Others	<u>9,379,691,512</u>	<u>7,974,939,525</u>
	<u>15,148,174,590</u>	<u>15,232,901,753</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:

	<b>Fiscal period ended 31.03.2021 VND</b>	<b>Fiscal year ended 31.12.2020 VND</b>
Opening balance	15,232,901,753	27,575,362,385
Increase in the period/year	2,960,995,412	11,378,280,826
Deduction of land rental in Tra Noc Industrial Zone due to return of land	-	(4,353,775,928)
Allocation in the period/year	<u>(3,045,722,575)</u>	<u>(19,366,965,530)</u>
Closing balance	<u>15,148,174,590</u>	<u>15,232,901,753</u>



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

	Opening balance	Payable during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND
Output value added tax	14,606,561,461	22,337,858,906	(26,613,224,356)	10,331,196,011
Value added tax for import goods	(18,842,460)	13,503,232,690	(13,484,390,230)	-
Import and export duties	-	2,846,859,504	(2,846,859,504)	-
Corporate income tax	14,623,658,246	25,626,672,105	(14,623,658,246)	25,626,672,105
Personal income tax	8,920,258,132	17,293,092,130	(23,817,079,875)	2,396,270,387
Land rental fee, land use tax	-	7,298,324,184	(20,734,773)	7,277,589,411
Other taxes	-	378,747,183	(378,747,183)	-
	<u>38,131,635,379</u>	<u>89,284,786,702</u>	<u>(81,784,694,167)</u>	<u>45,631,727,914</u>
<b>In which:</b>				
Tax receivables	18,842,460			-
Tax payables	38,150,477,839			45,631,727,914



## 13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
As at 01 January 2021	528,464,444,217	646,198,932,246	148,257,660,772	72,725,622,957	1,395,646,660,192
Transfer from construction in progress (Note 16)	-	16,678,008,597	-	-	16,678,008,597
Disposals	-	-	(1,692,803,636)	-	(1,692,803,636)
As at 31 March 2021	<u>528,464,444,217</u>	<u>662,876,940,843</u>	<u>146,564,857,136</u>	<u>72,725,622,957</u>	<u>1,410,631,865,153</u>
<b>Accumulated depreciation</b>					
As at 01 January 2021	238,387,732,775	352,861,291,822	103,391,350,768	65,718,522,511	760,358,897,876
Charge for the period/ year	7,014,983,638	11,736,786,148	2,175,418,383	738,914,442	21,666,102,611
Disposals	-	-	(1,652,000,604)	-	(1,652,000,604)
As at 31 March 2021	<u>245,402,716,413</u>	<u>364,598,077,970</u>	<u>103,914,768,547</u>	<u>66,457,436,953</u>	<u>780,372,999,883</u>
<b>Net book value</b>					
As at 01 January 2021	290,076,711,442	293,337,640,424	44,866,310,004	7,007,100,446	635,287,762,316
As at 31 March 2021	<u>283,061,727,804</u>	<u>298,278,862,873</u>	<u>42,650,088,589</u>	<u>6,268,186,004</u>	<u>630,258,865,270</u>

As at 31 March 2021, the cost of tangible fixed assets included VND was VND 283,619,798,333 (as at 31 December 2020: VND 279,535,717,069) of assets which were fully depreciated but are still in active use.

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14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
<b>Cost</b>				
As at 01 January 2021	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
As at 31 March 2021	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
<b>Accumulated amortization</b>				
As at 01 January 2021	-	26,771,173,416	15,923,504,429	42,694,677,845
Charge for the period/year	-	751,232,526	566,434,334	1,317,666,860
As at 31 March 2021	-	27,522,405,942	16,489,938,763	44,012,344,705
<b>Net book value</b>				
As at 01 January 2021	88,314,253,166	116,663,546,577	5,106,664,598	210,084,464,341
As at 31 March 2021	88,314,253,166	115,912,314,051	4,540,230,264	208,766,797,481

As at 31 March 2021, the cost of intangible fixed assets included VND 16,169,449,005 (as at 31 December 2020: VND 6,793,449,005) of assets which were fully amortized but are still in use.

15 INVESTMENT PROPERTIES

	Buildings and land use rights VND
<b>Cost</b>	
As at 01 January 2021	17,304,956,819
As at 31 March 2021	17,304,956,819
<b>Accumulated depreciation</b>	
As at 01 January 2021	2,304,997,971
Charge for the period/ year	86,372,121
As at 31 March 2021	2,391,370,092
<b>Net book value</b>	
As at 01 January 2021	14,999,958,848
As at 31 March 2021	14,913,586,727

As at 31 March 2021 and 31 December 2020, the cost of investment properties included VND 232,067,069 of assets which were fully depreciated but are still in active use.

Fair value of the Company's investment properties was VND 38,724,445,120, which was determined according to the Valuation Certificate issued by Century Valuation Joint Stock Company on 31 March 2020. The Century Valuation Joint Stock Company is an independent valuation company, not a related party of the Group. This company has a valid practicing certificate and has experience in real estate valuation. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

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**16 LONG-TERM ASSETS IN PROGRESS**

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	31.03.2021 VND	31.12.2020 VND
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	11,893,304,222	11,893,304,222
Construction of Gia Lai branch office	623,948,774	623,948,774
Renovating offices	849,892,771	466,766,087
Purchasing machineries	32,954,672,458	47,082,949,014
REB product project	2,983,810,627	2,983,810,627
CTP product project	202,029,350	202,029,350
BUD product project	1,293,522,895	1,293,522,895
PGT product project	148,231,359	148,231,359
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	3,595,686,521	1,778,218,986
Other long-term assets in progress	297,143,580	-
	<u>54,842,242,557</u>	<u>66,472,781,314</u>

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

	Fiscal period ended 31.03.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	66,472,781,314	28,927,855,544
Purchases	5,696,373,926	88,805,051,465
Transfer to tangible fixed assets (Note 13)	(16,678,008,597)	(43,149,564,728)
Transfer to intangible fixed assets (Note 14)	-	(4,860,648,222)
Transfer to prepayments	(576,993,706)	(1,301,454,975)
Transfer to expenses in the period/year	(71,910,380)	(1,948,457,770)
Closing balance	<u>54,842,242,557</u>	<u>66,472,781,314</u>

**17 DEFERRED TAX ASSETS**

	31.03.2021 VND	31.12.2020 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences of provisions	79,963,760,655	80,153,297,060
Deferred tax assets	<u>15,992,752,131</u>	<u>16,030,659,412</u>

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

	Fiscal period ended 31.03.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	16,030,659,412	12,303,891,026
(Decrease)/increase in deferred tax assets	(17,144,968)	3,875,366,641
Change of eliminated entry of fixed assets	(20,762,313)	(148,598,255)
Closing balance	<u>15,992,752,131</u>	<u>16,030,659,412</u>

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**18 SHORT-TERM TRADE PAYABLES**

	31.03.2021		31.12.2020	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Third parties (*)	190,382,353,473	190,382,353,473	252,270,552,909	252,270,552,909
	190,382,353,473	190,382,353,473	252,270,552,909	252,270,552,909

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

	31.03.2021 VND	31.12.2020 VND
Apc Pharmaceuticals and Chemical Limited	15,124,722,606	8,440,469,074
Centrient Pharmaceuticals India Private Limited	17,029,950,000	17,768,761,000
Centrient Pharmaceuticals Netherlands B.V	-	53,966,749,750
Centrient Pharmaceuticals Spain S.A	27,859,608,000	-

As at 31 March 2021 and 31 December 2020, there was no balance of short-term trade payables that were past due.

**19 SHORT-TERM ACCRUED EXPENSES**

	31.03.2021 VND	31.12.2020 VND
Interest payable	217,545,329	78,311,109
Payment discount	6,815,156,092	8,153,790,426
Other accruals	10,139,877,883	30,585,439,506
	17,172,579,304	38,817,541,041

**20 SHORT-TERM UNEARNED REVENUE**

	31.03.2021 VND	31.12.2020 VND
Unearned revenue from customer loyalty programs (Note 3)	27,805,730,064	49,532,335,735

**21 OTHER SHORT-TERM PAYABLES**

	31.03.2021 VND	31.12.2020 VND
Union fee	540,548,847	548,081,634
Others	1,451,547,318	1,034,967,673
	1,992,096,165	1,583,049,307



## 22 SHORT-TERM LOANS

	31.03.2021		31.12.2020	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
Loans from banks	438,697,500,806	438,697,500,806	212,271,519,448	212,271,519,448
	<u>438,697,500,806</u>	<u>438,697,500,806</u>	<u>212,271,519,448</u>	<u>212,271,519,448</u>

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

	As at 01.01.2021 VND	Increases VND	Decreases VND	As at 31.03.2021 VND
Loans from banks (*)	212,271,519,448	226,425,981,358	-	438,697,500,806
	<u>212,271,519,448</u>	<u>226,425,981,358</u>	<u>-</u>	<u>438,697,500,806</u>

(\*) These loans bear interests at the rates ranging from từ 0.24% đến 0.28% per month (in 2020: from 0.28% to 0.47% per month).

As at 31 March 2021 and 31 December 2020, there was no short-term loan that was past due.

## 23 BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Meetings ("AGM"). The funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies and to pay bonus to the Board of Directors in accordance with the Company's AGM Resolution.

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

	Bonus and welfare fund VND	Bonus fund for the Board of Directors VND	Welfare fund in form of assets VND	Total VND
Opening balance	30,289,675,309	4,350,961,280	12,394,302,169	47,034,938,758
Depreciation of assets formed from the funds	-	-	(620,429,706)	(620,429,706)
Utilization	(18,732,471,173)	(1,471,197,240)	-	(20,203,668,413)
Closing balance	<u>11,557,204,136</u>	<u>2,879,764,040</u>	<u>11,773,872,463</u>	<u>26,210,840,639</u>

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24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	23,427,211,309	26,675,509,540	50,102,720,849
Additional/(Reversal) of provision in the period/year	984,422,538	(390,722,457)	593,700,081
Utilization of provisions	-	(567,199,000)	(567,199,000)
Closing balance	<u>24,411,633,847</u>	<u>25,717,588,083</u>	<u>50,129,221,930</u>

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

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

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

	Science and technology development fund in form of assets VND
Opening balance	12,928,090,564
Depreciation of assets formed from the funds	<u>(860,187,603)</u>
Closing balance	<u>12,067,902,961</u>

## 26 OWNER'S EQUITY

## Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01 January 2020	1,307,460,710,000	6,778,948,000	1,392,604,475,464	664,969,721,573	3,371,813,855,037
Net profit for the year	-	-	-	740,351,220,145	740,351,220,145
Dividends for 2019	-	-	-	(522,984,284,000)	(522,984,284,000)
Fund distribution	-	-	87,342,169,231	(87,342,169,231)	-
Appropriation to bonus and welfare funds	-	-	-	(19,061,642,883)	(19,061,642,883)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Balance as at 31 December 2020	1,307,460,710,000	6,778,948,000	1,479,946,644,695	769,932,845,604	3,564,119,148,299
Net profit for the period/year	-	-	-	204,341,263,728	204,341,263,728
Balance as at 31 March 2021	1,307,460,710,000	6,778,948,000	1,479,946,644,695	974,274,109,332	3,768,460,412,027

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26 OWNER'S EQUITY (cont.)

Charter capital

	31.03.2021		31.12.2020	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

27 OFF BALANCE SHEET ITEMS

Foreign currencies

	31.03.2021	31.12.2020
United states Dollar (USD)	343,009	517,263
Euros (EUR)	934	937
Yen (JPY)	31,064	31,427

28 REVENUE

	For the 3-month period ended	
	31.03.2021 VND	31.03.2020 VND
<b>Sales</b>		
Sales of finished goods	953,798,294,229	838,989,322,652
Sales of merchandise	214,719,384,488	96,239,634,526
Others	698,099,144	309,993,626
	<u>1,169,215,777,861</u>	<u>935,538,950,804</u>
<b>Deductions</b>		
Sales discount	151,285,578,850	76,869,493,992
Sales return	546,368,552	213,108,850
	<u>151,831,947,402</u>	<u>77,082,602,842</u>
<b>Net sales</b>	<u>1,017,383,830,459</u>	<u>858,456,347,962</u>
<b>In which:</b>		
Sales of finished goods	802,883,121,377	763,113,375,836
Sales of merchandise	213,802,609,938	95,032,978,500
Others	698,099,144	309,993,626

Goods in transit's revenue have not been recognized as at 31 March 2021: VND 33,833,080,818 (as at 31 March 2020: VND 34,749,368,722).

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

**29 COST OF SALES**

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	<b>For the 3-month period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Cost of finished goods sold	358,798,357,504	345,686,966,381
Cost of merchandise sold	208,091,348,942	89,429,431,892
	<u>566,889,706,446</u>	<u>435,116,398,273</u>

**30 FINANCIAL INCOME**

	<b>For the 3-month period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Interest income	30,687,003,960	35,894,740,370
Dividends and profits earned	-	149,645,500
Foreign exchange gain	1,898,351,989	484,755,507
	<u>32,585,355,949</u>	<u>36,529,141,377</u>

**31 FINANCIAL EXPENSES**

	<b>For the 3-month period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Interest expenses	2,291,194,957	3,549,731,421
Foreign exchange losses	2,135,263,616	2,317,793,033
Settlement discount	21,474,033,807	21,098,532,133
(Reversal)/Additional provision for impairment of long-term financial investments	(113,676,918)	88,716,068
Loss on disposal of investment	89,005,743	-
Other financial expenses	43,848,501	33,244,728
	<u>25,919,669,706</u>	<u>27,088,017,383</u>

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

**Selling expenses**

	<b>For the 3-month period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Staff cost	104,721,425,261	94,191,459,485
Advertising expenses	20,754,221,257	15,845,209,434
Others	42,774,865,048	44,188,161,570
	<u>168,250,511,566</u>	<u>154,224,830,489</u>

**General & administrative expenses**

	<b>For the 3-month period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Staff cost	42,015,975,960	56,207,069,755
Others	15,336,915,467	23,141,072,471
	<u>57,352,891,427</u>	<u>79,348,142,226</u>



## 33 OTHER INCOME AND EXPENSES

## Other income

	For the 3-month period ended	
	31.03.2021 VND	31.03.2020 VND
Gain from disposals of fixed assets and other long-term assets	667,015,149	113,909,091
Others	688,789,115	449,275,019
	<u>1,355,804,264</u>	<u>563,184,110</u>

## Other expenses

	For the 3-month period ended	
	31.03.2021 VND	31.03.2020 VND
Depreciation expense	502,562,547	152,089,195
Others	2,403,805,866	3,068,870,307
	<u>2,906,368,413</u>	<u>3,220,959,502</u>

## 34 PRODUCTION AND OPERATION COSTS BY NATURE

	Fiscal period ended	
	31.03.2021 VND	31.03.2020 VND
Raw materials and consumables	520,085,857,535	394,789,526,381
Staff cost	213,065,563,734	217,993,480,187
Depreciation and amortization	21,086,961,736	21,975,563,405
Out-sourced services	39,163,812,356	43,459,665,521
Other expenses	42,354,367,937	39,443,585,390
	<u>835,756,563,298</u>	<u>717,661,820,884</u>

## 35 CURRENT AND DEFERRED CORPORATE INCOME TAX

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

	Fiscal period ended	
	31.03.2021 VND	31.03.2020 VND
Accounting profit before tax	230,005,843,114	196,550,325,576
Tax calculated at a normal rate of 20%	46,001,168,622	39,310,065,116
Adjustments for:		
Non-assessable income	-	(29,929,100)
Expenses not deductible for tax purposes	1,951,554,262	746,027,169
Corporate income tax incentives at branches	(22,326,050,779)	(20,775,851,829)
Corporate income tax expense	<u>25,626,672,105</u>	<u>19,250,311,356</u>

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**
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**35 CURRENT AND DEFERRED CORPORATE INCOME TAX (cont.)**

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

	<b>Fiscal period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Deferred corporate tax expense	17,144,968	309,541,684
Change of eliminated entry of fixed assets	20,762,313	37,149,564
	<u>37,907,281</u>	<u>346,691,248</u>

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

- Pursuant to the investment certificate, DHG PP1 is obliged to pay corporate income tax (CIT) at the rate of 10% of taxable income from 2014 to 2028. Under terms in investment certificate granted to DHG PP1, DHG PP1 is entitled to CIT exemption from 2014 to 2017 and 50% tax reduction from 2018 to 2026.
- Pursuant to investment certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharma Ltd. is obliged to pay CIT at the rate of 10% of taxable income for 15 years from the date of starting its operation. DHG Pharma Ltd. is entitled to the CIT exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharma Ltd. has registered to apply the above tax incentives effective from the fiscal year 2015.

All above tax incentives are not applicable to remaining income which is entitled to the normal rate of 20%.

**36 COMMITMENTS**
**a) Operating lease commitment**

	<b>Fiscal period ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>VND</b>	<b>VND</b>
Minimum lease payment under operating leases recognized in the income statement for the period	1,789,509,285	1,358,707,098

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

	<b>Land lease</b>	
	<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>VND</b>	<b>VND</b>
Within one year	1,769,109,286	5,422,028,378
In the first to fifth year inclusive	28,305,748,568	21,688,113,512
After five years	127,743,332,331	99,224,658,019
	<u>157,818,190,185</u>	<u>126,334,799,909</u>

**b) Capital commitment**

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

	<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	67,159,852,377	67,429,673,077
Approved and contracted but not implemented	10,298,239,375	11,687,315,314
	<u>77,458,091,752</u>	<u>79,116,988,391</u>

## 37 TRANSACTIONS WITH RELATED PARTIES

Related partiesRelationship

Fuji Medic Limited Liability Company  
 The State Capital Investment Corporation ("SCIC")  
 Taisho Pharmaceutical Co., Ltd.  
 Hoe Pharmaceuticals Sdn.Bhd  
 Taisho Viet Nam Co.,Ltd.

Subsidiary  
 Major shareholder  
 Major shareholder  
 Subsidiary of Taisho  
 Subsidiary of Taisho

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

	Fiscal period ended	
	31.03.2021	31.03.2020
	VND	VND
<b>Sales of goods and provision of services</b>		
Hoe Pharmaceuticals Sdn.Bhd	379,208,649	-
Taisho Viet Nam Co.,Ltd.	273,000,000	-
<b>Purchases of goods and services</b>		
Taisho Viet Nam Co.,Ltd.	401,569,920	-
<b>Total remuneration paid to the Company's Management and Board of Directors during the period/ year was as follows:</b>		
Board of Directors	575,000,000	1,620,000,000
Management	5,294,199,988	3,257,544,282

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

	31.03.2021	31.12.2020
	VND	VND
<b>Trade receivables</b>		
Hoe Pharmaceuticals Sdn.Bhd	380,366,791	-
Taisho Viet Nam Co.,Ltd.	-	1,576,719,144

## 38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

	Fiscal period ended	
	31.03.2021	31.03.2020
	VND	VND
Appropriation to reserves from profit	-	24,937,903,606
Transfers from construction in progress to tangible fixed assets	16,678,008,597	17,625,968,117
Transfers from construction in progress to prepayments	576,993,706	8,830,000
Accrued interest payables	217,545,329	162,379,375
Accrued interest income	46,670,290,436	54,229,038,344

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (cont.)


(b) Proceeds from borrowings

	Fiscal period ended	
	31.03.2021	31.03.2020
	VND	VND
Proceeds from borrowings under normal contracts	226,425,981,358	202,123,988,346

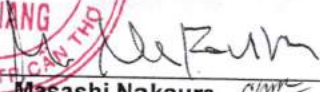
(c) Repayment of borrowings

	Fiscal period ended	
	31.03.2021	31.03.2020
	VND	VND
Repayment of borrowings under normal contracts	-	284,666,851,754

  
Tran Ngoc Hien  
Preparer

  
Ho Bui Huan  
Chief Accountant



  
Masashi Nakaura  
General Director  
20 April 2021