

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2024



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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

Establishment decision	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.	
Business registration Certificate	No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City. The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 03 January 2023 was issued by the Department of Planning and Investment of Can Tho City.	
Board of Directors	Ms. Dang Thi Thu Ha Mr. Jun Kuroda Mr. Toshiyuki Ishii Mr. Maki Kamijo Mr. Doan Dinh Duy Khuong Mr. Do Le Hung Ms. Nguyen Thi Viet Thanh Mr. Truong Anh Hung	Chairwoman Member Member Member Member Member Member (to 23 April 2024) Member (from 23 April 2024)
Management	Mr. Toshiyuki Ishii Mr. Doan Dinh Duy Khuong Ms. Nguyen Ngoc Diep Mr. Tomoyuki Kawata	General Director Chief Operating Officer (to 10 July 2024) Deputy General Director Deputy General Director
Audit Committee	Mr. Do Le Hung Ms. Dang Thi Thu Ha Mr. Maki Kamijo	Chairman Member Member
Legal representative	Mr. Toshiyuki Ishii	General Director
Head office	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

INTERIM BALANCE SHEET

Codes	ASSETS	Notes	As at 30.09.2024 VND	As at 31.12.2023 VND
100	CURRENT ASSETS		4,833,773,510,542	4,642,192,911,354
110	Cash and cash equivalents	4	76,442,672,243	94,134,026,358
111	Cash		76,442,672,243	94,134,026,358
120	Short-term financial investments	5	2,760,000,000,000	2,230,000,000,000
123	Held-to-maturity investments		2,760,000,000,000	2,230,000,000,000
130	Short-term receivables		596,799,650,077	720,853,339,751
131	Short-term trade receivables	6	481,654,500,310	564,316,568,263
132	Short-term advances to suppliers		55,426,267,479	97,870,766,106
135	Short-term loan receivables	7	257,622,204	257,622,204
136	Other short-term receivables	8	94,751,724,086	93,865,682,771
137	Provision for short-term doubtful debts	9	(35,290,464,002)	(35,457,299,593)
140	Inventories	10	1,373,032,834,453	1,534,636,314,655
141	Inventories		1,377,814,386,422	1,538,803,304,478
149	Provision for devaluation of inventories		(4,781,551,969)	(4,166,989,823)
150	Other short-term assets		27,498,353,769	62,569,230,590
151	Short-term prepayments	11	12,141,428,430	10,348,451,125
152	Value added tax deductibles		11,342,709,221	38,299,117,713
153	Taxes and other receivables from the State budget	12	4,014,216,118	13,921,661,752
200	NON-CURRENT ASSETS		1,419,499,356,638	1,468,281,309,218
210	Long-term receivables		695,061,880	205,000,000
216	Other long-term receivables		695,061,880	205,000,000
220	Fixed assets		1,255,120,122,927	816,151,349,895
221	Tangible fixed assets	13	1,076,075,562,710	634,290,806,084
222	Cost		2,125,411,360,991	1,605,054,855,405
223	Accumulated depreciation		(1,049,335,798,281)	(970,764,049,321)
227	Intangible fixed assets	14	179,044,560,217	181,860,543,811
228	Cost		234,288,626,721	234,288,626,721
229	Accumulated amortization		(55,244,066,504)	(52,428,082,910)
230	Investment properties	15	30,874,717,638	31,481,004,375
231	Cost		44,826,611,143	44,826,611,143
232	Accumulated depreciation		(13,951,893,505)	(13,345,606,768)
240	Long-term assets in progress	16	50,785,969,798	553,593,578,887
242	Construction in progress		50,785,969,798	553,593,578,887
250	Long-term financial investments	5	4,472,500,000	4,175,000,000
253	Equity investments in other entities		24,108,379,057	24,108,379,057
254	Provision for impairment of long-term financial investments		(19,635,879,057)	(19,933,379,057)
260	Other long-term assets		77,550,984,395	62,675,376,061
261	Long-term prepayments	11	60,223,759,122	45,803,166,017
262	Deferred tax assets	17	17,327,225,273	16,872,210,044
270	TOTAL ASSETS		6,253,272,867,180	6,110,474,220,572

INTERIM BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 30.09.2024 VND	As at 31.12.2023 VND
300	LIABILITIES		1,843,725,696,673	1,257,539,546,302
310	Current liabilities		1,774,141,352,506	1,189,241,981,081
311	Short-term trade payables	18	257,499,021,123	217,976,497,330
312	Short-term advances from customers		18,587,022,478	17,052,802,354
313	Taxes and amounts payable to the State budget	12	58,700,927,372	39,328,182,255
314	Payables to employees		146,328,083,642	200,602,151,395
315	Short-term accrued expenses	19	50,862,801,381	64,723,116,636
318	Short-term unearned revenue	20	52,449,974,911	43,702,028,314
319	Other current payables	21	2,047,805,054	2,155,779,020
320	Short-term loans	22	1,155,202,388,196	572,164,547,560
322	Bonus and welfare funds	23	32,463,328,349	31,536,876,217
330	Long-term liabilities		69,584,344,167	68,297,565,221
342	Long-term provisions	24	66,918,499,690	64,317,626,290
343	Science and technology development fund	25	2,665,844,477	3,979,938,931
400	EQUITY		4,409,547,170,507	4,852,934,674,270
410	Owner's equity	26	4,409,547,170,507	4,852,934,674,270
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		2,458,122,657,972	2,458,122,657,972
421	Retained earnings		637,184,854,535	1,080,572,358,298
421a	- Retained earnings accumulated to the prior year end		66,456,946,037	29,909,699,603
421b	- Retained earnings of the current period		570,727,908,498	1,050,662,658,695
440	TOTAL RESOURCES		6,253,272,867,180	6,110,474,220,572

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director
18 October 2024

INTERIM INCOME STATEMENT

Codes	Notes	For the 3-month period ended		For the 9-month period ended		
		30.09.2024 VND	30.09.2023 VND	30.09.2024 VND	30.09.2023 VND	
01	Gross revenue from goods sold and services rendered	28	1,223,214,294,672	1,258,822,640,547	3,965,414,626,545	3,926,166,020,702
02	Deductions	28	161,375,609,260	159,360,905,613	539,225,239,637	445,496,343,005
10	Net revenue from goods sold and services rendered	28	1,061,838,685,412	1,099,461,734,934	3,426,189,386,908	3,480,669,677,697
11	Cost of sales	29	600,586,901,770	584,810,101,720	1,954,819,388,768	1,790,220,303,127
20	Gross profit from goods sold and services rendered		461,251,783,642	514,651,633,214	1,471,369,998,140	1,690,449,374,570
21	Financial income	30	39,225,037,173	55,011,091,724	112,566,625,323	165,490,891,819
22	Financial expenses	31	20,809,591,905	26,676,492,488	60,784,178,345	66,031,411,194
23	In which: Interest expense		7,642,437,295	10,278,156,342	16,586,523,073	21,813,174,799
25	Selling expenses	32	229,172,695,066	254,348,650,453	646,206,604,426	681,332,195,160
26	General and administrative expenses	32	71,181,276,882	89,871,878,456	229,406,655,177	227,745,959,212
30	Operating profit		179,313,256,962	198,765,703,541	647,539,185,515	880,830,700,823
31	Other income	33	1,246,088,083	1,648,208,465	3,970,164,500	3,082,363,011
32	Other expenses	33	6,479,485,448	12,965,179,552	14,489,839,547	16,632,694,328
40	Losses from other activities		(5,233,397,365)	(11,316,971,087)	(10,519,675,047)	(13,550,331,317)
50	Accounting profit before tax		174,079,859,597	187,448,732,454	637,019,510,468	867,280,369,506
51	Current corporate income tax expense	35	18,178,740,079	21,877,118,288	66,746,617,199	77,749,986,752
52	Deferred corporate tax income	35	(113,599,378)	(503,938,005)	(455,015,229)	(844,049,929)
60	Net profit after corporate income tax		156,014,718,896	166,075,552,171	570,727,908,498	790,374,432,683
70	Earnings per share (VND)	36	1,154	1,228	4,223	5,852

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant



Toshiyuki Ishii
General Director
18 October 2024

INTERIM CASH FLOW STATEMENT
(Indirect method)

Items	Codes	Fiscal period ended	
		30.09.2024 VND	30.09.2023 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	637,019,510,468	867,280,369,506
2. Adjustment for:			
Depreciation and amortization of fixed assets and investment properties	02	84,021,136,012	64,820,569,291
Provisions	03	4,559,579,978	4,260,491,726
Foreign exchange (gains)/ losses arising from translating foreign currency items	04	(1,685,025,594)	1,246,277,699
Gain from investing activities	05	(105,055,220,967)	(154,742,288,968)
Interest expense	06	16,586,523,073	21,813,174,799
3. Operating profit before movements in working capital	08	<u>635,446,502,970</u>	<u>804,678,594,053</u>
Changes in receivables	09	152,164,707,044	(144,038,383,059)
Changes in inventories	10	160,988,918,056	(323,109,392,162)
Changes in payables	11	(24,954,653,293)	(149,510,993,491)
Changes in prepaid expenses	12	8,102,461,738	1,605,042,408
Interest paid	14	(16,427,261,943)	(21,396,188,940)
Corporate income tax paid	15	(40,918,897,520)	(74,976,919,279)
Other cash outflows	17	(32,450,972,830)	(13,600,809,169)
Net cash generated by operating activities	20	<u>841,950,804,222</u>	<u>79,650,950,361</u>
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchasing, construction of fixed assets and other long-term assets	21	(45,305,987,740)	(372,085,917,018)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	830,667,000	599,133,545
3. Cash outflow for lending, buying debt instruments of other entities	23	(2,490,000,000,000)	(1,385,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,960,000,000,000	1,450,000,000,000
5. Interest earned, dividends and profits received	27	112,586,682,716	73,096,996,562
Net cash used in investing activities	30	<u>(461,888,638,024)</u>	<u>(233,389,786,911)</u>
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,478,170,754,809	1,081,055,610,861
2. Repayment of borrowings	34	(895,132,914,173)	(436,157,719,779)
3. Dividends and profits paid	36	(980,595,532,500)	(457,611,248,500)
Net cash (used in)/ generated by financing activities	40	<u>(397,557,691,864)</u>	<u>187,286,642,582</u>
Net (decrease)/ increase in cash	50	<u>(17,495,525,666)</u>	<u>33,547,806,032</u>
Cash and cash equivalents at the beginning of the year	60	94,134,026,358	34,017,813,791
Effects of changes in foreign exchange rates	61	(195,828,449)	(52,187,488)
Cash and cash equivalents at the end of the period/ year	70	<u>76,442,672,243</u>	<u>67,513,432,335</u>

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief AccountantToshiyuki Ishii
General Director
18 October 2024

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2024**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/QĐ-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 30 September 2024 was 2,796 (as at 31 December 2023: 2,789).

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, health supplement and cosmeceuticals.

Normal production and business cycle

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

Disclosure of information comparability in the financial statements

The comparative figures on the balance sheet are the figures of the audited financial statements for the fiscal year ended 31 December 2023. The comparative figures on the income statement and cash flow statement are the figures of the interim financial statements for the fiscal period ended 30 September 2023.

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

The 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 financial statements are prepared solely to present the financial position of the Company as at 30 September 2024, and its results of operations and cash flows for the Fiscal period ended 30 September 2024. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

The 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.

2 ACCOUNTING CONVENTION AND FISCAL YEAR (cont.)**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 financial statements, are as follows:

Estimates

The preparation of 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 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.

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. Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

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.

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 investments is made when there is a reliable evidence for declining in value of these investments at the balance sheet date, except for loss that was anticipated in their business plan before the date of investment.

Receivables

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

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

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

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The Company applies the perpetual inventory procedure. 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 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	5 - 20
Motor vehicles	3 - 15
Office equipment	3 - 15

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.

LeasesThe 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 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 5 to 6 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 as follows:

Land use rights	40 - 50 years
Buildings and structures	10 - 15 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 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 income statement using the straight-line method over the lease term.

Others have been capitalized as prepayments and are allocated to the 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 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 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.)**Customer loyalty programs (con.t)**

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 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 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 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 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 current corporate income tax 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.

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

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.

Appropriation of the Company's net profit after tax of 2023 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2023: 75% of par value
- Appropriation to the bonus and welfare fund: 3% of net profit after tax
- Operation Fund for Board of Directors, Audit Committee, Committees under the Board of Directors and the Board of Directors' secretary: VND 2,000,000,000

4 CASH AND CASH EQUIVALENTS

	30.09.2024	31.12.2023
	VND	VND
Cash on hand	10,937,564,500	12,018,469,000
Demand deposits	65,505,107,743	82,115,557,358
	<u>76,442,672,243</u>	<u>94,134,026,358</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

	30.09.2024		31.12.2023	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>2,760,000,000,000</u>	<u>2,760,000,000,000</u>	<u>2,230,000,000,000</u>	<u>2,230,000,000,000</u>

(b) Long-term financial investments

	30.09.2024		31.12.2023	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities (*)	24,108,379,057	(19,635,879,057)	24,108,379,057	(19,933,379,057)
	<u>24,108,379,057</u>	<u>(19,635,879,057)</u>	<u>24,108,379,057</u>	<u>(19,933,379,057)</u>

5 FINANCIAL INVESTMENTS (cont.)

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

(*) Equity investments in other entities:

	30.09.2024 VND	31.12.2023 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company	4,108,379,057	4,108,379,057
	<u>24,108,379,057</u>	<u>24,108,379,057</u>

The provision balance as at 30 September 2024 and 31 December 2023 represents the provision for long-term investments in the following other entities:

	30.09.2024 VND	31.12.2023 VND
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,235,879,057	2,533,379,057
	<u>19,635,879,057</u>	<u>19,933,379,057</u>

6 SHORT-TERM TRADE RECEIVABLES

	30.09.2024 VND	31.12.2023 VND
Related parties (Note 38)	-	359,198,711
Third parties	481,654,500,310	563,957,369,552
	<u>481,654,500,310</u>	<u>564,316,568,263</u>

As at 30 September 2024 and 31 December 2023, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

7 LOAN RECEIVABLES

	30.09.2024 VND	31.12.2023 VND
Short-term loan receivables		
Loan receivables from customers	257,622,204	257,622,204
	<u>257,622,204</u>	<u>257,622,204</u>

8 OTHER SHORT-TERM RECEIVABLES

	30.09.2024 VND	31.12.2023 VND
Accruals of interest income	68,925,917,834	77,288,046,583
Receivable from employees	13,091,202,902	11,377,183,395
Other receivables	12,734,603,350	5,200,452,793
	<u>94,751,724,086</u>	<u>93,865,682,771</u>

9 BAD DEBTS

	30.09.2024		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	113,866,505,174	78,576,041,172	(35,290,464,002)

	31.12.2023		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	85,898,997,236	50,441,697,643	(35,457,299,593)

As at 30 September 2024 and 31 December 2023, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	Fiscal period ended 30.09.2024 VND	Fiscal year ended 31.12.2023 VND
Opening balance	35,457,299,593	40,635,347,479
Reversal of provision in the period/year	(166,835,591)	(745,684,747)
Write off in the period/ year	-	(4,432,363,139)
Closing balance	35,290,464,002	35,457,299,593

10 INVENTORIES

	30.09.2024		31.12.2023	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	147,528,232,028	-	148,847,734,811	-
Raw materials	669,479,917,316	(3,407,173,710)	714,496,974,952	(1,363,391,273)
Work in progress	88,150,558,179	-	61,543,767,889	-
Finished goods	434,770,448,218	(1,374,378,259)	493,464,850,314	(2,803,598,550)
Merchandise	37,885,230,681	-	120,449,976,512	-
	1,377,814,386,422	(4,781,551,969)	1,538,803,304,478	(4,166,989,823)

10 INVENTORIES (cont.)

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

	Fiscal period ended 30.09.2024 VND	Fiscal year ended 31.12.2023 VND
Opening balance	4,166,989,823	1,079,381,315
Additional in provision in the period/year	2,372,534,721	3,087,608,508
Utilization of provisions in the period/year	(1,757,972,575)	-
Closing balance	<u>4,781,551,969</u>	<u>4,166,989,823</u>

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

As at 30 September 2024 and 31 December 2023, the Company did not have any slow moving, damaged or sub-standard inventories.

11 PREPAYMENTS

Short-term prepayments

	30.09.2024 VND	31.12.2023 VND
Prepayment related to operating lease	2,680,545,099	2,341,616,129
Others	9,460,883,331	8,006,834,996
	<u>12,141,428,430</u>	<u>10,348,451,125</u>

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

Long-term prepayments

	30.09.2024 VND	31.12.2023 VND
Tools and supplies	16,605,170,229	15,012,818,726
Repairs and replacement	41,938,284,075	28,490,133,485
Others	1,680,304,818	2,300,213,806
	<u>60,223,759,122</u>	<u>45,803,166,017</u>

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

Movements in long-term prepayments were as follows:

	Fiscal period ended 30.09.2024 VND	Fiscal year ended 31.12.2023 VND
Opening balance	45,803,166,017	34,594,969,043
Increase in the period/year	44,435,331,930	37,419,236,698
Allocation in the period/year	(30,014,738,825)	(26,211,039,724)
Closing balance	<u>60,223,759,122</u>	<u>45,803,166,017</u>

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

Taxes and other receivables from the State budget

	Opening balance	Payable during the period/year	Paid during the period/year	Waiting for net-off/ refund during the period/year	Closing balance
	VND	VND	VND	VND	VND
Value added tax for domestic goods	-	-	-	-	-
Value added tax for import goods	-	-	(145,513,880)	-	(145,513,880)
Import and export duties	-	-	-	-	-
Corporate income tax	-	-	-	-	-
Personal income tax	(11,712,427,300)	17,672,294,154	-	(9,703,695,408)	(3,743,828,554)
Land rental fee, land use tax	(2,125,372,645)	2,125,372,645	-	-	-
Other taxes	(83,861,807)	-	(41,011,877)	-	(124,873,684)
	<u>(13,921,661,752)</u>	<u>19,797,666,799</u>	<u>(186,525,757)</u>	<u>(9,703,695,408)</u>	<u>(4,014,216,118)</u>

Taxes and other payables to the State budget

	Opening balance	Payable during the period/year	Paid during the period/year	Other payables during the period/year	Closing balance
	VND	VND	VND	VND	VND
Value added tax for domestic goods	10,195,592,558	57,359,420,664	(56,392,455,858)	-	11,162,557,364
Value added tax for import goods	-	41,746,905,770	(41,746,905,770)	-	-
Import and export duties	-	12,496,692,151	(12,496,692,151)	-	-
Corporate income tax	17,365,215,439	66,746,617,199	(40,918,897,520)	26,248,542	43,219,183,660
Personal income tax	5,245,758,516	30,498,688,299	(33,963,955,951)	-	1,780,490,864
Land rental fee, land use tax	-	5,236,238,441	(2,759,485,442)	-	2,476,752,999
Other taxes	6,521,615,742	11,845,952,908	(18,305,626,165)	-	61,942,485
	<u>39,328,182,255</u>	<u>225,930,515,432</u>	<u>(206,584,018,857)</u>	<u>26,248,542</u>	<u>58,700,927,372</u>

13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
As at 01 January 2024	575,488,850,093	801,339,341,910	144,766,146,986	83,460,516,416	1,605,054,855,405
New purchases	-	8,308,498,223	-	6,747,110,678	15,055,608,901
Transfer from construction in progress (Note 16)	201,381,776,057	174,582,989,641	32,274,131,164	100,053,837,847	508,292,734,709
Disposals	-	-	(2,991,838,024)	-	(2,991,838,024)
As at 30 September 2024	<u>776,870,626,150</u>	<u>984,230,829,774</u>	<u>174,048,440,126</u>	<u>190,261,464,941</u>	<u>2,125,411,360,991</u>
Accumulated depreciation					
As at 01 January 2024	306,889,990,729	481,106,529,476	109,032,523,527	73,735,005,589	970,764,049,321
Charge for the period/ year	20,573,838,417	47,662,199,951	6,953,662,683	6,373,885,933	81,563,586,984
Disposals	-	-	(2,991,838,024)	-	(2,991,838,024)
As at 30 September 2024	<u>327,463,829,146</u>	<u>528,768,729,427</u>	<u>112,994,348,186</u>	<u>80,108,891,522</u>	<u>1,049,335,798,281</u>
Net book value					
As at 01 January 2024	<u>268,598,859,364</u>	<u>320,232,812,434</u>	<u>35,733,623,459</u>	<u>9,725,510,827</u>	<u>634,290,806,084</u>
As at 30 September 2024	<u>449,406,797,004</u>	<u>455,462,100,347</u>	<u>61,054,091,940</u>	<u>110,152,573,419</u>	<u>1,076,075,562,710</u>

As at 30 September 2024, the cost of tangible fixed assets included VND 485,202,613,807 (as at 31 December 2023: VND 428,519,520,950) of assets which were fully depreciated.

14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
Cost				
As at 01 January 2024	83,120,604,201	129,637,853,493	21,530,169,027	234,288,626,721
As at 30 September 2024	<u>83,120,604,201</u>	<u>129,637,853,493</u>	<u>21,530,169,027</u>	<u>234,288,626,721</u>
Accumulated amortization				
As at 01 January 2024	-	33,243,669,564	19,184,413,346	52,428,082,910
Charge for the period/year	-	2,030,386,356	785,597,238	2,815,983,594
As at 30 September 2024	-	<u>35,274,055,920</u>	<u>19,970,010,584</u>	<u>55,244,066,504</u>
Net book value				
As at 01 January 2024	83,120,604,201	96,394,183,929	2,345,755,681	181,860,543,811
As at 30 September 2024	<u>83,120,604,201</u>	<u>94,363,797,573</u>	<u>1,560,158,443</u>	<u>179,044,560,217</u>

As at 30 September 2024, the cost of intangible fixed assets included VND 16,285,369,257 (as at 31 December 2023: VND 16,285,369,257) of assets which were fully amortized.

15 INVESTMENT PROPERTIES

	Buildings and land use rights VND
Cost	
As at 01 January 2024	44,826,611,143
As at 30 September 2024	<u>44,826,611,143</u>
Accumulated depreciation	
As at 01 January 2024	13,345,606,768
Charge for the period/ year	606,286,737
As at 30 September 2024	<u>13,951,893,505</u>
Net book value	
As at 01 January 2024	31,481,004,375
As at 30 September 2024	<u>30,874,717,638</u>

15 INVESTMENT PROPERTIES (cont.)

As at 30 September 2024, the cost of investment properties included VND 6,008,960,472 (as at 31 December 2023: VND 6,008,960,472).

Pursuant to the Evaluation Results Report issued by DHG's Finance Department on 31 December 2023, the fair value of the Company's investment properties was VND 109,233,000,000 which was still determined according to the valuation certificate issued by South East Appraisal and Consulting Corporation Company on 05 August 2020 and the valuation certificate issued by VAS Valuation Co., Ltd on 17 January 2023. South East Appraisal and Consulting Corporation Company and VAS Valuation Co., Ltd are independent valuation companies, not related parties of the Company. These companies have a valid practicing certificate and have experience in real estate valuation. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

16 LONG-TERM ASSETS IN PROGRESS

	30.09.2024 VND	31.12.2023 VND
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
Other repairs and renovation	1,595,951,519	3,360,669,025
Purchasing machineries	3,398,489,477	6,833,612,393
REB product project	3,141,815,687	3,141,815,687
LUS product project	5,594,799,598	4,876,289,803
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	33,580,964,743	531,907,243,205
	<u>50,785,969,798</u>	<u>553,593,578,887</u>

Movements of construction in progress in the period/year:

	Fiscal period ended 30.09.2024 VND	Fiscal year ended 31.12.2023 VND
Opening balance	553,593,578,887	92,596,259,917
Purchases	48,377,275,290	647,041,101,099
Transfer to tangible fixed assets (Note 13)	(508,292,734,709)	(136,841,845,465)
Transfer to intangible fixed assets (Note 14)	-	(500,000,000)
Transfer to prepayments, tools and supplies	(24,316,032,148)	(9,927,288,821)
Transfer to expenses in the period/year	(18,576,117,522)	(38,774,647,843)
Closing balance	<u>50,785,969,798</u>	<u>553,593,578,887</u>

17 DEFERRED TAX ASSETS

	30.09.2024 VND	31.12.2023 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences	86,636,126,365	84,361,050,220
Deferred tax assets	<u>17,327,225,273</u>	<u>16,872,210,044</u>

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits arising from intra-group transactions of assets acquisition between the Company and its old subsidiaries in the Company which are dissolved.

17 DEFERRED TAX ASSETS (cont.)

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

	Fiscal period ended 30.09.2024 VND	Fiscal year ended 31.12.2023 VND
Opening balance	16,872,210,044	15,844,813,335
Additional in deferred tax assets	460,674,680	1,035,075,355
Change of eliminated entry of fixed assets	(5,659,451)	(7,678,646)
Closing balance	<u>17,327,225,273</u>	<u>16,872,210,044</u>

18 SHORT-TERM TRADE PAYABLES

	30.09.2024		31.12.2023	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Related parties (Note 38)	2,022,924,757	2,022,924,757	5,538,404,113	5,538,404,113
Third parties (*)	255,476,096,366	255,476,096,366	212,438,093,217	212,438,093,217
	<u>257,499,021,123</u>	<u>257,499,021,123</u>	<u>217,976,497,330</u>	<u>217,976,497,330</u>

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

	30.09.2024 VND	31.12.2023 VND
Sinobright Pharmaceutical Co., Ltd	26,713,002,630	130,891,200
Nomura Trading Co., Ltd	74,063,519,500	69,114,460,800
APC Pharmaceuticals & Chemical limited	28,501,729,370	-

As at 30 September 2024 and 31 December 2023, there was no balance of short-term trade payables that were past due.

19 SHORT-TERM ACCRUED EXPENSES

	30.09.2024 VND	31.12.2023 VND
Interest payable	499,437,951	340,176,821
Payment discount	2,965,058,957	4,547,353,282
Land rental fee	32,560,698,985	32,560,698,985
Other accruals	14,837,605,488	27,274,887,548
	<u>50,862,801,381</u>	<u>64,723,116,636</u>

20 SHORT-TERM UNEARNED REVENUE

	30.09.2024 VND	31.12.2023 VND
Unearned revenue from customer loyalty programs (Note 3)	52,449,974,911	43,702,028,314

21 OTHER SHORT-TERM PAYABLES

	30.09.2024 VND	31.12.2023 VND
Union fee	640,401,300	609,770,604
Others	1,407,403,754	1,546,008,416
	<u>2,047,805,054</u>	<u>2,155,779,020</u>

22 SHORT-TERM LOANS

	30.09.2024		31.12.2023	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	1,155,202,388,196	1,155,202,388,196	572,164,547,560	572,164,547,560
	<u>1,155,202,388,196</u>	<u>1,155,202,388,196</u>	<u>572,164,547,560</u>	<u>572,164,547,560</u>

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

	As at 01.01.2024 VND	Increases VND	Decreases VND	As at 30.09.2024 VND
Loans from banks (*)	572,164,547,560	1,517,804,774,880	(934,766,934,244)	1,155,202,388,196
	<u>572,164,547,560</u>	<u>1,517,804,774,880</u>	<u>(934,766,934,244)</u>	<u>1,155,202,388,196</u>

(*) These loans bear interests at the rates ranging from 0.23% to 0.38% per month (in 2023: from 0.26% to 0.58% per month).

As at 30 September 2024 and 31 December 2023, 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 use for Operation Fund for Board of Directors in accordance with the Company's AGM Resolution.

23 BONUS AND WELFARE FUNDS (cont.)

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

	Bonus and welfare fund VND	Welfare fund in form of assets VND	Operation Fund for Board of Directors VND	Total VND
Opening balance	15,097,149,467	7,611,763,909	8,827,962,841	31,536,876,217
Appropriation to the funds in the period/year	31,519,879,761	-	2,000,000,000	33,519,879,761
Depreciation of assets formed from the funds	-	(142,454,799)	-	(142,454,799)
Utilization	(31,914,630,630)	-	(536,342,200)	(32,450,972,830)
Closing balance	14,702,398,598	7,469,309,110	10,291,620,641	32,463,328,349

24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	35,240,281,765	29,077,344,525	64,317,626,290
Additional provision in the period/year	3,201,163,089	1,208,190,334	4,409,353,423
Utilization of provisions	-	(1,808,480,023)	(1,808,480,023)
Closing balance	38,441,444,854	28,477,054,836	66,918,499,690

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 05/2022/TTLT-BKHCHN-BTC dated 31 May 2022 issued by the Ministry of Science and Technology and Circular No. 67/2022/TT-BTC dated 7 November 2022 issued by the Ministry of Finance, 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	3,979,938,931
Depreciation of assets formed from the funds	(1,314,094,454)
Closing balance	2,665,844,477

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 2023	1,307,460,710,000	6,778,948,000	1,958,932,899,782	1,018,364,345,675	4,291,536,903,457
Net profit for the year	-	-	-	1,050,662,658,695	1,050,662,658,695
Dividends for 2022	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	499,189,758,190	(499,189,758,190)	-
Appropriation to bonus and welfare funds	-	-	-	(29,653,639,382)	(29,653,639,382)
Appropriation to Operation Fund for Board of Directors	-	-	-	(2,000,000,000)	(2,000,000,000)
Balance as at 31 December 2023	1,307,460,710,000	6,778,948,000	2,458,122,657,972	1,080,572,358,298	4,852,934,674,270
Net profit for the period/year	-	-	-	570,727,908,498	570,727,908,498
Dividends for 2023	-	-	-	(980,595,532,500)	(980,595,532,500)
Appropriation to bonus and welfare funds	-	-	-	(31,519,879,761)	(31,519,879,761)
Appropriation to Operation Fund for Board of Directors	-	-	-	(2,000,000,000)	(2,000,000,000)
Balance as at 30 September 2024	1,307,460,710,000	6,778,948,000	2,458,122,657,972	637,184,854,535	4,409,547,170,507



26 OWNER'S EQUITY (cont.)

Charter capital

	30.09.2024		31.12.2023	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

Dividends

According to Resolution of the Annual General Meeting of Shareholders No. 001/2024/NQ.ĐHĐCĐ dated 23 April 2024, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2023 at 75% in cash, equivalent to VND 980,595,532,500. On 26 June 2024, the Company paid 40% per share of the year 2023, equivalent to VND 522,984,284,000. On 21 August 2024, the Company paid 35% per share of the year 2023, equivalent to VND 457,611,248,500.

Fund distribution

According to Resolution of the Annual General Meeting of Shareholders No. 001/2024/NQ.ĐHĐCĐ dated 23 April 2024, the General Meeting of Shareholders of the Company approved the appropriation to bonus and welfare fund of employees from profit after tax of 2023 at the rate of 3%, equivalent to the amount of VND 31,519,879,761, and also used for the Operation Fund for Board of Directors, Audit Committee, members of other Committees under the Board of Directors, secretary of the Board of Directors with the amount of VND 2,000,000,000.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

	30.09.2024	31.12.2023
United states Dollar (USD)	613,148	277,633
Euro (EUR)	59,091	1,500
Yen (JPY)	282,485	283,574

Bad debts written off

	30.09.2024 VND	31.12.2023 VND
Bad debts written off	12,184,556,888	12,879,556,888

28 REVENUES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024 VND	30.09.2023 VND	30.09.2024 VND	30.09.2023 VND
Sales				
Sales of finished goods	1,121,997,009,129	1,141,959,211,145	3,504,462,270,683	3,578,324,033,146
Sales of merchandise	100,548,738,212	116,361,202,968	458,945,158,554	346,328,053,383
Others	668,547,331	502,226,434	2,007,197,308	1,513,934,173
	<u>1,223,214,294,672</u>	<u>1,258,822,640,547</u>	<u>3,965,414,626,545</u>	<u>3,926,166,020,702</u>
Deductions				
Sales discount	159,943,459,968	158,886,337,572	537,058,312,443	444,252,140,990
Sales return	1,432,149,292	474,568,041	2,166,927,194	1,244,202,015
	<u>161,375,609,260</u>	<u>159,360,905,613</u>	<u>539,225,239,637</u>	<u>445,496,343,005</u>
Net sales	<u>1,061,838,685,412</u>	<u>1,099,461,734,934</u>	<u>3,426,189,386,908</u>	<u>3,480,669,677,697</u>
In which:				
Sales of finished goods	962,005,046,054	983,983,870,068	2,969,604,249,433	3,137,551,999,594
Sales of merchandise	99,165,092,027	114,975,638,432	454,577,940,167	341,603,743,930
Others	668,547,331	502,226,434	2,007,197,308	1,513,934,173

Goods in transit's revenue have not been recognized as at 30 September 2024: VND 30,466,662,838 (as at 30 September 2023: VND 32,906,994,581).

29 COST OF SALES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024 VND	30.09.2023 VND	30.09.2024 VND	30.09.2023 VND
Cost of finished goods sold	506,712,687,387	478,488,566,769	1,521,707,849,808	1,477,068,314,496
Cost of merchandise sold	91,773,667,706	106,321,534,951	430,739,004,239	313,392,504,291
Additional/ (Reversal) provision for devaluation of inventories	2,100,546,677	-	2,372,534,721	(240,515,660)
	<u>600,586,901,770</u>	<u>584,810,101,720</u>	<u>1,954,819,388,768</u>	<u>1,790,220,303,127</u>

30 FINANCIAL INCOMES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024 VND	30.09.2023 VND	30.09.2024 VND	30.09.2023 VND
Interest income	33,379,456,383	53,553,648,218	104,224,553,967	154,182,749,989
Foreign exchange gain	5,845,580,790	1,457,443,506	8,342,071,356	11,308,141,830
	<u>39,225,037,173</u>	<u>55,011,091,724</u>	<u>112,566,625,323</u>	<u>165,490,891,819</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024 VND	30.09.2023 VND	30.09.2024 VND	30.09.2023 VND
Interest expenses	7,642,437,295	10,278,156,342	16,586,523,073	21,813,174,799
Foreign exchange losses	522,765,423	4,967,961,580	7,604,710,154	8,140,911,355
Settlement discount	12,581,244,287	11,080,235,966	36,825,438,961	36,320,326,758
Additional/ (Reversal) provision for impairment of long-term financial investments	52,500,000	350,000,000	(297,500,000)	(297,500,000)
Other financial expenses	10,644,900	138,600	65,006,157	54,498,282
	<u>20,809,591,905</u>	<u>26,676,492,488</u>	<u>60,784,178,345</u>	<u>66,031,411,194</u>

32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	VND	VND	VND	VND
Staff cost	127,424,173,954	118,721,973,584	357,037,014,634	359,400,997,177
Advertising expenses	16,451,988,940	43,122,854,950	51,006,840,847	85,750,539,574
Others	85,296,532,172	92,503,821,919	238,162,748,945	236,180,658,409
	<u>229,172,695,066</u>	<u>254,348,650,453</u>	<u>646,206,604,426</u>	<u>681,332,195,160</u>

General & administrative expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	VND	VND	VND	VND
Staff cost	46,209,363,782	49,392,174,099	140,317,869,369	146,787,884,932
Others	24,971,913,100	40,479,704,357	89,088,785,808	80,958,074,280
	<u>71,181,276,882</u>	<u>89,871,878,456</u>	<u>229,406,655,177</u>	<u>227,745,959,212</u>

33 OTHER INCOME AND EXPENSES

Other income

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	VND	VND	VND	VND
Gain from disposals of fixed assets and other long-term assets	-	109,369,000	830,667,000	559,538,979
Receiving supports from Taisho and related companies of Taisho	-	52,898,599	-	52,898,599
Income from research services	-	-	940,954,990	207,457,537
Others	1,246,088,083	1,485,940,866	2,198,542,510	2,262,467,896
	<u>1,246,088,083</u>	<u>1,648,208,465</u>	<u>3,970,164,500</u>	<u>3,082,363,011</u>

Other expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	VND	VND	VND	VND
Depreciation expense	1,580,796,486	180,305,535	2,836,953,000	540,916,605
Supporting fee for business households	4,484,682,893	12,282,451,351	9,996,789,927	12,282,451,351
Others	414,006,069	502,422,666	1,656,096,620	3,809,326,372
	<u>6,479,485,448</u>	<u>12,965,179,552</u>	<u>14,489,839,547</u>	<u>16,632,694,328</u>

34 PRODUCTION AND OPERATION COSTS BY NATURE

	Fiscal period ended	
	30.09.2024	30.09.2023
	VND	VND
Raw materials and consumables	1,701,801,894,374	1,942,535,968,051
Staff cost	741,725,530,214	751,163,053,445
Depreciation and amortization	81,184,183,012	64,279,652,686
Out-sourced services	231,288,733,269	198,685,516,438
Other expenses	186,105,746,629	230,080,475,289
	<u>2,942,106,087,498</u>	<u>3,186,744,665,909</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	
	30.09.2024 VND	30.09.2023 VND
Accounting profit before tax	637,019,510,468	867,280,369,506
Tax calculated at a normal rate of 20%	127,403,902,094	173,456,073,901
Adjustments for:		
Expenses not deductible for tax purposes	7,610,341,518	5,611,195,491
Under provision of tax in the prior year	-	324,925,359
Temporary CIT differences	1,599,114,625	(2,106,754,634)
Corporate income tax incentives at branches	(69,866,741,038)	(99,535,453,365)
Corporate income tax expense	<u>66,746,617,199</u>	<u>77,749,986,752</u>

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

	Fiscal period ended	
	30.09.2024 VND	30.09.2023 VND
Deferred corporate tax income	(460,674,680)	(849,842,092)
Change of eliminated entry of fixed assets	5,659,451	5,792,163
	<u>(455,015,229)</u>	<u>(844,049,929)</u>

Applicable tax rates

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 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the period/year, excluding ordinary shares repurchased by the Company and held as treasury shares.

	Fiscal period ended	
	30.09.2024	30.09.2023
	VND	VND
Accounting profit after corporate income tax	570,727,908,498	790,374,432,683
Appropriation to fund (*)	<u>(18,621,837,255)</u>	<u>(25,211,232,980)</u>
Profit attributable to ordinary shareholders	<u>552,106,071,243</u>	<u>765,163,199,703</u>
Weighted average ordinary shares in circulation for the period (share)	130,746,071	130,746,071
Basic earnings per share	4,223	5,852

(*) Estimated amounts appropriated to the bonus and welfare funds and the operation fund of Board of Management for the 9-month period ended 30 September 2024 are temporarily determined based on the planned appropriation percentage of profit distribution to the bonus and welfare funds at the rate of 3% and the operation fund of Board of Management with amount of VND 2,000,000,000 in accordance with Resolution of the Parent Company's Annual General Meeting No.001/2024/NQ.DHDGD dated 23 April 2024.

The Company does not have potentially diluted ordinary shares.

37 COMMITMENTS AND CONTINGENT LIABILITY

a) Operating lease commitment

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

	30.09.2024 VND	31.12.2023 VND
Within one year	11,258,480,342	7,076,437,142
In the first to fifth year inclusive	36,362,592,334	28,305,748,568
After five years	100,712,124,948	107,988,278,643
	<u>148,333,197,624</u>	<u>143,370,464,353</u>

b) Capital commitment

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

	30.09.2024 VND	31.12.2023 VND
Approved but not contracted	41,457,724,585	45,420,547,978
Approved and contracted but not implemented	255,454,094	6,872,383,566
	<u>41,713,178,679</u>	<u>52,292,931,544</u>

c) Contingent liability

On 29 November 2023, The National Assembly issued the Resolution No. 107/2023/QH15 relating to the application of top-up tax under the global anti-base erosion rules. However, without official guidance on implementation of this Resolution from Authorities, management of the Company cannot reliably estimate the value of additional relevant tax obligations that might arise. Accordingly, as at the date of the financial statements, no additional provision relating to the possible tax obligation has been recorded in the financial statements.

38 TRANSACTIONS WITH RELATED PARTIES

Related partiesRelationship

The State Capital Investment Corporation ("SCIC")	Major shareholder
Taisho Pharmaceutical Co., Ltd	Major shareholder
Hoe Pharmaceuticals Sdn Bhd	Related companies of Taisho
Taisho Pharmaceutical (Philippines), Inc.	Related companies of Taisho
Taisho Vietnam Co.,Ltd.	Related companies of Taisho
Domesco Medical Import Export Joint Stock Corporation	Related companies of SCIC
Traphaco Joint Stock Company	Related companies of SCIC
UPSA SAS	Related companies of Taisho

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

	Fiscal period ended	
	30.09.2024	30.09.2023
	VND	VND
Sales of goods and provision of services		
Hoe Pharmaceuticals Sdn Bhd	-	3,147,109,652
Taisho Pharmaceutical Co., Ltd	11,732,160	153,971,549
Taisho Pharmaceutical (Philippines), Inc.	1,003,422,232	-
Domesco Medical Import Export Joint Stock Corporation	-	3,950,227,126
Traphaco Joint Stock Company	184,500,000	79,000,000
	<u> </u>	<u> </u>
Purchases of goods and services		
Hoe Pharmaceuticals Sdn Bhd	-	363,143,218
Taisho Pharmaceutical Co., Ltd	5,827,660,093	13,255,215,397
Taisho Vietnam Co.,Ltd.	611,295,200	-
	<u> </u>	<u> </u>
Promotion		
Hoe Pharmaceuticals Sdn Bhd	-	22,929,029
	<u> </u>	<u> </u>
Receive support		
Taisho Pharmaceutical Co., Ltd.	-	20,632,751
UPSA SAS	-	32,265,848
	<u> </u>	<u> </u>
Dividends paid		
SCIC	424,696,777,500	198,191,829,500
Taisho Pharmaceutical Co.,Ltd	500,227,890,000	233,439,682,000
	<u> </u>	<u> </u>

38 TRANSACTIONS WITH RELATED PARTIES (cont.)

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

Name	Title	Fiscal period ended	
		30.09.2024 VND	30.09.2023 VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	650,000,000	650,000,000
Mr. Jun Kuroda	Board of Directors Member	486,346,154	455,000,000
Mr. Toshiyuki Ishii	Board of Directors Member cum General Director	4,383,425,687	2,583,614,488
Mr. Maki Kamijo	Board of Directors Member	455,000,000	535,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (in charge of Chief Operating Officer position to 10 July 2024)	3,611,257,805	3,645,827,610
Mr. Do Le Hung	Board of Directors Member	585,000,000	585,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member (to 23 April 2024)	235,576,923	485,000,000
Mr. Truong Anh Hung	Board of Directors Member (from 23 April 2024)	250,769,231	-
Ms. Nguyen Ngoc Diep	Deputy General Director	2,438,824,571	2,351,924,986
Mr. Tomoyuki Kawata	Deputy General Director	2,349,568,523	2,333,166,411
		<u>15,445,768,894</u>	<u>13,624,533,495</u>

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

	30.09.2024 VND	31.12.2023 VND
Trade receivables		
Hoe Pharmaceuticals Sdn Bhd	-	359,198,711
Trade payables		
Taisho Pharmaceutical Co.,Ltd	2,022,924,757	5,538,404,113
Short-term advances from customers		
Taisho Pharmaceutical Co.,Ltd	1,283,017,885	604,786,764

39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

	Fiscal period ended	
	30.09.2024 VND	30.09.2023 VND
Appropriation to reserves from profit	33,519,879,761	530,843,397,572
Transfers from construction in progress to tangible fixed assets	508,292,734,709	88,329,573,244
Transfers from construction in progress to prepayments, tools and supplies	24,316,032,148	8,354,159,209
Transfers from tangible fixed assets to investment properties	-	8,531,138,859
Transfers from intangible fixed assets to investment properties	-	18,990,515,465
Accrued interest payables	499,437,951	526,609,182
Accrued interest income	68,925,917,834	136,070,334,241

(b) Proceeds from borrowings

	Fiscal period ended	
	30.09.2024 VND	30.09.2023 VND
Proceeds from borrowings under normal contracts not over 3 months	39,634,020,071	465,362,465,955
Proceeds from borrowings under normal contracts over 3 months	1,478,170,754,809	1,081,055,610,861

(c) Repayment of borrowings

	Fiscal period ended	
	30.09.2024 VND	30.09.2023 VND
Repayment of borrowings under normal contracts not over 3 months	39,634,020,071	465,362,465,955
Repayment of borrowings under normal contracts	895,132,914,173	436,157,719,779



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director
18 October 2024