DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2021

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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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 02 January 2020 was issued by the Department of Planning and Investment of Can Tho City.

Board of Directors	Ms. Dang Thi Thu Ha	Chairwoman
	Mr. Jun Kuroda	Member
	Mr. Masashi Nakaura	Member
	Mr. Maki Kamijo	Member
	Mr. Doan Dinh Duy Khuong	Member
	Mr. Do Le Hung	Member
	Mr. Phan Minh Tien	Member (resigned from 19 April 2021)
	Ms. Nguyen Thi Viet Thanh	Member (appointed from 19 April 2021)
Management	Mr. Masashi Nakaura	General Director
	Mr. Doan Dinh Duy Khuong	Chief Operating Officer
	Ms. Nguyen Ngoc Diep	Deputy General Director
	Mr. Tomoyuki Kawata	Deputy General Director
	Mr. Pham Chi Truc	Deputy General Director (resigned from 04 July 2021)
Audit Committee	Mr. Do Le Hung	Head
	Ms. Dang Thi Thu Ha	Member
	Mr. Maki Kamijo	Member
Legal representative	Mr. Masashi Nakaura	General Director
Head office	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET

Codes	ASSETS	Notes	As at 30.09.2021 VND	As at 31.12.2020 VND
100	**CURRENT ASSETS**		**3,636,931,996,704**	**3,480,799,873,619**
110	**Cash and cash equivalents**	**4**	**62,776,317,465**	**73,054,473,018**
111	Cash		62,776,317,465	73,054,473,018
120	**Short-term financial investments**	**5**	**2,250,000,000,000**	**2,074,000,000,000**
123	Held-to-maturity investments		2,250,000,000,000	2,074,000,000,000
130	**Short-term receivables**		**366,612,779,178**	**496,020,199,824**
131	Short-term trade receivables	6	312,443,708,657	414,158,635,702
132	Short-term advances to suppliers		34,033,408,884	69,081,209,633
135	Short-term loan receivables		270,872,204	380,542,458
136	Other short-term receivables	7	69,617,406,633	63,309,022,728
137	Provision for short-term doubtful debts	8	(49,752,617,200)	(50,909,210,697)
140	**Inventories**	**9**	**940,492,172,402**	**826,585,429,976**
141	Inventories		941,880,487,769	827,650,041,659
149	Provision for devaluation of inventories		(1,388,315,367)	(1,064,611,683)
150	**Other short-term assets**		**17,050,727,659**	**11,139,770,801**
151	Short-term prepayments	10	12,170,571,310	4,042,674,685
152	Value added tax deductibles		4,880,156,349	7,078,253,656
153	Taxes and other receivables from the State budget	11	-	18,842,460
200	**NON-CURRENT ASSETS**		**901,876,681,559**	**966,703,597,751**
210	**Long-term receivables**		**642,061,880**	**244,240,000**
216	Other long-term receivables		642,061,880	244,240,000
220	**Fixed assets**		**786,489,944,536**	**849,298,475,010**
221	Tangible fixed assets	12	579,714,222,671	639,214,010,669
222	Cost		1,392,812,582,404	1,403,682,695,234
223	Accumulated depreciation		(813,098,359,733)	(764,468,684,565)
227	Intangible fixed assets	13	206,775,721,865	210,084,464,341
228	Cost		252,779,142,186	252,779,142,186
229	Accumulated amortization		(46,003,420,321)	(42,694,677,845)
230	**Investment properties**	14	**14,740,842,485**	**14,999,958,848**
231	Cost		17,304,956,819	17,304,956,819
232	Accumulated depreciation		(2,564,114,334)	(2,304,997,971)
240	**Long-term assets in progress**	**15**	**66,510,707,010**	**66,472,781,314**
242	Construction in progress		66,510,707,010	66,472,781,314
250	**Long-term financial investments**	**5**	**4,630,000,000**	**4,387,520,000**
253	Equity investments in other entities		24,108,379,057	24,282,104,800
254	Provision for impairment of long-term financial investments		(19,478,379,057)	(19,894,584,800)
260	**Other long-term assets**		**28,863,125,648**	**31,300,622,579**
261	Long-term prepayments	10	12,243,647,875	15,232,901,753
262	Deferred tax assets	16	16,619,477,773	16,067,720,826
270	**TOTAL ASSETS**		**4,538,808,678,263**	**4,447,503,471,370**

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 30.09.2021 VND	As at 31.12.2020 VND
300	**LIABILITIES**		**916,159,018,552**	**879,464,107,014**
310	**Current liabilities**		**853,082,411,329**	**816,433,295,601**
311	Short-term trade payables	17	160,274,286,642	252,270,552,909
312	Short-term advances from customers		22,058,792,447	20,694,112,030
313	Taxes and amounts payable to the State budget	11	35,522,426,577	38,151,677,839
314	Payables to employees		136,389,224,799	155,270,500,534
315	Short-term accrued expenses	18	27,858,343,806	38,824,609,041
318	Short-term unearned revenue	19	59,561,058,528	49,532,335,735
319	Other current payables	20	3,511,801,171	2,383,049,307
320	Short-term loans	21	366,866,920,907	212,271,519,448
322	Bonus and welfare funds	22	41,039,556,452	47,034,938,758
330	**Long-term liabilities**		**63,076,607,223**	**63,030,811,413**
342	Long-term provisions	23	52,716,944,628	50,102,720,849
343	Science and technology development fund	24	10,359,662,595	12,928,090,564
400	**EQUITY**		**3,622,649,659,711**	**3,568,039,364,356**
410	**Owner's equity**	**25**	**3,622,649,659,711**	**3,568,039,364,356**
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		1,668,641,014,030	1,479,946,644,695
421	Retained earnings		636,633,353,753	769,784,599,949
421a	- Retained earnings accumulated to the prior year end		29,909,699,604	29,909,699,604
421b	- Retained earnings of the current period		606,723,654,149	739,874,900,345
429	Non-controlling interests	26	3,135,633,928	4,068,461,712
440	**TOTAL RESOURCES**		**4,538,808,678,263**	**4,447,503,471,370**

CÔNG TY CỔ PHẦN DƯỢC HẬU GIANG

Tran Ngoc Hien	Ho Buu Huan	Doan Dinh Duy Khuong
Preparer	Chief Accountant	Chief Operating Officer
		20 October 2021

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 02 – DN/HN

INTERIM CONSOLIDATED INCOME STATEMENT

Codes		Notes	For the 3-month period ended 30.09.2021 VND	For the 3-month period ended 30.09.2020 VND	For the 9-month period ended 30.09.2021 VND	For the 9-month period ended 30.09.2020 VND
01	Gross revenue from goods sold and services rendered	28	1,054,390,435,519	972,225,445,213	3,269,351,289,014	2,808,083,048,359
02	Deductions	28	109,940,691,832	107,188,670,600	359,681,630,419	264,297,913,826
10	**Net revenue from goods sold and services rendered**	**28**	**944,449,743,687**	**865,036,774,613**	**2,909,669,658,595**	**2,543,785,134,533**
11	Cost of sales	29	485,325,463,264	467,942,009,021	1,536,825,043,100	1,301,822,602,975
20	Gross profit		459,124,280,423	397,094,765,592	1,372,844,615,495	1,241,962,531,558
21	Financial income	30	30,638,453,378	34,737,025,012	94,285,713,683	108,670,622,738
22	Financial expenses	31	24,236,043,603	24,234,477,729	74,091,680,990	72,736,185,798
23	*Including: Interest expenses*		*3,934,061,470*	*4,829,749,609*	*10,212,652,277*	*10,841,821,030*
24	Share of net profit from associate		-	23,642,043	-	6,515,342
25	Selling expenses	32	179,774,468,776	149,947,970,220	522,391,081,675	465,807,979,256
26	General and administrative expenses	32	62,614,051,196	67,556,676,937	183,301,857,939	218,167,471,746
30	**Operating profit**		**223,138,170,226**	**190,116,307,761**	**687,345,708,574**	**593,928,032,838**
31	Other income	33	188,349,690	3,323,517,726	1,332,808,379	5,397,058,415
32	Other expenses	33	1,145,747,574	6,449,450,127	13,450,047,023	10,560,329,234
40	Losses from other activities		(957,397,884)	(3,125,932,401)	(12,117,238,644)	(5,163,270,819)
50	**Accounting profit before tax**		**222,180,772,342**	**186,990,375,360**	**675,228,469,930**	**588,764,762,019**
51	Current corporate income tax expense	35	20,975,439,797	20,815,311,404	69,989,400,512	59,704,730,147
52	Deferred corporate tax (income)/ expense	35	(105,031,944)	(175,168,339)	(551,756,947)	3,698,938
60	**Net profit after corporate income tax**		**201,310,364,489**	**166,350,232,295**	**605,790,826,365**	**529,056,332,934**

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 02 – DN/HN

INTERIM CONSOLIDATED INCOME STATEMENT (cont.)

Codes		Notes	For the 3-month period ended 30.09.2021 VND	For the 3-month period ended 30.09.2020 VND	For the 9-month period ended 30.09.2021 VND	For the 9-month period ended 30.09.2020 VND
60	**Net profit after corporate income tax**		**201,310,364,489**	**166,350,232,295**	**605,790,826,365**	**529,056,332,934**
	Attributable to:					
61	Owners of the parent company		201,308,877,993	166,332,615,736	606,723,654,149	529,007,698,019
62	Non-controlling interests		1,486,496	17,616,559	(932,827,784)	48,634,915
70	**Earnings per share (VND)**		**1,482**	**1,223**	**4,467**	**3,890**

CÔNG TY CỔ PHẦN DƯỢC HẬU GIANG

Tran Ngoc Hien	Ho Buu Huan	Doan Dinh Duy Khuong
Preparer	**Chief Accountant**	**Chief Operating Officer**
		20 October 2021

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 03 – DN/HN

INTERIM CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Items		Codes	Fiscal period ended 30.09.2021 VND	30.09.2020 VND
I.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.	**Profit before tax**	**01**	**675,228,469,930**	**588,764,762,019**
2.	Adjustments for:			
	Depreciation and amortization of fixed assets and investment properties	02	63,262,714,184	66,578,087,966
	Provisions	03	2,084,573,473	127,060,043
	Foreign exchange gains arising from translating foreign currency items	04	(358,154,904)	(99,163,762)
	Gain from investing activities	05	(79,277,979,876)	(107,841,254,343)
	Interest expense	06	10,212,652,277	10,841,821,030
3.	**Operating profit before movements in working capital**	**08**	**671,152,275,084**	**558,371,312,953**
	Changes in receivables	09	136,562,968,904	154,893,312,833
	Changes in inventories	10	(114,230,446,110)	(150,388,704,025)
	Changes in payables	11	(117,150,514,553)	(588,100,487)
	Changes in prepaid expenses	12	(4,335,183,441)	9,535,256,357
	Interest paid	14	(9,993,649,115)	(11,007,772,262)
	Corporate income tax paid	15	(63,637,618,961)	(45,840,918,985)
	Other cash outflows	17	(32,330,340,111)	(33,236,178,228)
	Net cash generated by operating activities	**20**	**466,037,491,697**	**481,738,208,156**
II.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
1.	Acquisition and construction of fixed assets and other long-term assets	21	(19,809,360,544)	(39,735,143,044)
2.	Proceeds from sale, disposal of fixed assets and other long-term assets	22	4,443,501,640	3,704,283,635
3.	Cash outflow for lending, buying debt instruments of other entities	23	(2,485,000,000,000)	(2,323,000,000,000)
4.	Cash recovered from lending, selling debt instruments of other entities	24	2,309,109,670,254	2,283,042,651,065
5.	Cash recovered from investments and capital contributions in other entities	26	84,720,000	3,484,361,500
6.	Interest earned, dividends and profits received	27	83,263,326,672	107,337,824,813
	Net cash (used in)/ generated by investing activities	**30**	**(107,908,141,978)**	**34,833,977,969**
III.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
1.	Proceeds from borrowings	33	663,292,902,265	775,098,169,307
2.	Repayment of borrowings	34	(508,697,500,806)	(524,765,021,061)
3.	Dividends and profits paid	36	(522,984,284,000)	(522,984,284,000)
	Net cash used in financing activities	**40**	**(368,388,882,541)**	**(272,651,135,754)**
	Net (decrease)/ increase in cash	**50**	**(10,259,532,822)**	**243,921,050,371**
	Cash and cash equivalents at the beginning of the year	**60**	**73,054,473,018**	**70,328,408,693**
	Effects of changes in foreign exchange rates	**61**	(18,622,731)	18,824,742
	Cash and cash equivalents at the end of the period/ year	**70**	**62,776,317,465**	**314,268,283,806**

Tran Ngoc Hien	Ho Buu Huan	Doan Dinh Duy Khuong
Preparer	Chief Accountant	Chief Operating Officer
		20 October 2021

CÔNG TY CỔ PHẦN DƯỢC HẬU GIANG

1 GENERAL INFORMATION

Ownership Structure

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the "Company") was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No.2405/QĐ-CT.UB dated 05 August 2004 issued by the People's Committee of Can Tho City. The Company was officially incorporated as a joint stock company, according to the Business registration certificate No.5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City with the initial charter capital of VND 80,000,000,000.

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

The largest shareholder of the Company is 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 Group as at 30 September 2021 was 2,669 (as at 31 December 2020: 2,712).

Operating industry and principal activities

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

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

The Group's structure

As at 30 September 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
Subsidiary				
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 its assets for dissolution of this company. As at the date of these consolidated financial statements, the Company is implementing the procedures to dissolve Fuji Medic.

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.

1 GENERAL INFORMATION (cont.)

Disclosure of information comparability in the consolidated financial statements

Comparative figures on the consolidated balance sheet are the figures of the audited consolidated financial statements for the fiscal year ended 31 December 2020. Comparative figures on the consolidated income statement and consolidated cash flow statement are the figures of the consolidated financial statements for the fiscal period ended 30 September 2020.

2 ACCOUNTING CONVENTION AND FISCAL YEAR

Accounting convention

The consolidated 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 consolidated financial reporting.

The consolidated 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 Group'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 Group in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the 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 Management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and enterprises controlled by the Group (its subsidiary) up to 30 September each year. Control is achieved when the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used in line with those used by the Group.

Intra-group transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiary are identified separately from the parent's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Basis of consolidation (cont.)

Assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

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, which are highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the 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 "cash and cash equivalents" item). 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 for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Group's investments in ordinary shares of the entities over which the Group 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 and are stated at book value less provision for doubtful debts.

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct 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.

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 consolidated balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	Years
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 consolidated income statement.

Operating leases

The Group 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 Group 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 consolidated 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 the value of land use rights and computer software that are stated at cost less accumulated amortization.

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

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

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 Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 consolidated income statement using the straight-line method over the lease term.

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

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group 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 consolidated balance sheet date.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting year for all employees having worked at the Group 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 6 consecutive months nearest to the date of the consolidated financial statements. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

Provision for dismantling and restoration costs

In accordance with Circular No.200/2014/TT-BTC issued by the Ministry of Finance, since 1 January 2015, the Group is required to provide for dismantling and restoration costs of the Group's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

Unearned revenue

Unearned revenue represents the fair value of goods and services provided to customers for free or at discount in the customer loyalty programs. Unearned revenue is recognized for the portion of obligation that the Group 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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) The Group 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 Group; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue recognition (cont.)

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 consolidated balance sheet date. 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 Group;

(c) The percentage of completion of the transaction at the consolidated 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 Group'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 the related 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 current 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 income statement.

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

When customers meet all the required conditions and obligations of providing the free or discounted goods and services to customers are carried out by a third party. If the Group does not act as an agent of the third party, the unearned revenue is realized into the Group's income statement at the time that third party provides the free or discounted goods and services to customers. If the Group acts as an agent of the third party, the Group recognizes revenue for the difference between the unearned revenue amount and the amount payable to the third party for providing such free or discounted goods and services to customers. The amount paid to the third party is treated as the payment of the liability.

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 consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

Dividends are declared and paid from retained earnings based on the approval of shareholders at the Company's Annual General Meeting.

Appropriation of the Company's net profit after tax of 2020 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2020: 40% of par value
- Appropriation to the bonus and welfare fund: 3% of net profit after tax
- Remuneration payment to the Board of Directors, Audit Committee, Committees under the Board of Directors and the Board of Directors' secretary: VND 6,000,000,000
- Remaining net profit after tax was appropriated to the investment and development fund.

4 CASH AND CASH EQUIVALENTS

	30.09.2021 VND	31.12.2020 VND
Cash on hand	9,997,910,500	9,061,709,500
Demand deposits	43,778,406,965	63,992,763,518
Cash in transit	9,000,000,000	-
	62,776,317,465	73,054,473,018

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

	30.09.2021		31.12.2020	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	2,250,000,000,000	2,250,000,000,000	2,074,000,000,000	2,074,000,000,000

(b) Long-term financial investments

	30.09.2021		31.12.2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities (*)	24,108,379,057	(19,478,379,057)	24,282,104,800	(19,894,584,800)
	24,108,379,057	(19,478,379,057)	24,282,104,800	(19,894,584,800)

(*) Details of investments in other entities were as follows:

	30.09.2021 VND	31.12.2020 VND
ATP Packaging Joint Stock Company	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company	4,108,379,057	4,282,104,800
	24,108,379,057	24,282,104,800

The provision balance as at 30 September 2021 and 31 December 2020 represents the provision for long-term investments in the following other entities:

	30.09.2021 VND	31.12.2020 VND
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,078,379,057	2,494,584,800
	19,478,379,057	19,894,584,800

6 SHORT-TERM TRADE RECEIVABLES

	30.09.2021 VND	31.12.2020 VND
Related parties (Note 38)	-	1,576,719,144
Third parties	312,443,708,657	412,581,916,558
	312,443,708,657	414,158,635,702

As at 30 September 2021 and 31 December 2020, there were no single short-term trade receivables accounting for 10% or more of total trade receivables.

7 OTHER SHORT-TERM RECEIVABLES

	30.09.2021 VND	31.12.2020 VND
Accruals of interest income	44,777,736,993	40,494,673,974
Receivable from employees	21,164,106,655	18,314,170,360
Other receivables	3,675,562,985	4,500,178,394
	69,617,406,633	63,309,022,728

8 BAD DEBTS

	30.09.2021		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	110,276,051,479	60,523,434,279	(49,752,617,200)

	31.12.2020		
	Cost VND	Recoverable amount VND	Provision VND
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 30 September 2021 and 31 December 2020, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

8 BAD DEBTS (cont.)

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

	Fiscal period ended 30.09.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	50,909,210,697	55,217,383,646
Additional provision in the period/year	1,664,157,622	-
Reversal of provision in the period/year	-	(1,449,056,292)
Write off in the period/ year	(2,820,751,119)	(2,859,116,657)
Closing balance	49,752,617,200	50,909,210,697

9 INVENTORIES

	30.09.2021		31.12.2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	101,745,505,366	-	121,226,935,043	-
Raw materials	542,689,147,981	-	302,896,326,728	-
Work in progress	38,517,965,026	-	54,939,723,503	-
Finished goods	225,983,208,065	(1,388,315,367)	302,980,473,638	(1,064,611,683)
Merchandise	32,944,661,331	-	45,606,582,747	-
	941,880,487,769	(1,388,315,367)	827,650,041,659	(1,064,611,683)

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

	Fiscal period ended 30.09.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	1,064,611,683	1,091,103,288
Additional provision in the period/year	323,703,684	-
Reversal of provision in the period/year	-	(26,491,605)
Closing balance	1,388,315,367	1,064,611,683

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

As at 30 September 2021 and 31 December 2020, the Group did not have any slow moving, damaged or sub-standard inventories.

10 PREPAYMENTS

Short-term prepayments

	30.09.2021 VND	31.12.2020 VND
Prepayment related to operating lease	2,445,356,792	715,600,001
Others	9,725,214,518	3,327,074,684
	12,170,571,310	4,042,674,685

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

Long-term prepayments

	30.09.2021 VND	31.12.2020 VND
Tools and supplies	4,438,302,381	7,257,962,228
Others	7,805,345,494	7,974,939,525
	12,243,647,875	15,232,901,753

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

Movements in long-term prepayments during the period/year were as follows:

	Fiscal period ended 30.09.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	15,232,901,753	27,575,362,385
Increase in the period/year	6,189,469,355	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	(9,178,723,233)	(19,366,965,530)
Closing balance	12,243,647,875	15,232,901,753

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

	Opening balance	Payables during the period/year	Other payables during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND	VND
Value added tax for domestic goods	14,606,561,461	63,330,554,896	-	(69,519,782,059)	8,417,334,298
Value added tax for import goods	(18,842,460)	42,943,473,749	-	(42,924,631,289)	-
Import and export duties	-	7,994,558,912	-	(7,994,558,912)	-
Corporate income tax	14,623,658,246	69,989,400,512	13,400,000	(63,637,618,961)	20,988,839,797
Personal income tax	8,921,458,132	33,973,678,839	-	(40,317,103,059)	2,578,033,912
Land rental fee, land use tax	-	7,299,601,798	-	(3,761,383,228)	3,538,218,570
Other taxes	-	389,575,276	-	(389,575,276)	-
Total	38,132,835,379	225,920,843,982	13,400,000	(228,544,652,784)	35,522,426,577
In which					
Tax receivables	*18,842,460*				-
Tax payables	*38,151,677,839*				*35,522,426,577*

12 TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
Cost					
As at 01 January 2021	528,464,444,217	652,926,393,748	149,473,465,318	72,818,391,951	1,403,682,695,234
Transfer from construction in progress (Note 15)	-	17,064,108,597	-	124,806,363	17,188,914,960
Disposals	-	(23,107,461,502)	(4,858,797,294)	(92,768,994)	(28,059,027,790)
As at 30 September 2021	528,464,444,217	646,883,040,843	144,614,668,024	72,850,429,320	1,392,812,582,404
Accumulated depreciation					
As at 01 January 2021	238,387,732,775	356,260,455,790	104,069,873,495	65,750,622,505	764,468,684,565
Charge for the period/year	20,753,246,331	34,718,606,291	6,429,724,815	2,222,995,082	64,124,572,519
Disposals	-	(11,187,653,096)	(4,275,144,261)	(32,099,994)	(15,494,897,351)
As at 30 September 2021	259,140,979,106	379,791,408,985	106,224,454,049	67,941,517,593	813,098,359,733
Net book value					
As at 01 January 2021	290,076,711,442	296,665,937,958	45,403,591,823	7,067,769,446	639,214,010,669
As at 30 September 2021	269,323,465,111	267,091,631,858	38,390,213,975	4,908,911,727	579,714,222,671

The cost of fully depreciated tangible fixed assets but still in use as at 30 September 2021 was VND 297,031,280,410 (as at 31 December 2020 was VND 279,535,717,069).

13 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 2021	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
As at 30 September 2021	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
Accumulated amortization				
As at 01 January 2021	-	26,771,173,416	15,923,504,429	42,694,677,845
Charge for the period/year	-	2,253,697,578	1,055,044,898	3,308,742,476
As at 30 September 2021	-	29,024,870,994	16,978,549,327	46,003,420,321
Net book value				
As at 01 January 2021	88,314,253,166	116,663,546,577	5,106,664,598	210,084,464,341
As at 30 September 2021	88,314,253,166	114,409,848,999	4,051,619,700	206,775,721,865

As at 30 September 2021, the cost of intangible fixed assets included VND 16,169,520,805 (as at 31 December 2020: VND 6,793,449,005) of assets which were fully amortized but are still in use.

14 INVESTMENT PROPERTIES

	Buildings and land use rights VND
Cost	
As at 01 January 2021	17,304,956,819
As at 30 September 2021	17,304,956,819
Accumulated depreciation	
As at 01 January 2021	2,304,997,971
Charge for the period/year	259,116,363
As at 30 September 2021	2,564,114,334
Net book value	
As at 01 January 2021	14,999,958,848
As at 30 September 2021	14,740,842,485

As at 30 September 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.

15 LONG-TERM ASSETS IN PROGRESS

	30.09.2021 VND	31.12.2020 VND
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	15,174,618,400	11,893,304,222
Construction of Gia Lai branch office	3,473,948,774	623,948,774
Renovating offices	1,962,192,771	466,766,087
Purchasing machineries	33,068,187,503	47,082,949,014
REB product project	3,023,551,375	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
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	8,312,655,942	1,778,218,986
	66,510,707,010	66,472,781,314

Movements of construction in progress in the period/year

	Fiscal period ended 30.09.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	66,472,781,314	28,927,855,544
Purchases	19,809,360,544	88,805,051,465
Transfer to tangible fixed assets (Note 12)	(17,188,914,960)	(43,149,564,728)
Transfer to intangible fixed assets (Note 13)	-	(4,860,648,222)
Transfer to prepaid expenses	(803,459,306)	(1,301,454,975)
Transfer to expenses in the period/year	(1,779,060,582)	(1,948,457,770)
Closing balance	66,510,707,010	66,472,781,314

16 DEFERRED TAX ASSETS

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits of intra-group transactions when consolidation.

	30.09.2021 VND	31.12.2020 VND
Corporate income tax rate used for determining deferred tax assets	20%	20%
Deductible temporary differences	83,097,388,865	80,338,604,130
Deferred tax assets	16,619,477,773	16,067,720,826

16 DEFERRED TAX ASSETS (cont.)

Movements of deferred tax assets in the period/year:

	Fiscal period ended 30.09.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	16,067,720,826	12,346,988,198
Increase in deferred tax assets	633,784,084	3,875,366,641
Change of eliminated entries of consolidation	(82,027,137)	(154,634,013)
Closing balance	16,619,477,773	16,067,720,826

17 SHORT-TERM TRADE PAYABLES

	30.09.2021		31.12.2020	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Third parties (*)	160,274,286,642	160,274,286,642	252,270,552,909	252,270,552,909
	160,274,286,642	160,274,286,642	252,270,552,909	252,270,552,909

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

	30.09.2021 VND	31.12.2020 VND
KHS Synchmica Corp.	18,546,203,700	8,074,641,300
Apc Pharmaceuticals and Chemical Limited	6,944,739,984	8,440,469,074
Centrient Pharmaceuticals India Private Limited	12,738,735,000	17,768,761,000
Centrient Pharmaceuticals Netherlands B.V	-	53,966,749,750

As at 30 September 2021 and 31 December 2020, the Group did not have any short-term trade payables past due.

18 SHORT-TERM ACCRUED EXPENSES

	30.09.2021 VND	31.12.2020 VND
Interest expense	297,314,271	78,311,109
Payment discount	9,197,677,582	8,153,790,426
Other accruals	18,363,351,953	30,592,507,506
	27,858,343,806	38,824,609,041

19 SHORT-TERM UNEARNED REVENUE

	30.09.2021 VND	31.12.2020 VND
Unearned revenue from customer loyalty programs (Note 3)	59,561,058,528	49,532,335,735

20 OTHER SHORT-TERM PAYABLES

	30.09.2021 VND	31.12.2020 VND
Union fee	552,204,885	548,081,634
Others	2,959,596,286	1,834,967,673
	3,511,801,171	2,383,049,307

21 SHORT-TERM LOANS

	30.09.2021		31.12.2020	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	366,866,920,907	366,866,920,907	212,271,519,448	212,271,519,448
	366,866,920,907	366,866,920,907	212,271,519,448	212,271,519,448

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

	As at 01.01.2021 VND	Increases VND	Decreases VND	As at 30.09.2021 VND
Loans from banks (*)	212,271,519,448	783,492,902,265	(628,897,500,806)	366,866,920,907
	212,271,519,448	783,492,902,265	(628,897,500,806)	366,866,920,907

(*) These loans bear interests at the rates ranging from 0.18% to 0.29% per month (in 2020: from 0.28% to 0.47% per month).

As at 30 September 2021 and 31 December 2020, there was no short-term loan that was past due.

22 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"). Bonus and welfare funds of the subsidiaries are established from retained earnings upon decision from the Board of Directors of the Company. The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group'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	Welfare fund in form of assets VND	Bonus fund for the Board of Directors VND	Total VND
Opening balance	30,289,675,309	12,394,302,169	4,350,961,280	47,034,938,758
Appropriation to the funds	22,196,247,010	-	6,000,000,000	28,196,247,010
Depreciation of assets formed from the funds	-	(1,861,289,205)	-	(1,861,289,205)
Utilization of funds	(24,855,247,415)	-	(7,475,092,696)	(32,330,340,111)
Closing balance	27,630,674,904	10,533,012,964	2,875,868,584	41,039,556,452

23 LONG-TERM PROVISIONS

	Provision for dismantling and restoration costs VND	Severance allowance VND	Total VND
Opening balance	23,427,211,309	26,675,509,540	50,102,720,849
Additional provision in the period/year	2,953,267,614	380,401,415	3,333,669,029
Utilization of provisions	-	(719,445,250)	(719,445,250)
Closing balance	26,380,478,923	26,336,465,705	52,716,944,628

24 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

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

Movements of science and technology development fund 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 fund	(2,568,427,969)
Closing balance	10,359,662,595

25 OWNER'S EQUITY

Movements in owner's equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
As at 01 January 2020	**1,307,460,710,000**	**6,778,948,000**	**1,392,604,475,464**	**665,297,795,718**	**3,372,141,929,182**
Net profit for the year	-	-	-	739,874,900,345	739,874,900,345
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)
As at 31 December 2020	**1,307,460,710,000**	**6,778,948,000**	**1,479,946,644,695**	**769,784,599,949**	**3,563,970,902,644**
Net profit for the period/year	-	-	-	606,723,654,149	606,723,654,149
Dividends for 2020	-	-	-	(522,984,284,000)	(522,984,284,000)
Fund distribution	-	-	188,694,369,335	(188,694,369,335)	-
Appropriation to bonus and welfare funds	-	-	-	(22,196,247,010)	(22,196,247,010)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
As at 30 September 2021	**1,307,460,710,000**	**6,778,948,000**	**1,668,641,014,030**	**636,633,353,753**	**3,619,514,025,783**

25 OWNER'S EQUITY (cont.)

Charter capital

	30.09.2021		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 receive 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. 001/2021/NQ.ĐHĐCĐ dated 19 April 2021, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2020 at 40% in cash, equivalent to VND 522,984,284,000. On 18 May 2021, the Company paid all the dividends of the year 2020.

Fund distribution

According to Resolution of the Annual General Meeting of Shareholders No. 001/2021/NQ.ĐHĐCĐ dated 19 April 2021, the General Meeting of Shareholders of the Company approved the appropriation to bonus and welfare fund of employees from profit after tax of 2020 at the rate of 3%, equivalent to the amount of VND 22,196,247,010, and also deducted remuneration for the 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 6,000,000,000. The remaining profit after tax of 2020 is distributed to the Investment and Development Fund.

26 NON-CONTROLLING INTERESTS

	Fiscal period ended 30.09.2021 VND	Fiscal year ended 31.12.2020 VND
Opening balance	4,068,461,712	5,409,553,015
Net loss attributable to non-controlling interests during the period/year	(932,827,784)	(1,341,091,303)
Closing balance	3,135,633,928	4,068,461,712

27 OFF BALANCE SHEET ITEMS

Foreign currencies

Cash and cash equivalents include the following foreign currencies:

	30.09.2021	31.12.2020
United states Dollar (USD)	270,406	517,671
Euro (EUR)	928	937
Yen (JPY)	30,338	31,427

27 OFF BALANCE SHEET ITEMS (cont.)

Bad debts written off

	30.09.2021 VND	31.12.2020 VND
Bad debts written off	5,673,750,056	2,858,998,937

During the period/year, the Group wrote off bad debts and bad credits due to the difficulty of recovery.

28 GROSS REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021 VND	30.09.2020 VND	30.09.2021 VND	30.09.2020 VND
Sales of goods and services				
Sales of finished goods	975,489,521,857	858,287,822,977	2,856,606,048,137	2,533,411,408,895
Sales of merchandise	78,810,524,573	113,459,820,367	411,332,440,042	273,406,942,796
Others	90,389,089	477,801,869	1,412,800,835	1,264,696,668
	1,054,390,435,519	972,225,445,213	3,269,351,289,014	2,808,083,048,359
Deductions				
Sales discount	109,534,086,292	106,820,073,888	358,496,776,152	262,644,385,249
Sales return	406,605,540	368,596,712	1,184,854,267	1,653,528,577
	109,940,691,832	107,188,670,600	359,681,630,419	264,297,913,826
Net sales	944,449,743,687	865,036,774,613	2,909,669,658,595	2,543,785,134,533
In which:				
Sales of finished goods	866,044,254,352	751,787,640,983	2,498,873,599,091	2,270,963,921,773
Sales of merchandise	78,315,100,246	112,771,331,761	409,383,258,669	271,556,516,092
Others	90,389,089	477,801,869	1,412,800,835	1,264,696,668

Goods in transit's revenue have not been recognized as at 30 September 2021: VND 37,132,425,643 (as at 30 September 2020: VND 1,040,241,127)

29 COST OF GOODS SOLD AND SERVICES RENDERED

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Cost of finished goods sold	412,426,376,554	360,916,922,584	1,145,596,262,981	1,049,656,589,434
Cost of merchandise sold	72,899,086,710	107,025,086,437	390,905,076,435	252,538,383,497
Others	-	-	-	337,125
Addition/ (Reversal) of provision for devaluation of inventories	-	-	323,703,684	(372,707,081)
	485,325,463,264	467,942,009,021	1,536,825,043,100	1,301,822,602,975

30 FINANCIAL INCOME

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Interest income	27,818,578,200	32,624,897,406	87,546,389,691	103,089,118,049
Dividends, profits received	-	149,645,500	-	326,698,020
Gain from investment liquidation	-	881,649,616	-	881,649,616
Foreign exchange gain	2,819,875,178	1,080,832,490	6,739,323,992	4,373,157,053
	30,638,453,378	34,737,025,012	94,285,713,683	108,670,622,738

31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Interest expense	3,934,061,470	4,829,749,609	10,212,652,277	10,841,821,030
Foreign exchange loss	368,431,971	1,670,518,220	3,702,836,791	6,609,604,616
Settlement discount	20,300,905,262	17,602,397,298	60,448,755,196	55,202,770,587
(Reversal)/ Addition of provision for impairment of long-term financial investments	(367,500,000)	115,877,898	(416,205,743)	22,154,805
Loss on disposal of investment	-	-	89,005,743	-
Other financial expenses	144,900	15,934,704	54,636,726	59,834,760
	24,236,043,603	24,234,477,729	74,091,680,990	72,736,185,798

32 SELLING AND GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Staff cost	103,400,013,928	75,332,307,111	305,718,415,352	261,348,648,583
Advertising expenses	28,001,288,749	26,552,981,863	77,627,264,679	70,393,614,095
Others	48,373,166,099	48,062,681,246	139,045,401,644	134,065,716,578
	179,774,468,776	149,947,970,220	522,391,081,675	465,807,979,256

General and administrative expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Staff cost	45,754,464,911	48,294,098,299	131,263,325,638	157,625,862,897
Others	16,859,586,285	19,262,578,638	52,038,532,301	60,541,608,849
	62,614,051,196	67,556,676,937	183,301,857,939	218,167,471,746

33 OTHER INCOME AND EXPENSES

Other income

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Gain from disposals of fixed assets and other long-term assets	-	2,853,046,044	-	3,537,273,316
Others	188,349,690	470,471,682	1,332,808,379	1,859,785,099
	188,349,690	3,323,517,726	1,332,808,379	5,397,058,415

Other expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	VND	VND	VND	VND
Loss from disposals of fixed assets	(167,702,776)	-	8,179,404,072	-
Depreciation expenses	269,552,551	215,521,417	1,224,209,666	540,376,542
Loss due to early termination of land lease	-	5,438,346,906	-	5,438,346,906
Incurred expenses due to the impact of the Covid-19 pandemic	583,888,749	-	583,888,749	-
Others	460,009,050	795,581,804	3,462,544,536	4,581,605,786
	1,145,747,574	6,449,450,127	13,450,047,023	10,560,329,234

34 PRODUCTION AND OPERATING COSTS BY NATURE

	Fiscal period ended	
	30.09.2021	30.09.2020
	VND	VND
Raw materials and consumables	1,280,477,279,218	1,249,299,502,239
Labor	640,838,925,475	625,673,771,652
Depreciation and amortization	61,751,547,729	66,037,711,424
Out-sourced services	129,877,836,836	137,269,713,306
Other expenses	146,210,494,989	138,944,589,671
	2,259,156,084,247	2,217,225,288,292

35 CORPORATE INCOME TAX EXPENSE

	Fiscal period ended	
	30.09.2021	30.09.2020
	VND	VND
Accounting profit before tax	675,228,469,930	588,764,762,019
Tax calculated at a normal rate of 20%	135,045,693,986	117,752,952,404
Adjustments for:		
Impact of negative taxable income	380,746,034	-
Non-assessable income	-	(85,190,590)
Impact of non-deductible expenses	4,215,165,745	2,194,318,806
Under provision of tax in the prior year	9,331,091	-
Tax incentives	(69,430,294,453)	(60,162,912,733)
Adjustments for consolidation	(231,241,891)	5,562,260
Corporate income tax expense	69,989,400,512	59,704,730,147

Changes in deferred corporate tax expense/ (income) in the period/ year are as follows:

	Fiscal period ended	
	30.09.2021	30.09.2020
	VND	VND
Deferred corporate tax (income)	(633,784,084)	(112,276,572)
Change of eliminated entries of consolidation	82,027,137	115,975,510
	(551,756,947)	3,698,938

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 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% reduction of CIT 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.

35 CORPORATE INCOME TAX EXPENSE (cont.)

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

Subsidiary in the Group has obligations to pay corporate income tax at the normal rate of 20% of taxable income.

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 Group and held as treasury shares.

	Fiscal period ended	
	30.09.2021	30.09.2020
	VND	VND
Net profit attributable to shareholders (VND)	606,723,654,149	529,007,698,019
The estimated amount appropriated to bonus and welfare funds (*)	(22,701,709,624)	(20,370,230,941)
	584,021,944,525	508,637,467,078
Weighted average number of ordinary shares currently in circulation (shares)	130,746,071	130,746,071
Basic earnings per share (VND)	4,467	3,890

(*) According to the Resolution of the General Meeting of Shareholders No. 001/2021/NQ.ĐHĐCĐ dated 19 April 2021, the appropriation for bonus and welfare funds for the period/ the year 2021 based on planned appropriation rate for bonus and welfare funds is 3%.

The Group does not have potentially diluted ordinary shares.

37 COMMITMENTS

a) Operating lease commitment

	Fiscal period ended	
	30.09.2021	30.09.2020
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period/year	5,327,727,855	4,076,921,286

Minimum lease payments in the future under non-cancellable operating leases are as follows:

	Land lease	
	30.09.2021	31.12.2020
	VND	VND
Within one year	7,076,437,142	5,422,028,378
In the first to fifth year inclusive	28,305,748,568	21,688,113,512
After five years	124,146,143,451	99,224,658,019
	159,528,329,161	126,334,799,909

37 COMMITMENTS (cont.)

b) Capital commitment

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

	30.09.2021 VND	31.12.2020 VND
Approved but not contracted	571,827,786,395	67,429,673,077
Approved and contracted but not implemented	9,278,986,597	11,687,315,314
	581,106,772,992	79,116,988,391

38 TRANSACTIONS WITH RELATED PARTIES

List of related parties:

Related party	Relationship
Taisho Pharmaceutical Co., Ltd. ("Taisho")	Major shareholder
The State Capital Investment Corporation ("SCIC")	Major shareholder
Hoe Pharmaceuticals Sdn Bhd	Taisho's subsidiary
Taisho Vietnam Co.,Ltd.	Taisho's subsidiary
Taisho Pharmaceuticals (Taiwan) Co., Ltd	Taisho's subsidiary

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

	Fiscal period ended	
	30.09.2021 VND	30.09.2020 VND
Sales of goods and provision of services		
Hoe Pharmaceuticals Sdn Bhd	379,208,649	-
Taisho Vietnam Co.,Ltd.	468,155,712	-
Taisho Pharmaceuticals (Taiwan) Co,, Ltd	-	1,948,108,838
Purchases of goods and services		
Taisho Vietnam Co.,Ltd.	401,569,920	-
Taisho Pharmaceutical Co., Ltd.	65,127,370	-
Dividends paid		
SCIC	226,504,948,000	226,504,948,000
Taisho Pharmaceutical Co.,Ltd	266,788,208,000	266,788,208,000

Total remuneration paid to the Company's Management and Board of Directors during the period/ year was as follows:

Board of Directors	1,960,000,000	2,540,000,000
Management	12,488,168,248	8,780,839,208

Period/year end balances with related parties

	30.09.2021 VND	31.12.2020 VND
Trade receivables		
Taisho Vietnam Co.,Ltd.	-	1,576,719,144

39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

a. Non-cash transaction affecting the cash flow statement

	Fiscal period ended	
	30.09.2021 VND	30.09.2020 VND
Appropriation to reserves from profit	216,890,616,345	112,403,812,114
Transfer from construction in progress to tangible fixed assets	17,188,914,960	35,326,656,811
Transfers from construction in progress to intangible fixed assets	-	673,472,000
Transfer from construction in progress to prepaid expenses	803,459,306	517,488,673
Accrued interest payables	297,314,271	161,999,999
Accrued interest income	44,777,736,993	35,505,932,344

b. Proceed from borrowings

	Fiscal period ended	
	30.09.2021 VND	30.09.2020 VND
Proceed from borrowings under normal contracts	783,492,902,265	775,098,169,307

c. Repayment of borrowings

	Fiscal period ended	
	30.09.2021 VND	30.09.2020 VND
Repayment of borrowings under normal contract	628,897,500,806	524,765,021,061

CÔNG TY CỔ PHẦN DƯỢC HẬU GIANG

Tran Ngoc Hien	Ho Buu Huan	Doan Dinh Duy Khuong
Preparer	Chief Accountant	Chief Operating Officer
		20 October 2021