

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 JUNE 2022



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
	Ms. Nguyen Thi Viet Thanh	Member

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

Audit Committee	Mr. Do Le Hung	Head
	Ms. Dang Thi Thu Ha	Member
	Mr. Maki Kamijo	Member

Legal representative	Mr. Masashi Nakaura	General Director
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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

INTERIM SEPARATE BALANCE SHEET

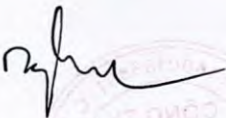
Codes	ASSETS	Notes	As at 30.06.2022 VND	As at 31.12.2021 VND
100	CURRENT ASSETS		4,247,132,545,967	3,720,882,994,624
110	Cash and cash equivalents	4	46,908,011,750	36,963,568,653
111	Cash		46,908,011,750	36,963,568,653
120	Short-term financial investments	5	2,495,000,000,000	2,110,000,000,000
123	Held-to-maturity investments		2,495,000,000,000	2,110,000,000,000
130	Short-term receivables		574,810,539,459	488,071,438,874
131	Short-term trade receivables	6	309,971,207,568	364,370,011,094
132	Short-term advances to suppliers		242,181,391,136	97,053,188,601
135	Short-term loan receivables	7	270,872,204	270,872,204
136	Other short-term receivables	8	71,153,776,598	75,634,454,278
137	Provision for short-term doubtful debts	9	(48,766,708,047)	(49,257,087,303)
140	Inventories	10	1,110,932,996,504	1,072,605,509,022
141	Inventories		1,111,874,507,758	1,073,963,422,414
149	Provision for devaluation of inventories		(941,511,254)	(1,357,913,392)
150	Other short-term assets		19,480,998,254	13,242,478,075
151	Short-term prepayments	11	7,203,057,248	6,603,126,396
152	Value added tax deductibles		12,277,941,006	4,516,420,536
153	Taxes and other receivables from the State budget	12	-	2,122,931,143
200	NON-CURRENT ASSETS		871,290,683,125	893,634,073,316
210	Long-term receivables		642,061,880	642,061,880
216	Other long-term receivables		642,061,880	642,061,880
220	Fixed assets		733,144,290,158	767,930,673,967
221	Tangible fixed assets	13	529,349,104,497	562,150,489,910
222	Cost		1,394,681,447,418	1,395,439,826,903
223	Accumulated depreciation		(865,332,342,921)	(833,289,336,993)
227	Intangible fixed assets	14	203,795,185,661	205,780,184,057
228	Cost		252,779,142,186	252,779,142,186
229	Accumulated amortization		(48,983,956,525)	(46,998,958,129)
230	Investment properties	15	14,481,726,122	14,654,470,364
231	Cost		17,304,956,819	17,304,956,819
232	Accumulated depreciation		(2,823,230,697)	(2,650,486,455)
240	Long-term assets in progress	16	83,207,792,535	69,507,677,936
242	Construction in progress		83,207,792,535	69,507,677,936
250	Long-term financial investments	5	7,518,136,946	7,838,324,934
251	Investments in subsidiary		13,742,460,000	13,742,460,000
253	Equity investments in other entities		24,108,379,057	24,108,379,057
254	Provision for impairment of long-term financial investments		(30,332,702,111)	(30,012,514,123)
260	Other long-term assets		32,296,675,484	33,060,864,235
261	Long-term prepayments	11	14,380,077,576	15,525,924,704
262	Deferred tax assets	17	17,916,597,908	17,534,939,531
270	TOTAL ASSETS		5,118,423,229,092	4,614,517,067,940

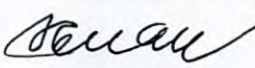
DHG PHARMACEUTICAL JOINT STOCK COMPANY


Form B 01 – DN

INTERIM SEPARATE BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 30.06.2022 VND	As at 31.12.2021 VND
300	LIABILITIES		1,325,470,664,872	824,506,970,274
310	Current liabilities		1,258,643,603,711	757,700,006,863
311	Short-term trade payables	18	257,160,613,664	201,219,543,333
312	Short-term advances from customers		38,523,797,863	24,082,624,119
313	Taxes and amounts payable to the State budget	12	38,402,372,240	34,408,305,142
314	Payables to employees		152,199,000,011	162,249,988,636
315	Short-term accrued expenses	19	31,905,038,034	39,619,329,167
318	Short-term unearned revenue	20	57,051,233,231	49,608,540,605
319	Other current payables	21	3,414,011,549	2,701,326,368
320	Short-term loans	22	639,658,332,059	207,391,176,993
322	Bonus and welfare funds	23	40,329,205,060	36,419,172,500
330	Long-term liabilities		66,827,061,161	66,806,963,411
342	Long-term provisions	24	59,001,692,536	57,297,571,580
343	Science and technology development fund	25	7,825,368,625	9,509,391,831
400	EQUITY		3,792,952,564,220	3,790,010,097,666
410	Owner's equity	26	3,792,952,564,220	3,790,010,097,666
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		1,958,932,899,782	1,668,641,014,030
421	Retained earnings		519,780,006,438	807,129,425,636
421a	- Retained earnings accumulated to the prior year end		29,909,699,603	30,057,945,259
421b	- Retained earnings of the current period		489,870,306,835	777,071,480,377
440	TOTAL RESOURCES		5,118,423,229,092	4,614,517,067,940


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant


Masashi Nakaura
General Director
20 July 2022

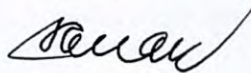


INTERIM SEPARATE INCOME STATEMENT

Codes	Notes	For the 3-month period ended		For the 6-month period ended		
		30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND	
01	Gross revenue from goods sold and services rendered	28	1,245,256,053,231	1,045,738,576,310	2,426,734,497,855	2,214,954,354,171
02	Deductions	28	125,989,048,596	97,908,991,185	242,692,106,714	249,740,938,587
10	Net revenue from goods sold and services rendered	28	1,119,267,004,635	947,829,585,125	2,184,042,391,141	1,965,213,415,584
11	Cost of sales	29	565,552,486,270	484,609,873,390	1,125,694,459,335	1,051,499,579,836
20	Gross profit from goods sold and services rendered		553,714,518,365	463,219,711,735	1,058,347,931,806	913,713,835,748
21	Financial income	30	33,165,170,713	31,056,422,051	63,163,857,295	63,641,778,000
22	Financial expenses	31	24,084,802,639	24,908,371,802	45,980,348,991	50,828,041,508
23	<i>In which: Interest expense</i>		5,072,398,985	3,987,395,850	7,485,532,568	6,278,590,807
25	Selling expenses	32	234,207,257,588	174,366,101,333	400,397,947,818	342,616,612,899
26	General and administrative expenses	32	64,104,097,082	63,339,231,238	125,243,430,598	120,692,122,665
30	Operating profit		264,483,531,769	231,662,429,413	549,890,061,694	463,218,836,676
31	Other income	33	6,378,361,225	(211,345,575)	7,617,195,954	1,144,458,689
32	Other expenses	33	10,244,342,524	7,490,004,478	11,067,683,365	10,396,372,891
40	(Losses) from other activities		(3,865,981,299)	(7,701,350,053)	(3,450,487,411)	(9,251,914,202)
50	Accounting profit before tax		260,617,550,470	223,961,079,360	546,439,574,283	453,966,922,474
51	Current corporate income tax expense	35	26,285,144,365	23,387,288,610	56,950,925,825	49,013,960,715
52	Deferred corporate tax (income)	35	(237,484,112)	(487,650,163)	(381,658,377)	(449,742,882)
60	Net profit after corporate income tax		234,569,890,217	201,061,440,913	489,870,306,835	405,402,704,641



Tran Ngoc Hien
Preparer




Ho Bui Huan
Chief Accountant

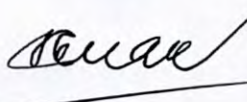


Masashi Nakaura
General Director
20 July 2022

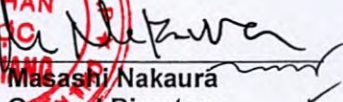
INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

Codes	Notes	Fiscal period ended	
		30.06.2022 VND	30.06.2021 VND
I.	CASH FLOWS FROM OPERATING ACTIVITIES		
1.	Profit before tax	546,439,574,283	453,966,922,474
2.	Adjustment for:		
	Depreciation and amortization of fixed assets and investment properties	40,552,852,756	42,617,759,481
	Provisions	1,827,242,719	(326,271,978)
	Foreign exchange (gains) arising from translating foreign currency items	(87,143,406)	(331,093,613)
	Gain from investing activities	(61,991,518,071)	(53,071,471,104)
	Interest expense	7,485,532,568	6,278,590,807
3.	Operating profit before movements in working capital	534,226,540,849	449,134,436,067
	Changes in receivables	(3,925,491,974)	125,780,419,818
	Changes in inventories	(37,911,085,344)	(162,769,803,896)
	Changes in payables	48,927,200,478	(123,282,948,628)
	Changes in prepaid expenses	545,916,276	(4,382,645,359)
	Interest paid	(7,345,027,319)	(6,167,768,607)
	Corporate income tax paid	(41,948,252,295)	(40,250,330,351)
	Other cash outflows	(24,611,381,063)	(25,802,816,359)
	Net cash generated by operating activities	467,958,419,608	212,258,542,685
II.	CASH FLOWS FROM INVESTING ACTIVITIES		
1.	Payment for purchasing, construction of fixed assets and other long-term assets	(115,401,435,368)	(12,843,540,924)
2.	Proceeds from sale, disposal of fixed assets and other long-term assets	2,740,454,376	2,089,272,726
3.	Cash outflow for lending, buying debt instruments of other entities	(1,870,000,000,000)	(1,975,000,000,000)
4.	Cash recovered from lending, selling debt instruments of other entities	1,485,000,000,000	1,868,109,670,254
5.	Cash recovered from investments and capital contributions in other entities	-	84,720,000
6.	Interest earned, dividends and profits received	64,967,203,605	69,823,857,945
	Net cash (used in) investing activities	(432,693,777,387)	(47,736,019,999)
III.	CASH FLOWS FROM FINANCING ACTIVITIES		
1.	Proceeds from borrowings	694,658,332,059	582,804,881,494
2.	Repayment of borrowings	(262,391,176,993)	(232,391,235,293)
3.	Dividends and profits paid	(457,611,248,500)	(522,984,284,000)
	Net cash (used in) financing activities	(25,344,093,434)	(172,570,637,799)
	Net increase/ (decrease) in cash	9,920,548,787	(8,048,115,113)
	Cash and cash equivalents at the beginning of the year	36,963,568,653	68,051,723,905
	Effects of changes in foreign exchange rates	23,894,310	(17,516,496)
	Cash and cash equivalents at the end of the period/ year	46,908,011,750	59,986,092,296


Tran Ngoc Hien
Preparer


Ho Buu Huan
Chief Accountant




Masashi Nakaura
General Director
20 July 2022

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 JUNE 2022

1 GENERAL INFORMATION

Structure of ownership

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

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

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

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

The number of employees of the Company as at 30 June 2022 was 2,666 (as at 31 December 2021: 2,677).

Operating industry and principal activities

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

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

The Company's structure

As at 30 June 2022 and 31 December 2021, 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 assets for the dissolution of this company. As at the date of these financial statements, the Company is implementing the procedures to dissolve Fuji Medic.

Normal production and business cycle

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

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

The comparative figures on the balance sheet are the figures of the audited separated financial statements for the fiscal year ended 31 December 2021. The comparative figures on the income statement and cash flow statement are the figures of the audited interim separated financial statements for the fiscal period ended 30 June 2021.

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

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

The separate financial statements are prepared solely to present the separate financial position of the Company as at 30 June 2022, and its separate results of operations and cash flows for the fiscal period ended 30 June 2022. Therefore, the Company did not consolidate its investments in subsidiary in these separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

Fiscal year

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of the separate financial statements, are as follows:

Estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the separate balance sheet date and the reported amounts of revenues and expenses during the financial period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit, demand deposits and short-term investments with maturity term not exceeding 3 months from the date of investment, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

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

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

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

Loan receivables

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

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

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

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

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

Equity investments in other entities

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

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

Receivables

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

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

Inventories

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

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

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

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

Construction in progress

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

Prepayments

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

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

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

Provisions

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

Severance allowance payable

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

Provision for dismantling and restoration costs

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

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

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

Revenue recognition

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

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

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

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

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

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

Sales deductions

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

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

Customer loyalty programs

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

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

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Foreign currencies

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

Borrowing costs

Borrowing costs are recognized in the income statement in the year when incurred unless they are capitalized in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalized even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

Dividend distribution

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

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

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

Appropriation of the Company's net profit after tax of 2021 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2021: 35% 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

	30.06.2022	31.12.2021
	VND	VND
Cash on hand	9,978,546,500	5,755,836,500
Demand deposits	36,929,465,250	31,207,732,153
	<u>46,908,011,750</u>	<u>36,963,568,653</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

	<u>30.06.2022</u>		<u>31.12.2021</u>	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	2,495,000,000,000	2,495,000,000,000	2,110,000,000,000	2,110,000,000,000

(b) Long-term financial investments

	30.06.2022		31.12.2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiary (*)	13,742,460,000	(10,521,823,054)	13,742,460,000	(10,481,635,066)
Equity investments in other entities (**)	24,108,379,057	(19,810,879,057)	24,108,379,057	(19,530,879,057)
	<u>37,850,839,057</u>	<u>(30,332,702,111)</u>	<u>37,850,839,057</u>	<u>(30,012,514,123)</u>

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

	30.06.2022	31.12.2021
	VND	VND
Fuji Medic Limited Liability Company	13,742,460,000	13,742,460,000
	<u>13,742,460,000</u>	<u>13,742,460,000</u>

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

(**) Equity investments in other entities:

	30.06.2022 VND	31.12.2021 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 June 2022 and 31 December 2021 represents the provision for long-term investments in the following other entities:

	30.06.2022 VND	31.12.2021 VND
Fuji Medic Limited Liability Company	10,521,823,054	10,481,635,066
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,410,879,057	2,130,879,057
	<u>30,332,702,111</u>	<u>30,012,514,123</u>

6 SHORT-TERM TRADE RECEIVABLES

	30.06.2022 VND	31.12.2021 VND
Related parties (Note 37)	1,218,307,608	279,917,338
Third parties	308,752,899,960	364,090,093,756
	<u>309,971,207,568</u>	<u>364,370,011,094</u>

As at 30 June 2022 and 31 December 2021, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

7 LOAN RECEIVABLES

Short-term loan receivables	30.06.2022 VND	31.12.2021 VND
Loan receivables from customers	270,872,204	270,872,204
	<u>270,872,204</u>	<u>270,872,204</u>

8 OTHER SHORT-TERM RECEIVABLES

	30.06.2022 VND	31.12.2021 VND
Accruals of interest income	47,832,293,146	53,370,038,356
Receivable from employees	18,564,154,707	16,937,299,736
Other receivables	4,757,328,745	5,327,116,186
	<u>71,153,776,598</u>	<u>75,634,454,278</u>

9 BAD DEBTS

	30.06.2022		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	86,187,084,456	37,420,376,409	(48,766,708,047)

	31.12.2021		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	92,048,675,046	42,791,587,743	(49,257,087,303)

As at 30 June 2022 and 31 December 2021, 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 30.06.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	49,257,087,303	50,909,210,697
Additional provision in the period/year	-	1,168,627,725
Reversal of provision in the period/year	(490,379,256)	-
Write off in the period/ year	-	(2,820,751,119)
Closing balance	48,766,708,047	49,257,087,303

10 INVENTORIES

	30.06.2022		31.12.2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	164,736,414,111	-	89,121,663,921	-
Raw materials	595,863,819,162	-	641,208,881,858	-
Work in progress	56,407,529,900	-	74,081,738,915	-
Finished goods	263,522,111,024	(941,511,254)	170,484,518,266	(1,357,913,392)
Merchandise	31,344,633,561	-	99,066,619,454	-
	1,111,874,507,758	(941,511,254)	1,073,963,422,414	(1,357,913,392)

10 INVENTORIES (cont.)

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

	Fiscal period ended 30.06.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	1,357,913,392	1,064,611,683
Additional provision in the period/year	-	293,301,709
Reversal of provision in the period/year	(416,402,138)	-
Closing balance	<u>941,511,254</u>	<u>1,357,913,392</u>

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

As at 30 June 2022 and 31 December 2021, the Company did not have any slow moving, damaged or sub-standard inventories.

11 PREPAYMENTS

Short-term prepayments

	30.06.2022 VND	31.12.2021 VND
Prepayment related to operating lease	4,905,148,417	776,601,256
Others	2,297,908,831	5,826,525,140
	<u>7,203,057,248</u>	<u>6,603,126,396</u>

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

Long-term prepayments

	30.06.2022 VND	31.12.2021 VND
Tools and supplies	5,446,063,372	6,719,718,519
Others	8,934,014,204	8,806,206,185
	<u>14,380,077,576</u>	<u>15,525,924,704</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 30.06.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	15,525,924,704	15,232,901,753
Increase in the period/year	5,043,434,748	12,271,599,096
Allocation in the period/year	(6,189,281,876)	(11,978,576,145)
Closing balance	<u>14,380,077,576</u>	<u>15,525,924,704</u>

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

	Opening balance	Payable during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND
Output value added tax	12,533,538,792	56,006,465,662	(62,324,788,423)	6,215,216,031
Value added tax for import goods	-	27,895,124,068	(27,895,124,068)	-
Import and export duties	-	5,720,162,204	(5,720,162,204)	-
Corporate income tax	4,208,316,248	56,950,925,825	(41,948,252,295)	19,210,989,778
Personal income tax	10,547,800,232	28,908,828,557	(38,316,635,826)	1,139,992,963
Land rental fee, land use tax	(2,122,931,143)	7,469,782,708	(1,808,632,994)	3,538,218,571
Other taxes	7,118,649,870	9,443,761,868	(8,264,456,841)	8,297,954,897
	<u>32,285,373,999</u>	<u>192,395,050,892</u>	<u>(186,278,052,651)</u>	<u>38,402,372,240</u>
In which:				
Tax receivables	2,122,931,143			-
Tax payables	34,408,305,142			38,402,372,240

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 2022	528,464,444,217	649,912,811,706	144,089,731,660	72,972,839,320	1,395,439,826,903
Transfer from construction in progress (Note 16)	-	6,994,916,889	630,000,000	620,403,880	8,245,320,769
Disposals	-	-	(9,003,700,254)	-	(9,003,700,254)
As at 30 June 2022	<u>528,464,444,217</u>	<u>656,907,728,595</u>	<u>135,716,031,406</u>	<u>73,593,243,200</u>	<u>1,394,681,447,418</u>
Accumulated depreciation					
As at 01 January 2022	265,754,972,330	391,126,423,008	107,823,984,440	68,583,957,215	833,289,336,993
Charge for the period/ year	12,605,827,792	22,960,781,983	3,984,516,160	1,323,185,547	40,874,311,482
Disposals	-	-	(8,831,305,554)	-	(8,831,305,554)
As at 30 June 2022	<u>278,360,800,122</u>	<u>414,087,204,991</u>	<u>102,977,195,046</u>	<u>69,907,142,762</u>	<u>865,332,342,921</u>
Net book value					
As at 01 January 2022	<u>262,709,471,887</u>	<u>258,786,388,698</u>	<u>36,265,747,220</u>	<u>4,388,882,105</u>	<u>562,150,489,910</u>
As at 30 June 2022	<u>250,103,644,095</u>	<u>242,820,523,604</u>	<u>32,738,836,360</u>	<u>3,686,100,438</u>	<u>529,349,104,497</u>

As at 30 June 2022, the cost of tangible fixed assets included VND 313,503,418,195 (as at 31 December 2021: VND 302,501,744,242) of assets which were fully depreciated but are still in active use.

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 2022	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
As at 30 June 2022	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
Accumulated amortization				
As at 01 January 2022	-	29,776,103,520	17,222,854,609	46,998,958,129
Charge for the period/year	-	1,496,266,914	488,731,482	1,984,998,396
As at 30 June 2022	-	31,272,370,434	17,711,586,091	48,983,956,525
Net book value				
As at 01 January 2022	88,314,253,166	113,658,616,473	3,807,314,418	205,780,184,057
As at 30 June 2022	88,314,253,166	112,162,349,559	3,318,582,936	203,795,185,661

As at 30 June 2022, the cost of intangible fixed assets included VND 16,169,520,805 (as at 31 December 2021: VND 16,169,520,805) of assets which were fully amortized but are still in use.

15 INVESTMENT PROPERTIES

	Buildings and land use rights VND
Cost	
As at 01 January 2022	17,304,956,819
As at 30 June 2022	17,304,956,819
Accumulated depreciation	
As at 01 January 2022	2,650,486,455
Charge for the period/ year	172,744,242
As at 30 June 2022	2,823,230,697
Net book value	
As at 01 January 2022	14,654,470,364
As at 30 June 2022	14,481,726,122

As at 30 June 2022 and 31 December 2021, 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.

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

16 LONG-TERM ASSETS IN PROGRESS

	30.06.2022 VND	31.12.2021 VND
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	17,005,325,167	15,525,527,491
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
Renovating offices	2,258,088,112	1,974,192,771
Purchasing machineries	33,914,065,524	35,604,858,567
REB product project	3,134,670,037	3,125,907,325
CTP product project	202,029,350	202,029,350
BUD product project	1,293,522,895	1,293,522,895
LUS product project	523,260,902	-
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	21,402,881,774	8,307,690,763
	<u>83,207,792,535</u>	<u>69,507,677,936</u>

Movements of construction in progress in the period/year:

	Fiscal period ended 30.06.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	69,507,677,936	66,472,781,314
Purchases	25,491,696,614	30,521,376,238
Transfer to tangible fixed assets (Note 13)	(8,245,320,769)	(20,422,904,914)
Transfer to prepayments	-	(1,104,324,951)
Transfer to expenses in the period/year	(3,546,261,246)	(5,959,249,751)
Closing balance	<u>83,207,792,535</u>	<u>69,507,677,936</u>

17 DEFERRED TAX ASSETS

	30.06.2022 VND	31.12.2021 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences	89,582,989,540	87,674,697,655
Deferred tax assets	<u>17,916,597,908</u>	<u>17,534,939,531</u>

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

	Fiscal period ended 30.06.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	17,534,939,531	16,030,659,412
Increase in deferred tax assets	404,861,788	1,560,847,547
Change of eliminated entry of fixed assets	(23,203,411)	(56,567,428)
Closing balance	<u>17,916,597,908</u>	<u>17,534,939,531</u>

18 SHORT-TERM TRADE PAYABLES

	30.06.2022		31.12.2021	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Related parties (Note 37)	-	-	1,513,428,227	1,513,428,227
Third parties (*)	257,160,613,664	257,160,613,664	199,706,115,106	199,706,115,106
	<u>257,160,613,664</u>	<u>257,160,613,664</u>	<u>201,219,543,333</u>	<u>201,219,543,333</u>

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

	30.06.2022 VND	31.12.2021 VND
Sinobright Pharmaceutical Co., Ltd	24,267,306,000	35,755,200,000
Nomura Trading Co., Ltd	44,916,994,500	3,248,910,000

As at 30 June 2022 and 31 December 2021, there was no balance of short-term trade payables that were past due.

19 SHORT-TERM ACCRUED EXPENSES

	30.06.2022 VND	31.12.2021 VND
Interest payable	249,007,260	108,502,011
Payment discount	4,326,990,987	7,444,886,014
Other accruals	27,329,039,787	32,065,941,142
	<u>31,905,038,034</u>	<u>39,619,329,167</u>

20 SHORT-TERM UNEARNED REVENUE

	30.06.2022 VND	31.12.2021 VND
Unearned revenue from customer loyalty programs (Note 3)	<u>57,051,233,231</u>	<u>49,608,540,605</u>

21 OTHER SHORT-TERM PAYABLES

	30.06.2022 VND	31.12.2021 VND
Union fee	548,194,528	548,559,939
Others	2,865,817,021	2,152,766,429
	<u>3,414,011,549</u>	<u>2,701,326,368</u>

22 SHORT-TERM LOANS

	30.06.2022		31.12.2021	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	639,658,332,059	639,658,332,059	207,391,176,993	207,391,176,993
	<u>639,658,332,059</u>	<u>639,658,332,059</u>	<u>207,391,176,993</u>	<u>207,391,176,993</u>

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

	As at 01.01.2022 VND	Increases VND	Decreases VND	As at 30.06.2022 VND
Loans from banks (*)	207,391,176,993	802,145,018,592	(369,877,863,526)	639,658,332,059
	<u>207,391,176,993</u>	<u>802,145,018,592</u>	<u>(369,877,863,526)</u>	<u>639,658,332,059</u>

(*) These loans bear interests at the rates ranging from 0.27% to 0.34% per month (in 2021: from 0.18% to 0.33% per month).

As at 30 June 2022 and 31 December 2021, there was no short-term loan that was past due.

23 BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for the Board of Directors VND	Welfare fund in form of assets VND	Total VND
Opening balance	24,232,911,894	2,077,076,964	10,109,183,642	36,419,172,500
Appropriation to the funds in the period/year	23,316,591,781	6,000,000,000	-	29,316,591,781
Depreciation of assets formed from the funds	-	-	(795,178,158)	(795,178,158)
Utilization	(24,505,863,933)	(105,517,130)	-	(24,611,381,063)
Closing balance	<u>23,043,639,742</u>	<u>7,971,559,834</u>	<u>9,314,005,484</u>	<u>40,329,205,060</u>

24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	27,364,901,461	29,932,670,119	57,297,571,580
Additional provision in the period/year	1,968,845,076	444,991,049	2,413,836,125
Utilization of provisions	-	(709,715,169)	(709,715,169)
Closing balance	<u>29,333,746,537</u>	<u>29,667,945,999</u>	<u>59,001,692,536</u>

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

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

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

	Science and technology development fund in form of assets VND
Opening balance	9,509,391,831
Depreciation of assets formed from the funds	<u>(1,684,023,206)</u>
Closing balance	<u>7,825,368,625</u>

26 OWNER'S EQUITY

Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01 January 2021	1,307,460,710,000	6,778,948,000	1,479,946,644,695	769,932,845,604	3,564,119,148,299
Net profit for the year	-	-	-	777,071,480,377	777,071,480,377
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)
Balance as at 31 December 2021	1,307,460,710,000	6,778,948,000	1,668,641,014,030	807,129,425,636	3,790,010,097,666
Net profit for the period/year	-	-	-	489,870,306,835	489,870,306,835
Dividends for 2021	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	290,291,885,752	(290,291,885,752)	-
Appropriation to bonus and welfare funds	-	-	-	(23,316,591,781)	(23,316,591,781)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Balance as at 30 June 2022	1,307,460,710,000	6,778,948,000	1,958,932,899,782	519,780,006,438	3,792,952,564,220

26 OWNER'S EQUITY (cont.)

Charter capital

	30.06.2022		31.12.2021	
	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. 001/2022/NQ.ĐHĐCĐ dated 18 March 2022, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2021 at 35% in cash, equivalent to VND 457,611,248,500. On 15 April 2022, the Company paid all the dividends of the year 2021.

Fund distribution

According to Resolution of the Annual General Meeting of Shareholders No. 001/2022/NQ.ĐHĐCĐ dated 18 March 2022, the General Meeting of Shareholders of the Company approved the appropriation to bonus and welfare fund of employees from profit after tax of 2021 at the rate of 3%, equivalent to the amount of VND 23,316,591,781, 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 2021 is distributed to the Investment and Development Fund.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

	30.06.2022	31.12.2021
United states Dollar (USD)	231,022	154,707
Euros (EUR)	855	926
Yen (JPY)	29,249	29,975

Bad debts written off

	30.06.2022 VND	31.12.2021 VND
Bad debts written off	5,647,750,056	5,647,750,056

DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 09 – DN

28 REVENUE

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Sales				
Sales of finished goods	1,145,278,780,567	927,318,232,051	2,172,225,258,423	1,881,116,526,280
Sales of merchandise	99,450,317,154	117,802,530,981	253,379,075,875	332,521,915,469
Others	526,955,510	617,813,278	1,130,163,557	1,315,912,422
	<u>1,245,256,053,231</u>	<u>1,045,738,576,310</u>	<u>2,426,734,497,855</u>	<u>2,214,954,354,171</u>
Deductions				
Sales discount	125,682,229,726	97,677,111,010	241,196,800,808	248,962,689,860
Sales return	306,818,870	231,880,175	1,495,305,906	778,248,727
	<u>125,989,048,596</u>	<u>97,908,991,185</u>	<u>242,692,106,714</u>	<u>249,740,938,587</u>
Net sales	<u>1,119,267,004,635</u>	<u>947,829,585,125</u>	<u>2,184,042,391,141</u>	<u>1,965,213,415,584</u>
In which:				
Sales of finished goods	1,019,746,847,091	829,946,223,362	1,931,487,498,553	1,632,829,344,739
Sales of merchandise	98,993,202,034	117,265,548,485	251,424,729,031	331,068,158,423
Others	526,955,510	617,813,278	1,130,163,557	1,315,912,422

Goods in transit's revenue have not been recognized as at 30 June 2022: VND 57,371,590,795 (as at 30 June 2021: VND 48,330,804,983).

29 COST OF SALES

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Cost of finished goods sold	474,671,712,166	374,371,528,923	890,655,663,879	733,169,886,427
Cost of merchandise sold	91,297,176,242	109,914,640,783	235,455,197,594	318,005,989,725
(Reversal)/ Additional provision for devaluation of inventories	(416,402,138)	323,703,684	(416,402,138)	323,703,684
	<u>565,552,486,270</u>	<u>484,609,873,390</u>	<u>1,125,694,459,335</u>	<u>1,051,499,579,836</u>

30 FINANCIAL INCOME

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Interest income	31,850,065,363	29,035,325,226	59,429,458,395	59,722,329,186
Foreign exchange gain	1,315,105,350	2,021,096,825	3,734,398,900	3,919,448,814
	<u>33,165,170,713</u>	<u>31,056,422,051</u>	<u>63,163,857,295</u>	<u>63,641,778,000</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Interest expenses	5,072,398,985	3,987,395,850	7,485,532,568	6,278,590,807
Foreign exchange losses	1,666,839,771	1,199,095,769	2,345,383,180	3,334,359,385
Settlement discount	17,119,986,930	18,673,816,127	35,774,885,573	40,147,849,934
Additional provision for impairment of long-term financial investments	214,933,628	1,037,420,731	320,187,988	923,743,813
Loss on disposal of investment	-	-	-	89,005,743
Other financial expenses	10,643,325	10,643,325	54,359,682	54,491,826
	<u>24,084,802,639</u>	<u>24,908,371,802</u>	<u>45,980,348,991</u>	<u>50,828,041,508</u>

32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Staff cost	123,194,926,214	97,596,976,163	230,606,858,576	202,318,401,424
Advertising expenses	36,781,989,984	28,871,754,673	46,104,971,170	49,625,975,930
Others	74,230,341,390	47,897,370,497	123,686,118,072	90,672,235,545
	<u>234,207,257,588</u>	<u>174,366,101,333</u>	<u>400,397,947,818</u>	<u>342,616,612,899</u>

General & administrative expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Staff cost	48,103,751,869	43,487,303,372	88,208,942,421	85,503,279,332
Others	16,000,345,213	19,851,927,866	37,034,488,177	35,188,843,333
	<u>64,104,097,082</u>	<u>63,339,231,238</u>	<u>125,243,430,598</u>	<u>120,692,122,665</u>

33 OTHER INCOME AND EXPENSES

Other income

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Gain/(Loss) from disposals of fixed assets and other long-term assets	1,651,545,285	(667,015,149)	2,562,059,676	-
Support from suppliers	4,221,800,079	109,230,750	4,222,601,579	396,292,065
Others	505,015,861	346,438,824	832,534,699	748,166,624
	<u>6,378,361,225</u>	<u>(211,345,575)</u>	<u>7,617,195,954</u>	<u>1,144,458,689</u>

Other expenses

	For the 3-month period ended		For the 6-month period ended	
	30.06.2022 VND	30.06.2021 VND	30.06.2022 VND	30.06.2021 VND
Residual value of liquidated fixed assets	-	6,561,852,339	-	6,561,852,339
Depreciation expense	312,300,195	452,094,568	626,822,001	954,657,115
Incurred expenses due to the impact of the Covid-19 pandemic	-	-	57,333,676	-
Others	9,932,042,329	476,057,571	10,383,527,688	2,879,863,437
	<u>10,244,342,524</u>	<u>7,490,004,478</u>	<u>11,067,683,365</u>	<u>10,396,372,891</u>

34 PRODUCTION AND OPERATION COSTS BY NATURE

	Fiscal period ended	
	30.06.2022 VND	30.06.2021 VND
Raw materials and consumables	1,087,561,410,238	994,690,589,631
Labor	463,764,003,294	423,433,366,227
Depreciation and amortization	39,926,030,755	41,663,102,366
Out-sourced services	119,264,273,679	90,555,403,462
Other expenses	104,634,760,111	94,258,069,765
	<u>1,815,150,478,077</u>	<u>1,644,600,531,451</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	
	30.06.2022	30.06.2021
	VND	VND
Accounting profit before tax	546,439,574,283	453,966,922,474
Tax calculated at a normal rate of 20%	109,287,914,857	90,793,384,494
Adjustments for:		
Expenses not deductible for tax purposes	4,997,115,100	3,306,757,887
Under provision of tax in the prior year	-	9,331,091
Corporate income tax incentives at branches	(57,334,104,132)	(45,095,512,757)
Corporate income tax expense	<u>56,950,925,825</u>	<u>49,013,960,715</u>

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

	Fiscal period ended	
	30.06.2022	30.06.2021
	VND	VND
Deferred corporate tax (income)	(404,861,788)	(483,106,900)
Change of eliminated entry of fixed assets	23,203,411	33,364,018
	<u>(381,658,377)</u>	<u>(449,742,882)</u>

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

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

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

36 COMMITMENTS

a) Operating lease commitment

	Fiscal period ended	
	30.06.2022	30.06.2021
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period/year	3,554,218,570	3,553,218,570

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

	Land lease	
	30.06.2022	31.12.2021
	VND	VND
Within one year	7,076,437,142	7,076,437,142
In the first to fifth year inclusive	28,305,748,568	28,305,748,568
After five years	118,779,845,285	122,337,720,625
	<u>154,162,030,995</u>	<u>157,719,906,335</u>

b) Capital commitment

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

	30.06.2022	31.12.2021
	VND	VND
Approved but not contracted	129,922,641,641	527,603,637,672
Approved and contracted but not implemented	420,459,749,903	46,334,872,017
	<u>550,382,391,544</u>	<u>573,938,509,689</u>

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37 TRANSACTIONS WITH RELATED PARTIES (cont.)

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

	30.06.2022 VND	31.12.2021 VND
Trade receivables		
Hoe Pharmaceuticals Sdn Bhd	1,218,307,608	279,917,338
Trade payables		
Taisho Pharmaceutical Co.,Ltd	-	1,513,428,227

38 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

	Fiscal period ended	
	30.06.2022 VND	30.06.2021 VND
Appropriation to reserves from profit	319,608,477,533	216,890,616,345
Transfers from construction in progress to tangible fixed assets	8,245,320,769	17,062,544,960
Transfers from construction in progress to prepayments	-	708,839,306
Accrued interest payables	249,007,260	189,133,309
Accrued interest income	47,832,293,146	30,393,145,215

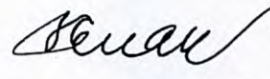
(b) Proceeds from borrowings


	Fiscal period ended	
	30.06.2022 VND	30.06.2021 VND
Proceeds from borrowings under normal contracts	802,145,018,592	666,804,881,494

(c) Repayment of borrowings

	Fiscal period ended	
	30.06.2022 VND	30.06.2021 VND
Repayment of borrowings under normal contracts	369,877,863,526	316,391,235,293


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director
20 July 2022