

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2022



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DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET


Codes	ASSETS	Notes	As at	As at
			30.09.2022	31.12.2021
			VND	VND
100	CURRENT ASSETS		3,849,516,917,242	3,727,292,944,320
110	Cash and cash equivalents	4	54,710,927,296	43,373,518,349
111	Cash		54,710,927,296	43,373,518,349
120	Short-term financial investments	5	2,095,000,000,000	2,110,000,000,000
123	Held-to-maturity investments		2,095,000,000,000	2,110,000,000,000
130	Short-term receivables		567,027,180,787	488,071,438,874
131	Short-term trade receivables	6	347,318,939,290	364,370,011,094
132	Short-term advances to suppliers		189,509,061,506	97,053,188,601
135	Short-term loan receivables		270,872,204	270,872,204
136	Other short-term receivables	7	76,869,631,682	75,634,454,278
137	Provision for short-term doubtful debts	8	(46,941,323,895)	(49,257,087,303)
140	Inventories	9	1,108,294,450,088	1,072,605,509,022
141	Inventories		1,109,235,961,342	1,073,963,422,414
149	Provision for devaluation of inventories		(941,511,254)	(1,357,913,392)
150	Other short-term assets		24,484,359,071	13,242,478,075
151	Short-term prepayments	10	12,815,432,973	6,603,126,396
152	Value added tax deductibles		11,609,510,717	4,516,420,536
153	Taxes and other receivables from the State budget	11	59,415,381	2,122,931,143
200	NON-CURRENT ASSETS		907,839,496,334	890,373,248,382
210	Long-term receivables		642,061,880	642,061,880
216	Other long-term receivables		642,061,880	642,061,880
220	Fixed assets		737,231,801,128	767,930,673,967
221	Tangible fixed assets	12	534,428,608,422	562,150,489,910
222	Cost		1,419,261,524,362	1,395,439,826,903
223	Accumulated depreciation		(884,832,915,940)	(833,289,336,993)
227	Intangible fixed assets	13	202,803,192,706	205,780,184,057
228	Cost		252,779,142,186	252,779,142,186
229	Accumulated amortization		(49,975,949,480)	(46,998,958,129)
230	Investment properties	14	14,395,354,001	14,654,470,364
231	Cost		17,304,956,819	17,304,956,819
232	Accumulated depreciation		(2,909,602,818)	(2,650,486,455)
240	Long-term assets in progress	15	113,397,259,787	69,507,677,936
242	Construction in progress		113,397,259,787	69,507,677,936
250	Long-term financial investments	5	4,122,500,000	4,577,500,000
253	Equity investments in other entities		24,108,379,057	24,108,379,057
254	Provision for impairment of long-term financial investments		(19,985,879,057)	(19,530,879,057)
260	Other long-term assets		38,050,519,538	33,060,864,235
261	Long-term prepayments	10	20,104,390,079	15,525,924,704
262	Deferred tax assets	16	17,946,129,459	17,534,939,531
270	TOTAL ASSETS		4,757,356,413,576	4,617,666,192,702

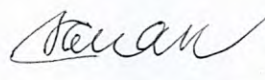
DHG PHARMACEUTICAL JOINT STOCK COMPANY

Form B 01 – DN/HN

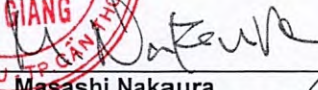
INTERIM CONSOLIDATED BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at	As at
			30.09.2022	31.12.2021
			VND	VND
300	LIABILITIES		698,937,480,387	824,522,565,569
310	Current liabilities		632,901,948,296	757,715,602,158
311	Short-term trade payables	17	233,079,269,927	201,219,543,333
312	Short-term advances from customers		28,614,391,329	24,082,624,119
313	Taxes and amounts payable to the State budget	11	39,428,425,881	34,408,305,142
314	Payables to employees		170,521,936,134	162,265,583,931
315	Short-term accrued expenses	18	25,252,426,074	39,619,329,167
318	Short-term unearned revenue	19	62,344,105,902	49,608,540,605
319	Other current payables	20	3,299,420,208	2,701,326,368
320	Short-term loans	21	37,973,927,689	207,391,176,993
322	Bonus and welfare funds	22	32,388,045,152	36,419,172,500
330	Long-term liabilities		66,035,532,091	66,806,963,411
342	Long-term provisions	23	59,016,393,165	57,297,571,580
343	Science and technology development fund	24	7,019,138,926	9,509,391,831
400	EQUITY		4,058,418,933,189	3,793,143,627,133
410	Owner's equity	25	4,058,418,933,189	3,793,143,627,133
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		782,166,797,477	807,129,425,637
421a	- Retained earnings accumulated to the prior year end		29,909,699,604	29,909,699,604
421b	- Retained earnings of the current period		752,257,097,873	777,219,726,033
429	Non-controlling interests	26	3,079,577,930	3,133,529,466
440	TOTAL RESOURCES		4,757,356,413,576	4,617,666,192,702


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant




Masashi Nakaura
General Director
18 October 2022

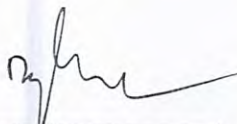
INTERIM CONSOLIDATED INCOME STATEMENT

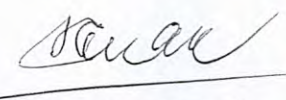
Codes	Notes	For the 3-month period ended		For the 9-month period ended		
		30.09.2022 VND	30.09.2021 VND	30.09.2022 VND	30.09.2021 VND	
01	Gross revenue from goods sold and services rendered	28	1,295,988,249,194	1,054,390,435,519	3,722,722,747,049	3,269,351,289,014
02	Deductions	28	134,303,114,515	109,940,691,832	376,995,221,229	359,681,630,419
10	Net revenue from goods sold and services rendered	28	1,161,685,134,679	944,449,743,687	3,345,727,525,820	2,909,669,658,595
11	Cost of sales	29	583,422,392,985	485,325,463,264	1,709,116,852,320	1,536,825,043,100
20	Gross profit from goods sold and services rendered		578,262,741,694	459,124,280,423	1,636,610,673,500	1,372,844,615,495
21	Financial income	30	33,385,030,359	30,638,453,378	96,555,246,668	94,285,713,683
22	Financial expenses	31	25,880,439,424	24,236,043,603	71,820,600,427	74,091,680,990
23	<i>Including: Interest expenses</i>		4,674,731,022	3,934,061,470	12,160,263,590	10,212,652,277
25	Selling expenses	32	225,225,295,784	179,774,468,776	625,623,243,602	522,391,081,675
26	General and administrative expenses	32	69,615,243,527	62,614,051,196	194,946,506,496	183,301,857,939
30	Operating profit		290,926,793,318	223,138,170,226	840,775,569,643	687,345,708,574
31	Other income	33	1,947,449,296	188,349,690	9,580,240,545	1,332,808,379
32	Other expenses	33	2,943,484,964	1,145,747,574	14,024,090,245	13,450,047,023
40	(Losses) from other activities		(996,035,668)	(957,397,884)	(4,443,849,700)	(12,117,238,644)
50	Accounting profit before tax		289,930,757,650	222,180,772,342	836,331,719,943	675,228,469,930
51	Current corporate income tax expense	35	27,588,837,709	20,975,439,797	84,539,763,534	69,989,400,512
52	Deferred corporate tax (income)	35	(29,531,551)	(105,031,944)	(411,189,928)	(551,756,947)
60	Net profit after corporate income tax		262,371,451,492	201,310,364,489	752,203,146,337	605,790,826,365

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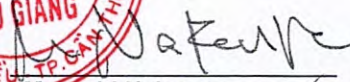
INTERIM CONSOLIDATED INCOME STATEMENT (cont.)

Codes	Notes	For the 3-month period ended		For the 9-month period ended	
		30.09.2022 VND	30.09.2021 VND	30.09.2022 VND	30.09.2021 VND
60	Net profit after corporate income tax	262,371,451,492	201,310,364,489	752,203,146,337	605,790,826,365
	Attributable to:				
61	Owners of the parent company	262,386,791,039	201,308,877,993	752,257,097,873	606,723,654,149
62	Non-controlling interests	(15,339,547)	1,486,496	(53,951,536)	(932,827,784)
70	Earnings per share (VND)	1,943	1,482	5,569	4,467


 Tran Ngoc Hien
 Preparer


 Ho Bui Huan
 Chief Accountant




 Masashi Nakaura
 General Director
 18 October 2022


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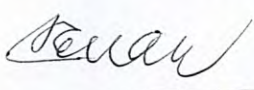
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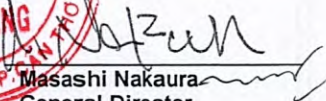
Form B 03 – DN/HN

INTERIM CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Items	Codes	Fiscal period ended	
		30.09.2022 VND	30.09.2021 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	836,331,719,943	675,228,469,930
2. Adjustments for:			
Depreciation and amortization of fixed assets and investment properties	02	60,717,190,254	63,262,714,184
Provisions	03	378,574,458	2,084,573,473
Foreign exchange losses/ (gains) arising from translating foreign currency items	04	2,073,535,790	(358,154,904)
Gain from investing activities	05	(94,293,081,169)	(79,277,979,876)
Interest expense	06	12,160,263,590	10,212,652,277
Operating profit before movements in working capital	08	817,368,202,866	671,152,275,084
3. Changes in receivables	09	10,639,824,183	136,562,968,904
Changes in inventories	10	(35,272,538,928)	(114,230,446,110)
Changes in payables	11	29,221,359,200	(117,150,514,553)
Changes in prepaid expenses	12	(8,399,518,763)	(4,335,183,441)
Interest paid	14	(12,247,779,890)	(9,993,649,115)
Corporate income tax paid	15	(68,233,396,660)	(63,637,618,961)
Other cash outflows	17	(32,154,951,892)	(32,330,340,111)
Net cash generated by operating activities	20	700,921,200,116	466,037,491,697
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchasing, construction of fixed assets and other long-term assets	21	(173,351,450,934)	(19,809,360,544)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	3,051,818,012	4,443,501,640
3. Cash outflow for lending, buying debt instruments of other entities	23	(2,170,000,000,000)	(2,485,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	2,185,000,000,000	2,309,109,670,254
5. Cash recovered from investments and capital contributions in other entities	26	-	84,720,000
6. Interest earned, dividends and profits received	27	92,636,000,513	83,263,326,672
Net cash (used in) investing activities	30	(62,663,632,409)	(107,908,141,978)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	623,217,441,336	663,292,902,265
2. Repayment of borrowings	34	(792,634,690,640)	(508,697,500,806)
3. Dividends and profits paid		(457,611,248,500)	(522,984,284,000)
Net cash (used in) by financing activities	40	(627,028,497,804)	(368,388,882,541)
Net increase/ (decrease) in cash	50	11,229,069,903	(10,259,532,822)
Cash and cash equivalents at the beginning of the year	60	43,373,518,349	73,054,473,018
Effects of changes in foreign exchange rates	61	108,339,044	(18,622,731)
Cash and cash equivalents at the end of the period/ year	70	54,710,927,296	62,776,317,465


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant


Masashi Nakaura
General Director
18 October 2022

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 30 SEPTEMBER 2022

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 2022 was 2,682 (as at 31 December 2021: 2,678).

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, health supplement and cosmeceuticals.

The Group's structure

As at 30 September 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.HDQT 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 2021. 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 2021.

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

Receivables

Receivables represent the amounts recoverable from customers or other debtors 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.



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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

Operating leasesThe 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.



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

Prepayments

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

Land rentals represent the prepaid land rentals. The prepaid land rentals are allocated to the 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 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

	30.09.2022 VND	31.12.2021 VND
Cash on hand	9,953,929,200	5,755,836,500
Demand deposits	44,756,998,096	37,617,681,849
	<u>54,710,927,296</u>	<u>43,373,518,349</u>

5 FINANCIAL INVESTMENTS

(a) Short-term financial investments

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

Held-to-maturity investments

	30.09.2022		31.12.2021	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>2,095,000,000,000</u>	<u>2,095,000,000,000</u>	<u>2,110,000,000,000</u>	<u>2,110,000,000,000</u>

(b) Long-term financial investments

	30.09.2022		31.12.2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities (*)	<u>24,108,379,057</u>	<u>(19,985,879,057)</u>	<u>24,108,379,057</u>	<u>(19,530,879,057)</u>
	<u>24,108,379,057</u>	<u>(19,985,879,057)</u>	<u>24,108,379,057</u>	<u>(19,530,879,057)</u>

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

	30.09.2022 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 September 2022 and 31 December 2021 represents the provision for long-term investments in the following other entities:

	30.09.2022 VND	31.12.2021 VND
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,585,879,057	2,130,879,057
	<u>19,985,879,057</u>	<u>19,530,879,057</u>

6 SHORT-TERM TRADE RECEIVABLES

	30.09.2022 VND	31.12.2021 VND
Related parties (Note 38)	1,749,343,327	279,917,338
Third parties	345,569,595,963	364,090,093,756
	<u>347,318,939,290</u>	<u>364,370,011,094</u>

As at 30 September 2022 and 31 December 2021, there were no single short-term trade receivables accounting for 10% or more of total trade receivables.

7 OTHER SHORT-TERM RECEIVABLES

	30.09.2022 VND	31.12.2021 VND
Accruals of interest income	52,168,375,330	53,370,038,356
Receivable from employees	18,232,350,373	16,937,299,736
Other receivables	6,468,905,979	5,327,116,186
	<u>76,869,631,682</u>	<u>75,634,454,278</u>

8 BAD DEBTS

	30.09.2022		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	86,123,363,866	39,182,039,971	(46,941,323,895)
	<hr/>		
	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)
	<hr/>		

As at 30 September 2022 and 31 December 2021, 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 30.09.2022 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	(2,315,763,408)	-
Written off in the period/ year	-	(2,820,751,119)
Closing balance	<u>46,941,323,895</u>	<u>49,257,087,303</u>

9 INVENTORIES

	30.09.2022		31.12.2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	103,835,337,563	-	89,121,663,921	-
Raw materials	599,010,554,321	-	641,208,881,858	-
Work in progress	81,553,268,003	-	74,081,738,915	-
Finished goods	290,711,029,371	(941,511,254)	170,484,518,266	(1,357,913,392)
Merchandise	34,125,772,084	-	99,066,619,454	-
	<u>1,109,235,961,342</u>	<u>(941,511,254)</u>	<u>1,073,963,422,414</u>	<u>(1,357,913,392)</u>

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

	Fiscal period ended 30.09.2022 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 September 2022 and 31 December 2021, the Group did not have any slow moving, damaged or sub-standard inventories.

10 PREPAYMENTS

Short-term prepayments

	30.09.2022 VND	31.12.2021 VND
Prepayment related to operating lease	2,564,913,148	776,601,256
Others	10,250,519,825	5,826,525,140
	<u>12,815,432,973</u>	<u>6,603,126,396</u>

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

Long-term prepayments

	30.09.2022 VND	31.12.2021 VND
Tools and supplies	5,672,279,306	6,719,718,519
Others	14,432,110,773	8,806,206,185
	<u>20,104,390,079</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 during the period/year were as follows:

	Fiscal period ended 30.09.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	15,525,924,704	15,232,901,753
Increase in the period/year	14,027,867,883	12,271,599,096
Allocation in the period/year	(9,449,402,508)	(11,978,576,145)
Closing balance	<u>20,104,390,079</u>	<u>15,525,924,704</u>

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

	Opening balance	Payables during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND
Value added tax for domestic goods	12,533,538,792	76,208,095,670	(79,500,961,576)	9,240,672,886
Value added tax for import goods	-	43,583,815,593	(43,643,230,974)	(59,415,381)
Import and export duties	-	8,447,627,416	(8,447,627,416)	-
Corporate income tax	4,208,316,248	84,539,763,534	(68,233,396,660)	20,514,683,122
Personal income tax	10,547,800,232	40,420,976,310	(49,626,005,683)	1,342,770,859
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	11,756,199,292	(14,082,768,719)	4,792,080,443
Total	32,285,373,999	272,426,260,523	(265,342,624,022)	39,369,010,500

In which

<i>Tax receivables</i>	2,122,931,143	59,415,381
<i>Tax payables</i>	34,408,305,142	39,428,425,881

12 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 15)	-	30,958,993,833	1,260,000,000	1,395,622,061	33,614,615,894
Disposals	-	-	(9,792,918,435)	-	(9,792,918,435)
As at 30 September 2022	<u>528,464,444,217</u>	<u>680,871,805,539</u>	<u>135,556,813,225</u>	<u>74,368,461,381</u>	<u>1,419,261,524,362</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	18,596,195,989	34,690,550,885	5,855,967,598	2,021,388,210	61,164,102,682
Disposals	-	-	(9,620,523,735)	-	(9,620,523,735)
As at 30 September 2022	<u>284,351,168,319</u>	<u>425,816,973,893</u>	<u>104,059,428,303</u>	<u>70,605,345,425</u>	<u>884,832,915,940</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 September 2022	<u>244,113,275,898</u>	<u>255,054,831,646</u>	<u>31,497,384,922</u>	<u>3,763,115,956</u>	<u>534,428,608,422</u>

The cost of fully depreciated tangible fixed assets but still in use as at 30 September 2022 was VND 334,279,323,642 (as at 31 December 2021 was VND 302,501,744,242).

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 2022	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
As at 30 September 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	-	2,243,894,128	733,097,223	2,976,991,351
As at 30 September 2022	-	32,019,997,648	17,955,951,832	49,975,949,480
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 September 2022	88,314,253,166	111,414,722,345	3,074,217,195	202,803,192,706

As at 30 September 2022, the cost of intangible fixed assets included VND 16,241,274,257 (as at 31 December 2021: VND 16,169,520,805) 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 2022	17,304,956,819
As at 30 September 2022	17,304,956,819
Accumulated depreciation	
As at 01 January 2022	2,650,486,455
Charge for the period/year	259,116,363
As at 30 September 2022	2,909,602,818
Net book value	
As at 01 January 2022	14,654,470,364
As at 30 September 2022	14,395,354,001

As at 30 September 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.

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15 LONG-TERM ASSETS IN PROGRESS

	30.09.2022 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
Other repairs and renovation	3,925,362,388	1,974,192,771
Purchasing machineries	30,826,134,356	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	627,625,091	-
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	52,908,641,729	8,307,690,763
	<u>113,397,259,787</u>	<u>69,507,677,936</u>

Movements of construction in progress in the period/year

	Fiscal period ended 30.09.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	69,507,677,936	66,472,781,314
Purchases	85,874,705,263	30,521,376,238
Transfer to tangible fixed assets (Note 12)	(33,614,615,894)	(20,422,904,914)
Transfer to prepayments	(2,391,253,189)	(1,104,324,951)
Transfer to expenses in the period/year	(5,979,254,329)	(5,959,249,751)
Closing balance	<u>113,397,259,787</u>	<u>69,507,677,936</u>

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.

	30.09.2022 VND	31.12.2021 VND
Corporate income tax rate used for determining deferred tax assets	20%	20%
Deductible temporary differences	89,730,647,295	87,674,697,655
Deferred tax assets	<u>17,946,129,459</u>	<u>17,534,939,531</u>

16 DEFERRED TAX ASSETS (cont.)

Movements of deferred tax assets in the period/year:

	Fiscal period ended 30.09.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	17,534,939,531	16,067,720,826
Increase in deferred tax assets	445,995,044	1,560,847,547
Change of eliminated entries of consolidation	(34,805,116)	(93,628,842)
Closing balance	<u>17,946,129,459</u>	<u>17,534,939,531</u>

17 SHORT-TERM TRADE PAYABLES

	30.09.2022		31.12.2021	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Related parties (Note 38)	1,288,281,100	1,288,281,100	1,513,428,227	1,513,428,227
Third parties (*)	231,790,988,827	231,790,988,827	199,706,115,106	199,706,115,106
	<u>233,079,269,927</u>	<u>233,079,269,927</u>	<u>201,219,543,333</u>	<u>201,219,543,333</u>

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

	30.09.2022 VND	31.12.2021 VND
APC Pharmaceuticals and Chemical Limited	31,118,998,449	125,143,200
Nomura Trading Co., Ltd	58,403,124,500	3,248,910,000
Sinobright Pharmaceutical Co., Ltd	23,949,975,000	35,755,200,000

As at 30 September 2022 and 31 December 2021, the Group did not have any short-term trade payables past due.

18 SHORT-TERM ACCRUED EXPENSES

	30.09.2022 VND	31.12.2021 VND
Interest expense	20,985,711	108,502,011
Payment discount	4,516,067,028	7,444,886,014
Other accruals	20,715,373,335	32,065,941,142
	<u>25,252,426,074</u>	<u>39,619,329,167</u>

19 SHORT-TERM UNEARNED REVENUE

	30.09.2022 VND	31.12.2021 VND
Unearned revenue from customer loyalty programs (Note 3)	<u>62,344,105,902</u>	<u>49,608,540,605</u>

20 OTHER SHORT-TERM PAYABLES

	30.09.2022 VND	31.12.2021 VND
Union fee	550,909,276	548,559,939
Others	2,748,510,932	2,152,766,429
	<u>3,299,420,208</u>	<u>2,701,326,368</u>

21 SHORT-TERM LOANS

	30.09.2022		31.12.2021	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	37,973,927,689	37,973,927,689	207,391,176,993	207,391,176,993
	<u>37,973,927,689</u>	<u>37,973,927,689</u>	<u>207,391,176,993</u>	<u>207,391,176,993</u>

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

	As at 01.01.2022 VND	Increases VND	Decreases VND	As at 30.09.2022 VND
Loans from banks (*)	207,391,176,993	838,534,089,946	(1,007,951,339,250)	37,973,927,689
	<u>207,391,176,993</u>	<u>838,534,089,946</u>	<u>(1,007,951,339,250)</u>	<u>37,973,927,689</u>

(*) These loans bear interests at the rates ranging from 0.27% to 0.4% per month (in 2021: from 0.18% to 0.33% per month).

As at 30 September 2022 and 31 December 2021, 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"). 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	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	23,316,591,781	6,000,000,000	-	29,316,591,781
Depreciation of assets formed from the funds	-	-	(1,192,767,237)	(1,192,767,237)
Utilization of funds	<u>(32,039,704,762)</u>	<u>(115,247,130)</u>	-	<u>(32,154,951,892)</u>
Closing balance	<u>15,509,798,913</u>	<u>7,961,829,834</u>	<u>8,916,416,405</u>	<u>32,388,045,152</u>

23 LONG-TERM PROVISIONS

	Provision for dismantling and restoration costs VND	Severance allowance VND	Total VND
Opening balance	27,364,901,461	29,932,670,119	57,297,571,580
Additional/ (Reversal) provision in the period/year	2,953,267,614	(297,527,610)	2,655,740,004
Utilization of provisions	-	(936,918,419)	(936,918,419)
Closing balance	<u>30,318,169,075</u>	<u>28,698,224,090</u>	<u>59,016,393,165</u>

24 SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

In accordance with Circular No. 12/2016/TTLT-BKHCHN-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	9,509,391,831
Depreciation of assets formed from fund	<u>(2,490,252,905)</u>
Closing balance	<u>7,019,138,926</u>

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 2021	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 year	-	-	-	777,219,726,033	777,219,726,033
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 31 December 2021	1,307,460,710,000	6,778,948,000	1,668,641,014,030	807,129,425,637	3,790,010,097,667
Net profit for the period/year	-	-	-	752,257,097,873	752,257,097,873
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)
As at 30 September 2022	1,307,460,710,000	6,778,948,000	1,958,932,899,782	782,166,797,477	4,055,339,355,259

25 OWNER'S EQUITY (cont.)

Charter capital

	30.09.2022		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 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. 001/2022/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.

26 NON-CONTROLLING INTERESTS

	Fiscal period ended 30.09.2022 VND	Fiscal year ended 31.12.2021 VND
Opening balance	3,133,529,466	4,068,461,712
Net loss attributable to non-controlling interests during the period/year	(53,951,536)	(934,932,246)
Closing balance	3,079,577,930	3,133,529,466

27 OFF BALANCE SHEET ITEMS

Foreign currencies

Cash and cash equivalents include the following foreign currencies:

	30.09.2022	31.12.2021
United states Dollar (USD)	309,206	155,102
Euro (EUR)	853	926
Yen (JPY)	28,886	29,975

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27 OFF BALANCE SHEET ITEMS (cont.)

Bad debts written off

	30.09.2022 VND	31.12.2021 VND
Bad debts written off	5,647,750,056	5,647,750,056

28 GROSS REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Sales of goods and services				
Sales of finished goods	1,178,831,160,712	975,489,521,857	3,351,056,419,135	2,856,606,048,137
Sales of merchandise	116,681,811,327	78,810,524,573	370,060,887,202	411,332,440,042
Others	475,277,155	90,389,089	1,605,440,712	1,412,800,835
	<u>1,295,988,249,194</u>	<u>1,054,390,435,519</u>	<u>3,722,722,747,049</u>	<u>3,269,351,289,014</u>
Deductions				
Sales discount	133,705,881,339	109,534,086,292	374,902,682,147	358,496,776,152
Sales return	597,233,176	406,605,540	2,092,539,082	1,184,854,267
	<u>134,303,114,515</u>	<u>109,940,691,832</u>	<u>376,995,221,229</u>	<u>359,681,630,419</u>
Net sales	<u>1,161,685,134,679</u>	<u>944,449,743,687</u>	<u>3,345,727,525,820</u>	<u>2,909,669,658,595</u>
In which:				
Sales of finished goods	1,045,466,871,779	866,044,254,352	2,976,954,370,332	2,498,873,599,091
Sales of merchandise	115,742,985,745	78,315,100,246	367,167,714,776	409,383,258,669
Others	475,277,155	90,389,089	1,605,440,712	1,412,800,835

Goods in transit's revenue have not been recognized as at 30 September 2022: VND 77,827,958,435 (as at 30 September 2021: VND 37,132,425,643)

29 COST OF GOODS SOLD AND SERVICES RENDERED

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Cost of finished goods sold	476,376,525,927	412,426,376,554	1,367,032,189,806	1,145,596,262,981
Cost of merchandise sold	107,045,867,058	72,899,086,710	342,501,064,652	390,905,076,435
(Reversal)/ Additional provision for devaluation of inventories	-	-	(416,402,138)	323,703,684
	<u>583,422,392,985</u>	<u>485,325,463,264</u>	<u>1,709,116,852,320</u>	<u>1,536,825,043,100</u>

30 FINANCIAL INCOMES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Interest income	31,998,715,383	27,818,578,200	91,434,337,487	87,546,389,691
Foreign exchange gain	1,386,314,976	2,819,875,178	5,120,909,181	6,739,323,992
	<u>33,385,030,359</u>	<u>30,638,453,378</u>	<u>96,555,246,668</u>	<u>94,285,713,683</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Interest expense	4,674,731,022	3,934,061,470	12,160,263,590	10,212,652,277
Foreign exchange loss	3,220,278,899	368,431,971	5,565,662,079	3,702,836,791
Settlement discount	17,810,284,603	20,300,905,262	53,585,170,176	60,448,755,196
Additional/ (Reversal) provision for impairment of long-term financial investments	175,000,000	(367,500,000)	455,000,000	(416,205,743)
Loss on disposal of investment	-	-	-	89,005,743
Other financial expenses	144,900	144,900	54,504,582	54,636,726
	<u>25,880,439,424</u>	<u>24,236,043,603</u>	<u>71,820,600,427</u>	<u>74,091,680,990</u>

32 SELLING AND GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Staff cost	117,500,914,233	103,400,013,928	348,107,772,809	305,718,415,352
Advertising expenses	31,378,872,385	28,001,288,749	77,483,843,555	77,627,264,679
Others	76,345,509,166	48,373,166,099	200,031,627,238	139,045,401,644
	<u>225,225,295,784</u>	<u>179,774,468,776</u>	<u>625,623,243,602</u>	<u>522,391,081,675</u>

General and administrative expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Staff cost	45,884,954,287	45,754,464,911	134,093,896,708	131,263,325,638
Others	23,730,289,240	16,859,586,285	60,852,609,788	52,038,532,301
	<u>69,615,243,527</u>	<u>62,614,051,196</u>	<u>194,946,506,496</u>	<u>183,301,857,939</u>

33 OTHER INCOME AND EXPENSES

Other income

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Gain from disposals of fixed assets and other long-term assets	296,684,006	-	2,858,743,682	-
Technology transfer and product development	1,280,950,000	-	1,280,950,000	-
Income from receiving support from Taisho	1,311,790	-	4,216,850,608	-
Others	368,503,500	188,349,690	1,223,696,255	1,332,808,379
	<u>1,947,449,296</u>	<u>188,349,690</u>	<u>9,580,240,545</u>	<u>1,332,808,379</u>

Other expenses

	For the 3-month period ended		For the 9-month period ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	VND	VND	VND	VND
Loss from disposals of fixed assets	-	(167,702,776)	-	8,179,404,072
Depreciation expenses	260,189,686	269,552,551	887,011,687	1,224,209,666
Supporting fee for business households	2,032,603,318	-	11,032,603,318	1,715,865,394
Incurred expenses due to the impact of the Covid-19 pandemic	1,000,000	583,888,749	58,333,676	583,888,749
Others	649,691,960	460,009,050	2,046,141,564	1,746,679,142
	<u>2,943,484,964</u>	<u>1,145,747,574</u>	<u>14,024,090,245</u>	<u>13,450,047,023</u>

34 PRODUCTION AND OPERATING COSTS BY NATURE

	Fiscal period ended	
	30.09.2022	30.09.2021
	VND	VND
Raw materials and consumables	1,664,121,651,587	1,280,477,279,218
Staff cost	701,964,052,243	640,838,925,475
Depreciation and amortization	59,830,178,567	61,751,547,729
Out-sourced services	193,955,371,104	129,877,836,836
Other expenses	172,613,167,519	146,210,494,989
	<u>2,792,484,421,020</u>	<u>2,259,156,084,247</u>

35 CORPORATE INCOME TAX EXPENSE

	Fiscal period ended	
	30.09.2022	30.09.2021
	VND	VND
Accounting profit before tax	836,331,719,943	675,228,469,930
Tax calculated at a normal rate of 20%	167,266,343,989	135,045,693,986
Adjustments for:		
Impact of negative taxable income	22,021,035	380,746,034
Impact of non-deductible expenses	6,829,630,597	4,215,165,745
Under provision of tax in the prior year	-	9,331,091
Tax incentives	(89,567,001,359)	(69,430,294,453)
Adjustments for consolidation	(11,230,728)	(231,241,891)
Corporate income tax expense	<u>84,539,763,534</u>	<u>69,989,400,512</u>

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

	Fiscal period ended	
	30.09.2022	30.09.2021
	VND	VND
Deferred corporate tax (income)	(445,995,044)	(633,784,084)
Change of eliminated entries of consolidation	34,805,116	82,027,137
	<u>(411,189,928)</u>	<u>(551,756,947)</u>

Applicable tax rates

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

- Pursuant to the investment certificate, DHG PP1 is obliged to pay 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.

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	
	30.09.2022	30.09.2021
	VND	VND
Net profit attributable to shareholders (VND)	752,257,097,873	606,723,654,149
The estimated amount appropriated to bonus and welfare funds (*)	(24,067,712,936)	(22,701,709,624)
	<u>728,189,384,937</u>	<u>584,021,944,525</u>
Weighted average number of ordinary shares currently in circulation (shares)	130,746,071	130,746,071
Basic earnings per share (VND)	5,569	4,467

(*) According to the Resolution of the General Meeting of Shareholders No. 001/2022/NQ.ĐHĐCĐ dated 18 March 2022, the appropriation for bonus and welfare funds for the period/ the year 2022 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	
	30.09.2022	30.09.2021
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period/year	5,331,327,855	5,327,727,855

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

	Land lease	
	30.09.2022	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	116,971,422,460	122,337,720,625
	<u>152,353,608,170</u>	<u>157,719,906,335</u>

b) Capital commitment

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

	Fiscal period ended	
	30.09.2022	31.12.2021
	VND	VND
Approved but not contracted	129,520,629,992	527,603,637,672
Approved and contracted but not implemented	395,591,113,895	46,334,872,017
	<u>525,111,743,887</u>	<u>573,938,509,689</u>



38 TRANSACTIONS WITH RELATED PARTIES (cont.)

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

Name	Title	Fiscal period ended	
		30.09.2022 VND	30.09.2021 VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	500,000,000	150,000,000
Mr. Jun Kuroda	Board of Directors Member	350,000,000	105,000,000
Mr. Masashi Nakaura	Board of Directors Member (cum General Director)	3,759,501,676	3,349,361,737
Mr. Maki Kamijo	Board of Directors Member	350,000,000	105,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (cum Chief Operating Officer)	3,437,801,978	3,266,481,465
Mr. Do Le Hung	Board of Directors Member	585,000,000	585,000,000
Mr. Phan Minh Tien	Board of Directors Member (resigned from 19 April 2021)	-	231,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member (appointed from 19 April 2021)	455,000,000	224,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	2,136,776,423	2,090,970,678
Mr. Tomoyuki Kawata	Deputy General Director	2,054,903,376	2,050,332,099
Mr. Pham Chi Truc	Deputy General Director (resigned from 04 July 2021)	-	2,291,022,269
		<u>13,628,983,453</u>	<u>14,448,168,248</u>

Period/year end balances with related parties

	30.09.2022 VND	31.12.2021 VND
Trade receivables		
Hoe Pharmaceuticals Sdn Bhd	<u>1,749,343,327</u>	<u>279,917,338</u>
Trade payables		
Taisho Pharmaceutical Co.,Ltd	<u>1,288,281,100</u>	<u>1,513,428,227</u>

39 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

a. Non-cash transactions affecting the cash flow statement

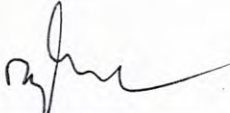
	Fiscal period ended	
	30.09.2022 VND	30.09.2021 VND
Appropriation to reserves from profit	319,608,477,533	216,890,616,345
Transfer from construction in progress to tangible fixed assets	33,614,615,894	17,188,914,960
Transfer from construction in progress to prepayments	2,391,253,189	803,459,306
Accrued interest payables	20,985,711	297,314,271
Accrued interest income	52,168,375,330	44,777,736,993


b. Proceed from borrowings

	Fiscal period ended	
	30.09.2022 VND	30.09.2021 VND
Proceeds from borrowings under normal contracts not over 3 months	215,316,648,610	120,200,000,000
Proceeds from borrowings under normal contracts over 3 months	623,217,441,336	663,292,902,265

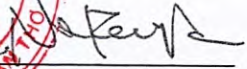
c. Repayment of borrowings

	Fiscal period ended	
	30.09.2022 VND	30.09.2021 VND
Repayment of borrowings under normal contracts not over 3 months	215,316,648,610	120,200,000,000
Repayment of borrowings under normal contracts over 3 months	792,634,690,640	508,697,500,806


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant




Masashi Nakaura
General Director
18 October 2022