

**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM SEPARATE FINANCIAL  
STATEMENTS**

**For the 6-month period ended 30 June 2022**

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE MANAGEMENT	1 - 2
REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS	3
INTERIM SEPARATE BALANCE SHEET	4 - 6
INTERIM SEPARATE INCOME STATEMENT	7
INTERIM SEPARATE CASH FLOW STATEMENT	8 - 9
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS	10 - 34





**DHG PHARMACEUTICAL JOINT STOCK COMPANY**

288 Bis Nguyen Van Cu Street, An Hoa Ward  
Ninh Kieu District, Can Tho City, Vietnam

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**STATEMENT OF THE MANAGEMENT**

The Management of DHG Pharmaceutical Joint Stock Company (the "Company") presents this report together with the Company's interim separate financial statements for the 6-month period ended 30 June 2022.

**THE BOARD OF DIRECTORS, AUDIT COMMITTEE AND MANAGEMENT**

The members of the Board of Directors, Audit Committee and Management of the Company who held office during the period and to the date of this report are as follows:

**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
Ms. Nguyen Thi Viet Thanh	Member
Mr. Do Le Hung	Member

**Audit Committee**

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

**Legal representative**

Legal representative of the Company during the period and at the date of these interim separate financial statements is Mr. Masashi Nakaura.

**THE MANAGEMENT'S STATEMENT OF RESPONSIBILITY**

The Management of the Company is responsible for preparing the interim separate financial statements which give a true and fair view of the separate financial position of the Company as at 30 June 2022 and its separate financial performance and separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim separate financial statements, the Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim separate financial statements;
- prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the interim separate financial statements so as to minimize errors and frauds.

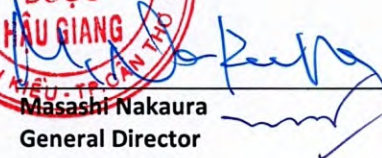
**STATEMENT OF THE MANAGEMENT (Continued)**

The Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the separate financial position of the Company and that the interim separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. The Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Management confirms that the Company has complied with the above requirements in preparing these interim separate financial statements.

For and on behalf of the Management,



  
**Masashi Nakaura**  
**General Director**  
10 August 2022



No.: 0127 /VN1A-HC-BC

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**To: The Shareholders  
The Board of Directors, Audit Committee and Management  
DHG Pharmaceutical Joint Stock Company**

We have reviewed the accompanying interim separate financial statements of DHG Pharmaceutical Joint Stock Company (the "Company"), prepared on 10 August 2022 as set out from page 4 to page 34, which comprise the interim separate balance sheet as at 30 June 2022, the interim separate income statement and interim separate cash flow statement for the 6-month period ended 30 June 2022 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Interim Separate Financial Statements**

The Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting, and for such internal control as the Management determines is necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 June 2022, and of its separate financial performance and its separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



**Nguyen Thi Thu Sang**  
Audit Partner  
Audit Practising Registration Certificate  
No. 1144-2018-001-1  
**BRANCH OF DELOITTE VIETNAM AUDIT COMPANY LIMITED**  
10 August 2022  
Ho Chi Minh City, Vietnam



**INTERIM SEPARATE BALANCE SHEET**  
*As at 30 June 2022*

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>4,247,132,545,967</b>	<b>3,720,882,994,624</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>46,908,011,750</b>	<b>36,963,568,653</b>
1. Cash	111		46,908,011,750	36,963,568,653
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>2,495,000,000,000</b>	<b>2,110,000,000,000</b>
1. Held-to-maturity investments	123		2,495,000,000,000	2,110,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>574,810,539,459</b>	<b>488,071,438,874</b>
1. Short-term trade receivables	131	6	309,971,207,568	364,370,011,094
2. Short-term advances to suppliers	132	7	242,181,391,136	97,053,188,601
3. Short-term loan receivables	135	8	270,872,204	270,872,204
4. Other short-term receivables	136	9	71,153,776,598	75,634,454,278
5. Provision for short-term doubtful debts	137	10	(48,766,708,047)	(49,257,087,303)
<b>IV. Inventories</b>	<b>140</b>	<b>11</b>	<b>1,110,932,996,504</b>	<b>1,072,605,509,022</b>
1. Inventories	141		1,111,874,507,758	1,073,963,422,414
2. Provision for devaluation of inventories	149		(941,511,254)	(1,357,913,392)
<b>V. Other short-term assets</b>	<b>150</b>		<b>19,480,998,254</b>	<b>13,242,478,075</b>
1. Short-term prepayments	151	12	7,203,057,248	6,603,126,396
2. Value added tax deductibles	152		12,277,941,006	4,516,420,536
3. Taxes and other receivables from the State budget	153	13	-	2,122,931,143

*The accompanying notes are an integral part of these interim separate financial statements*





INTERIM SEPARATE BALANCE SHEET (Continued)

As at 30 June 2022

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>871,290,683,125</b>	<b>893,634,073,316</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>642,061,880</b>	<b>642,061,880</b>
1. Other long-term receivables	216		642,061,880	642,061,880
<b>II. Fixed assets</b>	<b>220</b>		<b>733,144,290,158</b>	<b>767,930,673,967</b>
1. Tangible fixed assets	221	14	529,349,104,497	562,150,489,910
- Cost	222		1,394,681,447,418	1,395,439,826,903
- Accumulated depreciation	223		(865,332,342,921)	(833,289,336,993)
2. Intangible assets	227	15	203,795,185,661	205,780,184,057
- Cost	228		252,779,142,186	252,779,142,186
- Accumulated amortization	229		(48,983,956,525)	(46,998,958,129)
<b>III. Investment property</b>	<b>230</b>	<b>16</b>	<b>14,481,726,122</b>	<b>14,654,470,364</b>
- Cost	231		17,304,956,819	17,304,956,819
- Accumulated depreciation	232		(2,823,230,697)	(2,650,486,455)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>83,207,792,535</b>	<b>69,507,677,936</b>
1. Construction in progress	242	17	83,207,792,535	69,507,677,936
<b>V. Long-term financial investments</b>	<b>250</b>		<b>7,518,136,946</b>	<b>7,838,324,934</b>
1. Investments in subsidiaries	251	5	13,742,460,000	13,742,460,000
2. Equity investments in other entities	253	5	24,108,379,057	24,108,379,057
3. Provision for impairment of long-term financial investments	254	5	(30,332,702,111)	(30,012,514,123)
<b>VI. Other long-term assets</b>	<b>260</b>		<b>32,296,675,484</b>	<b>33,060,864,235</b>
1. Long-term prepayments	261	12	14,380,077,576	15,525,924,704
2. Deferred tax assets	262	18	17,916,597,908	17,534,939,531
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>5,118,423,229,092</b>	<b>4,614,517,067,940</b>

The accompanying notes are an integral part of these interim separate financial statements



INTERIM SEPARATE BALANCE SHEET (Continued)  
As at 30 June 2022

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,325,470,664,872</b>	<b>824,506,970,274</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,258,643,603,711</b>	<b>757,700,006,863</b>
1. Short-term trade payables	311	19	257,160,613,664	201,219,543,333
2. Short-term advances from customers	312		38,523,797,863	24,082,624,119
3. Taxes and amounts payable to the State budget	313	13	38,402,372,240	34,408,305,142
4. Payables to employees	314	20	152,199,000,011	162,249,988,636
5. Short-term accrued expenses	315	21	31,905,038,034	39,619,329,167
6. Short-term unearned revenue	318	22	57,051,233,231	49,608,540,605
7. Other current payables	319		3,414,011,549	2,701,326,368
8. Short-term loans	320	23	639,658,332,059	207,391,176,993
9. Bonus and welfare funds	322	24	40,329,205,060	36,419,172,500
<b>II. Long-term liabilities</b>	<b>330</b>		<b>66,827,061,161</b>	<b>66,806,963,411</b>
1. Long-term provisions	342	25	59,001,692,536	57,297,571,580
2. Scientific and technological development fund	343	26	7,825,368,625	9,509,391,831
<b>D. EQUITY</b>	<b>400</b>		<b>3,792,952,564,220</b>	<b>3,790,010,097,666</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>27</b>	<b>3,792,952,564,220</b>	<b>3,790,010,097,666</b>
1. Owner's contributed capital	411		1,307,460,710,000	1,307,460,710,000
- Ordinary shares carrying voting rights	411a		1,307,460,710,000	1,307,460,710,000
2. Share premium	412		6,778,948,000	6,778,948,000
3. Investment and development fund	418		1,958,932,899,782	1,668,641,014,030
4. Retained earnings	421		519,780,006,438	807,129,425,636
- Retained earnings accumulated to the prior year end	421a		29,909,699,603	30,057,945,259
- Retained earnings of the current period/year	421b		489,870,306,835	777,071,480,377
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>5,118,423,229,092</b>	<b>4,614,517,067,940</b>

Tran Ngoc Hien  
Preparer

Ho Bui Huan  
Chief Accountant



Masashi Nakaura  
General Director  
10 August 2022

The accompanying notes are an integral part of these interim separate financial statements



**INTERIM SEPARATE INCOME STATEMENT**  
For the 6-month period ended 30 June 2022

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	30	2,426,734,497,855	2,214,954,354,171
2. Deductions	02	30	242,692,106,714	249,740,938,587
3. Net revenue from goods sold and services rendered (10=01-02)	10		2,184,042,391,141	1,965,213,415,584
4. Cost of sales	11	31	1,125,694,459,335	1,051,499,579,836
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,058,347,931,806	913,713,835,748
6. Financial income	21	33	63,163,857,295	63,641,778,000
7. Financial expenses	22	34	45,980,348,991	50,828,041,508
- In which: Interest expense	23		7,485,532,568	6,278,590,807
8. Selling expenses	25	35	400,397,947,818	342,616,612,899
9. General and administration expenses	26	35	125,243,430,598	120,692,122,665
10. Operating profit (30=20+(21-22)-(25+26))	30		549,890,061,694	463,218,836,676
11. Other income	31	36	7,617,195,954	1,144,458,689
12. Other expenses	32	37	11,067,683,365	10,396,372,891
13. Losses from other activities (40=31-32)	40		(3,450,487,411)	(9,251,914,202)
14. Accounting profit before tax (50=30+40)	50		546,439,574,283	453,966,922,474
15. Current corporate income tax expense	51	38	56,950,925,825	49,013,960,715
16. Deferred corporate tax income	52	38	(381,658,377)	(449,742,882)
17. Net profit after corporate income tax (60=50-51-52)	60		489,870,306,835	405,402,704,641

Tran Ngoc Hien  
Preparer

Ho Bui Huan  
Chief Accountant



Masashi Nakaura  
General Director  
10 August 2022

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INTERIM SEPARATE CASH FLOW STATEMENT  
For the 6-month period ended 30 June 2022

Unit: VND

ITEMS	Codes	Current period	Prior period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	546,439,574,283	453,966,922,474
2. Adjustments for:			
Depreciation and amortization of fixed assets and investment properties	02	40,552,852,756	42,617,759,481
Provisions	03	1,827,242,719	(326,271,978)
Foreign exchange gain arising from translating foreign currency items	04	(87,143,406)	(331,093,613)
Gain from investing activities	05	(61,991,518,071)	(53,071,471,104)
Interest expense	06	7,485,532,568	6,278,590,807
3. Operating profit before movements in working capital	08	534,226,540,849	449,134,436,067
Changes in receivables	09	(3,925,491,974)	125,780,419,818
Changes in inventories	10	(37,911,085,344)	(162,769,803,896)
Changes in payables	11	48,927,200,478	(123,282,948,628)
Changes in prepaid expenses	12	545,916,276	(4,382,645,359)
Interest paid	14	(7,345,027,319)	(6,167,768,607)
Corporate income tax paid	15	(41,948,252,295)	(40,250,330,351)
Other cash outflows	17	(24,611,381,063)	(25,802,816,359)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>467,958,419,608</b>	<b>212,258,542,685</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(115,401,435,368)	(12,843,540,924)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	2,740,454,376	2,089,272,726
3. Cash outflow for lending and time deposits	23	(1,870,000,000,000)	(1,975,000,000,000)
4. Cash recovered from lending and time deposits	24	1,485,000,000,000	1,868,109,670,254
5. Cash recovered from investments in other entities	26	-	84,720,000
6. Interest earned, dividends and profits received	27	64,967,203,605	69,823,857,945
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(432,693,777,387)</b>	<b>(47,736,019,999)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	694,658,332,059	582,804,881,494
2. Repayment of borrowings	34	(262,391,176,993)	(232,391,235,293)
3. Dividends and profits paid	36	(457,611,248,500)	(522,984,284,000)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(25,344,093,434)</b>	<b>(172,570,637,799)</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>9,920,548,787</b>	<b>(8,048,115,113)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>36,963,568,653</b>	<b>68,051,723,905</b>
Effects of changes in foreign exchange rates	61	23,894,310	(17,516,496)
<b>Cash and cash equivalents at the end of the period (70=50+60+61)</b>	<b>70</b>	<b>46,908,011,750</b>	<b>59,986,092,296</b>

The accompanying notes are an integral part of these interim separate financial statements



**INTERIM SEPARATE CASH FLOW STATEMENT (Continued)**  
*For the 6-month period ended 30 June 2022*

Significant non-cash transactions for the 6-month period ended 30 June 2022 are presented in Note 41.



Tran Ngoc Hien  
Preparer



Ho Bui Huan  
Chief Accountant



Masashi Nakaura  
General Director  
10 August 2022



**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the interim separate financial statements*

**1. GENERAL INFORMATION**

**Structure of ownership**

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

The Company's shares were listed in 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.

As at 30 June 2021, the largest shareholders of the Company are Taisho Pharmaceutical Co., Ltd. which owns 51.01% and the State Capital Investment Corporation ("SCIC") which owns 43.31% of share capital of the Company. SCIC is controlled by the 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, 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 are to manufacture and trade pharmaceutical products.

The principal activities are to manufacture and trade pharmaceuticals, medical tools and supplies, medical equipment, nutritional supplements and cosmeceuticals.

**The Company' structure**

As at 30 June 2022 and 31 December 2021, the Company' subsidiary was as follows:

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

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

**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.



#### Disclosure of information comparability in the interim separate financial statements

Comparative figures on the interim separate balance sheet are the figures of the audited separate financial statements for the year ended 31 December 2021 and comparative figures on the interim separate income statement and interim separate cash flow statement are the figures of the reviewed separate financial statements for the 6-month period ended 30 June 2021.

#### Significant event in the period which has impact on the interim separate financial statements

The Covid-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses across industries. The Management has assessed the impact of Covid-19 on the financial situation and business activities, and also kept track of the Government's support policies to take appropriate measures to minimize the negative impact of the pandemic on the Company's operations during the period. At the reporting date, the Management is still able to manage the impact of the Covid-19 pandemic on the Company's operation and has yet to revise its annual budget.

## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

The interim 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 interim financial reporting.

The interim 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 separate cash flows for the 6-month period ended 30 June 2022. Therefore, the Company did not consolidate its investments in subsidiary in these interim separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

The interim 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.

### Accounting period

The Company's financial year begins on 1 January and ends on 31 December. The interim separate financial statements are prepared for the 6-month period ended 30 June each year.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Estimates

The preparation of interim separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim 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 interim separate balance sheet date and the reported amounts of revenues and expenses during the period. Although these accounting estimates are based on the 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, 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 Company's Management has the positive intent or ability to hold to maturity.

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

### *Investments in subsidiary*

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

Investments in subsidiary are carried in the separate balance sheet at cost less provision for impairment of such investments (if any).

### **Equity investments in other entities**

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

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of investments is made when there is a reliable evidence for declining in value of these investments at the balance sheet date.

### **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 settle the debt.

### **Inventory**

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 labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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





### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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 interim separate income statement.

### Operating leases

#### The Company as lessor

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

#### The Company as lessee

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

### Intangible assets and amortization

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

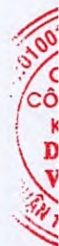
Definite land use rights are amortized using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortized under prevailing regulations.

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

### Investment properties

Investment properties are buildings, or part of buildings or infrastructure 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 prepaid expenses.

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

Others have been capitalized as prepayments, and are allocated to the interim 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 Management's best estimate of the expenditure required to settle the obligation as at the interim 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 period of service equals to a half of an average monthly salary under the Vietnamese Labour 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 interim separate financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the interim separate income statement.

#### **Provision for dismantling and restoration costs**

In accordance with Circular No.200/2014/TT-BTC issued by 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.

#### **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 interim separate 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 period of sales of products, goods and services are recorded as deduction of revenue of the period.

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

### Customer loyalty program

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.

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 revenue 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 Company does not act as an agent of the third party, the unearned revenue is realized into the Company's revenue 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.



### 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 interim separate income statement.

### Borrowing costs

Borrowing costs are recognized in the interim separate income statement in the period 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 interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods (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 interim separate 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 period when the liability is settled or the asset realized. Deferred tax is charged or credited to the interim 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.

### Profit distribution

The Company's net profit after tax is available for appropriation to shareholders as dividends and funds upon approval by shareholders at the Company's Annual General Meeting.

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



**Segmental reporting**

A segment is a distinct business segment of the Company that provides a single product or service or a group of related products and services (product segment), or provides products and services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of others. The basic reportable segment of the Company is product segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Company's interim separate financial statements in order to help users of interim separate financial statements to understand and evaluate the operations of the Company in a comprehensive way.

**4. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	9,978,546,500	5,755,836,500
Bank 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**

**Held-to-maturity 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 the balance sheet date.

As at 30 June 2022, term deposits with maturity term of over 3 months of VND 280,000,000,000 were pledged as collaterals for the short-term loans from the banks (Note 23) (as at 31 December 2021: VND 135,000,000,000) and VND 10,000,000,000 were pledged as collaterals for guarantee as deposit to implement project expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant (as at 31 December 2021: VND 10,000,000,000).

**Investments in subsidiary and other entities**

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
<b>Investments in other entities</b>				
- Investments in subsidiary	13,742,460,000	(10,521,823,054)	13,742,460,000	(10,481,635,066)
- 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>

**Investments in subsidiary**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Fuji Medic Limited Liability Company	<u>13,742,460,000</u>	<u>13,742,460,000</u>

**Equity investments in other entities**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
ATP Packaging JSC	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>



As at 30 June 2022 and 31 December 2021, fair values of long-term investments in other entities were as below:

	Fair value	
	Closing balance	Opening balance
	VND	VND
ATP Packaging JSC [1]	2,600,000,000	2,600,000,000
Enlie Pharmaceutical Joint Stock Company [2]	1,697,500,000	1,977,500,000
	<b>4,297,500,000</b>	<b>4,577,500,000</b>

[1] The fair value of investment in ATP Packaging Joint Stock Company was determined by P/E method.

[2] The fair value of investment in Enlie Pharmaceutical JSC was determined based on the reference price in the stock market exchange.

The balance of provision as at 30 June 2022 and 31 December 2021 represents the provision for impairment of the investment in following companies:

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

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Receivables from related parties (Note 40)	1,218,307,608	279,917,338
Receivables from third parties	308,752,899,960	364,090,093,756
	<b>309,971,207,568</b>	<b>364,370,011,094</b>

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

7. SHORT-TERM ADVANCE TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
TTCL Vietnam Corporation Limited	93,456,000,000	-
Minh Long Chau Corporation	43,781,456,597	39,433,320,772
Tien Tuan Pharmaceutical Machinery Co. Ltd	24,602,841,850	5,236,306,490
Tan Huong Trading and Packing producing Co., Ltd.	14,272,481,280	10,240,783,520
Other	66,068,611,409	42,142,777,819
	<b>242,181,391,136</b>	<b>97,053,188,601</b>

8. SHORT-TERM LOAN RECEIVABLES

Loan receivables represent interest-free loans granted to customers in accordance with the refundable capital support policy of the Company. Provisions for loan receivables have been presented in Note 10.



9. OTHER SHORT-TERM RECEIVABLES

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

10. BAD DEBTS

	Closing balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loans past due or not past due but impaired	86,187,084,456	(48,766,708,047)	37,420,376,409
<i>In which</i>			
<i>Account receivables</i>	69,690,835,905	(32,270,459,496)	37,420,376,409
<i>Others</i>	16,496,248,551	(16,496,248,551)	-
	<b>92,048,675,046</b>	<b>(49,257,087,303)</b>	<b>42,791,587,743</b>
	Opening balance		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loans past due or not past due but impaired	92,048,675,046	(49,257,087,303)	42,791,587,743
<i>In which</i>			
<i>Account receivables</i>	75,388,414,595	(32,596,826,852)	42,791,587,743
<i>Others</i>	16,660,260,451	(16,660,260,451)	-
	<b>92,048,675,046</b>	<b>(49,257,087,303)</b>	<b>42,791,587,743</b>

As at 30 June 2022 and 31 December 2021, there was no single receivable accounting for 10% or more of total amount of receivables past due or not past due but impaired.

Movements in the provision for doubtful debts during the current period and prior year were as follows:

	Current period VND	Prior year VND
Opening balance	49,257,087,303	50,909,210,697
Additional provision	-	1,168,627,725
Reversal of provision	(490,379,256)	-
Write-off of provision	-	(2,820,751,119)
<b>Closing balance</b>	<b>48,766,708,047</b>	<b>49,257,087,303</b>

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11. INVENTORIES

	Closing balance		Opening balance	
	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	-
	<b>1,111,874,507,758</b>	<b>(941,511,254)</b>	<b>1,073,963,422,414</b>	<b>(1,357,913,392)</b>

Movements in the provision for inventories during current period and prior year were as follows:

	Current period VND	Prior year VND
Opening balance	1,357,913,392	1,064,611,683
Additional provision	-	293,301,709
Reversal	(416,402,138)	-
<b>Closing balance</b>	<b>941,511,254</b>	<b>1,357,913,392</b>

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

12. PREPAYMENTS

	Closing balance VND	Opening balance VND
<b>a. Current</b>		
Prepayment related to operating lease	4,905,148,417	776,601,256
Others	2,297,908,831	5,826,525,140
	<b>7,203,057,248</b>	<b>6,603,126,396</b>
<b>b. Non-current</b>		
Tools and supplies	5,446,063,372	6,719,718,519
Others	8,934,014,204	8,806,206,185
	<b>14,380,077,576</b>	<b>15,525,924,704</b>





13. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance	Payable during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Value added tax for domestic goods	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	(2,122,931,143)	7,469,782,708	(1,808,632,994)	3,538,218,571
Others	7,118,649,870	9,443,761,868	(8,264,456,841)	8,297,954,897
	<b><u>32,285,373,999</u></b>	<b><u>192,395,050,892</u></b>	<b><u>(186,278,052,651)</u></b>	<b><u>38,402,372,240</u></b>
<b>In which</b>				
Tax receivables	2,122,931,143			-
Tax payables		<u>34,408,305,142</u>		<u>38,402,372,240</u>



14. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
<b>COST</b>					
Opening balance	528,464,444,217	649,912,811,706	72,972,839,320	144,089,731,660	1,395,439,826,903
Transfer from construction in progress	-	6,994,916,889	620,403,880	630,000,000	8,245,320,769
Disposals	-	-	-	(9,003,700,254)	(9,003,700,254)
Closing balance	<u>528,464,444,217</u>	<u>656,907,728,595</u>	<u>73,593,243,200</u>	<u>135,716,031,406</u>	<u>1,394,681,447,418</u>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	265,754,972,330	391,126,423,008	68,583,957,215	107,823,984,440	833,289,336,993
Charge for the period	12,605,827,792	22,960,781,983	1,323,185,547	3,984,516,160	40,874,311,482
Disposals	-	-	-	(8,831,305,554)	(8,831,305,554)
Closing balance	<u>278,360,800,122</u>	<u>414,087,204,991</u>	<u>69,907,142,762</u>	<u>102,977,195,046</u>	<u>865,332,342,921</u>
<b>NET BOOK VALUE</b>					
Opening balance	<u>262,709,471,887</u>	<u>258,786,388,698</u>	<u>4,388,882,105</u>	<u>36,265,747,220</u>	<u>562,150,489,910</u>
Closing balance	<u>250,103,644,095</u>	<u>242,820,523,604</u>	<u>3,686,100,438</u>	<u>32,738,836,360</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 use.



15. INTANGIBLE ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
<b>COST</b>				
Opening balance and closing balance	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
<b>ACCUMULATED AMORTIZATION</b>				
Opening balance	-	29,776,103,520	17,222,854,609	46,998,958,129
Charge for the period	-	1,496,266,914	488,731,482	1,984,998,396
Closing balance	-	31,272,370,434	17,711,586,091	48,983,956,525
<b>NET BOOK VALUE</b>				
Opening balance	88,314,253,166	113,658,616,473	3,807,314,418	205,780,184,057
Closing balance	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 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.

16. INVESTMENT PROPERTIES

	Buildings and Land use rights VND
<b>COST</b>	
Opening balance and closing balance	17,304,956,819
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	2,650,486,455
Charge for the period	172,744,242
Closing balance	2,823,230,697
<b>NET BOOK VALUE</b>	
Opening balance	14,654,470,364
Closing balance	14,481,726,122

The cost of investment properties included assets which were fully depreciated as at 30 June 2022 and 31 December 2021 of VND 232,067,069.

Fair value of the Company's investment properties is VND 38,724,445,120, which was determined under latest valuation certificate issued on 31 March 2020 by Century Valuation Joint Stock Company, an independent valuation company, not a related party of the Company. Century Valuation Joint Stock 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.





17. CONSTRUCTION IN PROGRESS

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

Movements in the construction in progress during the current period and prior year were as follows:

	<u>Current period</u>	<u>Prior year</u>
	VND	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 14)	(8,245,320,769)	(20,422,904,914)
Transfer to prepayments	-	(1,104,324,951)
Transfer to expenses	(3,546,261,246)	(5,959,249,751)
	<b><u>83,207,792,535</u></b>	<b><u>69,507,677,936</u></b>

18. DEFERRED TAX ASSETS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	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
<b>Deferred tax assets</b>	<b><u>17,916,597,908</u></b>	<b><u>17,534,939,531</u></b>

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

Movement of deferred tax assets in the period/year was as follow:

	<u>Current period</u>	<u>Prior year</u>
	VND	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)
<b>Closing balance</b>	<b><u>17,916,597,908</u></b>	<b><u>17,534,939,531</u></b>



19. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Amount	Amount able to	Amount	Amount able to
	VND	be paid off	VND	be paid off
		VND		VND
<b>a. Short-term trade payables from third parties</b>				
Nomura Trading Co., Ltd.	44,916,994,500	44,916,994,500	3,248,910,000	3,248,910,000
Sinobright Pharmaceutical Co., Ltd.	24,267,306,000	24,267,306,000	35,755,200,000	35,755,200,000
Others	187,976,313,164	187,976,313,164	160,702,005,106	160,702,005,106
<b>b) Trade payables to related parties (Note 40)</b>				
	-	-	1,513,428,227	1,513,428,227
	<u>257,160,613,664</u>	<u>257,160,613,664</u>	<u>201,219,543,333</u>	<u>201,219,543,333</u>

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

20. PAYABLE TO EMPLOYEES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Salary expense	75,491,544,189	42,861,456,709
Bonus	68,063,667,661	103,235,487,541
Others	8,643,788,161	16,153,044,386
	<u>152,199,000,011</u>	<u>162,249,988,636</u>

21. SHORT-TERM ACCRUED EXPENSES

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

22. SHORT-TERM UNEARNED REVENUE

Short-term unearned revenue represents the unearned revenue for customer loyalty programs as presented in Note 3.

23. SHORT-TERM LOANS

	<u>Opening balance</u>	<u>Increase in period</u>	<u>Decrease in period</u>	<u>Closing balance</u>
	VND	VND	VND	VND
Loans from banks	<u>207,391,176,993</u>	<u>802,145,018,592</u>	<u>(369,877,863,526)</u>	<u>639,658,332,059</u>

As at 30 June 2022, short-term loans from banks represent the loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch with a maximum credit limit of VND 660,000,000,000. This facility can be withdrawn in Vietnam Dong and withdrawal deadline expired on 9 July 2022. The duration for each withdrawal is maximum 6 months. These loans are secured by term deposits, as presented in Note 5. These loans bear interests at the rates ranging from 0.27% per month to 0.34% per month (prior year: from 0.18% per month to 0.33% per month).



24. 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 and to pay bonus to the Board of Directors in accordance with the Company's bonus and welfare policies and the Company's AGM Resolution, respectively.

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

	Bonus and welfare fund	Bonus fund for Board of Directors	Welfare fund in form of assets	Total
	VND	VND	VND	VND
Opening balance	24,232,911,894	2,077,076,964	10,109,183,642	36,419,172,500
Appropriation to the funds (Note 27)	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)
<b>Closing balance</b>	<b>23,043,639,742</b>	<b>7,971,559,834</b>	<b>9,314,005,484</b>	<b>40,329,205,060</b>

25. LONG-TERM PROVISION

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

26. SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No.12/2016/ TLT-BKHCHN-BTC dated 28 June 2016, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are established upon approval of the Board of Directors. Funds are utilized when disbursement are paid for research and development activities.

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

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



27. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
Prior year's opening balance	1,307,460,710,000	6,778,948,000	1,479,946,644,695	769,932,845,604	3,564,119,148,299
Profit for the year	-	-	-	777,071,480,377	777,071,480,377
Dividends distribution 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 fund	-	-	-	(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)
Current year's opening balance	<u>1,307,460,710,000</u>	<u>6,778,948,000</u>	<u>1,668,641,014,030</u>	<u>807,129,425,636</u>	<u>3,790,010,097,666</u>
Profit for the period	-	-	-	489,870,306,835	489,870,306,835
Dividends declared 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 fund	-	-	-	(23,316,591,781)	(23,316,591,781)
Appropriation to bonus fund for the Boards of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
<b>Current period's closing balance</b>	<b><u>1,307,460,710,000</u></b>	<b><u>6,778,948,000</u></b>	<b><u>1,958,932,899,782</u></b>	<b><u>519,780,006,438</u></b>	<b><u>3,792,952,564,220</u></b>

Charter capital

According to the amended Business Registration Certificate, the Company's charter capital is VND 1,307,460,710,000. The value and number of shares of the Company are as follows:

	Closing balance		Opening balance	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	<u>130,746,071</u>	<u>1,307,460,710,000</u>	<u>130,746,071</u>	<u>1,307,460,710,000</u>
<b>Ordinary shares currently in circulation</b>	<b><u>130,746,071</u></b>	<b><u>1,307,460,710,000</u></b>	<b><u>130,746,071</u></b>	<b><u>1,307,460,710,000</u></b>

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 Company's Annual General Meeting No. 001/2022/NQ.DHDCD dated 18 March 2022, the shareholders of the Company have approved payment of dividends from profit after tax of 2021 at 35% in cash, equivalent to VND 457,611,248,500.

The Company paid cash dividends of 2021 on 15 April 2022.

**Fund distribution**

According to Resolution of the Company's Annual General Meeting No. 001/2022/NQ.DHDCD dated 18 March 2022, the shareholders of the Company have 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, 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 Investment and development fund.

**28. OFF BALANCE SHEET ITEMS**

**Foreign currencies**

Cash and cash equivalents included the following currencies:

	<u>Closing balance</u>	<u>Opening balance</u>
United states Dollar ("USD")	231,022	154,707
Euros ("EUR")	855	926
Yen ("JPY")	29,249	29,975

**Bad debt written off**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Bad debts written off	5,647,750,056	5,647,750,056

During the period, the Company wrote off bad debts and bad credits due to unable to collect.

**29. SEGMENTAL REPORTING**

The primary format, product segments, is based on the Company's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, general and administration expenses, other income or other expenses, and corporate income tax.

Product segments

In presenting information on the basis of product segments, segment revenue is disclosed for pharmaceutical products, nutritional supplements and others.





	Current period	Prior period
	VND	VND
<b>Net sales</b>		
Pharmaceutical products	1,797,768,548,307	1,582,107,857,898
Nutritional supplements	274,378,906,990	237,625,129,624
Others	111,894,935,844	145,480,428,062
	<b><u>2,184,042,391,141</u></b>	<b><u>1,965,213,415,584</u></b>
<b>Cost of sales</b>		
Pharmaceutical products	(874,431,434,245)	(774,981,069,435)
Nutritional supplements	(157,081,919,401)	(146,366,943,953)
Others	(94,181,105,689)	(130,151,566,448)
	<b><u>(1,125,694,459,335)</u></b>	<b><u>(1,051,499,579,836)</u></b>
<b>Gross profit</b>		
Pharmaceutical products	923,337,114,062	807,126,788,463
Nutritional supplements	117,296,987,589	91,258,185,671
Others	17,713,830,155	15,328,861,614
	<b><u>1,058,347,931,806</u></b>	<b><u>913,713,835,748</u></b>

Geographical segments

Geographically, the Company mainly operates within the territory of Vietnam, with production activities and major customers in Vietnam, hence there is no difference in risks and significant economic benefits by geographical location that should be disclosed in the interim separated financial statements.

**30. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED**

	Current period	Prior period
	VND	VND
<b>Sales of merchandise and services</b>		
Sales of finished goods	2,172,225,258,423	1,881,116,526,280
Sales of merchandise	253,379,075,875	332,521,915,469
Others	1,130,163,557	1,315,912,422
	<b><u>2,426,734,497,855</u></b>	<b><u>2,214,954,354,171</u></b>
<b>Deductions</b>		
Sales discount	241,196,800,808	248,962,689,860
Sales return	1,495,305,906	778,248,727
	<b><u>242,692,106,714</u></b>	<b><u>249,740,938,587</u></b>
<b>Net revenue</b>		
<i>In which:</i>		
Sales of finished goods	1,931,487,498,553	1,632,829,344,739
Sales of merchandise	251,424,729,031	331,068,158,423
Others	1,130,163,557	1,315,912,422
	<b><u>2,184,042,391,141</u></b>	<b><u>1,965,213,415,584</u></b>

**31. COST OF GOODS SOLD AND SERVICES RENDERED**

	Current period	Prior period
	VND	VND
Cost of finished goods sold	890,655,663,879	733,169,886,427
Cost of merchandise sold	235,455,197,594	318,005,989,725
(Reversal of provision)/additional provision	(416,402,138)	323,703,684
	<b><u>1,125,694,459,335</u></b>	<b><u>1,051,499,579,836</u></b>



32. OPERATING COSTS BY NATURE

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Raw materials and consumables	1,087,561,410,238	994,690,589,631
Staff cost	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><b>1,815,150,478,077</b></u>	<u><b>1,644,600,531,451</b></u>

33. FINANCIAL INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Interest income	59,429,458,395	59,722,329,186
Foreign exchange gain	3,734,398,900	3,919,448,814
	<u><b>63,163,857,295</b></u>	<u><b>63,641,778,000</b></u>

34. FINANCIAL EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Settlement discount	35,774,885,573	40,147,849,934
Interest expense	7,485,532,568	6,278,590,807
Foreign exchange loss	2,345,383,180	3,334,359,385
Provision for impairment of investments	320,187,988	923,743,813
Loss on sale of investments	-	89,005,743
Others	54,359,682	54,491,826
	<u><b>45,980,348,991</b></u>	<u><b>50,828,041,508</b></u>

35. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
<b>Selling expenses</b>		
- Advertising expenses	46,104,971,170	49,625,975,930
- Staff cost	230,606,858,576	202,318,401,424
- Others	123,686,118,072	90,672,235,545
	<u><b>400,397,947,818</b></u>	<u><b>342,616,612,899</b></u>
<b>General and administration expenses</b>		
- Staff cost	88,208,942,421	85,503,279,332
- Others	37,034,488,177	35,188,843,333
	<u><b>125,243,430,598</b></u>	<u><b>120,692,122,665</b></u>

36. OTHER INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Income from receiving support from Taisho	4,215,538,818	-
Gain from disposals of fixed assets	2,562,059,676	-
Others	839,597,460	1,144,458,689
	<u><b>7,617,195,954</b></u>	<u><b>1,144,458,689</b></u>



37. OTHER EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Loss disposal of fixed assets	-	6,561,852,339
Depreciation expense	626,822,001	954,657,115
Supporting fee for business households	9,000,000,000	1,715,865,394
Others	1,440,861,364	1,163,998,043
	<u><b>11,067,683,365</b></u>	<u><b>10,396,372,891</b></u>

38. CURRENT CORPORATE INCOME TAX EXPENSE

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current period	56,950,925,825	49,004,629,624
Adjustments for corporate income tax expense in previous years to the current period	-	9,331,091
<b>Total current corporate income tax expense</b>	<u><b>56,950,925,825</b></u>	<u><b>49,013,960,715</b></u>

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Profit before tax	546,439,574,283	453,966,922,474
<i>Tax rate</i>	20%	20%
Tax calculated at a normal rate of 20%	109,287,914,857	90,793,384,494
<b>Adjustments for</b>		
<i>Add back: non-deductible expenses</i>	4,997,115,100	3,306,757,887
<i>Tax incentive</i>	(57,334,104,132)	(45,095,512,757)
<b>Corporate income tax expense based on taxable profit in the current period</b>	<u><b>56,950,925,825</b></u>	<u><b>49,004,629,624</b></u>

**Applicable tax rates**

From 1 April 2018, DHG Pharmaceutical One Member Limited Company ("DHG Pharmaceutical") and DHG Packaging and Printing 1 One Member Limited Company ("DHG Packaging and Printing 1") were merged into the Company and still entitled to tax incentives as follows:

- Pursuant to the Investment Certificate, DHG Packaging and Printing 1 is obliged to pay corporate income tax at the rate of 10% of taxable income from 2014 to 2028. Under terms in Investment Certificate granted to DHG Packaging and Printing 1, DHG Packaging and Printing 1 is entitled to corporate income tax exemption from 2014 to 2017 and 50% reduction of corporate income tax from 2018 to 2026.
- Pursuant to Investment Certificate No. 642041000005 issued by the Management Board of Hau Giang Industrial Zone, DHG Pharmaceutical is entitled to corporate income tax at the rate of 10% of taxable income for 15 years from 2015. DHG Pharmaceutical is entitled to the corporate income tax exemption for 4 years from 2015 and 50% reduction for the following 9 years commencing from 2019.

Pursuant to Official Letter No. 5610/TCT-CS dated 6 December 2017 issued by General Tax Authority, the aforementioned tax incentives are still applicable to the Company after its merger.

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

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Changes in deferred tax income in the current and prior period are as follows:

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

**39. COMMITMENTS**

**a. Operating lease commitment**

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Minimum lease payment under operating leases recognized in the separate income statement	<u>3,554,218,570</u>	<u>3,553,218,570</u>

At the interim separate balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

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

**b. Capital commitment**

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

	<u>Closing balance</u>	<u>Opening balance</u>
	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><b>550,382,391,544</b></u>	<u><b>573,938,509,689</b></u>

In addition, the Board of Directors has approved the investment plan for Phase 2 - Project "Expansion of DHG Pharmaceutical Factory and DHG Printing and Packaging" with the amount of VND 440,000,000,000.

**40. RELATED PARTY TRANSACTIONS AND BALANCES**

**List of related parties:**

<u>Related party</u>	<u>Relationship</u>
Fuji Medic Limited Liability Company	Subsidiary
Taisho Pharmaceutical Co., Ltd.	Major shareholder
The State Capital Investment Corporation ("SCIC")	Major shareholder
Hoe Pharmaceuticals Sdn Bhd	Taisho's related party
Taisho Pharmaceuticals (Thailand) Co., Ltd.	Taisho's related party
Taisho Viet Nam Company Limited	Taisho's related party





During the period, the Company entered into the following transactions with related parties:

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
<b>Sales of goods and provision of services</b>		
Hoe Pharmaceuticals Sdn Bhd	1,568,059,989	379,208,649
Taisho Viet Nam Company Limited	-	468,155,712
<b>Purchases</b>		
Taisho Pharmaceutical Co., Ltd,	2,258,248,093	65,127,370
Taisho Viet Nam Company Limited	-	401,569,920
Taisho Pharmaceuticals (Thailand) Co., Ltd.	12,139,848	-
<b>Receiving support</b>		
Taisho Pharmaceutical Co., Ltd.	4,215,538,818	-
<b>Present</b>		
Hoe Pharmaceuticals Sdn.Bhd	13,784,083	-
<b>Dividends paid</b>		
SCIC	198,191,829,500	226,504,948,000
Taisho Pharmaceutical Co., Ltd.	233,439,682,000	266,788,208,000

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

Name	Title	<u>Current period</u>	<u>Prior period</u>
		VND	VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	300,000,000	150,000,000
Mr. Jun Kuroda	Board of Directors Member	210,000,000	105,000,000
Mr. Masashi Nakaura	Board of Directors Member (cum General Director)	2,662,890,700	2,358,181,323
Mr. Maki Kamijo	Board of Directors Member	210,000,000	105,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (cum Chief Operating Officer)	2,442,055,442	2,259,515,311
Mr. Do Le Hung	Board of Directors Member	405,000,000	405,000,000
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)	315,000,000	84,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	1,519,489,047	1,470,820,872
Mr. Tomoyuki Kawata	Deputy General Director	1,475,195,000	1,456,623,601
Mr. Pham Chi Truc	Deputy General Director (resigned from 04 July 2021)	-	1,298,338,073
		<b><u>9,539,630,189</u></b>	<b><u>9,923,479,180</u></b>

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Receivables</b>		
Hoe Pharmaceuticals Sdn Bhd	1,218,307,608	279,917,338
<b>Payables</b>		
Taisho Pharmaceutical Co., Ltd.	-	1,513,428,227





41. SUPPLEMENTAL DISCLOSURES OF INTERIM SEPARATE CASH FLOW INFORMATION

a. Non-cash transactions affecting the Interim separate cash flow statement

	<u>Current period</u> VND	<u>Prior period</u> VND
Appropriation to reserves	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 prepayment	-	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

	<u>Current period</u> VND	<u>Prior period</u> VND
Proceeds from borrowings under normal contracts not over 3 months	107,486,686,533	84,000,000,000
Proceeds from borrowings under normal contracts over 3 months	694,658,332,059	582,804,881,494

c. Repayment of borrowings

	<u>Current period</u> VND	<u>Prior period</u> VND
Repayment of borrowings under normal contracts not over 3 months	107,486,686,533	84,000,000,000
Repayment of borrowings under normal contracts over 3 months	262,391,176,993	232,391,235,293

d. Other supplemental disclosures

Cash outflow for acquisition of fixed assets and construction in progress during the period included the amount of VND 93,456,000,000 (2021: nil), representing the advances to suppliers for acquisition of fixed assets and construction in progress during the period which were not performed. Consequently, changes in receivables have been adjusted by the same amount.



Tran Ngoc Hien  
Preparer



Ho Bui Huan  
Chief Accountant



Masashi Nakaura  
General Director  
10 August 2022