

DHG PHARMACEUTICAL JOINT STOCK COMPANY

INTERIM FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 31 MARCH 2023



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DHG PHARMACEUTICAL JOINT STOCK COMPANY

CORPORATE INFORMATION

Establishment decision	No. 2405/QD-CT.UB dated 5 August 2004 This decision was issued by the People's Committee of Can Tho City.	
Business registration Certificate	No. 5703000111 dated 15 September 2004 issued by the Department of Planning and Investment of Can Tho City. The Business registration certificate has been amended several times, and its latest amendment No. 1800156801 dated 03 January 2023 was issued by the Department of Planning and Investment of Can Tho City.	
Board of Directors	Ms. Dang Thi Thu Ha Mr. Jun Kuroda Mr. Masashi Nakaura Mr. Toshiyuki Ishii Mr. Maki Kamijo Mr. Doan Dinh Duy Khuong Mr. Do Le Hung Ms. Nguyen Thi Viet Thanh	Chairwoman Member Member (resigned from 19 April 2023) Member (appointed from 19 April 2023) Member Member Member Member
Management	Mr. Toshiyuki Ishii Mr. Doan Dinh Duy Khuong Ms. Nguyen Ngoc Diep Mr. Tomoyuki Kawata	General Director Chief Operating Officer Deputy General Director Deputy General Director
Audit Committee	Mr. Do Le Hung Ms. Dang Thi Thu Ha Mr. Maki Kamijo	Head Member Member
Legal representative	Mr. Toshiyuki Ishii	General Director
Head office	288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City, Vietnam	

INTERIM BALANCE SHEET

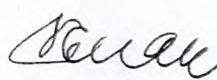
Codes	ASSETS	Notes	As at 31.03.2023 VND	As at 31.12.2022 VND
100	CURRENT ASSETS		4,478,449,668,190	4,218,772,327,716
110	Cash and cash equivalents	4	48,155,607,904	34,017,813,791
111	Cash		48,155,607,904	34,017,813,791
120	Short-term financial investments	5	2,490,000,000,000	2,355,000,000,000
123	Held-to-maturity investments		2,490,000,000,000	2,355,000,000,000
130	Short-term receivables		561,985,560,358	550,503,358,957
131	Short-term trade receivables	6	385,992,713,816	320,497,731,135
132	Short-term advances to suppliers		125,829,857,867	188,966,257,070
135	Short-term loan receivables	7	257,622,204	257,622,204
136	Other short-term receivables	8	90,610,976,536	81,417,096,027
137	Provision for short-term doubtful debts	9	(40,705,610,065)	(40,635,347,479)
140	Inventories	10	1,338,945,205,598	1,250,833,919,138
141	Inventories		1,340,024,586,913	1,251,913,300,453
149	Provision for devaluation of inventories		(1,079,381,315)	(1,079,381,315)
150	Other short-term assets		39,363,294,330	28,417,235,830
151	Short-term prepayments	11	15,675,927,378	12,401,507,959
152	Value added tax deductibles		23,687,366,952	16,015,727,871
153	Taxes and other receivables from the State budget	12	-	-
200	NON-CURRENT ASSETS		1,024,536,088,067	949,414,175,129
210	Long-term receivables		222,000,000	822,061,880
216	Other long-term receivables		222,000,000	822,061,880
220	Fixed assets		770,234,225,752	787,387,089,074
221	Tangible fixed assets	13	569,417,089,164	585,574,876,927
222	Cost		1,486,357,405,808	1,481,802,489,560
223	Accumulated depreciation		(916,940,316,644)	(896,227,612,633)
227	Intangible fixed assets	14	200,817,136,588	201,812,212,147
228	Cost		252,779,142,186	252,779,142,186
229	Accumulated amortization		(51,962,005,598)	(50,966,930,039)
230	Investment properties	15	14,222,609,759	14,308,981,880
231	Cost		17,304,956,819	17,304,956,819
232	Accumulated depreciation		(3,082,347,060)	(2,995,974,939)
240	Long-term assets in progress	16	185,227,859,363	92,596,259,917
242	Construction in progress		185,227,859,363	92,596,259,917
250	Long-term financial investments	5	4,612,500,000	3,860,000,000
253	Equity investments in other entities		24,108,379,057	24,108,379,057
254	Provision for impairment of long-term financial investments		(19,495,879,057)	(20,248,379,057)
260	Other long-term assets		50,016,893,193	50,439,782,378
261	Long-term prepayments	11	34,194,105,635	34,594,969,043
262	Deferred tax assets	17	15,822,787,558	15,844,813,335
270	TOTAL ASSETS		5,502,985,756,257	5,168,186,502,845

INTERIM BALANCE SHEET (cont.)

Codes	RESOURCES	Notes	As at 31.03.2023 VND	As at 31.12.2022 VND
300	LIABILITIES		850,485,692,128	876,649,599,388
310	Current liabilities		785,308,342,342	811,536,702,268
311	Short-term trade payables	18	275,694,253,828	364,379,191,011
312	Short-term advances from customers		20,285,415,791	44,183,901,316
313	Taxes and amounts payable to the State budget	12	42,981,343,475	37,036,207,791
314	Payables to employees		116,238,249,750	170,724,651,834
315	Short-term accrued expenses	19	14,850,590,012	24,364,389,787
318	Short-term unearned revenue	20	25,065,803,847	34,043,466,112
319	Other current payables	21	1,721,140,209	1,844,519,967
320	Short-term loans	22	273,194,566,510	114,723,409,074
322	Bonus and welfare funds	23	15,276,978,920	20,236,965,376
330	Long-term liabilities		65,177,349,786	65,112,897,120
342	Long-term provisions	24	59,479,716,608	58,827,249,515
343	Science and technology development fund	25	5,697,633,178	6,285,647,605
400	EQUITY		4,652,500,064,129	4,291,536,903,457
410	Owner's equity	26	4,652,500,064,129	4,291,536,903,457
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	1,958,932,899,782
421	Retained earnings		1,379,327,506,347	1,018,364,345,675
421a	- Retained earnings accumulated to the prior year end		1,018,364,345,675	29,909,699,603
421b	- Retained earnings of the current period		360,963,160,672	988,454,646,072
440	TOTAL RESOURCES		5,502,985,756,257	5,168,186,502,845



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director
20 April 2023

INTERIM INCOME STATEMENT

Codes	Notes	For the 3-month period ended		
		31.03.2023 VND	31.03.2022 VND	
01	Gross revenue from goods sold and services rendered	28	1,383,426,620,514	1,181,478,444,624
02	Deductions	28	154,868,593,150	116,703,058,118
10	Net revenue from goods sold and services rendered	28	1,228,558,027,364	1,064,775,386,506
11	Cost of sales	29	614,412,653,946	560,141,973,065
20	Gross profit from goods sold and services rendered		614,145,373,418	504,633,413,441
21	Financial income	30	52,724,641,528	29,998,686,582
22	Financial expenses	31	19,268,607,863	21,895,546,352
23	<i>In which: Interest expense</i>		4,466,296,455	2,413,133,583
25	Selling expenses	32	187,850,091,363	166,190,690,230
26	General and administrative expenses	32	68,517,173,126	61,139,333,516
30	Operating profit		391,234,142,594	285,406,529,925
31	Other income	33	525,631,229	1,238,834,729
32	Other expenses	33	1,126,505,003	823,340,841
40	(Losses)/ Gains from other activities		(600,873,774)	415,493,888
50	Accounting profit before tax		390,633,268,820	285,822,023,813
51	Current corporate income tax expense	35	29,648,082,371	30,665,781,460
52	Deferred corporate tax expense/ (income)	35	22,025,777	(144,174,265)
60	Net profit after corporate income tax		360,963,160,672	255,300,416,618
70	Earnings per share (VND)	36	2,674	1,890

Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant

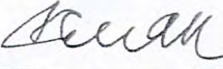


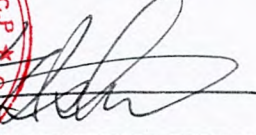
Toshiyuki Ishii
General Director
20 April 2023

INTERIM CASH FLOW STATEMENT
(Indirect method)

Codes	Notes	Fiscal period ended	
		31.03.2023 VND	31.03.2022 VND
I.	CASH FLOWS FROM OPERATING ACTIVITIES		
1.	Profit before tax	01 390,633,268,820	285,822,023,813
2.	Adjustment for:		
	Depreciation and amortization of fixed assets and investment properties	02 20,930,868,176	20,459,076,466
	Provisions	03 119,760,929	3,277,833,488
	Foreign exchange gains arising from translating foreign currency items	04 (2,199,600,207)	(350,994,423)
	Gain from investing activities	05 (46,191,551,372)	(28,489,907,423)
	Interest expense	06 4,466,296,455	2,413,133,583
3.	Operating profit before movements in working capital	08 <u>367,759,042,801</u>	<u>283,131,165,504</u>
	Changes in receivables	09 (80,542,206,311)	31,135,933,200
	Changes in inventories	10 (88,111,286,460)	76,749,632,262
	Changes in payables	11 (188,341,666,554)	(115,953,508,579)
	Changes in prepaid expenses	12 (2,873,556,011)	(3,209,899,382)
	Interest paid	14 (4,316,090,282)	(2,438,140,602)
	Corporate income tax paid	15 (19,047,603,388)	(6,098,523,849)
	Other cash outflows	17 (4,614,405,616)	(22,055,669,736)
	Net cash (used in)/ generated by operating activities	20 <u>(20,087,771,821)</u>	<u>241,260,988,818</u>
II.	CASH FLOWS FROM INVESTING ACTIVITIES		
1.	Payment for purchasing, construction of fixed assets and other long-term assets	21 (36,496,500,610)	(5,993,696,484)
2.	Proceeds from sale, disposal of fixed assets and other long-term assets	22 -	1,088,909,091
3.	Cash outflow for lending, buying debt instruments of other entities	23 (1,035,000,000,000)	(1,235,000,000,000)
4.	Cash recovered from lending, selling debt instruments of other entities	24 900,000,000,000	960,000,000,000
6.	Interest earned, dividends and profits received	27 47,307,666,438	43,684,884,814
	Net cash used in investing activities	30 <u>(124,188,834,172)</u>	<u>(236,219,902,579)</u>
III.	CASH FLOWS FROM FINANCING ACTIVITIES		
1.	Proceeds from borrowings	33 273,194,566,510	149,118,975,418
2.	Repayment of borrowings	34 (114,723,409,074)	(157,917,838,758)
	Net cash generated by/ (used in) financing activities	40 <u>158,471,157,436</u>	<u>(8,798,863,340)</u>
	Net increase/ (decrease) in cash	50 14,194,551,443	(3,757,777,101)
	Cash and cash equivalents at the beginning of the year	60 34,017,813,791	36,963,568,653
	Effects of changes in foreign exchange rates	61 (56,757,330)	(9,745,133)
	Cash and cash equivalents at the end of the period/ year	70 <u>48,155,607,904</u>	<u>33,196,046,419</u>


Tran Ngoc Hien
Preparer


Ho Bui Huan
Chief Accountant


Toshiyuki Ishii
General Director
20 April 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 31 MARCH 2023**1 GENERAL INFORMATION****Structure of ownership**

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

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

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

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

The number of employees of the Company as at 31 March 2023 was 2,738 (as at 31 December 2022: 2,700).

Operating industry and principal activities

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

The Company's principal activities are to manufacture and trade pharmaceuticals, health supplement and cosmeceuticals.

Normal production and business cycle

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

Disclosure of information comparability in the financial statements

Comparative figures on the balance sheet are the figures of the audited financial statements for the fiscal year ended 31 December 2022. Comparative figures on the income statement and cash flow statement are the figures of the interim financial statements for the fiscal period ended 31 March 2022.

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

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

The financial statements are prepared solely to present the financial position of the Company as at 31 March 2023, and its results of operations and cash flows for the fiscal period ended 31 March 2023. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

2 ACCOUNTING CONVENTION AND FISCAL YEAR (cont.)**Fiscal year**

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

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

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

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

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

Interest income from term deposits is recognized in the income statement on accrual basis.

Loan receivables

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

Equity investments in other entities

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

Equity investments in other entities are carried at cost less provision for impairment. The provision for impairment of investments is made when there is a reliable evidence for declining in value of these investments at the balance sheet date, except for loss that was anticipated in their business plan before the date of investment.

Receivables

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

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

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

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<u>Years</u>
Buildings and structures	3 - 50
Machinery and equipment	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 income statement.

LeasesThe Company as lessor

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

The Company as lessee

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

Intangible fixed assets and amortization

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

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

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

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

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

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives 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 land rentals, costs of small tools, supplies and spare parts issued for consumption and other prepayment expenses.

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

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

Provisions

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

Severance allowance payable

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

Provision for dismantling and restoration costs

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

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

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

Revenue recognition

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

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

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

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

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

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

Sales deductions

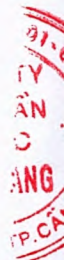
Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of sales of products, goods and services are recorded as deduction of revenue of that year.

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

Customer loyalty programs

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

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



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Customer loyalty programs (con.t)**

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

Foreign currencies

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

Borrowing costs

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

Taxation

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

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

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

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

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

The determination of the 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Dividend distribution (cont.)

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

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

Appropriation of the Company's net profit after tax of 2022 was approved by shareholders at the Company's Annual General Meeting as follows:

- Dividends declared for 2022: 35% of par value
- Appropriation to the bonus and welfare fund: 3% of net profit after tax
- Operation Fund for Board of Directors, Audit Committee, Committees under the Board of Directors and the Board of Directors' secretary: VND 2,000,000,000
- Remaining net profit after tax was appropriated to the investment and development fund.

4 CASH AND CASH EQUIVALENTS

	31.03.2023	31.12.2022
	VND	VND
Cash on hand	10,883,692,000	14,087,199,700
Demand deposits	37,271,915,904	19,930,614,091
	<u>48,155,607,904</u>	<u>34,017,813,791</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

	31.03.2023		31.12.2022	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	2,490,000,000,000	2,490,000,000,000	2,355,000,000,000	2,355,000,000,000
	<u>2,490,000,000,000</u>	<u>2,490,000,000,000</u>	<u>2,355,000,000,000</u>	<u>2,355,000,000,000</u>

(b) Long-term financial investments

	31.03.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Equity investments in other entities (*)	24,108,379,057	(19,495,879,057)	24,108,379,057	(20,248,379,057)
	<u>24,108,379,057</u>	<u>(19,495,879,057)</u>	<u>24,108,379,057</u>	<u>(20,248,379,057)</u>

5 FINANCIAL INVESTMENTS (cont.)

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

(*) Equity investments in other entities:

	31.03.2023 VND	31.12.2022 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 31 March 2023 and 31 December 2022 represents the provision for long-term investments in the following other entities:

	31.03.2023 VND	31.12.2022 VND
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,095,879,057	2,848,379,057
	<u>19,495,879,057</u>	<u>20,248,379,057</u>

6 SHORT-TERM TRADE RECEIVABLES

	31.03.2023 VND	31.12.2022 VND
Related parties (Note 38)	943,647,451	777,311,258
Third parties	385,049,066,365	319,720,419,877
	<u>385,992,713,816</u>	<u>320,497,731,135</u>

As at 31 March 2023 and 31 December 2022, there was no single trade receivable from third parties accounting for 10% or more of total trade receivables.

7 LOAN RECEIVABLES

	31.03.2023 VND	31.12.2022 VND
Short-term loan receivables		
Loan receivables from customers	257,622,204	257,622,204
	<u>257,622,204</u>	<u>257,622,204</u>

8 OTHER SHORT-TERM RECEIVABLES

	31.03.2023 VND	31.12.2022 VND
Accruals of interest income	53,868,465,748	54,984,580,814
Receivable from customers' business household tax	3,166,430,795	-
Receivable from employees	27,305,726,904	15,756,494,986
Other receivables	6,270,353,089	10,676,020,227
	<u>90,610,976,536</u>	<u>81,417,096,027</u>

9 BAD DEBTS

	31.03.2023		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	86,775,180,253	46,069,570,188	(40,705,610,065)

	31.12.2022		
	Cost VND	Recoverable amount VND	Provision VND
Total amount of receivables and loan receivables past due or not past due but impaired	79,342,361,904	38,707,014,425	(40,635,347,479)

As at 31 March 2023 and 31 December 2022, there was no balance of receivables accounting for 10% or more of total past due receivable amount.

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

	Fiscal period ended 31.03.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	40,635,347,479	49,257,087,303
Additional provision in the period/year	70,262,586	-
Reversal of provision in the period/year	-	(5,767,496,131)
Write off in the period/ year	-	(2,854,243,693)
Closing balance	40,705,610,065	40,635,347,479

10 INVENTORIES

	31.03.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	138,294,509,990	-	176,818,014,490	-
Raw materials	740,192,727,591	-	665,502,268,079	-
Work in progress	75,026,359,220	-	71,622,857,577	-
Finished goods	349,567,694,468	(1,079,381,315)	304,758,756,394	(1,079,381,315)
Merchandise	36,943,295,644	-	33,211,403,913	-
	1,340,024,586,913	(1,079,381,315)	1,251,913,300,453	(1,079,381,315)

10 INVENTORIES (cont.)

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

	Fiscal period ended 31.03.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	1,079,381,315	1,357,913,392
Reversal of provision in the period/year	-	(278,532,077)
Closing balance	<u>1,079,381,315</u>	<u>1,079,381,315</u>

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

As at 31 March 2023 and 31 December 2022, the Company did not have any slow moving, damaged or sub-standard inventories.

11 PREPAYMENTS

Short-term prepayments

	31.03.2023 VND	31.12.2022 VND
Prepayment related to operating lease	8,389,929,511	2,200,784,543
Others	7,285,997,867	10,200,723,416
	<u>15,675,927,378</u>	<u>12,401,507,959</u>

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

Long-term prepayments

	31.03.2023 VND	31.12.2022 VND
Tools and supplies	11,842,183,074	9,960,136,919
Others	22,351,922,561	24,634,832,124
	<u>34,194,105,635</u>	<u>34,594,969,043</u>

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

Movements in long-term prepayments were as follows:

	Fiscal period ended 31.03.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	34,594,969,043	15,525,924,704
Increase in the period/year	5,075,091,494	32,829,446,160
Allocation in the period/year	(5,475,954,902)	(13,760,401,821)
Closing balance	<u>34,194,105,635</u>	<u>34,594,969,043</u>

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

	Opening balance	Payable during the period/year	Paid during the period/year	Closing balance
	VND	VND	VND	VND
Output value added tax	5,041,879,162	15,805,763,019	(14,733,781,543)	6,113,860,638
Value added tax for import goods	-	20,659,692,605	(20,659,692,605)	-
Import and export duties	-	6,717,924,772	(6,717,924,772)	-
Corporate income tax	12,678,129,908	29,648,082,371	(19,047,603,388)	23,278,608,891
Personal income tax	12,069,460,922	21,929,858,029	(32,882,186,519)	1,117,132,432
Land rental fee, land use tax	-	7,361,115,094	(287,119,454)	7,073,995,640
Other taxes	7,246,737,799	4,671,148,748	(6,520,140,673)	5,397,745,874
	<u>37,036,207,791</u>	<u>106,793,584,638</u>	<u>(100,848,448,954)</u>	<u>42,981,343,475</u>
In which:				
Tax receivables	-			-
Tax payables	37,036,207,791			42,981,343,475



13 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
As at 01 January 2023	578,613,089,225	682,541,039,515	139,507,907,276	81,140,453,544	1,481,802,489,560
Transfer from construction in progress (Note 16)	2,439,140,512	397,600,000	1,037,890,100	765,923,818	4,640,554,430
Write off in the period/ year	-	-	-	(85,638,182)	(85,638,182)
As at 31 March 2023	581,052,229,737	682,938,639,515	140,545,797,376	81,820,739,180	1,486,357,405,808
Accumulated depreciation					
As at 01 January 2023	289,824,233,234	429,607,263,118	105,833,122,063	70,962,994,218	896,227,612,633
Charge for the period/ year	6,076,048,809	11,751,999,281	1,951,252,265	1,003,715,408	20,783,015,763
Write off in the period/ year	-	-	-	(70,311,752)	(70,311,752)
As at 31 March 2023	295,900,282,043	441,359,262,399	107,784,374,328	71,896,397,874	916,940,316,644
Net book value					
As at 01 January 2023	288,788,855,991	252,933,776,397	33,674,785,213	10,177,459,326	585,574,876,927
As at 31 March 2023	285,151,947,694	241,579,377,116	32,761,423,048	9,924,341,306	569,417,089,164

As at 31 March 2023, the cost of tangible fixed assets included VND 374,360,709,653 (as at 31 December 2022: VND 360,830,354,698) of assets which were fully depreciated but are still in active use.

14 INTANGIBLE FIXED ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
Cost				
As at 01 January 2023	88,310,158,166	143,438,814,993	21,030,169,027	252,779,142,186
As at 31 March 2023	88,310,158,166	143,438,814,993	21,030,169,027	252,779,142,186
Accumulated amortization				
As at 01 January 2023	-	32,766,612,466	18,200,317,573	50,966,930,039
Charge for the period/year	-	750,709,818	244,365,741	995,075,559
As at 31 March 2023	-	33,517,322,284	18,444,683,314	51,962,005,598
Net book value				
As at 01 January 2023	88,310,158,166	110,672,202,527	2,829,851,454	201,812,212,147
As at 31 March 2023	88,310,158,166	109,921,492,709	2,585,485,713	200,817,136,588

As at 31 March 2023, the cost of intangible fixed assets included VND 16,245,369,257 (as at 31 December 2022: VND 16,241,274,257) of assets which were fully amortized but are still in use.

15 INVESTMENT PROPERTIES

	Buildings and land use rights VND
Cost	
As at 01 January 2023	17,304,956,819
As at 31 March 2023	17,304,956,819
Accumulated depreciation	
As at 01 January 2023	2,995,974,939
Charge for the period/ year	86,372,121
As at 31 March 2023	3,082,347,060
Net book value	
As at 01 January 2023	14,308,981,880
As at 31 March 2023	14,222,609,759

As at 31 March 2023 and 31 December 2022, 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 34,605,000,000 which was determined according to the Valuation Certificate issued by South East Appraisal and Consulting Corporation Company on 05 August 2020. South East Appraisal and Consulting Corporation 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.

16 LONG-TERM ASSETS IN PROGRESS

	31.03.2023 VND	31.12.2022 VND
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	53,580,000	-
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
Construction of IC office	9,589,091	-
Other repairs and renovation	4,590,737,884	3,949,522,139
Purchasing machineries	37,866,424,913	32,006,271,272
REB product project	3,143,357,535	3,143,357,535
CTP product project	202,029,350	202,029,350
BUD product project	1,293,522,895	1,293,522,895
LUS product project	4,842,586,328	1,722,095,670
Investment for the expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	129,752,082,593	46,805,512,282
	<u>185,227,859,363</u>	<u>92,596,259,917</u>

Movements of construction in progress in the period/year:

	Fiscal period ended 31.03.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	92,596,259,917	69,507,677,936
Purchases	111,176,221,222	150,100,167,202
Transfer to tangible fixed assets (Note 13)	(4,640,554,430)	(105,713,348,334)
Transfer to prepayments	-	(9,153,400,385)
Transfer to expenses in the period/year	(13,904,067,346)	(12,144,836,502)
Closing balance	<u>185,227,859,363</u>	<u>92,596,259,917</u>

17 DEFERRED TAX ASSETS

	31.03.2023 VND	31.12.2022 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences	79,113,937,790	79,224,066,675
Deferred tax assets	<u>15,822,787,558</u>	<u>15,844,813,335</u>

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

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

	Fiscal period ended 31.03.2023 VND	Fiscal period ended 31.12.2022 VND
Opening balance	15,844,813,335	17,534,939,531
Reversal in deferred tax assets	(20,006,581)	(1,646,891,427)
Change of eliminated entry of fixed assets	(2,019,196)	(43,234,769)
Closing balance	<u>15,822,787,558</u>	<u>15,844,813,335</u>

18 SHORT-TERM TRADE PAYABLES

	31.03.2023		31.12.2022	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Related parties (Note 38)	2,240,424,346	2,240,424,346	-	-
Third parties (*)	273,453,829,482	273,453,829,482	364,379,191,011	364,379,191,011
	<u>275,694,253,828</u>	<u>275,694,253,828</u>	<u>364,379,191,011</u>	<u>364,379,191,011</u>

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

	31.03.2023 VND	31.12.2022 VND
APC Pharmaceuticals and Chemical Limited	20,039,752,320	64,276,216,447
Nomura Trading Co., Ltd	86,031,926,775	56,688,597,000
Sinobright Pharmaceutical Co., Ltd	33,011,110,000	-

As at 31 March 2023 and 31 December 2022, there was no balance of short-term trade payables that were past due.

19 SHORT-TERM ACCRUED EXPENSES

	31.03.2023 VND	31.12.2022 VND
Interest payable	259,829,496	109,623,323
Payment discount	3,651,191,540	4,520,921,880
Other accruals	10,939,568,976	19,733,844,584
	<u>14,850,590,012</u>	<u>24,364,389,787</u>

20 SHORT-TERM UNEARNED REVENUE

	31.03.2023 VND	31.12.2022 VND
Unearned revenue from customer loyalty programs (Note 3)	<u>25,065,803,847</u>	<u>34,043,466,112</u>

21 OTHER SHORT-TERM PAYABLES

	31.03.2023 VND	31.12.2022 VND
Union fee	556,749,119	557,184,346
Others	1,164,391,090	1,287,335,621
	<u>1,721,140,209</u>	<u>1,844,519,967</u>

22 SHORT-TERM LOANS

	31.03.2023		31.12.2022	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Loans from banks	273,194,566,510	273,194,566,510	114,723,409,074	114,723,409,074
	<u>273,194,566,510</u>	<u>273,194,566,510</u>	<u>114,723,409,074</u>	<u>114,723,409,074</u>

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

	As at 01.01.2023 VND	Increases VND	Decreases VND	As at 31.03.2023 VND
Loans from banks (*)	114,723,409,074	374,128,235,192	(215,657,077,756)	273,194,566,510
	<u>114,723,409,074</u>	<u>374,128,235,192</u>	<u>(215,657,077,756)</u>	<u>273,194,566,510</u>

(*) These loans bear interests at the rates ranging from 0.57% to 0.58% per month (in 2022: from 0.27% to 0.58% per month).

As at 31 March 2023 and 31 December 2022, there was no short-term loan that was past due.

23 BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Welfare fund in form of assets VND	Operation Fund for Board of Directors VND	Total VND
Opening balance	4,117,498,016	8,518,827,326	7,600,640,034	20,236,965,376
Depreciation of assets formed from the funds	-	(345,580,840)	-	(345,580,840)
Utilization	(4,117,498,016)	-	(496,907,600)	(4,614,405,616)
Closing balance	<u>-</u>	<u>8,173,246,486</u>	<u>7,103,732,434</u>	<u>15,276,978,920</u>

24 LONG-TERM PROVISIONS

	Provision for dismantling and restoration cost VND	Severance allowance VND	Total VND
Opening balance	31,302,591,613	27,524,657,902	58,827,249,515
Additional/ (Reversal) provision in the period/year	984,422,538	(182,424,195)	801,998,343
Utilization of provisions	-	(149,531,250)	(149,531,250)
Closing balance	<u>32,287,014,151</u>	<u>27,192,702,457</u>	<u>59,479,716,608</u>

25 SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 05/2022/TTLT-BKHCHN-BTC dated 31 May 2022 issued by the Ministry of Science and Technology and Circular No. 67/2022/TT-BTC dated 7 November 2022 issued by the Ministry of Finance, enterprises are allowed to establish the science and technology development funds for research and development activities. Funds are utilized when disbursement is paid for research and development activities.

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

	Science and technology development fund in form of assets VND
Opening balance	6,285,647,605
Depreciation of assets formed from the funds	(588,014,427)
Closing balance	<u>5,697,633,178</u>

26 OWNER'S EQUITY

Movements in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01 January 2022	1,307,460,710,000	6,778,948,000	1,668,641,014,030	807,129,425,636	3,790,010,097,666
Net profit for the year	-	-	-	988,454,646,072	988,454,646,072
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 Operation Fund for Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Balance as at 31 December 2022	1,307,460,710,000	6,778,948,000	1,958,932,899,782	1,018,364,345,675	4,291,536,903,457
Net profit for the period/year	-	-	-	360,963,160,672	360,963,160,672
Balance as at 31 March 2023	1,307,460,710,000	6,778,948,000	1,958,932,899,782	1,379,327,506,347	4,652,500,064,129



26 OWNER'S EQUITY (cont.)

Charter capital

	31.03.2023		31.12.2022	
	Number of shares	VND	Number of shares	VND
Authorized and issued share capital	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

Dividends

According to Resolution of the Annual General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the General Meeting of Shareholders of the Company approved payment of dividends from profit after tax of 2022 at 35% in cash, equivalent to VND 457,611,248,500.

Fund distribution

According to Resolution of the Annual General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the General Meeting of Shareholders of the Company approved the appropriation to bonus and welfare fund of employees from profit after tax of 2022 at the rate of 3%, equivalent to the amount of VND 29,653,639,382, and also used for the Operation Fund for Board of Directors, Audit Committee, members of other Committees under the Board of Directors, secretary of the Board of Directors with the amount of VND 2,000,000,000. The remaining profit after tax of 2022 is distributed to the Investment and Development Fund.

27 OFF BALANCE SHEET ITEMS

Foreign currencies

	31.03.2023	31.12.2022
United states Dollar (USD)	96,726	127,152
Euros (EUR)	793	796
Yen (JPY)	28,160	28,523

Bad debts written off

	31.03.2023 VND	31.12.2022 VND
Bad debts written off	8,482,593,749	8,501,993,749

28 REVENUES

	For the 3-month period ended	
	31.03.2023 VND	31.03.2022 VND
Sales		
Sales of finished goods	1,257,495,547,195	1,026,946,477,856
Sales of merchandise	125,482,376,913	153,928,758,721
Others	448,696,406	603,208,047
	<u>1,383,426,620,514</u>	<u>1,181,478,444,624</u>
Deductions		
Sales discount	154,368,122,450	115,514,571,082
Sales return	500,470,700	1,188,487,036
	<u>154,868,593,150</u>	<u>116,703,058,118</u>
Net sales	<u>1,228,558,027,364</u>	<u>1,064,775,386,506</u>
In which:		
Sales of finished goods	1,103,762,999,032	911,740,651,462
Sales of merchandise	124,346,331,926	152,431,526,997
Others	448,696,406	603,208,047

Goods in transit's revenue have not been recognized as at 31 March 2023: VND 41,682,983,517 (as at 31 March 2022: VND 74,241,800,669).

29 COST OF SALES

	For the 3-month period ended	
	31.03.2023 VND	31.03.2022 VND
Cost of finished goods sold	498,413,706,003	415,983,951,713
Cost of merchandise sold	115,998,947,943	144,158,021,352
	<u>614,412,653,946</u>	<u>560,141,973,065</u>

30 FINANCIAL INCOMES

	For the 3-month period ended	
	31.03.2023 VND	31.03.2022 VND
Interest income	46,191,551,372	27,579,393,032
Foreign exchange gain	6,533,090,156	2,419,293,550
	<u>52,724,641,528</u>	<u>29,998,686,582</u>

31 FINANCIAL EXPENSES

	For the 3-month period ended	
	31.03.2023 VND	31.03.2022 VND
Interest expenses	4.466.296.455	2.413.133.583
Foreign exchange losses	2.305.165.665	678.543.409
Settlement discount	13.205.929.386	18.654.898.643
(Reversal)/ Additional provision for impairment of long-term financial investments	(752.500.000)	105.254.360
Other financial expenses	43.716.357	43.716.357
	<u>19.268.607.863</u>	<u>21.895.546.352</u>

32 SELLING EXPENSES AND GENERAL & ADMINISTRATIVE EXPENSES

Selling expenses

	For the 3-month period ended	
	31.03.2023	31.03.2022
	VND	VND
Staff cost	113,957,997,741	107,411,932,362
Advertising expenses	10,885,070,379	9,322,981,186
Others	63,007,023,243	49,455,776,682
	<u>187,850,091,363</u>	<u>166,190,690,230</u>

General & administrative expenses

	For the 3-month period ended	
	31.03.2023	31.03.2022
	VND	VND
Staff cost	47,109,768,071	40,105,190,552
Others	21,407,405,055	21,034,142,964
	<u>68,517,173,126</u>	<u>61,139,333,516</u>

33 OTHER INCOME AND EXPENSES

Other income

	For the 3-month period ended	
	31.03.2023	31.03.2022
	VND	VND
Gain from disposals of fixed assets and other long-term assets	-	910,514,391
Income from research services	153,971,549	-
Others	371,659,680	328,320,338
	<u>525,631,229</u>	<u>1,238,834,729</u>

Other expenses

	For the 3-month period ended	
	31.03.2023	31.03.2022
	VND	VND
Depreciation expense	180,305,535	314,521,806
Incurring expenses due to the impact of the Covid-19 pandemic	-	57,333,676
Others	946,199,468	451,485,359
	<u>1,126,505,003</u>	<u>823,340,841</u>

34 PRODUCTION AND OPERATION COSTS BY NATURE

	Fiscal period ended	
	31.03.2023	31.03.2022
	VND	VND
Raw materials and consumables	606,084,323,541	546,552,839,330
Staff cost	234,517,316,157	217,037,577,512
Depreciation and amortization	20,750,562,641	20,144,554,660
Out-sourced services	57,333,442,479	49,695,372,325
Other expenses	53,797,707,179	34,798,347,321
	<u>972,483,351,997</u>	<u>868,228,691,148</u>

35 CURRENT AND DEFERRED CORPORATE INCOME TAX

The current corporate income tax expense for the period/year was computed as follows:

	Fiscal period ended	
	31.03.2023 VND	31.03.2022 VND
Accounting profit before tax	390,633,268,820	285,822,023,813
Tax calculated at a normal rate of 20%	78,126,653,764	57,164,404,763
Adjustments for:		
Expenses not deductible for tax purposes	(2,039,757,639)	3,019,729,881
Corporate income tax incentives at branches	(46,438,813,754)	(29,518,353,184)
Corporate income tax expense	<u>29,648,082,371</u>	<u>30,665,781,460</u>

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

	Fiscal period ended	
	31.03.2023 VND	31.03.2022 VND
Deferred corporate tax expense/ (income)	20,006,581	(155,775,970)
Change of eliminated entry of fixed assets	2,019,196	11,601,705
	<u>22,025,777</u>	<u>(144,174,265)</u>

Applicable tax rates

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

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

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

36 BASIC EARNINGS PER SHARE

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

	Fiscal period ended	
	31.03.2023	31.03.2022
	VND	VND
Net profit attributable to shareholders (VND)	360,963,160,672	255,300,416,618
The estimated amount appropriated to bonus and welfare funds (*)	(11,328,894,820)	(8,159,012,499)
	<u>349,634,265,852</u>	<u>247,141,404,119</u>
Weighted average number of ordinary shares currently in circulation (shares)	130,746,071	130,746,071
Basic earnings per share (VND)	2,674	1,890

(*) According to the Resolution of the General Meeting of Shareholders No. 001/2023/NQ.ĐHĐCĐ dated 19 April 2023, the appropriation for bonus and welfare funds for the period/ the year 2023 based on planned appropriation rate for bonus and welfare funds is 3%.

The Company does not have potentially diluted ordinary shares.

37 COMMITMENTS

a) Operating lease commitment

	Fiscal period ended	
	31.03.2023	31.03.2022
	VND	VND
Minimum lease payment under operating leases recognized in the income statement for the period/year	1,769,109,285	1,773,109,285

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

	Land lease	
	31.03.2023	31.12.2022
	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	113,393,890,349	115,162,999,634
	<u>148,776,076,059</u>	<u>150,545,185,344</u>

b) Capital commitment

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

	31.03.2023	31.12.2022
	VND	VND
Approved but not contracted	127,950,498,556	126,365,032,147
Approved and contracted but not implemented	346,799,611,661	407,802,027,692
	<u>474,750,110,217</u>	<u>534,167,059,839</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	
		31.03.2023 VND	31.03.2022 VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	250,000,000	100,000,000
Mr. Jun Kuroda	Board of Directors Member	175,000,000	70,000,000
Mr. Masashi Nakaura	Board of Directors Member (resigned from 19 April 2023) cum General Director (resigned from 31 December 2022)	1,378,686,904	1,705,739,700
Mr. Toshiyuki Ishii	Board of Directors Member (appointed from 19 April 2023) cum General Director (appointed from 1 January 2023)	466,672,000	-
Mr. Maki Kamijo	Board of Directors Member	255,000,000	70,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (cum Chief Operating Officer)	1,644,862,000	1,598,891,442
Mr. Do Le Hung	Board of Directors Member	225,000,000	225,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member	205,000,000	175,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	1,049,359,500	991,624,047
Mr. Tomoyuki Kawata	Deputy General Director	1,028,759,500	967,430,000
		<u>6,678,339,904</u>	<u>5,903,685,189</u>

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

	31.03.2023 VND	31.12.2022 VND
Trade receivables		
Hoe Pharmaceuticals Sdn Bhd	943,647,451	777,311,258
Trade payables		
Taisho Pharmaceutical Co.,Ltd	2,240,424,346	-
Short-term advances from customers		
Taisho Pharmaceutical Co.,Ltd	240,536,086	-

