

DHG PHARMACEUTICAL JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

REVIEWED INTERIM FINANCIAL STATEMENTS

For the 6-month period ended 30 June 2023

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

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

STATEMENT OF THE MANAGEMENT

The Management of DHG Pharmaceutical Joint Stock Company (the “Company”) presents this report together with the Company’s interim financial statements for the 6-month period ended 30 June 2023.

THE BOARD OF DIRECTORS, AUDIT COMMITTEE AND MANAGEMENT

The members of the Board of Directors, Audit Committee and Management of the Company 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. Toshiyuki Ishii	Member (appointed on 19 April 2023)
Mr. Masashi Nakaura	Member (resigned on 19 April 2023)
Mr. Maki Kamijo	Member
Mr. Doan Dinh Duy Khuong	Member
Ms. Nguyen Thi Viet Thanh	Independence member
Mr. Do Le Hung	Independence member

Audit Committee

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

Management

Mr. Toshiyuki Ishii	General Director
Mr. Doan Dinh Duy Khuong	Chief Operating Officer
Ms. Nguyen Ngoc Diep	Deputy General Director
Mr. Tomoyuki Kawata	Deputy General Director
Mr. Tran Duy Hung	Marketing Director (under the Management from 1 May 2023)
Ms. Le Thi Hong Nhung	Finance Director (under the Management from 1 May 2023)
Ms. Vu Thi Huong Lan	Human Resource Director (under the Management from 1 May 2023)

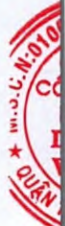
Legal representative

Legal representative of the Company during the period and at the date of these interim financial statements is Mr. Toshiyuki Ishii.

THE MANAGEMENT’S STATEMENT OF RESPONSIBILITY

The Management of the Company is responsible for preparing the interim financial statements which give a true and fair view of the financial position of the Company as at 30 June 2023 and its financial performance and 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 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 financial statements;
- prepare the interim 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 financial statements so as to minimize errors and frauds.



DHG PHARMACEUTICAL JOINT STOCK COMPANY

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

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 financial position of the Company and that the interim 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 financial statements.

For and on behalf of the Management,



Toshiyuki Ishii
General Director
9 August 2023

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REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim financial statements of DHG Pharmaceutical Joint Stock Company (the "Company"), prepared on 9 August 2023 as set out from page 4 to page 34, which comprise the interim balance sheet as at 30 June 2022, the interim income statement and interim cash flow statement for the 6-month period ended 30 June 2023 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

The Management is responsible for the preparation and fair presentation of these interim 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 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 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 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 financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2023, and of its financial performance and its 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.



Nguyễn Thị Thu Sang

Audit Partner

Audit Practising Registration Certificate

No. 1144-2023-001-1

BRANCH OF DELOITTE VIETNAM AUDIT COMPANY LIMITED

9 August 2023

Ho Chi Minh City, Vietnam

INTERIM BALANCE SHEET
As at 30 June 2023

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		4,551,835,829,693	4,218,772,327,716
I. Cash and cash equivalents	110	4	56,410,689,899	34,017,813,791
1. Cash	111		56,410,689,899	34,017,813,791
II. Short-term financial investments	120	5	2,320,000,000,000	2,355,000,000,000
1. Held-to-maturity investments	123		2,320,000,000,000	2,355,000,000,000
III. Short-term receivables	130		639,467,698,978	550,503,358,957
1. Short-term trade receivables	131	6	407,359,890,462	320,497,731,135
2. Short-term advances to suppliers	132	7	141,663,132,850	188,966,257,070
3. Short-term loan receivables	135	8	257,622,204	257,622,204
4. Other short-term receivables	136	9	130,490,629,887	81,417,096,027
5. Provision for short-term doubtful debts	137	10	(40,303,576,425)	(40,635,347,479)
IV. Inventories	140	11	1,489,824,096,183	1,250,833,919,138
1. Inventories	141		1,490,662,961,838	1,251,913,300,453
2. Provision for devaluation of inventories	149		(838,865,655)	(1,079,381,315)
V. Other short-term assets	150		46,133,344,633	28,417,235,830
1. Short-term prepayments	151	12	10,318,887,467	12,401,507,959
2. Value added tax deductibles	152		35,814,457,166	16,015,727,871



INTERIM BALANCE SHEET (Continued)

As at 30 June 2023

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		1,172,941,767,730	949,414,175,129
I. Long-term receivables	210		205,000,000	822,061,880
1. Other long-term receivables	216		205,000,000	822,061,880
II. Fixed assets	220		772,966,055,070	787,387,089,074
1. Tangible fixed assets	221	13	589,755,966,647	585,574,876,927
- Cost	222		1,518,584,342,668	1,481,802,489,560
- Accumulated depreciation	223		(928,828,376,021)	(896,227,612,633)
2. Intangible assets	227	14	183,210,088,423	201,812,212,147
- Cost	228		233,788,626,721	252,779,142,186
- Accumulated amortization	229		(50,578,538,298)	(50,966,930,039)
III. Investment property	230	15	31,885,195,533	14,308,981,880
- Cost	231		44,826,611,143	17,304,956,819
- Accumulated depreciation	232		(12,941,415,610)	(2,995,974,939)
IV. Long-term assets in progress	240		306,203,681,187	92,596,259,917
1. Construction in progress	242	16	306,203,681,187	92,596,259,917
V. Long-term financial investments	250		4,507,500,000	3,860,000,000
1. Equity investments in other entities	253	5	24,108,379,057	24,108,379,057
2. Provision for impairment of long-term financial investments	254	5	(19,600,879,057)	(20,248,379,057)
VI. Other long-term assets	260		57,174,335,940	50,439,782,378
1. Long-term prepayments	261	12	40,989,410,681	34,594,969,043
2. Deferred tax assets	262	17	16,184,925,259	15,844,813,335
TOTAL ASSETS (270=100+200)	270		5,724,777,597,423	5,168,186,502,845

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



INTERIM BALANCE SHEET (Continued)

As at 30 June 2023

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,298,206,701,336	876,649,599,388
I. Current liabilities	310		1,231,895,851,268	811,536,702,268
1. Short-term trade payables	311	18	301,530,267,288	364,379,191,011
2. Short-term advances from customers	312		24,037,917,085	44,183,901,316
3. Taxes and amounts payable to the State budget	313	19	24,296,460,119	37,036,207,791
4. Payables to employees	314	20	158,159,450,044	170,724,651,834
5. Short-term accrued expenses	315	21	15,642,985,312	24,364,389,787
6. Short-term unearned revenue	318	22	44,434,641,911	34,043,466,112
7. Other current payables	319		1,466,780,132	1,844,519,967
8. Short-term loans	320	23	621,234,722,338	114,723,409,074
9. Bonus and welfare funds	322	24	41,092,627,039	20,236,965,376
II. Long-term liabilities	330		66,310,850,068	65,112,897,120
1. Long-term provisions	342	25	61,194,837,529	58,827,249,515
2. Scientific and technological development fund	343	26	5,116,012,539	6,285,647,605
D. EQUITY	400		4,426,570,896,087	4,291,536,903,457
I. Owner's equity	410	27	4,426,570,896,087	4,291,536,903,457
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		2,458,122,657,972	1,958,932,899,782
4. Retained earnings	421		654,208,580,115	1,018,364,345,675
- Retained earnings accumulated to the prior year end	421a		29,909,699,603	29,909,699,603
- Retained earnings of the current period/prior year	421b		624,298,880,512	988,454,646,072
TOTAL RESOURCES (440=300+400)	440		5,724,777,597,423	5,168,186,502,845



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director
9 August 2023

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

INTERIM INCOME STATEMENT
 For the 6-month period ended 30 June 2023

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	30	2,667,343,380,155	2,426,734,497,855
2. Deductions	02	30	286,135,437,392	242,692,106,714
3. Net revenue from goods sold and services rendered (10=01-02)	10		2,381,207,942,763	2,184,042,391,141
4. Cost of sales	11	31	1,205,410,201,407	1,125,694,459,335
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,175,797,741,356	1,058,347,931,806
6. Financial income	21	33	110,479,800,095	63,163,857,295
7. Financial expenses	22	34	39,354,918,706	45,980,348,991
- In which: Interest expense	23		11,535,018,457	7,485,532,568
8. Selling expenses	25	35	426,983,544,707	400,397,947,818
9. General and administration expenses	26	35	137,874,080,756	125,243,430,598
10. Operating profit (30=20+(21-22)-(25+26))	30		682,064,997,282	549,890,061,694
11. Other income	31	36	1,434,154,546	7,617,195,954
12. Other expenses	32	37	3,667,514,776	11,067,683,365
13. Losses from other activities (40=31-32)	40		(2,233,360,230)	(3,450,487,411)
14. Accounting profit before tax (50=30+40)	50		679,831,637,052	546,439,574,283
15. Current corporate income tax expense	51	38	55,872,868,464	56,950,925,825
16. Deferred corporate tax income	52	38	(340,111,924)	(381,658,377)
17. Net profit after corporate income tax (60=50-51-52)	60		624,298,880,512	489,870,306,835
18. Basic earnings per share	70	39	4,624	3,627



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Toshiyuki Ishii
General Director
9 August 2023

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INTERIM CASH FLOW STATEMENT
For the 6-month period ended 30 June 2023

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. <i>Profit before tax</i>	01	679,831,637,052	546,439,574,283
2. <i>Adjustments for:</i>			
Depreciation and amortization of fixed assets and investment properties	02	42,097,178,486	40,552,852,756
Provisions	03	1,490,613,496	1,827,242,719
Foreign exchange differences arising from translating foreign currency items	04	220,234,689	(87,143,406)
Gain from investing activities	05	(101,079,271,750)	(61,991,518,071)
Interest expense	06	11,535,018,457	7,485,532,568
3. <i>Operating profit before movements in working capital</i>	08	634,095,410,430	534,226,540,849
Changes in receivables	09	(138,815,330,219)	(3,925,491,974)
Changes in inventories	10	(238,749,661,385)	(37,911,085,344)
Changes in payables	11	(105,069,468,426)	48,927,200,478
Changes in prepaid expenses	12	2,767,303,479	545,916,276
Interest paid	14	(11,113,755,246)	(7,345,027,319)
Corporate income tax paid	15	(58,752,133,186)	(41,948,252,295)
Other cash outflows	17	(10,163,134,637)	(24,611,381,063)
<i>Net cash generated by operating activities</i>	20	74,199,230,810	467,958,419,608
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(201,593,491,965)	(115,401,435,368)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	489,764,545	2,740,454,376
3. Cash outflow for lending and time deposits	23	(1,260,000,000,000)	(1,870,000,000,000)
4. Cash recovered from lending and time deposits	24	1,295,000,000,000	1,485,000,000,000
5. Interest earned, dividends and profits received	27	65,435,090,813	64,967,203,605
<i>Net cash used in investing activities</i>	30	(100,668,636,607)	(432,693,777,387)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	670,052,545,187	694,658,332,059
2. Repayment of borrowings	34	(163,541,231,923)	(262,391,176,993)
3. Dividends and profits paid	36	(457,611,248,500)	(457,611,248,500)
<i>Net cash generated by/(used in) financing activities</i>	40	48,900,064,764	(25,344,093,434)
Net increases in cash (50=20+30+40)	50	22,430,658,967	9,920,548,787
Cash and cash equivalents at the beginning of the period	60	34,017,813,791	36,963,568,653
Effects of changes in foreign exchange rates	61	(37,782,859)	23,894,310
Cash and cash equivalents at the end of the period (70=50+60+61)	70	56,410,689,899	46,908,011,750

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

INTERIM CASH FLOW STATEMENT (Continued)
For the 6-month period ended 30 June 2023


Significant non-cash transactions for the 6-month period ended 30 June 2023 are presented in Note 42.



Tran Ngoc Hien
Preparer



Ho Buu Huan
Chief Accountant



Toshiyuki Ishii
General Director
9 August 2023

NOTE TO THE INTERIM FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the interim 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 2023, 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 2023 was 2,764 (as at 31 December 2022: 2,700).

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, health supplements foods and cosmeceuticals.

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 financial statements

Comparative figures on the interim balance sheet are the figures of the audited financial statements for the year ended 31 December 2022 and comparative figures on the interim income statement and interim cash flow statement are the figures of the reviewed financial statements for the 6-month period ended 30 June 2022.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The interim 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 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.

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Financial year/period

The Company's financial year begins on 1 January and ends on 31 December. The interim 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 financial statements, are as follows:

Estimates

The preparation of interim 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 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"). Interest income from term deposits is recognized in the interim income statement on accrual basis. These investments are measured at cost less provision for impairment of financial investments. Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Loan receivables

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

Equity investments in other entities

Equity investments in other entities represent the 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. The Company applies the perpetual inventory procedure. 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 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 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 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 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 income statement using the straight-line method over the lease term.

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

Provisions

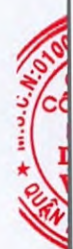
Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation as at the interim 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 financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the interim 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 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 balance sheet date but before the issuance of the interim 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 of commercial bank where the Company usually transacts on the same date. Exchange differences arising from the translation of these accounts are recognized in the interim income statement.

Borrowing costs

Borrowing costs are recognized in the interim 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 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 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 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.

Bonus and welfare fund

Bonus and welfare fund Bonus and welfare fund is deducted from the profit after corporate income tax of the company to be used for rewarding and encouraging physical benefits, serving the needs of the public, improving and enhancing mental and physical life of employees. The appropriation and use of the bonus and welfare fund must comply with current prevailing accounting and financial regulations.

Investment and development fund

Investment and development fund is deducted from profits after corporate income tax of the Company to be used to invest in expanding the scale of production, business or in-depth investment of the enterprise. The appropriation and use of the investment and development fund must comply with current prevailing accounting and financial regulations.

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 financial statements in order to help users of interim 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	9,535,921,000	14,087,199,700
Bank demand deposits	46,874,768,899	19,930,614,091
	<u>56,410,689,899</u>	<u>34,017,813,791</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 2023, term deposits with maturity term of over 3 months of VND 280 billion were pledged as collaterals for the short-term loans from the banks (Note 23) (as at 31 December 2022: VND 90 billion) and VND 10 billion 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 2022: VND 10 billion).



Investments in other entities

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in other entities	<u>24,108,379,057</u>	<u>(19,600,879,057)</u>	<u>24,108,379,057</u>	<u>(20,248,379,057)</u>

Equity investments in other entities

	Closing balance	Opening balance
	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 2023 and 31 December 2022, fair values of long-term investments in other entities were as below:

	Fair value	
	Closing balance VND	Opening balance VND
ATP Packaging JSC [1]	2,600,000,000	2,600,000,000
Enlie Pharmaceutical Joint Stock Company [2]	1,907,500,000	1,260,000,000
	<u>4,507,500,000</u>	<u>3,860,000,000</u>

[1] The fair value of investment in ATP Packaging Joint Stock Company was determined by P/B 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 2023 and 31 December 2022 represents the provision for impairment of the investment in following companies:

	Closing balance	Opening balance
	VND	VND
ATP Packaging JSC	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	2,200,879,057	2,848,379,057
	<u>19,600,879,057</u>	<u>20,248,379,057</u>

Movements in the provision for impairment of the investments during current period and prior year were as follows:

	Current period	Prior year
	VND	VND
Opening balance	20,248,379,057	30,012,514,123
Additional provision	-	772,552,493
Reversal of provision	(647,500,000)	-
Usage of provision	-	(10,536,687,559)
Closing balance	<u>19,600,879,057</u>	<u>20,248,379,057</u>

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Receivables from related parties (Note 41)	674,730,511	777,311,258
Receivables from third parties	406,685,159,951	319,720,419,877
	<u>407,359,890,462</u>	<u>320,497,731,135</u>

As at 30 June 2023 and 31 December 2022, 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 VND	Opening balance VND
PNJ Jewelry production and trading company limited	48,817,550,000	23,782,005,000
TTCL Vietnam Corporation Limited	29,311,200,000	87,721,200,000
Tan Huong Trading and Packing producing Co., Ltd.	15,384,378,403	15,533,515,000
Minh Long Chau Corporation	6,598,942,718	26,087,513,920
Other	41,551,061,729	35,842,023,150
	141,663,132,850	188,966,257,070

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	90,178,591,772	54,984,580,814
Receivables from employees	15,128,268,424	15,756,494,986
Other tax receivables for business households from customers	7,159,353,170	-
Other receivables	18,024,416,521	10,676,020,227
	130,490,629,887	81,417,096,027

10. BAD DEBTS

	Cost VND	Provision VND	Closing balance Recoverable amount VND
Total amount of receivables and loans past due or not past due but impaired	87,713,026,771	(40,303,576,425)	47,409,450,346
<i>In which</i>			
Account receivables	73,516,987,329	(26,107,536,983)	47,409,450,346
Others	14,196,039,442	(14,196,039,442)	-
	79,342,361,904	(40,635,347,479)	38,707,014,425
			38,707,014,425
			-

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As at 30 June 2023 and 31 December 2022, 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:

	<u>Current period</u>	<u>Prior year</u>
	VND	VND
Opening balance	40,635,347,479	49,257,087,303
Reversal of provision	(331,771,054)	(5,767,496,131)
Write-off of provision	-	(2,854,243,693)
Closing balance	<u>40,303,576,425</u>	<u>40,635,347,479</u>

11. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	110,386,787,394	-	176,818,014,490	-
Raw materials	781,369,125,888	-	665,502,268,079	-
Work in progress	112,937,472,719	-	71,622,857,577	-
Finished goods	433,056,490,566	(838,865,655)	304,758,756,394	(1,079,381,315)
Merchandise	52,913,085,271	-	33,211,403,913	-
	<u>1,490,662,961,838</u>	<u>(838,865,655)</u>	<u>1,251,913,300,453</u>	<u>(1,079,381,315)</u>

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

	<u>Current period</u>	<u>Prior year</u>
	VND	VND
Opening balance	1,079,381,315	1,357,913,392
Reversal	(240,515,660)	(278,532,077)
Closing balance	<u>838,865,655</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.

12. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
Prepayment related to operating lease	5,576,345,645	2,200,784,543
Others	4,742,541,822	10,200,723,416
	<u>10,318,887,467</u>	<u>12,401,507,959</u>
b. Non-current		
Tools and supplies	11,730,991,435	9,960,136,919
Others	29,258,419,246	24,634,832,124
	<u>40,989,410,681</u>	<u>34,594,969,043</u>

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13. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	578,613,089,225	682,541,039,515	81,140,453,544	139,507,907,276	1,481,802,489,560
Transfer from construction in progress	2,743,791,939	41,281,969,970	1,221,529,818	1,864,465,552	47,111,757,279
Transfer to investment property	(8,531,138,859)	-	-	-	(8,531,138,859)
Disposals	-	-	-	(1,713,127,130)	(1,713,127,130)
Write-off	-	-	(85,638,182)	-	(85,638,182)
Closing balance	<u>572,825,742,305</u>	<u>723,823,009,485</u>	<u>82,276,345,180</u>	<u>139,659,245,698</u>	<u>1,518,584,342,668</u>
ACCUMULATED DEPRECIATION					
Opening balance	289,824,233,234	429,607,263,118	70,962,994,218	105,833,122,063	896,227,612,633
Charge for the period	12,266,130,701	23,900,242,993	1,608,941,096	3,922,226,809	41,697,541,599
Transfer to investment property	(7,352,933,895)	-	-	-	(7,352,933,895)
Disposals	-	-	-	(1,673,532,564)	(1,673,532,564)
Write-off	-	-	(70,311,752)	-	(70,311,752)
Closing balance	<u>294,737,430,040</u>	<u>453,507,506,111</u>	<u>72,501,623,562</u>	<u>108,081,816,308</u>	<u>928,828,376,021</u>
NET BOOK VALUE					
Opening balance	<u>288,788,855,991</u>	<u>252,933,776,397</u>	<u>10,177,459,326</u>	<u>33,674,785,213</u>	<u>585,574,876,927</u>
Closing balance	<u>278,088,312,265</u>	<u>270,315,503,374</u>	<u>9,774,721,618</u>	<u>31,577,429,390</u>	<u>589,755,966,647</u>

As at 30 June 2023, the cost of tangible fixed assets included VND 381,870,937,024 (as at 31 December 2022: VND 360,830,354,698) of assets which were fully depreciated but are still in use.

14. INTANGIBLE ASSETS

	Land use rights with indefinite term VND	Land use rights with definite term VND	Computer software VND	Total VND
COST				
Opening balance	88,310,158,166	143,438,814,993	21,030,169,027	252,779,142,186
Transfer to investment property	<u>(5,189,553,965)</u>	<u>(13,800,961,500)</u>	-	<u>(18,990,515,465)</u>
Closing balance	<u>83,120,604,201</u>	<u>129,637,853,493</u>	<u>21,030,169,027</u>	<u>233,788,626,721</u>
ACCUMULATED AMORTIZATION				
Opening balance	-	32,766,612,466	18,200,317,573	50,966,930,039
Charge for the period	-	1,427,505,270	488,142,065	1,915,647,335
Transfer to investment property	-	<u>(2,304,039,076)</u>	-	<u>(2,304,039,076)</u>
Closing balance	<u>-</u>	<u>31,890,078,660</u>	<u>18,688,459,638</u>	<u>50,578,538,298</u>
NET BOOK VALUE				
Opening balance	<u>88,310,158,166</u>	<u>110,672,202,527</u>	<u>2,829,851,454</u>	<u>201,812,212,147</u>
Closing balance	<u>83,120,604,201</u>	<u>97,747,774,833</u>	<u>2,341,709,389</u>	<u>183,210,088,423</u>

As at 30 June 2023, the cost of intangible assets included VND 16,285,369,257 (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	
Opening balance	17,304,956,819
Transfer from intangible fixed assets	18,990,515,465
Transfer from tangible fixed assets	<u>8,531,138,859</u>
Closing balance	<u>44,826,611,143</u>
ACCUMULATED DEPRECIATION	
Opening balance	2,995,974,939
Charge for the period	288,467,700
Transfer from intangible fixed assets	2,304,039,076
Transfer from tangible fixed assets	<u>7,352,933,895</u>
Closing balance	<u>12,941,415,610</u>
NET BOOK VALUE	
Opening balance	<u>14,308,981,880</u>
Closing balance	<u>31,885,195,533</u>

The cost of investment properties included assets which were fully depreciated but are still in use as at 30 June 2023: VND 921,497,780 (31 December 2022: VND 232,067,069).

Fair value of the Company's investment properties is VND109,233,000,000, which was determined under latest valuation certificate issued on 5 August 2020 by South East Appraisal and consulting Corporation and valuation certificate issued on 17 January 2023 by VAS Valuation Corporation Limited, two independent valuation companies, not related parties of the Company. South East Appraisal and consulting Corporation company and VAS Valuation Corporation Limited company have valid practicing certificates and have 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. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	257,356,872,242	46,805,512,282
LUS product project	4,846,830,502	1,722,095,670
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
Renovating departments	3,430,705,962	3,949,522,139
REB product project	3,143,357,535	3,143,357,535
BUD product project	-	1,293,522,895
CTP product project	-	202,029,350
Construction of Can Tho branch office	1,325,656,349	-
Other machineries	32,626,309,823	32,006,271,272
	<u>306,203,681,187</u>	<u>92,596,259,917</u>

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	92,596,259,917	69,507,677,936
Purchases	287,712,010,995	150,100,167,202
Transfer to tangible fixed assets (Note 13)	(47,111,757,279)	(105,713,348,334)
Transfer to prepayments and tools	(7,079,124,625)	(9,153,400,385)
Transfer to expenses during the period/year	(19,913,707,821)	(12,144,836,502)
	<u>306,203,681,187</u>	<u>92,596,259,917</u>

17. 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	80,924,626,295	79,224,066,675
Deferred tax assets	<u>16,184,925,259</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.

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

	<u>Current period</u>	<u>Prior year</u>
	VND	VND
Opening balance	15,844,813,335	17,534,939,531
Increase in/(reversal of) deferred tax assets	344,017,603	(1,646,891,427)
Change of eliminated entry of fixed assets	(3,905,679)	(43,234,769)
Closing balance	<u>16,184,925,259</u>	<u>15,844,813,335</u>

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18. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	Amount	Amount
	VND	VND
	be paid off	be paid off
	VND	VND
a. Trade payables to third parties		
Nomura Trading Co., Ltd.	101,815,300,000	56,688,597,000
APC Pharmaceuticals and Chemical Limited	10,782,002,438	64,276,216,447
Others	185,717,224,699	243,414,377,564
b) Trade payables to related parties		
(Note 41)	3,215,740,151	-
	<u>301,530,267,288</u>	<u>364,379,191,011</u>

As at 30 June 2023 and 31 December 2022, the Company did not have any short-term trade payables past due.

19. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
Value added tax for domestic goods	5,041,879,162	31,728,740,130	(30,880,855,667)	5,889,763,625
Value added tax for import goods	-	42,009,623,566	(42,009,623,566)	-
Import and export duties	-	10,266,497,681	(10,266,497,681)	-
Corporate income tax	12,678,129,908	55,872,868,464	(58,752,133,186)	9,798,865,186
Personal income tax	12,069,460,922	31,460,127,615	(42,047,168,386)	1,482,420,151
Land rental fee	-	5,239,695,183	(2,765,383,687)	2,474,311,496
Others	7,246,737,799	9,330,122,512	(11,925,760,650)	4,651,099,661
	<u>37,036,207,791</u>	<u>185,907,675,151</u>	<u>(198,647,422,823)</u>	<u>24,296,460,119</u>

20. PAYABLE TO EMPLOYEES

	Closing balance	Opening balance
	VND	VND
Salary expense	66,492,391,326	65,180,568,992
Bonus	86,359,089,406	98,980,102,619
Others	5,307,969,312	6,563,980,223
	<u>158,159,450,044</u>	<u>170,724,651,834</u>

21. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Payment discount	3,113,305,281	4,520,921,880
Interest payable	530,886,534	109,623,323
Other accruals	11,998,793,497	19,733,844,584
	<u>15,642,985,312</u>	<u>24,364,389,787</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>114,723,409,074</u>	<u>1,025,415,011,142</u>	<u>(518,903,697,878)</u>	<u>621,234,722,338</u>

As at 30 June 2023, 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 700 billion. This facility can be withdrawn in Vietnam Dong and withdrawal deadline expired on 25 August 2023. 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 0.46% per month to 0.58% per month (prior year: from 0.27% per month to 0.58% 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 operating expenses of the Board of Management 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:

	<u>Bonus and welfare fund</u>	<u>Operation fund of Board of Management</u>	<u>Welfare fund in form of assets</u>	<u>Total</u>
	VND	VND	VND	VND
Opening balance	4,117,498,016	7,600,640,034	8,518,827,326	20,236,965,376
Appropriation to the funds (Note 27)	29,653,639,382	2,000,000,000	-	31,653,639,382
Depreciation of assets formed from the funds	-	-	(634,843,082)	(634,843,082)
Utilization	<u>(9,558,483,259)</u>	<u>(604,651,378)</u>	-	<u>(10,163,134,637)</u>
Closing balance	<u>24,212,654,139</u>	<u>8,995,988,656</u>	<u>7,883,984,244</u>	<u>41,092,627,039</u>

25. LONG-TERM PROVISION

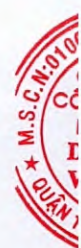
	<u>Provision for dismantling and restoration cost</u>	<u>Severance allowance</u>	<u>Total</u>
	VND	VND	VND
Opening balance	31,302,591,613	27,524,657,902	58,827,249,515
Additional provision for the period	1,968,845,076	741,555,134	2,710,400,210
Utilization	-	(342,812,196)	(342,812,196)
Closing balance	<u>33,271,436,689</u>	<u>27,923,400,840</u>	<u>61,194,837,529</u>

26. SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

In accordance with Circular No. 05/2022/TTLT-BKHCHN-BTC dated 31 May 2022 issued by Ministry of Science and Technology and Circular No. 67/2022/TT-BTC dated 07 November 2022 issued by the Ministry of finance of Vietnam, enterprises are allowed to establish the science and technology development funds for research and development activities. 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
	<u>VND</u>
Opening balance	6,285,647,605
Depreciation of assets formed from the fund	<u>(1,169,635,066)</u>
Closing balance	<u>5,116,012,539</u>



27. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Prior year's opening balance	1,307,460,710,000	6,778,948,000	1,668,641,014,030	807,129,425,636	3,790,010,097,666
Profit for the year	-	-	-	988,454,646,072	988,454,646,072
Dividends distribution 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 operation fund for the Board of Management	-	-	-	(6,000,000,000)	(6,000,000,000)
Current year's opening balance	1,307,460,710,000	6,778,948,000	1,958,932,899,782	1,018,364,345,675	4,291,536,903,457
Profit for the period	-	-	-	624,298,880,512	624,298,880,512
Dividends declared for 2022	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	499,189,758,190	(499,189,758,190)	-
Appropriation to bonus and welfare fund	-	-	-	(29,653,639,382)	(29,653,639,382)
Appropriation to operation fund for the Board of Management	-	-	-	(2,000,000,000)	(2,000,000,000)
Current period's closing balance	1,307,460,710,000	6,778,948,000	2,458,122,657,972	654,208,580,115	4,426,570,896,087

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	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000
Ordinary shares currently in circulation	130,746,071	1,307,460,710,000	130,746,071	1,307,460,710,000

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

Dividends

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

The Company paid cash dividends of 2022 on 19 May 2023.

Fund distribution

According to Resolution of the Company's Annual General Meeting No. 001/2023/NQ.DHDCD dated 19 April 2023, the shareholders of the Company have 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 operation for the Board of Management, 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 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")	229,560	127,152
Euro ("EUR")	2,660	796
Yen ("JPY")	<u>284,300</u>	<u>28,523</u>

Bad debt written off

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Bad debts written off	<u>8,470,093,749</u>	<u>8,501,993,749</u>

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

29. SEGMENTAL REPORTING

The primary report, 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, health supplements foods and others.



	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Net sales		
Pharmaceutical products	2,079,399,039,714	1,797,768,548,307
Health supplements foods	180,968,564,849	274,378,906,990
Others	120,840,338,200	111,894,935,844
	<u>2,381,207,942,763</u>	<u>2,184,042,391,141</u>
Cost of sales		
Pharmaceutical products	(996,341,916,540)	(874,431,434,245)
Health supplements foods	(109,157,726,880)	(157,081,919,401)
Others	(99,910,557,987)	(94,181,105,689)
	<u>(1,205,410,201,407)</u>	<u>(1,125,694,459,335)</u>
Gross profit		
Pharmaceutical products	1,083,057,123,174	923,337,114,062
Health supplements foods	71,810,837,969	117,296,987,589
Others	20,929,780,213	17,713,830,155
	<u>1,175,797,741,356</u>	<u>1,058,347,931,806</u>

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 financial statements.

30. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Sales of merchandise and services		
Sales of finished goods	2,436,364,822,001	2,172,225,258,423
Sales of merchandise	229,966,850,415	253,379,075,875
Others	1,011,707,739	1,130,163,557
	<u>2,667,343,380,155</u>	<u>2,426,734,497,855</u>
Deductions		
Sales discount	285,365,803,418	241,196,800,808
Sales return	769,633,974	1,495,305,906
	<u>286,135,437,392</u>	<u>242,692,106,714</u>
Net revenue		
<i>In which:</i>		
Sales of finished goods	2,153,568,129,526	1,931,487,498,553
Sales of merchandise	226,628,105,498	251,424,729,031
Others	1,011,707,739	1,130,163,557
	<u>2,381,207,942,763</u>	<u>2,184,042,391,141</u>

31. COST OF GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Cost of finished goods sold	998,579,747,727	890,655,663,879
Cost of merchandise sold	207,070,969,340	235,455,197,594
Reversal of provision	(240,515,660)	(416,402,138)
	<u>1,205,410,201,407</u>	<u>1,125,694,459,335</u>



32. OPERATING COSTS BY NATURE

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Raw materials and consumables	1,264,207,404,169	1,087,561,410,238
Staff cost	493,025,877,268	463,764,003,294
Depreciation and amortization	41,736,567,416	39,926,030,755
Out-sourced services	124,596,105,524	119,264,273,679
Other expenses	125,967,367,966	104,634,760,111
	<u>2,049,533,322,343</u>	<u>1,815,150,478,077</u>

33. FINANCIAL INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Interest income	100,629,101,771	59,429,458,395
Foreign exchange gain	9,850,698,324	3,734,398,900
	<u>110,479,800,095</u>	<u>63,163,857,295</u>

34. FINANCIAL EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Settlement discount	25,240,090,792	35,774,885,573
Interest expense	11,535,018,457	7,485,532,568
Foreign exchange loss	3,172,949,775	2,345,383,180
(Reversal of)/Additional provision for impairment of investments	(647,500,000)	320,187,988
Others	54,359,682	54,359,682
	<u>39,354,918,706</u>	<u>45,980,348,991</u>

35. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Selling expenses		
- Staff cost	240,679,023,593	230,606,858,576
- Advertising expenses	42,627,684,624	46,104,971,170
- Others	143,676,836,490	123,686,118,072
	<u>426,983,544,707</u>	<u>400,397,947,818</u>
General and administration expenses		
- Staff cost	97,395,710,833	88,208,942,421
- Others	40,478,369,923	37,034,488,177
	<u>137,874,080,756</u>	<u>125,243,430,598</u>

36. OTHER INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Gain from disposals of fixed assets	450,169,979	2,562,059,676
Gain from research service	207,457,537	-
Income from receiving support from Taisho	-	4,215,538,818
Others	776,527,030	839,597,460
	<u>1,434,154,546</u>	<u>7,617,195,954</u>

37. OTHER EXPENSES

	Current period VND	Prior period VND
Depreciation expense	360,611,070	626,822,001
Supporting fee for business households	-	9,000,000,000
Others	3,306,903,706	1,440,861,364
	3,667,514,776	11,067,683,365

38. CURRENT CORPORATE INCOME TAX EXPENSE

	Current period VND	Prior period VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current period	55,547,943,105	56,950,925,825
Adjustments for corporate income tax expense in previous years to the current period	324,925,359	-
Total current corporate income tax expense	55,872,868,464	56,950,925,825

	Current period VND	Prior period VND
Profit before tax	679,831,637,052	546,439,574,283
<i>Tax rate</i>	20%	20%
Tax calculated at a normal rate of 20%	135,966,327,410	109,287,914,857
Adjustments for		
<i>Add back: non-deductible expenses</i>	2,466,251,657	4,997,115,100
<i>Less: Non-taxable income</i>	(2,942,258,514)	-
<i>Tax incentive</i>	(79,942,377,448)	(57,334,104,132)
Corporate income tax expense based on taxable profit in the current period	55,547,943,105	56,950,925,825

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%.

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	344,017,603	404,861,788
Change of eliminated entries of fixed assets	(3,905,679)	(23,203,411)
	<u>340,111,924</u>	<u>381,658,377</u>

39. BASIC EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share is 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 year, excluding ordinary shares repurchased by the Company and held as treasury shares.

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Accounting profit after corporate income tax	624,298,880,512	489,870,306,835
Appropriation to fund (*)	(19,728,966,415)	(15,696,109,205)
Profit attributable to ordinary shareholders	604,569,914,097	474,174,197,630
Weighted average ordinary shares in circulation for the period (share)	<u>130,746,071</u>	<u>130,746,071</u>
Basic earnings per share	<u>4,624</u>	<u>3,627</u>

(*) Estimated amounts appropriated to bonus and welfare funds and operation fund of Board of Management for the 6-month period ended 30 June 2023 are determined based on the planned appropriation percentage of profit distribution to bonus and welfare funds at the rate of 3% and operation fund of Board of Management with amount of VND 2,000,000,000 in accordance with Resolution of the Parent Company's Annual General Meeting No. 001/2023/NQ.DHDCD dated 19 April 2023.

b. Diluted earnings per share

The Group does not have potentially diluted ordinary shares.

40. COMMITMENTS

a. Operating lease commitment

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Minimum lease payment under operating leases recognized in the income statement	<u>1,430,287,427</u>	<u>3,554,218,570</u>

At the interim 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	<u>111,605,124,295</u>	<u>115,162,999,634</u>
	<u>146,987,310,005</u>	<u>150,545,185,344</u>



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

Name	Title	Current period VND	Prior period VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	450,000,000	300,000,000
Mr. Jun Kuroda	Board of Directors Member	315,000,000	210,000,000
Mr. Masashi Nakaura	Board of Directors Member (resigned on 19 April 2023) cum General Director (resigned on 31 December 2022)	1,378,686,904	2,662,890,700
Mr. Toshiyuki Ishii	Board of Directors Member (appointed on 19 April 2023) cum General Director (appointed on 1 January 2023)	1,292,870,520	-
Mr. Maki Kamijo	Board of Directors Member	395,000,000	210,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member cum Chief Operating Officer	2,398,804,000	2,442,055,442
Mr. Do Le Hung	Board of Directors Member	405,000,000	405,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member	345,000,000	315,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	1,606,010,836	1,519,489,047
Mr. Tomoyuki Kawata	Deputy General Director	1,580,546,836	1,475,195,000
Mr. Tran Duy Hung	Marketing Director (under the Management from 1 May 2023)	1,605,820,798	1,250,118,229
Ms. Le Thi Hong Nhung	Finance Director (under the Management from 1 May 2023)	781,431,250	694,963,812
Ms. Vu Thi Huong Lan	Human Resource Director (under the Management from 1 May 2023)	723,909,400	765,938,912
		<u>13,278,080,544</u>	<u>12,250,651,142</u>

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

	Closing balance VND	Opening balance VND
Receivables		
Hoe Pharmaceuticals Sdn Bhd	<u>674,730,511</u>	<u>777,311,258</u>
Payables		
Taisho Pharmaceutical Co., Ltd.	<u>3,215,740,151</u>	<u>-</u>
Advance from customers		
Taisho Pharmaceutical Co., Ltd.	<u>240,536,086</u>	<u>-</u>



42. SUPPLEMENTAL DISCLOSURES OF INTERIM CASH FLOW INFORMATION

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

	Current period VND	Prior period VND
Appropriation to reserves	530,843,397,572	319,608,477,533
Transfers from construction in progress to tangible fixed assets	47,111,757,279	8,245,320,769
Transfer from intangible fixed assets to Investment property	18,990,515,465	-
Transfer from tangible fixed assets to Investment property	8,531,138,859	-
Transfers from construction in progress to prepayment and Tools and equipment	7,079,124,625	-
Accrued interest payables	530,886,534	249,007,260
Accrued interest income	90,178,591,772	47,832,293,146
	703,265,412,106	375,935,098,708

b. Proceeds from borrowings


	Current period VND	Prior period VND
Proceeds from borrowings under normal contracts not over 3 months	355,362,465,955	107,486,686,533
Proceeds from borrowings under normal contracts over 3 months	670,052,545,187	694,658,332,059
	1,025,415,011,142	802,145,018,592


c. Repayment of borrowings


	Current period VND	Prior period VND
Repayment of borrowings under normal contracts not over 3 months	355,362,465,955	107,486,686,533
Repayment of borrowings under normal contracts over 3 months	163,541,231,923	262,391,176,993
	518,903,697,878	369,877,863,526

d. Other supplemental disclosures

Cash outflow for acquisition of fixed assets and construction in progress during the period included the amount of VND 35,162,847,000 (prior period: VND 93,456,000,000), representing the advances to suppliers for acquisition of fixed assets and construction in progress during the period which were not performed. However, cash outflow for acquisition of fixed assets and construction in progress during current period excluded the advances to suppliers from prior year with an amount of VND 101,343,532,859. Consequently, changes in receivables have been adjusted by the same amount.


 Tran Ngoc Hien
 Preparer


 Ho Bui Huan
 Chief Accountant


 Toshiyuki Ishii
 General Director
 9 August 2023

