

DHG PHARMACEUTICAL JOINT STOCK COMPANY

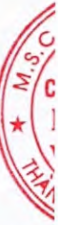
(Incorporated in the Socialist Republic of Vietnam)

REVIEWED INTERIM SEPARATE FINANCIAL STATEMENTS

For the 6-month period ended 30 June 2021

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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 separate financial statements for the 6-month period ended 30 June 2021.

THE BOARD OF DIRECTORS, AUDIT COMMITTEE AND MANAGEMENT

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

Board of Directors

Ms. Dang Thi Thu Ha	Chairwoman
Mr. Jun Kuroda	Member
Mr. Masashi Nakaura	Member
Mr. Maki Kamijo	Member
Mr. Doan Dinh Duy Khuong	Member
Mr. Phan Minh Tien	Member (resigned on 19 April 2021)
Ms. Nguyen Thi Viet Thanh	Member (appointed on 19 April 2021)
Mr. Do Le Hung	Member

Audit Committee

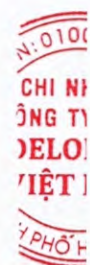
Mr. Do Le Hung	Head of the Committee
Ms. Dang Thi Thu Ha	Member
Mr. Maki Kamijo	Member

Management

Mr. Masashi Nakaura	General Director
Mr. Doan Dinh Duy Khuong	Chief Operating Officer
Ms. Nguyen Ngoc Diep	Deputy General Director
Mr. Tomoyuki Kawata	Deputy General Director
Mr. Pham Chi Truc	Deputy General Director (resigned on 4 July 2021)

Legal representative

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



STATEMENT OF THE MANAGEMENT (Continued)

THE MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Management of the Company is responsible for preparing the interim separate financial statements which give a true and fair view of the separate financial position of the Company as at 30 June 2021 and its separate financial performance and separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim separate financial statements, the Management is required to:

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

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

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

For and on behalf of the Management,



Masashi Nakaura
General Director

11 August 2021



No.: 0120 /VN1A-HC-BC

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

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

We have reviewed the accompanying interim separate financial statements of DHG Pharmaceutical Joint Stock Company (the "Company"), prepared on 11 August 2021 as set out from page 4 to page 34, which comprise the interim separate balance sheet as at 30 June 2021, the interim separate income statement and interim separate cash flow statement for the 6-month period ended 30 June 2021 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Separate Financial Statements

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

Auditors' Responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 June 2021, and of its separate financial performance and its separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



Nguyen Thi Thu Sang

Audit Partner

Audit Practising Registration Certificate

No. 1144-2018-001-1

BRANCH OF DELOITTE VIETNAM COMPANY LIMITED

11 August 2021

Ho Chi Minh City, Vietnam

INTERIM SEPARATE BALANCE SHEET

As at 30 June 2021

Unit: VND

ASSETS		Codes	Notes	Closing balance	Opening balance
A.	CURRENT ASSETS	100		3,610,390,413,044	3,475,797,124,506
I.	Cash and cash equivalents	110	4	59,986,092,296	68,051,723,905
1.	Cash	111		59,986,092,296	68,051,723,905
II.	Short-term financial investments	120	5	2,181,000,000,000	2,074,000,000,000
1.	Held-to-maturity investments	123		2,181,000,000,000	2,074,000,000,000
III.	Short-term receivables	130		362,737,456,761	496,020,199,824
1.	Short-term trade receivables	131	6	317,792,273,670	414,158,635,702
2.	Short-term advances to suppliers	132		38,012,356,976	69,081,209,633
3.	Short-term loan receivables	135	12	270,872,204	380,542,458
4.	Other short-term receivables	136	7	53,854,661,697	63,309,022,728
5.	Provision for short-term doubtful debts	137	8	(47,192,707,786)	(50,909,210,697)
IV.	Inventories	140		989,031,530,188	826,585,429,976
1.	Inventories	141	9	990,419,845,555	827,650,041,659
2.	Provision for devaluation of inventories	149	9	(1,388,315,367)	(1,064,611,683)
V.	Other short-term assets	150		17,635,333,799	11,139,770,801
1.	Short-term prepayments	151	10	9,929,234,322	4,042,674,685
2.	Value added tax deductibles	152		7,706,099,477	7,078,253,656
3.	Taxes and other receivables from the State budget	153	11	-	18,842,460

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

INTERIM SEPARATE BALANCE SHEET (Continued)

As at 30 June 2021

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		923,081,241,917	966,974,205,664
I. Long-term receivables	210		642,061,880	244,240,000
1. Other long-term receivables	216		642,061,880	244,240,000
II. Fixed assets	220		808,411,277,663	845,372,226,657
1. Tangible fixed assets	221	13	600,640,017,990	635,287,762,316
- Cost	222		1,392,686,212,404	1,395,646,660,192
- Accumulated depreciation	223		(792,046,194,414)	(760,358,897,876)
2. Intangible assets	227	14	207,771,259,673	210,084,464,341
- Cost	228		252,779,142,186	252,779,142,186
- Accumulated amortization	229		(45,007,882,513)	(42,694,677,845)
III. Investment properties	230	15	14,827,214,606	14,999,958,848
- Cost	231		17,304,956,819	17,304,956,819
- Accumulated depreciation	232		(2,477,742,213)	(2,304,997,971)
IV. Long-term assets in progress	240		60,758,490,569	66,472,781,314
1. Construction in progress	242	16	60,758,490,569	66,472,781,314
V. Long-term financial investments	250		7,523,968,124	8,621,437,680
1. Investments in subsidiaries	251	5	13,742,460,000	13,742,460,000
2. Equity investments in other entities	253	5	24,108,379,057	24,282,104,800
3. Provision for impairment of long-term financial investments	254	5	(30,326,870,933)	(29,403,127,120)
VI. Other long-term assets	260		30,918,229,075	31,263,561,165
1. Long-term prepayments	261	10	14,437,826,781	15,232,901,753
2. Deferred tax assets	262	17	16,480,402,294	16,030,659,412
TOTAL ASSETS (270=100+200)	270		4,533,471,654,961	4,442,771,330,170

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

INTERIM SEPARATE BALANCE SHEET (Continued)

As at 30 June 2021

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,115,130,333,031	878,652,181,871
I. Current liabilities	310		1,052,325,072,443	815,621,370,458
1. Short-term trade payables	311	18	195,644,568,173	252,270,552,909
2. Short-term advances from customers	312		20,862,585,122	20,694,112,030
3. Taxes and amounts payable to the State budget	313	11	35,539,081,081	38,150,477,839
4. Payables to employees	314		121,646,389,913	155,266,843,391
5. Short-term accrued expenses	315	19	17,873,618,269	38,817,541,041
6. Short-term unearned revenue	318	20	48,163,857,992	49,532,335,735
7. Other current payables	319	21	1,722,296,247	1,583,049,307
8. Short-term loans	320	22	562,685,165,649	212,271,519,448
9. Bonus and welfare funds	322	23	48,187,509,997	47,034,938,758
II. Long-term liabilities	330		62,805,260,588	63,030,811,413
1. Long-term provisions	342	24	51,594,511,535	50,102,720,849
2. Scientific and technological development fund	343	25	11,210,749,053	12,928,090,564
D. EQUITY	400		3,418,341,321,930	3,564,119,148,299
I. Owner's equity	410	26	3,418,341,321,930	3,564,119,148,299
1. Owner's contributed capital	411		1,307,460,710,000	1,307,460,710,000
- Ordinary shares carrying voting rights	411a		1,307,460,710,000	1,307,460,710,000
2. Share premium	412		6,778,948,000	6,778,948,000
3. Investment and development fund	418		1,668,641,014,030	1,479,946,644,695
4. Retained earnings	421		435,460,649,900	769,932,845,604
- Retained earnings accumulated to the prior year end	421a		30,057,945,259	29,581,625,459
- Retained earnings of the current period/ year	421b		405,402,704,641	740,351,220,145
TOTAL RESOURCES (440=300+400)	440		4,533,471,654,961	4,442,771,330,170



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director

11 August 2021


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

INTERIM SEPARATE INCOME STATEMENT
For the 6-month period ended 30 June 2021

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01		2,214,954,354,171	1,835,857,603,146
2. Deductions	02		249,740,938,587	157,109,243,226
3. Net revenue from goods sold and services rendered (10=01-02)	10	29	1,965,213,415,584	1,678,748,359,920
4. Cost of sales	11	30	1,051,499,579,836	833,880,593,954
5. Gross profit from goods sold and services rendered (20=10-11)	20		913,713,835,748	844,867,765,966
6. Financial income	21	32	63,641,778,000	73,852,008,346
7. Financial expenses	22	33	50,828,041,508	48,486,724,983
- In which: Interest expense	23		6,278,590,807	6,012,071,421
8. Selling expenses	25	34	342,616,612,899	315,860,009,036
9. General and administration expenses	26	34	120,692,122,665	150,607,597,591
10. Operating profit (30=20+(21-22)-(25+26))	30		463,218,836,676	403,765,442,702
11. Other income	31	35	1,144,458,689	2,073,540,689
12. Other expenses	32	36	10,396,372,891	4,110,879,107
13. Losses from other activities (40=31-32)	40		(9,251,914,202)	(2,037,338,418)
14. Accounting profit before tax (50=30+40)	50		453,966,922,474	401,728,104,284
15. Current corporate income tax expense	51	37	49,013,960,715	38,889,418,743
16. Deferred corporate tax (income)/expense	52	37	(449,742,882)	175,849,398
17. Net profit after corporate income tax (60=50-51-52)	60		405,402,704,641	362,662,836,143


Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant

Masashi Nakaura
General Director
11 August 2021

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

INTERIM SEPARATE CASH FLOW STATEMENT

For the 6-month period ended 30 June 2021

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	453,966,922,474	401,728,104,284
2. Adjustments for:			
Depreciation and amortization of fixed assets, investment properties	02	42,617,759,481	44,590,582,835
Provisions	03	(326,271,978)	(1,156,394,959)
Foreign exchange gains arising from translating foreign currency items	04	(331,093,613)	(242,636,254)
Gain from investing activities	05	(53,071,471,104)	(71,243,917,289)
Interest expense	06	6,278,590,807	6,012,071,421
3. Operating profit before movements in working capital	08	449,134,436,067	379,687,810,038
Changes in receivables	09	125,780,419,818	178,977,229,412
Changes in inventories	10	(162,769,803,896)	(227,184,852,134)
Changes in payables	11	(123,282,948,628)	20,860,138,757
Changes in prepaid expenses	12	(4,382,645,359)	(3,953,831,370)
Interest paid	14	(6,167,768,607)	(6,100,352,671)
Corporate income tax paid	15	(40,250,330,351)	(32,000,000,000)
Other cash outflows	17	(25,802,816,359)	(28,961,074,218)
Net cash generated by operating activities	20	212,258,542,685	281,325,067,814
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(12,843,540,924)	(36,951,908,419)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	2,089,272,726	684,227,272
3. Cash outflow for lending and time deposits	23	(1,975,000,000,000)	(1,657,000,000,000)
4. Cash recovered from lending and time deposits	24	1,868,109,670,254	1,533,530,683,595
5. Cash recovered from investments in other entities	26	84,720,000	-
6. Interest, dividends and profits received	27	69,823,857,945	72,808,461,240
Net cash used in investing activities	30	(47,736,019,999)	(86,928,536,312)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	582,804,881,494	650,098,169,307
2. Repayment of borrowings	34	(232,391,235,293)	(466,790,840,100)
3. Dividends and profits paid	36	(522,984,284,000)	(392,238,213,000)
Net cash used in financing activities	40	(172,570,637,799)	(208,930,883,793)
Net decrease in cash (50=20+30+40)	50	(8,048,115,113)	(14,534,352,291)
Cash and cash equivalents at the beginning of the period	60	68,051,723,905	66,489,589,298
Effects of changes in foreign exchange rates	61	(17,516,496)	56,021,981
Cash and cash equivalents at the end of the period (70=50+60+61)	70	59,986,092,296	52,011,258,988

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

INTERIM SEPARATE CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2021

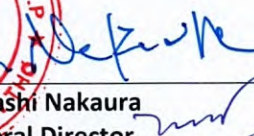
Significant non-cash transactions for the 6-month period ended 30 June 2021 are presented in Note 40.



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director
11 August 2021



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the "Company") was equitized from Hau Giang Pharmaceutical United Factory in accordance with Decision No. 2405/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 in Ho Chi Minh Stock Exchange with DHG code in accordance with Decision No. 93/UBCK-GPNY dated 1 December 2006 issued by the State Securities Commission of Vietnam.

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

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

The number of employees of the Company as at 30 June 2021 was 2,678 (as at 31 December 2020: 2,711).

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 and cosmeceuticals.

The Company' structure

As at 30 June 2021 and 31 December 2020, the Company' subsidiary was as follows:

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

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

Normal production and business cycle

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

Disclosure of information comparability in the interim financial statements

Comparative figures on the interim separate balance sheet are the figures of the audited separate financial statements for the year ended 31 December 2020 and comparative figures on the interim separate income statement and interim separate cash flow statement are the figures of the reviewed separate financial statements for the 6-month period ended 30 June 2020.

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

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

The interim separate financial statements are prepared solely to present the separate financial position of the Company as at 30 June 2021, and its separate results of operations and separate cash flows for the 6-month period ended 30 June 2021. Therefore, the Company did not consolidate its investments in subsidiary in these interim separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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



Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

Loan receivables

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

Investments in subsidiary

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

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

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

Equity investments in other entities

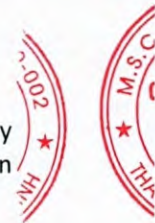
Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Receivables

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

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



Inventory

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3 - 50
Machinery and equipment	3 - 20
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 interim separate income statement.

Operating leases

The Company as lessor

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

The Company as lessee

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

Intangible assets and amortization

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

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



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

Investment properties

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

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

Construction in progress

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

Prepayments

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

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

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

Provisions

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

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each period of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the interim separate financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the interim separate income statement.

Provision for dismantling and restoration costs

In accordance with Circular No.200/2014/TT-BTC issued by Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2015 to the time of returning the premises or land.

Unearned revenue

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

Revenue recognition

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

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

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

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

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

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

Sales deductions

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

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

Customer loyalty program

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

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

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

Foreign currencies

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

Borrowing costs

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

Taxation

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

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

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

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

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

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

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

Dividend distribution

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

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

Segmental reporting

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	10,627,287,000	9,061,709,500
Demand deposits	49,358,805,296	58,990,014,405
	<u>59,986,092,296</u>	<u>68,051,723,905</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 reporting date. Term deposits earned interests at the rate from 3.95% to 5.85% per annum (as at 31 December 2020: 4.75% to 6.70% per annum).

As at 30 June 2021, term deposits with maturity term over 3 months of VND 280,000,000,000 were pledged as collaterals for the short-term loans from the banks (Note 22) (as at 31 December 2020: VND 100,000,000,000).



Investments in subsidiary and other entities

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Investments in subsidiary	13,742,460,000	(10,480,991,876)	13,742,460,000	(9,508,542,320)
Equity investments in other entities	24,108,379,057	(19,845,879,057)	24,282,104,800	(19,894,584,800)
	37,850,839,057	(30,326,870,933)	38,024,564,800	(29,403,127,120)

Investments in subsidiary

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

Equity investments in other entities

	Closing balance VND	Opening balance VND
ATP Packaging JSC	20,000,000,000	20,000,000,000
Enlie Pharmaceutical Joint Stock Company	4,108,379,057	4,282,104,800
	<u>24,108,379,057</u>	<u>24,282,104,800</u>

As at 30 June 2021 and 31 December 2020, fair values of long-term investments in other entities were as below:

	Fair value	
	Closing balance VND	Opening balance VND
ATP Packaging JSC (*)	2,600,000,000	2,600,000,000
Enlie Pharmaceutical Joint Stock Company (**)	<u>1,662,500,000</u>	<u>1,787,520,000</u>

(*) The fair value of investment in ATP Packaging Joint Stock Company was determined by Bao Viet Securities Joint Stock Company, an independent valuation company, not a related party of the Company on 29 December 2020.

(**) 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 2021 and 31 December 2020 represents the provision for impairment of the investment in following companies:

	Closing balance VND	Opening balance VND
Fuji Medic Limited Liability Company	10,480,991,876	9,508,542,320
ATP Packaging Joint Stock Company	17,400,000,000	17,400,000,000
Enlie Pharmaceutical JSC	2,445,879,057	2,494,584,800
	<u>30,326,870,933</u>	<u>29,403,127,120</u>

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables from third parties (*)	317,792,273,670	412,581,916,558
Receivables from related parties (Note 39)	-	1,576,719,144
	<u>317,792,273,670</u>	<u>414,158,635,702</u>

(*) As at 30 June 2021 and 31 December 2020, there was no trade receivables from third parties accounting for 10% or more of total trade receivables.

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accruals of interest income	30,393,145,215	40,494,673,974
Receivables from employees	18,755,217,068	18,314,170,360
Other receivables	4,706,299,414	4,500,178,394
	<u>53,854,661,697</u>	<u>63,309,022,728</u>

8. BAD DEBTS

	<u>Closing balance</u>		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>96,566,060,036</u>	<u>(47,192,707,786)</u>	<u>49,373,352,250</u>

	<u>Opening balance</u>		
	Cost VND	Provision VND	Recoverable amount VND
Total amount of receivables and loan receivables past due or not past due but impaired	<u>96,627,799,467</u>	<u>(50,909,210,697)</u>	<u>45,718,588,770</u>

As at 30 June 2021 and 31 December 2020, 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	50,909,210,697	55,217,383,646
Reversal of provision	(895,751,792)	(1,449,056,292)
Written off	(2,820,751,119)	(2,859,116,657)
Closing balance	<u>47,192,707,786</u>	<u>50,909,210,697</u>

9. INVENTORIES

	Closing balance		Opening balance	
	Amount	Provision	Amount	Provision
	VND	VND	VND	VND
Goods in transit	114,214,746,121	-	121,226,935,043	-
Raw materials	425,639,280,330	-	302,896,326,728	-
Work in progress	64,150,363,529	-	54,939,723,503	-
Finished goods	342,255,283,627	(1,388,315,367)	302,980,473,638	(1,064,611,683)
Merchandise	44,160,171,948	-	45,606,582,747	-
	990,419,845,555	(1,388,315,367)	827,650,041,659	(1,064,611,683)

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

	Current period	Prior year
	VND	VND
Opening balance	1,064,611,683	1,091,103,288
Additional provision	323,703,684	-
Reversal in the period/year	-	(26,491,605)
Closing balance	1,388,315,367	1,064,611,683

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

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
Prepayment related to operating lease	4,734,066,937	715,600,001
Others	5,195,167,385	3,327,074,684
	9,929,234,322	4,042,674,685
b. Non-current		
Tools and supplies	5,573,399,130	7,257,962,228
Others	8,864,427,651	7,974,939,525
	14,437,826,781	15,232,901,753

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

	Opening balance	Payables during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Value added tax for import goods	(18,842,460)	30,314,234,998	(30,295,392,538)	-
Import and export duties	-	5,128,023,819	(5,128,023,819)	-
Value added tax for domestic goods	14,606,561,461	39,089,024,902	(46,646,797,894)	7,048,788,469
Corporate income tax	14,623,658,246	49,013,960,715	(40,250,330,351)	23,387,288,610
Personal income tax	8,920,258,132	25,442,198,018	(32,797,670,718)	1,564,785,432
Land rental fee, land use tax	-	7,299,601,798	(3,761,383,228)	3,538,218,570
Other taxes	-	386,575,276	(386,575,276)	-
	38,131,635,379	156,673,619,526	(159,266,173,824)	35,539,081,081

In which:

<i>Tax receivables</i>	<i>18,842,460</i>	-
<i>Tax payables</i>	<i>38,150,477,839</i>	<i>35,539,081,081</i>

12. 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 8.

13. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	528,464,444,217	646,198,932,246	148,257,660,772	72,725,622,957	1,395,646,660,192
Transfer from construction in progress	-	16,987,108,597	-	75,436,363	17,062,544,960
Disposals	-	(16,380,000,000)	(3,642,992,748)	-	(20,022,992,748)
Closing balance	<u>528,464,444,217</u>	<u>646,806,040,843</u>	<u>144,614,668,024</u>	<u>72,801,059,320</u>	<u>1,392,686,212,404</u>
ACCUMULATED DEPRECIATION					
Opening balance	238,387,732,775	352,861,291,822	103,391,350,768	65,718,522,511	760,358,897,876
Charge for the period	13,941,978,351	23,356,629,449	4,310,826,242	1,480,577,452	43,090,011,494
Disposals	-	(7,800,525,240)	(3,602,189,716)	-	(11,402,714,956)
Closing balance	<u>252,329,711,126</u>	<u>368,417,396,031</u>	<u>104,099,987,294</u>	<u>67,199,099,963</u>	<u>792,046,194,414</u>
NET BOOK VALUE					
Opening balance	<u>290,076,711,442</u>	<u>293,337,640,424</u>	<u>44,866,310,004</u>	<u>7,007,100,446</u>	<u>635,287,762,316</u>
Closing balance	<u>276,134,733,091</u>	<u>278,388,644,812</u>	<u>40,514,680,730</u>	<u>5,601,959,357</u>	<u>600,640,017,990</u>

As at 30 June 2021, the cost of tangible fixed assets included VND 288,785,514,895 (as at 31 December 2020: VND 279,535,717,069) of assets which were fully depreciated but are still in use.

14. INTANGIBLE ASSETS

	Land use rights with indefinite term	Land use rights with definite term	Computer software	Total
	VND	VND	VND	VND
COST				
Opening balance	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
Closing balance	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
ACCUMULATED AMORTIZATION				
Opening balance	-	26,771,173,416	15,923,504,429	42,694,677,845
Charge for the period	-	1,502,465,052	810,739,616	2,313,204,668
Closing balance	-	28,273,638,468	16,734,244,045	45,007,882,513
NET BOOK VALUE				
Opening balance	88,314,253,166	116,663,546,577	5,106,664,598	210,084,464,341
Closing balance	88,314,253,166	115,161,081,525	4,295,924,982	207,771,259,673

As at 30 June 2021, the cost of intangible assets included VND 16,169,520,805 (as at 31 December 2020: VND 6,793,449,005) of assets which were fully amortized but are still in use.

15. INVESTMENT PROPERTIES

	Buildings and land use rights
	VND
COST	
Opening balance and closing balance	17,304,956,819
ACCUMULATED DEPRECIATION	
Opening balance	2,304,997,971
Charge for the period	172,744,242
Closing balance	2,477,742,213
NET BOOK VALUE	
Opening balance	14,999,958,848
Closing balance	14,827,214,606

As at 30 June 2021, the cost of investment properties included VND 232,067,069 (as at 31 December 2020: VND 232,067,069) of assets which were fully depreciated but are still for lease.

Fair value of the Company's investment properties as at 30 June 2021 was VND 38,724,445,120, which was determined by Century Valuation Joint Stock Company, an independent valuation company, not a related party of the Company. Century Valuation Joint Stock Company has a valid practicing certificate and has experience in real estate valuation. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.

16. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Construction of Branch DHG Pharmaceutical Plant at Hau Giang province	11,664,213,313	11,893,304,222
BUD product project	1,293,522,895	1,293,522,895
Construction of Gia Lai branch office	3,473,948,774	623,948,774
CTP product project	202,029,350	202,029,350
Expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	6,025,703,977	1,778,218,986
REB product project	2,983,810,627	2,983,810,627
Renovating departments	1,962,192,771	466,766,087
PGT Project	148,231,359	148,231,359
Other machineries	33,004,837,503	47,082,949,014
	60,758,490,569	66,472,781,314

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

	Current period	Prior year
	VND	VND
Opening balance	66,472,781,314	28,927,855,544
Purchases	12,843,540,924	88,805,051,465
Transfer to tangible fixed assets (Note 13)	(17,062,544,960)	(43,149,564,728)
Transfer to intangible fixed assets (Note 14)	-	(4,860,648,222)
Transfer to prepayments	(708,839,306)	(1,301,454,975)
Transfer to expenses	(786,447,403)	(1,948,457,770)
Closing balance	60,758,490,569	66,472,781,314

17. DEFERRED TAX ASSETS

	Closing balance	Opening balance
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences	82,402,011,470	80,153,297,060
Deferred tax assets	16,480,402,294	16,030,659,412

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 branches in the Company which are dissolved.

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

	Current period	Prior year
	VND	VND
Opening balance	16,030,659,412	12,303,891,026
Additional provision	483,106,900	3,875,366,641
Change in elimination entry of fixed assets	(33,364,018)	(148,598,255)
Closing balance	16,480,402,294	16,030,659,412

18. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Apc Pharmaceuticals And Chemical Limited	54,099,717,984	54,099,717,984	8,440,469,074	8,440,469,074
Centrient Pharmaceuticals India Private Limited	6,496,720,000	6,496,720,000	17,768,761,000	17,768,761,000
Centrient Pharmaceuticals Netherlands B.V	-	-	53,966,749,750	53,966,749,750
Others	135,048,130,189	135,048,130,189	172,094,573,085	172,094,573,085
	195,644,568,173	195,644,568,173	252,270,552,909	252,270,552,909

As at 30 June 2021 and 31 December 2020, the Company did not have any short-term trade payables past due.

19. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Payment discount	6,444,670,184	8,153,790,426
Interest payable	189,133,309	78,311,109
Other accruals	11,239,814,776	30,585,439,506
	17,873,618,269	38,817,541,041

20. SHORT-TERM UNEARNED REVENUE

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

21. OTHER SHORT-TERM PAYABLES

	Closing balance VND	Opening balance VND
Union fee	548,996,927	548,081,634
Others	1,173,299,320	1,034,967,673
	1,722,296,247	1,583,049,307

22. SHORT-TERM LOANS

	Opening balance VND	Increases in period VND	Decreases in period VND	Closing balance VND
Short-term loans from banks	212,271,519,448	666,804,881,494	(316,391,235,293)	562,685,165,649
	212,271,519,448	666,804,881,494	(316,391,235,293)	562,685,165,649

	Closing balance VND	Opening balance VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch (*)	526,485,165,649	212,271,519,448
HSBC Bank (Vietnam) Ltd. (**)	36,200,000,000	-
	562,685,165,649	212,271,519,448

(*) Loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch with a maximum credit limit of VND 700,000,000,000. This facility can be withdrawn in Vietnam Dong and withdrawal deadline will be due on 2 September 2021. The maximum duration for each withdrawal is 6 months. These loans are secured by term deposits, as presented in Note 5.

(**) Loans from HSBC Bank (Vietnam) Ltd. with a maximum credit limit of VND 100,000,000,000. This facility can be withdrawn in Vietnam Dong or United State Dollar ("USD") or Euro ("EUR") or Hong Kong Dollar ("HKD") equivalent. These loans are unsecured.

These loans bear interests at the rates ranging from 0.18% per month to 0.28% per month (as at 31 December 2020: from 0.28% per month to 0.47% per month).

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

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

	Bonus fund for			Total
	Bonus and welfare fund	Board of Directors	Welfare fund in form of assets	
	VND	VND	VND	VND
Opening balance	30,289,675,309	4,350,961,280	12,394,302,169	47,034,938,758
Appropriation to the funds (Note 26)	22,196,247,010	6,000,000,000	-	28,196,247,010
Depreciation of assets formed from the funds	-	-	(1,240,859,412)	(1,240,859,412)
Utilization	(21,247,083,119)	(4,555,733,240)	-	(25,802,816,359)
Closing balance	31,238,839,200	5,795,228,040	11,153,442,757	48,187,509,997

24. LONG-TERM PROVISION

	Provision for		Total
	dismantling and restoration cost	Severance allowance	
	VND	VND	VND
Opening balance	23,427,211,309	26,675,509,540	50,102,720,849
Additional provision for the period	1,968,845,076	173,938,360	2,142,783,436
Utilization of provisions	-	(650,992,750)	(650,992,750)
Closing balance	25,396,056,385	26,198,455,150	51,594,511,535

25. SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

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

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

	Scientific and technological development fund in form of assets
	VND
Opening balance	12,928,090,564
Depreciation of assets formed from the fund	(1,717,341,511)
Closing balance	11,210,749,053

26. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
Prior year's opening balance	1,307,460,710,000	6,778,948,000	1,392,604,475,464	664,969,721,573	3,371,813,855,037
Profit for the period	-	-	-	740,351,220,145	740,351,220,145
Dividends for 2019	-	-	-	(522,984,284,000)	(522,984,284,000)
Fund distribution	-	-	87,342,169,231	(87,342,169,231)	-
Appropriation to bonus and welfare fund	-	-	-	(19,061,642,883)	(19,061,642,883)
Appropriation to bonus fund for the Boards of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Current period's opening balance	1,307,460,710,000	6,778,948,000	1,479,946,644,695	769,932,845,604	3,564,119,148,299
Profit for the period	-	-	-	405,402,704,641	405,402,704,641
Dividends for 2020	-	-	-	(522,984,284,000)	(522,984,284,000)
Fund distribution	-	-	188,694,369,335	(188,694,369,335)	-
Appropriation to bonus and welfare fund	-	-	-	(22,196,247,010)	(22,196,247,010)
Appropriation to bonus fund for the Boards of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Current period's closing balance	1,307,460,710,000	6,778,948,000	1,668,641,014,030	435,460,649,900	3,418,341,321,930

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. 001/2021/NQ.ĐHĐCĐ dated 19 April 2021, the shareholders of the Company have approved payment of dividends from profit after tax of 2020 at 40% in cash, equivalent to VND 522,984,284,000.

The Company paid cash dividends of 2020 on 18 May 2021.

Fund distribution

According to Resolution of the Company's Annual General Meeting No. 001/2021/NQ.ĐHĐCĐ dated on 19 April 2021, the shareholders of the Company have approved the appropriation to bonus and welfare fund of employees from profit after tax of 2020 at the rate of 3%, equivalent to the amount of VND 22,196,247,010, remuneration for the Board of Directors, Audit committee, members of other committees under the Board of Directors, secretary of the Board of Directors with the amount of VND 6,000,000,000. The remaining profit after tax of 2020 is distributed to Investment and development fund.

27. 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")	295,494	517,263
Euros ("EUR")	931	937
Yen (JPY)	<u>30,701</u>	<u>31,427</u>

Bad debt written off

	<u>Closing balance</u>	<u>Opening balance</u>
Bad debt written off	<u>5,676,750,056</u>	<u>2,858,998,937</u>

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

28. SEGMENTAL REPORTING

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

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

Product segments

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



	Current period VND	Prior period VND
Net sales		
Pharmaceutical products	1,582,107,857,898	1,350,295,125,081
Health supplements	237,625,129,624	253,670,874,541
Others	145,480,428,062	74,782,360,298
	<u>1,965,213,415,584</u>	<u>1,678,748,359,920</u>
Cost of sales		
Pharmaceutical products	(774,981,069,435)	(651,193,951,189)
Health supplements	(146,366,943,953)	(122,335,433,214)
Others	(130,151,566,448)	(60,351,209,551)
	<u>(1,051,499,579,836)</u>	<u>(833,880,593,954)</u>
Gross profit		
Pharmaceutical products	807,126,788,463	699,101,173,892
Health supplements	91,258,185,671	131,335,441,327
Others	15,328,861,614	14,431,150,747
	<u>913,713,835,748</u>	<u>844,867,765,966</u>

29. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED

	Current period VND	Prior period VND
Sales of goods and services		
Sales of finished goods	1,881,116,526,280	1,675,123,585,918
Sales of merchandise	332,521,915,469	159,947,122,429
Others	1,315,912,422	786,894,799
	<u>2,214,954,354,171</u>	<u>1,835,857,603,146</u>
Deductions		
Sales discount	248,962,689,860	155,824,311,361
Sales return	778,248,727	1,284,931,865
	<u>249,740,938,587</u>	<u>157,109,243,226</u>
Net revenue		
Sales of finished goods	1,632,829,344,739	1,519,176,280,790
Sales of merchandise	331,068,158,423	158,785,184,331
Others	1,315,912,422	786,894,799
	<u>1,965,213,415,584</u>	<u>1,678,748,359,920</u>

30. COST OF GOODS SOLD AND SERVICES RENDERED

	Current period VND	Prior period VND
Cost of finished goods sold	733,169,886,427	688,739,666,850
Cost of merchandise sold	318,005,989,725	145,513,297,060
Others	-	337,125
Addition/(reversal) of provision for devaluation of inventories	323,703,684	(372,707,081)
	<u>1,051,499,579,836</u>	<u>833,880,593,954</u>

31. OPERATING COSTS BY NATURE

	Current period	Prior period
	VND	VND
Raw materials and consumables	994,690,589,631	799,391,626,474
Staff cost	423,433,366,227	435,828,322,967
Depreciation and amortization	41,663,102,366	44,265,727,710
Outsourced services	90,555,403,462	93,622,561,896
Other expenses	94,258,069,765	87,739,998,148
	<u>1,644,600,531,451</u>	<u>1,460,848,237,195</u>

32. FINANCIAL INCOME

	Current period	Prior period
	VND	VND
Dividends and profits earned	-	177,052,520
Interest income	59,722,329,186	70,382,637,497
Foreign exchange gain	3,919,448,814	3,292,318,329
	<u>63,641,778,000</u>	<u>73,852,008,346</u>

33. FINANCIAL EXPENSES

	Current period	Prior period
	VND	VND
Settlement discount	40,147,849,934	37,600,373,289
Interest expense	6,278,590,807	6,012,071,421
Foreign exchange losses	3,334,359,385	4,939,086,396
Addition/(reversal) of provision for impairment of investments	923,743,813	(108,706,179)
Loss from investment liquidation	89,005,743	-
Other financial expenses	54,491,826	43,900,056
	<u>50,828,041,508</u>	<u>48,486,724,983</u>

34. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Current period	Prior period
	VND	VND
a. Selling expenses		
-Advertising expenses	49,625,975,930	43,840,632,232
-Staff cost	202,318,401,424	186,016,341,472
-Others	90,672,235,545	86,003,035,332
	<u>342,616,612,899</u>	<u>315,860,009,036</u>
b. General and administration expenses		
-Staff cost	85,503,279,332	109,316,764,598
-Others	35,188,843,333	41,290,832,993
	<u>120,692,122,665</u>	<u>150,607,597,591</u>



35. OTHER INCOME

	Current period	Prior period
	VND	VND
Gain from disposals of fixed assets	-	684,227,272
Others	1,144,458,689	1,389,313,417
	<u>1,144,458,689</u>	<u>2,073,540,689</u>

36. OTHER EXPENSES

	Current period	Prior period
	VND	VND
Loss from disposals of fixed assets	6,561,852,339	-
Depreciation	954,657,115	324,855,125
Others	2,879,863,437	3,786,023,982
	<u>10,396,372,891</u>	<u>4,110,879,107</u>

37. CURRENT CORPORATE INCOME TAX EXPENSE

	Current period	Prior period
	VND	VND
Profit before tax	453,966,922,474	401,728,104,284
Tax calculated at a normal rate of 20%	90,793,384,494	80,345,620,857
Adjustments for:		
Non-assessable income	-	(35,410,504)
Non-deductible expenses	3,306,757,887	101,965,344
Additional previous year's tax	9,331,091	-
Tax incentive	(45,095,512,757)	(41,522,756,954)
Corporate income tax expense	<u>49,013,960,715</u>	<u>38,889,418,743</u>

Changes in deferred tax (income)/expense in the current and prior period are as follows:

	Current period	Prior period
	VND	VND
Deferred corporate tax (income)/expense	(483,106,900)	101,550,269
Change of eliminated entries of fixed assets	33,364,018	74,299,129
	<u>(449,742,882)</u>	<u>175,849,398</u>

The corporate income tax expense for the period is estimated based on taxable income and is subject to adjustments upon review of the tax authorities.

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 the date of starting its operation. DHG Pharmaceutical is entitled to the corporate income tax exemption for 4 years and 50% reduction for the following 9 years commencing from the first year of having taxable income. DHG Pharmaceutical has registered to the tax department of Hau Giang province to apply the above tax incentives effective from 2015.

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%.

38. COMMITMENTS

a. Operating lease commitment

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Minimum lease payment under operating leases recognized in the separate interim income statement	3,553,218,570	2,717,814,192

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	7,076,437,142	5,422,028,378
In the second to fifth year inclusive	28,305,748,568	21,688,113,512
After five years	125,954,566,277	99,224,658,019
	<u>161,336,751,987</u>	<u>126,334,799,909</u>

b. Capital commitment

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Approved but not contracted	574,485,250,395	580,576,297,132
Approved and contracted but not implemented	11,962,922,935	11,687,315,314
	<u>586,448,173,330</u>	<u>592,263,612,446</u>

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

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39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

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

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Sales of goods and provision of services		
Hoe Pharmaceuticals Sdn Bhd	379,208,649	-
Taisho Vietnam Co., Ltd.	468,155,712	-
	<u>847,364,361</u>	<u>-</u>
Purchases of goods and services		
Taisho Vietnam Co., Ltd.	401,569,920	-
Taisho Pharmaceutical Co., Ltd.	65,127,370	-
	<u>466,697,290</u>	<u>-</u>
Dividends paid		
SCIC	226,504,948,000	169,878,711,000
Taisho Pharmaceutical Co., Ltd.	266,788,208,000	200,091,156,000
	<u>493,293,156,000</u>	<u>369,969,867,000</u>

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Salaries and other benefits	<u>9,923,479,180</u>	<u>8,330,558,208</u>

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Trade receivables		
Taisho Vietnam Co., Ltd	<u>-</u>	<u>1,576,719,144</u>

40. SUPPLEMENTAL DISCLOSURES OF INTERIM SEPARATE CASH FLOW INFORMATION

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

	Current period VND	Prior period VND
Profit appropriation to reserves	216,890,616,345	112,403,812,114
Transfers from construction in progress to tangible fixed assets	17,062,544,960	32,384,081,544
Transfers from construction in progress to intangible fixed assets	-	453,676,000
Transfers from construction in progress to prepayments	708,839,306	436,888,673
Accrued interest payables	189,133,309	239,669,981
Interest earned which have not been received	30,393,145,215	37,179,169,865
Dividends not yet paid	-	130,746,071,000

b. Proceeds from borrowings

	Current period VND	Prior period VND
Proceeds from borrowings under normal contracts	666,804,881,494	650,098,169,307

c. Repayment of borrowings

	Current period VND	Prior period VND
Repayment of borrowings under normal contracts	316,391,235,293	466,790,840,100



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant




Masashi Nakaura
General Director

11 August 2021