

DHG PHARMACEUTICAL JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2022

DHG PHARMACEUTICAL JOINT STOCK COMPANY

No. 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District
Can Tho City, Vietnam

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

No. 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 "Parent Company") and its subsidiary (the Parent Company and its subsidiary are referred to as the "Group") presents this report together with the Group's interim consolidated financial statements for the 6-month period ended 30 June 2022.

BOARD OF DIRECTORS, AUDIT COMMITTEE AND MANAGEMENT

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

Board of Directors

Ms. Dang Thi Thu Ha	Chairwoman
Mr. Jun Kuroda	Member
Mr. Masashi Nakaura	Member
Mr. Maki Kamijo	Member
Mr. Doan Dinh Duy Khuong	Member
Ms. Nguyen Thi Viet Thanh	Member
Mr. Do Le Hung	Member

Audit Committee

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

Management

Mr. Masashi Nakaura	General Director
Mr. Doan Dinh Duy Khuong	Chief Operating Officer
Ms. Nguyen Ngoc Diep	Deputy General Director
Mr. Tomoyuki Kawata	Deputy General Director

Legal representative

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

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Management is responsible for preparing the interim consolidated financial statements which give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and its consolidated 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 consolidated financial reporting. In preparing these interim consolidated 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 consolidated financial statements;
- prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the interim consolidated financial statements so as to minimize errors and frauds.

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DHG PHARMACEUTICAL JOINT STOCK COMPANY

No. 288 Bis Nguyen Van Cu Street, An Hoa Ward, Ninh Kieu District
Can Tho City, Vietnam

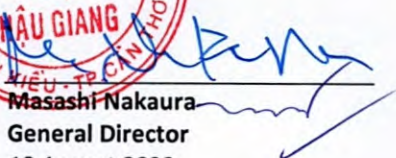
STATEMENT OF THE MANAGEMENT (Continued)

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

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

For and on behalf of the Management,




Masashi Nakaura
General Director
10 August 2022

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No.: 0128 /VN1A-HC-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of DHG Pharmaceutical Joint Stock Company (the "Parent Company") and its subsidiary (the Parent Company and its subsidiary are referred to as the "Group"), prepared on 10 August 2022 as set out from page 4 to page 35, which comprise the interim consolidated balance sheet as at 30 June 2022, the interim consolidated income statement and interim consolidated cash flow statement for the 6-month period ended 30 June 2022 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting, and for such internal control as the Management determines is necessary to enable the preparation of interim consolidated 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 consolidated 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 consolidated 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 consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated 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 consolidated financial reporting.



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

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2022

Unit: VND

ASSETS		Codes	Notes	Closing balance	Opening balance
A.	CURRENT ASSETS	100		4,253,448,100,390	3,727,292,944,320
I.	Cash and cash equivalents	110	4	53,223,566,173	43,373,518,349
1.	Cash	111		53,223,566,173	43,373,518,349
II.	Short-term financial investments	120	5	2,495,000,000,000	2,110,000,000,000
1.	Held-to-maturity investments	123		2,495,000,000,000	2,110,000,000,000
III.	Short-term receivables	130		574,810,539,459	488,071,438,874
1.	Short-term trade receivables	131	6	309,971,207,568	364,370,011,094
2.	Short-term advances to suppliers	132	7	242,181,391,136	97,053,188,601
3.	Short-term loan receivables	135	8	270,872,204	270,872,204
4.	Other short-term receivables	136	9	71,153,776,598	75,634,454,278
5.	Provision for short-term doubtful debts	137	10	(48,766,708,047)	(49,257,087,303)
IV.	Inventories	140	11	1,110,932,996,504	1,072,605,509,022
1.	Inventories	141		1,111,874,507,758	1,073,963,422,414
2.	Provision for devaluation of inventories	149		(941,511,254)	(1,357,913,392)
V.	Other short-term assets	150		19,480,998,254	13,242,478,075
1.	Short-term prepayments	151	12	7,203,057,248	6,603,126,396
2.	Value added tax deductibles	152		12,277,941,006	4,516,420,536
3.	Taxes and other receivables from the State budget	153	13	-	2,122,931,143

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



INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2022

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		868,070,046,179	890,373,248,382
I. Long-term receivables	210		642,061,880	642,061,880
1. Other long-term receivables	216		642,061,880	642,061,880
II. Fixed assets	220		733,144,290,158	767,930,673,967
1. Tangible fixed assets	221	14	529,349,104,497	562,150,489,910
- Cost	222		1,394,681,447,418	1,395,439,826,903
- Accumulated depreciation	223		(865,332,342,921)	(833,289,336,993)
2. Intangible assets	227	15	203,795,185,661	205,780,184,057
- Cost	228		252,779,142,186	252,779,142,186
- Accumulated amortization	229		(48,983,956,525)	(46,998,958,129)
III. Investment property	230	16	14,481,726,122	14,654,470,364
- Cost	231		17,304,956,819	17,304,956,819
- Accumulated depreciation	232		(2,823,230,697)	(2,650,486,455)
IV. Long-term assets in progress	240	17	83,207,792,535	69,507,677,936
1. Long-term construction in progress	242		83,207,792,535	69,507,677,936
V. Long-term financial investments	250		4,297,500,000	4,577,500,000
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	(19,810,879,057)	(19,530,879,057)
VI. Other long-term assets	260		32,296,675,484	33,060,864,235
1. Long-term prepayments	261	12	14,380,077,576	15,525,924,704
2. Deferred tax assets	262	18	17,916,597,908	17,534,939,531
TOTAL ASSETS (270=100+200)	270		5,121,518,146,569	4,617,666,192,702

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

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2022

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,325,470,664,872	824,522,565,569
I. Current liabilities	310		1,258,643,603,711	757,715,602,158
1. Short-term trade payables	311	19	257,160,613,664	201,219,543,333
2. Short-term advances from customers	312		38,523,797,863	24,082,624,119
3. Taxes and amounts payable to the State budget	313	13	38,402,372,240	34,408,305,142
4. Payables to employees	314	20	152,199,000,011	162,265,583,931
5. Short-term accrued expenses	315	21	31,905,038,034	39,619,329,167
6. Short-term unearned revenue	318	22	57,051,233,231	49,608,540,605
7. Other current payables	319		3,414,011,549	2,701,326,368
8. Short-term loans	320	23	639,658,332,059	207,391,176,993
9. Bonus and welfare funds	322	24	40,329,205,060	36,419,172,500
II. Long-term liabilities	330		66,827,061,161	66,806,963,411
1. Long-term provisions	342	25	59,001,692,536	57,297,571,580
2. Scientific and technological development fund	343	26	7,825,368,625	9,509,391,831
D. EQUITY	400		3,796,047,481,697	3,793,143,627,133
I. Owner's equity	410	27	3,796,047,481,697	3,793,143,627,133
1. Owner's contributed capital	411		1,307,460,710,000	1,307,460,710,000
- Ordinary shares carrying voting rights	411a		1,307,460,710,000	1,307,460,710,000
2. Share premium	412		6,778,948,000	6,778,948,000
3. Investment and development fund	418		1,958,932,899,782	1,668,641,014,030
4. Retained earnings	421		519,780,006,438	807,129,425,637
- Retained earnings accumulated to the prior year end	421a		29,909,699,604	29,909,699,604
- Retained earnings of the current period/year	421b		489,870,306,834	777,219,726,033
5. Non-controlling interests	429	28	3,094,917,477	3,133,529,466
TOTAL RESOURCES (440=300+400)	440		5,121,518,146,569	4,617,666,192,702

Tran Ngoc Hien
Preparer

Ho Buu Huan
Chief Accountant



Masashi Nakaura
General Director
10 August 2022

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

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

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	31	2,426,734,497,855	2,214,960,853,495
2. Deductions	02	31	242,692,106,714	249,740,938,587
3. Net revenue from goods sold and services rendered (10=01-02)	10		2,184,042,391,141	1,965,219,914,908
4. Cost of sales	11	32	1,125,694,459,335	1,051,499,579,836
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,058,347,931,806	913,720,335,072
6. Financial income	21	34	63,170,216,309	63,647,260,305
7. Financial expenses	22	35	45,940,161,003	49,855,637,387
- In which: Interest expense	23		7,485,532,568	6,278,590,807
8. Selling expenses	25	36	400,397,947,818	342,616,612,899
9. General and administration expenses	26	36	125,331,262,969	120,687,806,743
10. Operating profit (30=20+(21-22)-(25+26))	30		549,848,776,325	464,207,538,348
11. Other income	31	37	7,632,791,249	1,144,458,689
12. Other expenses	32	38	11,080,605,281	12,304,299,449
13. Losses from other activities (40=31-32)	40		(3,447,814,032)	(11,159,840,760)
14. Accounting profit before tax (50=30+40)	50		546,400,962,293	453,047,697,588
15. Current corporate income tax expense	51	39	56,950,925,825	49,013,960,715
16. Deferred corporate tax income	52	39	(381,658,377)	(446,725,003)
17. Net profit after corporate income tax (60=50-51-52)	60		489,831,694,845	404,480,461,876
Profit after tax attributable to Parent Company	61		489,870,306,834	405,414,776,156
Losses after tax attributable to non-controlling shareholders	62	28	(38,611,989)	(934,314,280)
18. Basic earnings per share	70	40	3,627	2,985

Tran Ngoc Hien
Preparer

Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director
10 August 2022



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

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	546,400,962,293	453,047,697,588
2. Adjustments for:			
Depreciation and amortization of fixed assets and investment properties	02	40,552,852,756	42,602,670,087
Provisions	03	1,787,054,731	(1,298,721,534)
Foreign exchange gain arising from translating foreign currency items	04	(87,176,794)	(331,083,755)
Gain from investing activities	05	(61,997,681,780)	(51,291,698,900)
Interest expense	06	7,485,532,568	6,278,590,807
3. Operating profit before movements in working capital	08	534,141,543,774	449,007,454,293
Changes in receivables	09	(3,925,491,974)	125,780,419,818
Changes in inventories	10	(37,911,085,344)	(162,769,803,896)
Changes in payables	11	48,911,605,183	(123,174,291,471)
Changes in prepaid expenses	12	545,916,276	(4,382,645,359)
Interest paid	14	(7,345,027,319)	(6,167,768,607)
Corporate income tax paid	15	(41,948,252,295)	(40,250,330,351)
Other cash outflows	17	(24,611,381,063)	(25,802,816,359)
Net cash generated by operating activities	20	467,857,827,238	212,240,218,068
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(115,401,435,368)	(12,843,540,924)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	2,740,454,376	4,443,501,640
3. Cash outflow for lending and time deposits	23	(1,870,000,000,000)	(1,975,000,000,000)
4. Cash recovered from lending and time deposits	24	1,485,000,000,000	1,868,109,670,254
5. Cash recovered from investments in other entities	26	-	84,720,000
6. Interest earned, dividends and profits received	27	64,973,367,314	69,829,340,250
Net cash used in investing activities	30	(432,687,613,678)	(45,376,308,780)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	694,658,332,059	582,804,881,494
2. Repayment of borrowings	34	(262,391,176,993)	(232,391,235,293)
3. Dividends and profits paid	36	(457,611,248,500)	(522,984,284,000)
Net cash used in financing activities	40	(25,344,093,434)	(172,570,637,799)
Net increase/(decrease) in cash (50=20+30+40)	50	9,826,120,126	(5,706,728,511)
Cash and cash equivalents at the beginning of the period	60	43,373,518,349	73,054,473,018
Effects of changes in foreign exchange rates	61	23,927,698	(17,526,354)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	53,223,566,173	67,330,218,153

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

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

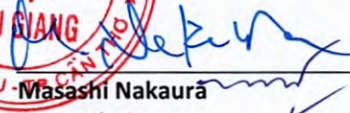
Significant non-cash transactions for the 6-month period ended 30 June 2022 are presented in Note 43.



Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant



Masashi Nakaura
General Director
10 August 2022

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

On 2 September 2004, DHG Pharmaceutical Joint Stock Company (the "Parent 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 Parent 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 Parent 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 2022, the largest shareholders of the Parent 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 Parent Company. SCIC is controlled by the Commission for the Management of State Capital at Enterprises.

The Parent 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 Group as at 30 June 2022 was 2,667 (as at 31 December 2021: 2,678).

Operating industry and principal activities

The operating industry of the Group are to manufacture and sell pharmaceutical products.

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

The Group's structure

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

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

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

Normal production and business cycle

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

Disclosure of information comparability in the interim consolidated financial statements

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

Significant event in the period which has impact on the interim consolidated 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 Group's operations during the period. At the reporting date, the Management is still able to manage the impact of the Covid-19 pandemic on the Group's operation and has yet to revise its annual budget.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

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

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

Accounting period

The Group's financial year begins on 1 January and ends on 31 December. The interim consolidated 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 Group in the preparation of these interim consolidated financial statements, are as follows:

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and enterprises controlled by the Group (its subsidiary) up to 30 June each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of a subsidiary acquired or disposed of during the period are included in the interim consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used in line with those used by the Group.

Intra-group transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiary are identified separately from the parent's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combination

Assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the 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 consolidated income statement on accrual basis.

Loan receivables

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

Equity investments in other entities

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

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

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.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct 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 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 consolidated income statement.

Operating leases

The Group as lessor

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

The Group as lessee

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

Intangible 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 over its useful life from 3 to 8 years.

Investment properties

Investment properties are buildings, or part of buildings or infrastructure or buildings and land held by the Group 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 Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise 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 consolidated income statement using the straight-line method over the lease term.

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

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation as at the interim consolidated 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 Group for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each 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 consolidated financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the interim consolidated 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 Group is required to provide for dismantling and restoration costs of the Group's leased premises or land. The provision for dismantling and restoration costs is determined based on the estimated dismantling and restoration costs to be incurred at the time of returning the premises or land at the end of the lease term and recognized on a straight-line basis over the period from 1 January 2016 to the time of returning the premises or land.

Unearned revenue

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

Revenue recognition

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

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

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 Group;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Sales deductions

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

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

Customer loyalty programs

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

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

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 consolidated income statement.

Borrowing costs

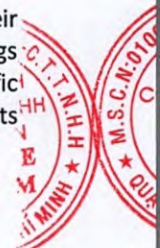
Borrowing costs are recognized in the income statement in the period when incurred unless they are capitalized in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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 consolidated 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 consolidated financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.



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

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

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

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

Profit distribution

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

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

Segment reporting

A segment is a distinct business segment of the Group 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 Group is product segment.

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

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	9,979,046,500	5,755,836,500
Bank demand deposits	43,244,519,673	37,617,681,849
	<u>53,223,566,173</u>	<u>43,373,518,349</u>

5. FINANCIAL INVESTMENTS

Held-to-maturity investments

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

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

Equity 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>(19,810,879,057)</u>	<u>24,108,379,057</u>	<u>(19,530,879,057)</u>

Details of equity investments in other entities are as follows:

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

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

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

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

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

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

	Closing balance	Opening balance
	VND	VND
ATP Packaging JSC	17,400,000,000	17,400,000,000
Enlie Pharmaceutical Joint Stock Company	<u>2,410,879,057</u>	<u>2,130,879,057</u>
	<u>19,810,879,057</u>	<u>19,530,879,057</u>

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Receivables from related parties (Note 42)	1,218,307,608	279,917,338
Receivables from third parties	<u>308,752,899,960</u>	<u>364,090,093,756</u>
	<u>309,971,207,568</u>	<u>364,370,011,094</u>

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

7. ADVANCES TO SUPPLIERS

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

8. LOAN RECEIVABLES

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

9. OTHER SHORT-TERM RECEIVABLES

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

10. BAD DEBTS

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

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

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

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

11. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	164,736,414,111	-	89,121,663,921	-
Raw materials	595,863,819,162	-	641,208,881,858	-
Work in progress	56,407,529,900	-	74,081,738,915	-
Finished goods	263,522,111,024	(941,511,254)	170,484,518,266	(1,357,913,392)
Merchandise	31,344,633,561	-	99,066,619,454	-
	<u>1,111,874,507,758</u>	<u>(941,511,254)</u>	<u>1,073,963,422,414</u>	<u>(1,357,913,392)</u>

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

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

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

12. PREPAYMENTS

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

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

	Opening balance	Payable during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Value added tax for domestic goods	12,533,538,792	56,006,465,662	(62,324,788,423)	6,215,216,031
Value added tax for import goods	-	27,895,124,068	(27,895,124,068)	-
Import and export duties	-	5,720,162,204	(5,720,162,204)	-
Corporate income tax	4,208,316,248	56,950,925,825	(41,948,252,295)	19,210,989,778
Personal income tax	10,547,800,232	28,908,828,557	(38,316,635,826)	1,139,992,963
Land rental fee	(2,122,931,143)	7,469,782,708	(1,808,632,994)	3,538,218,571
Others	7,118,649,870	9,446,761,868	(8,267,456,841)	8,297,954,897
	<u>32,285,373,999</u>	<u>192,398,050,892</u>	<u>(186,281,052,651)</u>	<u>38,402,372,240</u>
In which				
<i>Tax receivables</i>	2,122,931,143			-
<i>Tax payables</i>	<u>34,408,305,142</u>			<u>38,402,372,240</u>

14. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	528,464,444,217	649,912,811,706	72,972,839,320	144,089,731,660	1,395,439,826,903
Transfer from construction in progress	-	6,994,916,889	620,403,880	630,000,000	8,245,320,769
Disposals	-	-	-	(9,003,700,254)	(9,003,700,254)
Closing balance	<u>528,464,444,217</u>	<u>656,907,728,595</u>	<u>73,593,243,200</u>	<u>135,716,031,406</u>	<u>1,394,681,447,418</u>
ACCUMULATED DEPRECIATION					
Opening balance	265,754,972,330	391,126,423,008	68,583,957,215	107,823,984,440	833,289,336,993
Charge for the period	12,605,827,792	22,960,781,983	1,323,185,547	3,984,516,160	40,874,311,482
Disposals	-	-	-	(8,831,305,554)	(8,831,305,554)
Closing balance	<u>278,360,800,122</u>	<u>414,087,204,991</u>	<u>69,907,142,762</u>	<u>102,977,195,046</u>	<u>865,332,342,921</u>
NET BOOK VALUE					
Opening balance	<u>262,709,471,887</u>	<u>258,786,388,698</u>	<u>4,388,882,105</u>	<u>36,265,747,220</u>	<u>562,150,489,910</u>
Closing balance	<u>250,103,644,095</u>	<u>242,820,523,604</u>	<u>3,686,100,438</u>	<u>32,738,836,360</u>	<u>529,349,104,497</u>

As at 30 June 2022, the cost of tangible fixed assets included VND 313,503,418,195 (as at 31 December 2021: VND302,501,744,242) of assets which were fully depreciated but are still in use.

15. INTANGIBLE ASSETS

	Land use rights with indefinite term	Land use rights with definite term	Computer software	Total
	VND	VND	VND	VND
COST				
Opening balance and closing balance	88,314,253,166	143,434,719,993	21,030,169,027	252,779,142,186
ACCUMULATED AMORTIZATION				
Opening balance	-	29,776,103,520	17,222,854,609	46,998,958,129
Charge for the period	-	1,496,266,914	488,731,482	1,984,998,396
Closing balance	-	31,272,370,434	17,711,586,091	48,983,956,525
NET BOOK VALUE				
Opening balance	88,314,253,166	113,658,616,473	3,807,314,418	205,780,184,057
Closing balance	88,314,253,166	112,162,349,559	3,318,582,936	203,795,185,661

The cost of intangible assets included assets which were fully amortized but are still in use as at 30 June 2022 of VND 16,169,520,805 (as at 31 December 2021: VND 16,169,520,805).

16. INVESTMENT PROPERTIES

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

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

Fair value of the Company's investment properties was VND 38,724,445,120, which was determined under latest valuation certificate issued on 31 March 2020 by Century Valuation Joint Stock Company, an independent valuation company, not a related party of the Group. Century Valuation Joint Stock Company has a valid practicing certificate and has experience in real estate valuation. The real estate valuation in accordance with International Valuation Standards is made in reference to market prices of similar properties.



17. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Construction of office and auxiliary works at DHG Pharmaceutical Plant Branch in Hau Giang	17,005,325,167	15,525,527,491
Expansion of DHG Pharmaceutical Plant and DHG Printing and Packaging Plant	21,402,881,774	8,307,690,763
Construction of Gia Lai branch office	3,473,948,774	3,473,948,774
REB product project	3,134,670,037	3,125,907,325
BUD product project	1,293,522,895	1,293,522,895
Renovating departments	2,258,088,112	1,974,192,771
CTP product project	202,029,350	202,029,350
LUS product project	523,260,902	-
Other machineries	33,914,065,524	35,604,858,567
	<u>83,207,792,535</u>	<u>69,507,677,936</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	69,507,677,936	66,472,781,314
Purchases	25,491,696,614	30,521,376,238
Transfer to tangible fixed assets (Note 14)	(8,245,320,769)	(20,422,904,914)
Transfer to prepayments	-	(1,104,324,951)
Transfer to expenses	(3,546,261,246)	(5,959,249,751)
	<u>83,207,792,535</u>	<u>69,507,677,936</u>

18. DEFERRED TAX ASSETS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deductible temporary differences	89,582,989,540	87,674,697,655
Deferred tax assets	<u>17,916,597,908</u>	<u>17,534,939,531</u>

The deferred tax assets mainly arise from deductible temporary differences relating to provisions and unrealized profits arising from intra-group transactions between the Company and its subsidiaries when presenting the interim consolidated financial statements.

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

	<u>Current period</u>	<u>Prior year</u>
	VND	VND
Opening balance	17,534,939,531	16,067,720,826
Increase in deferred tax assets	404,861,788	1,560,847,547
Change of eliminated entry of fixed assets	(23,203,411)	(93,628,842)
Closing balance	<u>17,916,597,908</u>	<u>17,534,939,531</u>

19. SHORT-TERM TRADE PAYABLES

	<u>Amount</u> VND	<u>Closing balance</u> Amount able to be paid off VND	<u>Amount</u> VND	<u>Opening balance</u> Amount able to be paid off VND
a. Short-term trade payables from third parties				
Nomura Trading Co., Ltd.	44,916,994,500	44,916,994,500	3,248,910,000	3,248,910,000
Sinobright Pharmaceutical Co., Ltd.	24,267,306,000	24,267,306,000	35,755,200,000	35,755,200,000
Others	187,976,313,164	187,976,313,164	160,702,005,106	160,702,005,106
b) Trade payables to related parties (Note 42)				
	-	-	1,513,428,227	1,513,428,227
	<u>257,160,613,664</u>	<u>257,160,613,664</u>	<u>201,219,543,333</u>	<u>201,219,543,333</u>

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

20. PAYABLE TO EMPLOYEES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Salary expense	75,491,544,189	42,877,052,004
Bonus	68,063,667,661	103,235,487,541
Others	8,643,788,161	16,153,044,386
	<u>152,199,000,011</u>	<u>162,265,583,931</u>

21. SHORT-TERM ACCRUED EXPENSES

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

22. SHORT-TERM UNEARNED REVENUE

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

23. SHORT-TERM LOANS

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

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

24. BONUS AND WELFARE FUNDS

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

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

	Bonus and welfare fund VND	Bonus fund for Board of Directors VND	Welfare fund in form of assets VND	Total VND
Opening balance	24,232,911,894	2,077,076,964	10,109,183,642	36,419,172,500
Appropriation to the funds (Note 27)	23,316,591,781	6,000,000,000	-	29,316,591,781
Depreciation of assets formed from the funds	-	-	(795,178,158)	(795,178,158)
Utilization	(24,505,863,933)	(105,517,130)	-	(24,611,381,063)
Closing balance	23,043,639,742	7,971,559,834	9,314,005,484	40,329,205,060

25. LONG-TERM PROVISIONS

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

26. SCIENCE AND TECHNOLOGY DEVELOPMENT FUNDS

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

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

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

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27. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
Prior year's opening balance	1,307,460,710,000	6,778,948,000	1,479,946,644,695	769,784,599,949	3,563,970,902,644
Profit for the year	-	-	-	777,219,726,033	777,219,726,033
Dividends distribution for 2020	-	-	-	(522,984,284,000)	(522,984,284,000)
Fund distribution	-	-	188,694,369,335	(188,694,369,335)	-
Appropriation to bonus and welfare fund	-	-	-	(22,196,247,010)	(22,196,247,010)
Appropriation to bonus fund for the Board of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Current year's opening balance	<u>1,307,460,710,000</u>	<u>6,778,948,000</u>	<u>1,668,641,014,030</u>	<u>807,129,425,637</u>	<u>3,790,010,097,667</u>
Profit for the period	-	-	-	489,870,306,834	489,870,306,834
Dividends declared 2021	-	-	-	(457,611,248,500)	(457,611,248,500)
Fund distribution	-	-	290,291,885,752	(290,291,885,752)	-
Appropriation to bonus and welfare fund	-	-	-	(23,316,591,781)	(23,316,591,781)
Appropriation to bonus fund for the Boards of Directors	-	-	-	(6,000,000,000)	(6,000,000,000)
Current period's closing balance	<u>1,307,460,710,000</u>	<u>6,778,948,000</u>	<u>1,958,932,899,782</u>	<u>519,780,006,438</u>	<u>3,792,952,564,220</u>

Charter capital

According to the amended Business Registration Certificate, the Parent Company's charter capital is VND 1,307,460,710,000. The value and number of shares of the Parent 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	<u>130,746,071</u>	<u>1,307,460,710,000</u>	<u>130,746,071</u>	<u>1,307,460,710,000</u>

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 Parent Company. Ordinary shares are ranked equally with regard to the Parent Company's residual assets.

Dividends

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

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

Fund distribution

According to Resolution of the Company's Annual General Meeting No. 001/2022/NQ.DHDCD dated 18 March 2022, the shareholders of the Company have approved the appropriation to bonus and welfare fund of employees from profit after tax of 2021 at the rate of 3%, equivalent to the amount of VND 23,316,591,781, remuneration for the Board of Directors, Audit committee, members of other committees under the Board of Directors, secretary of the Board of Directors with the amount of VND 6,000,000,000. The remaining profit after tax of 2021 is distributed to Investment and development fund.

28. NON-CONTROLLING INTERESTS

	<u>Current period</u>	<u>Prior year</u>
	VND	VND
Opening balance	3,133,529,466	4,068,461,712
Net loss attributable to non-controlling interests	<u>(38,611,989)</u>	<u>(934,932,246)</u>
Closing balance	<u>3,094,917,477</u>	<u>3,133,529,466</u>

29. OFF BALANCE SHEET ITEMS

Foreign currencies

Cash and cash equivalents included the following currencies:

	<u>Closing balance</u>	<u>Opening balance</u>
United states Dollar ("USD")	231,410	155,102
Euros ("EUR")	855	926
Yen ("JPY")	<u>29,249</u>	<u>29,975</u>

Bad debt written off

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

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

30. SEGMENT REPORTING

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

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

Product segments

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Net sales		
Pharmaceutical products	1,797,768,548,307	1,582,107,857,898
Nutritional supplements	274,378,906,990	237,625,129,624
Others	111,894,935,844	145,486,927,386
	<u>2,184,042,391,141</u>	<u>1,965,219,914,908</u>
Cost of sales		
Pharmaceutical products	(874,431,434,245)	(774,981,069,435)
Nutritional supplements	(157,081,919,401)	(146,366,943,953)
Others	(94,181,105,689)	(130,151,566,448)
	<u>(1,125,694,459,335)</u>	<u>(1,051,499,579,836)</u>
Gross profit		
Pharmaceutical products	923,337,114,062	807,126,788,463
Nutritional supplements	117,296,987,589	91,258,185,671
Others	17,713,830,155	15,335,360,938
	<u>1,058,347,931,806</u>	<u>913,720,335,072</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 consolidated financial statements.

31. NET REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Revenue from goods sold and services rendered		
Sales of finished goods	2,172,225,258,423	1,881,116,526,280
Sales of merchandise	253,379,075,875	332,521,915,469
Others	1,130,163,557	1,322,411,746
	<u>2,426,734,497,855</u>	<u>2,214,960,853,495</u>
Deductions		
Sales discount	241,196,800,808	248,962,689,860
Sales return	1,495,305,906	778,248,727
	<u>242,692,106,714</u>	<u>249,740,938,587</u>
Net revenue		
<i>In which:</i>		
Sales of finished goods	1,931,487,498,553	1,632,829,344,739
Sales of merchandise	251,424,729,031	331,068,158,423
Others	1,130,163,557	1,322,411,746
	<u>2,184,042,391,141</u>	<u>1,965,219,914,908</u>

32. COST OF GOODS SOLD AND SERVICES RENDERED

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

33. OPERATING COSTS BY NATURE

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Raw materials and consumables	1,087,561,410,238	994,690,589,631
Staff cost	463,764,003,294	423,438,947,622
Depreciation and amortization	39,926,030,755	41,648,012,972
Out-sourced services	119,269,606,050	90,557,595,539
Other expenses	104,717,260,111	94,261,069,765
	<u>1,815,238,310,448</u>	<u>1,644,596,215,529</u>

34. FINANCIAL INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Interest income	59,435,622,104	59,727,811,491
Foreign exchange gain	3,734,594,205	3,919,448,814
	<u>63,170,216,309</u>	<u>63,647,260,305</u>

35. FINANCIAL EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Settlement discount	35,774,885,573	40,147,849,934
Interest expense	7,485,532,568	6,278,590,807
Foreign exchange loss	2,345,383,180	3,334,404,820
Additional provision/(Reversal) of impairment of investments	280,000,000	(48,705,743)
Loss on sale of investments	-	89,005,743
Others	54,359,682	54,491,826
	<u>45,940,161,003</u>	<u>49,855,637,387</u>

36. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Selling expenses		
- Advertising expenses	46,104,971,170	49,625,975,930
- Staff cost	230,606,858,576	202,318,401,424
- Others	123,686,118,072	90,672,235,545
	<u>400,397,947,818</u>	<u>342,616,612,899</u>
General and administration expenses		
- Staff cost	88,208,942,421	85,508,860,727
- Others	37,122,320,548	35,178,946,016
	<u>125,331,262,969</u>	<u>120,687,806,743</u>

37. OTHER INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Income from receiving support from Taisho	4,215,538,818	-
Gain from disposals of fixed assets	2,562,059,676	-
Others	855,192,755	1,144,458,689
	<u>7,632,791,249</u>	<u>1,144,458,689</u>

38. OTHER EXPENSES

	Current period VND	Prior period VND
Loss on disposal of fixed assets	-	8,347,106,848
Depreciation	626,822,001	954,657,115
Supporting fee for business households	9,000,000,000	1,715,865,394
Others	1,453,783,280	1,286,670,092
	11,080,605,281	12,304,299,449

39. 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	56,950,925,825	49,004,629,624
Adjustments for corporate income tax expense in previous years to the current period	-	9,331,091
Total current corporate income tax expense	56,950,925,825	49,013,960,715

	Current period VND	Prior period VND
Profit before tax	546,400,962,293	453,047,697,588
Tax rate	20%	20%
Tax calculated at a normal rate of 20%	109,280,192,459	90,609,539,518
Adjustments for		
<i>Add: Effect of taxable losses</i>	15,759,996	381,352,767
<i>Add back: non-deductible expenses</i>	4,997,115,100	3,306,757,887
<i>Tax incentive</i>	(57,334,104,132)	(45,095,512,757)
<i>Adjustments for consolidation</i>	(8,037,598)	(197,507,791)
Corporate income tax expense based on taxable profit in the current period	56,950,925,825	49,004,629,624

Applicable tax rates

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

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

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

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

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The remaining subsidiary in the Group is obliged to pay corporate income tax at the normal rate of 20% of taxable income.

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Deferred corporate tax income	404,861,788	483,106,900
Change of eliminated entries of fixed assets	<u>(23,203,411)</u>	<u>(36,381,897)</u>
	<u>381,658,377</u>	<u>446,725,003</u>

40. 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 period, excluding ordinary shares repurchased by the Group and held as treasury shares.

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Accounting profit after corporate income tax	489,870,306,834	405,414,776,156
Appropriation to fund (*)	(15,696,109,205)	(15,162,443,285)
Profit attributable to ordinary shareholders (VND)	474,174,197,629	390,252,332,871
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>3,627</u>	<u>2,985</u>

(*) Estimated amounts appropriated to bonus and welfare funds for the 6-month period ended 30 June 2022 are determined based on the planned appropriation percentage of profit distribution to bonus and welfare funds at the rate of 3% in accordance with Resolution of the Parent Company's Annual General Meeting No. 001/2022/NQ.DHDCD dated 18 March 2022.

b. Diluted earnings per share

The Group does not have potentially diluted ordinary shares.

41. COMMITMENTS

a. Operating lease commitment

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

At the interim consolidated balance sheet date, the Group 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>118,779,845,285</u>	<u>122,337,720,625</u>
	<u>154,162,030,995</u>	<u>157,719,906,335</u>



b. Capital commitment

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Approved but not contracted	129,922,641,641	527,603,637,672
Approved and contracted but not implemented	420,459,749,903	46,334,872,017
	<u><u>550,382,391,544</u></u>	<u><u>573,938,509,689</u></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.

42. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

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

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

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

Name	Title	Current period	Prior period
		VND	VND
Ms. Dang Thi Thu Ha	Board of Directors Chairwoman	300,000,000	150,000,000
Mr. Jun Kuroda	Board of Directors Member	210,000,000	105,000,000
Mr. Masashi Nakaura	Board of Directors Member (cum General Director)	2,662,890,700	2,358,181,323
Mr. Maki Kamijo	Board of Directors Member	210,000,000	105,000,000
Mr. Doan Dinh Duy Khuong	Board of Directors Member (cum Chief Operating Officer)	2,442,055,442	2,259,515,311
Mr. Do Le Hung	Board of Directors Member	405,000,000	405,000,000
Mr. Phan Minh Tien	Board of Directors Member (resigned from 19 April 2021)	-	231,000,000
Ms. Nguyen Thi Viet Thanh	Board of Directors Member (appointed from 19 April 2021)	315,000,000	84,000,000
Ms. Nguyen Ngoc Diep	Deputy General Director	1,519,489,047	1,470,820,872
Mr. Tomoyuki Kawata	Deputy General Director	1,475,195,000	1,456,623,601
Mr. Pham Chi Truc	Deputy General Director (resigned from 04 July 2021)	-	1,298,338,073
		9,539,630,189	9,923,479,180

The balance with related party at the interim consolidated balance sheet date were as follows:

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

43. SUPPLEMENTAL DISCLOSURES OF INTERIM CONSOLIDATED CASH FLOW INFORMATION

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

	Current period	Prior period
	VND	VND
Appropriation to reserves	319,608,477,533	216,890,616,345
Transfers from construction in progress to tangible fixed assets	8,245,320,769	17,062,544,960
Transfers from construction in progress to prepayments	-	708,839,306
Accrued interest payables	249,007,260	189,133,309
Accrued interest income	47,832,293,146	30,393,145,215

b. Proceeds from borrowings

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

c. Repayment of borrowings

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

d. Other supplemental disclosures

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




Tran Ngoc Hien
Preparer



Ho Bui Huan
Chief Accountant




Masashi Nakaura
General Director
10 August 2022

