

IMEXPHARM CORPORATION

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**



IMEXPHARM CORPORATION

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IMEXPHARM CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate

No. 1400384433 was initially issued by the Department of Planning and Investment of Dong Thap Province on 1 August 2001 and the latest 30th amendment dated 5 April 2023.

Board of Directors

Mrs. Chun Chaerhan	Chairman (from 28 April 2023)
Mrs. Tran Thi Dao	Member (from 28 April 2023)
	Vice Chairman (to 28 April 2023)
Mr. Truong Minh Hung	Member
Mr. Chung Suyong	Member (from 28 April 2023)
Mrs. Han Thi Khanh Vinh	Member
Mr. Nguyen Quoc Dinh	Chairman (to 28 April 2023)
Mr. Le Van Nha Phuong	Member (to 28 April 2023)
Mr. Ngo Minh Tuan	Member (to 28 April 2023)

Board of Supervision

Mrs. Le Thi Kim Chung	Chief Supervisor (to 28 April 2023)
Mrs. Do Thi Thanh Thuy	Member (to 28 April 2023)

Board of Management

Mrs. Tran Thi Dao	General Director
Mr. Nguyen Quoc Dinh	Deputy General Director
Mr. Huynh Van Nhung	Deputy General Director
Mr. Ngo Minh Tuan	Deputy General Director
Mr. Le Van Nha Phuong	Deputy General Director
Mr. Tran Hoai Hanh	Chief Accountant

Legal representative

Mrs. Tran Thi Dao	General Director
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Registered office

No 4, 30/4 Street, Ward 1, Cao Lanh City,
Dong Thap Province, Vietnam

Auditor

PwC (Vietnam) Limited

IMEXPHARM CORPORATION

STATEMENT OF THE BOARD OF MANAGEMENT

Statement of the Responsibility of the Board of Management of the Company in respect of the Interim Financial Statements

The Board of Management of Imexpharm Corporation ("the Company") is responsible for preparing interim financial statements which give a true and fair view of the financial position of the Company as at 30 June 2023, and of the results of its operations and its cash flows for the six-month period then ended. In preparing these interim financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the interim financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and enable interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or error.

The Legal Representative authorised the Deputy General Director of the Company to approve and sign the interim financial statements for the six-month period ended 30 June 2023 in accordance with the Power of Attorney dated 1 January 2020.

Approval of the Interim Financial Statements

We hereby, approve the accompanying interim financial statements as set out on pages 5 to 46 which give a true and fair view of the financial position of the Company as at 30 June 2023 and of the results of its operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements. *h*

On behalf of the Board of Management



Nguyễn Quốc Đình
Nguyễn Quốc Đình
Deputy General Director
Authorised by Legal Representative

Dong Thap Province, SR Vietnam
9 August 2023



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF IMEXPHARM CORPORATION

We have reviewed the accompanying interim financial statements of Imexpharm Corporation ("the Company") which were prepared on 30 June 2023 and approved by the Board of Management of the Company on 9 August 2023. The interim financial statements comprise the interim balance sheet as at 30 June 2023, the interim income statement, the interim cash flow statement for the six-month period then ended, and explanatory notes to the interim financial statements including significant accounting policies, as set out on pages 5 to 46.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these interim financial statements of the Company in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of interim financial statements and for such internal control which the Board of Management determines is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on review engagement 2410 - Review of interim financial information performed by the independent auditor of the entity.

A review of interim financial information 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.

Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not presented fairly, in all material respects, the financial position of the Company as at 30 June 2023, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements.

Other Matter

The report on review of interim financial statements is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Nguyen Hoang Nam
Audit Practising Licence No.
0849-2023-006-1
Authorised signatory

Report reference number: HCM14156
Ho Chi Minh City, 9 August 2023

INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2023 VND	31.12.2022 VND
100	CURRENT ASSETS		1,337,582,162,515	1,103,552,901,572
110	Cash and cash equivalents	3	66,785,435,992	178,845,070,328
111	Cash		46,785,435,992	88,845,070,328
112	Cash equivalents		20,000,000,000	90,000,000,000
120	Short-term investments		303,000,000,000	211,300,000,000
123	Investments held to maturity	4(a)	303,000,000,000	211,300,000,000
130	Short-term receivables		294,547,136,730	270,938,803,795
131	Short-term trade accounts receivable	5	241,581,559,279	231,177,991,195
132	Short-term prepayments to suppliers	6	32,356,463,391	26,995,557,085
136	Other short-term receivables	7	23,769,240,847	26,560,007,100
137	Provision for doubtful debts – short-term	8	(3,160,126,787)	(13,794,751,585)
140	Inventories	9	657,788,771,809	435,841,476,949
141	Inventories		661,776,097,215	441,406,686,700
149	Provision for decline in value of inventories		(3,987,325,406)	(5,565,209,751)
150	Other current assets		15,460,817,984	6,627,550,500
151	Short-term prepaid expenses	10(a)	9,367,984,982	1,601,203,446
152	Value added tax ("VAT") to be reclaimed	15(a)	6,092,833,002	5,026,347,054

The notes on pages 10 to 46 are an integral part of these interim financial statements.

INTERIM BALANCE SHEET
(continued)


Code	ASSETS (continued)	Note	As at	
			30.6.2023 VND	31.12.2022 VND
200	LONG-TERM ASSETS		1,185,145,428,446	1,173,390,666,003
210	Long-term receivables		50,244,740	50,244,740
216	Other long-term receivables		50,244,740	50,244,740
220	Fixed assets		479,842,135,453	488,685,348,304
221	Tangible fixed assets	11(a)	405,060,823,187	415,706,968,202
222	Historical cost		947,565,836,441	937,101,735,948
223	Accumulated depreciation		(542,505,013,254)	(521,394,767,746)
227	Intangible fixed assets	11(b)	74,781,312,266	72,978,380,102
228	Historical cost		101,390,835,219	99,071,887,219
229	Accumulated amortisation		(26,609,522,953)	(26,093,507,117)
240	Long-term asset in progress		598,269,483,400	580,743,385,664
242	Construction in progress	12	598,269,483,400	580,743,385,664
250	Long-term investments		71,281,555,350	71,289,573,850
252	Investments in associates	4(b)	70,948,582,700	70,948,582,700
253	Investments in other entities	4(b)	617,550,000	617,550,000
254	Provision for long-term investments	4(b)	(284,577,350)	(276,558,850)
260	Other long-term asset		35,702,009,503	32,622,113,445
261	Long-term prepaid expenses	10(b)	35,702,009,503	32,622,113,445
270	TOTAL ASSETS		2,522,727,590,961	2,276,943,567,575

The notes on pages 10 to 46 are an integral part of these interim financial statements.

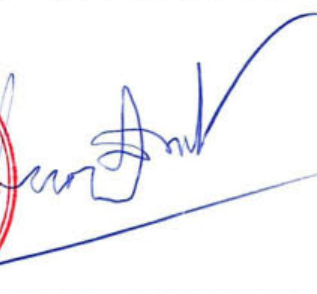
INTERIM BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2023 VND	31.12.2022 VND
300	LIABILITIES		580,202,932,550	382,496,674,756
310	Short-term liabilities		580,202,932,550	382,496,674,756
311	Short-term trade accounts payable	13	112,015,861,567	85,922,688,253
312	Short-term advances from customers	14	4,008,013,428	33,524,401,549
313	Tax and other payables to the State	15(b)	22,199,187,123	27,751,523,623
314	Payables to employees		37,561,471,406	73,138,693,787
315	Short-term accrued expenses	16	46,139,948,533	43,570,691,199
318	Short-term unearned revenue	17	36,554,635,177	-
319	Other short-term payables	18	88,512,679,189	5,215,999,675
320	Short-term borrowings	19	180,317,558,126	94,980,000,000
322	Bonus and welfare fund	20	52,893,578,001	18,392,676,670
400	OWNERS' EQUITY		1,942,524,658,411	1,894,446,892,819
410	Capital and reserves		1,942,524,658,411	1,894,446,892,819
411	Owners' capital	21, 22	667,053,700,000	667,053,700,000
411a	- Ordinary shares with voting rights		667,053,700,000	667,053,700,000
412	Share premium	22	507,368,247,904	507,368,247,904
414	Owners' other capital	22	2,420,789,142	2,420,789,142
415	Treasury shares	22	(358,600,000)	(358,600,000)
418	Investment and development fund	22	436,051,282,560	453,317,592,589
421	Undistributed earnings	22	329,989,238,805	264,645,163,184
421a	- Undistributed post-tax profits of previous years		155,221,208,408	1,623,268,980
421b	- Post-tax profits of current period/year		174,768,030,397	263,021,894,204
440	TOTAL RESOURCES		2,522,727,590,961	2,276,943,567,575


Duong Hoang Vu
Preparer


Tran Hoai Hanh
Chief Accountant




Nguyen Quoc Dinh
Deputy General Director
Authorised by Legal
Representative
9 August 2023

The notes on pages 10 to 46 are an integral part of these interim financial statements.


INTERIM INCOME STATEMENT

Code		Note	For the six-month period ended	
			30.6.2023 VND	30.6.2022 VND
01	Revenue from sales of goods		924,510,342,872	671,802,151,221
02	Less deductions		(5,546,980,851)	(3,105,395,572)
10	Net revenue from sales of goods	26	918,963,362,021	668,696,755,649
11	Cost of goods sold	27	(494,926,673,400)	(384,967,092,856)
20	Gross profit from sales of goods		424,036,688,621	283,729,662,793
21	Financial income	28	14,585,173,253	13,538,102,398
22	Financial expenses	29	(14,567,245,630)	(13,696,146,600)
23	- Including: Interest expense	29	(2,653,944,912)	(2,192,395,206)
25	Selling expenses	30	(163,147,362,911)	(114,913,529,509)
26	General and administration expenses	31	(63,463,311,421)	(43,892,351,794)
30	Net operating profit		197,443,941,912	124,765,737,288
31	Other income		1,743,991,428	558,027,718
32	Other expenses		(26,523,874)	(81,057,519)
40	Net other income		1,717,467,554	476,970,199
50	Accounting profit before tax		199,161,409,466	125,242,707,487
51	Business income tax ("BIT") - current	32	(41,659,689,098)	(26,029,283,306)
52	BIT - deferred	32	-	-
60	Profit after tax		157,501,720,368	99,213,424,181
70	Basic earnings per share	24	2,008	1,265
71	Diluted earnings per share	24	2,008	1,265


Duong Hoang Vu
Preparer


Tran Hoai Hanh
Chief Accountant




Nguyen Quoc Dinh
Deputy General Director
Authorised by Legal
Representative
9 August 2023

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INTERIM CASH FLOW STATEMENT
(Indirect method)

		For the six-month period ended	
Code	Note	30.6.2023 VND	30.6.2022 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		199,161,409,466	125,242,707,487
		Accounting profit before tax	
		Adjustments for:	
02	33	Depreciation and amortisation	30,182,648,947
03		Provisions	(1,192,060,836)
04	29	Unrealised foreign exchange losses	285,838,412
05		Profits from investing activities	(12,090,362,205)
06	29	Interest expense	2,653,944,912
08		Operating profit before changes in working capital	219,001,418,696
09		(Increase)/decrease in receivables	(21,836,727,734)
10		(Increase)/decrease in inventories	(220,369,410,515)
11		Increase/(decrease) in payables	16,272,343,202
12		(Increase)/decrease in prepaid expenses	(10,846,677,594)
13		Decrease in trading securities	-
14		Interest paid	(3,246,212,843)
15	15	BIT paid	(46,855,560,507)
17		Other payments on operating activities	(5,195,873,147)
20		Net cash (outflows)/inflows from operating activities	(73,076,700,442)
CASH FLOWS FROM INVESTING ACTIVITIES			
21		Purchases of fixed assets	(41,486,028,989)
22		Proceeds from disposals of fixed assets	1,292,272,726
23		Term deposits placed at banks	(303,000,000,000)
24		Collection of loans and term deposits at banks	211,300,000,000
25		Investments in other entities	-
27		Dividends and interest received	7,582,169,866
30		Net cash outflows from investing activities	(124,311,586,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
33	19	Proceeds from borrowings	180,317,558,126
34	19	Repayments of borrowings	(94,980,000,000)
36	23	Dividends paid to owners	-
40		Net cash inflows/(outflows) from financing activities	85,337,558,126
50		Net decrease in cash and cash equivalents of the period	(112,050,728,713)
60	3	Cash and cash equivalents at beginning of period	178,845,070,328
61		Effect of foreign exchange differences	(8,905,623)
70	3	Cash and cash equivalents at end of period	66,785,435,992
			271,272,865,376
			67,242,992,545

Additional information relating to the interim cash flow statement is presented in Note 35.

Duong Hoang Vu
Preparer

Tran Hoai Hanh
Chief Accountant



Nguyen Quoc Dinh
Deputy General Director
Authorised by Legal
Representative
9 August 2023

The notes on pages 10 to 46 are an integral part of these interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

1 GENERAL INFORMATION

Imexpharm Corporation ("the Company"), formerly known as Dong Thap Pharmaceutical Union incorporated under Decision No. 284/TCCQ dated 28 September 1983 issued by the Health Department of Dong Thap Province, was transformed from a State-Owned company into a joint stock company in accordance with initial Enterprise registration certificate No. 1400384433 dated 1 August 2001 and the latest 30th amendment dated 5 April 2023 issued by the Department of Planning and Investment of Dong Thap Province.

The Company's shares were listed on Ho Chi Minh Stock Exchange ("HOSE") on 15 November 2006 with the stock code IMP under Decision No. 76/UBCK-GPNY of HOSE.

The principal activities of the Company are manufacturing pharmaceutical products, processing pharmaceutical materials, trading, importing and exporting pharmaceutical products, medical equipment and supplies, chemicals, materials for medicine manufacturing and packaging, chemicals used for sterilization or disinfection in humans (except for those listed under Point A, Part II, Appendix No. 4 accompanying Decision No. 10/2007/QD-BTM dated 21 May 2007 issued by the Ministry of Trade, currently known as the Ministry of Industry and Trade).

The normal business cycle of the Company is 12 months.

As at 30 June 2023, the Company had 25 branches and 3 associates as presented in Note 4(b) – Investments. Details of the Company's associates are presented below:

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			30.6.2023	31.12.2022
Agimexpharm Pharmaceutical Joint Stock Company	Manufacturing and trading pharmaceutical products	An Giang Province	32.99%	32.99%
Dong Thap Muoi Research Conservation and Development Pharmaceutical Joint Stock Company	Researching, conserving, and developing pharmaceutical materials	Long An Province	23.56%	23.56%
Gia Dai Pharmaceutical Company Limited	Manufacturing and trading pharmaceutical products	Ho Chi Minh City	26.00%	26.00%

As at 30 June 2023, the Company had 1,312 employees (as at 31 December 2022: 1,260 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of interim financial statements**

The interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim financial statements. The interim financial statements have been prepared under the historical cost convention.

The accompanying interim financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The interim financial statements in Vietnamese language are the official statutory interim financial statements of the Company. The interim financial statements in English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

The interim financial statements are prepared for the accounting period from 1 January 2023 to 30 June 2023.

2.3 Currency

The interim financial statements are measured and presented in Vietnamese Dong ("VND"), which is the Company's accounting currency.

2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates prevailing at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the interim income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank with which the Company regularly transacts. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the interim income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and other short-term investments with an original maturity of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Receivables**

Receivables represent trade receivables from customers arising from sales of goods or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Bad debts are written off when identified as uncollectible.

Receivables are classified into short-term and long-term receivables on the interim balance sheet based on the remaining period from the interim balance sheet date to the maturity date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual system for inventories.

Provision is made, where necessary, for obsolete, slow-moving, and defective inventory items. The difference between the provision of this period and the provision of the previous period is recognised as an increase or decrease of operating expenses in the period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments****(a) Investments held to maturity**

Investments held to maturity are investments which the Company has a positive intention and ability to hold until maturity.

Investments held to maturity include term deposits and other investments held to maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for diminution in value of investments held to maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the interim balance sheet based on the remaining period from the interim balance sheet date to the maturity date.

(b) Investments in associates

Associates are investments that the Company has significant influence but not control over and the Company would generally have from 20% to less than 50% of the voting rights of the investee. Investments in associates are initially recorded at cost of acquisition including purchase cost plus other expenditure directly attributable to the investments. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

(c) Investments in other entities

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investment (continued)****(d) Provision for investments in associates and other entities**

Provision for investments in associates and other entities is made when there is a diminution in value of the investments at the period end.

Provision for investments in associates is calculated based on the loss of investees.

Provision for investments in other entities is calculated based on market value if market value can be determined reliably. If market value cannot be determined reliably, the provision is calculated similarly to provision for investments in associates.

Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.9 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure which is incurred subsequently and has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the income statement when incurred in the period.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line basis so as to write off the depreciable amount of the fixed assets over their estimated useful lives or over the term of the Investment licence if shorter. Depreciable amount equals to the historical cost of fixed assets recorded in the financial statements minus (-) the estimated disposal value of such assets. The estimated useful lives of each asset class are as follows:

Plant, buildings, and structures	5 – 40 years
Machinery and equipment	3 – 15 years
Motor vehicles	5 – 10 years
Office equipment	3 – 8 years
Computer software	3 – 5 years
Copyright	3 years
Others	3 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Fixed assets (continued)**

Land use rights comprise of land use rights granted by the State for which land use fees are collected, land use rights acquired in a legitimate transfer, and prepaid land use rights obtained under land rental contracts which are effective before the effective date of land law 2003 (ie. 1 July 2004) and which land use right certificates are granted.

Definite land use rights are stated at costs less accumulated amortisation. Costs of land use rights consists of its purchased prices and any directly attributable costs in obtaining the land use rights. Land use rights are amortised using the straight-line basis over the terms of the land use right certificates.

Indefinite land use rights are stated at costs and not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the interim income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of installation or construction for production, administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies as construction costs; costs of tools and equipment; project management expenditure; construction consulting expenditure; and capitalised borrowing costs for qualifying assets in accordance with the Company's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.10 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the interim income statement on a straight-line basis over the term of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the interim balance sheet. Short-term prepaid expenses represent prepayments for services; or tools that do not meet the recognition criteria for fixed assets;... for a period not exceeding 12 months or a business cycle from the date of prepayment. Long-term prepaid expenses represent prepayments for services; or tools, which do not meet the recognition criteria for fixed assets;... for a period exceeding 12 months or more than one business cycle from the date of prepayment. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

Prepayments for land rental contracts which are effective after the effective date of the Land Law 2003 (ie. 1 July 2004) or which land use right certificates are not granted are recorded as prepaid expenses and allocated using the straight-line method over the terms of such land use right certificates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables are non-trade payables and payables not relating to purchases of goods and services.

Payables are classified into short-term and long-term payables on the interim balance sheet based on the remaining period from the interim balance sheet date to the maturity date.

2.13 Borrowings

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term on the interim balance sheet based on their remaining period from the interim balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which is used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the interim income statement when incurred.

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for, due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the level of the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting period are recorded as an increase or decrease in operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the six-month period prior to the balance sheet date. As at 30 June 2023, the estimated provision for severance allowances to be accrued was VND18,219,435,482.

In accordance with the guidance of Circular No. 180/2012/TT-BTC dated 24 October 2012 issued by the Ministry of Finance, the Company does not recognise provision for severance allowances. The Company records and pays severance allowances when employees leave the Company.

2.17 Unearned revenue

Unearned revenue mainly comprises the amounts that customers have paid in advance for one or many accounting periods for revenue corresponding to the value of goods and services provided to customers for free or at discount under customer loyalty programs. The Company records unearned revenue for the future obligations that the Company has to fulfil. Unearned revenue is recognised as revenue in the income statement during the period to the extent that revenue recognition criteria have been met.

2.18 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares.

Share premium is the difference between the par value and the issue price of shares; the difference between the repurchase price and re-issuing price of treasury shares.

Owners' other capital represents other capital of the owners at the reporting date.

Treasury shares bought before the effective date of the Securities Law (ie. 1 January 2021) are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities. Treasury shares bought after 1 January 2021 will be cancelled and adjusted to reduce equity.

Undistributed earnings record the Company's results after BIT at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of profit**

The Company's dividends are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's General Meeting of shareholders.

Profit after BIT could be distributed to shareholders after approval at the General Meeting of shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's funds are as below:

(a) Investment and development fund

The investment and development fund is appropriated from profit after BIT of the Company and approved by shareholders in the General Meeting of Shareholders. This fund is appropriated for investing deeply in manufacturing and business expansion to develop the Company, to compensate for expenditures and damages when operating (if any), which is presented by the Board of Management and approved by the Board of Directors. Because of different interpretation of law and regulations on tax, the final taxation may be changed upon the decision of tax authorities; in case of a gap in taxation, the Company may use the investment and development fund to compensate for the taxation expense. This compensation is recorded in the undistributed earnings after it has been reflected in the income statement. The fund can be also used for issue of bonus shares to the shareholders, increase of the charter capital (if any) in compliance with the applicable law and the Company's Charter.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Company's profit after CIT and subject to shareholders' approval at the Company's General Meeting. This fund is presented as a liability on the interim balance sheet. The fund is set aside for the purpose of rewarding, encouragement, and improvement of the employees' welfare.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the interim income statement when all five (5) following conditions are satisfied:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(a) Revenue from sales of goods (continued)**

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the “substance over form” principle and allocated to each sale obligation. If the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the income statement.

(b) Interest income

Interest income is recognised on the basis of the actual time and interest rates for each period when both conditions below are simultaneously satisfied:

- (a) It is probable that economic benefits will be generated;
- (b) Income can be measured reliably.

(c) Dividend income

Income from dividends is recognised when the Company has established the receiving rights from investees.

2.21 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related revenue from sales of products are recorded as a deduction from the revenue of that period.

Sales deductions for sale of products and goods which are sold in the period but are incurred after the balance sheet date but before the issuance of the interim financial statements are recorded as a deduction from the revenue of the period.

2.22 Cost of goods sold

Cost of goods sold are cost of finished goods, merchandises and materials sold during the period, and recorded on the basis of matching with revenue and on a prudent basis.

2.23 Financial expenses

Financial expenses are expenses incurred in the period for financial activities including interest expenses, provision for diminution in value of investments in other entities; losses from foreign exchange differences and payment discounts.

2.24 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 General and administration expenses**

General and administration expenses represent expenses incurred for administrative purposes.

2.26 Current and deferred income tax

Income tax includes all income tax which is based on taxable profits. Income tax expense comprises current income tax expense and deferred income tax expense.

Current income tax is the amount of income tax payable or recoverable in respect of the current period taxable profits at the current period tax rates. Current and deferred income tax are recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the interim balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Company considers the substance of the relationships, not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Segment reporting**

A segment is a component which can be separated by the Company engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment or the Company's geographical segment.

2.29 Accounting estimates

The preparation of financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period.

The areas involving significant estimates and assumptions are as follows:

- Estimation of provision for doubtful debt (Note 8);
- Estimation of provision for decline in value of inventories (Note 9); and
- Estimated useful life of fixed assets (Note 11).

Such estimates and assumptions are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the Company and that are assessed by the Board of Management to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	30.6.2023 VND	31.12.2022 VND
Cash on hand	1,116,021,542	1,662,029,246
Cash at bank	45,669,414,450	87,183,041,082
Cash equivalents (*)	20,000,000,000	90,000,000,000
	<u>66,785,435,992</u>	<u>178,845,070,328</u>

(*) As at 30 June 2023, cash equivalents represented bank deposits with maturity from one to three months and earned interest at the fixed interest rates from 4.7% per annum to 5.5% per annum (as at 31 December 2022: from 5% per annum to 6% per annum).

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4 INVESTMENTS
(a) Investments held to maturity

	30.6.2023		31.12.2022	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits at banks	<u>303,000,000,000</u>	<u>303,000,000,000</u>	<u>211,300,000,000</u>	<u>211,300,000,000</u>

As at 30 June 2023, the term deposits represented bank deposits with maturity from six months to twelve months and earned interest at the fixed interest rate from 5.8% per annum to 8.3% per annum (as at 31 December 2022: from 4.6% per annum to 8% per annum).

(b) Long-term investments

	30.6.2023			31.12.2022		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
(i) Investments in associates						
Agimexpharm Pharmaceutical Joint Stock Company	66,958,582,700	160,056,433,507	-	66,958,582,700	124,165,769,364	-
Dong Thap Muoi Research Conservation and Development Pharmaceutical Joint Stock Company	3,808,000,000	(*)	-	3,808,000,000	(*)	-
Gia Dai Pharmaceutical Company Limited	182,000,000	(*)	(182,000,000)	182,000,000	(*)	(182,000,000)
	<u>70,948,582,700</u>	<u>160,056,433,507</u>	<u>(182,000,000)</u>	<u>70,948,582,700</u>	<u>124,165,769,364</u>	<u>(182,000,000)</u>

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4 INVESTMENTS (continued)

(b) Long-term investments (continued)

(i) Investments in associates (continued)

Operational status of associates

Gia Dai Pharmaceutical Company Limited stopped its operations in 2015. Other associates are operating in their normal course of business.

() Fair value*

As at 30 June 2023 and 31 December 2022, the fair value of investment in Agimexpharm Pharmaceutical Joint Stock Company was VND160,056,433,507 and VND124,165,769,364, respectively. The Company has not determined the fair value of remaining investments for disclosure in the financial statements because they do not have listed prices.

	30.6.2023			31.12.2022		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
(ii) Investments in equity of other entities						
Vidipha Central Pharmaceutical Joint Stock Company	503,000,000	703,800,000	-	503,000,000	675,000,000	-
No. 25 Central Pharmaceutical Joint Stock Company	114,550,000	11,972,650	(102,577,350)	114,550,000	19,991,150	(94,558,850)
	<u>617,550,000</u>	<u>715,772,650</u>	<u>(102,577,350)</u>	<u>617,550,000</u>	<u>694,991,150</u>	<u>(94,558,850)</u>

Equity investments in other entities represent the investments the Company holds less than 20% voting rights in those entities.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2023 VND	31.12.2022 VND
Third parties (*)	236,487,473,959	227,201,474,805
Related parties (Note 36(b))	5,094,085,320	3,976,516,390
	<u>241,581,559,279</u>	<u>231,177,991,195</u>

(*) Details of customers accounting for 10% or more of total short-term trade accounts receivable balance are as follows:

	30.6.2023 VND	31.12.2022 VND
Orgalife Nutritional Science Co, Ltd.	31,110,941,400	26,554,947,750
Newzilan Trading JSC	21,637,571,280	22,946,259,500

As at 30 June 2023 and 31 December 2022, the balances of short-term trade accounts receivable which were past due, amounting to VND4,144,957,676 and VND4,685,882,953, respectively, and are presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2023 VND	31.12.2022 VND
Third parties (*)	<u>32,356,463,391</u>	<u>26,995,557,085</u>

(*) Details of suppliers accounting for 10% or more of total balance of short-term prepayments to suppliers are as follows:

	30.6.2023 VND	31.12.2022 VND
Teampack Packaging Solutions Company Limited	5,830,806,080	5,830,806,080
New Diamond Machinery Co., Ltd.	4,387,548,000	4,387,548,000
Orioled Hub Limited.	3,127,800,000	3,127,800,000
Zhuhai United Laboratories Co., Ltd.	-	3,617,600,000

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2023		31.12.2022	
	Book value VND	Provision VND	Book value VND	Provision VND
Advances to employees	6,168,650,694	-	16,173,209,133	(10,570,214,947)
Interest income from banks	7,651,252,055	-	4,511,443,835	-
Others	9,949,338,098	(948,799,997)	5,875,354,132	(817,007,432)
	<u>23,769,240,847</u>	<u>(948,799,997)</u>	<u>26,560,007,100</u>	<u>(11,387,222,379)</u>

As at 30 June 2023 and 31 December 2022, the balances of other short-term receivables which were not past due but doubtful, amounting to VND948,799,997 and VND11,387,222,379, respectively, and are presented in Note 8.

8 DOUBTFUL DEBTS

	30.6.2023			31.12.2022		
	Cost VND	Recoverable amount VND	Provision VND	Cost VND	Recoverable amount VND	Provision VND
i) Receivables that were past due	4,144,957,676	1,933,630,886	(2,211,326,790)	4,685,882,953	2,278,353,747	(2,407,529,206)
From 6 months to 1 year	2,349,478,698	1,644,635,089	(704,843,609)	2,367,441,666	1,657,209,166	(710,232,500)
From 1 year to 2 years	492,261,195	246,130,597	(246,130,598)	800,645,631	400,322,815	(400,322,816)
From 2 years to 3 years	142,884,000	42,865,200	(100,018,800)	736,072,553	220,821,766	(515,250,787)
Over 3 years	1,160,333,783	-	(1,160,333,783)	781,723,103	-	(781,723,103)
ii) Receivables that were not past due but doubtful	948,799,997	-	(948,799,997)	11,387,222,379	-	(11,387,222,379)
	<u>5,093,757,673</u>	<u>1,933,630,886</u>	<u>(3,160,126,787)</u>	<u>16,073,105,332</u>	<u>2,278,353,747</u>	<u>(13,794,751,585)</u>

9 INVENTORIES

	30.6.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	370,342,583,999	(3,630,378,953)	242,634,167,368	(5,157,039,510)
Finished goods	201,693,448,421	(356,946,453)	154,222,251,712	(408,170,241)
Goods in transit	56,175,287,175	-	12,248,806,395	-
Work in progress	25,837,269,658	-	27,003,824,733	-
Tools and supplies	3,716,452,547	-	3,054,443,987	-
Merchandise	4,011,055,415	-	2,243,192,505	-
	<u>661,776,097,215</u>	<u>(3,987,325,406)</u>	<u>441,406,686,700</u>	<u>(5,565,209,751)</u>

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

	For the six-month period ended 30.6.2023 VND	For the year ended 31.12.2022 VND
Beginning of period/year	5,565,209,751	1,730,157,165
Increase	-	3,835,052,586
Reversal (Note 27)	(1,577,884,345)	-
End of period/year	<u>3,987,325,406</u>	<u>5,565,209,751</u>

10 PREPAID EXPENSES**(a) Short-term:**

	30.6.2023 VND	31.12.2022 VND
Professional service fee	8,413,967,613	258,331,267
Tools, supplies	445,318,444	280,017,222
Repair and maintainance	303,658,425	512,167,219
Uniform	162,207,500	413,856,738
Others	42,833,000	136,831,000
	<u>9,367,984,982</u>	<u>1,601,203,446</u>

10 PREPAID EXPENSES (continued)**(b) Long-term**

	30.6.2023 VND	31.12.2022 VND
Land rental	11,654,704,046	11,853,326,351
Expenses to obtain marketing authorisation document	9,644,860,323	6,143,220,688
Office furniture	7,322,301,664	4,486,670,280
Tools and supplies	3,478,088,061	4,030,530,174
Others	3,602,055,409	6,108,365,952
	<u>35,702,009,503</u>	<u>32,622,113,445</u>

Movements in long-term prepaid expenses during the period/year are as follows:

	For the six-month period ended 30.6.2023 VND	For the year ended 31.12.2022 VND
Beginning of period/year	32,622,113,445	38,085,883,030
Increase	9,945,584,683	13,898,009,642
Allocation in the period/year	(6,865,688,625)	(19,361,779,227)
End of period/year	<u>35,702,009,503</u>	<u>32,622,113,445</u>

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11 FIXED ASSETS
(a) Tangible fixed assets

	Plant, buildings and structure VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2023	299,060,533,148	486,649,475,435	104,480,817,859	46,910,909,506	937,101,735,948
New purchases in the period	-	11,483,080,000	175,000,000	240,000,000	11,898,080,000
Transfers from construction in progress (Note 12)	390,929,050	2,786,276,000	3,743,650,546	201,552,500	7,122,408,096
Disposals	-	(5,374,742,520)	(3,181,645,083)	-	(8,556,387,603)
As at 30 June 2023	<u>299,451,462,198</u>	<u>495,544,088,915</u>	<u>105,217,823,322</u>	<u>47,352,462,006</u>	<u>947,565,836,441</u>
Accumulated depreciation					
As at 1 January 2023	134,934,899,702	275,368,656,418	75,915,705,583	35,175,506,043	521,394,767,746
Charge for the period	5,231,477,172	18,291,543,575	3,579,560,387	2,564,051,977	29,666,633,111
Disposals	-	(5,374,742,520)	(3,181,645,083)	-	(8,556,387,603)
As at 30 June 2023	<u>140,166,376,874</u>	<u>288,285,457,473</u>	<u>76,313,620,887</u>	<u>37,739,558,020</u>	<u>542,505,013,254</u>
Net book value					
As at 1 January 2023	<u>164,125,633,446</u>	<u>211,280,819,017</u>	<u>28,565,112,276</u>	<u>11,735,403,463</u>	<u>415,706,968,202</u>
As at 30 June 2023	<u>159,285,085,324</u>	<u>207,258,631,442</u>	<u>28,904,202,435</u>	<u>9,612,903,986</u>	<u>405,060,823,187</u>

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2023 was VND285,544,169,812 (as at 31 December 2022: VND285,381,129,812).

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11 FIXED ASSETS (continue)

(b) Intangible fixed assets

	Land use rights VND	Copyright VND	Computer software VND	Others VND	Total VND
Historical cost					
As at 1 January 2023	80,217,869,328	744,712,823	16,019,325,068	2,089,980,000	99,071,887,219
New purchases in the period	-	-	330,638,000	-	330,638,000
Transfers from construction in progress (Note 12)	-	-	1,988,310,000	-	1,988,310,000
As at 30 June 2023	80,217,869,328	744,712,823	18,338,273,068	2,089,980,000	101,390,835,219
Accumulated amortisation					
As at 1 January 2023	7,785,539,677	744,712,823	15,613,530,171	1,949,724,446	26,093,507,117
Charge for the period	293,501,191	-	151,770,201	70,744,444	516,015,836
As at 30 June 2023	8,079,040,868	744,712,823	15,765,300,372	2,020,468,890	26,609,522,953
Net book value					
As at 1 January 2023	72,432,329,651	-	405,794,897	140,255,554	72,978,380,102
As at 30 June 2023	72,138,828,460	-	2,572,972,696	69,511,110	74,781,312,266

Historical cost of fully amortised intangible fixed assets but still in use as at 30 June 2023 was VND18,028,981,691 (as at 31 December 2022: VND17,626,981,691).

12 CONSTRUCTION IN PROGRESS

	For the six-month period ended 30.6.2023 VND	For the year ended 31.12.2022 VND
Purchases of machinery and equipment	467,185,047,412	458,919,191,911
High-technology pharmaceutical factory	95,772,263,538	82,770,747,209
Others	35,312,172,450	39,053,446,544
	<u>598,269,483,400</u>	<u>580,743,385,664</u>

Movements in the construction in progress during the period/year are as follows:

	For the six-month period ended 30.6.2023 VND	For the year ended 31.12.2022 VND
Beginning of period/year	580,743,385,664	519,462,645,260
Purchase	26,636,815,832	83,169,042,843
Transfers to tangible fixed assets (Note 11(a))	(7,122,408,096)	(21,590,177,239)
Transfers to intangible fixed assets (Note 11(b))	(1,988,310,000)	(298,125,200)
End of period/year	<u>598,269,483,400</u>	<u>580,743,385,664</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2023		31.12.2022	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties (*)	112,015,861,567	112,015,861,567	82,322,551,576	82,322,551,576
Related parties (Note 36(b))	-	-	3,600,136,677	3,600,136,677
	<u>112,015,861,567</u>	<u>112,015,861,567</u>	<u>85,922,688,253</u>	<u>85,922,688,253</u>

(*) Details of suppliers accounting for 10% or more of the total balance of short-term trade accounts payable are as follows:

	30.6.2023 VND	31.12.2022 VND
Alcapharm B.V	36,331,045,200	8,272,758,000
Novartis (Singapore) Pte. Ltd.	11,697,384,960	-
KHS Synchemica Corp.	9,068,449,500	9,815,715,000
Centrient Pharmaceuticals India	-	15,190,860,000

As at 30 June 2023 and 31 December 2022, there was no balance of short-term trade accounts payable that was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2023 VND	31.12.2022 VND
Third parties (*)	<u>4,008,013,428</u>	<u>33,524,401,549</u>

(*) Details of customers accounting for 10% or more of the total balance of short-term advances from customers are as follows:

	30.6.2023 VND	31.12.2022 VND
Moc Tinh Pharmaceutical Joint Stock Company	1,752,008,066	6,959,146,765
TV Trade Promotion Pharmaceutical and Investment Co., Ltd.	1.282.500.000	820.932.000
Newzilan Trading Joint Stock Company	-	4,000,000,000
Orgalife Nutritional Science Co., Ltd.	-	7,080,400,000
Nhan Sinh Co., Ltd.	-	3,361,000,000

15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other receivables from/payables to the State during the period are as follows:

	As at 1.1.2023 VND	Payable/ (receivable) during the period VND	Payment/net-off during the period VND	As at 30.6.2023 VND
a) Tax receivable				
VAT to be reclaimed	<u>5,026,347,054</u>	<u>96,273,771,139</u>	<u>(95,207,285,191)</u>	<u>6,092,833,002</u>
b) Tax payables				
BIT - current	25,381,683,668	41,659,689,098	(46,855,560,507)	20,185,812,259
VAT for import	-	16,981,603,580	(16,981,603,580)	-
Import tax	-	6,573,954,535	(6,573,954,535)	-
Foreign contractor tax	-	3,576,193,986	(1,780,697,455)	1,795,496,531
Personal income tax for employees	-	15,547,700,050	(15,547,700,050)	-
Other personal income tax	1,265,073,372	2,336,224,121	(3,383,419,160)	217,878,333
Output VAT	1,104,766,583	4,532,363,792	(5,637,130,375)	-
Others	-	175,413,372	(175,413,372)	-
	<u>27,751,523,623</u>	<u>91,383,142,534</u>	<u>(96,935,479,034)</u>	<u>22,199,187,123</u>

16 SHORT-TERM ACCRUED EXPENSES

	30.6.2023 VND	31.12.2022 VND
Advertising and marketing	43,481,615,192	36,246,110,049
Maintenance and market development	2,658,333,341	5,903,828,422
Royalty fees	-	1,420,752,728
	<u>46,139,948,533</u>	<u>43,570,691,199</u>

17 SHORT-TERM UNEARNED REVENUE

The balance represents the unearned revenue corresponding to the value of goods and services provided to customers for free or at discount under customer loyalty programs, for which the Company has not settled the obligations at the end of the period.

18 OTHER SHORT-TERM PAYABLES

	30.6.2023 VND	31.12.2022 VND
Dividend payables	66,671,570,000	-
Short-term deposits	17,994,200,000	-
Remunerations for the Board of Directors and the Board of Supervision	2,871,283,670	2,838,024,220
Union fees	841,551,987	758,328,246
Others	134,073,532	1,619,647,209
	<u>88,512,679,189</u>	<u>5,215,999,675</u>

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19 SHORT-TERM BORROWINGS

	As at 1.1.2023 VND	Increase VND	Decrease VND	As at 30.6.2023 VND
Shinhan Bank Vietnam Limited - North Saigon Branch (*)	-	180,317,558,126	-	180,317,558,126
Asian Development Bank	94,980,000,000	-	(94,980,000,000)	-
	<u>94,980,000,000</u>	<u>180,317,558,126</u>	<u>(94,980,000,000)</u>	<u>180,317,558,126</u>

(*) Representing a short-term loan according to the credit facility with a credit limit of VND150 billion. This loan is unsecured and bears interest rate issued in each credit facility. The credit term for each draw-down does not exceed 6 months from the disbursement date for the purpose of financing the Company's working capital requirements.

20 BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the period/year are as follows:

	For the six- month period ended 30.6.2023 VND	For the year ended 31.12.2022 VND
Beginning of period/year	18,392,676,670	16,792,243,373
Appropriated (Note 22)	39,696,774,478	23,496,132,787
Utilised	<u>(5,195,873,147)</u>	<u>(21,895,699,490)</u>
End of period/year	<u>52,893,578,001</u>	<u>18,392,676,670</u>

21 OWNERS' CAPITAL**(a) Number of shares**

	30.6.2023		31.12.2022	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	66,705,370	-	66,705,370	-
Number of shares issued	66,705,370	-	66,705,370	-
Number of shares repurchased	(33,800)	-	(33,800)	-
Number of existing shares in circulation	66,671,570	-	66,671,570	-

(b) Details of owners' shareholding

	30.6.2023		31.12.2022	
	Ordinary shares (shares)	Shareholding %	Ordinary shares (shares)	Shareholding %
SK Investment Vina III Pte. Ltd.	31,799,949	47.67	31,799,949	47.67
Vietnam Pharmaceutical Corporation	14,696,534	22.03	14,696,534	22.03
Sunrise Kim Investment Joint Stock Company	6,505,102	9.75	6,496,902	9.74
KBA Investment Joint Stock Company	4,915,726	7.37	4,915,726	7.37
Shareholding owned by other owners	8,788,059	13.18	8,796,259	13.19
	66,705,370	100.00	66,705,370	100.00

(c) Movements of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2022, as at 31 December 2022 and as at 30 June 2023	66,705,370	667,053,700,000

Par value per share: VND10,000.

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22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital VND	Treasury shares VND	Investment and development fund VND	Post-tax undistributed earnings VND	Total VND
As at 1 January 2022	667,053,700,000	507,368,247,904	2,420,789,142	(358,600,000)	420,501,550,420	197,424,375,538	1,794,410,063,004
Net profit for the year	-	-	-	-	-	223,540,317,602	223,540,317,602
Cash dividend declared	-	-	-	-	-	(100,007,355,000)	(100,007,355,000)
Appropriation to Investment and development fund	-	-	-	-	72,297,618,771	(72,297,618,771)	-
Appropriation to Bonus and welfare fund	-	-	-	-	-	(23,496,132,787)	(23,496,132,787)
Fund utilisation	-	-	-	-	(39,481,576,602)	39,481,576,602	-
As at 31 December 2022	667,053,700,000	507,368,247,904	2,420,789,142	(358,600,000)	453,317,592,589	264,645,163,184	1,894,446,892,819
Net profit for the period	-	-	-	-	-	157,501,720,368	157,501,720,368
Cash dividend declared (*) (Note 23)	-	-	-	-	-	(66,671,570,000)	(66,671,570,000)
Appropriation to Bonus and welfare fund (*) (Note 20)	-	-	-	-	-	(39,696,774,478)	(39,696,774,478)
Bonus for the Board of Directors (*)	-	-	-	-	-	(3,055,610,298)	(3,055,610,298)
Fund utilisation (**)	-	-	-	-	(17,266,310,029)	17,266,310,029	-
As at 30 June 2023	667,053,700,000	507,368,247,904	2,420,789,142	(358,600,000)	436,051,282,560	329,989,238,805	1,942,524,658,411

22 MOVEMENTS IN OWNERS' EQUITY (continued)

(*) In accordance with Resolution No. 01/2023/NQ-ĐHĐCĐ-IMP of the Annual General Meeting of Shareholders of the Company on 28 April 2023, the Annual General Meeting of Shareholders has approved the 2022 profit after tax distribution plan as follows:

- a) Dividend payment at the rate of 10% in form of cash of VND66,671,570,000;
- b) Dividend payment at the rate of 100:5 of undistributed post-tax profit in the form of shares valued VND33,335,785,000;
- c) Appropriation to bonus and welfare fund at the rate of 15% from post-tax undistributed earnings with an amount of VND39,696,774,478;
- d) Appropriating bonus for the Board of Directors and Supervisory Board for exceeding the plan at the rate of 1.15% of undistributed profit after tax with an amount of VND3,055,610,298.

(**) In accordance with Resolution No. 01/2023/NQ-HDQT-IMP dated 9 February 2023 of the Company's Board of Directors, the investment and development fund was used to compensate for uncollectable advances from customers, and are presented in Note 31.

23 DIVIDENDS PAYABLE

Movements of dividends payable during the period/year are as follows:

	For the six-month period ended 30.6.2023 VND	For the year ended 31.12.2022 VND
Beginning of period/year	-	-
Dividends payable during the period/year (Note 22)	66,671,570,000	100,007,355,000
Dividends paid in cash	-	(100,007,355,000)
End of period/year	<u>66,671,570,000</u>	<u>-</u>

24 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 fund by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	For the six-month period ended	
	30.6.2023	30.6.2022
Net profit attributable to shareholders (VND)	157,501,720,368	99,213,424,181
Less amount allocated to Bonus and welfare fund (VND) (*)	(23,625,258,055)	(14,882,013,627)
	<u>133,876,462,313</u>	<u>84,331,410,554</u>
Weighted average number of ordinary shares in issue (shares)	66,705,370	66,671,570
Basic earnings per share (VND) (**)	<u>2,008</u>	<u>1,265</u>

(*) The amount allocated to bonus and welfare fund for the six-month period ended 30 June 2023 was estimated based on the appropriation rate for bonus and welfare fund from post-tax undistributed earnings in accordance with the 2022 profit distribution scheme which was approved at the Annual General Meeting of Shareholders of the Company.

(**) During the year, the Company distributed profit after tax in accordance with Resolution No. 01/2023/NQ-ĐHĐCĐ-IMP dated 28 April 2023. Therefore, the basic earnings per share of the six-month period ended 30 June 2022 were recalculated as below:

	For the six-month period ended 30.6.2022		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	99,213,424,181	-	99,213,424,181
Less amount allocated to bonus and welfare fund (VND) (*)	(11,905,610,902)	(2,976,402,725)	(14,882,013,627)
	<u>87,307,813,279</u>	<u>(2,976,402,725)</u>	<u>84,331,410,554</u>
Weighted average number of ordinary shares in issue (shares)	66,705,370	-	66,705,370
Basic earnings per share (VND)	<u>1,310</u>	<u>-</u>	<u>1,265</u>

24 EARNINGS PER SHARE (continued)**(b) Diluted earnings per share**

The Company did not have any ordinary shares potentially diluted during the period and up to the date of these financial statements. Therefore, the diluted earnings per share is equal to the basic earnings per share.

25 OFF BALANCE SHEET ITEMS**(a) Foreign currencies**

	30.6.2023	31.12.2022
United States Dollar ("USD")	25,875.32	24,961.42
Euro ("EUR")	15,391.37	15,391.37

(b) Bad debts written off

	30.6.2023 VND	31.12.2022 VND
Bad debts written off	34,190,477,379	33,748,262,519

26 NET REVENUE FROM SALES OF GOODS

	For the six-month period ended	
	30.6.2023 VND	30.6.2022 VND
Revenue		
Sales of finished goods	917,870,318,984	655,694,770,882
Sale of franchised goods	-	9,920,119,968
Sales of others	6,640,023,888	6,187,260,371
	<u>924,510,342,872</u>	<u>671,802,151,221</u>
Sales deductions		
Trade discounts	(5,270,468,588)	(2,831,466,700)
Sales returns	(276,512,263)	(176,888,872)
Sales allowances	-	(97,040,000)
	<u>(5,546,980,851)</u>	<u>(3,105,395,572)</u>
Net revenue from sales of goods	<u>918,963,362,021</u>	<u>668,696,755,649</u>

27 COST OF GOODS SOLD

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
Cost of finished goods sold	448,266,801,142	325,225,455,904
Cost of promotion goods	42,826,037,741	45,259,150,857
Cost of franchised goods	-	7,467,811,818
Cost of others	5,411,718,862	4,825,509,693
(Reversal of provision)/provision for decline in value of inventories (Note 9)	(1,577,884,345)	2,189,164,584
	<u>494,926,673,400</u>	<u>384,967,092,856</u>

28 FINANCIAL INCOME

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
Interest income from deposits and lendings	10,771,089,479	5,777,817,160
Realised foreign exchange gains	3,787,083,774	1,786,159,238
Dividend income	27,000,000	5,974,126,000
	<u>14,585,173,253</u>	<u>13,538,102,398</u>

29 FINANCIAL EXPENSES

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
Payment discounts	11,053,329,209	9,331,866,421
Interest expense	2,653,944,912	2,192,395,206
Realised foreign exchange losses	566,114,597	229,525,901
Net loss from foreign currency translation at year-end	285,838,412	2,279,366,772
Provision/(reversal of provision) for diminution in value of investments	8,018,500	(377,057,144)
Others	-	40,049,444
	<u>14,567,245,630</u>	<u>13,696,146,600</u>

30 SELLING EXPENSES

	For the six-month period ended	
	30.6.2023 VND	30.6.2022 VND
Staff costs	67,553,664,617	52,080,576,603
Material costs	36,525,182,053	21,204,515,945
Conference and business travel	19,883,964,905	16,796,067,351
Marketing, maintenance and market development	15,053,717,406	13,950,317,778
Outside services	10,933,216,031	4,066,284,219
Depreciation and amortisation	2,686,691,697	2,791,503,186
Repairs and maintenance	751,364,113	542,802,733
Other expenses	9,759,562,089	3,481,461,694
	<u>163,147,362,911</u>	<u>114,913,529,509</u>

31 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended	
	30.6.2023 VND	30.6.2022 VND
Staff costs	16,178,166,690	12,423,771,303
Outside services	12,930,361,711	5,953,803,062
Advance written-off (*)	6,696,095,082	-
Remunerations for the Board of Directors and the Board of Supervision	4,064,426,930	2,555,973,622
Depreciation and amortisation	2,382,935,910	2,289,421,548
Conference and business travel	1,672,299,499	1,278,391,841
Provision for doubtful debt	377,805,009	-
Other expenses	19,161,220,590	19,390,990,418
	<u>63,463,311,421</u>	<u>43,892,351,794</u>

(*) The advance to employees were written off due to failure to collect in accordance with the approval of the Board of Management on the Letter No. 52/TTr-IMP dated 1 February 2023.

32 BUSINESS INCOME TAX (“BIT”)

The corporate income tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
Accounting profit before tax	199,161,409,466	125,242,707,487
Tax calculated at a rate of 20%	39,832,281,893	25,048,541,497
Effect of:		
Income not subject to tax	(5,400,000)	(1,194,825,200)
Expenses not deductible for tax purposes	3,824,816,914	739,297,712
Temporary differences for which no deferred income tax was recognised	(2,133,882,497)	1,712,138,872
Under-provision/(over-provision) in previous years	141,872,788	(275,869,575)
BIT charge (*)	41,659,689,098	26,029,283,306
Charged to income statement:		
BIT – current	41,659,689,098	26,029,283,306
BIT – deferred	-	-
BIT charge	41,659,689,098	26,029,283,306

(*) The BIT charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

33 COST OF OPERATION BY FACTORS

Costs of operation by factor represent all costs incurred during the period from the Company's operating activities, excluding cost of merchandise for trading activities. The details are as follows:

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
Raw materials	386,865,355,968	235,200,273,933
Staff costs	164,652,767,087	121,552,648,281
Outside services	70,626,972,962	48,269,757,677
Depreciation and amortisation	30,182,648,947	30,176,403,086
Others	115,514,244,402	112,636,945,176
	767,841,989,366	547,836,028,153

34 BUSINESS AND GEOGRAPHICAL SEGMENTS*Geographical Segment*

The Company's revenue is mainly generated by domestic sales whereas export sales only account for a small portion in the total revenue in the Company's interim income statement for the period from 1 January 2023 to 30 June 2023 and the comparative period. Therefore, the Company did not present geographical segment.

Business Segment

The Company's principal activities are to manufacture pharmaceutical products and trade materials used for processing pharmaceutical products. Other business activities only make up a small portion in the total revenue. Therefore, the Company did not present business segment.

35 ADDITIONAL INFORMATION FOR THE ITEMS OF THE INTERIM STATEMENT OF CASH FLOWS**Non-cash transactions affect the interim statement of cash flows**

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
Purchases of fixed assets have not yet been settled	11,271,090,562	6,160,182,795

36 RELATED PARTY DISCLOSURES

The Company is controlled by SK Investment Vina III Pte. Ltd., a company incorporated in Singapore, which owns 47.67% of the Company's charter capital.

Details of associates and other investments are presented in Note 4 and details of major shareholders are presented in Note 21.

(a) Related party transactions

During the period, the following major transactions were carried out with related parties:

	For the six-month period ended	
	30.6.2023	30.6.2022
	VND	VND
i) Sales of goods		
Associate		
Agimexpharm Pharmaceutical Joint Stock Company	6,280,997,720	5,661,971,040

36 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

		For the six-month period ended	
		30.6.2023	30.6.2022
		VND	VND
ii) Purchases of goods			
Associate			
Agimexpharm Pharmaceutical Joint Stock Company		6,676,563,400	10,029,522,820
		<u> </u>	<u> </u>
iii) Sales of fixed assets			
Associate			
Agimexpharm Pharmaceutical Joint Stock Company		658,181,817	-
		<u> </u>	<u> </u>
iv) Financing activities			
Associate			
Dividend distribution to Agimexpharm Pharmaceutical Joint Stock Company		-	22,185,000
		<u> </u>	<u> </u>
v) Other transactions			
Associate			
Dividend received from Agimexpharm Pharmaceutical Joint Stock Company		-	5,928,748,000
Investment in Agimexpharm		-	20,327,136,000
		<u> </u>	<u> </u>

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36 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

		For the six-month period ended	
		30.6.2023 VND	30.6.2022 VND
vi) Compensation of key management			
Net salary after tax			
Mrs. Tran Thi Dao	Member of Board of Directors cum General Director	2,462,686,440	1,545,723,397
Mr. Nguyen Quoc Dinh	Deputy General Director	1,519,453,936	647,900,435
Mr. Ngo Minh Tuan	Deputy General Director	1,077,818,519	522,777,180
Mr. Le Van Nha Phuong	Deputy General Director	1,483,962,096	802,707,273
Mr. Huynh Van Nhung	Deputy General Director	1,119,677,380	897,192,492
Mr. Tran Hoai Hanh	Chief Accountant	741,351,835	393,083,999
Remuneration and bonuses after tax			
Mr. Nguyen Quoc Dinh	Deputy General Director	1,345,240,000	1,000,000,000
Mrs. Tran Thi Dao	Member of Board of Directors cum General Director	710,000,000	600,000,000
Mr. Ngo Minh Tuan	Deputy General Director	514,780,000	300,000,000
Mr. Le Van Nha Phuong	Deputy General Director	511,700,000	300,000,000
Mr. Huynh Van Nhung	Deputy General Director	65,000,000	-
Mr. Tran Hoai Hanh	Chief Accountant	65,000,000	-
Mrs. Han Thi Khanh Vinh	Member of Board of Directors	-	229,500,000
Mr. Tran Anh Tuan	Member of Board of Directors	-	232,500,000
Mr. Truong Minh Hung	Member of Board of Directors	-	229,500,000
Mr. Nguyen Duc Tuan	Chief Supervisor	-	211,500,000
Mrs. Le Thi Kim Chung	Chief Supervisor	-	170,000,000
Mrs. Do Thi Thanh Thuy	Member of Board of Supervision	-	113,400,000
Mrs. Nguyen Thi Kim Le	Secretary of Board of Directors	-	155,000,000
Total		11,616,670,206	8,350,784,776

36 RELATED PARTY DISCLOSURES (continued)**(b) Period/year end balances with related parties**


	30.6.2023 VND	31.12.2022 VND
i) Short-term trade accounts receivable (Note 5)		
Associate		
Agimexpharm Pharmaceutical Joint Stock Company	5,094,085,320	3,976,516,390
	<u> </u>	<u> </u>
ii) Short-term trade accounts payable (Note 13)		
Associate		
Agimexpharm Pharmaceutical Joint Stock Company	-	3,600,136,677
	<u> </u>	<u> </u>

37 CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the interim financial statements was as follows:


	30.6.2023 VND	31.12.2022 VND
Property, plant and equipment	38,041,587,467	35,770,141,275
	<u> </u>	<u> </u>

The interim financial statements were approved by the Board of Management on 9 August 2023.


Duong Hoang Vu
Preparer


Tran Hoai Hanh
Chief Accountant




Nguyen Quoc Dinh
Deputy General Director
Authorised by Legal
Representative