Traphaco Joint Stock Company

Quarterly separate financial statements

For the nine-month period ended 30 September 2021

Traphaco Joint Stock Company

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QUARTERLY SEPARATE BALANCE SHEET
as at 30 September 2021

Currency: VND

Code	ASSETS	Notes	30 September 2021	31 December 2020
100	**A. CURRENT ASSETS**		**949,297,047,231**	***818,499,634,413***
110	***I. Cash and cash equivalents***	***1***	***214,441,456,293***	**248,049,073,788**
111	1. Cash		99,186,880,929	103,049,073,788
112	2. Cash equivalents		115,254,575,364	145,000,000,000
120	***II. Short-term investments***		**172,546,242,935**	**90,174,269,891**
121	1. Held-for-trading securities		172,546,242,935	90,174,269,891
130	***III. Current accounts receivable***		**278,974,114,931**	**236,983,518,752**
131	1. Short-term trade receivables	2	249,076,529,898	224,346,879,518
132	2. Short-term advances to suppliers	3	18,672,526,860	11,285,538,840
136	3. Other short-term receivables	4	15,314,335,506	8,321,868,753
137	4. Provision for doubtful debts	5	(4,089,277,333)	(6,970,768,359)
140	***III. Inventories***	***6***	**270,663,751,789**	**231,879,394,273**
141	1. Inventories		271,266,612,381	232,809,685,230
149	2. Provision for obsolete inventories		(602,860,592)	(930,290,957)
150	***IV. Other current assets***		**12,671,481,283**	**11,413,377,709**
151	1. Short-term prepaid expenses		958,404,740	854,701,739
152	2. Value-added tax deductible		11,542,994,688	10,556,229,154
153	3. Tax and other receivables from the State		170,081,855	2,446,816
200	**B. NON-CURRENT ASSETS**		**537,412,167,396**	**533,233,720,559**
220	***I. Fixed assets***		**150,755,774,029**	**151,016,591,960**
221	1. Tangible fixed assets	7	100,401,381,667	100,162,494,529
222	Cost		256,321,114,362	257,008,884,053
223	Accumulated depreciation		(155,919,732,695)	(156,846,389,524)
227	2. Intangible fixed assets	8	50,354,392,362	50,854,097,431
228	Cost		57,486,937,520	56,691,937,520
229	Accumulated amortisation		(7,132,545,158)	(5,837,840,089)
240	***II. Long-term assets in progress***	***9***	**5,737,727,272**	**2,387,727,272**
242	1. Construction in progress		5,737,727,272	2,387,727,272
250	***III. Long-term investments***	***10***	**366,726,676,011**	**366,726,676,011**
251	1. Investments in subsidiaries		366,726,676,011	366,726,676,011
260	***IV. Long-term investments***		**14,191,990,084**	**13,102,725,316**
261	1. Long-term prepaid expenses		4,114,708,721	2,420,749,048
262	2. Deferred tax assets		10,077,281,363	10,681,976,268
270	**TOTAL ASSETS**		**1,486,709,214,627**	**1,351,733,354,972**

QUARTERLY SEPARATE BALANCE SHEET (continued)
as at 30 September 2021

Currency: VND

Code	*RESOURCES*	*Notes*	*Ending balance*	*Beginning balance*
300	**C. LIABILITIES**		**396,191,486,774**	**353,879,459,158**
310	***I. Current liabilities***		**396,191,486,774**	**353,879,459,158**
311	1. Short-term trade payables	11	210,280,027,018	136,866,210,844
312	2. Short-term advances from customers		1,183,427,798	310,766,974
313	3. Statutory obligations	12	16,822,532,241	24,767,239,291
314	4. Payables to employees		29,412,243,377	29,994,299,845
315	5. Short-term accrued expenses	13	86,127,889,852	48,886,808,306
318	6. Short-term unearned revenues		40,939,797,216	26,361,695,568
319	7. Other short-term payables	14	3,016,533,031	85,944,381,613
322	8. Bonus and welfare fund		8,409,036,241	748,056,717
400	**D. OWNERS' EQUITY**		**1,090,517,727,853**	**997,853,895,814**
410	***I. Capital***	***15***	**1,090,517,727,853**	**997,576,987,930**
411	1. Share capital		414,536,730,000	414,536,730,000
411a	- *Shares with voting rights*		*414,536,730,000*	*414,536,730,000*
412	2. Share premium		133,021,732,000	133,021,732,000
415	3. Treasury shares		(3,593,000)	(3,593,000)
418	4. Investment and development fund		374,280,746,927	347,373,440,047
421	5. Undistributed earnings		168,682,111,926	102,648,678,883
421a	- *Undistributed earnings by the end of prior years*		34,290,832,003	*40,886,987,426*
421b	- *Undistributed earnings of current period*		134,391,279,923	*61,761,691,457*
430	***II. Other funds***		-	**276,907,884**
431	1. Subsidised fund		-	276,907,884
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**1,486,709,214,627**	**1,351,733,354,972**

CÔNG TY CỔ PHẦN TRAPHACO

Preparer	Chief Accountant	Chief Executive Officer
Nguyen Thi Ngoc Thuy	Dinh Trung Kien	Tran Tuc Ma

21 October 2021

QUARTERLY SEPARATE INCOME STATEMENT
for the nine-month period ended 30 September 2021

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 30 September 2021	For the three-month period ended 30 September 2021	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2020
01	**1. Revenue from sale of goods and rendering of services**	17.1	**581,093,445,018**	**466,453,428,621**	**1,610,452,245,052**	**1,329,234,033,767**
02	**2. Deductions**	17.1	**(2,245,289,510)**	**(1,801,589,928)**	**(6,186,708,551)**	**(5,887,380,701)**
10	**3. Net revenue from sale of goods and rendering of services**	17.1	**578,848,155,508**	**464,651,838,693**	**1,604,265,536,501**	**1,323,346,653,066**
11	**4. Cost of goods sold and services rendered**	18	**(345,456,008,281)**	**(270,071,279,895)**	**(942,068,298,357)**	**(796,263,169,373)**
20	**5. Gross profit from sale of goods and rendering of services**		**233,392,147,227**	**194,580,558,798**	**662,197,238,144**	**527,083,483,693**
21	**6. Finance income**	17.2	**1,346,230,725**	**1,685,699,387**	**11,561,446,144**	**4,910,892,459**
22	**7. Finance expenses**	19	**4,463,475**	**(6,911,708)**	**(55,505,152)**	**(79,867,813)**
23	*- In which: Interest expenses*		-	-	-	-
25	**8. Selling expenses**	20	**(137,114,282,371)**	**(119,249,267,721)**	**(390,649,974,661)**	**(327,532,945,126)**
26	**9. General and administrative expenses**	20	**(28,625,675,557)**	**(26,428,446,451)**	**(94,094,202,481)**	**(74,518,777,678)**
30	**10. Operating profit**		**69,002,883,499**	**50,581,632,305**	**188,959,001,994**	**129,862,785,535**
31	**11. Other income**		**139,933,270**	**405,029,385**	**148,047,000**	**501,538,618**
32	**12. Other expenses**		**(28,603,495)**	**(3,996,293)**	**(378,694,984)**	**(27,789,674)**
40	**13. Other gains/(losses)**		**111,329,775**	**401,033,092**	**(230,647,984)**	**473,748,944**

QUARTERLY SEPARATE INCOME STATEMENT (continued)
for the nine-month period ended 30 September 2021

Code	ITEMS	Notes	For the three-month period ended 30 September 2021	For the three-month period ended 30 September 2021	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2020
50	**14. Accounting profit before tax**		**69,114,213,274**	**50,982,665,397**	**188,728,354,010**	**130,336,534,479**
51	**15. Current corporate income tax expense**	**22**	**(13,772,008,248)**	**(10,633,279,913)**	**(37,609,366,088)**	**(26,927,808,349)**
52	**16. Deferred income tax expense**		**-**	**-**	**(604,694,905)**	**-**
60	**17. Net profit after tax**		**55,342,205,026**	**40,349,385,484**	**150,514,293,017**	**103,408,726,130**

Preparer
Nguyen Thi Ngoc Thuy

Chief Accountant
Dinh Trung Kien

Chief Executive Officer
Tran Tuc Ma

21 October 2021

QUARTERLY SEPARATE CASH FLOW STATEMENT
for the nine-month period ended 30 September 2021

Currency: VND

Code	ITEMS	Notes	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2020
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**188,728,354,010**	**130,336,534,479**
	Adjustments for:			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets		11,726,746,175	11,876,770,925
03	(Reversal of provisions)/provisions		(3,208,921,391)	12,718,489
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		656,252,858	(1,456,185)
05	Profits from investing activities		(10,563,045,307)	(4,666,360,371)
08	**Operating profit before changes in working capital**		**187,339,386,345**	**137,558,207,337**
09	Decrease/(increase) in receivables		(40,238,040,632)	25,767,462,726
10	Increase in inventories		(38,456,927,151)	(69,952,457,171)
11	Increase/(decrease) in payables		120,218,838,688	(43,161,404,074)
12	(Increase)/decrease in prepaid expenses		(4,542,967,769)	3,197,820,610
15	Corporate income tax paid		(43,362,055,335)	(32,117,663,249)
17	Other cash outflows for operating activities		(6,111,688,905)	(1,238,022,430)
20	**Net cash flows used in operating activities**		**174,846,545,241**	**20,053,943,749**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(13,516,432,885)	(7,685,937,000)
22	Proceeds from disposals of fixed assets and other long-term assets		(75,600,000)	94,454,544
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		85,000,000,000	-
25	Payments for investments in other entities		(167,371,973,044)	
27	Interest and dividends received		11,883,329,055	5,026,123,041
30	**Net cash flows from investing activities**		**(84,080,676,874)**	**(2,565,359,415)**

QUARTERLY SEPARATE CASH FLOW STATEMENT (continued)
for the nine-month period ended 30 September 2021

Currency: VND

Code	*ITEMS*	*Notes*	*For the nine-month period ended 30 September 2021*	*For the nine-month period ended 30 September 2020*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
36	Dividends paid to shareholders		(124,388,872,000)	(82,880,697,000)
40	**Net cash flows used in financing activities**		**(124,388,872,000)**	**(82,880,697,000)**
50	**Net decrease in cash for the period**		**(33,623,003,633)**	**(65,392,112,666)**
60	**Cash and cash equivalents at the beginning of the period**	**1**	**248,049,073,788**	**255,516,502,641**
61	Impact of exchange rate fluctuation		15,386,138	(500,461)
70	**Cash and cash equivalents at the end of the period**	**1**	**214,441,456,293**	**190,123,889,514**

CÔNG TY CỔ PHẦN TRAPHACO

Preparer	Chief Accountant	Chief Executive Officer
Nguyen Thi Ngoc Thuy	Dinh Trung Kien	Tran Tuc Ma

21 October 2021

I. CORPORATE INFORMATION

1. Capital ownership

Traphaco Joint Stock Company ("the Company") is a joint stock company which was transformed from a state-owned enterprise to a joint stock company under Decision No. 2566/1999/QĐ-BGTVT dated 27 September 1999 of the Ministry of Transport and the 1st Business Registration Certificate No. 058437 issued by Hanoi Department of Planning and Investment dated 24 December 1999. The Company also received Enterprise Registration Certificate for a joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 (15th amendment) and other subsequent amendments with the latest being the 23rd amendment dated 6 April 2020.

The Company's head office is located at 75 Yen Ninh street, Quan Thanh ward, Ba Dinh district, Hanoi, Vietnam.

The Company's share capital according to the 23rd amendment of the Enterprise Registration Certificate is VND 414,536,730,000, equivalent to 41.453.673 shares, at par value of VND 10,000 per share.

2. Business activities: pharmaceuticals.

3. Principal activities

The current principal activities of the Company during the period are produce and sale of food and cosmetics; Import and export business of medicinal ingredients and medicinal products; Consulting on the production of pharmaceutical and cosmetic products; Preparation of prescription drugs; Manufacturing and trading pharmaceuticals, chemicals and medical equipment; Production and trading of alcohol, beer and soft drinks (excluding bar business); Consulting on scientific and technical services, technology transfer in the field of medicine and pharmacy; Purchasing, planting and processing medicinal herbs.

4. Course of business cycle

The Company's normal course of business cycle is operated under 12 months.

I. CORPORATE INFORMATION (continued)

5. Corporate structure

As at 30 September 2021, the Company has 4 subsidiaries (31 December 2020: 4 subsidiaries) with detail information is as follow:

No.	*Name*	*Equity interest*	*Voting rights*	*Head office's address*	*Principal activities*
1	Traphaco Hung Yen Co., Ltd. ("Traphaco Hung Yen")	100%	100%	Tan Quang commune, Van Lam district, Hung Yen province	Produce new medicine.
2	TraphacoSapa One Member Co., Ltd. ("Traphaco Sapa")	100%	100%	Group 9, Sapa town, Sapa district, Lao Cai province	Plant, process pharmaceutical materials, agriculture and forestry products, food.
3	Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company ("Dak Lak Pharmaceutical")	58.23%	58.23%	No. 9A Hung Vuong Street, Tu An ward, Buon Ma Thuot city, Dak Lak province	Produce and trade pharmaceutical products, nutritional foods; and Export pharmaceutical products and medical equipments
4	Traphaco Hi-tech Joint Stock Company ("Traphaco Hi-tech")	51.00%	51.00%	Tan Quang commune, Van Lam district, Hung Yen province	Produce oriental medicine.

As at 30 September 2021, the Company has 28 branches (31 December 2020: 28 branches) with detail information is as follow:

No.	*Name*	*Operating address*	*Principal activities*
1	Ho Chi Minh branch	Ho Chi Minh City	Trade pharmaceutical products, nutritional foods; and Export pharmaceutical products and medical equipments
2	Central branch	Da Nang City	
3	Nam Dinh branch	Nam Dinh Province	
4	Northern Central branch	Nghe An Province	
5	Thanh Hoa branch	Thanh Hoa Province	
6	Vinh Long branch	Vinh Long Province	
7	Hai Phong branch	Hai Phong City	
8	Dong Nai branch	Dong Nai Province	
9	Binh Thuan branch	Binh Thuan Province	
10	Quang Ngai branch	Quang Ngai Province	
11	Khanh Hoa branch	Khanh Hoa Province	
12	Can Tho branch	Can Tho Province	
13	Gia Lai branch	Gia Lai Province	
14	Quang Ninh branch	Quang Ninh Province	
15	Hai Duong branch	Hai Duong Province	
16	Phu Tho branch	Phu Tho Province	
17	Tien Giang branch	Tien Giang Province	
18	Binh Duong branch	Binh Duong Province	
19	Hung Yen branch	Hung Yen Province	
20	Bac Giang branch	Bac Giang Province	
21	Thai Nguyen branch	Thai Nguyen Province	
22	Kien Giang branch	Kien Giang Province	
23	Thua Thien Hue branch	Thua Thien Hue Province	
24	Yen Bai branch	Yen Bai Province	
25	Vinh Phuc branch	Vinh Phuc Province	
26	Binh Dinh branch	Binh Dinh Province	
27	Vung Tau branch	Ba Ria Vung Tau Province	
28	Long An branch	Long An Province	

I. CORPORATE INFORMATION (continued)

6. Comparative of information

Since 1 January 2015, the Company has applied Circular No.200/2014/TT-BTC ("Circular 200") issued by the Ministry of Finance on 22 December 2014, guiding the accounting policies for enterprises. This Circular takes effect for fiscal years beginning or after 1 January 2015. Circular 200 replaces regulations on corporate accounting policies issued under Decision No.15/2006/QD-BTC dated 20 March 2006 of the Ministry of Finance and Circular No.244/2009/TT-BTC of 31 December 2009 of the Ministry of Finance. However, the application of Circular 200 did not have a material effect on the comparability of the amounts in the separate financial statements.

II. FISCAL YEAR AND ACCOUNTING CURRENCY

Basis of preparation

The quarterly separate financial statements of the Company expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and other Vietnamese Accounting Standard issued by the Ministry of Finance.

The accompanying quarterly separate financial statements, including their utilisation 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 other than Vietnam.

Fiscal year

The Company's normal course of business cycle is 12 months which starts on 1 January and ends on 31 December.

The accompanying separate financial statement was prepared for the 9-month period starting from 1 January 2021 to 30 September 2021.

III. APPLICABLE ACCOUNTING POLICIES AND STANDARDS

Accounting policies

The Company applies the enterprise accounting policies.

Statement of compliance with accounting standards and policies

The separate financial statements of the Company are prepared and presented in accordance with Vietnamese Accounting Standards. The separate financial statements comply with all regulations of each standard and circular guiding the implementation in accordance with regulations of the Ministry of Finance.

On 22 December 2014, the Ministry of Finance issued Circular No.200/2014/TT-BTC, guiding the accounting policies for enterprises. This Circular replaces regulations on accounting policies for enterprises issued under Decision No.15/2006/QD-BTC dated 20 March 2006 and Circular No.244/2009/TT-BTC dated 31 December 2009 by the Ministry of Finance. Circular 200 takes effect from 1 January 2015 and applies to fiscal year 2015 onwards. The Board of Management has applied Circular 200 in preparing and presenting the separate financial statements for the period from 1 January 2021 to 30 September 2021.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in the preparation of the separate financial statements:

Accounting estimates

The preparation of the separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and relevant current regulations in Vietnam requires the Board of Management to make estimates and assumptions that affect the reporting amounts of liabilities, assets and the presentation of contingent liabilities and contingent assets as at the date of the separate financial statements, as well as the reported amounts of revenue and expenses. throughout the financial year. Actual business results may differ from estimates and assumptions.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs directly attributable to the acquisition of the financial asset.

The Company's financial assets include cash, short-term deposits, trade receivables and other receivables, loans, and short and long-term investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost less transaction costs directly attributable to the issuance of the financial liability.

The Company's financial liabilities include trade payables and other payables, debts and loans.

Revaluation after initial recording

Currently, there is no regulation on revaluation of financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

Provision for doubtful debts

The provision for doubtful debts is made for receivables that are overdue for six months or more, or receivables that the debtor is unable to pay due to liquidation, bankruptcy or other similar difficulties.

VI. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventory includes the cost of direct materials, direct labor, and manufacturing overhead, if any, to bring the inventory to its current location and condition. The cost of inventories is determined using the weighted average method. Net realizable value is determined at the estimated selling price less the estimated costs of completing the product and any marketing, selling, and distribution costs incurred.

For work-in-progress, if the production period exceeds a normal business cycle, or for spare parts and supplies with a reserve period of more than 12 months, the enterprise presents it as long-term assets on the balance sheet.

The Company's provision for devaluation of inventories is made in accordance with current accounting policies. Accordingly, an inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the quarterly balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

The cost of tangible fixed assets which are self-made or self-constructed includes construction costs, actual production costs incurred plus installation and testing costs.

Depreciation of tangible fixed assets is calculated on a straight-line basis over the estimated useful life of each asset as follows:

	From 1 January 2021 to 30 September 2021
Buildings and structures	05 - 35 years
Tools and equipment	03 - 10 years
Means of transportation	03 - 10 years
Office equipment	03 - 12 years

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the quarterly separate income statement.

Intangible fixed assets and amortisation

Intangible fixed assets represent the value of land use rights and accounting software, are stated at cost less accumulated depreciation and amortized on a straight-line basis over their estimated useful lives.

VI. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction in progress

Assets under construction for production, rental, administration or any other purpose are stated at cost. This cost includes service costs and related interest expenses in accordance with the Company's accounting policy. Depreciation of these assets is applied in the same way as for other assets, starting when the assets are ready for use.

Long-term investments

Financial investments are initially recognized on the date of acquisition and are initially measured at cost.

Investments in subsidiary are investments in companies that are under controlled of the Company. This control is achieved when the Company has the power to govern the financial and operating policies of investees so as to obtain benefits from their business operations.

An associate is an entity over which the Company has significant influence but is not a subsidiary or joint venture of the Company. Significant influence represents the right to participate in the making of the financial and operating policy decisions of the investee but is not control over those policies.

Investments in the separate statements are measured at cost less impairments to investments.

Provisions for diminution in value of investments are made in accordance with current accounting regulations.

Prepaid expenses

Long-term prepaid expenses include the value of tools, tools and small components that have been used and are considered likely to bring future economic benefits to the Company with a term from one year and above. These costs are capitalized as long-term prepayments and amortized to the income statement, using the straight-line method over the estimated useful lives.

Revenue recognition

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

a. The Company has transferred substantially all the risks and rewards of ownership of the products or goods to the buyer;

b. The Company no longer holds the right to manage the goods as the owner of the goods or to control the goods;

c. Revenue can be measured reliably;

d. The Company will receive economic benefits from the sale transaction; and

e. The costs associated with the sales transaction can be determined.

VI. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from a service transaction is recognized when the outcome of the transaction can be reliably measured. Where a service provision transaction involves multiple periods, revenue is recognized in the period according to the result of the work completed at the balance sheet date of that period. The outcome of a service transaction is determined when all four (4) of the following conditions are satisfied:

a. Revenue can be measured reliably;

b. It is probable that economic benefits will flow to the transaction for the rendering of the service;

c. The portion of the work completed can be measured at the balance sheet date; and

d. The costs incurred for the transaction and the costs to complete the transaction can be measured.

Interest income is recognized on an accrual basis, determined on the balance of deposit accounts and the applicable interest rate.

Interest on investments is recognized when the Company has the right to receive the interest on such investment.

Foreign currency transactions

The Company applies the treatment of exchange rate differences according to the guidance of Vietnamese Accounting Standard No.10 (VAS 10) "Effects of foreign exchange rate changes". Accordingly, transactions arising in foreign currencies are converted at the exchange rate at the transaction date. Balances of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the balance sheet date. All exchange rate differences are recognized immediately in financial income (if gain) or financial expenses (in case of loss) at the time of arising. Exchange rate gains due to revaluation of balances at the balance sheet date are not distributed to shareholders.

Borrowing costs

All interest expenses are recognized in the statement of income when incurred.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle this obligation. Provisions are determined on the basis of the Board of Management's estimation of the costs necessary to settle this obligation at the balance sheet date.

VI. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Corporate income tax represents the sum of the current tax payable and the deferred tax amount.

The current tax payable is calculated based on the taxable income for the period. Taxable profit differs from net profit as reported in the statement of income because taxable profit does not include items of income or expense that are taxable or deductible in other years (including carried forward taxable losses, if any) and further excludes items that are not taxable or deductible.

Deferred tax is calculated on the difference between the carrying amount and the tax base of items of assets or liabilities in the separate financial statements and is recognized using the balanced sheet method. accountant. Deferred tax liabilities are recognized for all temporary differences, and deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which to offset the temporary differences.

Deferred tax is determined at the tax rate applicable for the period when the asset is recovered, or the liability is settled. Deferred tax is recognized in the statement of income and in equity only when it relates to items recognized directly in equity.

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

The determination of the Company's income tax is based on current tax regulations. However, these regulations change from time to time and the final determination of corporate income tax depends on the examination results of the competent tax authorities.

Other taxes are applied in accordance with applicable tax laws in Vietnam.

V. SUPPLEMENTARY INFORMATION FOR ITEMS PRESENTED IN THE BALANCE SHEET

1. CASH AND CASH EQUIVALENTS

Currency: VND

	30 September 2021	*31 December 2020*
Cash on hand	15,678,111,771	13,076,607,539
Cash at banks	83,508,769,158	89,972,466,249
Cash equivalents	115,254,575,364	145,000,000,000
TOTAL	**214,441,456,293**	**248,049,073,788**

2. SHORT-TERM TRADE RECEIVABLES

Currency: VND

	30 September 2021	*31 December 2020*
Trade receivables from other parties	167,604,361,460	134,141,467,547
Nam Duong Investment JSC	*47,272,691,094*	*37,218,681,480*
Lam Dong Pharmaceutical JSC	*956,548,475*	*5,134,457,450*
Bac Ninh Pharmaceutical JSC	*6,513,323,036*	*3,466,087,340*
Life Care Vietnam Co., Ltd.	*3,545,668,005*	*2,237,372,158*
Others	*109,316,130,850*	*86,084,869,119*
Trade receivables from related parties *(Note 23)*	81,472,168,438	90,205,411,971
Dak Lak Pharmaceutical	*6,104,196,861*	-
Traphaco Sapa	*1,330,911,299*	*944,917,715*
Traphaco Hi-tech	*74,037,060,278*	*88,953,796,668*
TOTAL	**249,076,529,898**	**224,346,879,518**

3 SHORT-TERM ADVANCES TO SUPPLIERS

Currency: VND

	30 September 2021	*31 December 2020*
Ms. Tran Thi Tam	-	3,385,000,000
Clinical Pharmacology Center	950,600,000	917,000,000
Central Institute for Drug Testing	6,000,000	550,000,000
Chengdu Justgood Industry & IMP EXP Trade Co., Ltd.	3,408,519,000	1,352,732,400
Bowa Sunshine (HK) Co., Ltd.	2,384,960,400	-
Phuc Tam Consulting and Construction Co., Ltd.	-	1,336,549,340
Advances to other suppliers	11,922,447,460	3,744,257,100
TOTAL	**18,672,526,860**	**11,285,538,840**

4. OTHER RECEIVABLES

Currency: VND

	30 September 2021	*31 December 2020*
Advances	4,840,501,340	4,476,209,339
Deposits and mortgages	1,224,633,550	1,647,334,614
Interest receivables	345,095,891	1,694,143,958
Other receivables	8,904,104,725	504,180,842
TOTAL	**15,314,335,506**	**8,321,868,753**

5. BAD DEBTS

Currency: VND

	30 September 2021		*31 December 2020*	
	Cost	*Recoverable amount (*)*	*Cost*	*Recoverable amount (*)*
Qverdue receivables which are considered to be irrecoverable	9,919,127,564	5,829,850,231	11,100,776,506	4,130,008,147
TOTAL	**9,919,127,564**	**5,829,850,231**	**11,100,776,506**	**4,130,008,147**

(*) The Company and its subsidiaries determine the recoverable amount of doubtful debts at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

6. INVENTORIES

Currency: VND

	30 September 2021		*31 December 2020*	
	Cost	*Provision*	*Cost*	*Provision*
Goods on consignment	-	-	283,353,234	-
Goods in transit	-	-	1,949,506,519	-
Raw materials	41,053,806,821	(602,860,592)	39,266,500,257	(886,995,214)
Tools and supplies	36,657,500	-	16,685,773	-
Work in process	25,101,867,387	-	20,910,129,318	-
Finished goods	127,713,841,354	-	105,289,187,555	(39,457,298)
Merchandise	77,360,439,319	-	65,094,322,574	(3,838,445)
TOTAL	**271,266,612,381**	**(602,860,592)**	**232,809,685,230**	**(930,290,957)**

7. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures	*Machinery and equipment*	*Means of transportation*	*Office equipment*	*Total*
Cost:					
Beginning balance	124,980,043,362	56,135,387,142	63,349,229,952	12,544,223,597	257,008,884,053
- New purchase	-	2,543,456,969	4,875,852,363	1,020,387,321	8,439,696,653
- Transfer from construction in progress	2,278,067,272	-	-	-	2,278,067,272
- Disposal	(93,362,500)	(6,325,488,589)	(796,425,000)	(4,190,257,527)	(11,405,533,616)
Ending balance	127,164,748,134	52,353,355,522	67,428,657,315	9,374,353,391	256,321,114,362
In which:					
Fully depreciated	*20,586,948,218*	*35,237,955,434*	*22,869,297,386*	*5,667,026,340*	*84,361,227,378*
Accumulated depreciation:					
Beginning balance	51,995,770,448	48,320,039,379	45,671,613,493	10,858,966,204	156,846,389,524
- Depreciation for the period	3,575,501,360	2,111,358,015	4,270,127,314	475,054,417	10,432,041,106
- Disposal	(93,362,500)	(6,290,416,918)	(784,660,990)	(4,190,257,527)	(11,358,697,935)
Ending balance	55,477,909,308	44,140,980,476	49,157,079,817	7,143,763,094	155,919,732,695
Net carrying amount:					
Beginning balance	72,984,272,914	7,815,347,763	17,677,616,459	1,685,257,393	100,162,494,529
Ending balance	71,686,838,826	8,212,375,046	18,271,577,498	2,230,590,297	100,401,381,667

8. INTANGIBLE FIXED ASSETS

Currency: VND

	Land use rights	*Computer software*	*Total*
Cost:			
Beginning balance	45,687,172,520	11,004,765,000	56,691,937,520
- New purchase	-	795,000,000	795,000,000
Ending balance	45,687,172,520	11,799,765,000	57,486,937,520
In which:			
Fully depreciated	-	*2,775,170,000*	*2,775,170,000*
Accumulated amortisation:			
Beginning balance	-	5,837,840,089	5,837,840,089
- Amortisation for the period	-	1,294,705,069	1,294,705,069
Ending balance	-	7,132,545,158	7,132,545,158
Net carrying amount:			
Beginning balance	45,687,172,520	5,166,924,911	50,854,097,431
Ending balance	45,687,172,520	4,667,219,842	50,354,392,362

As at 30 September 2021, intangible fixed assets of the Company consist of long-term land use rights ("LUR") and computer softwares, detail as follow:

Intangible fixed assets	*Area*	*Amount*
	(m2)	*VND*
LUR at 255 Ton Duc Thang - Lien Chieu - Da Nang City	283	2,618,528,525
LUR at Phuoc Kien commune - Nha Be - Ho Chi Minh City	235	7,795,378,640
LUR at Hoa Vuong New Urban Area - Nam Dinh City	289	2,350,425,000
LUR at Vinh Tan Ward - Vinh - Nghe An - Cua Ong (lot 581)	307	1,290,240,000
LUR at Vinh Tan Ward - Vinh - Nghe An - Cua Ong (lot 582)	302	1,267,560,000
LUR at Vinh Diem Trung Urban Area - Nha Trang	306	1,873,777,089
LUR at Cao Xanh New Urban Area - Ha Long City	340	3,049,800,000
LUR at Western New Urban Area, Thanh Binh Ward, Hai Duong City	250	3,518,560,000
LUR at lot K1, K2, zone IV, urban area North of Le Loi Avenue - Dong Huong Ward - Thanh Hoa City	458	3,500,078,454
LUR at D37 My Thanh Hung, Ward 6 - My Tho City - Tien Giang	151	2,710,406,558
LUR at residential area No. 2 - Dinh Ke Ward - Bac Giang City	178	1,845,000,000
LUR at Minh Phuong Ward - Viet Tri City - Phu Tho	205	1,454,200,000
LUR at Xuan An Ward - Phan Thiet City - Binh Thuan Province	200	3,518,398,650
LUR at 61 Dong Da - Vinh Lac - Rach Gia City - Kien Giang Province	148	3,620,363,636
LUR at land plots 630, 631, 632 - Map sheet No. 19 - Gia Sang Ward - Thai Nguyen City	270	3,731,036,944
LUR at Lot Q4-14 - Cau Sat Urban Area - Gia Lai	273	1,543,419,024
HR And Payroll Management Software		1,394,920,000
Saleup Distribution System Software		2,312,170,000
Saleup Distribution System Software (Additional Points Accumulation)		1,330,000,000
New Product Group Management Software		150,000,000
Drug Stability Management Subsystem		33,000,000
Customer Survey Software + Additional Feature		280,000,000
Financial Management Software (ERP)		2,861,700,000
Financial Management System Software - Phase 2		1,233,975,000
Office Management Software		680,000,000
BI Report Software		1,134,000,000
Customer Care Management Software		340,000,000
Online Management Review Software		50,000,000
TOTAL		**57,486,937,520**

9. CONSTRUCTION IN PROGRESS

Currency: VND

	30 September 2021	*31 December 2020*
Can Tho Office project	2,352,727,272	2,352,727,272
Hung Yen Office project	3,385,000,000	-
HR and Payroll Management Software	-	35,000,000
TOTAL	**5,737,727,272**	**2,387,727,272**

10. LONG-TERM INVESTMENTS

Currency: VND

	30 September 2021	*31 December 2020*
Traphaco Sapa	26,675,000,000	26,675,000,000
Traphaco Hi-tech	71,382,500,000	71,382,500,000
Dak Lak Pharmaceutical	18,669,176,011	18,669,176,011
Traphaco Hung Yen	250,000,000,000	250,000,000,000
TOTAL	**366,726,676,011**	**366,726,676,011**

Details on these subsidiaries and the Company's ownership interest in its subsidiaries are as follows:

No.	*Name*	*Equity interest*	*Voting rights*	*Head office's address*	*Principal activities*
1	Traphaco Hung Yen One Member Co., Ltd. ("Traphaco Hung Yen")	100%	100%	Tan Quang commune, Van Lam district, Hung Yen province.	Produce new medicine.
2	Traphaco Sapa One Member Co., Ltd. ("Traphaco Sapa")	100%	100%	Group 9, Sapa town, Sapa district, Lao Cai province.	Plant, process pharmaceutical materials, agriculture and forestry products, food.
3	Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company ("Dak Lak Pharmaceutical")	58.23%	58.23%	No. 9A Hung Vuong Street, Tu An ward, Buon Ma Thuot city, Dak Lak province.	Produce and trade pharmaceutical products, nutritional foods.

4	Traphaco Hi-tech Joint Stock Company ("Traphaco Hi-tech")	51.00%	51.00%	Tan Quang commune, Van Lam district, Hung Yen province.	Produce oriental medicine.

10. LONG-TERM INVESTMENTS (continued)

Currency: VND

	30 September 2021				*31 December 2020*			
	Number of shares	*Cost*	*Provision*	*Fair value*	*Number of shares*	*Cost*	*Provision*	*Fair value*
Investments in subsidiaries								
Traphaco Sapa (i)		26,675,000,000	-			26,675,000,000	-	
Traphaco Hi-tech (ii)	5,791,933	71,382,500,000	-	185,341,856,000	5,791,933	71,382,500,000	-	127,422,526,000
Dak Lak Pharmaceutical (ii)	1,130,271	18,669,176,011	-	32,551,804,800	1,130,271	18,669,176,011	-	35,716,563,600
Traphaco Hung Yen (i)		250,000,000,000	-		-	250,000,000,000	-	
TOTAL		**366,726,676,011**	-			**366,726,676,011**	-	

(i) The Company could not obtain necessary information to evaluate the fair value of shares held in these companies as they are not listed on the stock exchanges.

(ii) The fair value of investments in these subsidiaries are measured based on the market value of these companies' shares which are listed on the UPCOM market as at 30 September 2021.

11. SHORT-TERM TRADE PAYABLES

Currency: VND

	30 September 2021		*31 December 2020*	
	Amount	*Payable amount*	*Amount*	*Payable amount*
Nanum CNC Co., Ltd.	44,912,696,357	44,912,696,357	35,397,988,425	35,397,988,425
Daewoong Pharmaceuticals Co., Ltd.	7,376,177,678	7,376,177,678	8,701,100,919	8,701,100,919
Traphaco Sapa One Member Co., Ltd.	2,337,062,060	2,337,062,060	1,793,083,038	1,793,083,038
Traphaco Hi-tech Joint Stock Company	46,384,978,618	46,384,978,618	28,579,713,091	28,579,713,091
Traphaco Hung Yen One Member Co., Ltd.	54,282,029,987	54,282,029,987	24,336,612,897	24,336,612,897
Other suppliers	54,987,082,318	54,987,082,318	38,057,712,474	38,057,712,474
TOTAL	**210,280,027,018**	**210,280,027,018**	**136,866,210,844**	**136,866,210,844**

12. STATUTORY OBLIGATIONS

Currency: VND

	31 December 2020	*Payable in the period*	*Paid during the period*	*30 September 2021*
Value added tax	2,530,991,449	25,286,750,505	(27,531,180,992)	286,560,962
Value added tax for imported goods	-	9,625,725,332	(9,625,725,332)	-
Import, export duties	-	1,381,489,795	(1,381,489,795)	-
Corporate income tax	19,835,571,598	37,609,366,088	(43,362,055,335)	14,082,882,351
Personal income tax	2,400,676,244	11,631,309,706	(11,578,897,022)	2,453,088,928
Other tax	-	1,050,451,195	(1,050,451,195)	-
TOTAL	**24,767,239,291**	**86,585,092,621**	**(94,529,799,671)**	**16,822,532,241**

13. SHORT-TERM ACCRUED EXPENSES

Currency: VND

	30 September 2021	*31 December 2020*
Marketing expenses	18,725,145,145	-
Sales discounts payable to customers	35,307,104,912	32,361,917,669
Sales commissions	19,276,174,261	15,608,095,708
Other accruals	12,819,465,534	916,794,929
TOTAL	**86,127,889,852**	**48,886,808,306**

14. OTHER SHORT-TERM PAYABLES

Currency: VND

	30 September 2021	*31 December 2020*
Trade union due	32,589,428	30,547,015
Social, Health and Unemployment Insurance fee	420,617,519	407,358,167
Remuneration for the Board of Directors and the Board of Supervisors	118,617,904	167,192,180
Dividend payables	940,875,978	83,879,207,978
Others	1,503,832,202	1,460,076,273
TOTAL	**3,016,533,031**	**85,944,381,613**

15. OWNERS' EQUITY

15.1 Increase and decrease in owners' equity

Currency: VND

	Share capital	*Share premium*	*Treasury shares*	*Investment and development fund*	*Undistributed earnings*	*Total*
As at 1 January 2020	**414,536,730,000**	**133,021,732,000**	**(3,593,000)**	**339,739,849,130**	**89,969,023,573**	**977,263,741,703**
- Profit for the period	-	-	-	-	162,283,607,762	162,283,607,762
- Appropriation of investment and development fund	-	-	-	7,633,590,917	(7,633,590,917)	-
- Dividends declared from 2019 profit	-	-	-	-	(41,450,540,000)	(41,450,540,000)
- Advance of dividends from 2020 profit					(82,901,080,000)	(82,901,080,000)
- Provisional appropriation of bonus and welfare fund from profit of 2020	-	-	-	-	(17,620,836,306)	(17,620,836,306)
- Bonus and welfare fund from profit of 2019	-	-	-	-	2,094,770	2,094,770
As at 1 January 2021	**414,536,730,000**	**133,021,732,000**	**(3,593,000)**	**347,373,440,047**	**102,648,678,883**	**997,576,987,930**
- Profit for the period	-	-	-	-	150,514,293,017	150,514,293,017
- Appropriation of investment and development fund	-	-	-	26,907,306,880	(26,907,306,880)	-
- Dividends declared from 2020 profit	-	-	-	-	(41,450,540,000)	(41,450,540,000)
- Provisional appropriation of bonus and welfare fund from profit of 2021	-	-	-	-	(16,123,013,094)	(16,123,013,094)
As at 30 September 2021	**414,536,730,000**	**133,021,732,000**	**(3,593,000)**	**374,280,746,927**	**168,682,111,926**	**1,090,517,727,853**

15. OWNERS' EQUITY (continued)

15.2 Details of owners' shares capital

According to the business registration certificate of Traphaco Joint Stock Company, changed for the 23rd time on April 6, 2020, the Company's charter capital is VND 414,536,730,000. As at September 30, 2021, the Company's charter capital has been contributed by shareholders with the following capital contribution

Currency: VND

	30 September 2021		*31 December 2020*	
	VND	*%*	*VND*	*%*
State Capital and Investment Corporation	147,865,120,000	35.67%	147,865,120,000	35.67%
Magbi Fund Limited	103,613,850,000	25.00%	103,613,850,000	25.00%
Super Delta Pte. Ltd.	62,672,890,000	15.12%	62,672,890,000	15.12%
Other shareholders	100,384,870,000	24.22%	100,384,870,000	24.22%
TOTAL	**414,536,730,000**	**100%**	**414,536,730,000**	**100%**

15.4 Shares

	30 September 2021	*31 December 2020*
	Quantity	*Quantity*
Shares registered for issuance	**41,453,673**	**41,453,673**
Issued shares	**41,453,673**	**41,453,673**
Ordinary shares	41,453,673	41,453,673
Treasury shares	**(3,133)**	**(3,133)**
Ordinary shares	(3,133)	(3,133)
Shares in circulation	**41,450,540**	**41,450,540**
Ordinary shares	41,450,540	41,450,540

Par value of outstanding share: VND 10,000/share (31 December 2020: VND 10,000/share).

16. OFF BALANCE SHEET ITEMS

	Ending balance	*Beginning balance*
1. Foreign Currency		
- US Dollar (USD)	241,971.07	176,530.19
2. Bad debts written-off (VND)	9,500,253,738	4,598,971,260

Leased assets	*For the nine-month period ended 30 September 2021*	*For the nine-month period ended 30 September 2020*
Lease expenses recognized into quarterly separated statement of profit or loss	2,929,710,341	2,969,603,300

Operating lease commitment

The Company leases assets under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements are as follows:

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Less than 1 year	3,753,305,551	3,770,419,077
From 1 - 5 years	9,394,705,535	9,868,647,299
More than 5 years	5,322,745,050	7,260,810,450
TOTAL	**18,470,756,136**	**20,899,876,826**

17. REVENUE

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Revenue from sale of goods and rendering of services	**1,610,452,245,052**	**1,329,234,033,767**
Of which:		
Sale of goods	1,083,409,623,892	939,459,620,718
Sale of merchandise	313,602,122,447	218,835,231,546
Sale of raw materials	213,111,621,860	169,998,965,560
Rendering of services	328,876,853	940,215,943
Less:		
Sales return	(6,186,708,551)	(5,887,380,701)
Net revenue	**1,604,265,536,501**	**1,323,346,653,066**

18. COST OF GOODS SOLD AND SERVICES RENDERED

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Cost of finished goods sold	522,462,652,863	486,012,049,437
Cost of merchandise sold	217,601,097,791	148,424,961,934
Cost of raw materials sold	202,004,547,703	161,582,940,855
Cost of service rendered	-	243,217,147
TOTAL	**942,068,298,357**	**796,263,169,373**

19. FINANCE INCOME

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Interest income	3,680,973,775	3,014,778,578
Realized exchange gains	1,027,165,156	195,043,390
Dividend income	6,853,307,213	1,701,070,491
TOTAL	**11,561,446,144**	**4,910,892,459**

20. FINANCE EXPENSES

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Realized exchange losses	39,249,907	79,867,813
Unrealized exchange losses	16,255,245	-
TOTAL	**55,505,152**	**79,867,813**

21. PRODUCTION AND OPERATING COSTS

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Raw materials	536,466,697,351	536,946,365,966
Labour costs	164,088,448,985	138,998,975,919
Depreciation and amortisation	11,726,746,175	11,876,770,925
Expenses for external services	120,829,124,538	111,943,744,261
Others	200,712,204,824	151,040,036,551
TOTAL	**1,033,823,221,873**	**950,805,893,622**

22. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Selling expenses incurred during the period		
Labour costs	112,682,382,356	97,996,748,998
Advertising expenses	68,796,215,779	59,376,598,494
Sales discounts	44,029,779,869	45,009,041,358
Allowance for freelancers	43,084,376,223	43,661,048,489
Depreciation and amortisation	5,978,041,173	5,862,254,822
Others	116,079,179,261	75,627,252,965
	390,649,974,661	**327,532,945,126**
General and administrative expenses incurred during the period		
Labour costs	45,485,690,850	38,014,463,464
Expenses for external services	4,058,654,736	3,503,733,347
Depreciation and amortisation	4,104,769,817	4,137,482,753
(Revert of provisions)/provisions	(2,881,491,026)	12,718,489
Others	43,326,578,104	28,850,379,625
	94,094,202,481	**74,518,777,678**
TOTAL	**484,744,177,142**	**402,051,722,804**

23. CORPORATE INCOME TAX

Currency: VND

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Accouting profit before tax	188,728,354,010	130,336,534,479
Total adjustment to accounting before tax	(681,523,570)	4,302,507,265
Adjustments to increase	*6,171,755,764*	*6,003,575,817*
Adjustments to decrease	*(6,853,279,334)*	*(1,701,068,552)*
Total taxable income	188,046,830,440	134,639,041,744
CIT expense at tax rate applicable to the Company	37,609,366,088	26,927,808,349
Deferred tax expense	604,694,905	-
CIT expenses	**38,214,060,993**	**26,927,808,349**

24. SECTIONS BY BUSINESS SECTOR AND GEOGRAPHY

The main production and business activities of the Company are the production and trading of pharmaceutical products. During the period, the Company did not have any other material business activities, accordingly, the financial information presented on the balance sheet as at September 30, 2021 and the revenue and expenses presented in the income statement for the period from January 1, 2021 to September 30, 2021 related to pharmaceutical production and business activities. Revenue and cost of goods sold by each business activity are presented in Notes 17 and 18.

The Company has no business activities outside of Vietnam; therefore, the Company does not have any geographical divisions outside of Vietnam.

25. TRANSACTIONS WITH RELATED PARTIES

List of relater parties

Related parties	Relationship
Traphaco High-tech JSC.	Subsidiary
TraphacoSapa Single-member Co. Ltd.	Subsidiary
Daklak Pharmaceutical & Medical Equipment JSC.	Subsidiary
Traphaco Hung Yen Co. Ltd.	Subsidiary
State Capital Investment Corporation	Large shareholder
Magbi Fund Limited	Large shareholder
Super Delta Pte. Ltd.	Large shareholder
Daewoong Pharmaceuticls Co. Ltd.	Company related to BoD member

Significant transactions of the Company with related parties during the current and previous period were as follows:

Currency: VND

Related parties	*For the nine-month period ended 30 September 2021*	*For the nine-month period ended 30 September 2020*

Sale of goods and services		
Traphaco Hi-tech Joint Stock Company	171,884,517,895	106,458,145,818
Traphaco Sapa One Member Co., Ltd.	14,593,803,808	13,201,385,591
Dak Lak Pharmaceutical and Medical Equipment JSC	38,097,040,630	32,285,482,025
Traphaco Hung Yen One Member Co., Ltd.	27,037,473,622	59,180,579,029
Purchase of goods and services		
Traphaco Hi-tech Joint Stock Company	405,579,371,032	362,132,581,869
Traphaco Sapa One Member Co., Ltd.	19,629,882,000	19,072,721,092
Traphaco Hung Yen One Member Co., Ltd.	176,349,945,900	198,120,042,090
Daewoong Pharmaceuticals Co., Ltd.	22,608,919,841	13,637,408,080
Dividends declared		
Traphaco Hi-tech Joint Stock Company	2,895,966,651	-
Dak Lak Pharmaceutical and Medical Equipment JSC	565,135,500	-
Traphaco Sapa One Member Co., Ltd.	3,392,177,183	1,701,065,936
Dividend paid to shareholders	**124,388,872,000**	**124,331,237,000**
Remuneration to members of Board of Directors and Board of Management	**9,385,034,690**	**9,285,633,664**

Amounts due to and due from related parties at the balance sheet date were as follows:

Currency: VND

Related parties	*30 September 2021*	*30 September 2020*
Short-term trade receivables (Note 2)		
Dak Lak Pharmaceutical and Medical Equipment JSC	6,104,196,861	2,959,248,884
TraphacoSapa One Member Co., Ltd.	1,330,911,299	1,500,291,881
Traphaco Hung Yen One Member Co., Ltd.	-	48,708,000
Traphaco Hi-tech JSC	74,037,060,278	85,697,163,206
Total	**81,472,168,438**	**90,205,411,971**
Short-term trade payables (Note 11)		
Traphaco Hi-tech JSC	46,384,978,618	28,579,713,091
TraphacoSapa One Member Co., Ltd.	2,337,062,060	1,793,083,038
Traphaco Hung Yen One Member Co., Ltd.	54,282,029,987	24,336,612,897
Daewoong Pharmaceuticals Co., Ltd.	7,376,177,678	8,701,100,919
Total	**110,380,248,343**	**63,410,509,945**

26. EXPLAINING PROFIT VALUES

To fulfill the obligation of periodic information disclosure of organizations listed on the Ho Chi Minh Stock Exchange, Traphaco Joint Stock Company (Stock code: TRA) would like to explain the fluctuation in business results at the time of the 3rd quarter of 2021 compared to the 3rd quarter of 2020 as follows:

	Quarter 3/2020	Quarter 3/2021	Different
Profit after tax	VND 40.349.385.484	VND 55.342.205.026	**37,16%**

There is a difference in profit as above due to following reasons:

- Revenue in the 3rd quarter of 2021 grew by 24.58% over the same period in 2020.
- The ratio of selling expenses and administrative expenses/net revenue decreased by 2% and 0.7% respectively compared to the 3rd quarter of 2020.

This is the main reason why the business results in the 3rd quarter of 2021 increases by 37.16% compared to the 3rd quarter of 2020.

The above is a clearer explanation of the business results of the 3rd quarter of 2021 of Traphaco Joint Stock Company.

CÔNG TY CỔ PHẦN TRAPHACO

Preparer	Chief Accountant	Chief Executive Officer
Nguyen Thi Ngoc Thuy	Dinh Trung Kien	Tran Tuc Ma

21 October 2021