

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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# DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

## CORPORATE INFORMATION

### Enterprise Registration Certificate

No. 0101452588 dated 5 March 2004

The Enterprise Registration Certificate was initially issued by the Hanoi Department for Planning and Investment on 5 March 2004. The latest amendment (21<sup>st</sup>) to the Enterprise Registration Certificate was issued on 23 June 2022.

### Board of Directors

Mr. Dao Huu Huyen	Chairman
Mr. Dao Huu Duy Anh	Member
Mr. Nguyen Van Quang	Member
Mr. Pham Van Hung	Member
Mr. Luu Bach Dat	Member (appointed on 29 March 2022)
Mr. Khuc Ngoc Giang	Member (resigned on 29 March 2022)

### Board of Supervision

Mr. Nguyen Van Kien	Chief Supervisor
Mr. Vu Van Ngo	Member
Ms. Pham Thi Thoa	Member

### Board of Management

Mr. Dao Huu Duy Anh	General Director
Mr. Pham Van Hung	Deputy General Director
Mr. Luu Bach Dat	Deputy General Director (appointed on 7 March 2022)

### Legal Representative

Mr. Dao Huu Huyen	Chairman of Board of Directors
Mr. Dao Huu Duy Anh	Member of Board of Directors/ General Director

### Registered Office

No. 18 Lane 44, Duc Giang Street, Thuong Thanh Ward, Long Bien District, Hanoi, Vietnam

### Auditor

Branch of PwC (Vietnam) Limited in Hanoi

## DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

### STATEMENT OF THE BOARD OF MANAGEMENT

#### **Responsibility of the Board of Management in respect of the interim consolidated financial statements.**

The Board of Management of Duc Giang Chemicals Group Joint Stock Company (“the Company”) is responsible for preparing interim consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and the consolidated results of its operations and its cash flows for the six-month period then ended. In preparing these interim consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the interim consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 consolidated financial position of the Group and enable the interim consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or error.

#### **Approval of the interim consolidated financial statements**

We hereby, approve the accompanying interim consolidated financial statements as set out on pages 5 to 44. The interim consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of the consolidated 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 consolidated financial statements.

On behalf of the Board of Management



Dao Huu Duy Anh  
General Director  
Legal Representative

Hanoi, SR Vietnam  
15 August 2022



## REPORT ON THE REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

We have reviewed the accompanying interim consolidated financial statements of Duc Giang Chemicals Group Joint Stock Company (“the Company”) and its subsidiaries (together, “the Group”) which were prepared on 30 June 2022, and approved by the Board of Management of the Company on 15 August 2022. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2022, the interim consolidated income statement, and the interim consolidated cash flow statement for the six-month period then ended, and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 5 to 44.

### Responsibility of the Board of Management

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these interim consolidated financial statements of the Group in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of interim consolidated financial statements, and for such internal controls which the Board of Management determines are necessary to enable the preparation and presentation of interim consolidated 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 these interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 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 consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of interim consolidated financial statements.

### Other Matter

The report on the review of interim consolidated financial information 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 Branch of PwC (Vietnam) Limited in Hanoi**



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Tran Hong Kien  
Audit Practising License: 0298-2018-006-1  
Authorised signatory

Report reference number: HAN 3187  
Hanoi, 15 August 2022

## INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			30.06.2022 VND	31.12.2021 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>9,313,379,570,773</b>	<b>5,997,347,534,355</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>112,444,763,118</b>	<b>123,957,761,198</b>
111	Cash		91,444,763,118	114,957,761,198
112	Cash equivalents		21,000,000,000	9,000,000,000
<b>120</b>	<b>Short-term investments</b>		<b>5,984,348,516,910</b>	<b>3,631,679,997,108</b>
123	Investments held to maturity	4	5,984,348,516,910	3,631,679,997,108
<b>130</b>	<b>Short-term receivables</b>		<b>1,196,783,586,423</b>	<b>780,770,236,525</b>
131	Short-term trade accounts receivable	5	993,421,395,597	630,346,484,850
132	Short-term prepayments to suppliers	6	48,995,529,515	73,409,082,843
136	Other short-term receivables	7(a)	154,366,661,311	77,014,668,832
<b>140</b>	<b>Inventories</b>	<b>8</b>	<b>1,978,834,680,311</b>	<b>1,386,431,589,969</b>
141	Inventories		1,978,834,680,311	1,386,431,589,969
<b>150</b>	<b>Other current assets</b>		<b>40,968,024,011</b>	<b>74,507,949,555</b>
151	Short-term prepaid expenses		11,373,841,637	6,656,353,535
152	Value added tax ("VAT") to be reclaimed		29,288,936,394	64,841,617,679
153	Tax and other receivables from the State		305,245,980	3,009,978,341
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>2,480,102,095,172</b>	<b>2,523,045,582,016</b>
<b>210</b>	<b>Long-term receivables</b>		<b>28,964,403,699</b>	<b>9,239,083,336</b>
216	Other long-term receivables	7(b)	28,964,403,699	9,239,083,336
<b>220</b>	<b>Fixed assets</b>		<b>1,860,558,163,896</b>	<b>1,973,866,114,123</b>
221	Tangible fixed assets	10(a)	1,860,437,934,809	1,973,710,613,343
222	Historical cost		3,811,366,626,992	3,776,239,360,097
223	Accumulated depreciation		(1,950,928,692,183)	(1,802,528,746,754)
227	Intangible fixed assets	10(b)	120,229,087	155,500,780
228	Historical cost		1,045,839,000	1,045,839,000
229	Accumulated amortisation		(925,609,913)	(890,338,220)
<b>240</b>	<b>Long-term assets in progress</b>		<b>199,392,348,652</b>	<b>171,600,433,670</b>
242	Construction in progress	11	199,392,348,652	171,600,433,670
<b>260</b>	<b>Other long-term assets</b>		<b>391,187,178,925</b>	<b>368,339,950,887</b>
261	Long-term prepaid expenses	9	376,871,170,101	361,083,406,691
262	Deferred income tax assets		7,249,580,481	381,239,227
263	Long-term spare parts, supplies and equipment		3,619,741,501	3,152,883,180
269	Goodwill	12	3,446,686,842	3,722,421,789
<b>270</b>	<b>TOTAL ASSETS</b>		<b>11,793,481,665,945</b>	<b>8,520,393,116,371</b>

The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET  
(CONTINUED)

Code	RESOURCES	Note	As at	
			30.06.2022 VND	31.12.2021 VND
<b>300</b>	<b>LIABILITIES</b>		<b>2,294,844,096,789</b>	<b>2,188,391,014,861</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>2,294,744,096,789</b>	<b>2,188,291,014,861</b>
311	Short-term trade accounts payable	13	619,970,952,182	683,397,714,034
312	Short-term advances from customers	14	29,099,386,309	165,633,053,411
313	Tax and other payables to the State	15	260,028,532,340	55,022,797,269
314	Payables to employees		175,183,967,744	156,003,204,908
315	Short-term accrued expenses		31,957,061,116	13,040,153,290
319	Other short-term payables	16	14,251,203,390	204,106,585,380
320	Short-term borrowings	17	987,174,897,306	841,909,212,299
322	Bonus and welfare fund	18	177,078,096,402	69,178,294,270
<b>330</b>	<b>Long-term liabilities</b>		<b>100,000,000</b>	<b>100,000,000</b>
343	Fund for scientific and technological development		100,000,000	100,000,000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>9,498,637,569,156</b>	<b>6,332,002,101,510</b>
<b>410</b>	<b>Capital and reserves</b>		<b>9,498,637,569,156</b>	<b>6,332,002,101,510</b>
411	Owners' capital	19,20	3,712,420,730,000	1,710,805,560,000
411a	- Owners' capital with voting rights		3,712,420,730,000	1,710,805,560,000
412	Share premium	20	1,786,667,372,400	1,786,667,372,400
414	Owners' other capital	20	(849,228,747,207)	(849,228,747,207)
415	Treasury shares	19,20	(8,730,000)	(8,730,000)
418	Investment and development fund	20	632,126,845,638	481,725,051,093
421	Undistributed earnings	20	3,779,519,155,315	2,946,706,519,165
421a	- Undistributed post-tax profits of previous years		658,187,040,966	708,513,295,066
421b	- Undistributed post-tax profit of current period/year		3,121,332,114,349	2,238,193,224,099
429	Non-controlling interests	20	437,140,943,010	255,335,076,059
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>11,793,481,665,945</b>	<b>8,520,393,116,371</b>

  
Hoang Thuy Ha  
Preparer

  
Dao Thi Mai  
Chief Accountant



  
Đào Hữu Duy Anh  
General Director  
Legal Representative  
15 August 2022

The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.



## INTERIM CONSOLIDATED INCOME STATEMENT

Code	Note	For the six-month period ended 30 June	
		2022 VND	2021 VND
01	Revenue from sales of goods and rendering of services	7,637,613,455,884	3,987,924,335,112
02	Less deductions	(884,943,825)	(195,888,680)
10	Net revenue from sales of goods and rendering of services	7,636,728,512,059	3,987,728,446,432
11	Cost of goods sold and services rendered	(3,802,493,784,524)	(3,062,155,448,276)
20	Gross profit from sales of goods and rendering of services	3,834,234,727,535	925,572,998,156
21	Financial income	192,091,143,102	65,394,581,555
22	Financial expenses	(59,795,993,099)	(30,547,036,660)
23	- Including: Interest expense	(6,133,659,430)	(7,926,204,586)
25	Selling expenses	(322,665,847,662)	(236,997,864,723)
26	General and administration expenses	(59,370,876,935)	(57,249,119,548)
30	Net operating profit	3,584,493,152,941	666,173,558,780
31	Other income	3,093,060,542	1,352,004,524
32	Other expenses	(2,462,653,047)	(3,193,996,204)
40	Net other income/(expenses)	630,407,495	(1,841,991,680)
50	Net accounting profit before tax	3,585,123,560,436	664,331,567,100
51	Corporate income tax - current	(188,980,073,576)	(40,081,039,361)
52	Corporate income tax - deferred	6,868,341,254	827,628,076
60	Net profit after tax	3,403,011,828,114	625,078,155,815
	Attributable to:		
61	Shareholders of the parent company	3,121,332,114,349	605,560,889,074
62	Non-controlling interests	281,679,713,765	19,517,266,741
70	Basic earnings per share	21(a) 7,903	1,533
71	Diluted earnings per share	21(b) 7,813	1,533

Hoang Thuy Ha  
Preparer


Dao Thi Mai  
Chief Accountant

Đào Hữu Duy Anh  
General Director  
Legal Representative  
15 August 2022

The notes on pages 9 to 44 are an integral part of these interim consolidated financial statements.

**INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**(Indirect method)**

Code	Note	For the six-month period ended 30 June	
		2022 VND	2021 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>3,585,123,560,436</b>	<b>664,331,567,100</b>
	Adjustments for:		
02	Depreciation and amortisation of fixed assets and goodwill	149,398,042,054	136,262,080,540
04	Unrealised foreign exchange losses	9,463,127,538	4,240,684,235
05	Profits from investing activities	(113,049,339,799)	(40,397,935,153)
06	Interest expense	6,133,659,430	7,926,204,586
08	<b>Operating profit before changes in working capital</b>	<b>3,637,069,049,659</b>	<b>772,362,601,308</b>
09	Increase in receivables	(140,305,595,127)	(94,318,284,158)
10	Increase in inventories	(592,869,948,663)	(238,852,413,553)
11	(Decrease)/increase in payables	(94,504,350,064)	122,981,498,819
12	Increase in prepaid expenses	(20,505,251,512)	(77,123,488,471)
14	Interest paid	(6,184,299,910)	(8,606,348,398)
15	Corporate income tax paid	(42,290,307,353)	(46,284,745,651)
17	Other payments on operating activities	(33,718,837,346)	(34,864,012,107)
20	<b>Net cash inflows from operating activities</b>	<b>2,706,690,459,684</b>	<b>395,294,807,789</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(62,433,273,724)	(126,266,895,092)
22	Proceeds from disposals of fixed assets	261,000,000	-
23	Lendings and term deposits at bank	(4,318,436,064,677)	(1,104,507,750,685)
24	Collection of lendings and term deposits	1,787,231,901,695	779,414,599,060
27	Dividends and interest received	31,219,319,749	30,515,931,205
30	<b>Net cash outflows from investing activities</b>	<b>(2,562,157,116,957)</b>	<b>(420,844,115,512)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	1,855,230,138,314	1,834,934,817,945
34	Repayments of borrowings	(1,722,624,294,845)	(1,803,172,932,366)
36	Dividends paid, profits distributed to owners	(288,669,391,250)	(236,503,705,272)
40	<b>Net cash outflows from financing activities</b>	<b>(156,063,547,781)</b>	<b>(204,741,819,693)</b>
50	<b>Net decrease in cash and cash equivalents of the period</b>	<b>(11,530,205,054)</b>	<b>(230,291,127,416)</b>
60	<b>Cash and cash equivalents at beginning of period</b>	<b>123,957,761,198</b>	<b>282,319,769,553</b>
61	Effect of foreign exchange differences	17,206,974	(1,390,682)
70	<b>Cash and cash equivalents at end of period</b>	<b>112,444,763,118</b>	<b>52,027,251,455</b>

  
 Hoang Thuy Ha  
 Preparer

  
 Dao Thi Mai  
 Chief Accountant

  
 Dao Huu Duy Anh  
 General Director  
 Legal Representative  
 15 August 2022



The notes on pages 9 to 44 are an integral part of these interims consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

1 GENERAL INFORMATION

Duc Giang Chemicals Group Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam pursuant to the Enterprise Registration Certificate No. 0101452588 dated 5 March 2004 issued by the Hanoi Department for Planning and Investment. The latest amendment (21<sup>st</sup>) to the Enterprise Registration Certificate was issued on 23 June 2022.

The Company's shares are listed on the Ho Chi Minh City Stock Exchange with the stock trading code ‘DGC’.

The business sector of the Company and its subsidiaries (“the Group”) is manufacturing industrial products.

The principal activities of the Group are:

- Producing basic chemicals: producing of raw materials and chemical products;
- Producing fertilizers and nitrogen compounds: producing fertilizer products;
- Trading in rubber, paints, plastic and fertilizer products; trading in raw materials and chemical products;
- Producing plastics and synthetic rubber in primary form;
- Freight transport by road; and
- Mining.

The normal business cycle of the Group is 12 months.

As at 30 June 2022, the Group had three (03) dependent accounting units (Hung Yen Branch, Binh Duong Branch and Lao Cai Branch) and seven (07) subsidiaries. The details are as follows:

Subsidiaries	Principal activities	Place of incorporation and operation	As at 30/06/2022 and 31/12/2021	
			% of ownership	% of voting rights
1. Duc Giang Lao Cai Chemicals One Member Company Limited	Industrial manufacturing	Bao Thang District, Lao Cai	100%	100%
2. Duc Giang - Dinh Vu Chemicals One Member Company Limited	Warehousing and storage business	Hai An District, Hai Phong	100%	100%
3. Duc Giang Nghi Son Chemicals One Member Company Limited	Industrial manufacturing	Tinh Gia District, Thanh Hoa	100%	100%
4. Duc Giang Chemicals Sports One Member Company Limited	Sports activities	Long Bien District, Hanoi	100%	100%

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Principal activities	Place of incorporation and operation	As at 30/06/2022 and 31/12/2021	
			% of ownership	% of voting rights
5. Duc Giang Land One Member Company Limited	Real estates	Long Bien District, Hanoi	100%	100%
6. Vietnam Phosphorus Apatite Joint Stock Company ( <i>Direct subsidiary of Duc Giang Lao Cai Chemical One Member Co., Ltd</i> )	Industrial manufacturing	Bao Thang District, Lao Cai	51%	51%
7. Duc Giang - Dak Nong Chemical Limited Company ( <i>established on 22/3/2022</i> )	Industrial manufacturing	Cu Jut District, Dak Nong	100%/(-)	100%/(-)

As at 30 June 2022, the Group had 2,256 employees (as at 31 December 2021: 2,246 employees).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## 2.1 Basis of preparation of the interim consolidated financial statements

The interim consolidated 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 consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention except for business combinations as presented in Note 2.5.

The accompanying interim consolidated 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's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Fiscal year**

The Group's fiscal year is from 1 January to 31 December. The interim consolidated financial statements of the Group are prepared for the six-month period from 1 January to 30 June.

**2.3 Currency**

The interim consolidated financial statements are measured and presented in the Vietnamese Dong ("VND").

**2.4 Exchange rates**

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

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

**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Basis of consolidation (continued)****Business combination**

Accounting policies on business combinations are presented in Note 2.6.

**Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Divestment of the Group’s interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received from divestment of Group’s interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group’s interest in a subsidiary that results in a loss of control, the difference between the Group’s share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the interim consolidated income statement. The retained interest in the entity will be accounted for as either an investment in another entity or investment to be accounted for as equity since the divestment date.

**2.6 Business combination****Business combinations using purchase method of accounting**

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the interim consolidated income statement.

**Business combinations involving entities under common control**

Entities under common control are those that are ultimately controlled by the same party (companies or individuals) or by multiple parties (groups of companies or groups of individuals) either before or after the business combination and that control is not transitory. The accounting method applicable to business combinations involving entities under common control is presented as follows:

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.6 Business combination (continued)****Business combinations involving entities under common control (continued)**

- Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required;
- No goodwill arises in the business combination;
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity (presented in the account “Owners’ other capital” – Code 414);
- The interim consolidated balance sheet and interim consolidated income statement reflect the financial position and results of operations of the consolidated entities from the date of the combination.

After the date of the business combination, if the Group transfers and loses control in these entities, the difference between the consideration transferred from the acquirer and the net asset value of the acquirees which was previously recognised to the account “Owners’ other capital”, will be transferred to account “Undistributed earnings” in the interim consolidated balance sheet.

**2.7 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on a straight-line basis over its estimated year of benefit but not exceeding 10 years.

On disposal of the investments in subsidiaries, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is carried at cost less accumulated amortisation, and is tested annually for impairment. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Group records the impairment immediately in the accounting year.

Goodwill is not recognised in a business combination involving entities under common control (Note 2.6).

**2.8 Cash and cash equivalents**

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

**2.9 Investments held to maturity**

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9 Investments held to maturity (continued)**

Investments held to maturity include term deposits with maturity over three months and other investments held to maturity. Those investments are initially accounted for at cost. Subsequently, the Group reviews all outstanding investments to determine the amount of provision to recognise at the year 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 year 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 consolidated balance sheet based on remaining year from the interim consolidated balance sheet date to the remaining maturity date.

**2.10 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services 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 long-term and short-term receivables on the interim consolidated balance sheet based on the remaining year from the interim consolidated balance sheet date to the maturity date.

**2.11 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 Group applies the perpetual system for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous year is recognised as an increase or decrease of cost of goods sold in the period.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.12 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 incurred subsequently which 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 interim consolidated income statement when incurred in the period.

*Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method, except for machinery and equipment for mining activities, which are depreciated using the units of production method, so as to write off the historical cost of the fixed assets over their estimated useful lives. Depreciation and amortisation are included in the operating expenses of the year, other than those related to fixed assets funded by the Bonus and Welfare Fund (Note 2.20(b)). The estimated useful lives of each asset class are as follows:

Plant and buildings	6 – 25 years
Machinery	3 – 10 years
Motor vehicles (*)	5 – 8 years
Office equipment	3 – 6 years
Computer software	5 years

(\*) Motor vehicles used for apatite ore mining at Mine 25 are depreciated based on the estimated extraction volume, which is expected to be within 6 years.

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 consist of the 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 consolidated income statement.

*Construction in progress*

Construction in progress represents the cost of assets in the course of installation or construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.13 Leased assets**

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 consolidated income statement on a straight-line basis over the term of the lease.

**2.14 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the interim consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a systematic basis over their estimated useful lives.

Prepayments for land rental contracts which are not recorded as intangible assets as described in Note 2.12 are recorded as prepaid expenses, and allocated on a straight-line basis over the lease term. Site clearance costs related to the leased land are allocated in proportion to the lease term.

Fees for mineral exploitation right in connection with mining apatite ore at Mine 25 are amortised based on the estimated extraction volume. Other expenses incurred are amortised on a straight-line basis over the mining term.

**2.15 Payables**

Classifications of payables are based on their nature as follows:

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

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

**2.16 Borrowings**

Borrowings are obtained from banks and other entities.

Borrowings are classified into long-term and short-term borrowings on the interim consolidated balance sheet based on the remaining year from the interim consolidated 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 year 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 used for the purpose of construction or production of any qualifying assets, the Group 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 Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the interim consolidated income statement when incurred.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.17 Accrued expenses**

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

**2.18 Provisions**

Provisions are recognised when the Group 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 year are recorded as an increase or decrease in operating expenses.

**2.19 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 and the difference between the repurchase prices and re-issuing prices of treasury shares.

Owners' other capital represents the difference between the consideration transferred from the acquirer and the net asset value of the acquiree in business combination involving entities under common control (Note 2.6).

Treasury shares brought before the effective date of the Securities Law 2019 (i.e. 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 brought after 1 January 2021 will be cancelled and adjusted to reduce equity.

Undistributed earnings record the Group's results after CIT at the reporting date.

**2.20 Appropriation of profit**

The Group's dividends are recognised as a liability in the interim consolidated financial statements in the year in which the dividends are approved by the General Meeting of Shareholders.

Net profit after CIT could be distributed to shareholders after approval at General Meeting of Shareholders, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Appropriation of profit (continued)**

The Group's funds are as below:

**(a) Investment and development fund**

The investment and development fund is appropriated from profit after CIT of the Group and approved by shareholders in the General Meeting of Shareholders. This fund is used to expand the scale of business or in-depth investment of the Group.

**(b) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Group's profit after CIT and subject to shareholders approval at the General Meeting of Shareholders. This fund is presented as a liability on the interim consolidated balance sheet. The fund is used for bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies.

In addition, in accordance to Circular 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance, the fund is also used to purchase fixed assets for cultural and welfare activities for employees. Accordingly, the Group recognises fixed assets in the financial statements and depreciates them over their estimated useful lives (Note 2.12). However, the depreciation of these fixed assets is not recognised to the profit or loss in the year, but is recorded as a decrease to the fund.

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

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 sales obligation.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.21 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the interim consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from the sale of services is only recognised when all four (4) of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**(c) Interest income**

Interest income is recognised on an earned basis.

**2.22 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, goods and rendering of services are recorded as a deduction from the revenue of that period.

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

**2.23 Cost of goods sold and services rendered**

Cost of goods sold and services rendered are the cost of finished goods, merchandise, materials sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudence basis.

**2.24 Financial expenses**

Financial expenses are expenses incurred in the period for financial activities including expenses of borrowing, losses from foreign exchange differences.

**2.25 Selling expenses**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.26 General and administration expenses**

General and administration expenses represent expenses that are incurred for administrative purposes of the Group.

**2.27 Current and deferred income tax**

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

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

**2.28 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 Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Directors, Board of Management 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 Group considers the substance of the relationship, not merely the legal form.

**2.29 Segment reporting**

A segment is a component which can be separated by the Group 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 Group's business segment or the Group's geographical segment.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Critical accounting estimates

The preparation of interim consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the accounting period.

The areas involving significant estimates and assumptions in the interim consolidated financial statements are as follows:

- Estimated useful lives of fixed assets (Note 2.12);
- Corporate income tax (Note 29);
- Contingent liabilities and other commitments (Note 35).

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

3 CASH AND CASH EQUIVALENTS

	30.6.2022 VND	31.12.2021 VND
Cash on hand	874,317,058	385,547,249
Cash in banks	90,570,446,060	114,572,213,949
Cash equivalents (*)	21,000,000,000	9,000,000,000
	<u>112,444,763,118</u>	<u>123,957,761,198</u>

(\*) The ending balance of cash equivalents includes deposits at domestic commercial banks with original maturity of three months or less.

4 INVESTMENT HELD TO MATURITY

	30.6.2022 VND	31.12.2021 VND
Short-term bank deposits	<u>5,984,348,516,910</u>	<u>3,631,679,997,108</u>

The ending balance includes term deposits at domestic commercial banks with original terms from 3 to 12 months and interest rates are in range from 4.1 % to 6% per annum (2021: 3.85% to 5.3% per annum).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

**4 INVESTMENT HELD TO MATURITY (CONTINUED)**

As at 30 June 2022, short-term bank deposits with amounts of VND 21 billion and VND 75 billion of Duc Giang Lao Cai Chemicals One Member Company Limited and Duc Giang Nghi Son Chemicals One Member Company Limited, respectively, held at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Operation Centre were pledged as collateral assets for short-term borrowings granted by the bank to Vietnam Phosphorus Apatite Joint Stock Company (Note 17).

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2022</b> VND	<b>31.12.2021</b> VND
Third parties (*)	982,164,149,286	614,752,576,368
Related parties (Note 33(b))	11,257,246,311	15,593,908,482
	<u>993,421,395,597</u>	<u>630,346,484,850</u>

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

	<b>30.6.2022</b> VND	<b>31.12.2021</b> VND
Italmatch Chemicals S.P.A	171,013,920,000	-
Mitsubishi Corporation Limited Company	169,815,104,786	117,348,363,424
ICL Speciality Products Corporation	113,276,930,008	-
Unid Global Corporation	61,354,890,801	89,331,091,744
UPL Limited Company	-	97,330,990,080
Petrovietnam Fertilizer And Chemicals Corporation - JSC	-	71,326,012,800
	<u>-</u>	<u>-</u>

As at 30 June 2022, short-term trade accounts receivables of Duc Giang Lao Cai Chemicals Limited Company with a minimum value of VND 360 billion, and short-term trade accounts receivables of Vietnam Phosphorus Apatite Joint Stock Company with a minimum value of VND 120 billion were pledged as collaterals for short-term borrowings from HSBC Bank (Vietnam) Limited - Hanoi Branch (Note 17).



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2022 VND	31.12.2021 VND
Third parties	48,995,529,515	73,409,082,843

Details for suppliers accounting for 10% or more of the total short-term prepayment to suppliers balance are as follows:

	30.6.2022 VND	31.12.2021 VND
Van Giang - Van Nam Import Export Trading Services Company Limited	17,004,763,265	42,292,168,440
China Tianchen Engineering Corporation	6,257,250,000	6,257,250,000

## 7 OTHER RECEIVABLES

	30.6.2022 VND	31.12.2021 VND
<b>a) Short-term</b>		
Interest receivable from bank deposits	109,868,834,384	47,656,331,298
Others	44,497,826,927	29,358,337,534
	<u>154,366,661,311</u>	<u>77,014,668,832</u>
<b>b) Long-term</b>		
Deposits	24,500,000,000	6,000,000,000
Lao Cai Provincial Environmental Protection Fund (*)	4,464,403,699	3,239,083,336
	<u>28,964,403,699</u>	<u>9,239,083,336</u>

(\*) According to Decision 1057/QD-BTNMT dated 7 May 2020 issued by the Ministry of Natural Resources and Environment, the total estimated costs of environmental rehabilitation and restoration related to the exploitation of apatite ore mines at Mine 25 is VND 8,005,545,000. This amount will be deposited into the Environmental Protection Fund of Lao Cai province in six instalments from 2021 to 2026 to guarantee the fulfilment of the Company's obligation of rehabilitating and restoring the environment. The balance as at 30 June 2022 is the amount that the Company has contributed to the Fund in accordance with the above Decision (Note 35).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 8 INVENTORIES

	30.6.2022		31.12.2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	392,602,985,880	-	178,608,174,324	-
Raw materials	974,025,363,800	-	651,012,003,924	-
Tools and supplies	85,566,164	-	57,599,741	-
Work in progress	1,040,214,538	-	27,827,104,332	-
Finished goods	611,080,549,929	-	528,926,707,648	-
	<u>1,978,834,680,311</u>	<u>-</u>	<u>1,386,431,589,969</u>	<u>-</u>

Part of the Group's period-end inventory with a minimum value of VND 500 billion was pledged as collateral for bank borrowings (Note 17).

## 9 LONG-TERM PREPAID EXPENSES

	30.6.2022 VND	31.12.2021 VND
Land rental fees (*)	75,789,664,580	77,174,506,058
Land clearance costs (**)	123,127,976,732	125,185,027,018
Expenses incurred for mining apatite ore at Mine 25 (***)	104,530,436,546	94,477,750,114
Tools and supplies	29,406,092,925	32,229,009,578
Repair and maintenance expenses	39,460,074,810	31,276,921,306
Others	4,556,924,508	740,192,617
	<u>376,871,170,101</u>	<u>361,083,406,691</u>

(\*) These are land rental fees paid one time and amortised within the periods from 29 years to 37 years in accordance with the lease periods of the land rental contracts.

(\*\*) These are land clearance costs paid one-time and amortised within the periods from 16 years to 40 years in accordance with the lease periods of the land lease contracts.

(\*\*\*) Expenses related to mining apatite ore at Mine 25 which mainly include expenses for site clearance, fees for using data and information on results of mineral assessment, fees for mineral exploitation right. Fees for mineral exploitation right is amortised based on the exploitation volume. Other expenses are amortised on a straight-line basis over 6 years in accordance with the mining term.

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
As at 1 January 2022	1,919,667,180,526	1,645,230,597,007	201,278,333,315	10,063,249,249	3,776,239,360,097
New purchases in the period	-	12,811,576,571	19,109,962,962	-	31,921,539,533
Transfers from construction in progress (Note 11)	-	5,814,636,453	-	-	5,814,636,453
Disposals	-	(2,608,909,091)	-	-	(2,608,909,091)
As at 30 June 2022	1,919,667,180,526	1,661,247,900,940	220,388,296,277	10,063,249,249	3,811,366,626,992
<b>Accumulated depreciation</b>					
As at 1 January 2022	(728,129,542,980)	(955,746,231,552)	(114,198,919,163)	(4,454,053,059)	(1,802,528,746,754)
Charge for the period	(59,886,597,084)	(75,030,219,342)	(15,325,233,369)	(505,913,809)	(150,747,963,604)
Disposals	-	2,348,018,175	-	-	2,348,018,175
As at 30 June 2022	(788,016,140,064)	(1,028,428,432,719)	(129,524,152,532)	(4,959,966,868)	(1,950,928,692,183)
<b>Net book value</b>					
As at 1 January 2022	1,191,537,637,546	689,484,365,455	87,079,414,152	5,609,196,190	1,973,710,613,343
As at 30 June 2022	1,131,651,040,462	632,819,468,221	90,864,143,745	5,103,282,381	1,860,437,934,809

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 10 FIXED ASSETS (CONTINUED)

## (a) Tangible fixed assets (continued)

The historical cost of tangible fixed assets that were fully depreciated but still in use as at 30 June 2022 was VND 375 billion (as at 31 December 2021: VND 363 billion).

## (b) Intangible fixed assets

	Computer software VND
<b>Historical cost</b>	
As at 1 January 2022	1,045,839,000
As at 30 June 2022	<u>1,045,839,000</u>
<b>Accumulated amortisation</b>	
As at 1 January 2022	(890,338,220)
Charge for the period	(35,271,693)
As at 30 June 2022	<u>(925,609,913)</u>
<b>Net book value</b>	
As at 1 January 2022	155,500,780
As at 30 June 2022	<u><u>120,229,087</u></u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 11 CONSTRUCTION IN PROGRESS

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

	For the six-month period ended 30.6.2022 VND	For the year ended 31.12.2021 VND
Beginning of period/year	171,600,433,670	180,478,058,724
Purchases	33,606,551,435	171,759,059,166
Transfers to fixed assets (Note 10(a))	(5,814,636,453)	(180,636,684,220)
End of period/year	<u>199,392,348,652</u>	<u>171,600,433,670</u>

Details of construction in progress by projects at the period/year-end are as follows:

	30.6.2022 VND	31.12.2021 VND
Plastic and Chemical Industrial Park project (i)	130,124,237,064	129,986,242,453
Thermal Phosphoric Acid expansion project	39,597,975,539	13,553,063,384
Thermal power Plant project in Lao Cai	14,214,615,434	14,214,615,434
Others	15,455,520,615	13,846,512,399
	<u>199,392,348,652</u>	<u>171,600,433,670</u>

- (i) Project of Plastics and chemicals industrial park in Industrial Park No. 15 - Nghi Son Economic Zone, Tan Truong Commune, Nghi Son Town, Thanh Hoa Province is carried out according to the Decision No. 2152/QD-UBND of the People's Committee of Thanh Hoa Province dated 11 June 2020. Total investment capital of the project is approximately VND 2,400,000,000,000. As at 30 June 2022, the Company is in the process of land clearance, survey and construction of the factory.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 12 GOODWILL

Vietnam Phosphorus  
Apatite Joint Stock Company  
VND**Historical cost**

As at 1 January 2022

5,514,698,943

As at 30 June 2022

5,514,698,943

**Accumulated amortisation**

As at 1 January 2022

(1,792,277,154)

Amortisation during the period

(275,734,947)

As at 30 June 2022

(2,068,012,101)

**Net book value**

As at 1 January 2022

3,722,421,789

As at 30 June 2022

3,446,686,842

## 13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2022 VND	31.12.2021 VND
Third parties (*)	619,970,952,182	683,380,864,031
Related parties (Notes 33(b))	-	16,850,003
	<u>619,970,952,182</u>	<u>683,397,714,034</u>

(\*) Details for suppliers accounting for 10% or more of the total trade account payable balance are as follows:

	30.6.2022 VND	31.12.2021 VND
Lao Cai Fused Phosphate Fertilizer JSC	62,177,918,531	253,105,773,944
Fargo International Trading Limited	392,602,985,880	153,957,248,590
	<u>619,970,952,182</u>	<u>683,397,714,034</u>

## 14 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2022 VND	31.12.2021 VND
Third parties	29,099,386,309	165,633,053,411
	<u>29,099,386,309</u>	<u>165,633,053,411</u>

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**14 SHORT-TERM ADVANCES FROM CUSTOMERS (CONTINUED)**

Details for suppliers accounting for 10% or more of the total short-term advances balance are as follows:

	30.6.2022 VND	31.12.2021 VND
Manish Chemi Nova	5,526,465,500	-
Tuong Nguyen Import-Export Trading Service Co., Ltd	5,400,000,000	-
Seven Stars International Ltd.	4,537,771,169	-
K.S International Fze	-	95,334,452,580
Nylex Specialty Chemicals Sdn Bhd.	-	24,880,373,505
General Trading Tay Bac 368 Co., Ltd.	-	24,467,800,000
	<u>55,022,797,269</u>	<u>260,028,532,340</u>

**15 TAXES AND PAYABLES TO THE STATE**

Movements in tax and other payables to the State during the period were as follows:

	As at 1.1.2022 VND	Payable during the period VND	Payment during the period VND	As at 30.6.2022 VND
Value added tax	4,248,355,592	158,808,948,933	(129,393,133,238)	33,664,171,287
Import, export tax	97,004,885	245,647,055,196	(217,724,188,080)	28,019,872,001
Corporate income tax	42,232,644,395	188,980,073,576	(42,290,307,353)	188,922,410,618
Personal income tax	8,151,060,237	21,201,351,962	(24,741,766,261)	4,610,645,938
Resource tax, fees for mineral exploitation right	-	20,037,008,587	(17,479,548,811)	2,557,459,776
Others	293,732,160	14,377,951,920	(12,417,711,360)	2,253,972,720
	<u>55,022,797,269</u>	<u>649,052,390,174</u>	<u>(444,046,655,103)</u>	<u>260,028,532,340</u>

**16 OTHER SHORT-TERM PAYABLES**

	30.6.2022 VND	31.12.2021 VND
Dividends payable	42,746,756	195,615,345,206
Social insurance and union fees	6,388,924,252	2,207,519,570
Deposits	5,019,951,400	4,784,951,400
Others	2,799,580,982	1,498,769,204
	<u>14,251,203,390</u>	<u>204,106,585,380</u>

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## 17 SHORT-TERM BORROWINGS

	As at 1.1.2022 VND	Addition VND	Repayment VND	Foreign currency translation VND	As at 30.6.2022 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Operation Centre (i)	289,164,703,266	512,092,752,444	(460,246,459,586)	1,823,199,289	342,834,195,413
HSBC Bank (Vietnam) Limited - Hanoi Branch (ii)	454,462,164,513	866,506,543,721	(881,703,723,930)	7,109,211,030	446,374,195,334
Shinhan Bank Vietnam Limited – Pham Hung Branch (iii)	43,980,179,785	155,388,273,781	(122,342,378,226)	1,523,931,219	78,550,006,559
Vietnam Joint Stock Commercial Bank for Industry and Trade – Lao Cai Branch	54,302,164,735	145,954,568,368	(200,256,733,103)	-	-
Vietnam International Commercial Joint Stock Bank – Dong Da Branch (iv)	-	117,213,000,000	-	2,203,500,000	119,416,500,000
The Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch	-	58,075,000,000	(58,075,000,000)	-	-
	<u>841,909,212,299</u>	<u>1,855,230,138,314</u>	<u>(1,722,624,294,845)</u>	<u>12,659,841,538</u>	<u>987,174,897,306</u>

Detail of outstanding short-term borrowing balances as at 30 June 2022 are as follows:

No.	Lenders	Credit limit and period	Ending balance VND	Interest rate/year	Purpose	Collaterals
i	Joint Stock Commercial Bank for Foreign Trade of Vietnam – Operation Centre	Credit limit of VND 700 billion or foreign currency equivalent with the duration is no more than 6 months from the drawdown date of each loan. The loan was drawn down during the year in USD.	342,834,195,413	1.3% - 1.8%	Working capital	- Duc Giang Lao Cai Chemicals One Member Company Limited: <ul style="list-style-type: none"> <li>Inventories with a minimum value of VND 500 billion (Note 8);</li> <li>Term deposits of VND 21 billion (Note 4).</li> </ul> - Duc Giang Nghi Son Chemicals One Member Company Limited: Term deposits of VND 75 billion (Note 4).



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## 17 SHORT-TERM BORROWINGS (CONTINUED)

Detail of outstanding short-term borrowing balances as at 30 June 2022 are as follows (continued):

No.	Lenders	Credit limit and period	Ending balance VND	Interest rate/year	Purpose	Collaterals
ii	HSBC Bank (Vietnam) Limited – Hanoi Branch	Credit limit of USD 25.2 million with loan duration does not exceed 120 days from the drawn down date of each loan.	446,374,195,334	1.2% - 1.55%	Working capital	- Duc Giang Lao Cai Chemicals One Member Company Limited: <ul style="list-style-type: none"> <li>• Receivables with a minimum value of VND 360 billion (Note 5);</li> <li>• Inventories with a value of VND 240 billion (Note 8).</li> </ul> - Vietnam Phosphorus Apatite Joint Stock Company: <ul style="list-style-type: none"> <li>• Receivables with a minimum value of VND 120 billion (Note 5);</li> <li>• Inventories with a minimum value of VND 120 billion (Note 8).</li> </ul>
iii	Shinhan Bank Vietnam Limited – Pham Hung Branch	Credit limit of USD 5 million with loan duration does not exceed 4 months from the drawn down date of each loan.	78,550,006,559	1.4%	Working capital	None
iv	Vietnam International Commercial Joint Stock Bank – Dong Da Branch	Credit limit is VND 400 billion or USD equivalent with loan duration is no more than 4 months from the drawdown date of each loan. Loans were drawn down during the year in USD.	119,416,500,000	1.2%	Working capital	None
<b>Total</b>			<b>987,174,897,306</b>			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 18 BONUS AND WELFARE FUND

	For the six-month period ended 30.6.2022 VND	For the year ended 31.12.2021 VND
Beginning of period/year	69,178,294,270	77,844,982,878
Increase in period/year (Note 20)	143,279,567,668	53,626,191,819
Utilisation in period/year	(33,718,837,346)	(58,971,024,047)
Depreciation of fixed assets funded by the Bonus and Welfare Fund	(1,660,928,190)	(3,321,856,380)
End of period/year	<u>177,078,096,402</u>	<u>69,178,294,270</u>

## 19 OWNERS' CAPITAL

## (a) Number of shares

	30.6.2022 Ordinary shares	31.12.2021 Ordinary shares
Number of shares registered	<u>371,242,073</u>	<u>171,080,556</u>
Number of shares issued	<u>371,242,073</u>	<u>171,080,556</u>
Number of shares repurchased	<u>(873)</u>	<u>(873)</u>
Number of existing shares in circulation	<u>371,241,200</u>	<u>171,079,683</u>

## (b) Details of owners' shareholding

	30.6.2022		31.12.2021	
	Ordinary shares	%	Ordinary shares	%
Mr. Dao Huu Huyen	68,707,284	18.507	31,662,343	18.507
Ms. Ngo Thi Ngoc Lan	25,205,068	6.789	11,615,239	6.789
Mr. Dao Huu Kha	22,647,148	6.100	10,436,474	6.100
Vietnam National Chemical Group	-	-	6,039,090	3.530
Other shareholders	254,681,700	68.603	111,326,537	65.073
Treasury shares	873	0.001	873	0.001
Number of shares issued	<u>371,242,073</u>	<u>100</u>	<u>171,080,556</u>	<u>100</u>

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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19 OWNERS' CAPITAL (CONTINUED)

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Treasury shares VND	Total VND
As at 1 January 2021	148,766,943	1,487,669,430,000	(8,730,000)	1,487,660,700,000
Increase due to share dividend	22,313,613	223,136,130,000	-	223,136,130,000
As at 31 December 2021	171,080,556	1,710,805,560,000	(8,730,000)	1,710,796,830,000
Increase due to share dividend	200,161,517	2,001,615,170,000	-	2,001,615,170,000
As at 30 June 2022	371,242,073	3,712,420,730,000	(8,730,000)	3,712,412,000,000

Par value per share: VND 10,000.

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## 20 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital (*) VND	Treasury shares VND	Investment and development funds VND	Undistributed earnings VND	Total VND	Non-controlling interests VND	Total of capital and reserves VND
As at 1 January 2021	1,487,669,430,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	345,987,365,996	1,139,904,853,184	3,910,991,544,373	156,439,354,357	4,067,430,898,730
Net profit for the year	-	-	-	-	-	2,388,150,970,624	2,388,150,970,624	125,625,262,976	2,513,776,233,600
Appropriation to investment and development funds	-	-	-	-	135,737,685,097	(135,737,685,097)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(51,395,806,546)	(51,395,806,546)	(2,230,385,273)	(53,626,191,819)
Share dividend distribution	223,136,130,000	-	-	-	-	(223,136,130,000)	-	-	-
Cash dividend distribution	-	-	-	-	-	(171,079,683,000)	(171,079,683,000)	(24,499,156,001)	(195,578,839,001)
As at 31 December 2021	1,710,805,560,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	481,725,051,093	2,946,706,519,165	6,076,667,025,451	255,335,076,059	6,332,002,101,510
Net profit for the period	-	-	-	-	-	3,121,332,114,349	3,121,332,114,349	281,679,713,765	3,403,011,828,114
Appropriation to investment and development funds (**)	-	-	-	-	150,401,794,545	(150,401,794,545)	-	-	-
Appropriation to bonus and welfare funds (**)	-	-	-	-	-	(136,502,513,654)	(136,502,513,654)	(6,777,054,014)	(143,279,567,668)
Share dividend distribution (**)	2,001,615,170,000	-	-	-	-	(2,001,615,170,000)	-	-	-
Cash dividend distribution	-	-	-	-	-	-	-	(93,096,792,800)	(93,096,792,800)
As at 30 June 2022	3,712,420,730,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	632,126,845,638	3,779,519,155,315	9,061,496,626,146	437,140,943,010	9,498,637,569,156

(\*) Owners' other capital represents the premium resulting from business combination involving entities under common control which is determined as the difference between the Company's consideration and the net asset of Duc Giang Lao Cai Chemicals Limited Company at the combination date in 2018 (Notes 2.6 and 2.19).

(\*\*) The Resolution of the 2022 Annual General Meeting of Shareholders No. 01/2022/NQ-DHDCD of Duc Giang Chemicals Group Joint Stock Company dated 29 March 2022 and the Resolution of the Annual General Meeting of Shareholders No. 01/2022/NQ-DHDCD of Vietnam Phosphorus Apatite Joint Stock Company dated 28 March 2022 approved the profit distribution plan for 2021. Accordingly, the Group appropriated an amount of VND 143,279,567,668 to the bonus and welfare fund and appropriated an amount of VND 150,401,794,545 to investment and development funds.

The General Meeting of Shareholders also approved the plan to issue shares to pay dividends of 2021. According to the Notification No. 610/2022/CV-DGC dated 9 June 2022, the number of shares issued is 200,161,517 shares.

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## 21 EARNINGS PER SHARE

## a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year adjusted for bonus shares issued during the year and excluding treasury shares. The details were as follows:

	From 1.1.2022 to 30.6.2022	From 1.1.2021 to 30.6.2021 (As restated **)
Net profit attributable to shareholders (VND)	3,121,332,114,349	605,560,889,074
Less amount appropriated to bonus and welfare funds (VND) (*)	(187,279,926,861)	(36,333,653,344)
Profit for calculation basic profit per share	2,934,052,187,488	569,227,235,730
Weighted average number of ordinary shares in issue (shares)	371,241,200	371,241,200
Basic earnings per share (VND)	7,903	1,533

(\*) The bonus and welfare fund is temporarily calculated at the rate of deduction of the previous year.

(\*\*) Basic earnings per share for the six-month period ended 30 June 2021 is recalculated as a result of dividend distribution in shares as follows:

	From 1.1.2021 to 30.06.2021		
	As previously reported	Adjustment	As restated
Profit for calculation basic profit per share (VND)	569,227,235,730	-	569,227,235,730
Weighted average number of ordinary shares in issue (shares)	171,079,683	200,161,517	371,241,200
Basic earnings per share (VND)	3,327		1,533

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## 21 EARNINGS PER SHARE (CONTINUED)

## b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the figures used in the determination of basic earnings per share related to the issuance of employee stock ownership plan (“ESOP”) which affects the weighted average number of outstanding ordinary shares, detailed as follows:

	From 1.1.2022 to 30.6.2022	From 1.1.2021 to 30.6.2021
Net profit attributable to shareholders (VND)	3,121,332,114,349	605,560,889,074
Less amount allocated to bonus and welfare funds	(187,279,926,861)	(36,333,653,344)
Basic earnings per share	2,934,052,187,488	569,227,235,730
Weighted average number of ordinary shares including potential shares (shares) (*)	375,517,073	371,241,200
Diluted earnings per share (VND)	<u>7,813</u>	<u>1,533</u>

(\*) The number of shares to calculate diluted earnings per share is determined by the sum of:

- Weighted average number of outstanding common shares (371,241,200 shares);
- Weighted average number of potential shares (8,550,000 shares) to be issued under the ESOP program to increase share capital, assuming these shares have been deemed to be circulated at the time of the approval by the General Meeting of Shareholders in accordance with the Resolution No. 01/2022/NQ-DHDCD dated 29 March 2022.

## 22 OFF CONSOLIDATED BALANCE SHEET ITEMS

## Foreign currencies

As at 30 June 2022, included in cash and cash equivalents were balances held in currencies other than VND of USD 2,739,191.30 and EUR 601.12 (as at 31 December 2021: USD 3,854,045 and EUR 607).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 23 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
<b>Revenue</b>		
Revenue from sales of finished goods	7,594,746,647,587	3,975,744,862,793
Revenue from sales of merchandise	36,194,415,648	5,579,680,120
Revenue from rendering of services	6,672,392,649	6,599,792,199
	<u>7,637,613,455,884</u>	<u>3,987,924,335,112</u>
<b>Sales deductions</b>		
Trade discounts	(771,753,825)	-
Sales returns	(113,190,000)	(195,888,680)
	<u>(884,943,825)</u>	<u>(195,888,680)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of finished goods	7,593,861,703,762	3,975,744,862,793
Net revenue from sales of merchandise	36,194,415,648	5,383,791,440
Net revenue from rendering of services	6,672,392,649	6,599,792,199
	<u>7,636,728,512,059</u>	<u>3,987,728,446,432</u>

## 24 COST OF GOODS SOLD AND SERVICES RENDERED

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Cost of finished goods sold	3,780,803,993,196	3,058,300,044,631
Cost of merchandise sold	21,689,791,328	3,855,403,645
	<u>3,802,493,784,524</u>	<u>3,062,155,448,276</u>

## 25 FINANCIAL INCOME

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Interest income from deposits	113,103,511,511	40,501,281,364
Realised foreign exchange gains	78,987,631,591	24,890,239,615
Gain from foreign currency translation at period-end	-	3,060,576
	<u>192,091,143,102</u>	<u>65,394,581,555</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 26 FINANCIAL EXPENSES

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Interest expense	6,133,659,430	7,926,204,586
Realised foreign exchange losses	44,199,206,131	18,377,087,263
Loss from foreign currency translation at period-end	9,463,127,538	4,243,744,811
	<u>59,795,993,099</u>	<u>30,547,036,660</u>

## 27 SELLING EXPENSES

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Transportation	254,421,792,714	166,975,891,465
Outside services	50,392,538,214	54,121,258,808
Staff costs	11,897,849,951	8,406,748,436
Depreciation and amortisation	697,497,632	745,232,008
Others	5,256,169,151	6,748,734,006
	<u>322,665,847,662</u>	<u>236,997,864,723</u>

## 28 GENERAL AND ADMINISTRATION EXPENSES

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Staff costs	39,812,303,322	34,641,412,679
Depreciation and amortisation	6,491,141,551	8,610,516,185
Outside services	5,642,168,766	7,519,489,461
Others	7,425,263,296	6,477,701,223
	<u>59,370,876,935</u>	<u>57,249,119,548</u>



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## 29 CORPORATE INCOME TAX (“CIT”)

The CIT on the Group’s accounting profit before tax differs from theoretical amount that would arise using the applicable tax rate of 20% as follows:

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Net accounting profit before tax	3,585,123,560,436	664,331,567,100
Tax calculated at a rate of 20%	717,024,712,087	132,866,313,420
Effect of:		
- Tax reduction, exemption (*)	(536,426,724,035)	(94,798,762,513)
- Expenses not deductible for tax purposes	1,513,744,270	1,185,860,378
CIT charges (**)	<u>182,111,732,322</u>	<u>39,253,411,285</u>
Charged to the interim consolidated income statement:		
CIT - current	188,980,073,576	40,081,039,361
CIT - deferred	(6,868,341,254)	(827,628,076)
CIT charges (**)	<u>182,111,732,322</u>	<u>39,253,411,285</u>

(\*) The Group is entitled to CIT incentives for the investment projects of its subsidiaries, including:

➤ *Duc Giang Lao Cai Chemicals One Member Company Limited:*

- Project Phosphorus Production Furnace No.1 and No. 2: tax exemption for 4 years from the year of generating income (from 2010 to 2013) and 50% tax deduction in next 9 years (from 2014 to 2022);
- Project of Rich Phosphate Factory, Dicalcium Phosphate (DCP) Factory and Mono Ammonium Phosphate (MAP) Factory: tax rate of 10% for 15 years since the project started its operation (from 2014 to 2028), 4 years of tax exemption from year of generating income (from 2015 to 2018) and 50% tax deduction in next 9 years (from 2019 to 2027);
- Project for Factory producing extracted phosphoric acid and rich phosphate fertilizer (TSP): 10% tax rate for 15 years since the project started its operation (from 2014 to 2028), tax exemption for 4 years from the year of generating income from the project (from 2014 to 2017) and 50% tax deduction in next 9 years (from 2018 to 2026);
- Project of factory producing food phosphoric acid and phosphate salts: the tax rate is 10% for 15 years from the year the project started its operation (from 2016 to 2030), tax exemption for 4 years from the year of generating income (from 2016 to 2019) and 50% tax deduction in next 9 years (from 2020 to 2028);

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## 29 CORPORATE INCOME TAX (CONTINUED)

➤ *Duc Giang Lao Cai Chemicals One Member Company Limited (continued):*

- The project of Silicate production line and other taxable activities: preferential tax rate of 10% for 15 years from the year of generating income from the first project (from 2009 to 2023).

➤ *Vietnam Phosphorus Apatite Joint Stock Company:*

- Yellow phosphorus production project: tax rate of 10% for 15 years since the project started its operation (from 2018 to 2032), tax exemption for 4 years from the year of generating income (from 2018 to 2021) and 50% tax deduction in next 9 years (from 2022 to 2030).

➤ *Duc Giang - Dinh Vu Chemicals One Member Company Limited:*

- Chemical storage project: tax rate of 10% within 15 years since the year of generating revenue from activities having tax incentives (from 2013 to 2027), Income from the project is subject to tax exemption for 4 years from the year of generating taxable income (from 2015 to 2018) and 50% tax deduction in next 9 years (from 2019 to 2028).

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

## 30 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent expenses incurred during the period from the Group's production and business activities, excluding the purchase price of goods incurred in trading activities. Details are presented as follows:

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Raw materials	1,815,215,555,210	1,516,406,434,761
Staff costs	388,087,190,233	269,936,306,039
Outside services	1,160,096,878,594	904,552,559,451
Depreciation and amortisation of fixed assets goodwill	149,398,042,054	136,262,080,540
Others	55,644,339,447	50,581,845,678
	<u>3,568,442,005,538</u>	<u>2,877,739,226,469</u>

## 31 SEGMENT REPORTING

The Board of Management of the Company determines that the management decisions of the Group are based primarily on the types of product and service provided by the Group. As a result, the primary segment reporting of the Group is presented in respect of the Group's business segments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 31 SEGMENT REPORTING (CONTINUED)

**Primary segment report (business segments)**

During the six-month period ended 30 June 2022, revenue from sales of finished goods (mainly Yellow Phosphorus and Acids of all kinds) accounted for 99.4% of the Group's total revenue (six-month period ended 30 June 2021: 99.7%). Accordingly, the Group does not present Segment report by business sector.

**Secondary segment report (geographical segments)**

Segment information of net revenue from sales of goods and rendering of services based on the geographical location of customers is as follows:

	From 1.1.2022 to 30.6.2022		
	Domestic VND	Overseas VND	Total VND
Total revenue	1,431,682,726,796	6,205,045,785,263	7,636,728,512,059
Total expenses incurred for purchases of fixed assets (unallocated)	-	-	80,996,647,699
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	From 1.1.2021 to 30.6.2021		
	Domestic VND	Overseas VND	Total VND
Total revenue	1,175,611,884,243	2,812,116,562,189	3,987,728,446,432
Total expenses incurred for purchases of fixed assets (unallocated)	-	-	141,327,016,707
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The Group does not present assets and liabilities on geographical segment report because the Group operates in one geographical area that is Vietnam and does not monitor assets and liabilities by customers' location.

32 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE INTERIM  
CONSOLIDATED STATEMENT OF CASH FLOW

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
Share dividend distribution	2,001,615,170,000	223,136,130,000
Debt payment by bank savings deposit with original term of more than 3 months	200,000,000,000	-
Interest income from rolled over deposits	19,617,407,880	21,280,198,043
Purchase of fixed assets and other long- term assets that have not been settled	-	53,255,577,321
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 33 RELATED PARTY DISCLOSURES

Details of the key related parties and relationship are given as below:

Related parties	Relationship
Member of the Board of Directors, Board of Supervision, Board of Management	Key management
Van Minh Company Limited	Under common control of the Chairman

## (a) Related party transactions

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

	From 1.1.2022 to 30.6.2022 VND	From 1.1.2021 to 30.6.2021 VND
<i>i) Purchases of goods and services</i>		
Van Minh Company Limited	38,000,906,503	58,751,249,436
<i>ii) Sales of goods and rendering services</i>		
Van Minh Company Limited	119,748,764,672	100,350,935,896
<i>iii) Compensation of key management</i>		
Mr. Dao Huu Huyen	160,000,000	103,000,000
Mr. Dao Huu Duy Anh	1,000,663,654	1,072,335,395
Mr. Nguyen Van Quang	45,000,000	42,000,000
Mr. Pham Van Hung	824,267,115	917,731,122
Mr. Luu Bach Dat	469,492,308	-
Mr. Khuc Ngoc Giang	21,000,000	42,000,000
Mr. Nguyen Van Kien	301,348,723	235,824,405
Mr. Vu Van Ngo	30,000,000	24,000,000
Ms. Pham Thi Thoa	140,709,159	168,185,536
Ms. Dao Thi Mai	712,595,079	636,474,603
	3,705,076,038	3,241,551,061
<i>(b) Period/year-end balances with related parties</i>		
	30.6.2022 VND	31.12.2021 VND
<i>Short-term trade accounts receivable (Note 5)</i>		
Van Minh Company Limited	11,257,246,311	15,593,908,482
<i>Short-term trade accounts payable (Note 13)</i>		
Van Minh Company Limited	-	16,850,003

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Period/year-end balances with related parties (continued)

	30.6.2022 VND	31.12.2021 VND
<i>Other short-term payables</i>		
Dividend payable to Board of Directors, Board of Supervision, Board of Management	-	37,243,301,952
	-	37,243,301,952

34 COMMITMENTS UNDER OPERATING LEASES AND CAPITAL COMMITMENT

(a) Commitments under operating leases

Commitments under operating leases represents land rental of the Group. The future minimum lease payments under non-cancellable operating leases were as follows:

	30.6.2022 VND	31.12.2021 VND
<b>Land rental:</b>		
Within one year	2,696,047,951	2,231,372,551
Between one and five years	30,646,500,072	23,572,149,967
Over five years	471,835,078,423	466,378,676,601
Total minimum payments	505,177,626,446	492,182,199,119

(b) Capital commitments

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

	30.6.2022 VND	31.12.2021 VND
Property, plant and equipment and transportation vehicles	368,969,484,748	362,327,319,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

## 35 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

**Obligation to rehabilitate and restore the environment - Apatite ore at Mine 25**

The Company exploits apatite ore at Mine 25 within 6 years and is obliged to rehabilitate and restore the environment for this ore mining after the mining period. According to Decision 1057/QĐ-BTNMT dated 7 May 2020 issued by the Ministry of Natural Resources and Environment, the total estimated costs of environmental rehabilitation and restoration related to mining apatite ore at Mine 25 is VND 8,005,545,000. This amount will be deposited in six instalments from 2021 to 2026 into the Environmental Protection Fund of Lao Cai Province to guarantee the fulfilment of the Company's obligation to rehabilitate and restore the environment (Note 7(b)).

**Costs for asset retirement obligations**

The Group signed land lease contracts and has carried out the construction of infrastructure on these leased lands. Most of these land lease contracts do not contain any provisions related to asset retirement obligation of the Group for the leased lands, so for these contracts, the Group considers that the Group may have future obligations related to dismantling, removing the Group's assets from the lands and restoring the lands to their original conditions at the end of the lease terms, and this obligation can only be ascertained when there are further events such as additional discussions with the lessors and when the competent authority promulgates additional legal documents clarifying the lessee's obligations when the land lease contract does not contain any provisions for asset retirement obligation. As the Group has not been able assessed the probability of economic outflow from this contingent liability, the Group has not recognised a provision for assets retirement obligation in the Group's interim consolidated financial statements for the six-month period ended 30 June 2022.

The interim consolidated financial statements for the six-month period ended 30 June 2022 were approved by the Board of Management of the Company on 15 August 2022.



Hoang Thuy Ha  
Preparer



Dao Thi Mai  
Chief Accountant



Dao Huu Duy Anh  
General Director  
Legal Representative