

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 (22nd) to the Enterprise Registration Certificate was issued on 6 October 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

STATEMENTS OF THE BOARD OF MANAGEMENT

Responsibility of the Board of Management of the Company in respect of the consolidated financial statements.

The Board of Management of Duc Giang Chemicals Group Joint Stock Company (“the Company”) is responsible for preparing the 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 31 December 2022, and the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these 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 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 of the Company 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 consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management of the Company is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

Approval of the consolidated financial statements

We hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 43. The consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Dao Huu Duy Anh
General Director
Legal Representative

Hanoi, SR Vietnam
27 February 2023



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of Duc Giang Chemicals Group Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2022, and approved by the Board of Management of the Company on 27 February 2023. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, and the consolidated cash flow statement for the year then ended, and explanatory consolidated financial statements including significant accounting policies as set out on pages 5 to 43.

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 consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or errors.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matter

The independent auditor's report 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



Tran Hong Kien
Audit Practising License: 0298-2023-006-1
Authorised signatory

Report reference number: HAN 3240
Hanoi, 27 February 2023

Pham Tuan Anh
Audit Practising License: 4666-2023-006-1

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2022 VND	2021 VND
100	CURRENT ASSETS		10,985,294,291,433	5,997,347,534,355
110	Cash and cash equivalents	3	1,535,474,845,085	123,957,761,198
111	Cash		276,974,845,085	114,957,761,198
112	Cash equivalents		1,258,500,000,000	9,000,000,000
120	Short-term investments		7,471,318,829,256	3,631,679,997,108
123	Investments held to maturity	4	7,471,318,829,256	3,631,679,997,108
130	Short-term receivables		918,722,614,195	780,770,236,525
131	Short-term trade accounts receivable	5	514,032,865,018	630,346,484,850
132	Short-term prepayments to suppliers	6	201,075,961,305	73,409,082,843
136	Other short-term receivables	7(a)	203,613,787,872	77,014,668,832
140	Inventories	8	999,984,030,331	1,386,431,589,969
141	Inventories		999,984,030,331	1,386,431,589,969
150	Other current assets		59,793,972,566	74,507,949,555
151	Short-term prepaid expenses		12,763,468,621	6,656,353,535
152	Value Added Tax ("VAT") to be reclaimed		47,030,503,945	64,841,617,679
153	Other tax assets and receivables from state		-	3,009,978,341
200	LONG-TERM ASSETS		2,419,888,455,934	2,523,045,582,016
210	Long-term receivables		28,964,403,699	9,239,083,336
216	Other long-term receivables	7(b)	28,964,403,699	9,239,083,336
220	Fixed assets		1,781,234,400,328	1,973,866,114,123
221	Tangible fixed assets	10(a)	1,781,142,081,824	1,973,710,613,343
222	Historical cost		3,852,381,989,804	3,776,239,360,097
223	Accumulated depreciation		(2,071,239,907,980)	(1,802,528,746,754)
227	Intangible fixed assets	10(b)	92,318,504	155,500,780
228	Historical cost		1,045,839,000	1,045,839,000
229	Accumulated amortisation		(953,520,496)	(890,338,220)
240	Long-term assets in progress		233,577,105,533	171,600,433,670
242	Construction in progress	11	233,577,105,533	171,600,433,670
260	Other long-term assets		376,112,546,374	368,339,950,887
261	Long-term prepaid expenses	9	372,391,712,471	361,083,406,691
262	Deferred income tax assets		100,264,307	381,239,227
263	Long-term spare parts, supplies and equipment		449,617,700	3,152,883,180
269	Goodwill	12	3,170,951,896	3,722,421,789
270	TOTAL ASSETS		13,405,182,747,367	8,520,393,116,371

The notes on pages 9 to 43 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET
(CONTINUED)**

Code	RESOURCES	Note	As at 31 December	
			2022 VND	2021 VND
300	LIABILITIES		2,571,528,808,329	2,188,391,014,861
310	Short-term liabilities		2,571,428,808,329	2,188,291,014,861
311	Short-term trade accounts payable	13	326,042,900,427	683,397,714,034
312	Short-term advances from customers	14	29,828,068,110	165,633,053,411
313	Tax and other payables to the State	15	94,439,388,438	55,022,797,269
314	Payables to employees		235,281,555,542	156,003,204,908
315	Short-term accrued expenses		376,063,226	13,040,153,290
319	Other short-term payables	16	1,271,900,651,811	204,106,585,380
320	Short-term borrowings and finance leases	17	467,624,949,883	841,909,212,299
322	Bonus and welfare fund	18	145,935,230,892	69,178,294,270
330	Long-term liabilities		100,000,000	100,000,000
343	Fund for scientific and technological development		100,000,000	100,000,000
400	OWNERS' EQUITY		10,833,653,939,038	6,332,002,101,510
410	Capital and reserves		10,833,653,939,038	6,332,002,101,510
411	Owners' capital	19,20	3,797,792,860,000	1,710,805,560,000
411a	- Owners' capital with voting rights		3,797,792,860,000	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	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	5,083,856,880,644	2,946,706,519,165
421a	- Undistributed post-tax profits of previous years		505,141,465,495	708,513,295,066
421b	- Undistributed post-tax profit of current year		4,578,715,415,149	2,238,193,224,099
429	Non-controlling interests	20	382,447,457,563	255,335,076,059
440	TOTAL RESOURCES		13,405,182,747,367	8,520,393,116,371

Hoang Thuy Ha
Preparer

Dao Thi Mai
Chief Accountant



Dao Huu Duy Anh
General Director
Legal Representative
27 February 2023

The notes on pages 9 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2022 VND	2021 VND
01	Revenue from sales of goods and rendering of services	14,444,995,604,730	9,550,582,124,429
02	Less deductions	(884,943,825)	(195,888,680)
10	Net revenue from sales of goods and rendering of services	23 14,444,110,660,905	9,550,386,235,749
11	Cost of goods sold and services rendered	24 (7,693,758,504,930)	(6,368,029,470,264)
20	Gross profit from sales of goods and rendering of services	6,750,352,155,975	3,182,356,765,485
21	Financial income	25 533,263,919,474	170,667,013,963
22	Financial expenses	26 (149,753,537,985)	(68,114,072,606)
23	- Including: Interest expense	(17,597,975,233)	(13,663,632,336)
25	Selling expenses	27 (600,386,940,046)	(503,818,242,221)
26	General and administration expenses	28 (151,827,512,501)	(136,602,168,446)
30	Net operating profit	6,381,648,084,917	2,644,489,296,175
31	Other income	7,472,127,799	7,310,901,345
32	Other expenses	(13,372,402,698)	(14,687,299,804)
40	Net other expenses	(5,900,274,899)	(7,376,398,459)
50	Net accounting profit before tax	6,375,747,810,018	2,637,112,897,716
51	Business income tax ("BIT") - current	29 (338,483,968,102)	(123,717,903,343)
52	BIT - deferred	29 (280,974,920)	381,239,227
60	Net profit after tax	6,036,982,866,996	2,513,776,233,600
	Attributable to:		
61	Shareholders of the parent company	5,565,005,078,678	2,388,150,970,624
62	Non-controlling interests	471,977,788,318	125,625,262,976
70	Basic earnings per share	21 13,774	6,047
71	Diluted earnings per share	21 13,774	6,047


Hoang Thuy Ha
Preparer


Dao Thi Mai
Chief Accountant


Dao Huu Duy Anh
General Director
Legal Representative
27 February 2023

The notes on pages 9 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2022 VND	2021 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		6,375,747,810,018	2,637,112,897,716
	Adjustments for:		
02	Depreciation of fixed assets and amortisation of good will	285,340,966,110	278,605,693,953
04	Unrealised foreign exchange losses	3,317,580,488	8,393,853,930
05	Profits from investing activities	(318,950,087,189)	(97,905,096,803)
06	Interest expense	17,597,975,233	13,663,632,336
08	Operating profit before changes in working capital	6,363,054,244,660	2,839,870,981,132
09	Decrease in receivables	11,762,616,466	35,748,751,836
10	Decrease /(increase) in inventories	389,150,825,118	(692,441,945,391)
11	(Decrease)/increase in payables	(425,640,805,555)	766,438,884,469
12	Increase in prepaid expenses	(17,415,420,866)	(128,911,500,672)
14	Interest paid	(18,129,270,020)	(14,412,982,853)
15	BIT paid	(302,822,307,283)	(127,754,745,651)
17	Other payments on operating activities	(63,200,774,666)	(58,971,024,047)
20	Net cash inflows from operating activities	5,936,759,107,854	2,619,566,418,823
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(157,456,310,665)	(252,689,536,618)
22	Proceeds from disposals of fixed assets	4,500,000,000	-
23	Loans granted, term deposits at banks	(7,231,875,502,851)	(3,458,441,076,712)
24	Collection of loans, term deposits at banks	3,429,511,738,041	1,417,458,824,805
27	Dividends and interest received	127,538,319,905	52,981,921,398
30	Net cash outflows from investing activities	(3,827,781,755,570)	(2,240,689,867,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares and capital contribution	85,372,130,000	-
33	Proceeds from borrowings	2,949,482,488,724	3,109,717,781,637
34	Repayments of borrowings	(3,320,737,516,883)	(3,410,431,593,538)
36	Dividends paid, profits distributed to owners	(411,171,411,800)	(236,503,705,272)
40	Net cash outflows from financing activities	(697,054,309,959)	(537,217,517,173)
50	Net increase/(decrease) in cash and cash equivalents	1,411,923,042,325	(158,340,965,477)
60	Cash and cash equivalents at beginning of year	123,957,761,198	282,319,769,553
61	Effect of foreign exchange differences	(405,958,438)	(21,042,878)
70	Cash and cash equivalents at end of year	1,535,474,845,085	123,957,761,198

Additional information for major non-cash transactions relating to the consolidated cash flow statement is presented in Note 32.



Hoang Thuy Ha
Preparer



Dao Thi Mai
Chief Accountant



Dao Huu Duy Anh
General Director
Legal Representative
27 February 2023

The notes on pages 9 to 43 are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 (22nd) to the Enterprise Registration Certificate was issued on 6 October 2022.

The Company's shares are listed on the Ho Chi Minh City Stock Exchange (HOSE) with the stock symbol of ‘DGC’.

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

The principal activities of the Group are:

- producing basic chemicals: production of raw materials and chemical products;
- producing fertilizers and nitrogen compounds: producing fertilizer products;
- trading in rubber, paint, plastic and fertilizer products; trading in raw materials and chemical products;
- production of 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 31 December 2022, the Company 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 31/12/2022 and 31/12/2021	
			% of ownership	% of voting rights
1. Duc Giang Lao Cai Chemicals Limited Company	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 Limited Company	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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Principal activities	Place of incorporation and operation	As at 31/12/2022 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 Apatite - Phosphorus Joint Stock Company (<i>Direct subsidiary of Duc Giang Lao Cai Chemicals Limited Company</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 31 December 2022, the Group had 2,305 employees (as at 31 December 2021: 2,246 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the consolidated financial statements

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

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

2.2 Fiscal year

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

2.3 Currency

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial banks with which the Group regularly trades. Foreign currencies deposited in banks at the 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 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Basis of consolidation (continued)****Non-controlling transactions and interests (continued)**

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 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 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 applicable to business combinations involving entities under common control is presented as follows:

- 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 consolidated balance sheet and 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 consolidated balance sheet.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 loss immediately in the year it incurs.

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.

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 consolidated balance sheet based on remaining year from the consolidated balance sheet date to the remaining maturity date.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 consolidated balance sheet based on the remaining year from the 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 year and the provision of the previous year is recognised as an increase or decrease of cost of goods sold in the year.

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 consolidated income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line basis, except for machinery and equipment for mining activities, which are depreciated using the units of production method, so as to write off the depreciable amount of the fixed assets over their estimated useful lives. Depreciable amount equals to the historical cost of fixed assets recorded in the financial statements minus (-) the estimated disposal value of such assets. 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)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.12 Fixed assets (continued)***Depreciation and amortisation (continued)*

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 its purchased prices and any directly attributable costs in obtaining the land use rights. Land use rights are amortised using the straight-line basis over the terms of the land use right certificates.

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

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the 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 and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.14 Prepaid expenses**

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

Prepayments for land rental contracts which effective after the effective date of the land law 2003 (ie. 1 July 2004) or which land use right certificates are not granted are recorded as prepaid expenses and allocated using the straight-line method over the terms of such land use right certificates. 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 amortized based on the estimated extraction volume. Other expenses incurred are amortized 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;
- 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 consolidated balance sheet based on the remaining year from the 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 consolidated balance sheet based on the remaining year from the 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 consolidated income statement when incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 year.

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 BIT at the reporting date.

2.20 Appropriation of net profit

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

Net profit after BIT 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Appropriation of net profit (continued)**

The Group's funds are as below:

(a) Investment and development fund

The investment and development fund is appropriated from profit after BIT 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 BIT and subject to shareholders approval at the General Meeting of shareholders. This fund is presented as a liability in the 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 consolidated 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 consolidated income statement when all five 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 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 year of the related revenue from sales of products, goods and rendering of services are recorded as a deduction from the revenue of the year.

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

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 year, 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 year 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.26 General and administration expenses**

General and administration expenses represent expenses 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 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 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 of the Group 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 relationships, 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Critical accounting estimates

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

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

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

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

3 CASH AND CASH EQUIVALENTS

	2022 VND	2021 VND
Cash on hand	1,108,259,114	385,547,249
Cash in banks	275,866,585,971	114,572,213,949
Cash equivalents (*)	1,258,500,000,000	9,000,000,000
	<u>1,535,474,845,085</u>	<u>123,957,761,198</u>

(*) The ending balance of cash equivalents included deposits at domestic commercial banks with original maturity of three months or less with interest rate of 6% per annum.

4 INVESTMENT HELD TO MATURITY

	2022 VND	2021 VND
Short-term bank deposits	<u>7,471,318,829,256</u>	<u>3,631,679,997,108</u>

The ending balance included term deposits at domestic commercial banks with original terms over 3 months and the remaining term less than 12 months and interest rates are in range from 4.6% to 9.5% per annum (2021: 3.85% to 5.3% per annum).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2022 VND	2021 VND
Third parties	201,075,961,305	73,409,082,843

Details for third-party customers accounting for 10% or more of the total short-term trade accounts receivable balance are as follows:

	2022 VND	2021 VND
Lao Cai Chemical Industry JSC (*)	140,000,000,000	-
Van Giang – Van Nam Import Export Trading Services Company Limited	20,216,094,251	42,292,168,440

(*) According to Contract No. 01/2022/HDKT dated 28 November 2022, Duc Giang Lao Cai Chemicals Limited Company, a subsidiary, agrees to buy the entire output of apatite ores exploited by Lao Cai Chemical Industry JSC at Mine 19B within 5 years with total expected volume of 5,156,000 tons and estimated contract value of VND 2,037.8 billion. As at 31 December 2022, Duc Giang Lao Cai Chemicals Limited Company has advanced an amount of VND 140 billion to Lao Cai Chemical Industry JSC. This amount will be offset with future purchases.

7 OTHER SHORT-TRECEIVABLES

	2022 VND	2021 VND
a) Short-term		
Interest receivable from bank deposits	201,952,487,033	47,656,331,298
Export tax on goods waiting for custom clearance	-	16,357,325,835
Others	1,661,300,839	13,001,011,699
	<u>203,613,787,872</u>	<u>77,014,668,832</u>
b) Long-term		
Environment protect fund of Lao Cai Province (*)	4,464,403,699	3,239,083,336
Collaterals and deposits	24,500,000,000	6,000,000,000
	<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 costs for environmental rehabilitation and restoration related to the exploitation of apatite ore mines at Mine 25 is estimated at VND 8,005,545,000. This amount will be deposited into the environmental protection fund of Lao Cai Province in six instalments during the period from 2021 to 2026 to guarantee the fulfilment of the Company's obligation of rehabilitating and restoring the environment. The balance as at 31 December 2022 is the amount that the Company has contributed to the Fund in accordance with the Decision (Note 35).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8 INVENTORIES

	2022		2021	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	77,062,387,876	-	178,608,174,324	-
Raw materials	438,599,191,458	-	610,955,413,725	-
Tools and supplies	68,362,009,734	-	40,114,189,940	-
Work in progress	537,715,824	-	27,827,104,332	-
Finished goods	415,422,725,439	-	528,926,707,648	-
	<u>999,984,030,331</u>	<u>-</u>	<u>1,386,431,589,969</u>	<u>-</u>

As at 31 December 2022, the Group's inventory with minimum value of VND 200 billion were pledged as collateral assets for short-term borrowings from banks (Note 17).

9 LONG-TERM PREPAID EXPENSES

	2022 VND	2021 VND
Land clearance costs for leased lands	121,070,926,447	125,185,027,018
Expenses incurred for mining apatite ore at Mine 25 (*)	111,216,143,306	94,477,750,114
Land rental fees (**)	74,404,823,094	77,174,506,058
Tools and supplies	31,556,340,567	32,229,009,578
Repair and maintenance expenses	30,687,813,535	31,276,921,306
Others	3,455,665,522	740,192,617
	<u>372,391,712,471</u>	<u>361,083,406,691</u>

(*) Expenses related to mining apatite ore at Mine 25: mainly including 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 amortized based on the exploitation volume. Other expenses are amortized on a straight-line basis over 6 years in accordance with the mining term.

(**) These are one-time prepayments for land rental and are amortized from 29 years to 37 years in accordance with the durations of the land rental contracts.

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
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	454,657,690	18,867,983,844	62,103,030,547	-	81,425,672,081
Transfers from construction in progress (Note 11)	14,053,966,721	-	-	-	14,053,966,721
Disposals	-	-	(19,337,009,095)	-	(19,337,009,095)
As at 31 December 2022	<u>1,934,175,804,937</u>	<u>1,664,098,580,851</u>	<u>244,044,354,767</u>	<u>10,063,249,249</u>	<u>3,852,381,989,804</u>
Accumulated depreciation					
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 year	(119,709,661,233)	(140,475,356,437)	(26,858,514,314)	(1,004,638,337)	(288,048,170,321)
Disposals	-	-	19,337,009,095	-	19,337,009,095
As at 31 December 2022	<u>(847,839,204,213)</u>	<u>(1,096,221,587,989)</u>	<u>(121,720,424,382)</u>	<u>(5,458,691,396)</u>	<u>(2,071,239,907,980)</u>
Net book value					
As at 1 January 2022	<u>1,191,537,637,546</u>	<u>689,484,365,455</u>	<u>87,079,414,152</u>	<u>5,609,196,190</u>	<u>1,973,710,613,343</u>
As at 31 December 2022	<u>1,086,336,600,724</u>	<u>567,876,992,862</u>	<u>122,323,930,385</u>	<u>4,604,557,853</u>	<u>1,781,142,081,824</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 31 December 2022 was VND 379 billion (as at 31 December 2021: VND 363 billion).

(b) Intangible fixed assets

	Computer software VND
Historical cost	
As at 1 January 2022	1,045,839,000
As at 31 December 2022	<u>1,045,839,000</u>
Accumulated amortisation	
As at 1 January 2022	(890,338,220)
Charge for the year	(63,182,276)
As at 31 December 2022	<u>(953,520,496)</u>
Net book value	
As at 1 January 2022	155,500,780
As at 31 December 2022	<u><u>92,318,504</u></u>

11 LONG-TERM ASSETS IN PROGRESS

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

	2022 VND	2021 VND
Beginning of year	171,600,433,670	180,478,058,724
Purchases	76,030,638,584	171,759,059,166
Transfers to fixed assets (Note 10(a))	(14,053,966,721)	(180,636,684,220)
End of year	<u><u>233,577,105,533</u></u>	<u><u>171,600,433,670</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11 LONG-TERM ASSETS IN PROGRESS (CONTINUED)

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

	2022 VND	2021 VND
Nghi Son chemical factory project (i)	130,357,122,605	129,986,242,453
Expanded TPA factory project (ii)	42,656,199,611	13,553,063,384
Dak Nong factory project (iii)	35,530,750,598	-
Thermal power plant project (iv)	14,214,615,434	14,214,615,434
Tank project in Dinh Vu Industrial Park	-	12,146,485,472
Others	10,818,417,285	1,700,026,927
	<u>233,577,105,533</u>	<u>171,600,433,670</u>

- i) The project of plastics and chemicals industrial park located in Industrial Park No. 15 - Nghi Son Economic Zone, Tan Truong Commune, Nghi Son Town, Thanh Hoa Province is carried out pursuant 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 VND 2,400,000,000,000. Currently, the Group is in the process of land clearance, survey and designing the factory.
- ii) The project of expanded electronic acid factory located in Tang Loong Industrial Park, Bao Thang District, Lao Cai Province is carried out pursuant to the Investment Policy No. 37/QD-BQL of Economic Zone Management Board, People's Committee of Lao Cai Province dated 18 February 2021. Total investment of the project is VND 100,000,000,000.
- iii) The project of Duc Giang – Dak Nong fertilizer manufacturing factory located at Lot CN16-2, Tam Thang Industrial Zone, Tam Thang Commune, Cu Jut District. Total investment capital of the project is VND 300 billion, wholly contributed by Duc Giang – Dak Nong Chemical Limited Company. Currently, the Group is in the process of building the factory.
- iv) The project of Duc Giang - Lao Cai Thermal Power Plant 2x50MW located in Tang Loong Industrial Park, Bao Thang District, Lao Cai Province is a priority investment project in the sector of industry - handicrafts in Lao Cai Province pursuant to the Decision No. 5340/QD-UBND of the People's Committee of Lao Cai Province dated 29 November 2017. Total investment capital of the project is VND 2,011,290,000,000 (equivalent to USD 88,720,378). Currently, the Group is in the process of applying for environmental impact assessment permit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 GOODWILL

Goodwill was arisen in connection with the business combination of Vietnam Apatite - Phosphorus Joint Stock Company in 2018. Movements of goodwill during the year are as follows:

	2022 VND	2021 VND
Beginning of year	3,722,421,789	4,273,891,681
Allocation during the year	(551,469,893)	(551,469,892)
End of year	<u>3,170,951,896</u>	<u>3,722,421,789</u>

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2022 VND	2021 VND
Third parties	321,247,671,445	683,380,864,031
Related parties (Notes 33(b))	4,795,228,982	16,850,003
	<u>326,042,900,427</u>	<u>683,397,714,034</u>

Details for third-party suppliers accounting for 10% or more of the total trade account payable balance are as follows:

	2022 VND	2021 VND
SV Investment Group JSC	84,499,200,000	-
Zhejiang Metals and Materials Company	77,062,387,876	-
Lao Cai Fused Phosphate Fertilizer JSC	-	253,105,773,944
Fargo International Trading Limited	-	153,957,248,590
	<u>161,561,587,876</u>	<u>407,063,022,534</u>

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	2022 VND	2021 VND
Third parties	<u>29,828,068,110</u>	<u>165,633,053,411</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 SHORT-TERM ADVANCES FROM CUSTOMERS (CONTINUED)

Details for third-party customers accounting for 10% or more of the total short-term advance from customers balance are as follows:

	2022 VND	2021 VND
Shankar Lal Rampal Dye Chem Private Limited	7,734,731,200	-
Nghe An Food Agricultural Materials JSC	4,657,000,000	-
JSV Ingredient	3,086,105,344	-
K.S. International Co., Ltd.	-	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>7,734,731,200</u>	<u>144,682,626,085</u>

15 TAXES AND OTHER PAYABLES TO THE STATE

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

	As at 1.1.2022 VND	Payable during the year VND	Payment during the year VND	As at 31.12.2022 VND
VAT on domestic sales	2,329,112,185	32,480,940,700	(32,532,270,121)	2,277,782,764
VAT on importation	1,919,243,407	234,042,089,434	(235,961,332,841)	-
Import, export tax	97,004,885	412,533,804,641	(411,757,414,104)	873,395,422
Business income tax	42,232,644,395	338,483,968,102	(302,822,307,283)	77,894,305,214
Personal income tax	8,151,060,237	51,445,131,008	(46,689,457,407)	12,906,733,838
Others	293,732,160	54,626,498,497	(54,433,059,457)	487,171,200
	<u>55,022,797,269</u>	<u>1,123,612,432,382</u>	<u>(1,084,195,841,213)</u>	<u>94,439,388,438</u>

16 OTHER SHORT-TERM PAYABLES

	2022 VND	2021 VND
Dividends payable	1,261,831,019,000	195,578,839,001
Others	10,069,632,811	8,527,746,379
	<u>1,271,900,651,811</u>	<u>204,106,585,380</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17 SHORT-TERM BORROWINGS

	As at 1.1.2022 VND	Addition VND	Repayment VND	Foreign currency translation VND	As at 31.12.2022 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Main Operation Center (i)	289,164,703,266	973,303,461,589	(889,529,242,938)	(2,119,723,613)	370,819,198,304
Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch (ii)	-	509,123,651,396	(449,164,195,173)	(989,332,644)	58,970,123,579
Asian Commercial Joint Stock Bank – Hoang Cau Branch (iii)	-	37,755,806,000	-	79,822,000	37,835,628,000
HSBC Bank (Vietnam) Limited - Hanoi Branch	454,462,164,513	954,349,555,484	(1,408,811,719,997)	-	-
Vietnam International Commercial Joint Stock Bank	-	119,416,500,000	(119,416,500,000)	-	-
Shinhan Bank Vietnam Limited – Pham Hung Branch	43,980,179,785	156,912,205,000	(200,892,384,785)	-	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – Lao Cai Branch	54,302,164,735	198,621,309,255	(252,923,473,990)	-	-
	<u>841,909,212,299</u>	<u>2,949,482,488,724</u>	<u>(3,320,737,516,883)</u>	<u>(3,029,234,257)</u>	<u>467,624,949,883</u>

Detail of outstanding short-term borrowing balances as at 31 December 2022 are as follows:

No.	Lenders	Credit limit and Period	Balance VND	Interest rate	Purpose	Collateral
i	Joint Stock Commercial Bank for Foreign Trade of Vietnam – Main Operation Center	Credit limit of VND 790 billion or foreign currency equivalent, in which: - Duc Giang Lao Cai Chemicals Limited Company: VND 700 billion or foreign currency equivalent; - Vietnam Apatite - Phosphorus Joint Stock Company: VND 90 billion or foreign currency equivalent. The duration for each loan is no more than 6 months from the date of drawdown. The loan was drawdown during the year in USD.	370,819,198,304	3% - 3.7% per annum	Working capital funding	- Duc Giang Lao Cai Chemicals Limited Company: • Current assets included receivables and inventory with total value of VND 500 billion, in which inventories with a minimum value of VND 200 billion (Note 5, Note 8); • Term deposits of VND 21 billion (Note 4). - Duc Giang Nghi Son Chemicals Limited Company: Term deposits of VND 75 billion (Note 4).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17 SHORT-TERM BORROWINGS (CONTINUED)

Detail of outstanding short-term borrowing balances as at 31 December 2022 are as follows (continued):

No.	Lenders	Credit limit and Period	Balance VND	Interest rate/year	Purpose	Collateral
ii	The Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch	Credit limit of VND 400 billion or foreign currency equivalent. The duration for each loan is no more than 6 months from the date of drawdown. Loan were drawdown during the year in USD.	58,970,123,579	3.7% per annum	Working capital funding	None
iii	Asian Commercial Joint Stock Bank – Hoang Cau Branch	Credit limit of VND 165 billion or foreign currency equivalent. The duration for each loan is no more than 4 months from the date of drawdown. Loan were drawdown during the year in USD.	37,835,628,000	3.5% per annum	Working capital funding	Bank deposit contract with value of VND 182.8 billion (Note 4)
Total			467,624,949,883			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18 BONUS AND WELFARE FUND

	2022 VND	2021 VND
Beginning of year	69,178,294,270	77,844,982,878
Increase during the year (Note 20)	143,279,567,668	53,626,191,819
Utilisation during the year	(63,200,774,666)	(58,971,024,047)
Depreciation of fixed assets funded by the Bonus and Welfare Fund	(3,321,856,380)	(3,321,856,380)
End of year	<u>145,935,230,892</u>	<u>69,178,294,270</u>

19 OWNERS' CAPITAL

(a) Number of shares

	2022 Ordinary shares	2021 Ordinary shares
Number of shares registered	<u>379,779,286</u>	<u>171,080,556</u>
Number of shares issued	<u>379,779,286</u>	<u>171,080,556</u>
Number of shares repurchased	<u>(873)</u>	<u>(873)</u>
Number of existing shares in circulation	<u>379,778,413</u>	<u>171,079,683</u>

(b) Details of owners' shareholding

	2022		2021	
	Ordinary shares	%	Ordinary shares	%
Mr. Dao Huu Huyen	69,794,354	18.378	31,662,343	18.507
Vietnam National Chemical Group	-	-	6,039,090	3.530
Ms. Ngo Thi Ngoc Lan	25,205,068	6.637	11,615,239	6.789
Mr. Dao Huu Kha	22,667,148	5.969	10,436,474	6.100
Other shareholders	262,111,843	69.015	111,326,537	65.073
Treasury shares	873	0.001	873	0.001
Number of shares issued	<u>379,779,286</u>	<u>100</u>	<u>171,080,556</u>	<u>100</u>

NOTES TO 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
Issuing shares under employee stock ownership plan (ESOP)	8,537,213	85,372,130,000	-	85,372,130,000
As at 31 December 2022	379,779,286	3,797,792,860,000	(8,730,000)	3,797,784,130,000

Par value per share: VND10,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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)
Dividend distribution in shares	223,136,130,000	-	-	-	-	(223,136,130,000)	-	-	-
Dividend distribution in cash	-	-	-	-	-	(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 year	-	-	-	-	-	5,565,005,078,678	5,565,005,078,678	471,977,788,318	6,036,982,866,996
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)
Dividend distribution in shares (**)	2,001,615,170,000	-	-	-	-	(2,001,615,170,000)	-	-	-
Issuing shares under employee stock ownership plan (ESOP) (***)	85,372,130,000	-	-	-	-	-	85,372,130,000	-	85,372,130,000
Dividend distribution in cash (****)	-	-	-	-	-	(1,139,335,239,000)	(1,139,335,239,000)	(338,088,352,800)	1,477,423,591,800
As at 31 December 2022	3,797,792,860,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	632,126,845,638	5,083,856,880,644	10,451,206,481,475	382,447,457,563	10,833,653,939,038

(*) 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 on 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 Apatite – Phosphorus 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 the 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.

(***) The Board of Directors' Resolution No. 11/2022/NQ-HDQT dated 11 July 2022 approved the plan to issue shares under the employee stock ownership plan ("ESOP") and the Board of Directors' Resolution No. 15/2022/NQ-HDQT dated 19 September 2022 approved the plan for the number of ESOP shares that employees do not buy. Accordingly, the number of ESOP shares issued is 8,537,213 shares with par value of VND 10,000 per share, equivalent to a total value of VND 85,372,130,000.

(****) The Board of Directors' Resolution No. 17/2022/NQ-HDQT dated 16 November 2022 of Duc Giang Chemicals Group Joint Stock Company, the Board of Directors' Resolution No. 05/2022/NQ-HDQT dated 19 July 2022 and the Board of Directors' Resolution No. 09/2022/NQ-HDQT dated 30 November 2022 of Vietnam Apatite - Phosphorus Joint Stock Company approved the advance of dividend payment of 2022 to existing shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 and preferred share dividend 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:

	2022	2021 (Represented (**))
Net profit attributable to shareholders (VND)	5,565,005,078,678	2,388,150,970,624
Less amount appropriated to bonus and welfare funds (VND) (*)	(333,900,304,721)	(143,279,567,668)
Profit for calculation basic profit per share	5,231,104,773,957	2,244,871,402,956
Weighted average number of ordinary shares in issue (shares)	379,778,413	371,241,200
Basic earnings per share (VND)	<u>13,774</u>	<u>6,047</u>

(*) The bonus and welfare fund is temporarily calculated on the same method as the previous year.

(**) Basic earnings per share for the year ended 31 December 2021 was recalculated as a result of the actual appropriation of bonus and welfare fund and dividend distribution in shares in 2022 as follows:

	From 1.1.2021 to 31.12.2021		
	As previously reported	Adjustments	As restated
Profit for calculation basic earnings per share	2,244,861,912,387	9,490,569	2,244,871,402,956
Weighted average number of ordinary shares in issue (shares)	171,079,683	200,161,517	371,241,200
Basic earnings per share (VND)	<u>13,122</u>		<u>6,047</u>

b) Diluted earnings per share

The Group did not have any ordinary shares potentially diluted during the year and up to the date of this consolidated financial statements. Therefore, the diluted earnings per share is equal to the basic earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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22 OFF CONSOLIDATED BALANCE SHEET ITEMS

Foreign currencies

As at 31 December 2022, included in cash and cash equivalents were balances held in currencies other than VND of USD 7,530,602.41 and EUR 595.66 (as at 31 December 2021: USD 3,854,045 and EUR 607).

23 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2022 VND	2021 VND
Revenue		
Revenue from sales of merchandise	129,950,360,542	22,333,624,168
Revenue from sales of finished goods	14,297,154,645,975	9,515,042,824,696
Revenue from rendering of services	17,890,598,213	13,205,675,565
	<u>14,444,995,604,730</u>	<u>9,550,582,124,429</u>
Sales deductions		
Sales allowances	(771,753,825)	-
Sales returns	(113,190,000)	(195,888,680)
	<u>(884,943,825)</u>	<u>(195,888,680)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of merchandise	129,950,360,542	22,333,624,168
Net revenue from sales of finished goods	14,296,269,702,150	9,514,846,936,016
Net revenue from rendering of services	17,890,598,213	13,205,675,565
	<u>14,444,110,660,905</u>	<u>9,550,386,235,749</u>

24 COST OF GOODS SOLD AND SERVICES RENDERED

	2022 VND	2021 VND
Cost of merchandise sold	96,957,638,837	21,025,589,118
Cost of finished goods sold	7,596,800,866,093	6,347,003,881,146
	<u>7,693,758,504,930</u>	<u>6,368,029,470,264</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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25 FINANCIAL INCOME

	2022 VND	2021 VND
Interest income from deposits and loans	314,600,769,509	97,971,202,222
Realised foreign exchange gains	218,663,149,965	72,695,811,741
	<u>533,263,919,474</u>	<u>170,667,013,963</u>

26 FINANCIAL EXPENSES

	2022 VND	2021 VND
Interest expense	17,597,975,233	13,663,632,336
Realised foreign exchange losses	128,837,982,264	46,056,586,340
Loss from foreign currency translation at year-end	3,317,580,488	8,393,853,930
	<u>149,753,537,985</u>	<u>68,114,072,606</u>

27 SELLING EXPENSES

	2022 VND	2021 VND
Transportation	436,816,397,600	374,977,814,964
Outside services	128,641,723,915	91,623,535,293
Staff costs	24,365,844,268	18,285,817,853
Materials, packaging	4,145,047,145	6,858,454,419
Depreciation and amortisation	1,285,294,593	1,589,733,031
Others	5,132,632,525	10,482,886,661
	<u>600,386,940,046</u>	<u>503,818,242,221</u>

28 GENERAL AND ADMINISTRATION EXPENSES

	2022 VND	2021 VND
Staff costs	91,710,604,959	82,148,570,636
Depreciation and amortisation	12,117,895,781	13,983,853,259
Outside services	10,467,158,868	16,885,097,320
Others	37,531,852,893	23,584,647,231
	<u>151,827,512,501</u>	<u>136,602,168,446</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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29 BUSINESS INCOME TAX

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

	2022 VND	2021 VND
Net accounting profit before tax	6,375,747,810,018	2,637,112,897,716
Tax calculated at a rate of 20%	1,275,149,562,004	527,422,579,543
Effect of:		
- Tax incentives, reduction, exemption (*)	(941,133,718,285)	(408,252,480,211)
- Expenses not deductible for tax purposes	4,749,099,303	4,166,564,784
BIT charge	<u>338,764,943,022</u>	<u>123,336,664,116</u>
Charged to the consolidated income statement:		
BIT – current	338,483,968,102	123,717,903,343
BIT – deferred	280,974,920	(381,239,227)
BIT expense	<u>338,764,943,022</u>	<u>123,336,664,116</u>

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

➤ *Duc Giang Lao Cai Chemicals Limited Company:*

- Project Phosphorus Production Furnace No.1 and No.2: tax-exempt for 4 years from the first year of having income from the project (from 2010 to 2013) and tax reduction of 50% for the following 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 starting from its operation (from 2014 to 2028), tax exemption for 4 years from the first year of having income from the project (from 2015 to 2018) and tax reduction of 50% for the following 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 2021 to 2028);
- 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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29 BUSINESS INCOME TAX (CONTINUED)

➤ *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 2022) 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 BIT charge for the year 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 year from the Group's production and business activities, excluding the purchase price of goods incurred in trading activities. Details are presented as follows:

	2022 VND	2021 VND
Raw materials	4,882,861,306,033	4,368,416,030,462
Outside service	2,061,699,784,131	1,868,617,889,025
Staff costs	779,909,262,215	616,440,169,310
Depreciation and amortisation	299,092,672,544	278,605,693,953
Others	129,810,020,648	78,848,543,179
	8,153,373,045,571	7,210,928,325,929

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 products and services provided by the Group. As a result, the primary segment reporting of the Group is presented in respect of the Group's business segments.

Primary segment report (business segments)

During the year ended 31 December 2022, revenue from sales of finished goods (mainly Yellow Phosphorus and Acids of all kinds) accounted for 98.7% of the Group's total revenue (2021: 99.7%). Accordingly, the Group does not present Segment report by business sector.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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31 SEGMENT REPORTING (CONTINUED)

Secondary segment report (geographical segments)

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

	For the year ended 31 December 2022		
	Domestic VND	Overseas VND	Total VND
Total net revenue	2,617,707,260,000	11,826,403,400,905	14,444,110,660,905
Total expenses incurred for purchases of fixed assets (unallocated)	(*)	(*)	211,953,637,116
For the year ended 31 December 2021			
	Domestic VND	Overseas VND	Total VND
Total revenue	2,660,314,657,954	6,890,071,577,795	9,550,386,235,749
Total expenses incurred for purchases of fixed assets (unallocated)	(*)	(*)	216,899,930,294

(*) The Group does not present total expenses incurred for purchases of fixed assets on geographical segment report because the Group operates in one geographical area that is Vietnam and does not monitor fixed assets by customers' location.

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

During the year, the Group had the following significant non-cash transactions:

	2022 VND	2021 VND
Dividend distribution in shares	2,001,615,170,000	223,136,130,000
Purchase of fixed assets and other long-term assets that have not been settled	-	6,724,031,200

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 Management, Board of Supervision, Chief Accountant	Key management/ Shareholders
Van Minh Company Limited	Other related party

(a) Related party transactions

The primary transactions with related parties incurred in the year are:

	2022	2021
	VND	VND
<i>i) Purchases of goods and services</i>		
Van Minh Company Limited	113,345,068,529	102,109,733,659
	<u>113,345,068,529</u>	<u>102,109,733,659</u>
<i>ii) Sales of goods and rendering services</i>		
Van Minh Company Limited	205,706,207,885	192,234,035,054
	<u>205,706,207,885</u>	<u>192,234,035,054</u>
<i>iii) Compensation of key management</i>		
Mr. Dao Huu Huyen – Chairman of the Board of Directors	1,157,608,000	256,607,500
Mr. Dao Huu Duy Anh – Member of the Board of Director/ General Directors	2,627,388,000	2,958,976,683
Mr. Nguyen Van Quang – Member of the Board of Directors	103,000,000	84,000,000
Mr. Pham Van Hung – Member of the Board of Directors/ Deputy General Director	2,322,759,000	2,542,311,314
Mr. Luu Bach Dat – Member of the Board of Directors/ Deputy General Director	1,520,592,500	-
Mr. Khuc Ngoc Giang – Member of the Board of Directors	21,000,000	84,000,000
Mr. Nguyen Van Kien – Head of Board of Supervision	1,054,230,000	602,264,250
Mr. Vu Van Ngo – Member of Board of Supervision	66,000,000	58,000,000
Mrs. Pham Thi Thoa – Member of Board of Supervision	616,265,950	345,267,167
Mrs. Dao Thi Mai – Chief Accountant	1,973,722,342	1,659,510,000
	<u>11,462,565,792</u>	<u>8,590,936,914</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year-end balances with related parties

	2022 VND	2021 VND
<i>Short-term trade accounts receivable (Note 5)</i>		
Van Minh Company Limited	9,113,628,927	15,593,908,482
	<u>9,113,628,927</u>	<u>15,593,908,482</u>
<i>Short-term trade accounts payable (Note 13)</i>		
Van Minh Company Limited	4,795,228,982	16,850,003
	<u>4,795,228,982</u>	<u>16,850,003</u>
<i>Other short-term payable</i>		
Dividend payable to Board of Directors, Board of Management, Board of Supervision, Chief Accountant	294,558,843,000	37,243,301,952
	<u>294,558,843,000</u>	<u>37,243,301,952</u>

34 COMMITMENTS UNDER OPERATING LEASES AND CAPITAL COMMITMENTS

(a) Commitments under operating leases

The future minimum lease payments under non-cancellable operating leases were as follows:

	Land rental	
	2022 VND	2021 VND
Within one year	2,696,037,968	2,231,372,551
Between one and five years	34,997,407,516	23,572,149,967
Over five years	458,262,842,324	466,378,676,601
	<u>495,956,287,808</u>	<u>492,182,199,119</u>
Total minimum payments	<u>495,956,287,808</u>	<u>492,182,199,119</u>

(b) Capital commitments

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

	2022 VND	2021 VND
Property, plant and equipment	409,420,355,671	362,327,319,000
	<u>409,420,355,671</u>	<u>362,327,319,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 mine after the exploitation period. According to Decision 1057/QD-BTNMT dated 7 May 2021 issued by the Ministry of Natural Resources and Environment, the total costs for environmental rehabilitation and restoration related to mining apatite ore at Mine 25 is estimated at VND 8,005,545,000 which will be deposited in six instalments during the period from 2022 to 2026 to the Environmental Protection Fund of Lao Cai Province to guarantee for the fulfilment of the Company's obligation to rehabilitate and restore the environment (Note 7(b)).

Restoration costs for leased lands

The Group signed land lease contracts and has carried out the construction of building and infrastructure on these leased lands. These land lease contracts do not state the land restoration obligation of the Group for the lands. Therefore, the Board of Management assesses that the Group may have future obligations related to dismantling, removing the Group's assets out of the lands and restoring the lands to their original conditions at the end of the lease terms. 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. Accordingly, the Group has not recognised a provision for restoration obligation in the Group's consolidated financial statements for the year end 31 December 2022.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the Board of Management of the Company on 27 February 2023.



Hoang Thuy Ha
Preparer



Dao Thi Mai
Chief Accountant



Dao Huu Duy Anh
General Director
Legal Representative