



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

REVIEWED
FINANCIAL STATEMENTS
For the accounting 6 months period ended June 30, 2017

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REPORT OF THE BOARD OF MANAGEMENT

For the accounting 6 months period ended June 30, 2017

The Board of Management has the honor of submitting this report and the reviewed financial statements for the accounting period from Jan. 01, 2017 to Jun. 30, 2017.

1. Business highlights:

Establishment:

Mekophar Chemical Pharmaceutical Joint-Stock Company, whose business code is 0302533156, operates under Business registration certificate No. 4103000833 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City (under the first amendment on October 21, 2005, the second amendment on April 14, 2006, the third amendment on December 19, 2006, the fourth amendment on July 11, 2009, the fifth amendment on September 15, 2008, the sixth amendment on October 17, 2009, the seventh amendment on September 30, 2010, the eighth amendment on December 02, 2011, the ninth amendment on November 23, 2011, the tenth amendment on December 02, 2010, the eleventh amendment on August 08, 2012, the twelfth amendment on December 15, 2012, the thirteenth amendment on April 16, 2013, the fourteenth amended on August 14, 2014, the fifteenth amended certificate on June 06, 2016; The sixteenth amended certificate on August 29, 2016; The seventeenth amended certificate dated October 27, 2016, the chartered capital is VND 194,208,130,000. (The chartered capital as of June 30, 2017: VND 194,208,130,000).

Structure of ownership:

Joint Stock Company.

The Company's principal activities:

The Company's principal activities: Producing, trading medicine; Trading perfume; ; Trading cosmetics and other cleaning products; Trading medical tools; Maintaining and testing medicine; Retailing medicine; Producing packing used in pharmaceutical industry (plastic bottle, paper box, carton box); Producing technological food (except for producing and processing fresh food); Trading functional food; processing food; Producing cosmetics (not manufacturing chemicals, soap, and detergent at the head office); Trading real estates, leasing apartment, office; Trading garments; Producing bottled pure water; Trading beverages; Trading medical machinery and equipment; Trading other chemicals (except for chemicals used in agriculture); Trading plastics in primary form; Investment consultancy (except for accounting, finance, law); Consultancy on technology transfer; Commercial introduction and promotion; Acting as brokerage agent (except for real estates).

English name: Mekophar Chemical Pharmaceutical Joint Stock Company

Short name: Mekophar

Security code MKP

Head office: No. 297/5 Ly Thuong Kiet Str., Dist. 11, HCMC.

The Company's branches are located at:

Hanoi branch: No. 95 Lang Ha Str., Dong Da Dist., Hanoi City

Nghe An Branch: No. 11A4 Dang Thai Than, Cua Nam Ward, Vinh City, Nghe An Province

Da Nang branch: No. 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City

Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City

2. Financial position and results of operation:

The Company's financial position and results of operation in the period are presented in the attached financial statements.

REPORT OF THE BOARD OF MANAGEMENT

For the accounting 6 months period ended June 30, 2017

3. Board of Management, Board of General Directors and Chief Accountant:

The Board of Management, Board of General Directors and Chief Accountant holding office in the period and at the reporting date include:

Board of Management:

Ms.	Huynh Thi Lan	Chairman
Ms.	Dang Thi Kim Lan	Member
Mr.	Le Anh Phuong	Member
Mr.	Kazuya Shinozawa	Member
Mr.	Nguyen Duc Thang	Member
Ms.	Nguyen Thi Quynh Anh	Member
Ms.	Phan Thi Lan Huong	Member

Board of Supervisors:

Mr.	Nguyen Viet Luan	Chairman
Mr.	Nguyen Ba Khoa	Member
Mr.	Tran Trung Ngon	Member

Board of General Directors and Chief Accountant:

Ms.	Huynh Thi Lan	General Director
Ms.	Dang Thi Kim Lan	Deputy General Director
Mr.	Le Anh Phuong	Deputy General Director
Ms.	Phan Thi Lan Huong	Deputy General Director
Ms.	Le Thi Thuy Hang	Chief Accountant

Legal representatives of the Company in the period and to the reporting date are:

Ms. Huynh Thi Lan - Chairman and General Director is the legal representative of the Company.

4. Auditor

Auditing and Informatic Services Limited Company (AISC) has been appointed as an independent auditor for the accounting period from Jan. 01, 2017 to Jun. 30, 2017.

5. Statement of the Responsibility of the Board of Management and Board of General Directors in respect of the Financial Statements

The Board of Management and Board of General Directors of the Company are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company as of June 30, 2017 as well as its results of operation and cash flows for the year then ended. In order to prepare these financial statements, the Board of Management and Board of General Directors have considered and complied with the following matters:

- Selected the appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- The financial statements of the Company are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE BOARD OF MANAGEMENT

For the accounting 6 months period ended June 30, 2017

The Board of Management and Board of General Directors are responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements are prepared in compliance with the registered accounting policies stated in the Notes to the Financial Statements. The Board of Management and Board of General Directors are also responsible for safeguarding the assets of the Company and thus taking reasonable steps for the prevention and detection of fraud and other irregularities.

6. Approval of the Financial Statements

In the Board of Management's opinion, the financial statements consisting of Balance Sheet as at June 30, 2016, Income Statement, Cash Flow Statement and Notes to the Financial Statements enclosed with this report give a true and fair view of the financial position of the Company as well as its operating results and cash flows for the accounting period from Jan. 01, 2016 to Jun. 30, 2016.

The financial statements are prepared in compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System.

HCMC August 14, 2017
For and on behalf of the Board of Management 



DR. Huynh Thi Lan, PharmD
Chairman



No: 05.17.201-1/AISC-DN4

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

**To: BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS
MEKOPHAR CHEMICAL PHARMACEUTICAL JOINT-STOCK COMPANY**

We have reviewed the financial statements of **Mekophar Chemical Pharmaceutical Joint-Stock Company** consisting of Balance Sheet as at June 30, 2017, Income Statement, Cash Flow Statement for the period then ended and Notes to the Financial Statements as set out on Page 5 to Page 43, which were prepared on August 14, 2017.

Responsibility of the Board of General Directors

The Board of General Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Accounting System (Corporate) and prevailing regulations applicable to the preparation and presentation of the financial statements and also for the internal control that the Board of General Directors considers necessary for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

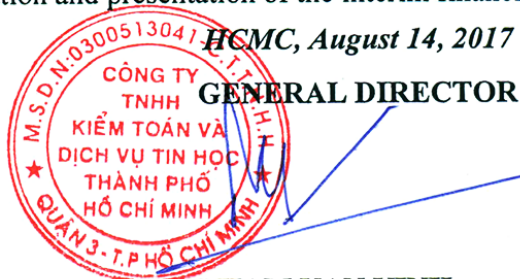
Responsibility of the Auditor

Our responsibility is to draw our conclusion on the interim financial statements. We conducted our review in accordance with Vietnamese Auditing Standard No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review on the interim financial information covers the interviews, mainly with those in charge of accounting and finance, and analysis and other review procedures. A review engagement is substantially less intensive in scope than an audit conducted in compliance with Vietnamese Auditing Standards, so we have no assurance that we will be aware of all material issues that may be discovered by an audit. We, therefore, do not express our opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the financial position of **Mekophar Chemical Pharmaceutical Joint-Stock Company** as at June 30, 2017 as well as the results of its operation and its cash flows for the 6 months period then ended. The interim financial statements are prepared in compliance with the prevailing Vietnamese Accounting Standards, Vietnamese Accounting System and other statutory requirements relevant to the preparation and presentation of the interim financial statements.



PHAM VAN VINH

*Certificate of Audit Practice Registration
No. 0112-2013-05-1
Issued by the Ministry of Finance*

BALANCE SHEET

As at June 30, 2017

Unit: VND

ASSETS	Code	Notes	Jun. 30, 2017	Jan. 01, 2017
A. CURRENT ASSETS	100		479,550,246,596	614,428,674,433
I. Cash and cash equivalents	110	V.1	67,956,738,507	67,807,463,071
1. Cash	111		37,956,738,507	47,807,463,071
2. Cash equivalents	112		30,000,000,000	20,000,000,000
II. Short-term financial investments	120	V.2	10,946,711,100	170,946,711,100
1. Trading securities	121		10,946,711,100	10,946,711,100
2. Provision for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123		-	160,000,000,000
III. Short-term Accounts receivable	130		174,010,005,958	164,089,227,291
1. Trade accounts receivable	131	V.3	168,651,381,034	150,269,075,026
2. Prepayments to suppliers	132	V.4	3,642,632,284	12,595,811,761
3. Intercompany receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Other receivables	136	V.5	1,715,992,640	1,224,340,504
7. Provision for doubtful debts	137		-	-
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140	V.6	224,081,047,331	209,547,773,156
1. Inventories	141		224,081,047,331	209,547,773,156
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		2,555,743,700	2,037,499,815
1. Short-term prepayments	151	V.10	565,904,397	1,270,846,572
2. Deductible VAT	152		-	-
Taxes and other receivables from the State				
3. Budget	153	V.13	1,989,839,303	766,653,243
4. Repurchase and sale of Government's bonds	154		-	-
5. Other current assets	155		-	-

BALANCE SHEET

As at June 30, 2017

Unit: VND

ASSETS	Code	Notes	Jun. 30, 2017	Jan. 01, 2017
B. LONG-TERM ASSETS	200		710,747,261,180	515,184,728,405
I. Long-term receivables	210		-	-
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital from sub-units	213		-	-
4. Long-term intercompany receivables	214		-	-
5. Receivables from long-term loans	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term receivables	219		-	-
II. Fixed assets	220		64,288,092,290	70,478,751,405
1. Tangible fixed assets	221	V.8	56,776,606,956	63,040,599,405
- Cost	222		239,284,729,920	238,719,222,817
- Accumulated depreciation	223		(182,508,122,964)	(175,678,623,412)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	7,511,485,334	7,438,152,000
- Cost	228		10,146,451,139	10,066,451,139
- Accumulated amortization	229		(2,634,965,805)	(2,628,299,139)
III. Investment Properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Non-current assets in progress	240	V.7	2,825,577,000	2,685,477,000
1. Works in progress	241		-	-
2. Capital construction in progress	242		2,825,577,000	2,685,477,000
V. Long-term investments	250	V.2	642,020,500,000	442,020,500,000
1. Investments in subsidiaries	251		600,000,000,000	400,000,000,000
2. Investments in associates, joint-ventures	252		18,510,000,000	18,510,000,000
3. Investments in equity of other entities	253		23,510,500,000	23,510,500,000
Provision for decline in the value of long-term				
4. investments	254		-	-
5. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		1,613,091,890	-
1. Long-term prepaid expenses	261	V.10	1,613,091,890	-
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,190,297,507,776	1,129,613,402,838

BALANCE SHEET

As at June 30, 2017

Unit: VND

RESOURCES		Code	Notes	Jun. 30, 2017	Jan. 01, 2017
C.	LIABILITIES	300		200,471,511,099	166,220,129,018
I.	Current liabilities	310		127,286,164,471	97,847,452,152
1.	Short-term trade payables	311	V.11	57,570,413,907	40,544,072,793
2.	Advances from customers	312	V.12	14,282,582,806	9,276,664,445
3.	Taxes and other payables to the State Budget	313	V.13	9,337,370,491	4,134,654,157
4.	Payables to employees	314		7,601,323,641	13,980,991,904
5.	Short-term accrued expenses	315		-	-
6.	Short-term intercompany payables	316		-	-
7.	Construction contract-in-progress payables	317		-	-
8.	Short-term unrealized revenue	318		-	-
9.	Other short-term payables	319	V.15	11,458,717,286	7,482,078,739
10.	Short-term borrowings and financial lease liabilities	320		-	-
11.	Provision for short-term payables	321		-	-
12.	Bonus and welfare fund	322		27,035,756,340	22,428,990,114
13.	Price stabilization fund	323		-	-
14.	Repurchase and sale of Government's bond	324		-	-
II.	Long-term liabilities	330		73,185,346,628	68,372,676,866
1.	Long-term trade payables	331		-	-
2.	Long-term Advances from customers	332		-	-
3.	Long-term accrued expenses	333		-	-
4.	Inter-company payables for operating capital received	334		-	-
5.	Long-term intercompany payables	335		-	-
6.	Long-term unrealized revenue	336	V.14	43,185,346,628	38,372,676,866
7.	Other long-term payables	337		-	-
8.	Long-term borrowings and financial lease liabilities	338		-	-
9.	Convertible bond	339		-	-
10.	Preferred shares	340		-	-
11.	Deferred income tax liabilities	341		-	-
12.	Provision for long-term liabilities	342	V.16	30,000,000,000	30,000,000,000
13.	Fund for science and technology development	343		-	-

BALANCE SHEET

As at June 30, 2017

Unit: VND

RESOURCES	Code	Notes	Jun. 30, 2017	Jan. 01, 2017
D. OWNERS' EQUITY	400		989,825,996,677	963,393,273,820
I. Owners' equity	410	V.17	989,719,076,387	963,265,353,530
1. Owners' capital	411		194,208,130,000	194,208,130,000
- Ordinary shares with voting rights	411a		194,208,130,000	194,208,130,000
- Preferred shares	411b		-	-
2. Share premium	412		295,058,504,458	295,058,504,458
3. Bond conversion option	413		-	-
4. Owners' other capital	414		-	-
5. Treasury shares	415		(14,487,151,158)	(14,487,151,158)
6. Difference upon assets revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418		448,083,058,734	403,510,093,275
9. Fund for support of arrangement of enterprises	419		-	-
10. Other funds	420		-	-
11. Undistributed earnings	421		66,856,534,353	84,975,776,955
- Undistributed earnings accumulated to the end of prior period	421a		4,000,000,000	-
- Undistributed earnings in this period	421b		62,856,534,353	84,975,776,955
12. Investment reserve for basic construction	422		-	-
II. Budget sources and other funds	430		106,920,290	127,920,290
1. Budget sources	431	V.18	106,920,290	127,920,290
2. Fund to form fixed assets	432		-	-
TOTAL RESOURCES	440		1,190,297,507,776	1,129,613,402,838

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT

Le Thi Thuy Hang

HCMC, August 14, 2017

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD

INCOME STATEMENT

For the accounting 6 months period ended June 30, 2017

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
1. Sales	01	VI.1	661,457,200,377	619,631,888,973
2. Sales deductions	02	VI.2	176,340,162	174,503,959
3. Net sales	10	VI.3	661,280,860,215	619,457,385,014
4. Cost of sales	11	VI.4	523,671,389,977	489,407,900,416
5. Gross profit (20 = 10 - 11)	20		137,609,470,238	130,049,484,598
6. Financial income	21	VI.5	11,791,267,137	15,324,743,663
7. Financial expenses	22	VI.6	604,394,506	404,283,363
<i>In which: loan interest expenses</i>	23		-	-
8. Selling expenses	25	VI.7	32,689,174,470	29,002,712,560
9. General & administration expenses	26	VI.7	38,094,468,125	38,541,629,729
10. Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		78,012,700,274	77,425,602,609
11. Other income	31	VI.8	558,975,068	139,777,799
12. Other expenses	32	VI.9	1,007,401	-
13. Other profit (40 = 31 - 32)	40		557,967,667	139,777,799
14. Net accounting profit before tax (50 = 30 + 40)	50		78,570,667,941	77,565,380,408
15. Corporate income tax - current	51	VI.11	15,714,133,588	15,513,076,082
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		62,856,534,353	62,052,304,326

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 14, 2017

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD

CASH FLOW STATEMENT

(Under indirect method)

For the accounting 6 months period ended June 30, 2017

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		78,570,667,941	77,565,380,408
2. Adjustments for :				
- Depreciation of fixed assets and investment properties	02	V.8-9	6,977,964,070	7,015,145,361
- Provisions	03		-	-
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		-	-
- Gains/losses from investing activities	05	VI.5	(11,430,764,922)	(15,137,557,468)
- Interest expense	06		-	-
- Other adjustments	07		-	-
3. Profit from operating activities before changes in working capital	08		74,117,867,089	69,442,968,301
- Increase (-)/ decrease (+) in receivables	09		(10,951,964,727)	(5,942,528,027)
- Increase (-)/ decrease (+) in inventories	10		(14,533,274,175)	13,397,937,954
- Increase (+)/ decrease (-) in payables (Other than payables, income tax)	11		20,039,523,844	(8,884,804,041)
- Increase (-)/ decrease (+) in prepaid expenses	12		(908,149,715)	(218,614,197)
- Increase (-)/ decrease (+) in trading securities	13		-	-
- Interest paid	14		-	-
- Corporate income tax paid	15	V.13	(10,051,041,577)	(8,257,870,929)
- Other receipts from operating activities	16		-	-
- Other payments on operating activities	17		(5,780,928,170)	(4,837,370,097)
Net cash inflows/(outflows) from operating activities	20		51,932,032,569	54,699,718,964
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21	V.7-9	(927,404,955)	(5,625,304,900)
2. Proceeds from disposals of fixed assets and other long-term assets	22	VI.9	27,272,727	-
3. Loans granted, purchases of debt instruments of other entities	23		-	(120,000,000,000)
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		160,000,000,000	160,000,000,000
5. Investments in other entities	25		(200,000,000,000)	(50,000,000,000)
6. Proceeds from divestment in other entities	26		-	-
7. Dividends and interest received	27	VI.5	11,403,492,195	15,137,557,468
Net cash inflows/(outflows) from investing activities	30		(29,496,640,033)	(487,747,432)

CASH FLOW STATEMENT

(Under indirect method)

For the accounting 6 months period ended June 30, 2017

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		-	-
2. Payments for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33		-	-
4. Repayments of borrowings	34		-	-
5. Payments for finance lease liabilities	35		-	-
6. Dividends paid	36		(22,286,117,100)	(29,691,534,000)
Net cash inflows/(outflows) from financing activities	40		(22,286,117,100)	(29,691,534,000)
Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		149,275,436	24,520,437,532
Cash and cash equivalents at the beginning of the period	60		67,807,463,071	53,536,298,144
Effect of foreign exchange differences	61		-	-
Cash and cash equivalents at the end of the period (70 = 50+60+61)	70	V.I	67,956,738,507	78,056,735,676

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT

Le Thi Thuy Hang

HCMC, August 14, 2017

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND*

I. BUSINESS HIGHLIGHTS**1. Establishment**

Mekophar Chemical Pharmaceutical Joint-Stock Company, whose business code is 0302533156, operates under Business registration certificate No. 4103000833 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City (under the first amendment on October 21, 2005, the second amendment on April 14, 2006, the third amendment on December 19, 2006, the fourth amendment on July 11, 2009, the fifth amendment on September 15, 2008, the sixth amendment on October 17, 2009, the seventh amendment on September 30, 2010, the eighth amendment on December 02, 2011, the ninth amendment on November 23, 2011, the tenth amendment on December 02, 2010, the eleventh amendment on August 08, 2012, the twelfth amendment on December 15, 2012, the thirteenth amendment on April 16, 2013, the fourteenth amended on August 14, 2014, the fifteenth amended certificate on June 06, 2016; The sixteenth amended certificate on August 29, 2016; The seventeenth amended certificate dated October 27, 2016, the chartered capital is VND 194,208,130,000. (The chartered capital as of June 30, 2017: VND 194,208,130,000).

English name: Mekophar Chemical Pharmaceutical Joint Stock Company

Short name: Mekophar

Head office: No. 297/5 Ly Thuong Kiet Str., Dist. 11, HCMC.

The Company's branches are located at:

Hanoi branch: No. 95 Lang Ha Str., Dong Da Dist., Hanoi City

Nghe An Branch: No. 11A4 Dang Thai Than, Cua Nam Ward, Vinh City, Nghe An Province

Da Nang branch: No. 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City

Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City

2. Structure of ownership: Joint Stock Company.

3. Business sector: Production and trading.

4. Principal activities

The Company's principal activities: Producing, trading medicine; Trading perfume; ; Trading cosmetics and other cleaning products; Trading medical tools; Maintaining and testing medicine; Retailing medicine; Producing packing used in pharmaceutical industry (plastic bottle, paper box, carton box); Producing technological food (except for producing and processing fresh food); Trading functional food; processing food; Producing cosmetics (not manufacturing chemicals, soap, and detergent at the head office); Trading real estates, leasing apartment, office; Trading garments; Producing bottled pure water; Trading beverages; Trading medical machinery and equipment; Trading other chemicals (except for chemicals used in agriculture); Trading plastics in primary form; Investment consultancy (except for accounting, finance, law); Consultancy on technology transfer; Commercial introduction and promotion; Acting as brokerage agent (except for real estates).

5. Normal operating cycle

Normal operating cycle of the Company lasts 12 months of the normal fiscal year beginning from January 01 and ending on December 31.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

6. Operations in the fiscal year affecting the financial statements: None**7. Total employees to Jun. 30, 2017:** 770 persons. (**Dec. 31, 2016:** 751 persons)**8. Enterprise Structure**

8.1 List of subsidiaries

As at June 30, 2017, the Company has one (01) directly owned company as follows:

Company's name and address	Principal activities	Percentage of shareholding	Percentage of owning	Percentage of voting right
Mekophar Co.,Ltd Head office: Lot I-9-5, D2 Street, High-Tech Park, Long Thanh My Ward, District 9, HCMC	Producing biological products, medicine, cosmetics, functioning food ...and original cell bank	100%	100%	100%

8.2 List of Joint-ventures and associates

As at June 30, 2017, the Company has one (01) associate as follows:

Company's name and address	Principal activities	Percentage of shareholding	Percentage of owning	Percentage of voting right
An Sinh Hospital 10 Tran Huy Lieu, Ward 12, Phu Nhuan, HCMC	Medically examining and treating	22%	22%	22%

8.3 List of affiliated unit having no legal status and dependent cost-accounting

Name of branches/Stores and address:

*Hanoi branch: No. 95 Lang Ha Str., Dong Da Dist., Hanoi City**Nghe An Branch: No. 11A4 Dang Thai Than, Cua Nam Ward, Vinh City, Nghe An Province**Da Nang branch: No. 410 Nguyen Tri Phuong, Hai Chau District, Da Nang City**Can Tho branch: No.17A Cach Mang Thang Tam Str., Binh Thuy Dist., Can Tho City***9. Disclosure on comparability of information in the Financial Statements**

The selection of figures and information need to be presented in the financial statements has been implemented on the principles of comparability among corresponding accounting periods.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND*

II. ACCOUNTING PERIOD AND REPORTING CURRENCY**1. Fiscal year**

The fiscal year is begun on January 01 and ended December 31 annually.

2. Reporting currency

Vietnam Dong (VND) is used as a currency unit for accounting records.

III. ADOPTION OF ACCOUNTING STANDARDS AND POLICIES**1. Applicable Accounting System**

The Company applies Vietnamese Corporate Accounting System issued by the Vietnam Ministry of Finance in accordance with the guidance of Circular No. 200/2014/TT-BTC dated December 22, 2014.

2. Disclosure of compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System

We conducted our accounting, preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards and other relevant statutory regulations. The financial statements give a true and fair view of the state of affairs of the Company and the results of its operations as well as its cash flows.

The selection of figures and information presented in the notes to the financial statements is complied with the material principle in Vietnamese Accounting Standard No.21 - Presentation of the financial statements.

IV. APPLICABLE ACCOUNTING POLICIES**1. Foreign exchange rate applicable in accounting**

The Company has translated foreign currencies into Vietnam Dong at the actual rate and book rate.

Principles for determining the actual rate

All transactions denominated in foreign currencies which arise during the period (trading foreign currencies, capital contribution or receipt of contributed capital, recording receivables and payables, purchasing assets or costs immediately paid by foreign currencies) are converted at the actual exchange rates ruling as of the transaction dates.

Closing balance of monetary items (cash, cash equivalents, payables and receivables, except for prepayments to suppliers, prepayments from customers, pre-paid expenses, deposits and unearned revenue) denominated in foreign currencies should be revaluated at the actual rate ruling as of the balance sheet date.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as assets will be the buying rate of Viettinbank. The buying rate as at June 30, 2017: 22,700 VND/USD; 25,800 VND/EUR.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as payables will be the selling rate stated by Viettinbank. The exchange rate as at June 30, 2017: 22,770 VND/USD; 26,030 VND/EUR.

Foreign exchange differences, which arise from foreign currency transactions during the period, shall be included in the income statement. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

Principle for determining book rate

When recovering receivables, deposits or payments for payables in foreign currencies, the Company uses specific identification book rate.

When making payment by foreign currencies, the Company uses moving weighted average rate.

2. Principles for recording cash and cash equivalents

Cash includes cash on hand, demand deposit and cash in transit.

Cash equivalents comprise term deposits and other short-term investments with an original maturity of three months or less, highly liquid, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

3. Principles for accounting financial investments

Principles for accounting held-to-maturity investments

Held-to-maturity investments include term deposits (including treasury bill, bill of exchange), bonds, loans, preferred share that the issuer is required to re-buy them in a certain time in the future and held-to-maturity loans for the purpose of periodic interest receiving and other held-to-maturity investments.

The held-to-maturity investments are initially recorded at the original cost including buying price and costs attributable to the acquisition of the investments. After initial recognition, if the provision for doubtful debts has not been made as statutorily required, these investments are revaluated at the recoverable value. When firm evidence shows that a portion or the whole investments may be unrecoverable, the loss will be recorded in financial expenses in the year and recorded in decrease of the investment's value.

Principles for recording financial investments in Subsidiary, Joint-ventures, Associates

Principles for recording financial investments in subsidiaries: Subsidiary is a company which the Company has shareholding of more than one half of the voting right in order to govern the financial and operating policies in order to obtain economic benefits from the subsidiary's operation. When the Company ceases to control the subsidiary, the investment in the subsidiary will be written down.

The investment in associate is recorded when the Company has 20% - 50% of voting right in those companies and has considerable influence over their decisions on financial policies.

Investments in Subsidiary, Joint-ventures, associates are initially stated at original cost and will not be adjusted thereafter for change in the investor's share of the investee's net assets. The original cost includes purchase price and costs attributable to the investment. In case the investment is by non-monetary assets, the investment fee should be recorded at the fair value of the non-monetary assets at the date of occurrence.

Provision for loss of investments in subsidiaries, associates is made when the investee suffers from loss and thus the Company possibly loses its capital or the investments' value is devalued. Basis for making provision for loss of investments is the investee's financial statements.

Principles for recording equity investments in other entities

Equity investment in other entities represents the Company's investment in other entities' equity instruments. However, the Company does not hold any control or joint control right and exercise significant influences over the investees either.

The investments are stated at original cost including purchase price and costs directly attributable to the investment. In case of non-monetary assets investment, the investment cost should be recorded at the fair value of the non-monetary assets at the date of occurrence.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

Regarding the investments the Company holds in a long time (not trading securities) and no significant influences are exercised on the investees, provision for loss will be made as follows:

- + If an investment in listed shares or the fair value of the investment is determined reliably, the allowance shall be made according to the market values of the shares.
- + If it is impossible to determine the investments' fair value at the reporting date, the provision will be made on the basis the loss that investee suffers. Basis for making provision for loss of investments is consolidated financial statements of the investee (if it is parent company), the investee's financial statements (if it is an independent enterprise without subsidiary).

4. Principles for recording trade receivables and other receivables:

Principle for recording receivables: At original cost less provision for doubtful debts.

The classifying of the receivables as trade receivables, inter-company receivables and other receivables depends on the nature of the transaction or relationship between the company and debtor.

Method of making provision for doubtful debts: Provision for doubtful debts is estimated for the loss value of the receivables, other held-to-maturity investments similar to doubtful debts that are overdue and undue, but are likely to become possibly irrecoverable due to insolvency of debtors who go bankruptcy, making procedures for dissolution, go missing or run away....

5. Principles for recording inventories:

Principles adopted in recording inventory: Inventories are stated at original cost less (-) the provision for the decline in value of obsolete and deteriorated inventories.

Original costs are determined as follows:

- The original cost of materials, merchandises consists of costs of purchase, costs of transportation and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods: costs of materials, direct labor and manufacturing overheads which are allocated on the basis of major materials costs.
- Work in progress: costs of raw materials, labor and other directly costs for producing inventories incurred in the duration of building works in progress...

Method of calculating inventories' value: Weighted average method.

Method of accounting for the inventories: Perpetual method.

Method of making provision for decline in value of inventories: Provision for decline in value of inventories is made when the net realisable value of inventories is lower than their original cost. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses. Provision for decline in value of inventories is the difference between the cost of inventories greater than their net realisable value. Provision for decline in value of inventories is made for each inventory with the cost greater than the net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

6. Principles for recording fixed assets:

6.1 Principles for recording tangible fixed assets:

Tangible fixed assets are stated at original cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred beyond their originally assessed standard of performance are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the period.

When the assets are sold or disposed, their original costs and the accumulated depreciation which have been written off and any gain or loss from disposal of assets are recorded in the income statement.

Determination of original costs of tangible fixed assets:

Tangible fixed assets purchased

The original cost of purchased tangible fixed assets shall consist of the actual purchase price less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operation of fixed assets; specialists and other direct costs.

The original cost of a tangible fixed asset formed from capital construction under the mode of tendering shall be the finalisation price of the construction project, other relevant fees plus (+) registration fee (if any).

Fixed assets which are buildings, structures attached to land use right, the value of land use right is computed separately and recorded as intangible fixed assets.

6.2 Principles for recording intangible fixed assets:

Intangible fixed assets are stated at cost less accumulated amortization. The original cost of a intangible fixed asset comprises all costs of owning the asset to the date it is put into operation as expected.

Principles for recording intangible fixed assets:

Purchase of separate intangible fixed assets

The original cost of purchased intangible fixed assets shall consist of the actual purchase price payable less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation. The land use rights which are purchased together with buildings, structures will be determined separately and recorded as intangible fixed assets.

If an intangible fixed asset is formed from the exchange involving payment accompanied with vouchers related to the capital ownership of the establishment, its original cost is the reasonable value of vouchers issued in relation to capital ownership.

Land use right

The original cost of an intangible fixed asset which is the land use right shall be the payment made to obtain the lawful land use right plus (+) compensatory payments for clearance of site, expenses for levelling the ground, registration fee....

Computer software

The original cost of a in tangible fixed asset which is the computer software shall be the total of actual expenses incurred by the Company to obtain the computer software.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

6.3 Method of depreciating and amortizing fixed assets

Depreciation is charged to write off the cost of fixed assets on a straight line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

The estimated useful life for assets is as follows:

<i>Buildings and structures</i>	<i>5 - 25 years</i>
<i>Machinery and equipment</i>	<i>3 - 12 years</i>
<i>Transportation and facilities</i>	<i>5 - 8 years</i>
<i>Office equipment</i>	<i>3 - 10 years</i>
<i>Right to use original cells</i>	<i>3 years</i>

Land use rights indefinitely recorded at cost and is not amortized .

7. Principles for recording construction in progress:

Construction in progress is stated at original cost. These are all necessary costs for purchasing fixed assets.

These costs are capitalised as an additional cost of asset when the works have been completed. After the works have been finalized, the asset will be handed over and put into use.

8. Principles for recording liabilities

Liabilities are recorded at original cost and not lower than the payment obligation.

Liabilities shall be classified into trade payables, inter-company payables and other payables depending on the nature of transactions and relationship between the Company and debtors.

Liabilities must be kept records in detail according to payment schedule, creditor, type of original currency (including revaluation of liabilities payable which satisfying the definition of monetary assets denominated in foreign currencies) and other factors according to requirements of the enterprise.

At the reporting date, if it is evident that there is an unavoidable loss, an amount payable shall be recorded according to prudent rule.

9. Principles for recording provision liabilities:

Provisions are recognized when the following conditions are satisfied: the Company has a present (legal or constructive) obligations 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.

Value of provision liability being recorded: The value which is estimated to be the most reasonable for settling the present obligation at the balance sheet date.

Provision for payables includes the expenditures for doing scientific research. The provision value depends on the Company's operating results of each year.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

10. Principles for recoding unearned revenue

Unrealized revenue is the amount the customers prepaid for one or several accounting periods

Unearned revenue include amounts of customers paid in advance for one or many accounting periods for the revenue in correspondence with the value of goods, services.

Method of allocating unearned revenue is on the principle of conformity with obligations that the Company will perform in next one or several accounting periods.

11. Principles for recording owner's Equity

Principles for recording paid-in Capital

The paid-in capital is the amount that is initially contributed or supplemented by shareholders. The owners' capital will be recorded at the actual contributed capital by cash or assets calculated according to the par value of issued shares in the early establishment period or additional mobilization to expand operation.

Principles for recording share premium, convertible bond option and other capitals

Share premium is the difference between the cost over and above the nominal value of the first issued or additionally issued share and the differences (increase or decrease) of the actual receiving amount against the repurchase price when treasury share is reissued. In case where shares are repurchased to cancel immediately at the purchase date, shares' value recorded decrease the business capital source at purchase date is the actual repurchase price and the business resource should be written down according to the par value and share premium of the repurchased shares.

Principles for recognising undistributed profit:

The undistributed profit is recorded at the profit (loss) from the Company's result of operation after deducting the current year corporate income tax and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous year.

The distributing of profit is based on the charter of the Company approved by the annual shareholder meeting.

12. Principles for recording treasury shares

The owners' equity instruments acquired by the Company (treasury share) are recorded at original cost and deducted into the owners' equity. The Company does not record gain (loss) when purchasing, selling, issuing or cancelling its equity instruments.

13. Principles for recording revenues

Revenue from goods sold

Revenue from the sale of good should be recognised when all the five (5) following conditions have been satisfied: 1) The enterprise has transferred to buyer the significant risks and rewards of ownership of the goods; 2) The enterprise retains neither continuing managerial involvement as an owner nor effective control over the goods sold; 3) The amount of revenue can be measured reliably; When the contract specifies that buyers are entitled to return products, goods they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return products, goods (except for changing to other goods, services) 4) The economic benefits associated with the transaction has flown or will flow to the enterprise; 5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

Revenue from service rendered

Revenue from services rendered is recorded when the result of the supply of services is determined reliably. In case where the services are rendered in several periods, the revenue will be recorded by the part of completed works at the balance sheet. Revenue from services rendered is determined when the following four conditions have been satisfied: 1. The revenue is determined firmly; When the contract specifies that buyers are entitled to return the service they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return service; 2. The economic benefits associated with the transaction has flown or will flow from the supply of the provided service; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract's results can not be determined firmly, the revenue will be recorded at the recoverable level of expenses recorded.

Principles and method of recording revenue from asset lease

Revenue from asset lease is recorded on the principle of allocating advanced lease amount in conformity with lease term.

Principles for recording financial income

Financial incomes include interests, royalties, distributed dividends and profits and income from other financing activities (sale and purchase of securities, liquidation of capital in joint-ventures, investment in associates, subsidiaries, other investments; Foreign exchange gains).

Income arising from interests, royalties, distributed dividends and profits of the enterprises shall be recognized if they simultaneously satisfy the two (2) conditions below 1. It is possible to obtain economic benefits from the concerned transactions; 2. Income is determined with relative certainty.

- Interests recognized on the basis of the actual time and interest rates in each period;
- Distributed dividends and profits shall be recognized when shareholders are entitled to receive dividends or the capital-contributing parties are entitled to receive profits from the capital contribution.

When an amount which has been recorded as an income becomes irrecoverable, such irrecoverable or uncertainly recoverable amount must be accounted as expense incurred in the period, but not recorded as income decrease.

14. Principles and method of recording cost of goods sold

Cost of goods sold are the cost of products, goods, services and other expenses recorded in the cost of goods sold or recorded a decrease in the cost of goods sold in reporting period. The cost of goods sold is recorded at the date the transaction incurs or likely to incur in the future regardless payment has been made or not. The cost of goods sold and revenue shall be recorded simultaneously on conformity principles. Expenses exceeding normal consumption level are recorded immediately to the cost of goods sold on prudent principle.

15. Principles and method of recording financial expenses

Financial expenses include expenses or loss related to the financial investment, borrowing cost and capital borrowing, contribution in joint-venture, associate, provision for devaluation of financial investment, loss from sale of foreign currencies, loss from foreign exchange loss and other financial expenses.

Financial expenses are recorded in details by their content and determined reliably when there are sufficient evidences on these expenses.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND*

16. Principles and methods of recording current taxes and deferred taxes

Corporate income tax includes current corporate income tax and deferred corporate income tax incurred in the period and set basis for determining operating result after tax in current accounting period.

Current tax: is the tax payable on the taxable income and tax rate enacted in current period in accordance with the law on corporate income tax.

The tax amounts payable to the State budget will be finalized with the tax office. Differences between the tax amounts payable specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

Tax policies the Company should comply with are as follows:

The Company pays tax at 20%.

17. Principles for recording earnings per share

Basic earnings per share is calculated by dividing net income available to common shareholders before appropriating to Bonus and Welfare Fund by the weighted-average number of common shares outstanding during the period.

Diluted EPS is calculated by dividing net income available to common shareholders (after adjusting dividends of preferred convertible shares) by the weighted-average number of common share outstanding and the weighted-average number to be issued in case where all dilutive potential common are converted into common shares.

18. Financial instruments:**Initial recognition****Financial assets**

According to Circular No. 210/2009/TT-BTC dated November 06, 2009 (Circular No. 210), financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition.

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

Financial assets of the Company comprise cash, short-term deposits, trade accounts receivables and other receivables.

Financial liabilities

According to Circular 210, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial liabilities which are stated at fair value through the Income Statement, financial liabilities determined on amortised cost basis. The Company decides to classify these liabilities at the date of initial recognition.

At the date of initial recognition, the financial liabilities are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial liabilities.

Financial liabilities of the Company comprise trade payables, other payables, borrowings and liabilities.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND***Re-measurements after initial recognition**

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the report on financial position if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

19. Related parties

Related parties include: Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

20. Principles for presenting assets, revenue and operating results by segment

A reportable segment includes business segment or a geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

1. Cash and cash equivalents	Jun. 30, 2017	Jan. 01, 2017
Cash	37,956,738,507	47,807,463,071
Cash on hand	2,832,918,669	5,728,566,121
Demand deposits	35,123,819,838	42,078,896,950
Cash equivalents	30,000,000,000	20,000,000,000
Deposit with the term of 3 months	30,000,000,000	20,000,000,000
Total	67,956,738,507	67,807,463,071

2. Financial investments (see page 38 to page 40)

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

3. Trade receivables	Jun. 30, 2017		Jan. 01, 2017	
	Amount	Provision	Amount	Provision
a. Short - term	168,651,381,034	-	150,269,075,026	-
Local customers	137,660,560,842	-	103,701,894,371	-
Foreign customers	30,990,820,192	-	46,567,180,655	-
Total	168,651,381,034	-	150,269,075,026	-
b. Related parties				
- An Sinh Hospital	740,860,138	-	625,569,478	-
Total	740,860,138	-	625,569,478	-
4. Prepayment to suppliers	Jun. 30, 2017		Jan. 01, 2017	
	Amount	Provision	Amount	Provision
Short-term	3,642,632,284	-	12,595,811,761	-
Local customers	1,986,589,551	-	9,374,724,461	-
Branch Zuellig Pharma Vietnam	-	-	7,607,038,034	-
Other customers	1,986,589,551	-	1,767,686,427	-
Foreign customers	1,656,042,733	-	3,221,087,300	-
Total	3,642,632,284	-	12,595,811,761	-
5. Other receivables	Jun. 30, 2017		Jan. 01, 2017	
	Amount	Provision	Amount	Provision
Short-term	1,715,992,640	-	1,224,340,504	-
Advances	1,013,308,604	-	29,108,305	-
Other receivables	702,684,036	-	1,195,232,199	-
Health, social insurance, trade union fee	525,712,036	-	829,271,199	-
Consideration for the members of the Board of Management not holding direct management	138,000,000	-	330,000,000	-
Other receivables	38,972,000	-	35,961,000	-
Total	1,715,992,640	-	1,224,340,504	-

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

6. Inventories	Jun. 30, 2017		Jan. 01, 2017	
	Original cost	Provision	Original cost	Provision
Raw materials	137,402,625,100	-	133,722,533,959	-
Tools & supplies	1,645,406,072	-	1,839,884,708	-
Works in progress	25,247,116,355	-	18,428,015,539	-
Finished goods	59,675,700,062	-	55,346,644,104	-
Merchandise inventory	110,199,742	-	210,694,846	-
Total	224,081,047,331	-	209,547,773,156	-

- Value of inactive, deteriorated inventories which are not possibly consumed at the period end: Not applicable.

- Causes and resolutions for inactive, deteriorated inventories;

* *Circumstances or events that led to the addition or reversal of provision for decline in value of inventories: For testing process inventory, items related to drugs which company manage under the expiry date. If the inventory items have expired, the company will cancel the standard implementation of the Department of Health. Therefore, there is not inventory damaged, outdated, lost of quality. The company have no provision for decline in value of inventories.*

- The carrying amount of inventories pledged as security for liabilities: Not applicable.

7. Long-term assets in progress	Jun. 30, 2017		Jan. 01, 2017	
	Amount	Provision	Amount	Provision
Works in progress	2,825,577,000	-	2,685,477,000	-
Accounting software (*)	2,825,577,000	-	2,685,477,000	-
Total	2,825,577,000	-	2,685,477,000	-

(*) Reason for incompleteness in one circle of production, doing business: the Company is building the accounting software but to June 30, 2017, the software has not been completed.

8. Tangible fixed assets (See page 41)

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

9. Intangible fixed assets

	Land use rights	Patents, copyrights	Total
Original cost			
Opening balance	7,438,152,000	2,628,299,139	10,066,451,139
<i>Purchases for the period</i>	-	80,000,000	80,000,000
Closing balance	7,438,152,000	2,708,299,139	10,146,451,139
Accumulated amortization			
Opening balance	-	2,628,299,139	2,628,299,139
<i>Charge for the period</i>	-	6,666,666	6,666,666
Closing balance	-	2,634,965,805	2,634,965,805
Net book value			
As at the beginning of the period	7,438,152,000	-	7,438,152,000
As at the end of the period	7,438,152,000	73,333,334	7,511,485,334

* Ending carrying value of intangible fixed assets pledged/mortgaged as loan security: None

* Ending original costs of intangible fixed assets—fully depreciated but still in use: None

* Commitments on tangible fixed assets acquisitions, sales of large value in the future: None.

* Other changes in intangible fixed assets: None

* Notes on figures and other explanations: None

10. Prepaid expenses	Jun. 30, 2017	Jan. 01, 2017
Short-term prepaid expenses	565,904,397	1,270,846,572
Expenses of giving consultancy for Kinh Duong Vuong Project	90,000,000	90,000,000
Expenses rent office of Nghe An Branch	96,000,000	-
Repair of fixed assets	379,904,397	1,180,846,572
Long-term prepaid expenses	1,613,091,890	-
Tools	1,413,567,394	-
Repair of fixed assets	199,524,496	-
Total	2,178,996,287	1,270,846,572

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

11. Trade payables	Jun. 30, 2017		Jan. 01, 2017	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
Short-term	57,570,413,907	57,570,413,907	40,544,072,793	40,544,072,793
Local suppliers	53,357,031,760	53,357,031,760	36,737,737,587	36,737,737,587
<i>Phytopharma VN JSC</i>	<i>19,382,990,737</i>	<i>19,382,990,737</i>	<i>19,355,784,729</i>	<i>19,355,784,729</i>
<i>Sang Pharmaceutical Co., Ltd</i>	<i>2,643,532,552</i>	<i>2,643,532,552</i>	<i>2,749,902,137</i>	<i>2,749,902,137</i>
<i>Viet Nam Branch Zuellig Pharma</i>	<i>7,441,313,760</i>	<i>7,441,313,760</i>	-	-
<i>Le Hoang Co.,Ltd</i>	<i>1,418,734,350</i>	<i>1,418,734,350</i>	<i>1,682,412,600</i>	<i>1,682,412,600</i>
<i>Cuu Long Pharmaceutical Co., Ltd</i>	<i>1,436,818,900</i>	<i>1,436,818,900</i>	<i>810,802,960</i>	<i>810,802,960</i>
<i>Others</i>	<i>21,033,641,461</i>	<i>21,033,641,461</i>	<i>12,138,835,161</i>	<i>12,138,835,161</i>
Foreign suppliers	4,213,382,147	4,213,382,147	3,806,335,206	3,806,335,206
<i>Aceto Pte Co., Ltd</i>	<i>181,520,000</i>	<i>181,520,000</i>	<i>112,240,750</i>	<i>112,240,750</i>
<i>Apc Pharma & Chemical Company</i>	-	-	<i>1,175,243,836</i>	<i>1,175,243,836</i>
<i>Khs Synchemical Corp Company</i>	-	-	<i>227,900,000</i>	<i>227,900,000</i>
<i>Lando Pharmaceutial Pte Company</i>	<i>1,797,273,448</i>	<i>1,797,273,448</i>	-	-
<i>CT C.Melchers gmbh Company</i>	<i>964,631,442</i>	<i>964,631,442</i>	-	-
<i>Roquette Freres Company</i>	-	-	<i>417,384,720</i>	<i>417,384,720</i>
<i>Ishan International PVT Company</i>	-	-	<i>623,534,400</i>	<i>623,534,400</i>
<i>Meyer Pharmaceuticals Co.,Ltd</i>	<i>398,816,000</i>	<i>398,816,000</i>	<i>802,208,000</i>	<i>802,208,000</i>
<i>Others</i>	<i>871,141,257</i>	<i>871,141,257</i>	<i>447,823,500</i>	<i>447,823,500</i>
Total	57,570,413,907	57,570,413,907	40,544,072,793	40,544,072,793

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

12. Prepayments from customers	Jun. 30, 2017	Jan. 01, 2017
Short-term	14,282,582,806	9,276,664,445
Local customers	10,397,107,904	9,148,136,818
Original cell bank	9,268,935,139	8,192,150,903
Others customers	1,128,172,765	955,985,915
Foreign customers	3,885,474,902	128,527,627
Danson - BG Eood Company	2,234,298,831	-
Others customers	1,651,176,071	128,527,627
Total	14,282,582,806	9,276,664,445

13. Taxes and payables to the State Budget

	Jan. 01, 2017	Payable amount	Paid amount	Jun. 30, 2017
a. Payables				
VAT on import	84,522,363	6,235,410,576	6,317,066,647	2,866,292
VAT output	999,090,217	33,550,056,981	33,928,776,587	620,370,611
Corporate income tax	3,051,041,577	15,714,133,588	10,051,041,577	8,714,133,588
Withholding tax	-	100,313,607	100,313,607	-
Total	4,134,654,157	55,599,914,752	50,397,198,418	9,337,370,491

b. Receivables	Jan. 01, 2017	Payable amount	Paid amount	Jun. 30, 2017
Overpaid VAT on import	84,522,363	6,317,066,647	6,235,410,576	2,866,292
Import – Export duties	11,541,443	947,112,259	937,814,403	2,243,587
Personal income tax	56,672,405	1,787,128,551	2,533,730,604	803,274,458
Other fees, duties and obligations	613,917,032	5,773,917,200	6,341,455,134	1,181,454,966
Total	766,653,243	14,825,224,657	16,048,410,717	1,989,839,303

14. Unrealized revenue	Jun. 30, 2017	Jan. 01, 2017
Long-term		
Unrealized revenue from Mekostem	43,019,632,342	36,002,294,360
Unrealized revenue from finished goods	165,714,286	2,370,382,506
Total	43,185,346,628	38,372,676,866

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

15. Other payables	Jun. 30, 2017	Jan. 01, 2017	
Short-term			
Social insurance, health insurance, trade union fee, Communist party membership fee	172,777,639	143,389,092	
Costs of MekoStem project	177,595,069	177,595,069	
Board of Management	1,388,000,000	46,000,000	
Payable dividends, profit	2,600,000,000	-	
Other payables	7,120,344,578	7,115,094,578	
Total	11,458,717,286	7,482,078,739	
16. Provision liability			
	Jun. 30, 2017	Jan. 01, 2017	
Long-term			
Provision for research projects	30,000,000,000	30,000,000,000	
Total	30,000,000,000	30,000,000,000	
17. Owners' equity			
a. Comparison schedule for changes in Owner's Equity (See page 42)			
b. Details of owners' shareholding			
	% of shareholding	Jun. 30, 2017	Jan. 01, 2017
Shareholding by the State	17.91%	35,283,600,000	35,283,600,000
Shareholding by other investors	80.68%	158,924,530,000	158,924,530,000
Treasury share	1.41%	2,776,460,000	2,776,460,000
Total	100.00%	196,984,590,000	196,984,590,000
* Number of treasury shares: 277,646, equivalent to VND 14,487,151,158.			
c. Capital transactions with owners and distribution of dividends, profits		From Jan. 01, 2017 to Jun. 30, 2017	Year 2016
Owners' equity		194,208,130,000	194,208,130,000
At the beginning of the year		194,208,130,000	151,234,130,000
Capital increase during the year		-	42,974,000,000
At the end of the year		194,208,130,000	194,208,130,000
Dividends paid		24,886,117,100	19,143,167,000
d. Dividends		From Jan. 01, 2017 to Jun. 30, 2017	Year 2016
Dividends declared after the balance sheet date			
Dividends on ordinary shares		Not announced yet	23%
Dividends on preferred shares		-	-
Unrecognised accumulated dividends of preference shares		-	-

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

e. Shares	Jun. 30, 2017	Jan. 01, 2017
Number of shares registered to be issued	19,420,813	19,420,813
Number of shares sold out to the public	19,420,813	19,420,813
<i>Ordinary share</i>	<i>19,420,813</i>	<i>19,420,813</i>
Number of shares repurchased	277,646	277,646
<i>Ordinary share</i>	<i>277,646</i>	<i>277,646</i>
Number of existing shares in issue	19,143,167	19,143,167
<i>Ordinary share</i>	<i>19,143,167</i>	<i>19,143,167</i>
<i>Par value: VND/share.</i>	<i>10,000</i>	<i>10,000</i>

f. Funds	Jun. 30, 2017	Jan. 01, 2017
Investment and development fund	448,083,058,734	403,510,093,275
Total	448,083,058,734	403,510,093,275

* Purpose of appropriating and using funds

Investment and development fund is established from the profit after tax of the enterprise and used for expanding the operating scale or investing further in the enterprise .

18. Source for non-business expenditures	From Jan. 01, 2017 to Jun. 30, 2017	Year 2016
Opening balance	127,920,290	127,920,290
Addition	-	-
Disbursement	21,000,000	-
Closing balance	106,920,290	127,920,290

	Jan. 01, 2016	Non-business expenditures	Source for non- business expenditures	Jun. 30, 2016
a. Non-business expenditures				
Non-business expenditures	304,079,710	-	21,000,000	325,079,710
b. Source for non-business expenditures				
Source for non-business expenditures	432,000,000	-	-	432,000,000

19. Off balance sheet items

Foreign currencies	Jun. 30, 2017		Jan. 01, 2017	
	Currency	Amount (Converted VND)	Currency	Amount (Converted VND)
USD	64,925.38	1,473,805,741	27,063.39	614,338,953
EUR	400.45	9,543,905	405.91	9,679,736
Total		1,483,349,646		624,018,689

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
1. Sales		
a. Revenue		
Revenue from finished goods sold	324,058,349,830	314,824,572,215
Revenue from merchandises sold	305,504,161,528	271,078,890,553
Revenue from services of original cells bank	23,957,551,018	28,271,614,708
Revenue from sale of materials	4,384,410,729	3,813,175,133
Revenue from office lease	3,552,727,272	1,643,636,364
Total	661,457,200,377	619,631,888,973
b. Revenue from related parties	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
Mekong Pharmaceutical JSC	-	7,285,340,810
An Sinh Hospital	5,001,423,134	2,666,449,058
Total	5,001,423,134	9,951,789,868
c. Revenue from leasing assets		
In the Company, revenue from all leasing assets is recorded under gradually allocation method, so there are no differences of the recording one method and recording under the method of gradual allocation by lease term.		
2. Sales deductions	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
Sales returns	161,940,162	174,503,959
Devaluation of sales	14,400,000	-
Total	176,340,162	174,503,959
3. Net sales	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
Revenue from finished goods sold	323,897,857,058	314,650,068,256
Revenue from merchandises sold	305,502,714,138	271,078,890,553
Revenue from exchange of services	23,943,151,018	28,271,614,708
Revenue from construction contract	4,384,410,729	3,813,175,133
Revenue from trading investment properties	3,552,727,272	1,643,636,364
Total	661,280,860,215	619,457,385,014
4. Cost of sales	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
Cost of finished goods sold	210,036,416,312	213,784,097,066
Cost of merchandises sold	303,400,512,696	268,741,952,279
Cost of service of original cells bank	7,086,126,075	4,518,619,898
Cost of materials, services rendered	3,148,334,894	2,363,231,173
Total	523,671,389,977	489,407,900,416

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
5. Financial income		
Interest income from deposits, loans	8,824,333,195	10,411,198,468
Dividends, profit paid	2,579,159,000	4,726,359,000
Realised foreign exchange gains	387,774,942	187,186,195
Total	11,791,267,137	15,324,743,663
6. Financial expenses		
Realised foreign exchange losses	604,394,506	404,283,363
Total	604,394,506	404,283,363
7. Selling expenses and General and administration expenses		
a. Selling expenses		
Salaries	11,721,713,153	10,708,877,607
Depreciation	268,637,310	322,246,361
Services bought from outsiders	8,036,903,171	8,072,043,398
Commission	9,646,101,885	7,393,725,961
Transportation	2,737,962,415	2,206,753,051
Other sundry expenses by cash	277,856,536	299,066,182
Total	32,689,174,470	29,002,712,560
b. General and administration expenses		
Salaries	16,321,590,376	15,292,482,413
Materials and packaging	2,942,286,652	2,793,937,851
Depreciation	2,121,154,649	2,219,243,687
Taxes, fees and duties	6,074,954,976	7,406,019,528
Services bought from outsiders	948,386,573	401,269,041
Other sundry expenses by cash	9,686,094,899	10,428,677,209
Total	38,094,468,125	38,541,629,729
8. Other income		
Disposal and sale of fixed assets (*)	27,272,727	-
Other income (Treatment to surplus amount upon the counting)	481,702,341	138,412,274
Other income	50,000,000	1,365,525
Total	558,975,068	139,777,799

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

	From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
9. Other expenses		
Other expenses	1,007,401	-
Total	1,007,401	-
<i>(*) Notes on disposal, sale of fixed assets</i>		
<i>Disposal, sale of fixed assets</i>	27,272,727	-
<i>Net book value of fixed assets and disposal, sale of fixed assets</i>	-	-
Gain/(loss) from disposal, sale of fixed assets	27,272,727	-
10. Costs of production and doing business by factors		
Raw materials	218,363,074,615	184,587,169,333
Labour cost	49,531,008,096	45,143,577,660
Depreciation and amortization	6,977,964,070	7,015,145,361
Services bought	16,545,171,225	15,688,542,427
Other sundry cash expense	30,500,120,902	32,369,014,525
Total	321,917,338,908	284,803,449,306
11. Current corporate income tax		
1. Total accounting profit before tax	78,570,667,941	77,565,380,408
2. Adjustments to increase (decrease) accounting profit to determine taxable income	-	-
3. Total taxable income (1+2)	78,570,667,941	77,565,380,408
Taxable income of current period	78,570,667,941	77,565,380,408
4. Tax income rate	20%	20%
Tax rate	20%	20%
5. Current corporate income tax	15,714,133,588	15,513,076,082
Current corporate income tax	15,714,133,588	15,513,076,082
7. Total current corporate income tax	15,714,133,588	15,513,076,082

12. Objectives and financial risks management policies

Major risks of financial instruments include market risk, credit risk and liquidity risk.

The Board of General Directors considers the application of management policies for the above risks as follows:

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND***12.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in market prices. There are three market risks: interest rate risk, foreign exchange risk and other price risks, for example risk of stock price. Financial instruments affected by the market risks include: borrowings and liabilities, deposits, available-for-sale investments.

The following sensibility analysis relates to the financial position of the Company as at June 30, 2017 and June 30, 2016

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

When calculating the sensibility analysis, the Board of General Directors assumes that the sensibility of available-for-sale liability in the balance sheet and related items in the income statement is affected by changes in the assumption of corresponding market risks. This analysis is based on the financial assets and liabilities that the Company held as at June 30, 2017 and June 30, 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market prices. Market risks due to change in interest rate of the Company mainly relate to: borrowings and liabilities, cash and short-term deposits.

The Company manages the interest rate risk by analyzing the competition status in the market in order to apply the interest rate that brings benefits to the Company and still in the limit of its risk management.

Sensibility to interest rate

The sensibility of (borrowings and liabilities, cash and short-term deposits) of the Company to changes that may occur at reasonable level in the interest rate is illustrated as follows:

Assuming that other variables remain constant, the fluctuation in the interest rate of (borrowings) with floating interest rate makes impact on the Company's profit before tax as follows:

	<i>Increase/Decrease of basic points</i>	<i>Influences on profit before tax</i>
For the accounting period from Jan. 01, 2017 to Jun. 30, 2017		
VND	+200	1,578,068,992
VND	-200	(1,578,068,992)
For the accounting period from Jan. 01, 2016 to Jun. 30, 2016		
VND	+100	3,554,811,968
VND	-100	(3,554,811,968)

Increase/decrease of basic points being used to analyze the sensibility to the interest rate is assumed on the basis of observable conditions of current market. These conditions show that the fluctuation is insignificantly greater than prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in exchange rate. The Company bears risks due to changes in the exchange rate of the currencies other than VND related directly to the Company's business.

The Company manages foreign exchange risk by considering current and expected market status when it outlines plans for future transactions in foreign currencies. The Company does not use any derivative instruments to prevent foreign exchange risks.

Sensibility to foreign currencies

The sensibility of borrowings and liabilities, cash, cash in bank and short-term deposits of the Company to changes that may occur at reasonable level in the foreign currencies is illustrated as follows:

Assuming that other variables remain constant, the following table shows the sensibility of the Company's profit before tax (due to the changes in the fair value of assets and liabilities) to changes that may occur at reasonable level of the exchange rate of USD. Risks due to changes in the exchange rates of other foreign currencies of the Company are insignificant.

	<i>Changes in exchange rate USD</i>	<i>Influences on profit before tax</i>
For the accounting period from Jan. 01, 2017 to Jun. 30, 2017	+ 1%	282,607,877
	-1%	(282,607,877)
For the accounting period from Jan. 01, 2016 to Jun. 30, 2016	+ 1%	332,054,805
	-1%	(332,054,805)

Stock price risk

Listed and unlisted stocks held by the Company are affected by market risks resulted from the uncertainty of future value of investment stock. The Company manages risks of stock price by setting up investment limit. The Company's Board of Management considers and approves decisions on stock investment.

At the reporting date, the fair value of investments in listed stock of the Company is VND 10,946,711,100 (As at Dec. 31, 2016: VND 10,946,711,100). If the price of these stocks decreases 10%, the profit before tax will decrease approximately VND 1,094,671,110.

12.2 Credit risk

Credit risk is the risk due to the uncertainty in a counterparty's ability to meet its obligations causing the financial loss. The Company bears credit risks from production and doing business activities (mainly trade receivables) and from its financial activities including deposits, foreign exchange transactions and other financial instruments.

Trade receivables

The Company minimizes the credit risk by only doing business with entities who have good financial capacity and closely keeping track of the liabilities to speed up the recovery of debts. On the basis of this method and receivables related to different customers, the credit risk does not concentrate on a certain customer.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

Deposit

The Company mainly maintains deposits in big and prestigious banks in Vietnam. The Company realized that the concentration level of credit exposure to deposits is low.

12.3 Liquidity risk

Liquidity risk is the risk that arises from the difficulty in fulfilling financial obligations due to lack of capital. The liquidity risk of the Company mainly arises from difference of maturity of the financial assets and liabilities.

The Company supervises liquidity risk by maintaining an amount of cash, cash equivalents and borrowings from banks at the level that the Board of General Directors considers as sufficient to satisfy the Company's activities and minimize influences of changes in cash flows.

The following table summarizes liquidity deadline of the Company's financial liabilities on the basis of estimated payments in accordance with contract which are not discounted:

June 30, 2017	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Trade payables	57,570,413,907	-	-	57,570,413,907
Total	57,570,413,907	-	-	57,570,413,907
Dec 31, 2016				
Trade payables	40,544,072,793	-	-	40,544,072,793
Total	40,544,072,793	-	-	40,544,072,793

The Company believes that liquidity risk is low. The Company is able to access capital sources and controls net cash flow from operating activities so as to settle due debts.

Secured assets

The Company does not hold any secured assets of the third party as at June 30, 2017 and December 31, 2016.

13. Financial assets and liabilities (See page 43)

The fair value of financial assets and financial liabilities is stated at the value that the financial instruments are convertible in present transaction among partners, except for compulsory sale or disposal.

The Company uses the following methods and assumptions to estimate the fair value:

The fair value of cash on hand and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the book value of these items because these instruments are in short-term.

The fair value of securities and listed financial liabilities is determined at market value.

As to unlisted securities investments but under regular transactions, the fair value is the average price provided by three independent securities company at the fiscal year end.

The fair value of securities and financial investments whose fair value can not be firmly determined since there exists no high-liquid market for securities, financial investments will be stated at book value.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

VII. OTHER INFORMATION**1. Subsequent events**

There are no significant events since the end of period that need to be adjusted or noted in the financial statements.

2. Related party transactions

Key transactions and balances with related parties:

Related parties	Relationship	Transactions	Movement	Amount
An Sinh Hospital	Associate	Sale of goods	Opening balance	625,569,478
			Sale of goods	5,001,423,134
			Proceeds	4,886,132,474
			Closing balance	740,860,138
			From Jan. 01, 2017 to Jun. 30, 2017	From Jan. 01, 2016 to Jun. 30, 2016
Income of the Board of Management and Board of General Dire				
Board of Management and Board of General Director		Salary, Bonus, consideration	3,005,003,032	2,631,653,335
Total			3,005,003,032	2,631,653,335

3. Presentation of segment asset, revenue and operating result

The Board of General Directors of the Company defines that the issuing management decisions of the Company mainly bases on types of products, services that the Company provides, not on the geographical region where the Company provides its products, services. Therefore, the major segment report is by business sector.

3.1 Major segment reporting: by business sector**a. Segment report by business sector in the accounting period from Jan. 01, 2017 to Jun. 30, 2017**

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	323,897,857,058	210,036,416,312	113,861,440,746
Merchandise	305,502,714,138	303,400,512,696	2,102,201,442
Original cells bank	23,943,151,018	7,086,126,075	16,857,024,943
Materials	4,384,410,729	3,148,334,894	1,236,075,835
Premise lease	3,552,727,272	-	3,552,727,272
Total	661,280,860,215	523,671,389,977	137,609,470,238

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

b. Segment report by business sector in the accounting period from Jan. 01, 2016 to Jun. 30, 2016

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	314,650,068,256	213,784,097,066	100,865,971,190
Merchandise	271,078,890,553	268,741,952,279	2,336,938,274
Original cells bank	28,271,614,708	4,518,619,898	23,752,994,810
Materials	3,813,175,133	2,363,231,173	1,449,943,960
Premise lease	1,643,636,364	-	1,643,636,364
Total	619,457,385,014	489,407,900,416	130,049,484,598

3.2 Minor segment reporting: by geographical region

The Company's branches operate in the same place, so there are no differences of risk and economic benefits among segments operating in geographical regions and thus there is no segment report either.

4. Information on going-concern operation: The Company will continue its operation in the future.

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 14, 2017

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND***V.2. Financial investments****a. Trading securities**

	Jun. 30, 2017			Jan. 01, 2017		
	Original value	Fair value	Provision	Original value	Fair value	Provision
Total value of equity securities	10,946,711,100	10,946,711,100	-	10,946,711,100	10,946,711,100	-
VIDIPHAR Pharmaceutical JSC	4,070,000,000	4,070,000,000	-	4,070,000,000	4,070,000,000	-
OPC Pharmaceutical JSC	241,461,100	241,461,100	-	241,461,100	241,461,100	-
Pharmaceutical Packaging JSC	6,635,250,000	6,635,250,000	-	6,635,250,000	6,635,250,000	-
Total	10,946,711,100	10,946,711,100	-	10,946,711,100	10,946,711,100	-

b. Held-to-maturity investments

	Jun. 30, 2017		Jan. 01, 2017	
	Original value	Fair value	Original value	Fair value
Short-term	-	-	160,000,000,000	160,000,000,000
- Term deposits	-	-	160,000,000,000	160,000,000,000
Total	-	-	160,000,000,000	160,000,000,000

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND***c. Equity investments in other entities**

	Jun. 30, 2017		Jan. 01, 2017	
	Quantity	Fair value	Quantity	Fair value
- Investment in subsidiaries	-	600,000,000,000	-	400,000,000,000
Mekophar Co.,Ltd (*)	-	600,000,000,000	-	400,000,000,000
- Investment in associates	2,464,000	18,510,000,000	2,464,000	18,510,000,000
An Sinh Hospital - Percentage of contribution: 22% (*)	2,464,000	18,510,000,000	2,464,000	18,510,000,000
Other long-term investments	-	23,510,500,000	-	23,510,500,000
Orchids Co.,Ltd - Percentage of contribution: 15% (***)	-	5,550,000,000	-	5,550,000,000
ARECO Real Estates Co.,Ltd - Percentage of contribution: 5% (****)	-	17,960,500,000	-	17,960,500,000
Plus capital investment in other entities	2,464,000	642,020,500,000	2,464,000	442,020,500,000
Total	2,464,000	642,020,500,000	2,464,000	442,020,500,000

Operating status of subsidiaries, associates and material transactions with related parties:**Notes on investments in subsidiaries - Mekophar Co.,Ltd**

(*) According to Business registration certificate one member limited company, business code 0313141915 issued by the Department of Planning and Investment of HCMC on Jan. 26, 2015 and the third amended certificate on Feb. 18, 2017. The chartered capital VND 220,000,000,000 for implementing Project of Investing in Development Research and Producing Biological and Phamaticueal Products. At June 30, 2016, the Company invested VND 600,000,000,000; equivalent to 100% of the chartered capital. Mekophar Co.,Ltd is under construction and has not been operated yet. Company complited to change the Investment Certificate second amendment no 1276623836 on July 06, 2017, the chartered capital is VND 600,000,000,000.

Note to investment in An Sinh hospital

(**) According to Investment Certificate No. 0302774433 dated November 25, 2002 issued by the Department of Planning and Investment, the Company registers to invest in An Sinh Hospital with the amount of VND 14,900,000,000, equivalent to 22% of the chartered capital. As at June 30, 2017, the Company invested VND 18,510,000,000, equivalent to 22% of the chartered capital (the amount at the beginning of the year VND is 18,510,000,000 equivalent to 22% of the chartered capital).

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND*

Status of other investments:**Notes on other investments - Orchids Co.,Ltd**

(***) According to provisions in Business Co-operation Contract (No. 108/HĐHTKD/MKP-OR/2015) signed with Orchids Co.,Ltd for the purpose of building and exploiting the tower at No. 192 Pasteur Street, Ward 6, District 3, HCMC, the project is set up with total estimated paid-in capital of VND 65,000,000,000, by two installments (First installment: total paid-in capital: VND 37,000,000,000, second installment: VND 28,000,000,000). The Company commits to pay in 15% of total invested capital of this project with the amount of VND 9,750,000,000. As at Jun 30, 2017, the Company has paid in VND 5,550,000,000 as committed (first installment is upon the progress of the contract).

Notes on other investments - ARECO Real Estate Co.,Ltd

(****) According to the Business Registration Certificate No. 0312696199 registered for the first change on 16 June 2014 by the Department of Planning and Investment of Ho Chi Minh City, the company registered to invest in ARECO Real Estate Limited Company is VND 17,960,500,000, equivalent to 5% of charter capital.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting 6 months period ended June 30, 2017

Unit: VND

V.8. Tangible fixed assets

Items	Buildings & Structures	Machinery & Equipment	Transportation & Facilities	Others	Total
Original cost					
Opening balance	53,610,571,336	123,343,172,425	15,143,538,903	46,621,940,153	238,719,222,817
<i>New purchase</i>	-	428,975,000	-	278,329,955	707,304,955
<i>Disposal, sale</i>	-	-	(141,797,852)	-	(141,797,852)
Closing balance	53,610,571,336	123,772,147,425	15,001,741,051	46,900,270,108	239,284,729,920
Accumulated depreciation					
Opening balance	32,104,879,657	94,374,658,718	11,854,428,938	37,344,656,099	175,678,623,412
<i>Charge for the period</i>	1,297,313,932	3,404,529,577	450,076,013	1,819,377,882	6,971,297,404
<i>Disposal, sale</i>	-	-	(141,797,852)	-	(141,797,852)
Closing balance	33,402,193,589	97,779,188,295	12,162,707,099	39,164,033,981	182,508,122,964
Net book value					
Opening balance	21,505,691,679	28,968,513,707	3,289,109,965	9,277,284,054	63,040,599,405
Closing balance	20,208,377,747	25,992,959,130	2,839,033,952	7,736,236,127	56,776,606,956

* Ending net book value of tangible fixed assets pledged/mortgaged as loan security: None

* Ending original costs of tangible fixed assets—fully depreciated but still in use: VND 105,663,515,337.

* Ending original costs of tangible fixed assets—waiting to be disposed: None

* Commitments on tangible fixed assets acquisitions, sales of large value : None

* Other changes in tangible fixed assets: None

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND***V.17 Owner's Equity****a. Comparison schedule for changes in Owner's Equity**

Items	Paid-in Capital	Share Premium	Treasury Share	Investment and Development Fund	Undistributed Earnings	Total
Prior year opening balance	151,234,130,000	156,129,704,458	(14,487,151,158)	403,510,093,275	-	696,386,776,575
Capital increase from owner's equity	42,974,000,000	138,928,800,000	-	-	-	181,902,800,000
Profit of year 2016	-	-	-	-	104,118,943,955	104,118,943,955
Dividends paid to shareholders in 2016	-	-	-	-	(19,143,167,000)	(19,143,167,000)
Prior year closing balance	194,208,130,000	295,058,504,458	(14,487,151,158)	403,510,093,275	84,975,776,955	963,265,353,530
Current period opening balance	194,208,130,000	295,058,504,458	(14,487,151,158)	403,510,093,275	84,975,776,955	963,265,353,530
Profit of current period	-	-	-	-	62,856,534,353	62,856,534,353
Gain/losses from Joint venture, associated Company	-	-	-	-	(330,000,000)	(330,000,000)
Payment for Board of Management from profit after tax	-	-	-	-	(1,342,000,000)	(1,342,000,000)
Appropriation to funds from profit of 2016	-	-	-	44,572,965,459	(44,572,965,459)	-
Appropriation to bonus and welfare fund from profit in 2016	-	-	-	-	(9,844,694,396)	(9,844,694,396)
Dividends paid to shareholders in 2016	-	-	-	-	(24,886,117,100)	(24,886,117,100)
Current period closing balance	194,208,130,000	295,058,504,458	(14,487,151,158)	448,083,058,734	66,856,534,353	989,719,076,387

NOTES TO THE FINANCIAL STATEMENTS*For the accounting 6 months period ended June 30, 2017**Unit: VND***VI.13 Financial assets and financial liabilities:**

The following table specifies book value and fair value of the financial instruments presented in the financial statements.

	Book value				Fair value	
	Jun. 30, 2017		Jan. 01, 2017		Jun. 30, 2017	Jan. 01, 2017
	Amount	Provision	Amount	Provision	Amount	Amount
Financial assets						
- Held-to-maturity investments	-	-	160,000,000,000	-	-	160,000,000,000
- Available-for-sale financial assets	10,946,711,100	-	10,946,711,100	-	10,946,711,100	10,946,711,100
- Trade receivables	168,651,381,034	-	150,269,075,026	-	168,651,381,034	150,269,075,026
- Other receivables	38,972,000	-	35,961,000	-	38,972,000	35,961,000
- Cash and cash equivalents	67,956,738,507	-	67,807,463,071	-	67,956,738,507	67,807,463,071
TOTAL	247,593,802,641	-	389,059,210,197	-	247,593,802,641	389,059,210,197
Financial liabilities						
- Trade payables	57,570,413,907	-	40,544,072,793	-	57,570,413,907	40,544,072,793
TOTAL	57,570,413,907	-	40,544,072,793	-	57,570,413,907	40,544,072,793