



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

**REVIEWED
FINANCIAL STATEMENTS**

*For the accounting period of
the first 06 months of the year 2018*

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REPORT OF THE BOARD OF MANAGEMENT

For the accounting period of the first 06 months of the year 2018

The Board of Management has the honor of submitting this report and the reviewed financial statements for the accounting period of the first 06 months of the year 2018.

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; The seventeenth amended certificate dated October 27, 2016, the chartered capital is VND 194,208,130,000. (the chartered capital as of June 30, 2018: VND 194,208,130,000).

Structure of ownership:

Joint Stock Company.

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 - Listed on UPCOM.

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

The Company's branches are located at:

Hanoi branch: B26-B28-TT17 Van Quan new residential - Yen Phuc, Phuc La ward, Ha Dong district, Ha Noi 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 year are presented in the attached financial statements.



REPORT OF THE BOARD OF MANAGEMENT

For the accounting period of the first 06 months of the year 2018

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:

Mrs.	Huynh Thi Lan	Chairman	
Mrs.	Dang Thi Kim Lan	Member	
Mr.	Le Anh Phuong	Member	
Mr.	Satoshi Kamamura	Member	Appointed from April 14, 2018.
Mr.	Kazuya Shinozawa	Member	Resigned on April 14, 2018.
Mr.	Nguyen Duc Thang	Member	
Mrs.	Nguyen Thi Quynh Anh	Member	
Mrs.	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:

Mrs.	Huynh Thi Lan	General Director
Mrs.	Dang Thi Kim Lan	Deputy General Director
Mr.	Le Anh Phuong	Deputy General Director
Mrs.	Phan Thi Lan Huong	Deputy General Director
Mrs.	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 January 01, 2018 to June 30, 2018.

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, 2018 as well as its results of operation and cash flows for the accounting period. 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 period of the first 06 months of the year 2018

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, 2018, 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 of the first 06 months of year 2018.

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

HCMC, August 08, 2018
For and on behalf of the Board of Management



DR. Huynh Thi Lan, PharmD.

Chairman



BALANCE SHEET

As at June 30, 2018

Unit: VND

ASSETS	Code	Notes	June 30, 2018	Jan. 01, 2018
A. CURRENT ASSETS	100		470,554,354,651	464,317,040,908
I. Cash and cash equivalents	110	V.1	22,979,299,783	38,520,852,910
1. Cash	111		22,979,299,783	38,520,852,910
2. Cash equivalents	112		-	-
II. Short-term financial investments	120	V.2	10,946,711,100	10,946,711,100
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		-	-
III. Short-term Accounts receivable	130		193,083,500,888	196,527,229,052
1. Trade accounts receivable	131	V.3	140,934,228,942	169,327,487,404
2. Prepayments to suppliers	132	V.4	14,354,971,365	26,330,424,928
3. Intercompany receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Other receivables	136	V.5	37,794,300,581	869,316,720
7. Provision for doubtful debts	137		-	-
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140	V.6	240,390,624,362	216,888,879,615
1. Inventories	141		240,390,624,362	216,888,879,615
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		3,154,218,518	1,433,368,231
1. Short-term prepayments	151	V.10	459,302,987	872,453,213
2. Deductible VAT	152		-	-
3. Taxes and other receivables from the State Budget	153	V.13b	2,694,915,531	560,915,018
4. Repurchase and sale of Government's bonds	154		-	-
5. Other current assets	155		-	-



BALANCE SHEET

As at June 30, 2018

Unit: VND

ASSETS	Code	Notes	June 30, 2018	Jan. 01, 2018
B. LONG-TERM ASSETS	200		760,425,098,415	783,275,146,518
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		55,548,503,081	60,700,844,188
1. Tangible fixed assets	221	V.8	48,077,017,743	53,209,358,852
- Cost	222		241,334,175,566	242,165,277,702
- Accumulated depreciation	223		(193,257,157,823)	(188,955,918,850)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	7,471,485,338	7,491,485,336
- Cost	228		10,146,451,139	10,146,451,139
- Accumulated amortization	229		(2,674,965,801)	(2,654,965,803)
III. Investment Properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Non-current assets in progress	240	V.7	3,000,702,000	2,825,577,000
1. Works in progress	241		-	-
2. Capital construction in progress	242		3,000,702,000	2,825,577,000
V. Long-term investments	250	V.2	700,465,363,845	718,425,863,845
1. Investments in subsidiaries	251		700,000,000,000	700,000,000,000
2. Investments in associates, joint-ventures	252		18,510,000,000	18,510,000,000
3. Investments in equity of other entities	253		5,550,000,000	23,510,500,000
4. Provision for decline in the value of long-term investments	254		(23,594,636,155)	(23,594,636,155)
5. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		1,410,529,489	1,322,861,485
1. Long-term prepaid expenses	261	V.10	1,410,529,489	1,322,861,485
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,230,979,453,066	1,247,592,187,426



BALANCE SHEET

As at June 30, 2018

Unit: VND

RESOURCES	Code	Notes	June 30, 2018	Jan. 01, 2018
C. LIABILITIES	300		195,902,846,006	212,406,688,227
I. Current liabilities	310		105,260,240,529	127,030,355,555
1. Short-term trade payables	311	V.11	40,783,583,155	54,397,112,761
2. Advances from customers	312	V.12	12,106,827,577	11,830,010,281
3. Taxes and other payables to the State Budget	313	V.13a	6,804,790,754	14,344,364,170
4. Payables to employees	314		8,174,497,266	15,518,560,759
5. Short-term accrued expenses	315		-	277,800,000
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	9,342,792,753	7,292,235,728
10. Short-term borrowings and financial lease liabilities	320		-	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare fund	322		28,047,749,024	23,370,271,856
13. Price stabilization fund	323		-	-
14. Repurchase and sale of Government's bond	324		-	-
II. Long-term liabilities	330		90,642,605,477	85,376,332,672
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	60,642,605,477	55,376,332,672
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, 2018

Unit: VND

RESOURCES	Code	Notes	June 30, 2018	Jan. 01, 2018
D. OWNERS' EQUITY	400		1,035,076,607,060	1,035,185,499,199
I. Owners' equity	410	V.17	1,035,076,607,060	1,035,185,499,199
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		505,320,886,183	448,083,058,734
9. Fund for support of arrangement of enterprises	419		-	-
10. Other funds	420		-	-
11. Undistributed earnings	421		54,976,237,577	112,322,957,165
- Undistributed earnings accumulated to the end of prior period	421a		4,000,000,000	4,000,000,000
- Undistributed earnings in this period	421b		50,976,237,577	108,322,957,165
12. Investment reserve for basic construction	422		-	-
II. Budget sources and other funds	430		-	-
1. Budget sources	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL RESOURCES	440		1,230,979,453,066	1,247,592,187,426

PREPARED BY

Le Thi Thu Huong

CHIEF ACCOUNTANT

Le Thi Thuy Hang

HCMC, August 10, 2018

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

**INCOME STATEMENT***For the accounting period of the first 06 months of the year 2018**Unit: VND*

ITEMS	Code	Notes	From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
1. Sales	01	VI.1	596,512,443,234	661,457,200,377
2. Less sales deductions	02	VI.2	201,246,459	176,340,162
3. Net sales	10	VI.3	596,311,196,775	661,280,860,215
4. Cost of sales	11	VI.4	460,338,180,513	523,671,389,977
5. Gross profit (20 = 10 - 11)	20		135,973,016,262	137,609,470,238
6. Financial income	21	VI.5	10,652,995,658	11,791,267,137
7. Financial expenses	22	VI.6	342,241,120	604,394,506
<i>In which: loan interest expenses</i>	23		-	-
8. Selling expenses	25	VI.7a	38,169,186,330	32,689,174,470
9. General & administration expenses	26	VI.7b	45,370,979,107	38,094,468,125
10. Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		62,743,605,363	78,012,700,274
11. Other income	31	VI.8	1,228,200,439	558,975,068
12. Other expenses	32	VI.9	178,046,311	1,007,401
13. Other profit (40 = 31 - 32)	40		1,050,154,128	557,967,667
14. Net accounting profit before tax (50 = 30 + 40)	50		63,793,759,491	78,570,667,941
15. Corporate income tax - current	51	VI.11	12,817,521,914	15,714,133,588
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		50,976,237,577	62,856,534,353

PREPARED BY**Le Thi Thu Huong****CHIEF ACCOUNTANT****Le Thi Thuy Hang**

HCMC, August 10, 2018

GENERAL DIRECTOR**DR. Huynh Thi Lan, PharmD.**

**CASH FLOW STATEMENT**

(Under indirect method)

*For the accounting period of the first 06 months of the year 2018**Unit: VND*

ITEMS	Code	Notes	From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		63,793,759,491	78,570,667,941
2. Adjustments for :				
- Depreciation of fixed assets and investment properties	02	V.8&9	5,778,091,107	6,977,964,070
- Provisions	03		-	-
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		-	-
- Gains/losses from investing activities	05		(10,672,615,723)	(11,430,764,922)
- Interest expense	06		-	-
- Other adjustments	07		-	-
3. Profit from operating activities before changes in working capital	08		58,899,234,875	74,117,867,089
- Increase (-)/ decrease (+) in receivables	09		1,131,727,651	(10,951,964,727)
- Increase (-)/ decrease (+) in inventories	10		(23,501,744,747)	(14,533,274,175)
- Increase (+)/ decrease (-) in payables (Other than payables, income tax)	11		(17,211,196,511)	20,039,523,844
- Increase (-)/ decrease (+) in prepaid expenses	12		325,482,222	(908,149,715)
- Increase (-)/ decrease (+) in trading securities	13		-	-
- Interest paid	14		-	-
- Corporate income tax paid	15	V.13	(18,636,644,792)	(10,051,041,577)
- Other receipts from operating activities	16		-	-
- Other payments on operating activities	17		(6,094,318,548)	(5,780,928,170)
Net cash inflows/(outflows) from operating activities	20		(5,087,459,850)	51,932,032,569
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21	V.8	(800,875,000)	(927,404,955)
2. Proceeds from disposals of fixed assets and other long-term assets	22	VI.9	65,454,545	27,272,727
3. Loans granted, purchases of debt instruments of other entities	23		-	-
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		-	160,000,000,000
5. Investments in other entities	25		-	(200,000,000,000)
6. Proceeds from divestment in other entities	26		22,000,000,000	-
7. Dividends and interest received	27	VI.5	6,567,661,178	11,403,492,195
Net cash inflows/(outflows) from investing activities	30		27,832,240,723	(29,496,640,033)



CASH FLOW STATEMENT

(Under indirect method)

For the accounting period of the first 06 months of the year 2018

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
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	V.17a	(38,286,334,000)	(22,286,117,100)
Net cash inflows/(outflows) from financing activities	40		(38,286,334,000)	(22,286,117,100)
Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		(15,541,553,127)	149,275,436
Cash and cash equivalents at the beginning of the period	60		38,520,852,910	67,807,463,071
Effect of foreign exchange differences	61		-	-
Cash and cash equivalents at the end of the period (70 = 50+60+61)	70	V.1	22,979,299,783	67,956,738,507

PREPARED BY

Le Thi Thu Huong

CHIEF ACCOUNTANT

Le Thi Thuy Hang

HCMC, August 10, 2018

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

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; The seventeenth amended certificate dated October 27, 2016, the chartered capital is VND 194,208,130,000. (the chartered capital as of June 30, 2018: VND 194,208,130,000).

English name: Mekophar Chemical Pharmaceutical Joint Stock Company.

Short name: Mekophar.

Security code: MKP - Listed on UPCOM.

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

The Company's branches are located at:

Hanoi branch: B26-B28-TT17 Van Quan new residential - Yen Phuc, Phuc La ward, Ha Dong district, Ha Noi 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.

Structure of ownership: Joint Stock Company.

2. Business sector: Production and trading.

3. 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).

4. 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.

5. Operations in the fiscal year affecting the financial statements: Not applicable.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

6. Total employees to June 30, 2018: 764 persons (Dec. 31, 2017: 779 persons).

7. Enterprise Structure

7.1. List of subsidiaries

As at June 30, 2018 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	100%	100%	100%

7.2. List of Joint-ventures and associates

As at June 30, 2018, 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%

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

Name of branches and address:

Hanoi branch: B26-B28-TT17 Van Quan new residential - Yen Phuc, Phuc La ward, Ha Dong district, Ha Noi 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.

8. 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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 and others replacement Circular.

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 principles 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 Vietcombank. The buying rate as at June 30, 2018: 22,920 VND/USD; 26,645 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 Vietcombank. The exchange rate as at June 30, 2018 22,990 VND/USD.

Foreign exchange differences, which arise from foreign currency transactions during the period/year, 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

3. Principles for accounting financial investments

Principles of accounting for trading securities

Trading securities include shares and bonds listed on the stock exchange; Other securities and financial instruments held for trading purposes (including securities with maturity over 12 months of purchase and sale for profit).

Trading securities are recorded at cost, including: Purchase price plus (+) acquisition costs (if any), such as brokerage fees, transaction fees, information, taxes, fees and bank fees. . The original cost of trading securities is determined at the fair value of the consideration at the time of the transaction. The timing of recognition of trading securities is the time when the investor has ownership rights, specifically as follows:

- Listed securities are recognized at the time of order matching (T + 0);
- Unlisted securities are recognized at the time of ownership in accordance with law.

Provision for diminution in value of trading securities is made for the amount of loss that may occur when there is firm evidence that the market value of the securities held by the Company for business purposes is impaired. Down from book value. Provision is made based on the market value of the securities at the time of the financial statements.

Principles for accounting held-to-maturity investments

Held-to-maturity investments include term deposits 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, Associates

Companies are considered as the Company's associates when the Company has 20% - 50% of long-term owners' equity in those companies and has considerable influence over their decision on the financial policies. Investments in associates is included in the consolidated financial statements by equity method.

The equity method: is the method which the investment is recorded initially at cost and will be adjusted whenever there is a change of the investor's ownership in the assets of the associate. The consolidated Income Statements reflects the Company's portion in associate's operating results as a separate item after the investment date.

The financial statements of Associate are prepared at the same accounting period as the Company's and consistent accounting policies are applied. The appropriate adjustments have been conducted in order to ensure the accounting policies are applied in consistency with the Company's when necessary.

Provision for loss of investments in subsidiaries, joint-ventures, 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 consolidated financial statements of the investee (if it is parent company), the investee's financial statements (if it is an independent enterprise without subsidiary).



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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 fee should be recorded at the fair value of the non-monetary assets at the date of occurrence.

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/normal operation level/costs of land use right and relevant overall costs incurred in the duration of building properties.
- 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 period of the first 06 months of the year 2018

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 year.

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..... (or right

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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>4 - 10 years</i>
<i>Land use right</i>	<i>25 years</i>
<i>Right to use original cells</i>	<i>3 years</i>

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 cautious rules.

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

11. Principles for recording owner's Equity

Principles for recording owner's Equity

The owners' equity is the amount that is contributed by members and supplemented from the profit after tax. The owners' equity will be recorded at the actual contributed capital by cash or assets 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.

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 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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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; expenses related to trading the investment properties 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, Financial expenses are recorded in details by their content and determined reliably when there are sufficient evidences on these expenses.

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 year and set basis for determining operating result after tax in current fiscal year.

Current tax: is the tax payable on the taxable income and tax rate enacted in current year 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%.

The Company has been finalized by the Tax Department for the fiscal year ended December 31, 2017.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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.

According to Circular 200/2014/TT-BTC, the financial statements do not present earnings per share item in which will be presented in the consolidated financial statements of the company.

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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	June 30, 2018	Jan. 01, 2018
Cash	22,979,299,783	38,520,852,910
Cash on hand	4,884,545,572	4,050,964,837
Demand deposits	18,094,754,211	34,469,888,073
VND	17,998,295,136	34,392,150,984
USD	87,093,706	67,071,174
EUR	9,365,369	10,665,915
Total	22,979,299,783	38,520,852,910

2. Financial investments (for more details see page 36 to 38)

3. Trade receivables	June 30, 2018		Jan. 01, 2018	
	Amount	Provision	Amount	Provision
a. Short-term	140,934,228,942	-	169,327,487,404	-
Local customers	98,859,702,032	-	126,827,124,259	-
<i>Coduphar Pharmaceutical J.S.C</i>	2,289,495,535	-	34,003,785,764	-
<i>Ha Noi branch of Mekophar J.S.C</i>	21,362,601,254	-	23,593,252,940	-
<i>An Sinh Hospital</i>	1,040,366,126	-	353,244,087	-
<i>Others customers</i>	74,167,239,117	-	68,876,841,468	-
Foreign customers	42,074,526,910	-	42,500,363,145	-
<i>Neros Pharmaceuticals Ltd.</i>	33,953,723,027	-	35,818,363,038	-
<i>Others customers</i>	8,120,803,883	-	6,682,000,107	-
Total	140,934,228,942	-	169,327,487,404	-
b. Related parties				
<i>An Sinh Hospital</i>	1,040,366,126	-	353,244,087	-
Total	1,040,366,126	-	353,244,087	-



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

4. Prepayments to suppliers	June 30, 2018		Jan. 01, 2018	
	Amount	Provision	Amount	Provision
Short-term	14,354,971,365	-	26,330,424,928	-
Local suppliers	12,226,723,992	-	23,390,768,405	-
Branch of Zuellig Pharma Vietnam	10,110,579,751	-	22,716,858,334	-
Other customers	2,116,144,241	-	673,910,071	-
Foreign suppliers	2,128,247,373	-	2,939,656,523	-
Total	14,354,971,365	-	26,330,424,928	-

5. Other receivables	June 30, 2018		Jan. 01, 2018	
	Amount	Provision	Amount	Provision
Short-term	37,794,300,581	-	869,316,720	-
Advances	77,540,461	-	255,967	-
Other receivables	37,716,760,120	-	869,060,753	-
Health, social insurance, trade union fee	549,010,120	-	522,935,378	-
Consideration for the members of the Board of Management not holding direct management	158,000,000	-	336,000,000	-
Lend to Mekopher Co., Ltd	37,000,000,000	-	-	-
Other receivables	9,750,000	-	10,125,375	-
Total	37,794,300,581	-	869,316,720	-

6. Inventories	June 30, 2018		Jan. 01, 2018	
	Original cost	Provision	Original cost	Provision
Raw materials	149,232,107,803	-	131,055,030,309	-
Tools & supplies	1,519,613,591	-	1,602,552,666	-
Works in progress	18,717,474,989	-	21,361,928,311	-
Finished goods	70,873,592,137	-	62,839,098,391	-
Merchandise inventory	47,835,842	-	30,269,938	-
Total	240,390,624,362	-	216,888,879,615	-

- Value of inactive, deteriorated inventories which are not possibly consumed at the period end: None.

- 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: None.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

7. Long-term assets in progress	June 30, 2018		Jan. 01, 2018	
	Amount	Provision	Amount	Provision
Works in progress	3,000,702,000	-	2,825,577,000	-
Accounting software	3,000,702,000	-	2,825,577,000	-
Total	3,000,702,000	-	2,825,577,000	-

(*) Reason for incompleteness in one circle of production, doing business: the Company is building the accounting software but to June 30, 2018, the software has not been completed.

8. Tangible fixed assets (for more details see page 39)

9. Intangible fixed assets

	Land use rights	Patents, copyrights	Total
Original cost			
Opening balance	7,438,152,000	2,708,299,139	10,146,451,139
Closing balance	7,438,152,000	2,708,299,139	10,146,451,139
Accumulated amortization			
Opening balance	-	2,654,965,803	2,654,965,803
Charge for the period	-	19,999,998	19,999,998
Closing balance	-	2,674,965,801	2,674,965,801
Net book value			
As at the beginning of the year	7,438,152,000	53,333,336	7,491,485,336
As at the end of the year	7,438,152,000	33,333,338	7,471,485,338

*Land use rights at 17A CMT8, Can Tho city; No.410 Nguyen Tri Phuong, Da Nang city; B26-B28-TT17 Van Quan new residential - Yen Phuc, Ha Noi city.

* 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: VND 2,628,299,139.

* 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	June 30, 2018	Jan. 01, 2018
Short-term prepaid expenses	459,302,987	872,453,213
Expenses of giving consultancy for Kinh Duong Vuong Project	90,000,000	90,000,000
Office leasing fee	40,000,000	196,610,910
Fire & Explosion insurance	77,096,255	308,385,029
Repair of fixed assets	252,206,732	277,457,274
Long-term prepaid expenses	1,410,529,489	1,322,861,485
Repair of fixed assets	761,912,935	497,349,511
Shelves	648,616,554	825,511,974
Total	1,869,832,476	2,195,314,698



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

11. Trade payables

	June 30, 2018		Jan. 01, 2018	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
Short-term	40,783,583,155	40,783,583,155	54,397,112,761	54,397,112,761
Local suppliers	37,950,902,439	37,950,902,439	47,248,092,011	47,248,092,011
<i>Phytopharma VN (PHYTO)</i>	20,537,843,680	20,537,843,680	27,865,784,188	27,865,784,188
<i>Sang Pharmaceutical Co., Ltd.</i>	1,851,670,062	1,851,670,062	2,642,947,026	2,642,947,026
<i>Le Hoang Co., Ltd.</i>	1,152,251,100	1,152,251,100	1,585,768,800	1,585,768,800
<i>Van Hung Co., Ltd.</i>	2,110,245,246	2,110,245,246	1,783,532,135	1,783,532,135
<i>Other suppliers</i>	12,298,892,351	12,298,892,351	13,370,059,862	13,370,059,862
Foreign suppliers	2,832,680,716	2,832,680,716	7,149,020,750	7,149,020,750
<i>Apc Pharma & Chemical</i>	1,135,180,800	1,135,180,800	-	-
<i>Khs Synchemical Corp</i>	-	-	562,691,250	562,691,250
<i>Lupin Limited</i>	-	-	5,092,640,000	5,092,640,000
<i>Lando Pharmaceutical PTE</i>	1,117,217,416	1,117,217,416	-	-
<i>Other suppliers</i>	580,282,500	580,282,500	1,493,689,500	1,493,689,500
Total	40,783,583,155	40,783,583,155	54,397,112,761	54,397,112,761

12. Prepayments from customers

	June 30, 2018	Jan. 01, 2018
Short-term	12,106,827,577	11,830,010,281
Local customers	11,085,709,247	11,664,425,457
<i>Original cell bank</i>	10,189,235,493	11,054,794,805
<i>Thien Luan Co., Ltd.</i>	293,182,454	12,468,629
<i>Santa Vietnam Co., Ltd.</i>	181,080,000	86,800,001
<i>Other customers</i>	422,211,300	510,362,022
Foreign customers	1,021,118,330	165,584,824
Total	12,106,827,577	11,830,010,281



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

13. Taxes and payables to the State Budget

	Jan. 01, 2018	Payable amount	Paid amount	June 30, 2018
a. Payables				
V.A.T payables	1,387,266,791	31,549,698,256	30,162,431,465	-
Import – Export duties	379,222,603	6,867,873,871	6,534,690,124	46,038,856
Corporate income tax	12,577,874,776	18,636,644,792	12,817,521,914	6,758,751,898
Foreign Contractor tax	-	394,986,623	394,986,623	-
Other taxes	-	1,050,444,969	1,050,444,969	-
Total	14,344,364,170	58,499,648,511	50,960,075,095	6,804,790,754
b. Receivables				
V.A.T receivables	-	124,236,174	-	124,236,174
Overpaid VAT on import	379,222,603	6,534,690,124	6,867,873,871	46,038,856
Import – Export duties	94,194,634	728,130,076	822,324,710	-
Overpaid personal income tax	77,503,135	3,670,825,758	2,778,119,870	970,209,023
Land and housing taxes, land rentals	9,994,646	6,344,436,832	4,800,000,000	1,554,431,478
Total	560,915,018	17,402,318,964	15,268,318,451	2,694,915,531

14. Unrealized revenue

Long-term

	June 30, 2018	Jan. 01, 2018
Unrealized revenue of MekoStem	60,642,605,477	52,054,693,098
Unrealized revenue from finished goods	-	3,321,639,574
Total	60,642,605,477	55,376,332,672

15. Other payables

Short-term

	June 30, 2018	Jan. 01, 2018
Social insurance, health insurance, trade union & Communist party fee	355,698,175	154,141,150
Board of Management	1,872,000,000	23,000,000
Other payables	7,115,094,578	7,115,094,578
Project 45 Vo Thi Sau	6,800,000,000	6,800,000,000
Corporate income tax (XN 24)	91,299,513	91,299,513
Soviet's antibiotic	118,181,818	118,181,818
Other payables	105,613,247	105,613,247
Total	9,342,792,753	7,292,235,728

16. Provision liability

Long-term

	June 30, 2018	Jan. 01, 2018
Provision for research projects	30,000,000,000	30,000,000,000
Total	30,000,000,000	30,000,000,000



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

17. Owners' equity

a. Comparison schedule for changes in Owner's Equity (for more details see page 40)

b. Details of owners' shareholding

	% of shareholding	June 30, 2018	Jan. 01, 2018
Shareholding by the State	18.17%	35,283,600,000	35,283,600,000
Shareholding by other investors	81.83%	158,924,530,000	158,924,530,000
Share premium		295,058,504,458	295,058,504,458
Treasury share		(14,487,151,158)	(14,487,151,158)
Total	100.00%	474,779,483,300	474,779,483,300

* 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, 2018 to Jun. 30, 2018	Year 2017
Owners' equity	194,208,130,000	194,208,130,000
At the beginning of the period	194,208,130,000	194,208,130,000
Capital increase during the period	-	-
Capital decrease during the period	-	-
At the end of the period	194,208,130,000	194,208,130,000
Dividends paid	38,286,334,000	24,886,117,100

d. Dividends

	From Jan. 01, 2018 to Jun. 30, 2018	Year 2017
Dividends declared after the balance sheet date		
Dividends on ordinary shares	Not announced yet	20%
Unrecognised accumulated dividends of preference shares	-	-

e. Shares

	June 30, 2018	Jan. 01, 2018
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
Ordinary share	19,420,813	19,420,813
Number of shares repurchased	277,646	277,646
Ordinary share	277,646	277,646
Number of existing shares in issue	19,143,167	19,143,167
Ordinary share	19,143,167	19,143,167
Par value: VND/share.	10,000	10,000

f. Funds

	June 30, 2018	Jan. 01, 2018
Investment and development fund	505,320,886,183	448,083,058,734
Total	505,320,886,183	448,083,058,734

* 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 .



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

	From Jan. 01, 2018 to Jun. 30, 2018	Year 2017
18. Source for non-business expenditures		
Opening balance	-	127,920,290
Addition	-	-
Disbursement	-	127,920,290
Closing balance	-	-

19. Off balance sheet items

Foreign currencies	June 30, 2018		Jan. 01, 2018	
	Quantity	Converted to VND	Quantity	Converted to VND
USD	3,825.61	87,093,706	2,959.24	67,071,174
EUR	346.97	9,365,369	394.99	10,665,915
Total		96,459,075		77,737,089

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

	From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
1. Sales		
a. Revenue		
Revenue from finished goods sold	304,351,734,048	324,058,349,830
Revenue from merchandises sold	253,177,953,739	305,504,161,528
Revenue from services of original cells bank	29,351,889,121	23,957,551,018
Revenue from sale of materials	5,286,139,054	4,384,410,729
Revenue from office lease	4,344,727,272	3,552,727,272
Total	596,512,443,234	661,457,200,377
b. Revenue from related party		
An Sinh Hospital	4,679,772,494	5,001,423,134
Total	4,679,772,494	5,001,423,134
2. Sales deductions		
Sales returns	195,051,221	161,940,162
Discount	6,195,238	14,400,000
Total	201,246,459	176,340,162
3. Net sales		
Revenue from finished goods sold	304,167,210,297	323,897,857,058
Revenue from merchandises sold	253,166,731,031	305,502,714,138
Revenue from exchange of services	29,346,389,121	23,943,151,018
Revenue from construction contract	5,286,139,054	4,384,410,729
Revenue from trading investment properties	4,344,727,272	3,552,727,272
Total	596,311,196,775	661,280,860,215



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

	From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
4. Cost of sales		
Cost of finished goods sold	196,441,787,398	210,036,416,312
Cost of merchandises sold	251,767,915,791	303,400,512,696
Cost of service of original cells bank	8,141,619,931	7,086,126,075
Cost of materials, services rendered	3,986,857,393	3,148,334,894
Total	460,338,180,513	523,671,389,977
5. Financial income		
Interest income from deposits, loans	51,441,724	8,824,333,195
Dividends, profit paid	6,516,219,454	2,579,159,000
<i>An Sinh Hospital</i>	5,516,669,734	2,200,000,000
<i>VIDIPHAR Pharmaceutical JSC</i>	215,928,720	359,978,000
<i>Pharmaceutical Packaging JSC</i>	764,440,000	-
<i>OPC Pharmaceutical JSC</i>	19,181,000	19,181,000
Realised foreign exchange gains	45,834,480	387,774,942
Receive from the sale of shares in Areco Co., Ltd.	4,039,500,000	-
Total	10,652,995,658	11,791,267,137
6. Financial expenses		
Realised foreign exchange losses	342,241,120	604,394,506
Total	342,241,120	604,394,506
7. Selling expenses and General and administration expenses		
a. Selling expenses		
Salaries	12,258,177,441	11,721,713,153
Depreciation	206,582,187	268,637,310
Services bought from outsiders	10,425,820,647	8,036,903,171
Commission	11,019,010,832	9,646,101,885
Transportation	4,125,237,114	2,737,962,415
Other sundry expenses by cash	134,358,109	277,856,536
Total	38,169,186,330	32,689,174,470
b. General and administration expenses		
Salaries	19,695,845,074	16,321,590,376
Materials and packaging	6,297,709,596	2,942,286,652
Depreciation	1,869,557,704	2,121,154,649
Taxes, fees and duties	5,094,101,490	6,074,954,976
Services bought from outsiders	737,800,673	948,386,573
Other sundry expenses by cash	11,675,964,570	9,686,094,899
Total	45,370,979,107	38,094,468,125



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

	From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
8. Other income		
Disposal and sale of fixed assets (*)	65,454,545	27,272,727
Other income (Treatment to surplus amount upon the counting)	1,087,542,832	481,702,341
Difference upon revaluation of land use rights	75,203,062	50,000,000
Total	1,228,200,439	558,975,068
9. Other expenses		
Administrative fines	122,396,969	-
Other expenses (Treatment to deficient amount upon the counting)	55,649,342	1,007,401
Total	178,046,311	1,007,401
<i>(*) Notes on disposal, sale of fixed assets</i>		
<i>Disposal, sale of fixed assets</i>	65,454,545	27,272,727
<i>Net book value of fixed assets and disposal, sale of fixed assets</i>	-	-
<i>Gain/(loss) from disposal, sale of fixed assets</i>	65,454,545	27,272,727
10. Costs of production and doing business by factors		
Raw materials	194,864,446,970	218,363,074,615
Labour cost	55,126,884,511	49,531,008,096
Depreciation and amortization	5,778,091,107	6,977,964,070
Services bought	23,016,330,444	16,545,171,225
Other sundry cash expense	30,601,351,712	30,500,120,902
Total	309,387,104,744	321,917,338,908
11. Current corporate income tax		
1. Total accounting profit before tax	63,793,759,491	78,570,667,941
2. Adjustments to increase (decrease) accounting profit to determine taxable income:	-	-
3. Total taxable income (1+2)	63,793,759,491	78,570,667,941
Taxable income in the current period (20%)	63,793,759,491	78,570,667,941
4. Tax rate	20%	20%
5. Current corporate income tax	12,758,751,898	15,714,133,588
Payable corporation income tax	12,758,751,898	15,714,133,588
6. Adjustments of corporate income tax of prior years to that of current year	58,770,016	-
7. Total current corporate income tax	12,817,521,914	15,714,133,588



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

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:

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, 2018 and June 30, 2017.

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, 2018 and June 30, 2017.

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>
The first 06 months of the year 2018		
VND	+200	459,585,996
VND	-200	(459,585,996)
The first 06 months of the year 2017		
VND	+200	1,578,068,992
VND	-200	(1,578,068,992)

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 period of the first 06 months of the year 2018

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>
The first 06 months of the year 2018	+ 2%	786,766,105
The first 06 months of the year 2017	+ 1%	282,607,877

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 11,673,890,500 (December 31, 2017: VND 11,673,890,500). If the price of these stocks decreases 10%, the profit before tax will decrease approximately VND 1,167,389,050.

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

The Board of General Directors of the Company has assessed that most financial assets are not overdue and impaired since these financial assets relate to prestigious customers who have good liquidity capacity except for overdue and/or impaired debts.

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, 2018	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Trade payables	40,783,583,155	-	-	40,783,583,155
Total	40,783,583,155	-	-	40,783,583,155
Dec. 31, 2017				
Trade payables	54,397,112,761	-	-	54,397,112,761
Total	54,397,112,761	-	-	54,397,112,761

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, 2018 and December 30, 2017.

13. Financial assets and liabilities (for more details see page 41)

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 accounting period 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 period of the first 06 months of the year 2018

Unit: VND

Except for the above-mentioned items, the fair value of financial assets and financial liabilities has not been valuated and determined officially as at June 30, 2018 and December 31, 2017. However, the Board of General Directors has assessed that the fair value of financial assets and liabilities is not significantly different from the book value at the accounting period of first 06 months of the year 2018.

VIII. OTHER INFORMATION

1. Subsequent events

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

2. Contingent liabilities, commitments and other information

There are no contingent liabilities, commitments occurred since the fiscal year ended that need to be adjusted or noted in the financial statements.

3. 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	353,244,087
			Sale of goods	5,090,488,394
			Proceeds	4,403,366,355
			Closing balance	1,040,366,126
Income of the Board of Management and Board of General Directors			From Jan. 01, 2018 to Jun. 30, 2018	From Jan. 01, 2017 to Jun. 30, 2017
Board of Management and Board of General Directors.		Salary, Bonus, consideration	3,094,038,508	3,005,003,032
Total			3,094,038,508	3,005,003,032

4. Presentation of segment asset, revenue and operating result

The Board of General Directors of the Company defines that the issuing managemental 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 report is by business sector.

4.1 Major segment reporting: by business sector

a. Segment report by business sector in the accounting period of the first 06 months of the year 2018:

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	304,167,210,297	196,441,787,398	107,725,422,899
Merchandise	253,166,731,031	251,767,915,791	1,398,815,240
Original cells bank	29,346,389,121	8,141,619,931	21,204,769,190
Materials	5,286,139,054	3,986,857,393	1,299,281,661
Premise lease	4,344,727,272	-	4,344,727,272
Total	596,311,196,775	460,338,180,513	135,973,016,262



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

b. Segment report by business sector in the accounting period of the first 06 months of the year 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

4.2 Minor segment reporting: by geographical region

The Company's branches operate in the same place, so there are no differences of operations in geographical region and thus there is no segment report either.

5. 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 10, 2018

GENERAL DIRECTOR

DR. Huynh Thi Lan, PharmD.

**NOTES TO THE FINANCIAL STATEMENTS***For the accounting period of the first 06 months of the year 2018**Unit: VND***V.2. Financial investments****a. Trading securities**

	June 30, 2018			Jan. 01, 2018		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Total value of equity securities	10,946,711,100	-	11,673,890,500	10,946,711,100	-	11,856,110,000
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	-	968,640,500	241,461,100	-	1,150,860,000
Pharmaceutical Packaging JSC	6,635,250,000	-	6,635,250,000	6,635,250,000	-	6,635,250,000
Total	10,946,711,100	-	11,673,890,500	10,946,711,100	-	11,856,110,000

b. Equity investments in other entities

	June 30, 2018			Jan. 01, 2018		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Investment in subsidiaries	700,000,000,000	(23,594,636,155)	676,405,363,845	700,000,000,000	(23,594,636,155)	676,405,363,845
Mekophar Co., Ltd.	700,000,000,000	(23,594,636,155)	676,405,363,845	700,000,000,000	(23,594,636,155)	676,405,363,845
Investment in joint-ventures, associates	18,510,000,000	-	18,510,000,000	18,510,000,000	-	18,510,000,000
An Sinh Hospital - Percentage of contribution: 22%	18,510,000,000	-	18,510,000,000	18,510,000,000	-	18,510,000,000
Other long-term investments	5,550,000,000	-	5,550,000,000	23,510,500,000	-	23,510,500,000
Orchids Co., Ltd. - Percentage of contribution: 15%	5,550,000,000	-	5,550,000,000	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
Total	724,060,000,000	(23,594,636,155)	700,465,363,845	742,020,500,000	(23,594,636,155)	718,425,863,845



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

Operating status of subsidiaries, associates and material transactions with related parties:

Notes on investments in subsidiaries - Mekophar Co., Ltd.

According to Investment Certificate No. 413 041 000084 dated January 26, 2015 issued by High-Tech Park Authorities and the Business registration certificate No. 0313141915 dated January 26, 2015, the fourth amendement certificate dated April 20, 2017 issued the Department of Planning and Investment of HCMC, Mekophar Chemical Pharmaceutical Joint-Stock Company registers to invest in Mekophar Co.,Ltd with the amount of VND 700,000,000,000, equivalent to 100% of the chartered capital. For the first 06 months of year 2018, the subsidiary losses VND 10,850,187,326, the accumulation losses as at June 30, 2018 is VND 34,531,671,151. Mekophar Chemical Pharamceutical J.S.C accounted the devaluation provision for this investment.

Notes on investments in associates - 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. In the period, Mekophar Chemical Pharmaceutical Joint-Stock Company does not invest more. As at June 30, 2018, 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). The business operation of the An Sinh Hospital is stabilizing throughout the operating years and the Company has received dividends paid from the hospital in this period.

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 June 30, 2018, the Company has paid in VND 5,550,000,000 as committed (first installment is upon the progress of the contract). The project is still in the state of basic construction.

Notes on other investments - ARECO Real Estates One-Member Co., Ltd.

According to the Board of Managements' Resolution No. 01/NQ-HDQT dated February 05, 2018 and the transfer contract between Mekophar Chemical Pharmaceutical Joint-Stock Company and Thai Binh Investment Joint Stock Company ("TBS") about the transferring of 5% of the charter capital which owned by Mekophar Chemical Pharmaceutical Joint-Stock Company at ARECO Real Estate One Member Limited Company, equivalent to VND 17,960,500,000, with the total amount of VND 22,000,000,000.



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Tel: [028] 38650 258 - 38650 363 Fax: [028] 38650 394
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NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

(*) Fair value as at June 30, 2018 for all the investments

The fair value of the investment in OPC Pharmaceutical J.S.C is determined using the price stated in the HOSE stock market and the amount of stocks which the Company is currently holding as at the accounting period end.

The fair value of other investments in the Subsidiary and others companies has not been recalculated officially as at June 30, 2018 and December 31, 2017 due to the fact that these Company has not been listed in any stock exchange market so that there are no reliable reference. However, the Board of General Directors has agree to temporarily accounted the fair value using the original value of these investments and added the note on the operation shorted of these investments.



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

Unit: VND

V.8. Tangible fixed assets

Items	Buildings & Structures	Machinery & Equipment	Transportation & Facilities	Others	Total
Original cost					
Opening balance	53,610,571,336	124,399,953,925	16,492,054,233	47,662,698,208	242,165,277,702
<i>New purchases</i>	-	208,450,000	-	417,300,000	625,750,000
<i>Disposal, sale</i>	-	(80,000,000)	(410,000,000)	(966,852,136)	(1,456,852,136)
Closing balance	53,610,571,336	124,528,403,925	16,082,054,233	47,113,146,072	241,334,175,566
Accumulated depreciation					
Opening balance	34,482,213,341	101,055,157,242	12,620,101,102	40,798,447,165	188,955,918,850
<i>Charge for the period</i>	969,224,328	2,952,278,976	450,968,427	1,385,619,378	5,758,091,109
<i>Disposal, sale</i>	-	(80,000,000)	(410,000,000)	(966,852,136)	(1,456,852,136)
Closing balance	35,451,437,669	103,927,436,218	12,661,069,529	41,217,214,407	193,257,157,823
Net book value					
As at beginning of the period	19,128,357,995	23,344,796,683	3,871,953,131	6,864,251,043	53,209,358,852
As at the end of the period	18,159,133,667	20,600,967,707	3,420,984,704	5,895,931,665	48,077,017,743

* 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 121,914,054,544.

* 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 period of the first 06 months of the year 2018

Unit: VND

V.17. Owners' 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	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 prior year	-	-	-	-	108,322,957,165	108,322,957,165
Appropriation to the Board of Management expenses fund of 2016	-	-	-	-	(330,000,000)	(330,000,000)
Appropriation to the Board of Management bonus fund of 2016	-	-	-	-	(1,342,000,000)	(1,342,000,000)
Appropriation to funds from profit of 2016	-	-	-	44,572,965,459	(44,572,965,459)	-
Dividends paid to shareholders in 2016	-	-	-	-	(24,886,117,100)	(24,886,117,100)
Appropriation to bonus and welfare fund of 2016	-	-	-	-	(9,844,694,396)	(9,844,694,396)
Prior year closing balance	194,208,130,000	295,058,504,458	(14,487,151,158)	448,083,058,734	112,322,957,165	1,035,185,499,199
Current period opening balance	194,208,130,000	295,058,504,458	(14,487,151,158)	448,083,058,734	112,322,957,165	1,035,185,499,199
Profit of this period	-	-	-	-	50,976,237,577	50,976,237,577
Appropriation to the Board of Management expenses fund of 2017	-	-	-	-	(336,000,000)	(336,000,000)
Appropriation to the Board of Management bonus fund of 2017	-	-	-	-	(1,849,000,000)	(1,849,000,000)
Appropriation to funds from profit of 2017	-	-	-	57,237,827,449	(57,237,827,449)	-
Dividends paid to shareholders in 2017	-	-	-	-	(38,286,334,000)	(38,286,334,000)
Appropriation to bonus and welfare fund of 2017	-	-	-	-	(10,613,795,716)	(10,613,795,716)
Current period closing balance	194,208,130,000	295,058,504,458	(14,487,151,158)	505,320,886,183	54,976,237,577	1,035,076,607,060



NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2018

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	
	June 30, 2018		31/12/2017		June 30, 2018	31/12/2017
	Amount	Provision	Amount	Provision	Amount	Amount
Financial asests						
- Available-for-sale financial assets	10,946,711,100	-	10,946,711,100	-	11,673,890,500	11,856,110,000
- Trade receivables	140,934,228,942	-	169,327,487,404	-	140,934,228,942	169,327,487,404
- Other receivables	9,750,000	-	10,125,375	-	9,750,000	10,125,375
- Cash and cash equivalents	22,979,299,783	-	38,520,852,910	-	22,979,299,783	38,520,852,910
TOTAL	174,869,989,825	-	218,805,176,789	-	175,597,169,225	219,714,575,689
Financial liabilities						
- Trade payables	40,783,583,155	-	54,397,112,761	-	40,783,583,155	54,397,112,761
TOTAL	40,783,583,155	-	54,397,112,761	-	40,783,583,155	54,397,112,761