



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

**REVIEWED
FINANCIAL STATEMENTS**
For the accounting period of the first 06 months of the year 2020

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REPORT OF THE BOARD OF MANAGEMENT

For the accounting period of the first 06 months of the year 2020

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 2020.

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 nineteenth amended certificate dated July 21, 2020, the chartered capital is VND 232,490,000,000. (the chartered capital as of June 30, 2020: VND 232,490,000,000).

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. 79 Ho Huu Nhan Str., Vinh Tan 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 2020

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

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

Board of Management:

Mr. Le Anh Phuong	Chairman	Appointed on May 08, 2020
Mrs. Huynh Thi Lan	Chairman	Dismissed on May 08, 2020
Mrs. Huynh Thi Lan	Deputy Chairman	Appointed on May 08, 2020
Mrs. Dang Thi Kim Lan	Member	
Mr. Le Anh Phuong	Member	Dismissed on May 08, 2020
Mr. Satoshi Kamamura	Member	
Mr. Dinh Xuan Han	Member	Appointed on April 24, 2020
Mr. Nguyen Duc Thang	Member	Dismissed on April 24, 2020
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 - 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, 2020 to June 30, 2020.

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, 2020 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 2020

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, 2020, 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 2020.

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

HCMC, August 12, 2020

For and on behalf of the Board of Management



Le Anh Phuong, Eng.
Chairman



CÔNG TY TNHH KIỂM TOÁN VÀ DỊCH VỤ TIN HỌC TP.HCM

Auditing And Informatic Services Company Limited

Head Office: 389A Dien Bien Phu Str., Ward 4, Dist.3, Ho Chi Minh City

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Website: www.aisc.com.vn

No.: A0620215-SXR/AISC-DN4

**AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION
SHAREHOLDERS, BOARD OF MANAGEMENT AND BOARD OF GENERAL
DIRECTORS**

To:

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, 2020, Income Statement, Cash Flows Statement for the accounting period of the first 06 months of year 2020 and Notes to the Financial Statements as set out on Page 05 to Page 43, which were prepared on August 12, 2020.

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 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.

Responsibilities 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.

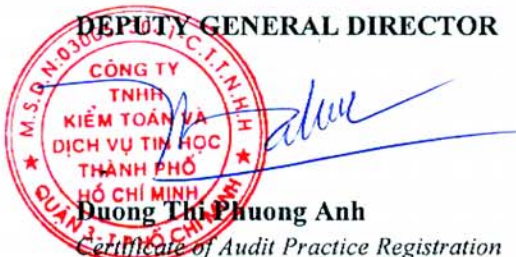
Conclusion

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, 2020 as well as the results of its operation and its cash flows for the 06 months period then ended 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.

HCMC, August 12, 2020

PP.GENERAL DIRECTOR

DEPUTY GENERAL DIRECTOR



Duong Thi Phuong Anh

Certificate of Audit Practice Registration

No. 0321-2018-005-1

Issued by the Ministry of Finance

BALANCE SHEET

As at June 30, 2020

Unit: VND

ASSETS	Code	Notes	June 30, 2020	Jan. 01, 2020
A. CURRENT ASSETS	100		507,749,529,462	513,202,347,413
I. Cash and cash equivalents	110	V.1	17,226,061,710	46,134,023,783
1. Cash	111		17,226,061,710	36,134,023,783
2. Cash equivalents	112		-	10,000,000,000
II. Short-term financial investments	120	V.2	75,946,711,100	65,946,711,100
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		65,000,000,000	55,000,000,000
III. Short-term Accounts receivable	130		120,466,910,756	151,613,235,001
1. Trade accounts receivable	131	V.3	133,483,193,771	157,196,637,992
2. Prepayments to suppliers	132	V.4	2,403,807,170	9,747,206,609
3. Intercompany receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Other receivables	136	V.5	860,993,043	950,473,628
7. Provision for doubtful debts	137	V.3	(16,281,083,228)	(16,281,083,228)
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140	V.6	289,180,391,787	246,581,537,157
1. Inventories	141		289,180,391,787	246,581,537,157
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		4,929,454,109	2,926,840,372
1. Short-term prepayments	151	V.10	1,871,952,998	2,544,240,090
2. Deductible VAT	152		1,396,346,831	-
3. Taxes and other receivables from the State Budget	153	V.13b	1,661,154,280	382,600,282
4. Repurchase and sale of Government's bonds	154		-	-
5. Other current assets	155		-	-

BALANCE SHEET

As at June 30, 2020

Unit: VND

ASSETS	Code	Notes	June 30, 2020	Jan. 01, 2020
B. LONG-TERM ASSETS	200		904,630,942,922	928,065,148,982
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		50,888,580,385	52,523,419,026
1. Tangible fixed assets	221	V.8	41,192,037,172	42,550,338,111
- Cost	222		252,149,528,888	250,836,493,325
- Accumulated depreciation	223		(210,957,491,716)	(208,286,155,214)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	9,696,543,213	9,973,080,915
- Cost	228		12,911,828,139	12,911,828,139
- Accumulated amortization	229		(3,215,284,926)	(2,938,747,224)
III. Investment Properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Non-current assets in progress	240	V.7	595,425,000	595,425,000
1. Works in progress	241		-	-
2. Capital construction in progress	242		595,425,000	595,425,000
V. Long-term investments	250	V.2	852,083,523,629	874,621,670,002
1. Investments in subsidiaries	251		900,000,000,000	900,000,000,000
2. Investments in associates, joint-ventures	252		-	-
3. Investments in equity of other entities	253		24,068,960,000	24,068,960,000
4. Provision for decline in the value of long-term investments	254		(71,985,436,371)	(49,447,289,998)
5. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		1,063,413,908	324,634,954
1. Long-term prepaid expenses	261	V.10	1,063,413,908	324,634,954
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,412,380,472,384	1,441,267,496,395

BALANCE SHEET

As at June 30, 2020

Unit: VND

RESOURCES	Mã số	Thuyết minh	June 30, 2020	Jan. 01, 2020
C. LIABILITIES	300		166,956,148,145	177,597,361,068
I. Current liabilities	310		65,577,945,859	85,530,124,660
1. Short-term trade payables	311	V.11	16,271,586,425	20,945,945,101
2. Advances from customers	312	V.12	12,555,808,124	17,460,116,352
3. Taxes and other payables to the State Budget	313	V.13a	1,142,503,698	2,305,638,296
4. Payables to employees	314		7,541,159,323	9,958,847,370
5. Short-term accrued expenses	315		-	5,500,000
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	17,718,674,767	17,641,229,039
10. Short-term borrowings and financial lease liabilities	320		-	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare fund	322		10,348,213,522	17,212,848,502
13. Price stabilization fund	323		-	-
14. Repurchase and sale of Government's bond	324		-	-
II. Long-term liabilities	330		101,378,202,286	92,067,236,408
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	101,378,202,286	92,067,236,408
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		-	-
13. Fund for science and technology development	343		-	-

BALANCE SHEET

As at June 30, 2020

Unit: VND

RESOURCES	Code	Notes	June 30, 2020	Jan. 01, 2020
D. OWNERS' EQUITY	400		1,245,424,324,239	1,263,670,135,327
I. Owners' equity	410	V.16	1,245,424,324,239	1,263,670,135,327
1. Owners' capital	411		232,490,000,000	232,490,000,000
- Ordinary shares with voting rights	411a		232,490,000,000	232,490,000,000
- Preferred shares	411b		-	-
2. Share premium	412		409,789,114,458	409,789,114,458
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		570,571,691,667	546,407,678,417
9. Fund for support of arrangement of enterprises	419		-	-
10. Other funds	420		-	-
11. Undistributed earnings	421		47,060,669,272	89,470,493,610
- Undistributed earnings accumulated to the end of prior year	421a		24,000,000,000	24,000,000,000
- Undistributed earnings in this year	421b		23,060,669,272	65,470,493,610
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		1,412,380,472,384	1,441,267,496,395

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 12, 2020

GENERAL DIRECTOR




DR. Huynh Thi Lan, PharmD.

INCOME STATEMENT

For the accounting period of the first 06 months of the year 2020

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
1. Sales	01	VI.1	642,044,859,731	579,269,695,060
2. Less sales deductions	02	VI.2	694,735,551	498,698,160
3. Net sales	10	VI.3	641,350,124,180	578,770,996,900
4. Cost of sales	11	VI.4	504,695,992,452	446,749,044,621
5. Gross profit (20 = 10 - 11)	20		136,654,131,728	132,021,952,279
6. Financial income	21	VI.5	3,780,208,788	6,852,952,414
7. Financial expenses	22	VI.6	23,237,494,111	13,745,086,347
<i>In which: Loan interest expenses</i>	23		-	147,343,121
8. Selling expenses	25	VI.7a	40,737,067,063	37,061,185,430
9. General & administration expenses	26	VI.7b	44,963,916,394	45,499,099,992
10. Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		31,495,862,948	42,569,532,924
11. Other income	31	VI.8	497,640,559	496,171,124
12. Other expenses	32	VI.9	3,167,666,917	175,881,731
13. Other profit (40 = 31 - 32)	40		(2,670,026,358)	320,289,393
14. Net accounting profit before tax (50 = 30 + 40)	50		28,825,836,590	42,889,822,317
15. Corporate income tax - current	51	VI.11	5,765,167,318	8,638,355,681
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 - 52)	60		23,060,669,272	34,251,466,636

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 12, 2020

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 2020

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		28,825,836,590	42,889,822,317
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02	V.8&9	5,427,739,277	5,106,145,931
- Provisions	03	V.6&7	22,538,146,373	16,526,214,031
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		25,834,708	(98,439,576)
- Gains/losses from investing activities	05		(3,768,919,190)	(6,776,764,398)
- Interest expense	06	VI.6	-	147,343,121
- Other adjustments	07		-	-
3. Profit from operating activities before changes in working capital	08		53,048,637,758	57,794,321,426
- Increase (-)/ decrease (+) in receivables	09		30,031,560,138	(22,505,038,741)
- Increase (-)/ decrease (+) in inventories	10		(42,598,854,630)	(26,945,953,095)
- Increase (+)/ decrease (-) in payables (Other than payables, income tax)	11		(3,580,502,288)	21,036,687,768
- Increase (-)/ decrease (+) in prepaid expenses	12		(66,491,862)	(308,934,545)
- Increase (-)/ decrease (+) in trading securities	13		-	-
- Interest paid	14		-	(147,343,121)
- Corporate income tax paid	15	V.13	(5,995,068,304)	(16,224,629,863)
- Other receipts from operating activities	16		-	-
- Other payments on operating activities	17		(13,552,084,340)	(16,200,768,984)
Net cash inflows/(outflows) from operating activities	20		17,287,196,472	(3,501,659,155)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21		(5,507,016,462)	(2,433,578,997)
2. Proceeds from disposals of fixed assets and other long-term assets	22	VI.9	36,363,636	28,181,818
3. Loans granted, purchases of debt instruments of other entities	23		(107,212,945,534)	(10,000,000,000)
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		97,212,945,534	80,000,000,000
5. Investments in other entities	25		-	(200,000,000,000)
6. Proceeds from divestment in other entities	26		-	-
7. Dividends and interest received	27	VI.5	3,732,555,554	588,582,580
Net cash inflows/(outflows) from investing activities	30		(11,738,097,272)	(131,816,814,599)

CASH FLOW STATEMENT

(Under indirect method)

For the accounting period of the first 06 months of the year 2020

Unit: VND

ITEMS	Code	Notes	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		-	152,977,480,000
2. Payments for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33		-	20,944,069,110
4. Repayments of borrowings	34		-	(20,944,069,110)
5. Payments for finance lease liabilities	35		-	-
6. Dividends paid	36	V.17a	(34,457,031,000)	(28,714,750,500)
Net cash inflows/(outflows) from financing activities	40		(34,457,031,000)	124,262,729,500
Net cash inflows/(outflows) (50 = 20 + 30 + 40)	50		(28,907,931,800)	(11,055,744,254)
Cash and cash equivalents at the beginning of the period	60		46,134,023,783	60,751,967,400
Effect of foreign exchange differences	61		(30,273)	1,657,025
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	V.1	17,226,061,710	49,697,880,171

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 12, 2020

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

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 nineteenth amended certificate dated July 21, 2020, the chartered capital is VND 232,490,000,000. (the chartered capital as of June 30, 2020: VND 232,490,000,000).

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. 79 Ho Huu Nhan Str., Vinh Tan 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: None.**6. Total employees to June 30, 2020:** 739 persons (Dec. 31, 2019: 750 persons).

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

7. Enterprise Structure

7.1. List of subsidiaries

As at June 30, 2020 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 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. 79 Ho Huu Nhan Str., Vinh Tan 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

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 - Saigon Branch. The buying rate as at June 30, 2020: 23,120 VND/USD; 25,615 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 - Saigon Branch. The exchange rate as at June 30, 2020: 23,300 VND/USD; 26,652 VND/EUR.

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.

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:

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND*

- 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:

Subsidiary is a company which the Company has shareholding of more than 50% 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.

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, 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).

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).

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

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.

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:

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND**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,

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.

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>

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

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 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.

10. Principles for recording owner's Equity

Principles for recording owner's Paid - in Capital:

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:

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.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

11. 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.

12. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

13. 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.

14. 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

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

15. 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, 2018.

16. 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.

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.

17. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

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.

18. 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.

19. 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, 2020	Jan. 01, 2020
Cash	Original Currency	17,226,061,710	36,134,023,783
Cash on hand		2,261,396,823	2,358,373,931
Demand deposits		14,964,664,887	33,775,649,852
VND		14,874,258,300	33,657,386,321
USD	2,904.82	67,159,438	94,749,614
EUR	907.56	23,247,149	23,513,917
Cash equilulant		-	10,000,000,000
Deposits with the term less than 3 months		-	10,000,000,000
Total		17,226,061,710	46,134,023,783

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

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

3. Trade receivables	June 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
a. Short-term	133,483,193,771	(16,281,083,228)	157,196,637,992	(16,281,083,228)
Local customers	97,614,518,484	-	117,454,099,495	-
<i>Ha Noi branch of Mekophar J.S.C</i>	<i>27,391,575,299</i>	-	<i>37,547,684,470</i>	-
<i>Can Tho branch of Mekophar J.S.C</i>	<i>5,625,712,650</i>	-	<i>7,342,558,824</i>	-
<i>An Sinh Hospital Co., Ltd Branch of Zuellig at Tan Tao Park</i>	<i>11,909,568,210</i>	-	<i>13,373,540,697</i>	-
<i>Mekophar Co., Ltd.</i>	<i>1,888,540,604</i>	-	-	-
<i>Others customers</i>	<i>48,272,889,704</i>	-	<i>58,514,170,777</i>	-
Foreign customers	35,868,675,287	(16,281,083,228)	39,742,538,497	(16,281,083,228)
<i>Neros Pharmaceuticals Ltd.</i>	<i>32,061,775,160</i>	<i>(16,281,083,228)</i>	<i>32,522,704,110</i>	<i>(16,281,083,228)</i>
<i>Others customers</i>	<i>3,806,900,127</i>	-	<i>7,219,834,387</i>	-
Total	133,483,193,771	(16,281,083,228)	157,196,637,992	(16,281,083,228)
b. Related parties				
<i>Mekophar Co., Ltd.</i>	<i>1,888,540,604</i>	-	-	-
<i>An Sinh Hospital Co., Ltd</i>	<i>2,526,232,017</i>	-	<i>676,144,727</i>	-
Total	4,414,772,621	-	676,144,727	-
4. Prepayments to suppliers	June 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
a. Short-term	2,403,807,170	-	9,747,206,609	-
Local suppliers	1,413,794,105	-	1,283,263,611	-
<i>Vietnam Pharmaceutical Corporation</i>	<i>399,000,000</i>	-	<i>399,000,000</i>	-
<i>Bazan Vietnam Travel Co., Ltd.</i>	<i>673,533,000</i>	-	-	-
<i>Other suppliers</i>	<i>341,261,105</i>	-	<i>884,263,611</i>	-
Foreign suppliers	990,013,065	-	8,463,942,998	-
<i>Virchow Laboratories Lime</i>	<i>768,570,000</i>	-	-	-
<i>Jenn Chiang Machinery Co., Ltd</i>	-	-	<i>1,047,364,800</i>	-
<i>KHS Synchemica Corp</i>	-	-	<i>5,495,470,000</i>	-
<i>Other suppliers</i>	<i>221,443,065</i>	-	<i>1,921,108,198</i>	-
Total	2,403,807,170	-	9,747,206,609	-

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

4. Prepayments to suppliers (Cont.)

	June 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
b. Related parties				
<i>Vietnam Pharmaceutical Corporation</i>	399,000,000	-	399,000,000	-
Total	399,000,000	-	399,000,000	-

5. Other receivables

	June 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
Short-term	860,993,043	-	950,473,628	-
Other receivables	860,993,043	-	950,473,628	-
<i>Health, social insurance, trade union fee</i>	436,801,383	-	369,181,968	-
<i>Remuneration for the members of the Board of Management not holding direct management</i>	174,000,000	-	336,000,000	-
<i>Pay on behalf of Zuellig Pharma VN</i>	4,900,000	-	-	-
<i>Other receivables</i>	245,291,660	-	245,291,660	-
Total	860,993,043	-	950,473,628	-

6. Inventories

	June 30, 2020		Jan. 01, 2020	
	Original cost	Provision	Original cost	Provision
Raw materials	190,322,592,702	-	153,660,612,227	-
Tools & supplies	1,761,399,849	-	1,208,773,094	-
Works in progress	7,603,127,233	-	21,192,169,085	-
Finished goods	89,493,078,285	-	70,512,495,808	-
Merchandise inventory	193,718	-	7,486,943	-
Total	289,180,391,787	-	246,581,537,157	-

- 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 2020

Unit: VND

7. Long-term assets in progre	June 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
Works in progress	595,425,000	-	595,425,000	-
Cost of ERP software	595,425,000	-	595,425,000	-
Total	595,425,000	-	595,425,000	-

(*) Reason for incompleteness in one circle of production, doing business: the Company is building the accounting software but to June 30, 2020, the software has not been completed.

8. Tangible fixed assets (for more details see page 41)**9. Intangible fixed assets**

	Land use rights	Patents, copyrights	Total
Original cost			
Opening balance	7,438,152,000	5,473,676,139	12,911,828,139
Closing balance	7,438,152,000	5,473,676,139	12,911,828,139
Accumulated amortization			
Opening balance	-	2,938,747,224	2,938,747,224
Charge for the period	-	276,537,702	276,537,702
Closing balance	-	3,215,284,926	3,215,284,926
Net book value			
As at the beginning of the period	7,438,152,000	2,534,928,915	9,973,080,915
As at the end of the period	7,438,152,000	2,258,391,213	9,696,543,213

*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 2,708,299,139.

* 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.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

10. Prepaid expenses	June 30, 2020		Jan. 01, 2020	
Short-term prepaid expenses	1,871,952,998		2,544,240,090	
Rental expense of office	27,500,000		121,581,311	
Fire & Explosion insurance	76,848,750		307,395,000	
Cost of repairing fixed assets	1,767,604,248		2,115,263,779	
Long-term prepaid expenses	1,063,413,908		324,634,954	
Cost of repairing fixed assets	1,063,413,908		206,704,660	
Shevles	-		117,930,294	
Total	2,935,366,906		2,868,875,044	
11. Trade payables	June 30, 2020		Jan. 01, 2020	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
Short-term	16,271,586,425	16,271,586,425	20,945,945,101	20,945,945,101
Local suppliers	10,978,098,569	10,978,098,569	15,652,782,101	15,652,782,101
<i>National phytopharma J.S.C</i>	908,353,482	908,353,482	3,371,804,102	3,371,804,102
<i>Branch Zuellig Pharma Vietnam</i>	2,915,916,710	2,915,916,710	2,075,791,668	2,075,791,668
<i>Other suppliers</i>	7,153,828,377	7,153,828,377	10,205,186,331	10,205,186,331
Foreign suppliers	5,293,487,856	5,293,487,856	5,293,163,000	5,293,163,000
<i>Chifeng Pharmaceutical</i>	1,631,000,000	1,631,000,000	-	-
<i>Lupin Limited</i>	-	-	2,552,023,000	2,552,023,000
<i>Lando Pharmaceutical PTE</i>	2,100,921,856	2,100,921,856	-	-
<i>Antibiotice SA</i>	-	-	1,463,490,000	1,463,490,000
<i>Other suppliers</i>	1,561,566,000	1,561,566,000	1,277,650,000	1,277,650,000
Total	16,271,586,425	16,271,586,425	20,945,945,101	20,945,945,101
12. Prepayments from customers	June 30, 2020		Jan. 01, 2020	
Short-term	12,555,808,124		17,460,116,352	
Local customers	8,909,150,832		15,288,790,672	
<i>Original cell bank</i>	6,330,304,500		12,792,548,016	
<i>Anda Vietnam Co., Ltd.</i>	838,665,900		1,033,665,900	
<i>Other customers</i>	1,740,180,432		1,462,576,756	
Foreign customers	3,646,657,292		2,171,325,680	
<i>Neros Pharmaceuticals Ltd.</i>	3,314,158,095		-	
<i>KKC Corporation Co., Ltd.</i>	-		941,431,439	
<i>Saba Trade Ltd</i>	281,717,930		790,791,570	
<i>Other customers</i>	50,781,267		439,102,671	
Total	12,555,808,124		17,460,116,352	

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

13. Taxes and payables to the State Budget

	Jan. 01, 2020	Payable amount	Payable amount	June 30, 2020
a. Payables				
V.A.T payables	1,133,078,834	35,458,023,455	34,324,944,621	-
Import – Export duties	177,491,158	7,744,045,106	7,943,890,328	377,336,380
Corporate income tax	995,068,304	5,995,068,304	5,765,167,318	765,167,318
Foreign Contractor tax	-	131,022,956	131,022,956	-
Other taxes	-	36,250,000	36,250,000	-
Total	2,305,638,296	49,364,409,821	48,201,275,223	1,142,503,698
b. Receivables				
V.A.T receivables	177,491,158	7,943,890,328	7,744,045,106	377,336,380
Overpaid VAT on import	31,111,432	818,376,384	829,250,389	20,237,427
Overpaid PIT	173,997,692	4,352,136,349	3,669,910,885	856,223,156
Land and housing tax; land rental	-	4,007,357,317	3,600,000,000	407,357,317
Total	382,600,282	17,121,760,378	15,843,206,380	1,661,154,280

14. Unrealized revenue	June 30, 2020	Jan. 01, 2020
Long-term		
Unrealized revenue of MekoStem	101,378,202,286	91,134,575,463
Unrealized revenue from finished goods	-	932,660,945
Total	101,378,202,286	92,067,236,408

15. Other payables	June 30, 2020	Jan. 01, 2020
Short-term		
Social insurance, health insurance, trade union & Communist party fee	259,024,634	181,578,906
Board of Management	344,555,555	344,555,555
Other payables	17,115,094,578	17,115,094,578
<i>Project 45 Vo Thi Sau</i>	<i>6,800,000,000</i>	<i>6,800,000,000</i>
<i>Corporate income tax (XN 24)</i>	<i>91,299,513</i>	<i>91,299,513</i>
<i>Soviet's antibiotic</i>	<i>118,181,818</i>	<i>118,181,818</i>
<i>Happy House Investment J.S.C</i>	<i>10,000,000,000</i>	<i>10,000,000,000</i>
<i>Other payables</i>	<i>105,613,247</i>	<i>105,613,247</i>
Total	17,718,674,767	17,641,229,039

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

16. Owners' equity

a. Comparison schedule for changes in Owner's Equity (for more details see page 42)

b. Details of owners' shareholding	% of shareholding	June 30, 2020	Jan. 01, 2020
Shareholding by the State	18.20%	42,304,320,000	42,304,320,000
Shareholding by other investors	81.80%	190,185,680,000	190,185,680,000
Share premium		409,789,114,458	409,789,114,458
Total	100.00%	642,279,114,458	642,279,114,458
		June 30, 2020	Jan. 01, 2020
Treasury shares		(14,487,151,158)	(14,487,151,158)
Total		(14,487,151,158)	(14,487,151,158)

* Number of treasury shares at June 30, 2020: 277.646 shares.

c. Capital transactions with owners and distribution of dividend	2020 to Jun. 30, 2020	Year 2019
Owners' equity	232,490,000,000	232,490,000,000
<i>At the beginning of the period</i>	232,490,000,000	194,208,130,000
<i>Increase in the period</i>	-	38,281,870,000
<i>At the end of the period</i>	232,490,000,000	232,490,000,000
Dividends paid	34,457,031,000	28,714,750,500

d. Dividends

Dividends declared after the balance sheet date

<i>Dividends on ordinary shares</i>	<i>Not announced yet</i>	15%
Unrecognised accumulated dividends of preference shares	-	-

e. Shares

	June 30, 2020	Jan. 01, 2020
Number of shares registered to be issued	23,249,000	23,249,000
Number of shares sold out to the public	23,249,000	23,249,000
<i>Ordinary share</i>	23,249,000	23,249,000
Number of shares repurchased	277,646	277,646
<i>Ordinary share</i>	277,646	277,646
Number of existing shares in issue	22,971,354	22,971,354
<i>Ordinary share</i>	22,971,354	22,971,354
<i>Par value: VND/share.</i>	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

16. Owners' equity (Cont.)

f. Funds	June 30, 2020	Jan. 01, 2020
Investment and development fund	570,571,691,667	546,407,678,417
Total	570,571,691,667	546,407,678,417

* 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 .

17. Off balance sheet items

Foreign currencies	June 30, 2020		Jan. 01, 2020	
	Quantity	Converted to VND	Quantity	Converted to VND
USD	2,904.82	67,159,438	4,099.94	94,749,614
EUR	907.56	23,247,149	913.02	23,513,917
Total		90,406,587		118,263,531

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

1. Sales	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
a. Revenue		
Revenue from finished goods sold	289,579,808,086	298,743,379,010
Revenue from merchandises sold	313,628,481,162	243,828,197,413
Revenue from services of original cells bank	30,049,315,681	27,477,812,181
Revenue from sale of materials	5,103,877,056	4,741,856,958
Revenue from office lease	3,683,377,746	4,478,449,498
Total	642,044,859,731	579,269,695,060
b. Revenue from related party		
An Sinh Hospital Co., Ltd	4,799,456,979	4,636,553,024
Mekophar Co., Ltd.	119,252,668	-
Total	4,918,709,647	4,636,553,024
2. Sales deductions	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
Sales returns	694,735,551	498,698,160
Total	694,735,551	498,698,160

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
3. Net sales		
Revenue from finished goods sold	288,913,964,104	298,245,652,150
Revenue from merchandises sold	313,599,589,593	243,827,226,113
Revenue from exchange of services	30,049,315,681	27,477,812,181
Revenue from construction contract	5,103,877,056	4,741,856,958
Revenue from trading investment properties	3,683,377,746	4,478,449,498
Total	641,350,124,180	578,770,996,900
4. Cost of sales		
Cost of finished goods sold	178,959,902,576	191,492,805,894
Cost of merchandises sold	312,116,503,821	242,455,659,604
Cost of service of original cells bank	9,006,483,494	8,766,518,510
Cost of materials, services rendered	4,613,102,561	4,034,060,613
Total	504,695,992,452	446,749,044,621
5. Financial income		
Interest income from deposits, loans	2,246,315,554	209,401,580
Dividends, profit paid	1,486,240,000	6,539,181,000
<i>An Sinh Hospital Co., Ltd</i>	<i>1,162,240,000</i>	<i>6,160,000,000</i>
<i>VIDIPHAR Pharmaceutical JSC</i>	<i>324,000,000</i>	<i>360,000,000</i>
<i>OPC Pharmaceutical JSC</i>	-	<i>19,181,000</i>
Realised foreign exchange gains	47,653,234	5,930,258
Unrealised foreign exchange gains	-	98,439,576
Total	3,780,208,788	6,852,952,414
6. Financial expenses		
Interest expenses	-	147,343,121
Realised foreign exchange losses	673,513,030	539,810,306
Unrealised foreign exchange losses	25,834,708	-
Provision of investment losses in subsidiary	22,538,146,373	13,057,932,920
Total	23,237,494,111	13,745,086,347

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
7. Selling expenses and General and administration expenses		
a. Selling expenses		
Salaries	12,928,537,269	12,368,857,883
Depreciation	139,821,514	86,805,570
Services bought from outsiders	10,061,293,363	9,731,226,333
Commission	12,698,497,176	11,191,602,959
Transportation	4,797,650,541	3,574,425,485
Other sundry expenses by cash	111,267,200	108,267,200
Total	40,737,067,063	37,061,185,430
b. General and administration expenses		
Salaries	22,745,855,144	21,457,990,931
Materials and packaging	5,206,320,411	4,047,016,167
Depreciation	2,018,299,204	1,789,257,148
Taxes, fees and duties	3,739,171,857	3,919,952,507
Provision for doubtful debt	-	3,468,281,111
Services bought from outsiders	2,192,959,047	1,213,752,158
Other sundry expenses by cash	9,061,310,731	9,602,849,970
Total	44,963,916,394	45,499,099,992
	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
8. Other income		
Disposal and sale of fixed assets (*)	36,363,636	28,181,818
Other income (Treatment to surplus amount upon the counting)	408,011,329	395,989,306
Difference upon revaluation of land use rights	53,265,594	72,000,000
Total	497,640,559	496,171,124
	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
9. Other expenses		
Administrative fines	-	126,894,091
Other expenses (Treatment to deficient amount upon the counting)	3,167,666,917	48,987,640
Total	3,167,666,917	175,881,731
	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
<i>(*) Notes on disposal, sale of fixed assets</i>		
<i>Disposal, sale of fixed assets</i>	<i>1,750,479,462</i>	<i>28,181,818</i>
<i>Net book value of fixed assets and disposal, sale of fixed assets</i>	<i>1,714,115,826</i>	<i>-</i>
Gain/(loss) from disposal, sale of fixed assets	36,363,636	28,181,818

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
10. Costs of production and doing business by factors		
Raw materials	167,425,992,181	195,350,420,240
Labour cost	59,249,218,333	56,665,438,232
Depreciation and amortization	5,427,739,277	5,106,145,931
Services bought	24,362,091,357	22,007,282,537
Other sundry cash expense	27,919,644,432	30,505,256,311
Total	284,384,685,580	309,634,543,251
	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
11. Current corporate income tax		
1. Total accounting profit before tax	28,825,836,590	42,889,822,317
2. Adjustments to increase (decrease) accounting profit to determine taxable income:	-	-
3. Total taxable income (1+2)	28,825,836,590	42,889,822,317
Taxable income in the current year (20%)	28,825,836,590	42,889,822,317
4. Tax rate	20%	20%
5. Current corporate income tax	5,765,167,318	8,577,964,463
6. Adjustments of corporate income tax of prior years to the current year	-	60,391,218
7. Total current corporate income tax	5,765,167,318	8,638,355,681

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 on June 30, 2020 and June 30, 2019.

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 on June 30, 2020 and June 30, 2019.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND****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 2020		
VND	+100	822,260,617
VND	-100	(822,260,617)
The first 06 months of the year 2019		
VND	+100	596,978,802
VND	-100	(596,978,802)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND*

	<i>Changes in exchange rate USD</i>	<i>Influences on profit before tax</i>
The first 06 months of the year 2020	+ 1%	306,655,940
	-1%	(306,655,940)
The first 06 months of the year 2019	+ 1%	280,113,121
	-1%	(280,113,121)

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 13.713.567.000 (December 31, 2019: VND 13.358.576.000). If the price of these stocks decreases 10%, the profit before tax will decrease approximately VND 1.371.356.700.

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.

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 presented as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

Trade receivables	Not overdue		Overdue	
	Not impaired	Impaired	Not impaired	Impaired
June 30, 2020				
Under 90 days	101,421,418,611	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	7,419,227,402	24,642,547,758
Total net value	101,421,418,611	-	7,419,227,402	24,642,547,758
Provision for devaluation	-	-	-	(16,281,083,228)
Net value	101,421,418,611	-	7,419,227,402	8,361,464,530
December 31, 2019				
Under 90 days	124,673,933,882	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	7,880,156,352	24,642,547,758
Total net value	124,673,933,882	-	7,880,156,352	24,642,547,758
Provision for devaluation	-	-	-	(16,281,083,228)
Net value	124,673,933,882	-	7,880,156,352	8,361,464,530

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, 2020	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Trade payables	16,271,586,425	-	-	16,271,586,425
Other short-term payables and other accrued expenses	10,000,000,000	-	-	10,000,000,000
Total	26,271,586,425	-	-	26,271,586,425
December 31, 2019				
Trade payables	20,945,945,101	-	-	20,945,945,101
Other short-term payables and other accrued expenses	10,005,500,000	-	-	10,005,500,000
Total	30,951,445,101	-	-	30,951,445,101

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.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND***Secured assets**

The Company does not hold any secured assets of the third party as at June 30, 2020 and December 31, 2019.

13. Financial assets and liabilities (for more details 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.

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.

Except for the above-mentioned items, the fair value of financial assets and financial liabilities has not been valued and determined officially as at June 30, 2020 and December 31, 2019. 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 end of accounting period on June 30,2020.

VII. ADDITIONAL INFORMATION FOR ITEMS IN THE CASH FLOW STATEMENT

	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
1. Borrowing amount in the period		
- Proceeds from the borrowing under normal agreement	-	20,944,069,110
	From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
2. Payment for principal debts		
- Payment for principal debts under normal agreement	-	(20,944,069,110)

VIII. OTHER INFORMATION**1. Subsequent events**

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

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

3. Related party transactions

Key transactions and balances with related parties:

Related parties	Relationship	Transactions	Movement	Amount
		Sale of goods (Receivable)	Opening balance Sale of goods Proceeds	- 129,188,285 126,175,090
Mekophar Co., Ltd.	Subsidiary		Closing balance	3,013,195
		Sale of fixed assets (Receivable)	Opening balance Sale of fixed assets Proceeds	- 1,885,527,409 -
			Closing balance	1,885,527,409
		Buy of fixed assets (Payable)	Opening balance Buy of fixed assets Purchase	- 581,562,300 581,562,300
			Closing balance	-
An Sinh Hospital Co., Ltd.	Associate	Sale of goods (Receivable)	Opening balance Sale of goods Proceeds	676,144,727 5,229,599,704 3,379,512,414
			Closing balance	2,526,232,017
Vietnam Pharmaceutical Corporation	Associate	Purchase of goods (Receivable)	Opening balance Closing balance	399,000,000 399,000,000

	2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
Income of the Board of Management and Board of General Director		
Board of Management and Board of General Directors.	Salary, Bonus, consideration	
	3,295,226,494	3,066,379,802
Total	3,295,226,494	3,066,379,802

4. Presentation of segment asset, revenue and operating result

The Board of General Directors of the Company defines that the issuing managerial 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 2020:**

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	288,913,964,104	178,959,902,576	109,954,061,528
Merchandise	313,599,589,593	312,116,503,821	1,483,085,772
Original cells bank	30,049,315,681	9,006,483,494	21,042,832,187
Materials	5,103,877,056	4,613,102,561	490,774,495
Premise lease	3,683,377,746	-	3,683,377,746
Total	641,350,124,180	504,695,992,452	136,654,131,728

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

b. Segment report by business sector in the accounting period of the first 06 months of the year 2019:

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	298,245,652,150	191,492,805,894	106,752,846,256
Merchandise	243,827,226,113	242,455,659,604	1,371,566,509
Original cells bank	27,477,812,181	8,766,518,510	18,711,293,671
Materials	4,741,856,958	4,034,060,613	707,796,345
Premise lease	4,478,449,498	-	4,478,449,498
Total	578,770,996,900	446,749,044,621	132,021,952,279

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 Thu Hang

HCMC, August 12, 2020

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2020

Unit: VND

V.2. Financial investments**a. Trading securities**

	June 30, 2020			Jan. 01, 2020		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Total value of equity securities	10,946,711,100	-	13,713,567,000	10,946,711,100	-	13,358,576,000
VIDIPHAR Pharmaceutical JSC	4,070,000,000	-	5,985,000,000	4,070,000,000	-	5,841,000,000
OPC Pharmaceutical JSC	241,461,100	-	1,093,317,000	241,461,100	-	882,326,000
Pharmaceutical Packaging JSC	6,635,250,000	-	6,635,250,000	6,635,250,000	-	6,635,250,000
Total	10,946,711,100	-	13,713,567,000	10,946,711,100	-	13,358,576,000

b. Held-to-maturity investments

	June 30, 2020		Jan. 01, 2020	
	Original value	Fair value	Original value	Fair value
Short-term	65,000,000,000	65,000,000,000	55,000,000,000	55,000,000,000
- Term deposits	55,000,000,000	55,000,000,000	55,000,000,000	55,000,000,000
- Bonds (*)	10,000,000,000	10,000,000,000	-	-
Total	65,000,000,000	65,000,000,000	55,000,000,000	55,000,000,000

(*) Bond of Hung Loc Phat real estate J.S.C investment has a term of 18 months since June 01, 2020 with commitment to buy back after 6 months, fixed interest rate of 12%/year, which is received interest every 6 month and guaranteed by Bao Viet Securities J.S.C.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND***V.2. Financial investments (Cont.)**

c. Equity investments in other entities	June 30, 2020			Jan. 01, 2020		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Investment in subsidiaries	900,000,000,000	(71,985,436,371)	828,014,563,629	900,000,000,000	(49,447,289,998)	850,552,710,002
Mekophar Co., Ltd.	900,000,000,000	(71,985,436,371)	828,014,563,629	900,000,000,000	(49,447,289,998)	850,552,710,002
Other long-term investments	24,068,960,000	-	24,068,960,000	24,068,960,000	-	24,068,960,000
An Sinh Hospital - Percentage of contribution: 18,34%	18,518,960,000	-	18,518,960,000	18,518,960,000	-	18,518,960,000
Orchids Co., Ltd. - Percentage of contribution: 15%	5,550,000,000	-	5,550,000,000	5,550,000,000	-	5,550,000,000
Total	924,068,960,000	(71,985,436,371)	852,083,523,629	924,068,960,000	(49,447,289,998)	874,621,670,002

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

According to Investment Certificate No. 413041000084 dated January 26, 2015 issued by High-Tech Park Authorities and the Business registration certificate No. 0313141915 dated January 26, 2015, the seventh amendement certificate dated June 05, 2019 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 900,000,000,000, equivalent to 100% of the chartered capital. As at June 30, 2020, the Company invested VND 900,000,000,000. For the first 06 months of year 2020, the subsidiary's loss is VND 22,538,146,373, the accumulation losses as at June 30, 2020 is VND 71,985,436,371. Mekophar Chemical Pharamceutical J.S.C accounted the devaluation provision for this investment.

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**Unit: VND***Status of other investments:****Notes on other investments - 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, 2020, the Company invested VND 18,518,960,000, equivalent to 18,34% of the chartered capital (the amount at the beginning of the year is VND 18,518,960,000 equivalent to 18,34% 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 year.

Notes on other investments - Orchids Co., Ltd.

According to provisions in Business Co-operation Contract (No. 108/HDHTKD/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. As at June 30, 2020, the Company has paid in VND 5,550,000,000 as committed. The project has just began to operate.

(* Fair value as at June 30, 2020 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 June 30, 2020.

The fair value of other investments in the Subsidiary and others companies has not been recalculated officially as at June 30, 2020 and December 31, 2019 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 2020

Unit: VND

V.8. Tangible fixed assets

Items	Buildings & Structures	Machinery & Equipment	Transportation & Facilities	Others	Total
Original cost					
Opening balance	53,610,571,336	130,263,108,547	15,643,016,181	51,319,797,261	250,836,493,325
<i>New purchases</i>	-	4,480,550,008	289,048,454	737,418,000	5,507,016,462
<i>Disposal, sale</i>	-	(2,733,190,851)	(114,469,048)	(1,346,321,000)	(4,193,980,899)
Closing balance	53,610,571,336	132,010,467,704	15,817,595,587	50,710,894,261	252,149,528,888
Accumulated depreciation					
Opening balance	38,242,229,159	111,945,613,354	13,285,322,782	44,812,989,919	208,286,155,214
<i>Charge for the period</i>	928,663,830	2,979,439,918	301,396,964	941,700,863	5,151,201,575
<i>Disposal, sale</i>	-	(2,239,178,432)	(114,469,048)	(126,217,593)	(2,479,865,073)
Closing balance	39,170,892,989	112,685,874,840	13,472,250,698	45,628,473,189	210,957,491,716
Net book value					
As at beginning of the period	15,368,342,177	18,317,495,193	2,357,693,399	6,506,807,342	42,550,338,111
As at the end of the period	14,439,678,347	19,324,592,864	2,345,344,889	5,082,421,072	41,192,037,172

* 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 140,730,031,609.

* 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 2020**Unit: VND***V.16. 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
Balance as at January 01, 2019	194,208,130,000	295,058,504,458	(14,487,151,158)	505,320,886,183	105,017,491,926	1,085,117,861,409
Profit of the first 6 months in prior year	-	-	-	-	34,251,466,636	34,251,466,636
Increase capital	38,281,870,000	114,730,610,000	-	-	-	153,012,480,000
Appropriation to the Board of Management expenses fund of 2018	-	-	-	-	(326,000,000)	(326,000,000)
Appropriation to the Board of Management bonus fund of 2018	-	-	-	-	(912,000,000)	(912,000,000)
Appropriation to funds from profit of 2018	-	-	-	41,086,792,234	(41,086,792,234)	-
Dividends paid to shareholders in 2018	-	-	-	-	(28,714,750,500)	(28,714,750,500)
Appropriation to bonus and welfare fund of 2018	-	-	-	-	(9,977,949,192)	(9,977,949,192)
Balance as at June 30, 2019	232,490,000,000	409,789,114,458	(14,487,151,158)	546,407,678,417	58,251,466,636	1,232,451,108,353
Profit of the last 6 months in prior year	-	-	-	-	31,219,026,974	31,219,026,974
Balance as at December 31, 2019	232,490,000,000	409,789,114,458	(14,487,151,158)	546,407,678,417	89,470,493,610	1,263,670,135,327
Balance as at January 01, 2020	232,490,000,000	409,789,114,458	(14,487,151,158)	546,407,678,417	89,470,493,610	1,263,670,135,327
Profit of the first 6 months in this period	-	-	-	-	23,060,669,272	23,060,669,272
Appropriation to the Board of Management expenses fund of 2019	-	-	-	-	(336,000,000)	(336,000,000)
Appropriation to funds from profit of 2019	-	-	-	24,164,013,250	(24,164,013,250)	-
Dividends paid to shareholders in 2019	-	-	-	-	(34,457,031,000)	(34,457,031,000)
Appropriation to bonus and welfare fund of 2019	-	-	-	-	(6,513,449,360)	(6,513,449,360)
Balance as at June 30, 2019	232,490,000,000	409,789,114,458	(14,487,151,158)	570,571,691,667	47,060,669,272	1,245,424,324,239

NOTES TO THE FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2020**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, 2020		Jan. 01, 2020		June 30, 2020	Jan. 01, 2020
	Amount	Provision	Amount	Provision	Amount	Amount
Financial assets						
- Held-to-maturity investments	65,000,000,000	-	55,000,000,000	-	65,000,000,000	55,000,000,000
- Available-for-sale financial assets	10,946,711,100	-	10,946,711,100	-	13,713,567,000	13,358,576,000
- Trade receivables	133,483,193,771	(16,281,083,228)	157,196,637,992	(16,281,083,228)	117,202,110,543	140,915,554,764
- Cash and cash equivalents	17,226,061,710	-	46,134,023,783	-	17,226,061,710	46,134,023,783
TOTAL	226,655,966,581	(16,281,083,228)	269,277,372,875	(16,281,083,228)	213,141,739,253	255,408,154,547
Financial liabilities						
- Trade payables	16,271,586,425	-	20,945,945,101	-	16,271,586,425	20,945,945,101
- Other payables	10,000,000,000	-	10,005,500,000	-	10,000,000,000	10,005,500,000
TOTAL	26,271,586,425	-	30,951,445,101	-	26,271,586,425	30,951,445,101