



**MEKOPHAR**

**CHEMICAL PHARMACEUTICAL  
JOINT-STOCK COMPANY**

**REVIEWED CONSOLIDATED  
FINANCIAL STATEMENTS**

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

# CONTENTS

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	Page
1. REPORT OF THE BOARD OF MANAGEMENT	01 - 03
2. AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION	04
3. CONSOLIDATED BALANCE SHEET	05 - 08
4. CONSOLIDATED INCOME STATEMENT	09
5. CONSOLIDATED CASH FLOW	10 - 11
6. THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	12 - 45

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## **REPORT OF THE BOARD OF MANAGEMENT**

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

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*The Board of Management has the honor of submitting this report and the reviewed consolidated financial statements for the accounting period for 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 amendment on July 21, 2020 the chartered capital as VND 232,490,000,000 (the chartered capital as of June 30, 2020: VND 232,490,000,000).

#### **Structure of ownership:**

Joint Stock Company.

#### **The Company's principal activities:**

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

**English name:** Mekophar Chemical Pharmaceutical Joint Stock Company.

**Short name:** Mekophar.

**Security code:** MKP - 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, 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 period 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*

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

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

#### Board of Management:

Mr. Le Anh Phuong	Chairman	Appointed on May 08, 2020
Ms. Huynh Thi Lan	Chairman	Dismissed on May 08, 2020
Ms. Huynh Thi Lan	Deputy Chairman	Appointed on May 08, 2020
Ms. 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
Ms. Nguyen Thi Quynh Anh	Member	
Ms. Phan Thi Lan Huong	Member	

#### Board of Supervisors:

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

#### Board of General Directors and Chief Accountant:

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

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

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

### 4. Auditor

Auditing and Informatic Services Limited Company (AISC) has been appointed as an independent auditor for the accounting period ended June 30, 2020.

#### Statement of the Responsibility of the Board of Management and Board of General Directors in respect

### 5. of the Financial Statements

The Board of Management and Board of General Directors of the Company are responsible for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Company as at June 30, 2020 as well as its results of operation and cash flows for the accounting period ended. In order to prepare these consolidated 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 consolidated 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*

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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 consolidated financial statements are prepared in compliance with the registered accounting policies stated in the Notes to the Consolidated 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 consolidated financial statements consisting of Consolidated Balance Sheet as at June 30, 2020, Consolidated Income Statement, Consolidated Cash Flow Statement and Notes to the Consolidated Financial Statements enclosed with this report give a true and fair view of the consolidated financial position of the Company as well as its consolidated operating results and consolidated cash flows for the accounting period ended at June 30, 2020.

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

*HCMC, August 14, 2020*  
**For and on behalf of the Board of Management** 



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**Le Anh Phuong, Eng.**  
Chairman



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

Auditing And Informatic Services Company Limited

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No.A0620215-SXHN/AISC-DN4

**REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

To:

**SHAREHOLDERS, BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS**

**MEKOPHAR CHEMICAL PHARMACEUTICAL JOINT-STOCK COMPANY**

We have reviewed the consolidated financial statements of **Mekophar Chemical Pharmaceutical Joint-Stock Company** consisting of Consolidated Balance Sheet as at June 30, 2020, Consolidated Income Statement, Consolidated Cash Flow Statement for the accounting period ended and Notes to the Consolidated Financial Statements as set out on Page 05 to Page 45, which were prepared on August 14, 2020.

**Responsibility of the Board of General Directors**

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

**Responsibility of Auditor**

Our responsibility is to draw our conclusion on the interim consolidated 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 consolidated financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of **Mekophar Chemical Pharmaceutical Joint-Stock Company** as at June 30, 2020 as well as the results of its consolidated operation and its consolidated 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 consolidated financial statements.

**HCMC, August 14, 2020**

**PP.GENERAL DIRECTOR**

**DEPUTY GENERAL DIRECTOR**



**Dương Thị Phương Anh**

*Certificate of Audit Practice Registration*

*No. 0321-2018-005-1*

*Issued by the Ministry of Finance*

**CONSOLIDATED BALANCE SHEET***As at June 30, 2020**Unit: VND*

<b>ASSETS</b>	<b>Code</b>	<b>Notes</b>	<b>Jun. 30, 2020</b>	<b>Jan. 01, 2020</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>616,939,458,355</b>	<b>640,141,412,270</b>
<b>I. Cash and Cash Equivalents</b>	<b>110</b>	<b>V.1</b>	<b>18,923,838,397</b>	<b>55,548,225,211</b>
1. Cash	111		18,923,838,397	37,548,225,211
2. Cash equivalents	112		-	18,000,000,000
<b>II. Short-term Financial Investment</b>	<b>120</b>		<b>165,946,711,100</b>	<b>90,946,711,100</b>
1. Trading securiteis	121	V.2a	10,946,711,100	10,946,711,100
2. Provision for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123	V.2b	155,000,000,000	80,000,000,000
<b>III. Short-term Accounts Receivable</b>	<b>130</b>		<b>130,411,340,937</b>	<b>162,457,215,111</b>
1. Trade accounts receivable	131	V.3	132,297,916,462	157,196,637,992
2. Prepaymnets to suppliers	132	V.4	13,508,533,480	20,585,130,019
3. Intercompany receivables	133		-	-
4. Contruction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Others receivables	136	V.5	885,974,223	956,530,328
7. Provision for doubtful debts	137	V.3	(16,281,083,228)	(16,281,083,228)
8. Shortage of assets awaiting resolution	139		-	-
<b>IV. Inventories</b>	<b>140</b>	<b>V.6</b>	<b>292,082,840,484</b>	<b>249,418,833,666</b>
1. Inventories	141		292,082,840,484	249,418,833,666
2. Provision for decline in value of inventories	149		-	-
<b>V. Other Current Assets</b>	<b>150</b>		<b>9,574,727,437</b>	<b>81,770,427,182</b>
1. Short-term prepayments	151	V.10a	3,938,967,848	3,513,740,151
2. Deductible VAT	152		3,967,975,292	77,836,663,277
3. Taxes and other receivables from the State Budget	153	V.13b	1,667,784,297	420,023,754
4. Repurchase and sale of Grovernment's bonds	154		-	-
5. Other current assets	155		-	-

**CONSOLIDATED BALANCE SHEET**

As at June 30, 2020

Unit: VND

<b>ASSETS</b>	<b>Code</b>	<b>Notes</b>	<b>Jun. 30, 2020</b>	<b>Jan. 01, 2020</b>
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		<b>818,132,607,141</b>	<b>824,724,480,228</b>
<b>I. Long-term Assets</b>	<b>210</b>		<b>-</b>	<b>-</b>
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital from sub-untis	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		-	-
<b>II. Fixed Assets</b>	<b>220</b>		<b>608,149,407,891</b>	<b>52,523,419,026</b>
1. Tangible fixed assets	221	V.8	598,452,864,678	42,550,338,111
- Cost	222		821,717,925,825	250,955,743,325
- Accumulated depreciation	223		(223,265,061,147)	(208,405,405,214)
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)
<b>III. Investment Properties</b>	<b>230</b>		<b>-</b>	<b>-</b>
- Cost	231		-	-
- Accumulated depreciation	232		-	-
<b>IV. Non-current assets</b>	<b>240</b>	<b>V.7</b>	<b>179,116,440,310</b>	<b>741,990,646,105</b>
1. Works in progress	241		-	-
2. Capital contruction in progress	242		179,116,440,310	741,990,646,105
<b>V. Long-term investments</b>	<b>250</b>	<b>V.2c</b>	<b>24,068,960,000</b>	<b>24,068,960,000</b>
1. Investment in subsidiaries	251		-	-
2. Investment in associates, joint-ventures	252		-	-
3. Investment in equity of other entities	253		24,068,960,000	24,068,960,000
4. Provision for decline in the value of long-term investment	254		-	-
5. Held-to-maturity investments	255		-	-
<b>VI. Other Long-term Assets</b>	<b>260</b>		<b>6,797,798,940</b>	<b>6,141,455,097</b>
1. Long-term prepaid expenses	261	V.10b	6,797,798,940	6,141,455,097
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
5. Goodwill	269		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>1,435,072,065,496</b>	<b>1,464,865,892,498</b>



**CONSOLIDATED BALANCE SHEET***As at June 30, 2020**Unit: VND*

<b>RESOURCES</b>	<b>Code</b>	<b>Notes</b>	<b>Jun. 30, 2020</b>	<b>Jan. 01, 2020</b>
<b>C. LIABILITIES</b>	<b>300</b>		<b>189,647,741,257</b>	<b>201,195,757,171</b>
<b>I. Current Liabilities</b>	<b>310</b>		<b>68,578,953,067</b>	<b>87,292,832,678</b>
1. Short-term trade payables	311	V.11	19,272,593,440	22,708,653,119
2. Advances from customers	312	V.12	12,555,808,317	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	V.17	-	5,500,000
6. Short-term intercompany payables	316		-	-
7. Contruction contract-in-progress paybales	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 bonds	324		-	-
<b>II. Long-term Liabilities</b>	<b>330</b>		<b>121,068,788,190</b>	<b>113,902,924,493</b>
1. Long-term trade payables	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Intercompany payables for operating capital receivables	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	V.16	19,690,585,904	21,835,688,085
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		-	-

## CONSOLIDATED BALANCE SHEET

As at June 30, 2020

Unit: VND

RESOURCES	Code	Notes	Jun. 30, 2020	Jan. 01, 2020
<b>D. OWNER'S EQUITY</b>	<b>400</b>		<b>1,245,424,324,239</b>	<b>1,263,670,135,327</b>
<b>I. Owner's Equity</b>	<b>410</b>	<b>V.18</b>	<b>1,245,424,324,239</b>	<b>1,263,670,135,327</b>
1. Owner's equity	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. Owner's 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 the previous 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		-	-
13. Benefits of non- control shareholder	429		-	-
<b>II. Budget Sources and Other Funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Budget sources	431		-	-
2. Fund to from fixed assets	432		-	-
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>1,435,072,065,496</b>	<b>1,464,865,892,498</b>

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 14, 2020

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

**CONSOLIDATED 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	644,148,731,368	579,269,695,060
2. Less sales deductions	02	VI.2	694,735,551	498,698,160
3. Net sales	10	VI.3	643,453,995,817	578,770,996,900
4. Cost of sales	11	VI.4	509,088,257,003	446,749,044,621
<b>5. Gross profit</b> (20 = 10 - 11)	<b>20</b>		<b>134,365,738,814</b>	<b>132,021,952,279</b>
6. Financial income	21	VI.5	4,961,949,698	6,881,997,227
7. Financial expenses	22	VI.6	1,090,715,558	1,894,050,905
<i>In which: Loans interest expenses</i>	23		164,542,925	421,082,273
8. Gain/losses from Joint venture, associated Company	25		-	5,023,355,098
9. Selling expenses	25	VI.7a	40,775,915,739	37,061,185,430
10. General & administration expenses	26	VI.7b	65,966,018,712	58,424,333,357
<b>11. Operating profit</b> (30 = 20 + (21 - 22) - (25 + 26))	<b>30</b>		<b>31,495,038,503</b>	<b>46,547,734,912</b>
12. Other income	31	VI.8	508,698,460	1,541,324,234
13. Other expenses	32	VI.9	3,177,900,373	175,881,731
<b>14. Other profit (40 = 31 - 32)</b>	<b>40</b>		<b>(2,669,201,913)</b>	<b>1,365,442,503</b>
<b>15. Net accounting profit before tax</b> (50 = 30 + 40)	<b>50</b>		<b>28,825,836,590</b>	<b>47,913,177,415</b>
16. Corporate income tax - current	51	VI.11	5,765,167,318	8,638,355,681
17. Corporate income tax - deferred	52		-	-
<b>18. Net profit after corporate income tax</b> (60 = 50 - 51 - 52)	<b>60</b>		<b>23,060,669,272</b>	<b>39,274,821,734</b>
<b>19. Earnings per share</b>	<b>70</b>	<b>VI.12</b>	<b>1,004</b>	<b>1,865</b>
<b>20. Diluted earnings per share</b>	<b>71</b>	<b>VI.12</b>	<b>1,004</b>	<b>1,865</b>

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 14, 2020

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

**CONSOLIDATED CASH FLOW**

(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
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>1. Net income before tax</b>	01		<b>28,825,836,590</b>	<b>47,913,177,415</b>
<b>2. Adjustments for:</b>				
- Depreciation of fixed assets and investment properties	02	V.8&9	15,250,662,683	5,126,020,931
- Provision	03		-	3,468,281,111
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		202,858,447	809,718,751
- Gain/losses from investing activities	05		(4,909,701,289)	(11,829,164,309)
- Interest expenses	06	VI.6	164,542,925	421,082,273
- Other adjustments	07		-	-
<b>3. Profit from operating activities before changes in working capital</b>	<b>08</b>		<b>39,534,199,356</b>	<b>45,909,116,172</b>
- Increase (-)/decrease (+) in receivables	09		104,516,603,319	(30,563,134,920)
- Increase (-)/decrease (+) in inventories	10		(42,664,006,818)	(26,833,242,150)
- Increase (-)/decrease (+) in payables (Other than payables, income tax)	11		(2,352,508,103)	24,531,802,763
- Increase (-)/decrease (+) in prepaid	12		(1,081,571,540)	(289,848,519)
- Increase (-)/decrease (+) in trading securities	13		-	-
- Interest paid	14		(164,542,925)	(421,082,273)
- 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)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>20</b>		<b>78,241,020,645</b>	<b>(20,091,787,774)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1. Purchases of fixed assets and other long-term assets	21		(8,002,445,753)	(75,072,419,886)
2. Proceeds from disposals of fixed assets and other long-term	22	VI.9	36,363,636	28,181,818
3. Loans granted, purchases of debt instruments of other entities	23		(217,212,945,534)	(40,000,000,000)
4. Collection of loans, purchase of debt instruments of other entities	24		142,212,945,534	-
5. Investments in other entities	25		-	-
6. Proceeds from divestment in other entities	26		-	-
7. Dividends and interest received	27	VI.5	4,873,337,653	617,627,393
<b>Net cash inflows/(outflows) from investing activities</b>	<b>30</b>		<b>(78,092,744,464)</b>	<b>(114,426,610,675)</b>

**CONSOLIDATED CASH FLOW**

(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
<b>III. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>				
1. Proceeds from issue of shares and capital contribution	31		-	152,977,480,000
2. Payment for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33	VII.1	-	63,096,422,375
4. Repayments of borrowings	34	VII.2	(2,313,264,772)	(40,944,069,110)
5. Payment for finance lease liabilities	35		-	-
6. Dividends paid	36	V.18	(34,457,031,000)	(28,714,750,500)
<b>Net cash inflows/(outflows) from financing activities</b>	<b>40</b>		<b>(36,770,295,772)</b>	<b>146,415,082,765</b>
<b>Net cash inflows/(outflows) (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>(36,622,019,591)</b>	<b>11,896,684,316</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>		<b>55,548,225,211</b>	<b>66,383,393,486</b>
Effect of foreign exchange differences	61		(2,367,223)	1,662,020
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>V.1</b>	<b>18,923,838,397</b>	<b>78,281,739,822</b>

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 14, 2020

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

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

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**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 amendment on July 21, 2020 the chartered capital as 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, 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. (December 31, 2019: 750 persons).

**THE NOTES TO THE CONSOLIDATED 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 & 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, 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 Consolidated Financial Statements**

The selection of figures and information need to be presented in the consolidated 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 replacing the corporate accounting system issued under Decision No. 15/2006/QĐ-BTC of the Minister of Finance dated March 20, 2006 and Circular No. 244/2009/TT-BTC dated December 31, 2009 of the Ministry of Finance.

The Company applied Circular No. 202/2014/TT-BTC ("Circular 202") issued by the Vietnam Ministry dated December 22, 2014 guiding the preparation and methods Consolidated Financial Statements. Circular 202 replaces the guide before in the part XIII of Circular No. 161/2007/TT-BTC dated December 31, 2007 of Minister of Finance.

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

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

We conducted our accounting, preparation and presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards and other relevant statutory regulations. The consolidated 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 consolidated financial statements is complied with the material principles in Vietnamese Accounting Standard No.21 - Presentation of the financial statements.

**IV. APPLICABLE ACCOUNTING POLICIES****1. Accounting estimates**

The preparing of consolidated financial statements complies with Vietnamese Accounting Standards. Vietnamese Accounting System and other regulations on accounting in Vietnam requires the Board of General Directors to give estimates and assumptions for the recording of the value of assets, liabilities and the presenting of contingent assets and liabilities at the reporting date as well as revenue and expenses.

**2. Basis for preparing consolidated financial statements:**

The consolidated financial statements comprise of the statements of Mekophar Chemical Pharmaceutical Joint Stock Company and its subsidiaries's Companies for the accounting period of the first 06 months of the year 2020.

The financial statements of the subsidiary are consolidated from the purchase date when the Company starts control to the date it ceases the control.

The subsidiaries' financial statements are prepared for the same accounting period as Mekophar Chemical Pharmaceutical Joint Stock Company's under the accounting policies in consistency with Mekophar Chemical Pharmaceutical Joint Stock Company's. The adjustments for any different accounting policies are implemented to ensure the consistency between the Subsidiaries and Mekophar Chemical Pharmaceutical Joint Stock Company.

All inter - "Companies" balances and revenue, income, expenses incurred from transactions of "Companies", including unrealized gains incurred from inter "Companies" transactions in the assets' value are completely eliminated.

Unrealized loss incurred from intra-group transaction recorded in the assets' value are eliminated when the expenses resulting in the loss are unrecoverable.

Interest of uncontrolled shareholders presents the portion in gain or loss and net assets of the subsidiaries that are not held by the Company and presented separately in the consolidated Income Statement and from shareholders' equity of "Companies" in the owner's equity in the consolidated Balance Sheet.

Loss incurred in the subsidiary are allocated in the correspondence with the uncontrolled shareholders' portion of ownership, including the case where those losses are greater than the uncontrolled shareholders' portion of ownership into the subsidiary's net assets.

**3. Foreign exchange rate applicable in accounting**

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



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

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**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: VND/USD 23,120; VND/EUR 25,615 for the monetary items at the Parent Company. The buying rate of Shinhan Bank Vietnam - HCM Branch as at June 30, 2020: VND/USD 23,080; VND/JYP 212,05 for the monetary items at the Subsidiary.

- 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: VND/USD 23,300; VND/EUR 26,652. The selling rate of Shinhan Bank Vietnam - HCM Branch as at June 30, 2020: VND/USD 23,275; JPY/VND 217,35 for the monetary items at the Subsidiary.

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

**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.

**4. 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.

**5. 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).

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

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

- Listed securities are recognized at the time of order matching (T + 0);
- Listed 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 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 investee 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 the investee's financial statements.

**6. 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....

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

### 7. 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 unit price of labor cost for each finished good.
- 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.

### 8. Principles for recording fixed assets

#### 8.1 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 after the initial cost are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the year.

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

Determination of original costs of tangible fixed assets:

*Tangible fixed assets purchased*

The original cost of purchased tangible fixed assets shall consist of the actual purchase price (less (-) trade discounts or reduction), taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when the 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.

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

### 8.2 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 (less (-) trade discounts or reduction), taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when the assets are put into operation. The land use rights which are purchased together with buildings, structures will be determined separately and recorded as intangible fixed assets.

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

#### *Land use right*

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

#### *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.

### 8.3 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:*

*Buildings and structures* 5 - 25 years

*Machinery and equipment* 3 - 12 years

*Transportation and facilities* 5 - 8 years

*Office equipment* 4 - 10 years

*Right to use original cells* 3 years

*Indefinite land use rights are stated at the initial cost and does not amortized.*

### 9. 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.

### 10. Principles for recording liabilities

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

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

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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.

**11. Principles for recoding unearned revenue**

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

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

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

**12. Principles for recording owner's Equity****Principles for recording owner's Paid-in Capital:**

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

**Principles for recording share premium:**

**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.

**13. 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.

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

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**14. Principles for recording revenues and other income:****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 (4) 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.

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

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**15. 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.

**16. 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 associate, provision for devaluation of financial investment, loss from sale of foreign currencies, loss from foreign exchange loss and other financial expenses.

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

**17. 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.

**18. 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.

**19. 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.

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

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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, held to maturity investment and available for sale financial assets.

**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.

**20. 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.

**21. 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.



## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

## V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE CONSOLIDATED BALANCE SHEET

1. Cash and cash equivalents	Jun. 30, 2020	Jan. 01, 2020
<b>Cash</b>	<b>18,923,838,397</b>	<b>37,548,225,211</b>
Cash on hand	2,261,396,823	2,358,373,931
Demand deposits	16,662,441,574	35,189,851,280
<b>Cash Equivalents</b>	<b>-</b>	<b>18,000,000,000</b>
Deposits with the term less than 3 months	-	18,000,000,000
<b>Total</b>	<b>18,923,838,397</b>	<b>55,548,225,211</b>

## 2. Financial investment (for more details see page 41 to 42)

3. Trade receivables	Jun. 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
<b>a. Short-term</b>	<b>132,297,916,462</b>	<b>(16,281,083,228)</b>	<b>157,196,637,992</b>	<b>(16,281,083,228)</b>
Local customers	95,725,977,880	-	117,454,099,495	-
<i>Ha Noi branch of Mekophar J.S.C</i>	<i>27,391,575,299</i>	<i>-</i>	<i>37,547,684,470</i>	<i>-</i>
<i>Branch of Zuellig at Tan Tao Park</i>	<i>11,909,568,210</i>	<i>-</i>	<i>13,373,540,697</i>	<i>-</i>
<i>An Sinh Hospital Co., Ltd. Can Tho branch of Mekophar J.S.C</i>	<i>2,526,232,017</i>	<i>-</i>	<i>676,144,727</i>	<i>-</i>
<i>Other customers</i>	<i>48,272,889,704</i>	<i>-</i>	<i>58,514,170,777</i>	<i>-</i>
Foreign customers	36,571,938,582	(16,281,083,228)	39,742,538,497	(16,281,083,228)
<i>Nipro Pharma (3.316.497,5 JPY)</i>	<i>703,263,295</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Neros Pharmaceuticals</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>Other customers</i>	<i>3,806,900,127</i>	<i>-</i>	<i>7,219,834,387</i>	<i>-</i>
<b>Total</b>	<b>132,297,916,462</b>	<b>(16,281,083,228)</b>	<b>157,196,637,992</b>	<b>(16,281,083,228)</b>

## b. Related parties

<i>An Sinh Hospital Co., Ltd.</i>	2,526,232,017	-	676,144,727	-
<i>Nipro Pharma Corporation</i>	703,263,295	-	-	-
<b>Total</b>	<b>3,229,495,312</b>	<b>-</b>	<b>676,144,727</b>	<b>-</b>

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

4. Prepayments to suppliers	Jun. 30, 2020		Jan. 01, 2020	
	Amount	Provision	Amount	Provision
<b>a. Short-term</b>	<b>13,508,533,480</b>	-	<b>20,585,130,019</b>	-
Local suppliers	1,872,747,585	-	2,041,687,591	-
<i>Vietnam Pharmaceutical Corporation</i>	399,000,000	-	399,000,000	-
<i>Bazan Vietnam Travel Co., Ltd</i>	673,533,000	-	-	-
<i>Fujicam Vietnam Co., Ltd.</i>	282,000,000	-	282,000,000	-
<i>Other suppliers</i>	518,214,585	-	1,360,687,591	-
Foreign suppliers	11,635,785,895	-	18,543,442,428	-
<i>Taisei Corporation</i>	10,079,499,430	-	10,079,499,430	-
<i>KHS Synchemica Corp</i>	-	-	5,495,470,000	-
<i>Nipro Pharma Corporation</i>	566,273,400	-	-	-
<i>Virchow Laboratories Lime</i>	768,570,000	-	-	-
<i>Other suppliers</i>	221,443,065	-	2,968,472,998	-
<b>Total</b>	<b>13,508,533,480</b>	-	<b>20,585,130,019</b>	-
<b>b. Related parties</b>				
<i>Vietnam Pharmaceutical Corporation</i>	399,000,000	-	399,000,000	-
<i>Nipro Pharma Corporation</i>	566,273,400	-	-	-
<b>Total</b>	<b>965,273,400</b>	-	<b>399,000,000</b>	-
<b>5. Other receivables</b>	<b>Jun. 30, 2020</b>		<b>Jan. 01, 2020</b>	
	<b>Amount</b>	<b>Provision</b>	<b>Amount</b>	<b>Provision</b>
<b>Short-term</b>	<b>885,974,223</b>	-	<b>956,530,328</b>	-
Advances	15,000,000	-	-	-
Other receivables	870,974,223	-	956,530,328	-
<i>Health, social insurance, trade union fee</i>	436,801,383	-	369,181,968	-
<i>Remuneration for members of the Management board who do not directly manage</i>	174,000,000	-	336,000,000	-
<i>Pay on behalf of Zuellig Pharma VN</i>	4,900,000	-	-	-
Other receivables	255,272,840	-	251,348,360	-
<b>Total</b>	<b>885,974,223</b>	-	<b>956,530,328</b>	-

**THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the accounting period of the first 06 months of the year 2020**Unit: VND***6. Inventories**

	<b>Jun. 30, 2020</b>		<b>Jan. 01, 2020</b>	
	<b>Original cost</b>	<b>Provision</b>	<b>Original cost</b>	<b>Provision</b>
Raw materials	192,646,721,581	-	154,543,638,717	-
Tools & supplies	2,339,719,667	-	2,838,046,143	-
Works in progress	7,603,127,233	-	21,517,166,055	-
Finished goods	89,493,078,285	-	70,512,495,808	-
Merchandise inventory	193,718	-	7,486,943	-
<b>Total</b>	<b>292,082,840,484</b>	<b>-</b>	<b>249,418,833,666</b>	<b>-</b>

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

**7. Long-term assets in progress**

	<b>Jun. 30, 2020</b>		<b>Jan. 01, 2020</b>	
	<b>Amount</b>	<b>Provision</b>	<b>Amount</b>	<b>Provision</b>
<b>Works in progress</b>	<b>179,116,440,310</b>	<b>-</b>	<b>741,990,646,105</b>	<b>-</b>
Project of Development Research and Producing Biological and Pharmaticeual Products.	672,013,200	-	494,136,987,845	-
Purchasing fixed assets	177,849,002,110	-	247,258,233,260	-
Unfinished software costs	595,425,000	-	595,425,000	-
<b>Cộng</b>	<b>179,116,440,310</b>	<b>-</b>	<b>741,990,646,105</b>	<b>-</b>

(\*) *Reason for incompletion of one normal circle of production and doing business: At June 30, 2020, The Company is in the process of acceptance and handover of machinery and equipment.*

**8. Tangible fixed assets (for more details see page 43)**

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

## 9. Intangible fixed assets

	Land use right	Patents, copyrights	Total
<b>Original cost</b>			
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
<b>Accumulated amortization</b>			
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
<b>Net book value</b>			
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.

	Jun. 30, 2020	Jan. 01, 2020
<b>10. Prepaid expenses</b>	<b>3,938,967,848</b>	<b>3,513,740,151</b>
<b>a. Short-term prepaid expenses</b>		
Rental expense of land	637,709,244	-
Cost of manterance TICC and security in 2020	306,707,783	-
Repair of fixed assets	1,767,604,248	2,115,263,779
Cost of insurance	601,848,750	307,395,000
Other expenses	299,000,945	730,622,561
Cost of calibration for machine	298,596,878	238,877,500
Rental expense of office	27,500,000	121,581,311
<b>b. Long-term prepaid expenses</b>	<b>6,797,798,940</b>	<b>6,141,455,097</b>
Tools and equipment expenses	2,426,349,029	3,750,625,264
Other installing expenses	3,308,036,003	2,066,194,879
Cost of repairing fixed assets	1,063,413,908	206,704,660
Shevles	-	117,930,294
<b>Total</b>	<b>10,736,766,788</b>	<b>9,655,195,248</b>

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

11. Trade payables	Jun. 30, 2020		Jan. 01, 2020	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
<b>Short-term</b>	<b>19,272,593,440</b>	<b>19,272,593,440</b>	<b>22,708,653,119</b>	<b>22,708,653,119</b>
Local suppliers	13,562,233,718	13,562,233,718	16,855,691,536	16,855,691,536
<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>Managment Board of HCM High-Tech Park</i>	2,338,267,239	2,338,267,239	1,062,848,745	1,062,848,745
<i>IMSC Co., Ltd.</i>	159,600,000	159,600,000	-	-
<i>Other suppliers</i>	7,240,096,287	7,240,096,287	10,345,247,021	10,345,247,021
Foreign suppliers	5,710,359,722	5,710,359,722	5,852,961,583	5,852,961,583
<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>Nipro Pharma Corporation</i>	416,871,866	416,871,866	559,798,583	559,798,583
<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
<b>Total</b>	<b>19,272,593,440</b>	<b>19,272,593,440</b>	<b>22,708,653,119</b>	<b>22,708,653,119</b>

  

12. Prepayments from customers	Jun. 30, 2020	Jan. 01, 2020
<b>Short-term</b>	<b>12,555,808,317</b>	<b>17,460,116,352</b>
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	3,646,657,485	2,171,325,680
<i>Neros Pharmaceuticals Ltd.</i>	3,314,158,095	-
<i>KKC Corporation</i>	-	941,431,439
<i>Saba Trade Ltd</i>	281,717,930	790,791,570
<i>Other customers</i>	50,781,460	439,102,671
<b>Total</b>	<b>12,555,808,317</b>	<b>17,460,116,352</b>

## THE NOTES TO THE CONSOLIDATED 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	Paid amount	Jun. 30, 2020
<b>a. Payables</b>				
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	-
Others	-	36,250,000	36,250,000	-
<b>Total</b>	<b>2,305,638,296</b>	<b>49,364,409,821</b>	<b>48,201,275,223</b>	<b>1,142,503,698</b>
<b>b. Receivable</b>				
Overpaid VAT on import	206,782,438	8,189,708,556	8,019,154,614	377,336,380
Import – Export duties	37,003,624	846,849,905	856,986,085	26,867,444
Overpaid PIT	173,997,692	4,352,136,349	3,669,910,885	856,223,156
Environment tax and others	2,240,000	4,010,357,317	3,605,240,000	407,357,317
<b>Total</b>	<b>420,023,754</b>	<b>17,399,052,127</b>	<b>16,151,291,584</b>	<b>1,667,784,297</b>

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

15. Other payables	Jun. 30, 2020	Jan. 01, 2020
<b>Short-term</b>		
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
Project 45 Vo Thi Sau	6,800,000,000	6,800,000,000
Corporate income tax (XN 24)	91,299,513	91,299,513
Soviet's antibiotic	118,181,818	118,181,818
Happy House Investment J.S.C	10,000,000,000	10,000,000,000
Other payables	105,613,247	105,613,247
<b>Total</b>	<b>17,718,674,767</b>	<b>17,641,229,039</b>

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

16. Borrowing and loans liability	Jun. 30, 2020		Jan. 01, 2020	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
<b>Long-term loans</b>	<b>19,690,585,904</b>	<b>19,690,585,904</b>	<b>21,835,688,085</b>	<b>21,835,688,085</b>
Shinhan Bank - HCM Branch	19,690,585,904	19,690,585,904	21,835,688,085	21,835,688,085
# JPY	90,593,908.00	90,593,908.00	101,495,250.00	101,495,250.00
<b>Total</b>	<b>19,690,585,904</b>	<b>19,690,585,904</b>	<b>21,835,688,085</b>	<b>21,835,688,085</b>

## Notes on borrowing from bank:

Borrowing from Shinhan Bank - HCM branch is in accordance with the following contract:

Contract No.	Maturity	Interest rate	Closing balance	Form of security
SHBVN/HDTD/MEKOPHAR	From Fer. 14, 2019 To Aug. 14, 2023	Interest rate for each debt note	JPY 90.593.908	Assets from borrowing liabilities

17. Accrued expenses	Jun. 30, 2020	Jan. 01, 2020
<b>Short-term</b>	<b>-</b>	<b>5,500,000</b>
Other Accrued expenses	-	5,500,000
<b>Total</b>	<b>-</b>	<b>5,500,000</b>

## 18. Owners' equity

## a. Comparison schedule for changes in Owner's Equity (for more details see page 44)

## b. Details of owners' shareholding

	% of shareholding	Jun. 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
<b>Total</b>	<b>100.00%</b>	<b>642,279,114,458</b>	<b>642,279,114,458</b>
		<b>Jun. 30, 2020</b>	<b>Jan. 01, 2020</b>
Treasury share		(14,487,151,158)	(14,487,151,158)
<b>Total</b>		<b>(14,487,151,158)</b>	<b>(14,487,151,158)</b>

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

## c. Capital transactions with owners and distribution of dividend

	From Jan. 01, 2020 to Jun. 30, 2020	Year 2019
<b>Owners' equity</b>	<b>232,490,000,000</b>	<b>232,490,000,000</b>
At the beginning of the period	232,490,000,000	194,208,130,000
Capital increase during the period	-	38,281,870,000
At the end of the period	232,490,000,000	232,490,000,000
<b>Dividends paid</b>	<b>34,457,031,000</b>	<b>28,714,750,500</b>

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

## 18. Owners' equity (Cont.)

	From Jan. 01, 2020 to Jun. 30, 2020	Year 2019
<b>d. Dividends</b>		
Dividends declared after the balance sheet date		
<i>Dividends on ordinary shares</i>	<i>Not announced yet</i>	<i>15%</i>
Unrecognised accumulated dividends of preference shares	-	-
<b>d. Shares</b>	<b>Jun. 30, 2020</b>	<b>Jan. 01, 2020</b>
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>	<i>23,249,000</i>	<i>23,249,000</i>
Number of shares repurchased	277,646	277,646
<i>Ordinary share</i>	<i>277,646</i>	<i>277,646</i>
Number of existing shares in issue	22,971,354	22,971,354
<i>Ordinary share</i>	<i>22,971,354</i>	<i>22,971,354</i>
<i>Par value: VND/share.</i>	<i>10,000</i>	<i>10,000</i>
<b>e. Funds</b>	<b>Jun. 30, 2020</b>	<b>Jan. 01, 2020</b>
Investment and development fund	570,571,691,667	546,407,678,417
<b>Total</b>	<b>570,571,691,667</b>	<b>546,407,678,417</b>

\* 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 .*

## 19. Off balance sheet items

Foreign currencies	Jun. 30, 2020		Jan. 01, 2020	
	Quantity	Converted to VND	Quantity	Converted to VND
USD	7,046.32	162,848,796	8,241.44	190,335,434
EUR	907.56	23,247,149	913.02	23,513,917
JPY	917,477	194,550,998	-	-
<b>Total</b>		<b>380,646,943</b>		<b>213,849,351</b>



**THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the accounting period of the first 06 months of the year 2020**Unit: VND***VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT**

	<b>From Jan. 01, 2020 to Jun. 30, 2020</b>	<b>From Jan. 01, 2019 to Jun. 30, 2019</b>
<b>1. Sales</b>		
<b>Revenue</b>		
Revenue from finished goods sold	291,683,679,723	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
<b>Total</b>	<b>644,148,731,368</b>	<b>579,269,695,060</b>
<b>b. Revenue from related party</b>		
An Sinh Hospital Co., Ltd.	4,799,456,979	4,636,553,024
Nipro Pharma Corporation	2,103,871,637	-
<b>Total</b>	<b>6,903,328,616</b>	<b>4,636,553,024</b>
<b>2. Sales deductions</b>		
Sales returns	694,735,551	498,698,160
<b>Total</b>	<b>694,735,551</b>	<b>498,698,160</b>
<b>3. Net sales</b>		
Revenue from finished goods sold	291,017,835,741	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
<b>Total</b>	<b>643,453,995,817</b>	<b>578,770,996,900</b>
<b>4. Cost of sales</b>		
Cost of finished goods sold	183,352,167,127	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
<b>Total</b>	<b>509,088,257,003</b>	<b>446,749,044,621</b>

## THE NOTES TO THE CONSOLIDATED 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
<b>5. Financial income</b>		
Interest income from deposits, loans	3,387,097,653	238,446,393
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	88,612,045	5,930,258
Unrealised foreign exchange gains	-	98,439,576
<b>Total</b>	<b>4,961,949,698</b>	<b>6,881,997,227</b>
<b>6. Financial expenses</b>		
Interest expenses	164,542,925	421,082,273
Realised foreign exchange losses	698,314,183	539,810,306
Unrealised foreign exchange losses	202,858,447	908,158,327
Other financial expenses	25,000,003	24,999,999
<b>Total</b>	<b>1,090,715,558</b>	<b>1,894,050,905</b>
<b>7. Selling expenses and General and administration expenses</b>		
<b>a. Selling expenses</b>		
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	4,835,399,217	3,574,425,485
Other sundry expenses by cash	112,367,200	108,267,200
<b>Total</b>	<b>40,775,915,739</b>	<b>37,061,185,430</b>
<b>b. General and administration expenses</b>		
Salaries	22,745,855,144	21,457,990,931
Materials and packaging	6,609,309,672	5,416,063,448
Depreciation	8,964,500,968	1,809,132,148
Taxes, fees and duties	4,686,588,885	5,103,044,691
Provision for doubtful debt	-	3,468,281,111
Services bought from outsiders	9,678,821,926	7,727,957,148
Other sundry expenses by cash	13,280,942,117	13,441,863,880
<b>Total</b>	<b>65,966,018,712</b>	<b>58,424,333,357</b>

## THE NOTES TO THE CONSOLIDATED 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
<b>8. Other income</b>		
Disposal and sale of fixed assets (*)	36,363,636	28,181,818
Gifted raw materials		950,092,730
Other income (Treatment to surplus amount upon the counting)	408,011,329	395,989,306
Other income	64,323,495	167,060,380
<b>Total</b>	<b>508,698,460</b>	<b>1,541,324,234</b>
<b>9. Other expenses</b>		
Administrative fines	-	126,894,091
Other expenses (Treatment to deficient amount upon the counting)	3,167,666,917	48,987,640
Other expenses	10,233,456	-
<b>Total</b>	<b>3,177,900,373</b>	<b>175,881,731</b>
<b>(*) Notes on disposal, sale of fixed assets</b>		
Disposal, sale of fixed assets	36,363,636	28,181,818
Net book value of fixed assets and disposal, sale of fixed assets	-	-
<b>Gain/(loss) from disposal, sale of fixed assets</b>	<b>36,363,636</b>	<b>28,181,818</b>
<b>10. Costs of production and doing business by factors</b>		
Raw materials	169,513,614,974	195,350,420,240
Labour cost	59,249,218,333	56,665,438,232
Depreciation and amortization	15,250,662,683	5,126,020,931
Services bought	32,346,323,105	28,521,487,527
Other sundry cash expense	33,133,085,060	36,896,409,686
<b>Total</b>	<b>309,492,904,155</b>	<b>322,559,776,616</b>
<b>11. Current corporate income tax</b>		
1. Current corporate income tax charge accounted on the total taxable incomes of before tax this period:		
Parent Company	5,765,167,318	8,577,964,463
Subsidiary Company	5,765,167,318	8,577,964,463
	-	-
2. Adjustments of corporate income tax charge of previous years into corporate income tax charge this period:		
Parent Company	-	60,391,218
	-	60,391,218
<b>3. Total current corporate income tax charge</b>	<b>5,765,167,318</b>	<b>8,638,355,681</b>

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

	<b>From Jan. 01, 2020 to Jun. 30, 2020</b>	<b>From Jan. 01, 2019 to Jun. 30, 2019</b>
<b>12. Earnings/Diluted earnings per share</b>		
Accounting profit after corporate income tax	<b>23,060,669,272</b>	<b>39,274,821,734</b>
Increase or decrease of accounting profit	-	-
<b>Profit or loss attributable to ordinary equity holders</b>	<b>23,060,669,272</b>	<b>39,274,821,734</b>
Average ordinary shares outstanding during the period	22,971,354	21,057,261
<b>Earnings per share</b>	<b>1,004</b>	<b>1,865</b>
<b>Diluted earnings per share</b>	<b>1,004</b>	<b>1,865</b>

As at June 30, 2020, there is none of the holding stocks has the protential of declining earnings per share.

**13. Objectives and financial risks management policies**

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

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

**13.1 Market risk**

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

The following sensibility analysis relates to the financial position of the Company as at June 30, 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 as at June 30, 2020 and June 30, 2019.

**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 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 short-term deposits and borrowings with floating interest rate makes impact on the Company's profit before tax as follows:

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

	<i>Increase/Decrease of basic points</i>	<i>Influences on profit before tax</i>
<b>The first 06 months of the year 2020</b>		
VND	+100	1,542,332,525
VND	-100	(1,542,332,525)
<b>The first 06 months of the year 2019</b>		
VND	+100	561,293,866
VND	-100	(561,293,866)

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

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

	<i>Changes in exchange rate USD</i>	<i>Influences on profit before tax</i>
The first 06 months of the year 2020	+ 1%	115,516,399
	-1%	(115,516,399)
The first 06 months of the year 2019	+ 1%	274,067,958
	-1%	(274,067,958)

***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.

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

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.

**13.2 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:

<b>Trade receivables</b>	Not overdue		Overdue	
	Not impaired	Impaired	Not impaired	Impaired
<b>June 30, 2020</b>				
Under 90 days	100,236,141,302	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	7,419,227,402	24,642,547,758
<b>Total net value</b>	<b>100,236,141,302</b>	<b>-</b>	<b>7,419,227,402</b>	<b>24,642,547,758</b>
Provision for devaluation	-	-	-	(16,281,083,228)
<b>Net value</b>	<b>100,236,141,302</b>	<b>-</b>	<b>7,419,227,402</b>	<b>8,361,464,530</b>
<b>December 31, 2019</b>				
Under 90 days	124,673,933,882	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	7,880,156,352	24,642,547,758
<b>Total net value</b>	<b>124,673,933,882</b>	<b>-</b>	<b>7,880,156,352</b>	<b>24,642,547,758</b>
Provision for devaluation	-	-	-	(16,281,083,228)
<b>Net value</b>	<b>124,673,933,882</b>	<b>-</b>	<b>7,880,156,352</b>	<b>8,361,464,530</b>

**THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the accounting period of the first 06 months of the year 2020**Unit: VND***13.3 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:

<b>June 30, 2020</b>	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Borrowing and financial liabilities	-	19,690,585,904	-	19,690,585,904
Trade payables	19,272,593,440	-	-	19,272,593,440
Other short-term payables and other accrued expenses	10,000,000,000	-	-	10,000,000,000
<b>Total</b>	<b>29,272,593,440</b>	<b>19,690,585,904</b>	<b>-</b>	<b>48,963,179,344</b>
<b>December 31, 2019</b>	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Borrowing and financial liabilities	-	21,835,688,085	-	21,835,688,085
Trade payables	22,708,653,119	-	-	22,708,653,119
Other short-term payables and other accrued expenses	10,005,500,000	-	-	10,005,500,000
<b>Total</b>	<b>32,714,153,119</b>	<b>21,835,688,085</b>	<b>-</b>	<b>54,549,841,204</b>

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

**Secured assets**

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

**14. Financial assets and liabilities** (for more details see page 45)

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.

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

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 accounting period end.

**VII. ADDITIONAL INFORMATION FOR ITEMS IN THE CASH FLOW STATEMENT**

	<b>From Jan. 01, 2020 to Jun. 30, 2020</b>	<b>From Jan. 01, 2019 to Jun. 30, 2019</b>
<b>1. Borrowing amount in the period</b>		
- Proceeds from the borrowing under normal agreement	-	62,238,110,878
- Proceeds from foreign exchange differences	-	858,311,497
<b>Total</b>	<b>-</b>	<b>63,096,422,375</b>
	<b>From Jan. 01, 2020 to Jun. 30, 2020</b>	<b>From Jan. 01, 2019 to Jun. 30, 2019</b>
<b>2. Payment for principal debts</b>		
- Payment for principal debts under normal agreement	(2,313,264,772)	(40,944,069,110)
<b>Total</b>	<b>(2,313,264,772)</b>	<b>(40,944,069,110)</b>

**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.



**THE NOTES TO THE CONSOLIDATED 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
An Sinh Hospital Co., Ltd.	Major Shareholder	Sale of goods (Receivable)	Opening balance	676,144,727
			Sale of goods	5,229,599,704
			Proceeds	3,379,512,414
			Closing balance	2,526,232,017
Nipro Pharma Corporation	Major Shareholder	Sale of goods (Receivable)	Opening balance	-
			Sale of goods	2,148,611,448
			Proceeds	1,445,348,153
			Closing balance	703,263,295
		Prepayment for goods (Receivable)	Opening balance	-
			Increase in period	566,273,400
			Closing balance	566,273,400
		Payable for supplier (Payable)	Opening balance	(559,798,583)
			Payment in period	1,735,543,238
			Purchase in period	1,878,469,955
Closing balance	(416,871,866)			
Vietnam Pharmaceutical Corporation	Major Shareholder	Prepayment for goods (Receivable)	Opening balance	399,000,000
			Closing balance	399,000,000
Income of the Board of Management and Board of General Directors			From Jan. 01, 2020 to Jun. 30, 2020	From Jan. 01, 2019 to Jun. 30, 2019
Board of Management and Board of General Directors.		Salary, Bonus and Consideration	3,295,226,494	3,066,379,802
Cộng			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 management decisions of the Company mainly bases on types of products, services that the Company provides, not on the geographical region where the Company provides its products, services. Therefore, the major report is by business sector.

**THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the accounting period of the first 06 months of the year 2020**Unit: VND***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	291,017,835,741	183,352,167,127	107,665,668,614
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
<b>Total</b>	<b>643,453,995,817</b>	<b>509,088,257,003</b>	<b>134,365,738,814</b>

**a. 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
<b>Total</b>	<b>578,770,996,900</b>	<b>446,749,044,621</b>	<b>132,021,952,279</b>

**4.2 Minor segment reporting by geographical region**

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

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

PREPARED BY



Le Thi Thu Huong

CHIEF ACCOUNTANT



Le Thi Thuy Hang

HCMC, August 14, 2020

GENERAL DIRECTOR



DR. Huynh Thi Lan, PharmD.

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

## V.2. Financial investments

	Jun. 30, 2020			Jan. 01, 2020		
	Original value	Provision	Fair value	Original value	Provision	Fair value
<b>a. Trading securities</b>	<b>10,946,711,100</b>	<b>-</b>	<b>13,713,567,000</b>	<b>10,946,711,100</b>	<b>-</b>	<b>13,358,576,000</b>
Vidipha Central 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
<b>Total</b>	<b>10,946,711,100</b>	<b>-</b>	<b>13,713,567,000</b>	<b>10,946,711,100</b>	<b>-</b>	<b>13,358,576,000</b>

## b. Held-to-maturity investments

	Jun. 30, 2020		Jan. 01, 2020	
	Original value	Book value	Original value	Book value
<b>Short-term</b>	<b>155,000,000,000</b>	<b>155,000,000,000</b>	<b>80,000,000,000</b>	<b>80,000,000,000</b>
- Term deposit for more than 03 months	145,000,000,000	145,000,000,000	80,000,000,000	80,000,000,000
- Bonds	10,000,000,000	10,000,000,000	-	-
<b>Total</b>	<b>155,000,000,000</b>	<b>155,000,000,000</b>	<b>80,000,000,000</b>	<b>80,000,000,000</b>

(\*) An investment in bonds of Hung Loc Phat Real Estate Investment J.S.C has a term of 18 months from June 01, 2020 with a commitment to buy back after 6 months, fixed interest rate 12%/year, which is received interest every 6 months is guaranteed by Bao Viet Securities J.S.C.

## THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

c. Equity investments in other entities	Jun. 30, 2020			Jan. 01, 2020		
	Original value	Provision	Fair value	Original value	Provision	Fair value
<b>Investment in joint-ventures, associates</b>	<b>24,068,960,000</b>	<b>-</b>	<b>24,068,960,000</b>	<b>24,068,960,000</b>	<b>-</b>	<b>24,068,960,000</b>
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
<b>Total</b>	<b>24,068,960,000</b>	<b>-</b>	<b>24,068,960,000</b>	<b>24,068,960,000</b>	<b>-</b>	<b>24,068,960,000</b>

## (\*) Operating status of associates and material transactions with related parties:

## 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 period.

## 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 invested VND 5,550,000,000 as committed. The project has just begun to operate.

## (\*) Fair value as at June 30, 2020 for all the investments

The fair value of the investment in Vidipha Central Pharmaceutical JSC, 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 at June 30, 2020.

The fair value of other investments in the Subsidiary and others companies has not been recalculated officially as at December 31, 2019 and December 31, 2018 due to the fact that these Company has not been listed in any stock exchange market so that there is no reliable reference. However, the Board of General Directors has agreed to temperately accounted the fair value as original value and added the note on the operation shorted of these investments.

**THE NOTES TO THE CONSOLIDATED 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
<b>Original cost</b>					
Opening balance	53,610,571,336	130,263,108,547	15,643,016,181	51,439,047,261	<b>250,955,743,325</b>
<i>New purchases</i>	-	<i>3,951,857,008</i>	<i>289,048,454</i>	<i>737,418,000</i>	<b>4,978,323,462</b>
<i>Formed from construction in progress</i>	<i>496,242,987,845</i>	<i>66,456,225,755</i>	-	<i>3,199,114,486</i>	<b>565,898,328,086</b>
<i>Disposal, sale</i>	-	-	<i>(114,469,048)</i>	-	<b>(114,469,048)</b>
Closing balance	549,853,559,181	200,671,191,310	15,817,595,587	55,375,579,747	<b>821,717,925,825</b>
<b>Accumulated depreciation</b>					
Opening balance	38,242,229,159	111,945,613,354	13,285,322,782	44,932,239,919	<b>208,405,405,214</b>
<i>Charge for the year</i>	<i>7,174,684,080</i>	<i>6,301,759,930</i>	<i>301,396,964</i>	<i>1,196,284,007</i>	<b>14,974,124,981</b>
<i>Disposal, sale</i>	-	-	<i>(114,469,048)</i>	-	<b>(114,469,048)</b>
Closing balance	45,416,913,239	118,247,373,284	13,472,250,698	46,128,523,926	<b>223,265,061,147</b>
<b>Net book value</b>					
As at beginning of the period	15,368,342,177	18,317,495,193	2,357,693,399	6,506,807,342	<b>42,550,338,111</b>
As at the end of the period	504,436,645,942	82,423,818,026	2,345,344,889	9,247,055,821	<b>598,452,864,678</b>

\* 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 140,849,281,609.

\* 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.

**THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the accounting period of the first 06 months of the year 2020**Unit: VND***V.18. 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
<b>Balance at January 01, 2019</b>	<b>194,208,130,000</b>	<b>295,058,504,458</b>	<b>(14,487,151,158)</b>	<b>505,320,886,183</b>	<b>111,536,195,354</b>	<b>1,091,636,564,837</b>
Profit of the first 6 month of prior period	-	-	-	-	39,274,821,734	<b>39,274,821,734</b>
Capital increase	38,281,870,000	114,730,610,000	-	-	-	<b>153,012,480,000</b>
Appropriation to the Board of Management expenses fund of 2018	-	-	-	-	(326,000,000)	<b>(326,000,000)</b>
Appropriation to the Board of Management bonus fund of 2018	-	-	-	-	(912,000,000)	<b>(912,000,000)</b>
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)	<b>(28,714,750,500)</b>
Appropriation to bonus and welfare fund of 2018	-	-	-	-	(9,977,949,192)	<b>(9,977,949,192)</b>
Decease of dividends received from associated Company in prior years.	-	-	-	-	(6,518,703,428)	<b>(6,518,703,428)</b>
<b>Balance at June 30, 2019</b>	<b>232,490,000,000</b>	<b>409,789,114,458</b>	<b>(14,487,151,158)</b>	<b>546,407,678,417</b>	<b>63,274,821,734</b>	<b>1,237,474,463,451</b>
Profit of the last 6 month of prior period	-	-	-	-	26,195,671,876	<b>26,195,671,876</b>
<b>Balance at December 31, 2019</b>	<b>232,490,000,000</b>	<b>409,789,114,458</b>	<b>(14,487,151,158)</b>	<b>546,407,678,417</b>	<b>89,470,493,610</b>	<b>1,263,670,135,327</b>
<b>Balance at January 01, 2020</b>	<b>232,490,000,000</b>	<b>409,789,114,458</b>	<b>(14,487,151,158)</b>	<b>546,407,678,417</b>	<b>89,470,493,610</b>	<b>1,263,670,135,327</b>
Profit of the first 6 month of 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)
<b>Balance at June 30, 2020</b>	<b>232,490,000,000</b>	<b>409,789,114,458</b>	<b>(14,487,151,158)</b>	<b>570,571,691,667</b>	<b>47,060,669,272</b>	<b>1,245,424,324,239</b>

THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unit: VND

VI.14 Financial assets and financial liabilities:

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

	Book value				Fair value	
	Jun. 30, 2020		Jan. 01, 2020		Jun. 30, 2020	Jan. 01, 2020
	Amount	Provision	Amount	Provision	Amount	Amount
<b>Financial asets</b>						
- Available-for-sale financial assets	155,000,000,000	-	80,000,000,000	-	155,000,000,000	80,000,000,000
- Financial assets available for sale	10,946,711,100	-	10,946,711,100	-	13,713,567,000	13,358,576,000
- Trade receivables	132,297,916,462	(16,281,083,228)	157,196,637,992	(16,281,083,228)	116,016,833,234	140,915,554,764
- Other receivables	-	-	152,348,360	-	-	152,348,360
- Cash and cash equivalents	18,923,838,397	-	55,548,225,211	-	18,923,838,397	55,548,225,211
<b>TOTAL</b>	<b>317,168,465,959</b>	<b>(16,281,083,228)</b>	<b>303,843,922,663</b>	<b>(16,281,083,228)</b>	<b>303,654,238,631</b>	<b>289,974,704,335</b>
<b>Financial liabilities</b>						
- Borrowing and financial liabilities	19,690,585,904	-	21,835,688,085	-	19,690,585,904	21,835,688,085
- Trade payables	19,272,593,440	-	22,708,653,119	-	19,272,593,440	22,708,653,119
- Other payables	10,000,000,000	-	10,005,500,000	-	10,000,000,000	10,005,500,000
<b>TOTAL</b>	<b>48,963,179,344</b>	<b>-</b>	<b>54,549,841,204</b>	<b>-</b>	<b>48,963,179,344</b>	<b>54,549,841,204</b>