



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

**REVIEWED
FINANCIAL STATEMENTS
FOR YEAR 2020**



BALANCE SHEET

As at December 31, 2020

Unit : VND

ASSETS	Code	Notes	Dec. 31,2020	Jan. 01,2020
A - CURRENT ASSETS	100		601,011,888,907	513,202,347,413
I. Cash and cash equivalents	110	V.1	115,495,794,568	46,134,023,783
1. Cash	111		35,495,794,568	36,134,023,783
2. Cash equivalents	112		80,000,000,000	10,000,000,000
II. Short-term investments	120	V.2	130,946,711,100	65,946,711,100
1. Short-term investments	121		10,946,711,100	10,946,711,100
3. Held-to-maturity investments	123		120,000,000,000	55,000,000,000
III. Accounts receivable	130		116,448,799,395	151,613,235,001
1. Trade accounts receivable	131	V.3	121,629,214,384	157,196,637,992
2. Prepayments to suppliers	132	V.4	12,970,609,206	9,747,206,609
6. Other receivables	136	V.5	1,063,767,293	950,473,628
7. Provision for doubtful debts	137		(19,214,791,488)	(16,281,083,228)
IV. Inventories	140		237,221,270,849	246,581,537,157
1. Inventories	141	V.6	237,221,270,849	246,581,537,157
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		899,312,995	2,926,840,372
1. Short-term prepayments	151	V.11	514,514,582	2,544,240,090
2. Deductible VAT	152		-	-
3. Taxes and other receivables from the State Budget	153		384,798,413	382,600,282
B - LONG-TERM ASSETS	200		878,232,913,788	928,065,148,982
I. Long-term receivables	210		-	-
II. Fixed assets	220		47,210,974,280	52,523,419,026
1. Tangible fixed assets	221	V.7	37,245,162,518	42,550,338,111
- Cost	222		253,310,256,161	250,836,493,325
- Accumulated depreciation	223		(216,065,093,643)	(208,286,155,214)
3. Intangible fixed assets	227	V.8	9,965,811,762	9,973,080,915
- Cost	228		13,507,253,139	12,911,828,139
- Accumulated amortization	229		(3,541,441,377)	(2,938,747,224)
III. Investment Properties	230		-	-
IV. Long-term work in progress	240		-	595,425,000
2. Construction in progress	242	V.9	-	595,425,000
V. Long-term investments	250	V.10	829,936,280,410	874,621,670,002
1. Investments in subsidiaries	251		900,000,000,000	900,000,000,000
2. Investments in associates, joint-ventures	252		-	-
3. Other long-term investments	253		24,068,960,000	24,068,960,000
4. Provision for decline in the value of long-term investments	254		(94,132,679,590)	(49,447,289,998)
VI. Other long-term assets	260		1,085,659,098	324,634,954
1. Long-term prepaid expenses	261	V.11	1,085,659,098	324,634,954
TOTAL ASSETS (270 = 100 + 200)	270		1,479,244,802,695	1,441,267,496,395

RESOURCES	Code	Notes	Dec. 31,2020	Jan. 01,2020
C - LIABILITIES	300		217,201,537,961	177,597,361,068
I. Current liabilities	310		101,784,839,230	85,530,124,660
1. Trade accounts payable	311	V.12	37,124,937,757	20,945,945,101
2. Advances from customers	312	V.13	18,086,679,144	17,460,116,352
3. Taxes and other payables to the State Budget	313	V.14	4,098,767,999	2,305,638,296
4. Payables to employees	314		16,450,438,581	9,958,847,370
5. Accrued expenses	315		329,772,727	5,500,000
9. Other payables	319	V.15	17,645,188,162	17,641,229,039
10. Short-term borrowings	320		-	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare fund	322		8,049,054,860	17,212,848,502
II. Long-term liabilities	330		115,416,698,731	92,067,236,408
6. Unrealized revenue	336		115,416,698,731	92,067,236,408
12. Provision for long-term liabilities	342		-	-
13. Fund for science and technology development	343		-	-
D - OWNERS' EQUITY	400		1,262,043,264,734	1,263,670,135,327
I. Owners' equity	410	V.16	1,262,043,264,734	1,263,670,135,327
1. Share capital	411		232,490,000,000	232,490,000,000
- Share 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
5. Treasury shares	415		(14,487,151,158)	(14,487,151,158)
8. Investment and development fund	418		570,571,691,667	546,407,678,417
11. Undistributed earnings	421		63,679,609,767	89,470,493,610
-Undistributed earnings up to period year -end	421a		24,000,000,000	24,000,000,000
-Undistributed earnings this period	421b		39,679,609,767	65,470,493,610
12. Investment reserve for basic construction	422		-	-
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES (440 = 300 + 400)	440		1,479,244,802,695	1,441,267,496,395

Prepared By



Le Thi Thu Huong

Chief Accountant



Le Thi Thuy Hang



Huynh Thi Lan



INCOME STATEMENT

Year 2020

Unit : VND

ITEMS	Code	Notes	Twelve-month period ended	
			31/12/2020	31/12/2019
1. Sales	01	VI.1	1,207,389,071,411	1,218,668,342,379
2. Less sales deductions	02	VI.2	731,604,576	1,468,552,507
3. Net sales	10	VI.3	1,206,657,466,835	1,217,199,789,872
4. Cost of sales	11	VI.4	938,762,072,748	930,688,191,939
5. Gross profit	20		267,895,394,087	286,511,597,933
6. Financial income	21	VI.5	11,620,412,434	13,280,013,210
7. Financial expenses	22	VI.6	45,622,685,107	26,947,775,173
<i>In which: loan interest expenses</i>	23		-	147,343,121
8. Selling expenses	25	VI.7	81,373,320,427	84,060,480,868
9. General & administration expenses	26	VI.8	92,861,623,731	103,726,430,893
10. Operating profit	30		59,658,177,256	85,056,924,209
11. Other income	31	VI.9	1,431,373,068	1,843,552,662
12. Other expenses	32	VI.10	3,416,562,772	374,523,739
13. Other profit	40		(1,985,189,704)	1,469,028,923
14. Net accounting profit before tax	50		57,672,987,552	86,525,953,132
15. Corporate income tax - current	51	VI.11	17,993,377,785	21,055,459,522
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax	60		39,679,609,767	65,470,493,610

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Le Thi Thu Huong

Chief Accountant

Le Thi Thuy Hang



Huynh Thi Lan



CASH FLOW STATEMENT

(Under indirect method)

Year 2020

Unit : VND

ITEMS	Code	Notes	Twelve-month period ended	
			31/12/2020	31/12/2019
1	2	3	4	5
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		57,672,987,552	86,525,953,132
2. Adjustments for :			48,663,416,506	37,540,406,832
- Depreciation and amortisation	02		10,861,497,655	10,596,012,205
- Provisions	03		47,619,097,852	39,937,944,887
- Unrealised foreign exchange gains/ losses	04		56,214,936	43,100,796
- Gains/losses from investing activities	05		(9,873,393,937)	(13,183,994,177)
- Interest expense	06		-	147,343,121
3. Profit from operating activities before changes in working capital	08		106,336,404,058	124,066,359,964
- Increase (-)/ decrease (+) in receivables	09		32,225,921,442	52,177,884,133
- Increase (-)/ decrease (+) in inventories	10		9,360,266,308	(27,131,944,467)
- Increase (+)/ decrease (-) in payables	11		46,474,274,291	13,360,272,630
- Increase (-)/ decrease (+) in prepaid expenses	12		1,268,701,364	(680,102,965)
- Interest paid	14		-	(147,343,121)
- Corporate income tax paid	15		(16,090,701,541)	(31,224,629,863)
- Other payments for operating activities	17		(15,677,243,002)	(19,038,406,295)
Net cash inflows/(outflows) from operating activities	20		163,897,622,920	111,382,090,016
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21		(6,667,743,735)	(8,473,151,288)
2. Proceeds from disposals of fixed assets and other long-term assets	22		36,363,636	37,272,727
3. Loans granted, purchases of debt instruments of other entities	23		(295,000,000,000)	(65,000,000,000)
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		230,000,000,000	10,000,000,000
5. Investments in other entities	25		-	(200,008,960,000)
7. Dividends and interest received	27		11,551,146,127	13,146,721,450
Net cash inflows/(outflows) from investing activities	30		(60,080,233,972)	(250,298,117,111)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		-	153,012,480,000
3. Proceeds from borrowings	33		-	20,944,069,110
4. Repayments of borrowings	34		-	(20,944,069,110)
6. Dividends paid	36		(34,457,031,000)	(28,714,750,500)
Net cash inflows/(outflows) from financing activities	40		(34,457,031,000)	124,297,729,500
Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		69,360,357,948	(14,618,297,595)
Cash and cash equivalents at the beginning of the year	60		46,134,023,783	60,751,967,400
Effect of foreign exchange differences	61		1,412,837	353,978
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70		115,495,794,568	46,134,023,783

Prepared By

Le Thi Thu Huong

Chief Accountant

Le Thi Thuy Hang



General Director

Huynh Thi Lan



NOTES TO THE FINANCIAL STATEMENTS

Year 2020

Unit: VND

I. BUSINESS HIGHLIGHTS

1. Establishment

Mekophar Chemical Pharmaceutical Joint-Stock Company, whose business code is 0302533156, operates under Business registration certificate No. 4103000833 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City and The nineteenth amended certificate dated July 21, 2020, the chartered capital is VND 232,490,000,000.

English name: Mekophar Chemical Pharmaceutical Joint Stock Company

Short name: Mekophar

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

The Company's branches are located at:

Hanoi branch: No. B26-B28-TT17 Van Quan, Yen Phuc, Phuc La, Ha Dong Dist., Hanoi City

Nghe An Branch: No. 79 Ho Huu Nhan, Vinh Tan, Vinh City, Nghe An Province

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

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

2. Structure of ownership:

Joint Stock Company.

3. Business sector:

Production and trading.

4. Principal activities

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

5. Normal operating cycle

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

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

7. Total employees to December 31, 2020: 717 persons.

8. Enterprise Structure

8.1. List of subsidiaries

As at December 31, 2020, the Company has one (01) directly owned company as follows:

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

II. ACCOUNTING PERIOD AND REPORTING CURRENCY

1. Fiscal year

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

2. Reporting currency

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

III. ADOPTION OF ACCOUNTING STANDARDS AND POLICIES

1. Applicable Accounting System

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

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

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

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

IV. APPLICABLE ACCOUNTING POLICIES

1. Foreign exchange rate applicable in accounting

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

Principles for determining the actual rate

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

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

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as assets will be the buying rate of Vietcombank. The buying rate as at December 31, 2020: 23,035 VND/USD.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as payables will be the selling rate stated by Vietcombank. The exchange rate as at December 31, 2020: 23,215 VND/USD.

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

Principle for determining book rate

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

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

2. Principles for recording cash and cash equivalents

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

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

3. Principles for accounting financial investments

Principles for accounting held-to-maturity investments

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

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

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

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

The investment in Joint-ventures is recorded when the Company holds joint control over these entities' financial and operating policies. When the Company ceases to control these entities, the investment will be written down.

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

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

Provision for loss of investments in subsidiaries, joint-ventures, associates is made when the investee suffers from loss and thus the Company possibly loses its capital or the investments' value is devalued. Basis for making provision for loss of investments is consolidated financial statements of the investee (if it is parent company), the investee's financial statements (if it is an independent enterprise without subsidiary).

Principles for recording equity investments in other entities

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

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

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

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

4. Principles for recording trade receivables and other receivables:

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

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

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

5. Principles for recording inventories:

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

Original costs are determined as follows:

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

Method of calculating inventories' value: Weighted average method.

Method of accounting for the inventories: Perpetual method.

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

6. Principles for recording fixed assets:

6.1 Principles for recording tangible fixed assets:

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

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

Determination of original costs of tangible fixed assets:

Tangible fixed assets purchased

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

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

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

6.2 Principles for recording intangible fixed assets:

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

Principles for recording intangible fixed assets:

Purchase of separate intangible fixed assets

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

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

Land use right

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

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

6.3 Method of depreciating and amortizing fixed assets

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

The estimated useful life for assets is as follows:

<i>Buildings and structures</i>	<i>5 - 25 years</i>
<i>Machinery and equipment</i>	<i>3 - 12 years</i>
<i>Transportation and facilities</i>	<i>5 - 8 years</i>
<i>Office equipment</i>	<i>3 - 10 years</i>
<i>Right to use original cells</i>	<i>3 years</i>
<i>Land use rights indefinitely recorded at cost and is not amortized .</i>	

7. Principles for recording construction in progress:

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

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

8. Principles for recording liabilities

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

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

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

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

9. Principles for recording provision liabilities:

Provisions are recognized when the following conditions are satisfied: the Company has a present (legal or constructive) obligations as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

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

10. Principles for recoding unearned revenue

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

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

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

11. Principles for recording owner's Equity

Principles for recording owner's Equity

The owners' equity is the amount that is contributed by members and supplemented from the profit after tax. The owners' equity will be recorded at the actual contributed capital by cash or assets in the early establishment period or additional mobilization to expand operation.

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

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

+ Principles for recognising undistributed profit:

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

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

12. Principles for recording treasury shares

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

13. Principles for recording revenues

Revenue from goods sold

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

Revenue from service rendered

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

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

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;
- Royalties recognized on the basis of accrument in compliance with the contracts;

- Distributed dividends and profits shall be recognized when shareholders are entitled to receive dividends or the capital-contributing parties are entitled to receive profits from the capital contribution.

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

14. Principles and method of recording cost of goods sold

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

15. Principles and method of recording financial expenses

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

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

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

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

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

Tax policies the Company should comply with are as follows:

The Company pays tax at 20%.

17. Principles for recording earnings per share

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

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

18. Financial instruments:

Initial recognition

Financial assets

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

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

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

Financial liabilities

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

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

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

Re-measurements after initial recognition

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

Offsetting

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

19. Related parties

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

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

A reportable segment includes business segment or a geographical segment.

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

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

For the purpose of management, the Company operates in a large scale of the country, so it presents major segment reporting by business sector, the minor segment reporting by geographical segment.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

1. Cash and cash equivalents	Dec. 31, 2020	Jan. 01, 2020
Cash	35,495,794,568	36,134,023,783
Cash on hand	1,805,567,270	2,358,373,931
Demand deposits	33,690,227,298	33,775,649,852
VND	32,778,611,292	33,657,386,321
USD	911,616,006	118,263,531
Cash Equivalents	80,000,000,000	10,000,000,000
Total	115,495,794,568	46,134,023,783

2. Short-term financial investments

	Dec. 31, 2020		Jan. 01, 2020	
	Amount	Value	Amount	Value
Trading securities	676,956	10,946,711,100	676,956	10,946,711,100
<i>VIDIPHA Pharmaceutical JSC</i>	<i>180,000</i>	<i>4,070,000,000</i>	<i>180,000</i>	<i>4,070,000,000</i>
<i>Pharmaceutical Packaging JSC</i>	<i>477,775</i>	<i>6,635,250,000</i>	<i>477,775</i>	<i>6,635,250,000</i>
<i>OPC Pharmaceutical JSC</i>	<i>19,181</i>	<i>241,461,100</i>	<i>19,181</i>	<i>241,461,100</i>
Held-to-maturity investments		120,000,000,000		55,000,000,000
<i>Term deposits</i>		<i>110,000,000,000</i>		<i>55,000,000,000</i>
<i>Bonds</i>		<i>10,000,000,000</i>		
Total		130,946,711,100		65,946,711,100

3. Trade accounts receivable

	Dec. 31, 2020	Jan. 01, 2020
Local customers	88,731,326,081	117,454,099,495
Foreign customers	32,897,888,303	39,742,538,497
Total	121,629,214,384	157,196,637,992

4. Prepayments to suppliers

	Dec. 31, 2020	Jan. 01, 2020
Local customers	11,980,363,156	1,283,263,611
Foreign customers	990,246,050	8,463,942,998
Total	12,970,609,206	9,747,206,609

5. Other receivables

	Dec. 31, 2020	Jan. 01, 2020
Short-term		
Advances		
<i>Health, social insurance, trade union fee</i>	<i>435,575,633</i>	<i>369,181,968</i>
<i>Consideration for the members of the Board of Management not holding direct management</i>	<i>378,000,000</i>	<i>336,000,000</i>
<i>Other receivables</i>	<i>250,191,660</i>	<i>245,291,660</i>
Total	1,063,767,293	950,473,628

6. Inventories

	Dec. 31, 2020	Jan. 01, 2020
Raw materials	150,388,920,590	153,660,612,227
Tools & supplies	1,563,978,185	1,208,773,094
Works in progress	18,355,220,048	21,192,169,085
Finished goods	66,912,958,308	70,512,495,808
Merchandise inventory	193,718	7,486,943
Total	237,221,270,849	246,581,537,157

7. Tangible fixed assets (See page 20)

8. Intangible fixed assets

	Land use rights	Patents, copyrights	Total
Original cost			
Opening balance	7,438,152,000	5,473,676,139	12,911,828,139
<i>New purchases</i>		595,425,000	595,425,000
<i>Disposal, sale</i>			
Closing balance	7,438,152,000	6,069,101,139	13,507,253,139
Accumulated amortization			
Opening balance	-	2,938,747,224	2,938,747,224
<i>Charge for the year</i>		602,694,153	602,694,153
<i>Disposal, sale</i>			
Closing balance	-	3,541,441,377	3,541,441,377
Net book value			
As at the beginning of the year	7,438,152,000	2,534,928,915	9,973,080,915
As at the end of the year	7,438,152,000	2,527,659,762	9,965,811,762

9. Capital construction in progress	Dec. 31, 2020	Jan. 01, 2020
Accounting software	-	595,425,000
Total	-	595,425,000

10. Long-term investments

	Dec. 31, 2020		Jan. 01, 2020	
	Amount	Value	Amount	Value
Investments in subsidiaries		805,867,320,410		850,552,710,002
Mekophar Co.,Ltd		900,000,000,000		900,000,000,000
+ <i>Provision for devaluation of investment in subsidiaries</i>		(94,132,679,590)		(49,447,289,998)
Investments in equity of other entities	2,464,000	24,068,960,000	2,464,000	24,068,960,000
Orchids Co.,Ltd - Percentage of contribution: 15%		5,550,000,000		5,550,000,000
An Sinh Hospital - Percentage of contribution: 18,34%	2,464,000	18,518,960,000	2,464,000	18,518,960,000
Total	2,464,000	829,936,280,410	2,464,000	874,621,670,002

11. Prepaid expenses	Dec. 31, 2020	Jan. 01, 2020
Short-term prepaid expenses		
Office lease, others	23,190,882	121,581,311
Fire insurance costs	270,500,000	307,395,000
Repair of fixed assets	220,823,700	2,115,263,779
Total	514,514,582	2,544,240,090
Long-term prepaid expenses		
Repair of fixed assets	1,085,659,098	324,634,954
Total	1,085,659,098	324,634,954

12. Trade payables	Dec. 31, 2020	Jan. 01, 2020
Local suppliers	29,826,141,757	15,652,782,101
Foreign suppliers	7,298,796,000	5,293,163,000
Total	37,124,937,757	20,945,945,101

13. Prepayments from customers	Dec. 31, 2020	Jan. 01, 2020
Local customers	15,311,491,027	15,288,790,672
Foreign customers	2,775,188,117	2,171,325,680
Total	18,086,679,144	17,460,116,352

14. Taxes and payables to the State Budget	Dec. 31, 2020	Jan. 01, 2020
VAT output	1,037,504,633	1,133,078,834
VAT on import	163,518,818	177,491,158
Corporate income tax	2,897,744,548	995,068,304
Total	4,098,767,999	2,305,638,296

15 Short-term other payables	Dec. 31, 2020	Jan. 01, 2020
Social insurance, health insurance, trade union fee, Communist party membership fee	185,538,029	181,578,906
Board of Management	344,555,555	344,555,555
Other payables	17,115,094,578	17,115,094,578
Total	17,645,188,162	17,641,229,039

16. Owners' equity

a. Comparison schedule for changes in Owner's Equity (See page 21)

b. Details of owners' shareholding

	% of shareholding	Dec. 31, 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
Treasury share		(14,487,151,158)	(14,487,151,158)
Total	100.0%	627,791,963,300	627,791,963,300

* Number of treasury shares: 277.646, equivalent to VND14,487,151,158.

c. Shares	Dec. 31, 2020	Jan. 01, 2020
Number of shares registered to be issued	23,249,000	23,249,000
Number of shares sold out to the public	23,249,000	23,249,000
<i>Ordinary share</i>	23,249,000	23,249,000
Number of shares repurchased	277,646	277,646
<i>Ordinary share</i>	277,646	277,646
Number of existing shares in issue	22,971,354	22,971,354
<i>Ordinary share</i>	22,971,354	22,971,354
<i>Par value: VND/share.</i>	<i>10,000</i>	<i>10,000</i>

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

	Year 2020	Year 2019
1. Sales		
Revenue from finished goods sold	570,391,826,106	652,488,697,093
Revenue from services of original cells bank	59,221,054,139	61,121,057,202
Revenue from merchandises sold	561,145,201,179	485,047,354,373
Revenue from sale of materials	8,071,205,332	11,054,707,361
Revenue from office lease	8,559,784,655	8,956,526,350
Total	1,207,389,071,411	1,218,668,342,379
2. Sales deductions		
Sales returns	730,126,481	706,128,962
Discount sales	1,478,095	762,423,545
Total	731,604,576	1,468,552,507
3. Net sales		
Revenue from finished goods sold	569,690,591,194	651,783,539,431
Revenue from exchange of services	59,221,054,139	61,121,057,202
Revenue from merchandises sold	561,116,309,610	485,046,383,073
Revenue from construction contract	8,069,727,237	10,292,283,816
Revenue from trading investment properties	8,559,784,655	8,956,526,350
Total	1,206,657,466,835	1,217,199,789,872
4. Cost of sales		
Cost of finished goods sold	354,715,209,996	418,866,347,643
Cost of service of original cells bank	18,290,362,181	19,574,491,256
Cost of merchandises sold	558,465,068,550	482,222,514,686
Cost of materials, services rendered	7,291,432,021	10,024,838,354
Total	938,762,072,748	930,688,191,939
5. Financial income		
Interest income from deposits, loans	5,110,700,627	871,696,950
Dividends, profit paid	6,440,445,500	12,275,024,500
<i>An Sinh General Hospital Co., Ltd</i>	<i>5,162,240,000</i>	<i>11,160,000,000</i>
<i>VIDIPHA Pharmaceutical JSC</i>	<i>504,000,000</i>	<i>360,000,000</i>
<i>Pharmaceutical Packaging Joint Stock Company</i>	<i>716,662,500</i>	<i>716,662,500</i>
<i>OPC Pharmaceutical Joint Stock Company</i>	<i>57,543,000</i>	<i>38,362,000</i>
Realised foreign exchange gains	69,266,307	34,852,184
Unrealised foreign exchange gains	-	98,439,576
Total	11,620,412,434	13,280,013,210
6. Financial expenses		
Realised foreign exchange losses	881,080,579	1,025,017,620
Unrealised foreign exchange losses	56,214,936	43,100,796
Interest	-	147,343,121
Provision for devaluation of investment loss, other	44,685,389,592	25,732,313,636
Total	45,622,685,107	26,947,775,173

7. Selling expenses	Year 2020	Year 2019
Salaries	26,792,318,830	28,455,245,419
Commission	25,783,591,113	26,402,299,027
Depreciation	349,334,587	173,611,140
Services bought from outsiders	18,848,848,640	20,578,491,729
Transportation	9,381,692,857	8,238,799,153
Other sundry expenses by cash	217,534,400	212,034,400
Total	81,373,320,427	84,060,480,868
8. General and administration expenses	Year 2020	Year 2019
Salaries	45,650,979,096	48,928,755,212
Materials and packaging	9,539,910,541	11,339,618,756
Depreciation	3,920,082,824	3,778,827,554
Taxes, fees and duties	7,877,991,304	8,241,378,450
Services bought from outsiders	3,769,279,823	2,535,552,923
Other sundry expenses by cash	19,169,671,883	21,696,666,747
Provision for doubtful debt	2,933,708,260	14,205,631,251
Total	92,861,623,731	103,726,430,893
9. Other income	Year 2020	Year 2019
Liquidation of fixed assets	36,363,636	37,272,727
Other income (Treatment to surplus amount upon the counting)	1,049,957,081	1,532,987,855
Other income	345,052,351	273,292,080
Total	1,431,373,068	1,843,552,662
10. Other expenses	Year 2020	Year 2019
Other expenses (Treatment to deficient amount upon the counting, other)	3,416,562,772	374,523,739
Total	3,416,562,772	374,523,739
11. Current corporate income tax	Year 2020	Year 2019
- Total accounting profit before tax	57,672,987,552	86,525,953,132
- Adjustments to increase accounting profit to determine taxable income	38,258,272,654	37,727,701,491
+ Undeductible expenses	38,254,985,751	37,713,700,274
+ Loss from foreign exchange differences on cash and liabilities receivable	3,286,903	14,001,217
- Adjustments to decrease accounting profit to determine taxable income	(6,442,537,467)	(19,278,313,104)
+ Received dividend interest	(6,440,445,500)	(12,275,024,500)
+ Gain from foreign exchange differences on cash and liabilities receivable	(2,091,967)	(3,288,604)
+ Reversal of provision for the projects	-	(7,000,000,000)
- Total taxable income	89,488,722,739	104,975,341,519
- Tax rate	20%	20%
- Current corporate income tax	17,897,744,548	20,995,068,304
- Adjustments of corporate income tax of prior years to that of current year	95,633,237	60,391,218
- Total current corporate income tax	17,993,377,785	21,055,459,522

12. Costs of production and doing business by factors

	Year 2020	Year 2019
Raw materials	315,022,910,381	407,460,638,495
Labour cost	119,363,700,578	125,800,771,797
Depreciation and amortization	10,861,497,655	10,596,012,205
Services bought	46,341,783,798	47,290,041,777
Other sundry cash expense	60,608,178,505	68,995,052,298
Total	552,198,070,917	660,142,516,572

Prepared By



Le Thi Thu Huong

Chief Accountant



Le Thi Thuy Hang



HCMC, January 22, 2021

General Director

Huynh Thi Lan



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NOTES TO THE FINANCIAL STATEMENTS

For the accounting period from Jan. 01, 2020 to Dec. 31, 2020

Unit: VND

V.7. Tangible fixed assets

Items	Buildings & Structures	Machinery & Equipment	Transportation & Facilities	Others	Total
Original cost					
Opening balance	53,610,571,336	130,263,108,547	15,643,016,181	51,319,797,261	250,836,493,325
<i>New purchase</i>		5,641,277,281	289,048,454	737,418,000	6,667,743,735
<i>Disposal, sale</i>		2,733,190,851	114,469,048	1,346,321,000	4,193,980,899
Closing balance	53,610,571,336	133,171,194,977	15,817,595,587	50,710,894,261	253,310,256,161
Accumulated depreciation					
Opening balance	38,242,229,159	111,945,613,354	13,285,322,782	44,812,989,919	208,286,155,214
<i>Charge for the year</i>	1,857,327,660	6,013,476,876	589,057,394	1,798,941,572	10,258,803,502
<i>Disposal, sale</i>		2,239,178,432	114,469,048	126,217,593	2,479,865,073
Closing balance	40,099,556,819	115,719,911,798	13,759,911,128	46,485,713,898	216,065,093,643
Net book value					
As at beginning of the year	15,368,342,177	18,317,495,193	2,357,693,399	6,506,807,342	42,550,338,111
As at the end of the year	13,511,014,517	17,451,283,179	2,057,684,459	4,225,180,363	37,245,162,518

NOTES TO THE FINANCIAL STATEMENTS

For the accounting period from Jan. 01, 2020 to Dec. 31, 2020

Unit: VND

V.17. Owner's Equity

a. Comparison schedule for changes in Owner's Equity

Items	Paid-in Capital	Share Premium	Treasury Share	Investment and Development Fund	Undistributed Earnings	Total
Prior year opening balance	194,208,130,000	295,058,504,458	(14,487,151,158)	505,320,886,183	105,017,491,926	1,085,117,861,409
Profit of year 2019					65,470,493,610	65,470,493,610
Capital increase by issuing shares	38,281,870,000	114,730,610,000			-	153,012,480,000
Consideration for the members of the Board of Management not holding direct management in 2018					(326,000,000)	(326,000,000)
Bonus for the Board of Management in 2018					(912,000,000)	(912,000,000)
Appropriation to funds from profit of 2018				41,086,792,234	(41,086,792,234)	-
Appropriation to bonus and welfare fund from profit of 2018					(9,977,949,192)	(9,977,949,192)
Dividends paid to shareholders from profit of 2018					(28,714,750,500)	(28,714,750,500)
Prior year closing balance	232,490,000,000	409,789,114,458	(14,487,151,158)	546,407,678,417	89,470,493,610	1,263,670,135,327
Current year opening balance	232,490,000,000	409,789,114,458	(14,487,151,158)	546,407,678,417	89,470,493,610	1,263,670,135,327
Profit of current period					39,679,609,767	39,679,609,767
Consideration for the members of the Board of Management not holding direct management in 2019					(336,000,000)	(336,000,000)
Appropriation to funds from profit of 2019				24,164,013,250	(24,164,013,250)	-
Appropriation to bonus and welfare fund from profit of 2019					(6,513,449,360)	(6,513,449,360)
Dividends paid to shareholders from profit of 2019					(34,457,031,000)	(34,457,031,000)
Current year closing balance	232,490,000,000	409,789,114,458	(14,487,151,158)	570,571,691,667	63,679,609,767	1,262,043,264,734