



MEKOPHAR

**CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

**REVIEWED CONSOLIDATED
FINANCIAL STATEMENTS**

For the accounting period of the first 06 months of the year 2022

**REVIEWED CONSOLIDATED FINANCIAL
STATEMENTS**

For the accounting period of the first 06 months of the year 2022

**MEKOPHAR CHEMICAL PHARMACEUTICAL
JOINT-STOCK COMPANY**

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REPORT OF THE BOARD OF MANAGEMENT

For the accounting period of the first 06 months of the year 2022

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 2022.

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 20th change on July 15, 2021 on the change of charter capital, increasing the charter capital to 255,458,670,000.

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 2022

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

Member Board of General Directors, Board of Supervisory and Chief Accountant in the period and to the date of the consolidated financial statements include:

Board of Management:

Mr. Le Anh Phuong	Chairman
Ms. Huynh Thi Lan	Vice Chairman
Ms. Dang Thi Kim Lan	Member
Mr. Satoshi Kamamura	Member
Mr. Nguyen Duc Thang	Member
Ms. Nguyen Thi Quynh Anh	Member
Ms. Phan Thi Lan Huong	Member

Board of Supervisors:

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

Board of General Directors and Chief Accountant:

Ms. Huynh Thi Lan	General Director
Ms. Dang Thi Kim Lan	Deputy General Manager
Mr. Le Anh Phuong	Deputy General Manager
Ms. Phan Thi Lan Huong	Deputy General Manager
Mr. Phan Anh Tai	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

Moore Aisc Auditing and Informatics Services Limited Company (MOORE AISC) has been appointed as an independent auditor for the accounting period ended June 30, 2022.

5. Commitment of the Board of Management and Board of Directors

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, 2022 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 2022

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, 2022, 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 June 30, 2022.

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



Le Anh Phuong, Eng.

Chairman of the Board of Management

Ho Chi Minh City, Viet Nam

August 15, 2022

NO: A0522301-SXHN/MOORE AISC-DN4

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**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**, prepared on August 15, 2022, from Page 06 to Page 45, including Consolidated Balance Sheet as at 30 June 2022, Consolidated Income Statement, Consolidated Cash Flow Statement for the first 6 months ended on the same date and Notes to the Consolidated Financial Statements.

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.



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS (CONT.)

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, 2022 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.



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Huynh Tieu Phung

Deputy General Director

Certificate of Audit Practice Registration

No : 1269-2018-005-1

For and behalf of

Moore Aisc Auditing and Informatics Services Company Limited

Ho Chi Minh City, Viet Nam

August 15, 2022

CONSOLIDATED BALANCE SHEET

As at June 30, 2022

Unit: VND

ASSETS	Code	Notes	Jun. 30, 2022	Jan. 01, 2022
A. SHORT-TERM ASSETS	100		892,240,207,906	852,901,530,038
I. Cash and Cash Equivalents	110	V.1	62,463,063,258	49,167,213,893
1. Cash	111		62,463,063,258	46,167,213,893
2. Cash equivalents	112		-	3,000,000,000
II. Short-term Financial Investment	120		118,946,711,100	255,946,711,100
1. Trading securities	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	108,000,000,000	245,000,000,000
III. Short-term Accounts Receivable	130		90,246,213,994	183,201,384,591
1. Trade accounts receivable	131	V.3	113,728,230,855	119,443,855,976
2. Prepayments to suppliers	132	V.4	7,247,728,189	91,317,653,487
3. Inter company receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Others receivables	136	V.5	990,530,110	1,088,002,493
7. Provision for doubtful debts	137	V.3	(31,720,275,160)	(28,648,127,365)
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140	V.6	599,934,710,225	350,350,666,650
1. Inventories	141		599,934,710,225	350,350,666,650
2. Provision for decline in value of inventories	149		-	-
V. Other Current Assets	150		20,649,509,329	14,235,553,804
1. Short-term prepayments	151	V.10a	2,813,892,858	2,740,714,893
2. Deductible VAT	152		13,846,354,660	9,232,063,544
3. Taxes and other receivables from the State Budget	153	V.13b	3,989,261,811	2,262,775,367
4. Repurchase and sale of Government's bonds	154		-	-
5. Other current assets	155		-	-

CONSOLIDATED BALANCE SHEET

As at June 30, 2022

Unit: VND

ASSETS	Code	Notes	Jun. 30, 2022	Jan. 01, 2022
B. LONG-TERM ASSETS	200		759,634,320,039	775,411,652,307
I. Long-term Assets	210		-	-
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		-	-
II. Fixed Assets	220		733,252,823,667	749,476,298,250
1. Tangible fixed assets	221	V.8	724,414,337,505	740,262,036,888
- Cost	222		1,027,917,145,140	1,020,220,925,756
- Accumulated depreciation	223		(303,502,807,635)	(279,958,888,868)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	8,838,486,162	9,214,261,362
- Cost	228		13,507,253,139	13,507,253,139
- Accumulated amortization	229		(4,668,766,977)	(4,292,991,777)
III. Investment Properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Non-current assets	240	V.7	57,768,757	39,149,581
1. Works in progress	241		-	-
2. Capital construction in progress	242		57,768,757	39,149,581
V. Long-term investments	250	V.2c	24,068,960,000	24,068,960,000
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		-	-
VI. Other Long-term Assets	260		2,254,767,615	1,827,244,476
1. Long-term prepaid expenses	261	V.10b	2,254,767,615	1,827,244,476
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
5. Goodwill	269		-	-
TOTAL ASSETS	270		1,651,874,527,945	1,628,313,182,345

CONSOLIDATED BALANCE SHEET

As at June 30, 2022

Unit: VND

RESOURCES	Code	Notes	Jun. 30, 2022	Jan. 01, 2022
C. LIABILITIES	300		402,756,153,468	379,260,703,307
I. Current Liabilities	310		258,859,313,428	231,698,844,911
1. Short-term trade payables	311	V.11	43,385,548,702	75,752,805,694
2. Advances from customers	312	V.12	40,888,311,927	21,664,650,147
3. Taxes and other payables to the State Budget	313	V.13a	1,152,059,984	4,536,255,841
4. Payables to employees	314		14,016,630,392	14,320,541,248
5. Short-term accrued expenses	315	V.14	16,089,613,620	3,946,140,278
6. Short-term intercompany payables	316		-	-
7. Construction contract-in-progress payables	317		-	-
8. Short-term unrealized revenue	318		-	-
9. Other short-term payables	319	V.16	30,920,685,320	28,811,079,808
10. Short-term borrowings and financial lease liabilities	320	V.17a	103,099,997,600	73,573,200,000
11. Provision for short-term payables	321		-	-
12. Bonus and welfare fund	322		9,306,465,883	9,094,171,895
13. Price stabilization fund	323		-	-
14. Repurchase and sale of Government's bonds	324		-	-
II. Long-term Liabilities	330		143,896,840,040	147,561,858,396
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.15	143,896,840,040	135,908,625,149
7. Other long-term payables	337		-	-
8. Long-term borrowings and financial lease liabilities	338	V.17b	-	11,653,233,247
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, 2022

Unit: VND

RESOURCES	Code	Notes	Jun. 30, 2022	Jan. 01, 2022
D. OWNER'S EQUITY	400		1,249,118,374,477	1,249,052,479,038
I. Owner's Equity	410	V.18	1,249,118,374,477	1,249,052,479,038
1. Owner's equity	411		255,458,670,000	255,458,670,000
- Ordinary shares with voting rights	411a		255,458,670,000	255,458,670,000
- 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		574,559,027,845	573,322,804,351
9. Fund for support of arrangement of enterprises	419		-	-
10. Other funds	420		-	-
11. Undistributed earnings	421		23,798,713,332	24,969,041,387
- Undistributed earnings accumulated to the end of the prior year	421a		637,794,105	9,108,247,716
- Undistributed earnings in this year	421b		23,160,919,227	15,860,793,671
12. Investment reserve for basic construction	422		-	-
13. Benefits of non - control shareholder	429		-	-
II. Budget Sources and Other Funds	430		-	-
1. Budget sources	431		-	-
2. Fund to from fixed assets	432		-	-
TOTAL RESOURCES	440		1,651,874,527,945	1,628,313,182,345



Le Thi Thu Huong
Prepared by

Ho Chi Minh City, Viet Nam
August 15, 2022



Phan Anh Tai
Chief accountant



DR. Huynh Thi Lan, PharmD.
General Director

CONSOLIDATED INCOME STATEMENT

For the accounting period of the first 06 months of the year 2022

Unit: VND

ITEMS	Code	Notes	The first 6 months of 2022	The first 6 months of 2021
1. Sales	01	VI.1	617,288,784,362	518,870,862,167
2. Less sales deductions	02	VI.2	207,954,517	50,416,630
3. Net sales	10	VI.3	617,080,829,845	518,820,445,537
4. Cost of sales	11	VI.4	420,398,529,841	415,228,306,378
5. Gross profit (20 = 10 -11)	20		196,682,300,004	103,592,139,159
6. Financial income	21	VI.5	8,398,208,712	8,200,709,631
7. Financial expenses	22	VI.6	11,281,004,592	969,118,305
<i>In which: Loans interest expenses</i>	23		2,221,754,746	127,686,414
8. Gain/losses from Joint venture, associated Company	25		-	-
9. Selling expenses	25	VI.7a	90,638,858,157	39,952,144,261
10. General & administration expenses	26	VI.7b	72,004,080,917	56,965,254,306
11. Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		31,156,565,050	13,906,331,918
12. Other income	31	VI.8	93,782,896	89,780,228
13. Other expenses	32	VI.9	2,299,198,912	26,024,118
14. Other profit (40 = 31 - 32)	40		(2,205,416,016)	63,756,110
15. Net accounting profit before tax (50 = 30 + 40)	50		28,951,149,034	13,970,088,028
16. Corporate income tax - current	51	VI.11	5,790,229,807	2,794,017,606
17. Corporate income tax - deferred	52		-	-
18. Net profit after corporate income tax (60 = 50 - 51 -52)	60		23,160,919,227	11,176,070,422
19. Earnings per share	70	VI.12	917	487
20. Diluted earnings per share	71	VI.12	917	487



Le Thi Thu Huong
Prepared by

Ho Chi Minh City, Viet Nam
August 15, 2022



Phan Anh Tai
Chief accountant



DR. Huynh Thi Lan, PharmD.
General Director

CONSOLIDATED CASH FLOW STATEMENT

(Under indirect method)

For the accounting period of the first 06 months of the year 2022

Unit: VND

ITEMS	Code	Notes	The first 6 months of 2022	The first 6 months of 2021
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net income before tax	01		28,951,149,034	13,970,088,028
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02	V.8&9	23,919,693,967	22,043,061,771
- Provision	03		3,072,147,795	-
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		2,688,086,011	(1,016,848,834)
- Gain/losses from investing activities	05		(7,427,021,502)	(7,035,753,459)
- Interest expenses	06	VI.6	2,221,754,746	127,686,414
- Other adjustments	07		-	-
3. Profit from operating activities before changes in working capital	08		53,425,810,051	28,088,233,920
- Increase (-)/decrease (+) in receivables	09		83,306,183,571	(23,430,719,008)
- Increase (-)/decrease (+) in inventories	10		(249,584,043,575)	(23,971,413,481)
- Increase (-)/decrease (+) in payables (Other than payables, income tax)	11		5,203,811,922	17,917,775,012
- Increase (-)/decrease (+) in prepaid	12		(500,701,104)	352,117,013
- Increase (-)/decrease (+) in trading securities	13		-	-
- Interest paid	14		(2,221,754,746)	(127,686,414)
- Corporate income tax paid	15	V.13	(8,163,627,409)	(4,897,744,548)
- Other receipts from operating activities	16		-	-
- Other payments on operating activities	17		(2,464,153,000)	(3,670,708,332)
Net cash inflows/(outflows) from operating activities	20		(120,998,474,290)	(9,740,145,838)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21		(7,714,838,560)	(3,623,117,755)
2. Proceeds from disposals of fixed assets and other long-term	22	VI.9	-	69,090,909
3. Loans granted, purchases of debt instruments of other entities	23		(138,000,000,000)	(248,682,312,230)
4. Collection of loans, purchase of debt instruments of other entities	24		275,000,000,000	186,682,312,230
5. Investments in other entities	25		-	-
6. Proceeds from divestment in other entities	26		-	-
7. Dividends and interest received	27	VI.5	7,427,021,502	6,966,662,550
Net cash inflows/(outflows) from investing activities	30		136,712,182,942	(58,587,364,296)

CONSOLIDATED CASH FLOW STATEMENT

(Under indirect method)

For the accounting period of the first 06 months of the year 2022

Unit: VND

ITEMS	Code	Notes	The first 6 months of 2022	The first 6 months of 2021
III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		-	-
2. Payment for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33	VII.1	143,364,727,600	-
4. Repayments of borrowings	34	VII.2	(127,570,263,247)	(2,396,899,958)
5. Payment for finance lease liabilities	35		-	-
6. Dividends paid	36	V.18	(18,102,576,800)	(22,971,354,000)
Net cash inflows/(outflows) from financing activities	40		(2,308,112,447)	(25,368,253,958)
Net cash inflows/(outflows) (50 = 20 + 30 + 40)	50		13,405,596,205	(93,695,764,092)
Cash and cash equivalents at the beginning of the period	60		49,167,213,893	120,196,155,737
Effect of foreign exchange differences	61		(109,746,840)	(9,993,958)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	V.1	62,463,063,258	26,490,397,687



Le Thi Thu Huong
Prepared by

Ho Chi Minh City, Viet Nam
August 15, 2022



Phan Anh Tai
Chief accountant




DR. Huynh Thi Lan, PharmD.
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

I. BUSINESS HIGHLIGHTS**1. Establishment**

Mekophar Chemical Pharmaceutical Joint-Stock Company, whose business code is 0302533156, operates under Business registration certificate No. 4103000833 dated February 08, 2002 issued by the Department of Planning and Investment of Ho Chi Minh City, the 20th change on July 15, 2021 on the change of charter capital, increasing the charter capital to 255,458,670,000.

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 Street, District 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, 2022: 658 persons. (December 31, 2021: 674 persons).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

7. Enterprise Structure

7.1. List of consolidated subsidiaries

As at June 30, 2022 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, Thu Duc City, 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 branch/store 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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 2022.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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: applied according to the foreign currency buying rate of Vietcombank with the converted buying rate as of June 30, 2022: 23,135 VND/USD; 23,944 VND/EUR for monetary items at the Parent Company. Foreign currency buying rate Shinhan Bank Vietnam - Ho Chi Minh Branch at the exchange rate as of June 30, 2022: 23,130 VND/USD; 168,36 VND/JPY for monetary items at Subsidiaries.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as payables: applied at the foreign currency selling rate of Vietcombank. Exchange rate as of June 30, 2022: 23,415 VND/USD; 25,032 VND/EUR. Foreign currency selling rate Shinhan Bank Vietnam - Ho Chi Minh Branch with the exchange rate on June 30, 2022 :23,130 VND/USD; 173,47 VND/JPY for monetary items at Subsidiaries.

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.

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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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 investor 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....

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:

- Materials, merchandise 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 materials, direct labor, and manufacturing overhead incurred in the production process.

Method of calculating inventories' value: Weighted average method.

Method of accounting for the inventories: Perpetual method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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 directly relevant fees and 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.

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.

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 that is a land use right is the amount paid upon receipt of a lawful land use right transfer from another person, compensatory payments for clearance of site, expenses for levelling the ground, registration fee.....

Computer software

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND***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:

<i>Buildings and structures</i>	<i>5 - 25 years</i>
<i>Machinery and equipment</i>	<i>3 - 12 years</i>
<i>Transportation and facilities</i>	<i>5 - 8 years</i>
<i>Office equipment</i>	<i>4 - 10 years</i>
<i>Right to use original cells</i>	<i>3 years</i>
<i>Indefinite land use rights are stated at the initial cost and does not amortized.</i>	

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND***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 (or 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.

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, distributed dividends and profits and income from other financing activities; foreign exchange gains.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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.

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 detail for each expense item when actually incurred during the period 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 until the fiscal year 2020.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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.

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, 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.

Re-measurements after initial recognition

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

Offsetting financial instruments

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 positions such as the Board of Directors, Board of Directors, and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each related party relationship, attention is directed to the substance of the relationship, and not 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

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

1. Cash and cash equivalents	Jun. 30, 2022	Jan. 01, 2022
Cash	62,463,063,258	46,167,213,893
Cash on hand	2,871,500,669	4,000,775,348
Demand deposits	59,591,562,589	42,166,438,545
Cash Equivalents	-	3,000,000,000
Deposits with the term less than 3 months	-	3,000,000,000
Total	62,463,063,258	49,167,213,893

2. Financial investment (for more details see page 40 to 41)

3. Trade receivables	Jun. 30, 2022		Jan. 01, 2022	
	Amount	Provision	Amount	Provision
a. Short-term	113,728,230,855	(31,720,275,160)	119,443,855,976	(28,648,127,365)
Local customers	80,755,541,986	-	86,002,275,968	-
<i>Ha Noi branch of Mekophar J.S.C 's Customers</i>	19,753,857,094	-	19,618,816,663	-
<i>Branch of Zuellig at Tan Tao Park</i>	10,495,110,457	-	9,007,175,403	-
<i>Can Tho branch of Mekophar J.S.C's Customers</i>	4,753,655,493	-	8,101,129,850	-
<i>An Sinh Hospital Co., Ltd.</i>	2,308,935,680	-	171,770,850	-
<i>Other customers</i>	43,443,983,262	-	49,103,383,202	-
Foreign customers	32,972,688,869	(31,720,275,160)	33,441,580,008	(28,648,127,365)
<i>Neros Pharmaceuticals Ltd</i>	31,720,275,160	(31,720,275,160)	31,720,275,160	(28,648,127,365)
<i>Nipro Pharma Corporation</i>	1,252,413,709	-	1,721,304,848	-
Total	113,728,230,855	(31,720,275,160)	119,443,855,976	(28,648,127,365)
b. Related parties				
<i>An Sinh Hospital Co., Ltd.</i>	2,308,935,680	-	171,770,850	-
<i>Nipro Pharma Corporation</i>	1,252,413,709	-	1,721,304,848	-
Total	3,561,349,389	-	1,893,075,698	-

c. Bad debt (for more details see page 42)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

4. Prepayments to suppliers	Jun. 30, 2022		Jan. 01, 2022	
	Amount	Provision	Amount	Provision
a. Short-term	7,247,728,189	-	91,317,653,487	-
Local suppliers	3,084,662,099	-	29,891,171,962	-
<i>Zuellig Pharma Vietnam Branch</i>	<i>73,756,137</i>	-	<i>26,246,559,982</i>	-
<i>Vietnam Pharmaceutical Corporation</i>	<i>399,000,000</i>	-	<i>399,000,000</i>	-
<i>Dai Viet Consulting Design and Investment Construction JSC</i>	<i>957,000,000</i>	-	-	-
<i>BAZAN DL Vietnam Co., Ltd</i>	<i>740,831,000</i>	-	-	-
<i>Other suppliers</i>	<i>914,074,962</i>	-	<i>3,245,611,980</i>	-
Foreign suppliers	4,163,066,090	-	61,426,481,525	-
<i>Sunway Enterprise Co.,Ltd</i>	<i>936,863,210</i>	-	-	-
<i>Optimus Drugs Private Lim</i>	-	-	<i>55,802,400,000</i>	-
<i>Sky Softgel Co.,Ltd</i>	<i>3,212,219,880</i>	-	<i>1,244,485,080</i>	-
<i>Nipro Pharma Corporation</i>	-	-	<i>616,172,700</i>	-
<i>Syntegon Packaging Techno</i>	-	-	<i>1,845,529,925</i>	-
<i>Other suppliers</i>	<i>13,983,000</i>	-	<i>1,917,893,820</i>	-
Total	7,247,728,189	-	91,317,653,487	-
b. Related parties				
<i>VN Pharmaceutical Corp</i>	<i>399,000,000</i>	-	<i>399,000,000</i>	-
<i>Nipro Pharma Corporation</i>	-	-	<i>616,172,700</i>	-
Total	399,000,000	-	1,015,172,700	-
5. Other receivables	Jun. 30, 2022		Jan. 01, 2022	
	Amount	Provision	Amount	Provision
Short-term	990,530,110	-	1,088,002,493	-
Advances	115,000,000	-	-	-
Other receivables	875,530,110	-	1,088,002,493	-
<i>Health, social insurance, trade union fee</i>	<i>406,233,133</i>	-	<i>418,654,133</i>	-
<i>Remuneration for members of the Management board who do not directly manage</i>	<i>204,000,000</i>	-	<i>408,000,000</i>	-
<i>Other receivables</i>	<i>265,296,977</i>	-	<i>261,348,360</i>	-
Total	990,530,110	-	1,088,002,493	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

6. Inventories	Jun. 30, 2022		Jan. 01, 2022	
	Original cost	Provision	Original cost	Provision
Raw materials	443,010,515,575	-	243,005,289,774	-
Tools, supplies	3,091,242,513	-	2,754,597,373	-
Works in progress	59,784,728,320	-	33,680,007,460	-
Finished goods	94,048,030,099	-	70,910,578,325	-
Merchandise inventory	193,718	-	193,718	-
Total	599,934,710,225	-	350,350,666,650	-

- 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	Jun. 30, 2022		Jan. 01, 2022	
	Amount	Provision	Amount	Provision
Works in progress	57,768,757	-	39,149,581	-
Purchasing fixed assets	57,768,757	-	39,149,581	-
Total	57,768,757	-	39,149,581	-

(*) Reason for incompleteness of one normal circle of production and doing business: At June 30, 2022, The Company is in the process of acceptance and handover of machinery and equipment.

8. Tangible fixed assets (for more details see page 43)**9. Intangible fixed assets**

	Land use right	Patents, copyrights	Total
Original cost			
Opening balance	7,438,152,000	6,069,101,139	13,507,253,139
Closing balance	7,438,152,000	6,069,101,139	13,507,253,139
Accumulated amortization			
Opening balance	-	4,292,991,777	4,292,991,777
Charge for the period	-	375,775,200	375,775,200
Closing balance	-	4,668,766,977	4,668,766,977
Net book value			
As at the beginning of the period	7,438,152,000	1,776,109,362	9,214,261,362
As at the end of the period	7,438,152,000	1,400,334,162	8,838,486,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

*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: 2,708,299,139 VND

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

10. Prepaid expenses	Jun. 30, 2022	Jan. 01, 2022
a. Short-term prepaid expenses	2,813,892,858	2,740,714,893
Rental expense of land	637,709,244	-
Cost of manterance TICC and security	303,120,941	-
Repair of fixed assets	664,115,384	641,899,740
Cost of insurance	594,743,750	1,324,737,500
Other expenses	303,230,634	364,367,189
Cost of calibration for machine	280,972,905	343,710,464
Rental expense of office	30,000,000	66,000,000
b. Long-term prepaid expenses	2,254,767,615	1,827,244,476
Tools and equipment expenses	756,074,210	1,209,530,306
Other installing expenses	521,007,345	370,020,270
Cost of repairing fixed assets	977,686,060	247,693,900
Total	5,068,660,473	4,567,959,369

11. Trade payables	Jun. 30, 2022		Jan. 01, 2022	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
a.Short-term	43,385,548,702	43,385,548,702	75,752,805,694	75,752,805,694
Local suppliers	20,239,821,202	20,239,821,202	55,793,198,133	55,793,198,133
<i>National phytopharma J.S.C</i>	103,335,842	103,335,842	34,479,125,359	34,479,125,359
<i>Viet Nam Suheung Co.,ltd</i>	3,358,216,800	3,358,216,800	-	-
<i>Other suppliers</i>	16,778,268,560	16,778,268,560	21,314,072,774	21,314,072,774
Foreign suppliers	23,145,727,500	23,145,727,500	19,959,607,561	19,959,607,561
<i>Khs Synchemical Corp.</i>	8,347,447,500	8,347,447,500	17,419,200,000	17,419,200,000
<i>Optimus Drugs Private Lim</i>	6,087,900,000	6,087,900,000	-	-
<i>Lando Pharmaceutical PTE</i>	-	-	1,002,721,579	1,002,721,579
<i>The United Laboratories</i>	8,710,380,000	8,710,380,000	-	-
<i>Other suppliers</i>	-	-	1,537,685,982	1,537,685,982
Total	43,385,548,702	43,385,548,702	75,752,805,694	75,752,805,694
b. Related parties				
<i>Nipro Pharma Corporation</i>	-	-	987,605,982	987,605,982
Total	-	-	987,605,982	987,605,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

12. Prepayments from customers	Jun. 30, 2022	Jan. 01, 2022
Short-term	40,888,311,927	21,664,650,147
Local customers	37,612,590,130	16,817,539,521
<i>Original cell bank</i>	7,538,320,001	13,674,735,001
<i>T.N.T Pharmaceutical And Medical Equipment J.S.C</i>	25,583,300,289	-
<i>Other customers</i>	4,490,969,840	3,142,804,520
Foreign customers	3,275,721,797	4,847,110,626
<i>Saba Trade Ltd</i>	2,168,209,536	2,962,686,776
<i>Health Care Solution LLC</i>	-	1,521,452,293
<i>Other customers</i>	1,107,512,261	362,971,557
Total	40,888,311,927	21,664,650,147

13. Taxes and payables to the State Budget

	Jan. 01, 2022	Amount paid / deducted in the period	Amount payable in the period	Jun. 30, 2022
a. Payables				
V.A.T payables	-	38,260,957,190	38,260,957,190	-
V.A.T Import duties	1,372,628,432	21,827,836,349	20,817,038,094	361,830,177
Corporate income tax	3,163,627,409	8,163,627,409	5,790,229,807	790,229,807
Foreign Contractor Tax Fee, Charges and other payables	-	65,565,815	65,565,815	-
	-	37,650,000	37,650,000	-
Total	4,536,255,841	68,355,636,763	64,971,440,906	1,152,059,984
b. Receivable				
V.A.T Import duties	1,372,628,432	20,692,789,149	21,703,587,404	361,830,177
Import – Export duties	890,146,935	12,397,272,682	13,222,803,877	64,615,740
Overpaid PIT	-	1,852,178,799	1,755,396,344	96,782,455
Personal income tax from dividends		557,482,800	557,482,800	
Land and house tax; land rental Fees, Charges and other receivables.	-	10,863,033,439	7,400,000,000	3,463,033,439
	-	8,000,000	5,000,000	3,000,000
Total	2,262,775,367	46,370,756,869	44,644,270,425	3,989,261,811

14. Accrued Expenses

	Jun. 30, 2022	Jan. 01, 2022
Short-term	16,089,613,620	3,946,140,278
Accrual expense security and cleaning services	-	332,454,545
Accruals land rent for industrial zone 2022	4,889,104,227	3,613,685,733
TICC maintenance fee	484,509,393	-
Other accrued expenses	10,716,000,000	-
Total	16,089,613,620	3,946,140,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

15. Unrealized revenue	Jun. 30, 2022	Jan. 01, 2022
Long-term		
Unrealized revenue of MekoStem	143,896,840,040	134,316,325,149
Unrealized revenue from finished goods	-	1,592,300,000
Total	143,896,840,040	135,908,625,149
16. Other payables		
	Jun. 30, 2022	Jan. 01, 2022
Short-term		
Social insurance, health insurance, trade union & Communist party fee	175,235,187	177,629,675
Board of Management	344,555,555	344,555,555
Other payables	30,400,894,578	28,288,894,578
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
An An Med Tech Group J.S.C (**)	17,765,000,000	17,765,000,000
An Sinh Hospital Co., Ltd.	2,112,000,000	-
Other payables	314,413,247	314,413,247
Total	30,920,685,320	28,811,079,808

(*) Payment according to the progress of cooperation with Happy House Company to implement a social housing project under the investment cooperation contract No. 01/2018/HDHT made on August 8, 2018.

(*) The amount received from the business cooperation contract to carry out the project of producing anti-covid drugs according to the business cooperation contract No. 24/21TKKT dated November 16, 2021.

17. Borrowing and loans liabilities	Jun. 30, 2022		Jan. 01, 2022	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
a. Short-term loans	103,099,997,600	103,099,997,600	73,573,200,000	73,573,200,000
Vietnam Joint Stock Commercial Bank For Industry And Trade	37,979,000,000	37,979,000,000	-	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	39,130,347,600	39,130,347,600	-	-
Joint Stock Commercial Bank for Investment and Development of Vietnam	25,990,650,000	25,990,650,000	73,573,200,000	73,573,200,000
#USD	\$ 1,110,000.00	\$ 1,110,000.00	\$ 3,210,000.00	\$ 3,210,000.00
b. Long-term loans	-	-	11,653,233,247	11,653,233,247
Shinhan Bank - HCM Branch	-	-	11,653,233,247	11,653,233,247
# JPY	-	-	¥ 57,889,882.00	¥ 57,889,882.00
Total	103,099,997,600	103,099,997,600	85,226,433,247	85,226,433,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

Notes on borrowing from bank:

Loans from Vietnam Joint Stock Commercial Bank For Industry And Trade, Branch 7 include the following loan contracts:

Contract No.	Maturity	Interest rate	Closing balance	Form of security
0302/2022/DCDHM/NHCT924 -MEKOPHAR	27/05/2022- 28/11/2022	5.5%	37,979,000,000	Mortgage

Loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam include the following loan contracts:

Contract No.	Maturity	Interest rate	Closing balance	Form of security
0255/SGN.KHDN/LD21	31/03/2022- 22/09/2022	4.5%	39,130,347,600	Mortgage

Loans from the Joint Stock Commercial Bank for Investment and Development of Vietnam include the following loan contracts:

Contract No.	Maturity	Interest rate	Closing balance	Form of security
01/2021/93551/HDTG	30/06/2021- 30/06/2022	3.0%	\$ 1,110,000.00	Mortgage

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, 2022	Jan. 01, 2022
Shareholding by the State	18.23%	46,574,350,000	46,574,350,000
Shareholding by other investors	81.77%	208,884,320,000	208,884,320,000
Share premium		409,789,114,458	409,789,114,458
Total	100.00%	665,247,784,458	665,247,784,458
		Jun. 30, 2022	Jan. 01, 2022
Treasury share		(14,487,151,158)	(14,487,151,158)
Total		(14,487,151,158)	(14,487,151,158)

* Number of treasury shares at June 30, 2022: 277,646 shares.

c. Capital transactions with owners and distribution of dividend

	The first 6 months of 2022	Year 2021
Owners' equity	255,458,670,000	255,458,670,000
At the beginning of the period	255,458,670,000	255,458,670,000
At the end of the period	255,458,670,000	255,458,670,000
Dividends paid	20,214,576,800	45,940,024,000

d. Dividends

Dividends declared after the balance sheet date

	The first 6 months of 2022	Year 2021
Dividends on ordinary shares	Not announced yet	8%
Unrecognised accumulated dividends of preference shares	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

d. Shares	Jun. 30, 2022	Jan. 01, 2022
Number of shares registered to be issued	25,545,867	25,545,867
Number of shares sold out to the public	25,545,867	25,545,867
<i>Ordinary share</i>	25,545,867	25,545,867
Number of shares repurchased	277,646	277,646
<i>Ordinary share</i>	277,646	277,646
Number of existing shares in issue	25,268,221	25,268,221
<i>Ordinary share</i>	25,268,221	25,268,221
<i>Par value: VND/share.</i>	10,000	10,000

e. Funds	Jun. 30, 2022	Jan. 01, 2022
Investment and development fund	574,559,027,845	573,322,804,351
Total	574,559,027,845	573,322,804,351

* 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, 2022		Jan. 01, 2022	
	Quantity	Converted to VND	Quantity	Converted to VND
USD	219,591.16	5,080,220,779	48,134.83	1,089,876,089
EUR	885.72	21,207,520	891.18	22,627,951
JPY	8,788,387.00	1,479,612,835	25,426,894	4,967,398,012
Total		6,581,041,134		6,079,902,052

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	The first 6 months of 2022	The first 6 months of 2021
1. Sales		
a. Revenue		
Revenue from finished goods sold	498,135,654,072	272,015,142,371
Revenue from merchandises sold	84,962,886,848	207,755,438,563
Revenue from services of original cells bank	29,543,734,589	33,008,391,301
Revenue from sale of materials	1,111,963,399	2,480,166,002
Revenue from office lease	3,534,545,454	3,611,723,930
Total	617,288,784,362	518,870,862,167
b. Revenue from related party		
An Sinh Hospital Co., Ltd.	4,450,184,593	6,429,491,651
Nipro Pharma Corporation	10,008,479,125	2,736,003,906
Total	14,458,663,718	9,165,495,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

	The first 6 months of 2022	The first 6 months of 2021
2. Sales deductions		
Sales returns	207,865,339	50,416,630
Discount sales	89,178	-
Total	207,954,517	50,416,630
3. Net sales		
Revenue from finished goods sold	497,961,362,603	271,980,022,752
Revenue from merchandises sold	84,929,312,978	207,740,141,552
Revenue from services of original cells bank	29,543,734,589	33,008,391,301
Revenue from sale of materials	1,111,874,221	2,480,166,002
Revenue from office lease	3,534,545,454	3,611,723,930
Total	617,080,829,845	518,820,445,537
4. Cost of sales		
Cost of finished goods sold	327,580,262,046	196,575,233,641
Cost of merchandises sold	83,691,109,356	206,691,549,355
Cost of service of original cells bank	9,023,839,787	10,428,259,633
Cost of materials, services rendered	103,318,652	1,533,263,749
Total	420,398,529,841	415,228,306,378
5. Financial income		
Interest income from deposits, loans	5,070,508,002	6,748,300,550
Dividends, profit paid	2,356,513,500	218,362,000
<i>An Sinh Hospital Co., Ltd.</i>	<i>1,834,000,000</i>	-
<i>VIDIPHAR Pharmaceutical JSC</i>	<i>360,000,000</i>	<i>180,000,000</i>
<i>Pharmaceutical Packaging JSC</i>	<i>143,332,500</i>	-
<i>OPC Pharmaceutical JSC</i>	<i>19,181,000</i>	<i>38,362,000</i>
Realized foreign exchange gain	971,187,210	66,371,871
Exchange rate difference gain due to revaluation	-	1,167,675,210
Total	8,398,208,712	8,200,709,631
6. Financial expenses		
Interest expenses	2,221,754,746	127,686,414
Realised foreign exchange losses	6,371,163,835	690,605,515
Exchange rate loss due to revaluation	2,688,086,011	150,826,376
Total	11,281,004,592	969,118,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

	The first 6 months of 2022	The first 6 months of 2021
7. Selling expenses and General and administration expenses		
a. Selling expenses		
Salaries	11,891,943,626	12,472,200,661
Depreciation	259,131,822	259,131,822
Services bought from outsiders	15,273,580,893	9,691,282,552
Commission	57,960,263,325	12,858,892,661
Transportation	5,124,753,851	4,559,369,365
Other sundry expenses by cash	129,184,640	111,267,200
Total	90,638,858,157	39,952,144,261
b. General and administration expenses		
Salaries	31,954,648,119	21,970,324,043
Materials and packaging	4,124,684,422	3,387,076,361
Depreciation	6,240,718,183	6,257,468,597
Taxes, fees and duties	8,632,812,288	6,097,858,962
Provision for bad receivable debts	3,072,147,795	-
Services bought from outsiders	6,433,291,122	7,577,237,245
Other sundry expenses by cash	11,545,778,988	11,675,289,098
Total	72,004,080,917	56,965,254,306
8. Other income		
Disposal and sale of fixed assets (*)	-	69,090,909
Other income	93,782,896	20,689,319
Total	93,782,896	89,780,228
9. Other expenses		
Penalties for breach of raw material purchase contract	2,265,920,000	-
Penalties for administrative violations (Firefighting)	17,000,000	-
Other expenses	16,278,912	26,024,118
Total	2,299,198,912	26,024,118
(*) Notes on disposal, sale of fixed assets		
Disposal, sale of fixed assets	-	69,090,909
Net book value of fixed assets and disposal, sale of fixed assets	-	-
Gain/(loss) from disposal, sale of fixed assets	-	69,090,909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

	The first 6 months of 2022	The first 6 months of 2021
10. Costs of production and doing business by factors		
Raw materials	335,399,286,896	166,656,235,902
Labour cost	62,188,985,708	58,003,276,019
Depreciation and amortization	23,919,693,967	22,043,061,771
Services bought from outsiders	36,079,362,569	29,972,333,429
Other sundry cash expense	95,822,242,592	35,094,275,127
Total	553,409,571,732	311,769,182,248
11. Current corporate income tax		
1. Current corporate income tax charge accounted on the total taxable incomes of before tax this period:		
<i>Parent Company</i>	5,790,229,807	2,794,017,606
<i>Subsidiary Company</i>	-	-
2. Total current corporate income tax charge	5,790,229,807	2,794,017,606
12. Earnings/Diluted earnings per share		
Accounting profit after corporate income tax	23,160,919,227	11,176,070,422
Increase or decrease of accounting profit	-	-
Profit or loss attributable to ordinary equity holders	23,160,919,227	11,176,070,422
Average ordinary shares outstanding during the period	25,268,221	22,971,354
Earnings per share	917	487
Diluted earnings per share	917	487

As at 30 June 2022, there is no dilutive effect on basic 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, 2022 and December 31, 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND*

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, 2022 and December 31, 2021.

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:

	<i>Increase/Decrease of basic points</i>	<i>Influences on profit before tax</i>
The first 6 months of 2022		
VND	+100	673,630,657
VND	-100	(673,630,657)
The first 6 months of 2021		
VND	+100	2,670,713,076
VND	-100	(2,670,713,076)

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

Foreign exchange risk

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

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

Sensibility to foreign currencies

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

	Changes in exchange rate USD	Influences on profit before tax
The first 6 months of 2022	+ 1%	(95,826,475)
	-1%	95,826,475
The first 6 months of 2021	+ 1%	46,543,076
	-1%	(46,543,076)

Stock price risk

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

At the reporting date, the fair value of investments in listed stock of the Company is VND 14,557,058,400 (December 31, 2021: VND 14,716,403,200).

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 bank deposits.

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 receivables presented as follows:

Trade receivables	Not overdue		Overdue	
	Not impaired	Impaired	Not impaired	Impaired
June 30, 2022				
Under 90 days	82,007,955,695	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	-	31,720,275,160
Total net value	82,007,955,695	-	-	31,720,275,160
Provision for devaluation	-	-	-	(31,720,275,160)
Net value	82,007,955,695	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

	Not overdue		Overdue	
	Not impaired	Impaired	Not impaired	Impaired
December 31, 2021				
Under 90 days	87,723,580,816	-	-	-
91-180 days	-	-	-	-
>181 days	-	-	-	31,720,275,160
Total net value	87,723,580,816	-	-	31,720,275,160
Provision for devaluation	-	-	-	(28,648,127,365)
Net value	87,723,580,816	-	-	3,072,147,795

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:

June 30, 2022	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Borrowing and financial liabilities	103,099,997,600	-	-	103,099,997,600
Trade payables	43,385,548,702	-	-	43,385,548,702
Other short-term payables and other accrued expenses	43,854,613,620	-	-	43,854,613,620
Total	190,340,159,922	-	-	190,340,159,922
December 31, 2021	<i>Under 1 year</i>	<i>From 1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Borrowing and financial liabilities	73,573,200,000	11,653,233,247	-	85,226,433,247
Trade payables	75,752,805,694	-	-	75,752,805,694
Other short-term payables and other accrued expenses	31,711,140,278	-	-	31,711,140,278
Total	181,037,145,972	11,653,233,247	-	192,690,379,219

The company considers that the risk concentration for debt repayment is low. The company has sufficient access to capital. At the same time, the company controls the net cash flow from operating activities to be able to pay debts that are due.

Secured assets

The Company does not hold any secured assets of the third party as at June 30, 2022 and December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

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.

Except for the above-mentioned items, the fair value of financial assets and financial liabilities has not been valuated and determined officially as at June 30, 2022 and December 31, 2021. 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

	The first 6 months of 2022	The first 6 months of 2021
1. Borrowing amount actually collected during the period		
- Proceeds from the borrowing under normal agreement	143,364,727,600	-
Total	143,364,727,600	-
2. Payment for principal debts in the period		
- Payment for principal debts under normal agreement	(127,570,263,247)	(2,396,899,958)
Total	(127,570,263,247)	(2,396,899,958)

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

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

2. Contingent liabilities, commitments and other information

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

3. Related party transactions

Key transactions and balances with related parties:

Related parties	Relationship	Transactions	Movement	Amount
An Sinh Hospital Co., Ltd.	Associate	Sale of goods (Receivable)	Opening balance	171,770,850
			Sale of goods	4,861,280,771
			Proceeds	2,724,115,941
			Closing balance	2,308,935,680
Nipro Pharma Corporation	Major Shareholder	Prepayment purchase raw materials (parent company)	Opening balance	616,172,700
			Pay	616,172,700
			Closing balance	-
			Opening balance	1,721,304,848
		Sale of goods (Receivable)	Sale of goods	10,008,479,125
			Proceeds	10,477,370,264
			Closing balance	1,252,413,709
			Opening balance	987,605,982
		Payable for supplier (Payable)	Payment in period	2,528,894,806
			Purchase in period	1,541,288,824
			Closing balance	-
			Opening balance	399,000,000
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			The first 6 months of 2022	The first 6 months of 2021
Board of Management; Board of Directors and Executive Board of the Company		Salary, Bonus and Consideration	4,070,075,173	3,294,772,960
Total			4,070,075,173	3,294,772,960

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.

4.1 Major segment reporting by business sector (cont.)**a. Segment report by business sector in the accounting period of the first 06 months of the year 2022:**

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	497,961,362,603	327,580,262,046	170,381,100,557
Merchandise	84,929,312,978	83,691,109,356	1,238,203,622
Original cells bank	29,543,734,589	9,023,839,787	20,519,894,802
Materials	1,111,874,221	103,318,652	1,008,555,569
Premise lease	3,534,545,454	-	3,534,545,454
Total	617,080,829,845	420,398,529,841	196,682,300,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

4.1 Major segment reporting by business sector (contd)**b. Segment report by business sector in the accounting period of the first 06 months of the year 2022.**

Items	Net revenue	Cost of goods sold	Gross profit
Finished goods	271,980,022,752	196,575,233,641	75,404,789,111
Merchandise	207,740,141,552	206,691,549,355	1,048,592,197
Original cells bank	33,008,391,301	10,428,259,633	22,580,131,668
Materials	2,480,166,002	1,533,263,749	946,902,253
Premise lease	3,611,723,930	-	3,611,723,930
Total	518,820,445,537	415,228,306,378	103,592,139,159

4.2 Minor segment reporting by geographical region

The Company operates in the same territory of Vietnam, there are no differences in the level of risk and economic interests between segments by geographical area, so the segment report by geographical area is not presented.

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


Le Thi Thu Huong
Prepared by

Ho Chi Minh City, Viet Nam
August 15, 2022



Phan Anh Tai
Chief accountant



DR. Huynh Thi Lan, PharmD.
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND***V.2. Financial investments**

	Jun. 30, 2022			Jan. 01, 2022		
	Original value	Provision	Fair value	Original value	Provision	Fair value
a. Trading securities	10,946,711,100	-	14,557,058,400	10,946,711,100	-	14,716,403,200
Vidipha Central Pharmaceutical JSC	4,070,000,000	-	6,840,000,000	4,070,000,000	-	6,984,000,000
OPC Pharmaceutical JSC	241,461,100	-	1,081,808,400	241,461,100	-	1,097,153,200
Pharmaceutical Packaging JSC	6,635,250,000	-	6,635,250,000	6,635,250,000	-	6,635,250,000
Total	10,946,711,100	-	14,557,058,400	10,946,711,100	-	14,716,403,200
b. Held-to-maturity investments						
			Jun. 30, 2022			Jan. 01, 2022
			Original value	Book value	Original value	Book value
Short-term			108,000,000,000	108,000,000,000	245,000,000,000	245,000,000,000
- Term deposit for more than 03 months			108,000,000,000	108,000,000,000	245,000,000,000	245,000,000,000
Total			108,000,000,000	108,000,000,000	245,000,000,000	245,000,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

c. Equity investments in other entities	Jun. 30, 2022			Jan. 01, 2022		
	Original value	Provision	Fair value	Original value	Provision	Fair value
Other long-term investments	24,068,960,000	-	24,068,960,000	24,068,960,000	-	24,068,960,000
An Sinh Hospital - Percentage of contribution: 18,34%	18,518,960,000	-	18,518,960,000	18,518,960,000	-	18,518,960,000
Orchids Co., Ltd. - Percentage of contribution: 15%	5,550,000,000	-	5,550,000,000	5,550,000,000	-	5,550,000,000
Total	24,068,960,000	-	24,068,960,000	24,068,960,000	-	24,068,960,000

(*) 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, 2022, the Company invested VND 18,518,960,000, equivalent to 18,34% of the chartered capital. Situation of An Sinh Hospital Co., Ltd. has operated stably and profitably over the years.

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, 2021, the Company has invested VND 5,550,000,000 as committed. The project has just started to go into business.

(*) Fair value as at June 30, 2022 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, 2022.

The fair value of other investments has not been assessed and has not been officially determined as of December 31, 2021 and June 30, 2022. Because these companies are not listed on stock exchanges, there is no reliable reference price and their financial statements are not audited. However, the Board of Management has temporarily recognized fair value at cost of the investments and presented notes on the performance of the above companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the accounting period of the first 06 months of the year 2022**Unit: VND***V3.c Bad debt**

	Jun. 30, 2022			Jan. 01, 2022		
	Original cost	Recoverable value	Debt object	Original cost	Recoverable value	Debt object
- Total value of receivables and loans that are overdue or not yet overdue but difficult to recover	31,720,275,160	-		31,720,275,160	3,072,147,795	
<i>Neros Pharmaceuticals Ltd</i>	31,720,275,160	-	Uncollectible Receivables	31,720,275,160	3,072,147,795	Receivables overdue for 90 days

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

Unit: VND

V.8. Tangible fixed assets

Items	Buildings & Structures	Machinery & Equipment	Transportation	Others	Total
Original cost					
Opening balance	560,741,858,611	386,569,414,580	16,062,707,987	56,846,944,578	1,020,220,925,756
<i>New purchases</i>	<i>31,100,000</i>	<i>7,665,119,384</i>	-	-	7,696,219,384
Closing balance	560,772,958,611	394,234,533,964	16,062,707,987	56,846,944,578	1,027,917,145,140
Accumulated depreciation					
Opening balance	67,114,771,346	149,614,334,666	13,996,124,388	49,233,658,468	279,958,888,868
<i>Charge for the period</i>	<i>7,336,158,450</i>	<i>14,842,602,984</i>	<i>320,420,430</i>	<i>1,044,736,903</i>	23,543,918,767
Closing balance	74,450,929,796	164,456,937,650	14,316,544,818	50,278,395,371	303,502,807,635
Net book value					
As at beginning of the period	493,627,087,265	236,955,079,914	2,066,583,599	7,613,286,110	740,262,036,888
As at the end of the period	486,322,028,815	229,777,596,314	1,746,163,169	6,568,549,207	724,414,337,505

* 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 163,393,102,776

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

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

* Other changes in tangible fixed assets: None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

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
Balance at January 01, 2021	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
Profit of the first 6 months of prior period	-	-	-	-	11,176,070,422	11,176,070,422
Appropriation to the Board of Management expenses fund of 2020	-	-	-	-	(378,000,000)	(378,000,000)
Appropriation to funds from profit of 2020	-	-	-	2,751,112,684	(2,751,112,684)	-
Dividends paid to shareholders in 2020	-	-	-	-	(22,971,354,000)	(22,971,354,000)
Appropriation to bonus and welfare fund of 2020	-	-	-	-	(5,502,225,367)	(5,502,225,367)
Balance at Jun 30, 2021	232,490,000,000	409,789,114,458	(14,487,151,158)	573,322,804,351	43,252,988,138	1,244,367,755,789
Capital increase due to dividend payment in 2020 in shares	22,968,670,000	-	-	-	(22,968,670,000)	-
Profit of the last 6 months of prior period	-	-	-	-	4,684,723,249	4,684,723,249
Balance at December 31, 2021	255,458,670,000	409,789,114,458	(14,487,151,158)	573,322,804,351	24,969,041,387	1,249,052,479,038
Balance at January 01, 2022	255,458,670,000	409,789,114,458	(14,487,151,158)	573,322,804,351	24,969,041,387	1,249,052,479,038
Profit of the first 6 months of period	-	-	-	-	23,160,919,227	23,160,919,227
Appropriation to the Board of Management expenses fund of 2021	-	-	-	-	(408,000,000)	(408,000,000)
Appropriation to funds from profit of 2021	-	-	-	1,236,223,494	(1,236,223,494)	-
Dividends paid to shareholders in 2021	-	-	-	-	(20,214,576,800)	(20,214,576,800)
Appropriation to bonus and welfare fund of 2021	-	-	-	-	(2,472,446,988)	(2,472,446,988)
Balance at June 30, 2022	255,458,670,000	409,789,114,458	(14,487,151,158)	574,559,027,845	23,798,713,332	1,249,118,374,477

MEKOPHAR CHEMICAL PHARMACEUTICAL JOINT-STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the accounting period of the first 06 months of the year 2022

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 va
	Jun. 30, 2022		Jan. 01, 2022		Jun. 30, 2022
	Amount	Provision	Amount	Provision	Amount
Financial asests					
- Held-to-maturity investments	108,000,000,000	-	245,000,000,000	-	108,000,000,000
- Financial assets available for sale	10,946,711,100	-	10,946,711,100	-	14,557,058,400
- Trade receivables	113,728,230,855	(31,720,275,160)	119,443,855,976	(28,648,127,365)	82,007,955,695
- Cash and cash equivalents	62,463,063,258	-	49,167,213,893	-	62,463,063,258
TOTAL	295,138,005,213	(31,720,275,160)	424,557,780,969	(28,648,127,365)	267,028,077,353
Financial liabilities					
- Borrowing and financial liabilities	103,099,997,600	-	85,226,433,247	-	103,099,997,600
- Trade payables	43,385,548,702	-	75,752,805,694	-	43,385,548,702
- Other payables	43,854,613,620	-	31,711,140,278	-	43,854,613,620
TOTAL	190,340,159,922	-	192,690,379,219	-	190,340,159,922