

**MEKOPHAR CHEMICAL
PHARMACEUTICAL JOINT-STOCK
COMPANY**

**Reviewed Interim consolidated financial statements
for the six-month period ended 30 June 2023**



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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors have the pleasure in presenting this report and the Reviewed interim consolidated financial statements of Mekophar Chemical Pharmaceutical Joint-Stock Company and its subsidiary (referred to as "the Company") for the six-month period ended 30 June 2023.

1. General information

The Company includes: Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Parent Company") and a subsidiary is Mekophar Company Limited.

The Parent Company

Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Parent Company") is a joint stock company established in Vietnam, is operating under the Business Registration Certificate No. 0302533156 on 08 February 2002, and the 20th amendment Business Registration Certificate dated 15 July 2021 on the change of Charter capital to VND 255,458,670,000, issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Parent Company at 30/06/2023 and at 01/01/2023 is VND 255,458,670,000 equivalent with 25,545,867 shares which have par value of VND 10,000/ share.

The Parent Company's shares are officially traded on the UPCOM market - the stock exchange of unlisted public companies on the Hanoi Stock Exchange with the stock code MKP according to Decision No. 1072/QĐ-SGDHN issued by Hanoi Stock Exchange on 29 December 2017 and the first trading date was 29 January 2018.

According to Business registration certificate, the Parent Company's business activities are:

- Producing medicine, pharmaceutical chemicals and medical substances;
- Producing other foodstuffs not yet classified in any other category;
- Producing non-alcoholic beverages and mineral water;
- Producing wooden crates for packaging;
- Short-time accommodation;
- Other uncategorized specialized wholesale;
- Retail of medication, medical equipment, cosmetic and hygiene products in specialized stores;
- Wholesale of food products;
- Wholesale of beverages;
- Wholesale of other household uncategorized appliances;
- Wholesale of other machines, equipment and spare parts;
- Commercial introduction and promotion;
- Other uncategorized financial services;
- Doing business in real-estate, land use rights of owner, users or leased land;
- Technical inspection and analysis;
- Other professional practice, science and technology;
- Agency, intermediary, auction;
- Wholesale of cloth, garments and footwear;
- Activities of hospitals, health stations;
- Other medical activities not classified in any category;
- Producing cosmetics, soap, detergent, polish and sanitary finished product.

In the period, the main activities of the Company were to manufacture and wholesale medicine, pharmaceutical chemicals and medical substances.

The Parent Company's head office is located at 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam.

REPORT OF THE BOARD OF DIRECTORS

Information about branches

The Parent Company has the following affiliated units:

No.	Name	Address
1	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	B26 and B28 - TT17 Van Quan - Yen Phuc New Urban Area, Phuc La Ward, Ha Dong District, Hanoi, Vietnam
2	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company at Da Nang City	410 Nguyen Tri Phuong St., Hoa Thuan Tay Ward, Hai Chau District, Da Nang City, Vietnam
3	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	17A Cach Mang Thang Tam St., An Thoi Ward, Binh Thuy District, Can Tho City, Vietnam
4	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company - Medicine Store 1	D9-10, 134/1 To Hien Thanh St., Ward 15, District 10, Ho Chi Minh City, Vietnam
5	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	No. 1, Alley 69, Yen Xuan Street, Quan Bau Ward, Vinh City, Nghe An Province, Vietnam
6	Representative office of Mekophar Chemical Pharmaceutical Joint-Stock Company at Hanoi	BT-2D (16B-3) - 16, Mo Lao New Urban Area, Mo Lao Ward, Ha Dong District, Hanoi, Vietnam

Subsidiary

The Parent Company has 1 subsidiary including:

Name	Address	Main activities	Ownership ratio	Voting ratio
Mekophar Company Limited	Lot I-9-5, Street D2, Hi-Tech Park, Long Thanh My Ward, Thu Duc City, Ho Chi Minh City, Vietnam	Producing biological products, drugs, cosmetics, functional foods, ... and stem cell banking activities	100%	100%

2. The members of the Board of Directors, the Board of Supervisors, the Board of General Directors and Chief Accountant

The members of the Board of Directors, the Board of Supervisors, the Board of General Directors and Chief Accountant during the six-month period ended 30 June 2023 and as at the date of this report include:

The Board of Directors

Full name	Position
Mr. Le Anh Phuong	Chairman of the Board of Directors
Ms. Huynh Thi Lan	Vice Chairman of the Board of Directors
Ms. Dang Thi Kim Lan	Member
Mr. Satoshi Kawamura	Member
Mr. Dinh Xuan Han	Member
Ms. Nguyen Thi Quynh Anh	Member
Ms. Phan Thi Lan Huong	Member

The Board of Supervisors

Full name	Position
Mr. Nguyen Viet Luan	Chief Supervisor
Mr. Nguyen Ba Khoa	Member
Mr. Tran Trung Ngon	Member

REPORT OF THE BOARD OF DIRECTORS

The Board of General Directors and Chief Accountant

Full name	Position
Ms. Huynh Thi Lan	General Director
Ms. Dang Thi Kim Lan	Deputy General Director
Mr. Le Anh Phuong	Deputy General Director
Ms. Phan Thi Lan Huong	Deputy General Director
Mr. Phan Anh Tai	Chief Accountant

Legal representative

The legal representative of the Parent Company during the six-month period ended 30 June 2023 and at the date of this report is:

Full name	Nationality	Position
Ms. Huynh Thi Lan	Vietnamese	General Director

3. The Company's financial position and operating results

The Company's financial position and its operating result for the six-month period ended 30 June 2023 are reflected in the accompanying interim consolidated financial statements.

4. Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date for the six-month period ended 30 June 2023 which would require adjustments or disclosures to be made in the Notes to the interim consolidated financial statements.

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to review the Company's interim consolidated financial statements for the six-month period ended 30 June 2023.

6. Statement of the Board of General Directors' responsibility in respect of the interim consolidated financial statements

The Board of General Directors is responsible for preparing the interim consolidated financial statements for the six-month period ended 30 June 2023 which give a true and fair view of the consolidated financial position of the Company, as well as of its consolidated operation results and its consolidated cash flows for the period then ended. In preparing those interim consolidated financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error to preparation and presentation of the consolidated financial statements.

The Board of General Directors is responsible for ensuring that the proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the Vietnamese Accounting System. The Board of General Directors is also responsible for managing the assets of the Company and therefore has taken the appropriate measures to prevent and detect frauds and other irregularities.

The Board of General Directors confirmed that the Company has complied with the above requirements in preparing the accompanying interim consolidated financial statements.

REPORT OF THE BOARD OF DIRECTORS

7. Approval of the interim consolidated financial statements

The Board of Directors hereby approves the accompanying interim consolidated financial statements which give a true and fair view of the financial position of the Company as at 30 June 2023, its operation results and cash flows of the Company for the six-month period ended 30 June 2023 in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements relating to the preparation and presentation of interim consolidated financial statements.

On behalf of the Board of Directors



LE ANH PHUONG

Chairman

Ho Chi Minh City, 15 August 2023



No.: 179/2023/BCSXHN-HCM.01387

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To: The Shareholders, the Board of Directors and the Board of General Directors
Mekophar Chemical Pharmaceutical Joint-Stock Company**

We have reviewed the accompanying interim consolidated financial statements of Mekophar Chemical Pharmaceutical Joint-Stock Company and its subsidiary (referred to as "the Company"), prepared on 15 August 2023, as set out from page 7 to 43, which comprise the Interim Consolidated Balance sheet as at 30 June 2023, the Interim Consolidated Income statement, the Interim Consolidated Cash flow statement for the six-month period ended 30 June 2023 and the Notes to the Interim Consolidated Financial statements.

The Board of General Directors' responsibility

The Board of General Directors of the Company is responsible for the preparation and fair presentation of these interim consolidated financial statements of the Company in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and comply with relevant statutory requirements to preparation and presentation of the interim consolidated financial statements and for such internal control as the Board of General Directors of the Company determines is necessary to enable the preparation and presentation of these interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standards on Review Engagements No. 2410 - Review of Interim Financial information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's 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 interim consolidated financial position of the Company as at 30 June 2023, and of the interim consolidated income statement and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System, and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS *(cont.)*

Other Matter

The consolidated financial statements of the Company for the fiscal year ended 31 December 2022 had been audited by other auditor and audit firm. These auditors had given an unqualified audit opinion on these financial statements as at 29 March 2023. At the same time, the Company's interim consolidated financial statements for the six-month period ended 30 June 2022 were also reviewed by this audit firm. These auditors had given an unqualified conclusion on these interim consolidated financial statements as at 15 August 2022.



PHAM THI NGOC LIEN

Deputy General Director

Audit practicing registration certificate
No. 1180-2023-009-1

AFC VIETNAM AUDITING COMPANY LIMITED

Ho Chi Minh City, 15 August 2023

LE HUYNH BAO

Auditor

Audit practicing registration certificate
No. 5449-2021-009-1

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2023

ITEMS	Code	Notes	30/06/2023	01/01/2023
			VND	VND
ASSETS				
A - CURRENT ASSETS	100		814,951,324,989	879,002,635,814
I. Cash and cash equivalents	110	5.1	36,682,994,493	62,011,606,836
1. Cash	111		31,682,994,493	57,011,606,836
2. Cash equivalents	112		5,000,000,000	5,000,000,000
II. Short term financial investments	120		52,946,711,100	70,946,711,100
1. Trading securities	121	5.2	10,946,711,100	10,946,711,100
2. Provision for diminution in value of held for trading securities	122		-	-
3. Held-to-maturity investments	123	5.2	42,000,000,000	60,000,000,000
III. Short-term receivables	130		67,769,044,220	90,638,130,160
1. Short-term accounts receivable	131	5.3	92,036,620,235	112,705,286,441
2. Short-term advances to suppliers	132	5.4	6,515,468,583	11,253,787,460
3. Short-term inter-company receivables	133		-	-
4. Construction contract receivables based on progress billings	134		-	-
5. Short-term loan receivables	135		-	-
6. Other short-term receivables	136	5.5	3,777,711,126	1,239,811,983
7. Provision for doubtful short-term debts	137	5.6	(34,560,755,724)	(34,560,755,724)
8. Deficient assets pending resolution	139		-	-
IV. Inventories	140	5.7	637,522,358,852	638,455,197,980
1. Inventories	141		649,143,352,013	646,330,717,416
2. Provision for decline inventories	149		(11,620,993,161)	(7,875,519,436)
V. Other short-term assets	150		20,030,216,324	16,950,989,738
1. Short-term prepayments	151	5.8	3,709,164,899	2,858,110,153
2. Deductible VAT	152		12,715,541,022	13,429,530,250
3. Other receivables from State budget	153	5.14	3,605,510,403	663,349,335
4. Transactions to buy, resell government bonds	154		-	-
5. Other short-term assets	155		-	-

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2023

ITEMS	Code	Notes	30/06/2023	01/01/2023
			VND	VND
B - NON-CURRENT ASSETS	200		729,085,999,813	741,431,318,958
I. Long-term receivables	210		-	-
1. Long-term receivables from customers	211		-	-
2. Long-term advances to suppliers	212		-	-
3. Business capital in dependent units	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Long-term loan receivables	215		-	-
6. Other long-term receivables	216		-	-
7. Provision for doubtful long-term debt	219		-	-
II. Fixed assets	220		699,073,923,896	713,615,638,529
1. Tangible fixed assets	221	5.9	690,986,988,134	705,152,927,567
- Cost	222		1,038,270,700,114	1,029,444,417,814
- Accumulated depreciation	223		(347,283,711,980)	(324,291,490,247)
2. Finance leases fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.10	8,086,935,762	8,462,710,962
- Cost	228		13,507,253,139	13,507,253,139
- Accumulated depreciation	229		(5,420,317,377)	(5,044,542,177)
III. Investment property	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in progress	240		1,333,007	27,258,314
1. Long-term works in progress	241		-	-
2. Construction in progress	242	5.11	1,333,007	27,258,314
V. Long-term financial investments	250		24,068,960,000	24,068,960,000
1. Investment in subsidiaries	251		-	-
2. Investment in joint ventures, and associates	252		-	-
3. Investments in other entities	253	5.2	24,068,960,000	24,068,960,000
4. Provision for diminution in value of long-term financial investments	254		-	-
5. Long-term investments held-to-maturity	255		-	-
VI. Other non-current assets	260		5,941,782,910	3,719,462,115
1. Long-term prepaid expenses	261	5.8	5,941,782,910	3,719,462,115
2. Deferred income tax assets	262		-	-
3. Long-term equipment, spare parts for replacement	263		-	-
4. Other none-current assets	268		-	-
5. Goodwill	269		-	-
TOTAL ASSETS	270		1,544,037,324,802	1,620,433,954,772

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2023

ITEMS	Code	Notes	30/06/2023 VND	01/01/2023 VND
RESOURCES				
C – LIABILITIES	300		303,272,165,939	352,785,574,781
I. Current liabilities	310		143,307,671,779	199,825,108,871
1. Trade accounts payable	311	5.12	37,222,793,744	77,587,524,740
2. Short-term advance from customers	312	5.13	33,671,986,656	34,278,046,782
3. Taxes and payables to State budget	313	5.14	187,394,694	18,014,726,709
4. Payables to employees	314		9,005,943,132	19,501,264,441
5. Short-term accrued expenses	315	5.15	6,878,981,600	5,463,679,143
6. Short-term inter-company payables	316		-	-
7. Construction contract payables based on progress billings	317		-	-
8. Short-term unrealized revenues	318		-	-
9. Other current payables	319	5.16	28,993,970,052	28,923,161,173
10. Short-term loans and finance lease liabilities	320	5.17	14,880,600,000	8,010,240,000
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	5.18	12,466,001,901	8,046,465,883
13. Price Stabilization Fund	323		-	-
14. Transactions to buy, resell government bonds	324		-	-
II. Long-term liabilities	330		159,964,494,160	152,960,465,910
1. Long-term trade payables	331		-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables on capital	334		-	-
5. Long-term payables to inter-company	335		-	-
6. Long-term unrealized revenues	336	5.19	159,964,494,160	152,960,465,910
7. Other long-term payables	337		-	-
8. Long-term loans and finance lease liabilities	338		-	-
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liabilities	341		-	-
12. Provision for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2023

ITEMS	Code	Notes	30/06/2023	01/01/2023
			VND	VND
D - OWNER'S EQUITY	400		1,240,765,158,863	1,267,648,379,991
I. Capital	410	5.20	1,240,765,158,863	1,267,648,379,991
1. Owners' invested capital	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. Capital surplus	412		409,789,114,458	409,789,114,458
3. Convertible bonds option	413		-	-
4. Other owner's capital	414		-	-
5. Treasury shares (*)	415		(14,487,151,158)	(14,487,151,158)
6. Assets revaluation difference	416		-	-
7. Foreign exchange difference	417		-	-
8. Investment and development funds	418		576,623,174,082	574,559,027,845
9. Business arrangements support fund	419		-	-
10. Other owner's funds	420		-	-
11. Retained earnings	421		13,381,351,481	42,328,718,846
- Retained earnings brought forward	421a		8,395,912,898	637,794,105
- Retained earnings for the current year	421b		4,985,438,583	41,690,924,741
12. Construction capital sources	422		-	-
13. Non-controlling shareholder profit	429		-	-
II. Non-business expenditure fund and other funds	430		-	-
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
TOTAL RESOURCES	440		1,544,037,324,802	1,620,433,954,772


LE THI THU HUONG
Preparer


PHAN ANH TAI
Chief Accountant


HUYNH THI LAN
General Director
Ho Chi Minh City, 15 August 2023



INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2023

ITEMS	Code	Notes	From 01/01/2023	From 01/01/2022
			to 30/06/2023	to 30/06/2022
			VND	VND
1. Revenues from sale of goods and rendering of services	01		443,189,635,094	617,288,784,362
2. Deductions	02		82,771,392	207,954,517
3. Net revenue from sale of goods and rendering of services	10	6.1	443,106,863,702	617,080,829,845
4. Cost of goods sold	11	6.2	313,545,957,122	420,398,529,841
5. Gross profit from sale of goods and rendering of services	20		129,560,906,580	196,682,300,004
6. Financial income	21	6.3	3,351,936,065	8,398,208,712
7. Financial expenses	22	6.4	2,969,451,783	11,281,004,592
- In which: Interest expenses	23		219,713,001	2,221,754,746
8. Profit or loss of joint venture and associate	24		-	-
9. Selling expenses	25	6.5	58,708,677,901	90,638,858,157
10. General and administration expenses	26	6.6	65,985,946,579	72,004,080,917
11. Operating profit/(loss)	30		5,248,766,382	31,156,565,050
12. Other income	31	6.7	997,592,366	93,782,896
13. Other expenses	32	6.8	99,395,269	2,299,198,912
14. Other profit/(loss)	40		898,197,097	(2,205,416,016)
15. Accounting profit before tax	50		6,146,963,479	28,951,149,034
16. Current corporate income tax expense	51	5.14	1,161,524,896	5,790,229,807
17. Deferred corporate income tax expense	52		-	-
18. Net profit after corporate income tax	60		4,985,438,583	23,160,919,227
19. Profit after tax of shareholders of the parent company	61		4,985,438,583	23,160,919,227
20. Profit after tax of non-controlling shareholders	62		-	-
21. Earnings per share	70	6.9	197	917

LE THI THU HUONG
Preparer

PHAN ANH TAI
Chief Accountant



HUYNH THI LAN
General Director
Ho Chi Minh City, 15 August 2023

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the six-month period ended 30 June 2023

ITEMS	Code	From 01/01/2023	From 01/01/2022
		to 30/06/2023	to 30/06/2022
		VND	VND
I. CASH FLOW FROM OPERATING ACTIVITIES			
1. Net profit before tax	01	6,146,963,479	28,951,149,034
2. Adjustments for:			
- Depreciation and amortisation of fixed assets, investment property	02	24,318,296,741	23,919,693,967
- Provisions, (reversal)	03	3,745,473,725	3,072,147,795
- (Gain), loss foreign exchange rate differences upon revaluation of monetary	04	730,857,247	2,688,086,011
- Gain, loss from investing activities	05	(3,004,721,157)	(7,427,021,502)
- Interest expense	06	219,713,001	2,221,754,746
- Other adjustments	07	-	-
3. Operating profit before movements in working capital	08	32,156,583,036	53,425,810,051
- (Increase), decrease in receivables	09	20,880,108,630	83,306,183,571
- (Increase), decrease in inventories	10	(2,812,634,597)	(249,584,043,575)
- Increase, (decrease) in account payable (other than interest payables, CIT payables)	11	(43,753,468,242)	5,203,811,922
- (Increase), decrease in accrued expenses	12	(3,073,375,541)	(500,701,104)
- Increase, decrease in trading securities	13	-	-
- Interest paid	14	(219,713,001)	(2,221,754,746)
- Corporate income tax paid	15	(18,396,419,214)	(8,163,627,409)
- Other cash inflows	16	-	-
- Other cash outflows	17	(1,772,902,693)	(2,464,153,000)
Net cash flow from operating activities	20	(16,991,821,622)	(120,998,474,290)
II. CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash outflow for purchasing and construction of fixed assets and other long-term assets	21	(9,750,656,801)	(7,714,838,560)
2. Proceeds from disposal of fixed assets and other long-term assets	22	17,500,000	-
3. Cash outflow for buying debt instruments of other entities	23	(42,000,000,000)	(138,000,000,000)
4. Cash recovered from lending, selling debt instruments of other companies	24	60,000,000,000	275,000,000,000
5. Investment in other entities	25	-	-
6. Cash recovered from investments in other entities	26	-	-
7. Interest income received, dividends received	27	2,304,741,705	7,427,021,502
Net cash flow from investing activities	30	10,571,584,904	136,712,182,942
III. CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from issuing stocks, receiving capital from owners	31	-	-
2. Capital withdrawals, buying treasury shares	32	-	-
3. Proceeds from short-term borrowings	33	7.1 14,880,600,000	143,364,727,600
4. Repayment of borrowings	34	7.2 (8,010,240,000)	(127,570,263,247)
5. Repayment of obligations under finance lease	35	-	-
6. Dividends paid	36	(25,268,221,000)	(18,102,576,800)
Net cash flow from financing activities	40	(18,397,861,000)	(2,308,112,447)

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the six-month period ended 30 June 2023

ITEMS	Code	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
NET INCREASE/ DECREASE IN CASH IN PERIOD (50 = 20 + 30 + 40)	50	(24,818,097,718)	13,405,596,205
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	60	62,011,606,836	49,167,213,893
Effects of changes in foreign exchange rate	61	(510,514,625)	(109,746,840)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (70 = 50 + 60 + 61)	70	36,682,994,493	62,463,063,258



LE THI THU HUONG
Preparer



PHAN ANH TAI
Chief Accountant



HUYNH THI LAN
General Director
Ho Chi Minh City, 15 August 2023

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. BUSINESS HIGHLIGHTS

1.1 Structure of ownership

Mekophar Chemical Pharmaceutical Joint-Stock Company ("the Parent Company") is a joint stock company established in Vietnam, is operating under the Business Registration Certificate No. 0302533156 on 08 February 2002, and the 20th amendment Business Registration Certificate dated 15 July 2021 on the change of Charter capital to VND 255,458,670,000, issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Parent Company at 30/06/2023 and at 01/01/2023 is VND 255,458,670,000 equivalent with 25,545,867 shares which have par value of VND 10,000/ share.

The Parent Company's shares are officially traded on the UPCOM market - the stock exchange of unlisted public companies on the Hanoi Stock Exchange with the stock code MKP according to Decision No. 1072/QD-SGDHN issued by Hanoi Stock Exchange on 29 December 2017 and the first trading date was 29 January 2018.

The Parent Company's head office is located at 297/5 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam.

1.2 Scope of operating activities

The Company (include the Parent Company and its subsidiary) operates in the field of production, trading, rendering services.

1.3 Line of business

According to Business registration certificate, the Parent Company's business activities are:

- Producing medicine, pharmaceutical chemicals and medical substances;
- Producing other foodstuffs not yet classified in any other category;
- Producing non-alcoholic beverages and mineral water;
- Producing wooden crates for packaging;
- Short-time accommodation;
- Other uncategorized specialized wholesale;
- Retail of medication, medical equipment, cosmetic and hygiene products in specialized stores;
- Wholesale of food products;
- Wholesale of beverages;
- Wholesale of other household uncategorized appliances;
- Wholesale of other machines, equipment and spare parts;
- Commercial introduction and promotion;
- Other uncategorized financial services;
- Doing business in real-estate, land use rights of owner, users or leased land;
- Technical inspection and analysis;
- Other professional practice, science and technology;
- Agency, intermediary, auction;
- Wholesale of cloth, garments and footwear;
- Activities of hospitals, health stations;
- Other medical activities not classified in any category;
- Producing cosmetics, soap, detergent, polish and sanitary finished product.

In the period, the main activities of the Company were to manufacture and wholesale medicine, pharmaceutical chemicals and medical substances.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1.4 Normal business cycle

Business cycle of the Company is not exceeding 12 months.

1.5 The structure of the Company

The Company includes the Parent Company, 1 direct subsidiary is Mekophar Company Limited.

The Parent Company has the following affiliated units:

No	Name	Address
1	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	B26 and B28 - TT17 Van Quan - Yen Phuc New Urban Area, Phuc La Ward, Ha Dong District, Hanoi, Vietnam
2	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company at Da Nang City	410 Nguyen Tri Phuong St., Hoa Thuan Tay Ward, Hai Chau District, Da Nang City, Vietnam
3	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	17A Cach Mang Thang Tam St., An Thoi Ward, Binh Thuy District, Can Tho City, Vietnam
4	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company - Medicine Store 1	D9-10, 134/1 To Hien Thanh St., Ward 15, District 10, Ho Chi Minh City, Vietnam
5	Branch of Mekophar Chemical Pharmaceutical Joint-Stock Company	No. 1, Alley 69, Yen Xuan Street, Quan Bau Ward, Vinh City, Nghe An Province, Vietnam
6	Representative office of Mekophar Chemical Pharmaceutical Joint-Stock Company at Hanoi	BT-2D (16B-3) - 16, Mo Lao New Urban Area, Mo Lao Ward, Ha Dong District, Hanoi, Vietnam

Subsidiary

The Parent Company has 1 subsidiary which is reflected in the consolidated financial statements using the equity method, detail as follows:

Name	Address	Main activities	Ownership ratio	Voting ratio
Mekophar Company Limited	Lot I-9-5, Street D2, Hi-Tech Park, Long Thanh My Ward, Thu Duc City, Ho Chi Minh City, Vietnam	Producing biological products, drugs, cosmetics, functional foods, ... and stem cell banking activities	100%	100%

1.6 Declaration on the comparability of information on the interim consolidated financial statements

The figures are presented in the consolidated financial statements for the six-month period ended 30 June 2023 compared with the corresponding figures prior period.

1.7 Employees

As at 30 June 2023, the total number of employees of the Company was 674 (31 December 2022: 667 persons).

2. ACCOUNTING YEAR AND ACCOUNTING CURRENCY

2.1 Fiscal year

The fiscal year of the Company is from January 01 to December 31 annually.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

2.2 Accounting currency

The Company maintains its accounting records in Vietnamese dong (VND) due to the collect and spending are made primarily by currency VND.

3. ACCOUNTING STANDARDS AND REGULATIONS APPLICATION

3.1 Accounting Standards and regulations application

The Company's consolidated financial statements are prepared and presented in accordance with Vietnamese Accounting System issued Circular No. 200/2014/TT-BTC on 22 December 2014, the Circular No. 53/2016/TT-BTC on 21 March 2016, the Circular No. 202/2014/TT-BTC on 22 December 2014 issued by the Ministry of Finance guiding the preparation and presentation methods of the consolidated financial statements and Vietnam Accounting Standards.

The Company applied Vietnamese accounting standards; Accounting System issued Circular No. 200/2014/TT-BTC, No. 53/2016/TT-BTC, No. 202/2014/TT-BTC and other circulars guiding the implementation of accounting standards by the Ministry of Finance in the preparation and presentation of consolidated financial statements.

3.2 Comply with the Vietnamese Accounting Standards and Vietnamese Accounting System

The Board of General Directors is ensure that complied with the Vietnamese Accounting Standards, Vietnamese Accounting System according to Circular No. 200/2014/TT-BTC, Circular No. 53/2016/TT-BTC, Circular No. 202/2014/TT-BTC and as well as the guiding implementation of Vietnamese Accounting Standards issued by the Ministry of Finance in relating to the preparation and presentation of consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation the consolidated financial statements

The consolidated financial statements include the financial statements of the Parent Company and the financial statements of subsidiaries controlled by the parent company until the date of the annual report. The control is achieved when the parent company has the ability to control the financial and operating policies of investee companies to obtain benefits from the activities of these companies.

Operating results of subsidiaries which acquired or disposed during the year are presented in the consolidated statement of operations from the date of purchase or to the date of sale of investments in those subsidiaries.

In case of necessity, the financial statements of subsidiaries are adjusted to the accounting policies applied in the parent company and its subsidiaries are the same.

All transactions and balances between companies in the Company are eliminated on consolidation of financial statements.

Non-controlling interest in net assets of consolidated subsidiaries are identified as a target separately from the equity component of the shareholders of the parent company. Interests of non-controlling shareholders include the value of the benefit of non-controlling shareholders as at the initial business combination and share the interests of non-controlling shareholders in the volatility of the total equity since the date of incorporation most business. The losses corresponding to the capital of non-controlling shareholders exceed their share of equity in the total equity of the subsidiary are charged against the interests of the Company unless the non-controlling shareholders have a binding obligation and have the ability to offset such losses.

Business consolidation

Assets, liabilities and contingent liabilities of the subsidiaries are determined under the fair value at the acquisition date. Any additional terms of the cost of acquisition below the fair value of identifiable net assets acquired is recorded as goodwill. Any deficiency of the cost of acquisition and the fair value of total assets acquired is recognized in the results of operations of the accounting period incurred acquisition activity.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Non-controlling interest at the date of the original business combination is determined on the basis of the percentage of non-controlling shareholders in the total fair value of assets, liabilities and contingent liabilities recognized.

4.2 Accounting Estimates

The preparation of consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements relating to the preparation and presentation of consolidated financial statements requires that the Board of General Directors must make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts about revenues and expenses over the period of operation. Although accounting estimates are made with all known knowledge of the Board of General Directors, actual amounts incurred may differ from estimates, assumptions.

4.3 Foreign currency transactions

In period, transactions in currencies other than VND during the period have been translated into VND at exchange rates ruling at the date of the transaction. The balances of monetary items denominated in foreign currencies at the period end date are converted by the buying transfer exchange rate and selling exchange rate of the commercial bank which the Parent Company and its subsidiaries have often transactions prevailing on this date.

Exchange differences arising during the period from transactions in foreign currencies are recognized in the financial income or financial expense. Exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date after off-setting the differences is recognized in the financial income or financial expense.

4.4 Cash and cash equivalents

Cash comprises cash on hand, cash in banks (demand deposits) and cash in transit. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value at the report date.

4.5 Financial investments

Trading securities

Trading securities include stocks and bonds listed on the stock market; securities and other financial instruments held for trading purposes (including securities bought and sold for profit with a maturity of more than 12 months).

Trading securities are recorded at cost, including: Purchase price plus purchase costs (if any) such as brokerage expense, transaction expense, information provision, taxes, and banking fees. The original price of trading securities is determined according to the fair value of the payments at the time of the transaction. Trading securities are recorded at the time when investors have ownership, specifically: Listed securities are recognized at the time of order matching (T+0) and unlisted securities are recorded at the time of official ownership in accordance with the law.

Provision for devaluation in value of trading securities is made for possible loss in value when there is firm evidence of the market value of those securities held by the Company for trading purposes at the time of preparation of the financial statements.

Held-to-maturity investments

Investments are classified as held to maturity when the Company has the intention and ability to hold to maturity. Investments held to maturity include: bank deposits with a term (including treasury bills, promissory notes), bonds, the preferred shares which issued compulsory acquisition at a certain point in the future and loans held to maturity for the purpose of collecting interest periodically and other held to maturity investments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Investments held to maturity are initially recognized at cost including purchase price and the expenses related to the purchase of investments. After initial recognition, these investments are stated at recoverable value. Interest income from investments held to maturity after the acquisition date is recognized in the Income statement on an accrual basis. Rates enjoyed before the holding is deducted from the cost of acquisition.

When there is strong evidence suggesting that part or all of the investments may not be recoverable and the damage can be measured reliably, the loss is recorded in financial expenses in the year and reduced directly to investment value.

When an investment is liquidated, the difference between the net disposal proceeds and the carrying amount is recognized as income or expense.

Investments in other entities

Investments in other entities are investments in equity instruments of another entity but the Company does not have control, joint control or significant influence over the investee.

These investments are initially recognized at cost, which includes the purchase price or capital contribution plus any directly attributable costs of the investment. The Board of Management reviews these investments to recognize any provision at the end of the accounting period.

Provisions for loss of investments in equity instruments of other entities are made as follows:

- For an investment in listed shares or the fair value of the investment is reliably determined, the provision is based on the market value of the shares.
- For investments whose fair value cannot be determined at the time of preparing financial statements, provision is made based on the investee's loss with an allowance equal to the difference between the actual contributed capital of the investee and the investor multiplied by the Company's capital contribution ratio compared to the total actual contributed capital of the parties in the other entity.

Increase or decrease in provision for diminution in value of investments in other entities have recorded at the end of the fiscal year, and is recognized in the financial expense.

4.6 Receivables

Trade and other receivables are stated at cost less provision for doubtful debts.

The classifications of receivables are trade receivables and other receivables, which complied with the following principles:

- Trade receivables reflect the nature of the receivables arising from commercial transactions with purchase - sale between the Company and an independent purchaser.
- Other receivables reflect the nature of the receivables arising from non-commercial transactions, and not to be related to the purchase – sale transactions.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recognized as general and administrative expense in the Consolidated Income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined as follows:

- Materials, goods: comprising all costs of purchase and related expenses directly incurred in bringing the inventories to their present location and condition.
- Finished goods: comprising costs of raw materials, direct labor and general production costs directly related to the production process.
- Work in progress: including raw materials expenses, direct labor and production expenses.

Net realisable value means the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company applies the perpetual inventory method of accounting for inventories and the cost is determined on the weighted average method.

Provision for decline of inventories is made for each inventory with the cost greater than the net value realizable.

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date. Increases and decreases to the provision balance are recognised as cost of goods sold in the consolidated income statement.

4.8 Prepaid expenses

Prepaid expenses include actual expenses incurred but related to the results of production and business activities of many financial years. Prepaid expenses have been put into use are amortised to expense under the straight-line method to amortise time not exceeding 3 years.

4.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of tangible fixed assets include all the expenses that the Company incurs to get fixed assets by the time the asset is put into a state ready for use. Costs incurred after initial recognition is only recorded as increase in cost of fixed assets if these costs are sure to increase economic benefits in the future by using this assets. The costs incurred are not satisfied conditions are recognized as an expense in the period.

When selling or liquidating assets, their cost and accumulated depreciation of the assets are written off in the financial statements and any gain or loss which are arising from disposal are recorded in the Consolidated income statement.

Depreciation of tangible fixed assets which is calculated under the straight-line depreciation method with useful time of the asset is estimated as follows:

	Years
Building and structure	05 – 25
Machinery and equipment	03 – 12
Transportation	05 – 10
Office equipment	04 – 10

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.10 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of intangible fixed assets include all the expenses that the Company incurs to get fixed assets by the time the asset is put into a state ready for use. Costs related to intangible assets incurred after initial recognition are recognized as expenses in the period, unless these costs are associated with an intangible asset and increase economic benefits from these assets.

When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or losses resulting from their disposal are recognized in other income or other expense.

The Company's intangible fixed assets include:

Copyright of stem cells usage

All the actual costs that the Company spent related directly to copyright of stem cells usage. The copyright of stem cells usage of the Company is amortised in 3 years.

Land use rights

Land use rights are all the actual costs that the Company spent related directly to the land use, includes: money spent to have the right to use land, compensation and site clearance expense, leveling, registration fee,... The land use right of the Company is stated at cost and are not amortized depreciation.

Computer software

The expenses of purchasing computer software, which is not a part associated with the relevant hardware, will be capitalised. The initial cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is amortised according to straight-line method in 2-5 years.

4.11 Construction in progress

Construction in progress presents costs that are directly related (including related interest expenses in accordance with the Company's accounting policy) to assets under construction, machinery and equipment being installed for production, leasing and management purposes as well as costs related to the repair of fixed assets in progress. These assets are stated at cost and are not depreciated.

4.12 Accounts payables and accrued expenses

Accounts payable and accrued payable are recognized for amounts to be paid in the future, which are related to the goods and services received. Accrued payables are recorded based on reasonable estimates of the amounts payable.

The classification of liabilities is trade payable, accrued expenses and other payables are in accordance with the following principles:

- Trade payables reflects the payables occurring from the commercial transactions with purchase of goods, services, property and the seller, which is an independent unit with the Company, including amounts to be paid when importing through a trustee.
- Accrued payables reflect the amounts payable for goods and services received from the seller or has provided to the buyer but not paid due to no or insufficient billing records, accounting records and payable to employees on sabbatical salary, production costs that must be accrued.
- Other payables reflect the payables from non-commercial payables and not relate to the purchase – sale transactions.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

4.13 Salary

Salary expenses are determined based on salary, wage and allowances as stated in agreed-upon labor contracts.

4.14 Salary deduction

Social insurance is deducted base on salary under labor contract at a cost of 17.5% and deducted from employees' salaries 8%.

Health insurance is deducted base on salary under labor contract at a cost of 3% and deducted from employees' salaries 1.5%.

Unemployment insurance is deducted base on salary under labor contract at a cost of 1% and deducted from employees' salaries 1%

Trade unions fees deducted on salaries to the cost of 2%.

4.15 Unrealized revenue

Unrealized revenue is an advance revenue mainly consisting of prepayments from customers for one or more accounting periods for asset leasing.

The Company recognizes unrealized revenue in proportion to the obligations that the Company will have to perform in the future. When the revenue recognition conditions are met, unrealized revenue is recognized in the income statement for the period corresponding to the portion that satisfies the revenue recognition condition.

4.16 Owners' equity

Contributed capital of the owner

Capital is recorded according to the amount actually invested by shareholders.

Surplus of stock capital

Surplus of stock capital are recognized at the difference between the issued price and face value of shares when first released, the release added, the difference between the price reissued and the book value of treasury shares and structures the capital of the convertible bond at maturity. Direct expenses related to the issuance of additional shares and treasury shares reissued are reduced Surplus of stock capital.

Treasury shares

Upon the acquisition of the Company's issued shares, the payment includes transaction costs recognized as treasury shares and reflected as a deduction in the owners' equity. When reissued, the difference between the reissue value and the book value of the treasury shares is recorded as "Surplus of stock capital".

Funds

Funds are appropriated and used in accordance with the Charter of the Parent Company.

4.17 Profit distribution

Profit after corporate income tax is distributed to shareholders after the deduction of funds under the Charter of the Parent Company and the provisions of the law which were approved by the General Meeting of Shareholders.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The distribution of profits to shareholders is considered non-monetary assets and liabilities in net undistributed profit may affect cash flow and ability to pay dividends as profit from revaluation of assets contributed as capital and interest due to the revaluation of monetary items, the financial instruments and non-monetary items other.

Dividends are recognized as liabilities when approved by the General Meeting of Shareholders.

4.18 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary equity holders of the Parent Company before any appropriation of bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year.

4.19 Revenues

Revenues from sales of goods

Revenues from sales shall be recognized if it simultaneously meets the following five (5) conditions:

- (a) The Company has transferred the majority of risks and benefits associated with the right to own the products or goods to the buyer;
- (b) The Company no longer holds the right to manage the goods as the goods owner, or the right to control the goods;
- (c) Revenues from sales has been determined with relative certainty. When the contract states that the buyer is entitled to return the purchased products and goods under specific conditions, the Company can only recognize revenue when those specific conditions no longer exist and the buyer is not entitled to return the product ((except for return in the form of exchange for other goods or services);
- (d) The Company has gained or will gain economic benefits from the good sale transaction;
- (e) It is possible to determine the costs related to the goods sale transaction.

Property rental revenue

Property rental revenue is recognized on the principle of allocating the rental amount received in advance in accordance with the rental period

Revenues from rendering services

The revenue of transaction related to the provision of services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. The result of this transaction can be measured reliably when satisfy all four conditions:

- (a) Revenue can be measured reliably. When the contract stipulates that the buyer is entitled to return the purchased service under specific conditions, the Company is only recognized when those specific conditions no longer exist and the buyer is not entitled to return the provided service;
- (b) It is possible to obtain economic benefits from the service provision transaction;
- (c) The work volume finished on the date of making the accounting balance sheet can be determined;
- (d) The costs incurred from the service provision transaction and the costs of its completion can be determined.

Financial income

Income from interest, Distributed dividends and profit are determined on basic:

- Interest is recognized on an accrual basis, are determined on the balance of cash in bank and the actual interest rate for each period.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

- Distributed dividends and profit are recognized when the Company is entitled to receive dividends or profit from the capital contribution. Dividends received in shares only track the number of shares increases, no recognition of the value of shares received.

4.20 Loan expenses

Loan expenses are loan interest and other costs incurred in direct relation to loans of an enterprise. Loan expenses are recognised as financial expense for the period except where Loan expenses directly related to the construction investment or production of uncompleted assets shall be accounted into the value of such assets (capitalized). The capitalization of loan expenses shall terminate when the major activities necessary to prepare the uncompleted asset for its intended use or sale are completed.

4.21 Operating lease

An operating lease is a lease that the lessor still has most of rights and has to bear the risk relating to the ownership of the asset. Operating lease expense is recognized in the income statement that incurred during the lease term under the straight line method based on the lease term of the contract.

4.22 Corporate income tax

Corporate income tax expenses for the year comprises only current income tax.

Current income tax

Current income tax is the tax amount is calculated on taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between accounting and tax, non-deductible expenses as well as adjusted income are not taxed and losses be transferred.

Tax settlement of the Company will be assessed by the Tax Department. Due to the application of laws and regulations on taxes for different incurred transactions which can be explained in many different ways, tax payable presented in the financial statements can be immediately changed according to the decision of the tax authorities.

4.23 Segment reporting

A business segment is a distinguishable component that is engaged in providing a product or service and that has its own risks and returns which are different from those of other business segments.

A geographical segment a distinguishable component that is engaged in providing a product or services in a particular economic environment and that has its own risks and returns which are different from of segment operating in other economic environment.

4.24 Financial instrument

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets of the Company include cash and cash equivalents, customer receivables and other receivables.

At the time of initial recognition, financial assets are determined at cost plus any costs directly transaction of such financial assets.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Financial liabilities

The classification of financial liabilities depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. Financial liabilities of the Company include payable to suppliers, accrued expenses and other payables.

At the time of initial recognition, except for financial liabilities related to financial leasing and convertible bonds are recorded at cost allocation, other financial liabilities are determined at cost plus costs directly transaction of such financial liabilities.

Amortized cost is determined by the value of the initial recognition of financial liabilities minus principal repayments, plus or minus the cumulative amortization of interest calculated at the actual interest rate method of the difference between the value initially recognized and the maturity value, minus deductions (directly or through the use of a provision) by reducing the value or by irrevocable.

The real interest method is a method of calculating the amortized cost of one or a Company of financial liabilities and amortizing the interest income or interest expense in the relevant period. Real interest rate is the interest rate discounting the cash flows estimated to be paid or received in future during the expected lifetime of the financial instrument or a shorter, if necessary, return to the current book value net financial liabilities.

Owner's equity instruments

Owner's equity instruments are contracts that prove benefits remaining about asset of Company after deducting all of its obligation.

Offsetting of financial instruments

The financial assets and financial liabilities are offset and the net amount is presented on the balance sheet, and if only:

- The Company has the legal right to offset the values were recognized, and
- It intends to pay on a net basis or recognized assets and paid liabilities at the same time.

4.25 Related parties

The parties are related if having the ability to control or significant influence across the decision making of financial policies and operations. Parties are also considered to be related if they are subjected to common control or common significant influences.

The following individuals/ companies are considered as related parties:

Individuals / Company	Location	Relationship
Vietnam Pharmaceutical Corporation	Vietnam	Shareholder
Nipro Pharma Corporation	Japan	Shareholder
An Sinh Hospital Joint Stock Company	Vietnam	Other related party
Orchids Trading Service Travel Company Limited	Vietnam	Other related party
The Board of Directors, the Board of Supervisors, the General Director		Key members

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5. ADDITIONAL INFORMATION TO ITEMS IN THE INTERIM CONSOLIDATED BALANCE SHEET

5.1 Cash and cash equivalents

	30/06/2023	01/01/2023
	VND	VND
Cash on hand	3,686,718,041	4,472,136,654
Cash in bank		
- VND	20,698,057,576	47,579,430,995
- USD (*)	721,865,589	289,240,252
- EUR (*)	22,037,305	21,758,672
- JPY (*)	6,554,315,982	4,649,040,263
Cash equivalents (**)	5,000,000,000	5,000,000,000
	<u>36,682,994,493</u>	<u>62,011,606,836</u>

(*) Detail of balance of cash in bank by foreign currency as at 30 June 2023, as follows:

	Foreign currency	Equivalent VND
Cash in bank		
- USD	30,834.01	721,865,589
- EUR	875.22	22,037,305
- JPY	40,819,057.00	6,554,315,982

(**) Cash equivalents are deposits with a term of no more than 3 months deposited at commercial banks with interest rates according to each deposit contracts.

5.2 Financial investments

Financial investments of the Company include trading securities, held-to-maturity investments and investments in other entities. Information about financial investments of the Company is as follows:

5.2.1 Trading securities

	30/06/2023			01/01/2023		
	Cost	Provision	Fair value	Cost	Provision	Fair value
	VND	VND	VND	VND	VND	VND
Stock						
Vidipha Central Pharmaceutical JSC (*)	4,070,000,000	- 7,038,000,000		4,070,000,000		- 6,750,000,000
OPC Pharmaceutical JSC (*)	241,461,100	- 1,104,801,400		241,461,100		- 1,271,215,000
Pharmaceutical Packaging JSC	6,635,250,000	-	(**)	6,635,250,000	-	(**)
	<u>10,946,711,100</u>	<u>-</u>		<u>10,946,711,100</u>	<u>-</u>	

(*) The fair value of trading securities is determined according to the closing prices on 30 June 2023 and 30 December 2022 of the Ho Chi Minh Stock Exchange.

(**) As at 30 June 2023 and 01 January 2023, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.2.2 Held-to-maturity investments

	30/06/2023		01/01/2023	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Short-term				
Term deposit	42,000,000,000	42,000,000,000	60,000,000,000	60,000,000,000
	42,000,000,000	42,000,000,000	60,000,000,000	60,000,000,000

They are deposits with a term of 6 months deposited at commercial banks with interest rates according to each deposit contracts.

5.2.3 Investments in other entities

	30/06/2023			01/01/2023		
	Cost	Provision	Fair value	Cost	Provision	Fair value
	VND	VND	VND	VND	VND	VND
An Sinh Hospital Joint Stock Company (a)	18,518,960,000	-	(*)	18,518,960,000	-	(*)
Orchids Trading Service Travel Company Limited (b)	5,550,000,000	-	(*)	5,550,000,000	-	(*)
	24,068,960,000	-		24,068,960,000	-	

(a) This is an investment into An Sinh Hospital Joint Stock Company with an ownership and voting rate of 18.34% on the charter capital of this company. An Sinh Hospital Joint Stock Company was established in Vietnam, operating under Business Registration Certificate No. 0302774433 dated 25 November 2002, the 18th amendment certificate dated 05 July 2022 issued by the Department of Planning and Investment of Ho Chi Minh City. An Sinh Hospital Joint Stock Company's charter capital is VND 134,400,000,000. This company's principal activities are the operations of hospitals and clinics.

(b) This is an investment into Orchids Trading Service Travel Company Limited Company with an ownership and voting rate of 15% on the charter capital of this company. Orchids Trading Service Travel Company Limited was established in Vietnam, operating under Business Registration Certificate No. 0312680625 dated 10 March 2014 issued by the Department of Planning and Investment of Ho Chi Minh City. Orchids Trading Service Travel Company Limited's charter capital is VND 37,000,000,000. This company's principal activities are short-term accommodation, restaurants, and mobile catering services.

(*) As at 30 June 2023 and 31 December 2022, the Company has not determined the fair value of these investments to disclose in the Notes to the financial statements, because there is no listed price on the market and Vietnamese accounting standards, the Vietnamese enterprise accounting regime. There is currently no guidance on how to calculate fair value and use valuation techniques. The fair value of these investments may differ from the carrying amount.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.3 Short-term accounts receivables

	30/06/2023	01/01/2023
	VND	VND
Trade receivables – related parties		
An Sinh Hospital Joint Stock Company	2,782,761,271	2,514,420,519
Orchids Trading Service Travel Company Limited	871,200,000	871,200,000
Nipro Pharma Corporation	1,308,475,778	6,336,214,286
Trade receivables – other parties		
Neros Pharmaceuticals Ltd.	31,720,275,160	31,720,275,160
Danson-Bg Eood	-	2,222,205,955
Customers at Mekophar Hanoi Branch	9,918,428,705	12,473,840,317
Customers at Mekophar Can Tho Branch	3,610,682,405	4,837,539,621
Other customers	41,824,796,916	51,729,590,583
	<u>92,036,620,235</u>	<u>112,705,286,441</u>

As at 30 June 2023, balance of receivables denominated in foreign currencies is:

		Foreign currency	Equivalent VND
Neros Pharmaceuticals Ltd.	USD	1,365,780.50	31,720,275,160
Nipro Pharma Corporation	JPY	8,148,943.00	1,308,475,778

The Parent Company has mortgaged the right of receivable collection for short-term bank loans (see Notes 5.17).

5.4 Short-term advances to suppliers

	30/06/2023	01/01/2023
	VND	VND
Advances to related parties		
Vietnam Pharmaceutical Corporation	399,000,000	399,000,000
Advances to other suppliers		
Kim Linh Phat Corporation Joint Stock Company	1,064,250,000	1,064,250,000
Dai Viet Investment Development Construction Joint Stock Company	957,000,000	957,000,000
Kanematsu KGK Corp.	157,753,200	-
Jenn Chiang Machinery Co.	-	1,468,331,600
Sky Softgel Co., Ltd.	-	3,212,219,880
Nectar Lifesciences Ltd.	-	1,422,900,000
Other suppliers	3,937,465,383	2,730,085,980
	<u>6,515,468,583</u>	<u>11,253,787,460</u>

As at 30 June 2023, balance of advances to suppliers denominated in foreign currencies is:

		Foreign currency	Equivalent VND
Volpak S.A Unipersonal	EUR	22,800.00	604,706,616
Galactic S.A	EUR	5,241.60	140,228,525
Syntegon Technology Co.	EUR	1,407.76	36,527,149
Kanematsu KGK Corp.	JPY	888,000.00	157,753,200
Other suppliers	USD	26,225.78	619,953,872

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.5 Other short-term receivables

	30/06/2023		01/01/2023	
	Amount VND	Provision VND	Amount VND	Provision VND
Receivables - other individual, organizations				
Advance	2,050,316,191	-	-	-
Deposit interest	682,479,452	-	-	-
Remuneration for non- management members of the Board of Directors	204,000,000	-	408,000,000	-
Insurance and trade union receivables	426,684,783	-	417,581,283	-
Arbitration fee	398,174,000	-	398,174,000	-
Other receivables	16,056,700	-	16,056,700	-
	3,777,711,126	-	1,239,811,983	-

5.6 Bad debts

	30/06/2023			01/01/2023		
	Cost VND	Recoverable amount VND	Provision VND	Cost VND	Recoverable amount VND	Provision VND
Trade receivables						
Neros Pharmaceuticals Ltd.	31,720,275,160	-	(31,720,275,160)	31,720,275,160	-	(31,720,275,160)
Tan Tao Industrial Zone Branch (Zuellig)	9,385,514,766	6,611,973,132	(2,773,541,634)	9,385,514,766	6,611,973,132	(2,773,541,634)
Other customers	66,938,930	-	(66,938,930)	66,938,930	-	(66,938,930)
	41,172,728,856	6,611,973,132	(34,560,755,724)	41,172,728,856	6,611,973,132	(34,560,755,724)

5.7 Inventories

	30/06/2023		01/01/2023	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	482,306,063,345	-	488,324,229,404	-
Tools	2,657,624,444	-	2,973,223,191	-
Work in progress	56,401,088,126	-	55,200,011,755	-
Finished goods	107,777,768,146	(11,620,993,161)	99,832,445,114	(7,875,519,436)
Goods	807,952	-	807,952	-
	649,143,352,013	(11,620,993,161)	646,330,717,416	(7,875,519,436)

The Company has mortgaged its inventories for short-term bank loans (see Notes 5.17).

Movements of provision in year are as follows:

	From 01/01/2023 to 30/06/2023 VND	2022 VND
Opening balance	(7,875,519,436)	-
Provision in period	(3,745,473,725)	(7,875,519,436)
Ending balance	(11,620,993,161)	(7,875,519,436)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.8 Short-term, long-term prepaid expenses

5.8.1 Short-term prepaid expenses

	30/06/2023 VND	01/01/2023 VND
Major repair of fixed assets, machinery spare parts	1,133,896,251	1,187,255,059
Insurance expense	701,125,131	711,758,498
Annual calibration fee for machinery and equipment	667,486,555	187,669,734
Land rent	637,709,244	-
Tools and equipment expenses	344,115,205	-
Office rental expenses	24,000,000	72,000,000
Other prepaid expenses	200,832,513	699,426,862
	<u>3,709,164,899</u>	<u>2,858,110,153</u>

5.8.2 Long-term prepaid expenses

	30/06/2023 VND	01/01/2023 VND
Major repair of fixed assets, machinery spare parts	4,993,664,117	2,912,243,546
Calibration and maintenance expenses	440,000,001	-
Tools and equipment expenses	239,301,675	454,519,648
Installation expenses	-	352,698,921
Other prepaid expenses	268,817,117	-
	<u>5,941,782,910</u>	<u>3,719,462,115</u>

5.9 Increase, decrease of tangible fixed assets

	Building and structure VND	Machinery and equipment VND	Transportation VND	Office equipment VND	Total VND
HISTORICAL COST					
At 01/01/2023	560,772,958,611	394,368,601,424	16,275,017,019	58,027,840,760	1,029,444,417,814
Purchase in period	160,000,000	8,241,002,108	-	1,375,580,000	9,776,582,108
Liquidation	-	(875,299,808)	-	(75,000,000)	(950,299,808)
At 30/06/2023	<u>560,932,958,611</u>	<u>401,734,303,724</u>	<u>16,275,017,019</u>	<u>59,328,420,760</u>	<u>1,038,270,700,114</u>
ACCUMULATED DEPRECIATION					
At 01/01/2023	81,780,372,714	178,087,603,371	13,752,207,408	50,671,306,754	324,291,490,247
Depreciation in year	7,299,941,066	15,075,221,261	413,130,306	1,154,228,908	23,942,521,541
Liquidation	-	(875,299,808)	-	(75,000,000)	(950,299,808)
At 30/06/2023	<u>89,080,313,780</u>	<u>192,287,524,824</u>	<u>14,165,337,714</u>	<u>51,750,535,662</u>	<u>347,283,711,980</u>
NET BOOK VALUE					
At 01/01/2023	478,992,585,897	216,280,998,053	2,522,809,611	7,356,534,006	705,152,927,567
At 30/06/2023	<u>471,852,644,831</u>	<u>209,446,778,900</u>	<u>2,109,679,305</u>	<u>7,577,885,098</u>	<u>690,986,988,134</u>

The historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2023 are VND 167,462,812,542 (as at 31 December 2022: VND 164,322,244,642).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.10 Increase, decrease of intangible fixed assets

	Land use right VND	Copyright, computer software VND	Total VND
HISTORICAL COST			
At 01/01/2023	7,438,152,000	6,069,101,139	13,507,253,139
Increase in period	-	-	-
At 30/06/2023	7,438,152,000	6,069,101,139	13,507,253,139
ACCUMULATED DEPRECIATION			
At 01/01/2023	-	5,044,542,177	5,044,542,177
Depreciation in period	-	375,775,200	375,775,200
At 30/06/2023	-	5,420,317,377	5,420,317,377
NET BOOK VALUE			
As at 01/01/2023	7,438,152,000	1,024,558,962	8,462,710,962
As at 30/06/2023	7,438,152,000	648,783,762	8,086,935,762

The historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2023 are VND 2,708,299,139 (as at 31 December 2022: VND 2,708,299,139).

5.11 Construction in progress

	01/01/2023 VND	Increase in period VND	Decrease in period VND	30/06/2023 VND
Pelletizing machine	2,209,557	6,531,567	(8,741,124)	-
Blister press machine	25,048,757	-	(25,048,757)	-
Packing machine	-	1,333,007	-	1,333,007
	27,258,314	7,864,574	(33,789,881)	1,333,007

5.12 Trade accounts payable

	30/06/2023		01/01/2023	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
Payables – related parties				
Nipro Pharma Corporation	1,290,921,144	1,290,921,144	-	-
Payables – other parties				
KHS Synchemical Corp.	9,777,875,000	9,777,875,000	18,580,590,000	18,580,590,000
Hiep Luc Pharmaceutical Joint Stock Company	3,697,232,280	3,697,232,280	3,203,739,000	3,203,739,000
APC Pharmaceuticals & Chemical Limited	2,689,383,500	2,689,383,500	-	-
Suheung Vietnam Company Limited	2,593,800,000	2,593,800,000	6,271,128,000	6,271,128,000
Lupin Limited	-	-	6,359,640,000	6,359,640,000
Sinobright Pharmaceutical	371,806,250	371,806,250	14,309,190,000	14,309,190,000
Other suppliers	16,801,775,570	16,801,775,570	28,863,237,740	28,863,237,740
	37,222,793,744	37,222,793,744	77,587,524,740	77,587,524,740

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

As at 30 June 2023, the balance of accounts payable denominated in foreign currency is:

		Foreign currency	Equivalent VND
Nipro Pharma Corporation	JPY	7,802,485.00	1,290,921,144
KHS Synchemical Corp.	USD	411,700.00	9,777,875,000
APC Pharmaceuticals & Chemical Limited	USD	113,237.20	2,689,383,500
Sinobright Pharmaceutical	USD	15,655.00	371,806,250
Other foreign suppliers	USD	36,225.92	860,365,600

5.13 Short-term advance from customers

		30/06/2023 VND	01/01/2023 VND
Advances from other customers			
T.N.T Pharmaceutical and Medical Equipment Joint Stock Company		18,616,700,492	21,728,048,605
Stem cell bank		9,313,168,781	10,018,116,401
Saba Trade Ltd.		-	7,865,000
Other customers		5,742,117,383	2,524,016,776
		33,671,986,656	34,278,046,782

As at 30 June 2023, the balance of advance from customers denominated in foreign currency is:

		Foreign currency	Equivalent VND
KKC Corporation	USD	23,337.52	543,764,216
Other customers	USD	1,911.46	44,375,175

5.14 Taxes and (receivables), payables to State budget

	01/01/2023		Transaction in period		30/06/2023	
	Payables VND	Receivables VND	Payables VND	Paid/ Deductibles VND	Payables VND	Receivables VND
VAT on domestic goods	-	-	21,004,853,863	(21,004,853,863)	-	-
VAT on import goods	618,307,495	(618,307,495)	8,627,545,468	(8,627,545,468)	25,869,798	(25,869,798)
Import tax	-	(45,041,840)	2,379,198,355	(2,344,299,715)	-	(10,143,200)
Corporate income tax	17,396,419,214	-	1,161,524,896	(18,396,419,214)	161,524,896	-
Personal income tax	-	-	3,099,826,013	(3,099,826,013)	-	-
Housing tax, land rental	-	-	9,300,000,000	(12,869,497,405)	-	(3,569,497,405)
Other taxes	-	-	12,000,000	(12,000,000)	-	-
	18,014,726,709	(663,349,335)	45,584,948,595	(66,354,441,678)	187,394,694	(3,605,510,403)

Value-added tax

The Company declares value-added tax by deduction method. VAT rates for domestic goods are both non-taxable, 5% and 10%.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Corporate income tax

Corporate income tax ("CIT") payable in period is estimated as follows:

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Accounting profit before tax	6,146,963,479	28,951,149,034
Adjusted in accounting profit to determine taxable profit:		
Increase adjustments	-	-
Decrease adjustments	-	-
Assessable income	6,146,963,479	28,951,149,034
Non-taxable income	(339,339,000)	-
Taxable income	5,807,624,479	28,951,149,034
CIT rate	20%	20%
Current CIT expenses	1,161,524,896	5,790,229,807

The Parent Company and subsidiary are obliged to pay tax at the normal rate of 20% of taxable income.

Other taxes

The Company declares and pays other taxes in accordance to current regulations.

5.15 Short-term accrued expenses

	30/06/2023 VND	01/01/2023 VND
Renting land expenses in the hi-tech park	6,164,522,721	4,889,104,227
Expenses of security and cleaning services	484,509,393	338,318,182
Electricity expenses	229,949,486	172,256,734
Security service expenses	-	64,000,000
	6,878,981,600	5,463,679,143

5.16 Other short-term payables

	30/06/2023 VND	01/01/2023 VND
Other payables - other individual, organization		
Trade union, social insurance, Party fees	152,614,280	149,311,040
Happy House Investment Joint Stock Company (a)	10,000,000,000	10,000,000,000
Med Tech An An Joint Stock Company (b)	17,765,000,000	17,765,000,000
Soviet Union Antibiotic	118,181,818	118,181,818
Corporate income tax (Factory 24)	91,299,513	91,299,513
The Board of Directors remuneration	344,555,555	344,555,555
Other payables	522,318,886	454,813,247
	28,993,970,052	28,923,161,173

(a) 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 dated 08 August 2018.

(b) Payment received from An An Med Tech Joint Stock Company (AAMT Group) through Mekophar's MB bank account, according to credit notes dated 15 November 2021, 24 November 2021, 25 November 2021 with the description "AAMT Group transfers payment to OPTIMUS".

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.17 Short-term loans and finance lease liabilities

	30/06/2023		01/01/2023	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
Short-term loans and finance lease liabilities - other individual, organizations				
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon Branch (*)	14,880,600,000	14,880,600,000	8,010,240,000	8,010,240,000
	14,880,600,000	14,880,600,000	8,010,240,000	8,010,240,000

(*) Short-term loan of Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon Branch under Credit Agreement No. 0259/SGB.KHDN/LD22 dated 29 August 2022. The loan limit is VND 51,000,000,000. Purpose of the loan is to supplement legal, reasonable and valid working capital for production and business activities, except for investing in fixed assets. The loan term for each debt is up to 06 months from the next day of loan disbursement for each loan covenant. The loan interest rate is determined at the time of loan disbursement according to the bank's loan interest rate notice recorded on each loan covenant.

The loan is secured by:

- The Company's inventories according to Inventory mortgage contract No. 0117/SGN.KHDN/TC21 dated 30 July 2021.
- The Company's right of receivable collection and/or property right arising from trading contracts according to Property right mortgage contract No. 0118/SGN.KHDN/TC21 dated 30 July 2021.

Details of arising short-term loans and finance lease liabilities in the period are as follows:

	01/01/2023 VND	Increase in period VND	Paid in period VND	30/06/2023 VND
Short-term bank loans	8,010,240,000	14,880,600,000	(8,010,240,000)	14,880,600,000
	8,010,240,000	14,880,600,000	(8,010,240,000)	14,880,600,000

5.18 Bonus and welfare funds

	01/01/2023 VND	Increase in period VND	Paid in period VND	30/06/2023 VND
Bonus fund	2,208,835,210	3,096,219,355	(1,302,800,000)	4,002,254,565
Welfare fund	5,837,630,673	3,096,219,356	(470,102,693)	8,463,747,336
	8,046,465,883	6,192,438,711	(1,772,902,693)	12,466,001,901

5.19 Long-term unrealized revenue

	30/06/2023 VND	01/01/2023 VND
MekoStem unrealized revenue	159,964,494,160	152,750,724,956
Finished goods unrealized revenue	-	209,740,954
	159,964,494,160	152,960,465,910

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.20 Owner's equity

5.20.1 Owner's equity movements

	Owners' invested capital VND	Capital surplus VND	Treasury shares VND	Investment and development funds VND	Retained earnings VND	Total VND
As at 01/01/2022	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 in period	-	-	-	-	23,160,919,227	23,160,919,227
Deduction for Investment and development fund	-	-	-	1,236,223,494	(1,236,223,494)	-
Deduction for Bonus and welfare funds	-	-	-	-	(2,472,446,988)	(2,472,446,988)
Dividends distribution	-	-	-	-	(20,214,576,800)	(20,214,576,800)
Remuneration for the Board of Directors	-	-	-	-	(408,000,000)	(408,000,000)
As at 30/06/2022	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
As at 01/07/2022	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
Profit in period	-	-	-	-	18,530,005,514	18,530,005,514
As at 31/12/2022	255,458,670,000	409,789,114,458	(14,487,151,158)	574,559,027,845	42,328,718,846	1,267,648,379,991
As at 01/01/2023	255,458,670,000	409,789,114,458	(14,487,151,158)	574,559,027,845	42,328,718,846	1,267,648,379,991
Profit in period	-	-	-	-	4,985,438,583	4,985,438,583
Deduction for Investment and development fund	-	-	-	2,064,146,237	(2,064,146,237)	-
Deduction for Bonus and welfare funds	-	-	-	-	(6,192,438,711)	(6,192,438,711)
Dividends distribution	-	-	-	-	(25,268,221,000)	(25,268,221,000)
Remuneration for the Board of Directors	-	-	-	-	(408,000,000)	(408,000,000)
As at 30/06/2023	255,458,670,000	409,789,114,458	(14,487,151,158)	576,623,174,082	13,381,351,481	1,240,765,158,863

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

5.20.2 Detail of owner's invested equity

According to the Company's the Business Registration Certificate (amended), Charter capital of the Company is VND 255,458,670,000. As at 30 June 2023, the Company's Charter capital was fully contributed as follows:

	30/06/2023			01/01/2023		
	Shares	Value VND	Rate %	Shares	Value VND	Rate %
Vietnam Pharmaceutical Corporation	4,657,435	46,574,350,000	18.23	4,657,435	46,574,350,000	18.23
Nipro Pharma Corporation	3,913,140	39,131,400,000	15.32	3,913,140	39,131,400,000	15.32
Other shareholders	16,975,292	169,752,920,000	66.45	16,975,292	169,752,920,000	66.45
	25,545,867	255,458,670,000	100.00	25,545,867	255,458,670,000	100.00

5.20.3 Shares

	30/06/2023 Share	01/01/2023 Share
Number of issued registered shares	25,545,867	25,545,867
Number of shares sold to the public	25,545,867	25,545,867
<i>Common shares</i>	25,545,867	25,545,867
<i>Preferred shares</i>	-	-
Number of repurchased shares	277,646	277,646
<i>Common shares</i>	277,646	277,646
<i>Preferred shares</i>	-	-
Number of shares in circulation	25,268,221	25,268,221
<i>Common shares</i>	25,268,221	25,268,221
<i>Preferred shares</i>	-	-

Par value of shares in circulation: VND 10,000/ share.

5.20.4 Profit distribution

In period, the Parent Company distributed dividends according to the Resolution of the Annual General Meeting of Shareholders No. 25/NQ-HĐQT dated 27 April 2023 with the value of 10% par value.

In addition, the Parent Company distributed profit of 2022 according to the Resolution of the Annual General Meeting of Shareholders No. 25/NQ-HĐQT dated 27 April 2023 as follows:

	VND
- Deduct 8% from retained earnings of 2022 for Investment and development fund	: 2,064,146,237
- Deduct 16% from retained earnings of 2022 for Bonus and welfare funds	: 6,192,438,711

5.21 Off-consolidated balance sheet items

Foreign currency

	30/06/2023 Foreign currency	01/01/2023 Foreign currency
US Dollar (USD)	30,834.01	12,364.26
Euro (EUR)	875.22	880.26
Japan Yen (JPY)	40,819,057.00	26,434,527.00

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INTERIM CONSOLIDATED INCOME STATEMENT

6.1 Revenues from sale of goods and rendering of services

6.1.1 Net revenues

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Revenue from sale of finished goods	406,319,680,026	498,135,654,072
Revenue from sale of goods	22,032,379	84,962,886,848
Revenue from stem cell bank service	30,269,194,156	29,543,734,589
Revenue from sale of materials, other	1,646,728,533	1,111,963,399
Revenue from rental	4,932,000,000	3,534,545,454
Deduction:		
Sales rebates	-	(89,178)
Returned goods	(82,771,392)	(207,865,339)
Net revenues	<u>443,106,863,702</u>	<u>617,080,829,845</u>

6.1.2 Revenue from sale of goods and rendering of services to related parties

Transactions of sales of goods and rendering of services to related parties are as follows:

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
An Sinh Hospital Joint Stock Company	5,556,673,850	4,450,184,593
Nipro Pharma Corporation	4,670,082,310	10,008,479,125
	<u>10,226,756,160</u>	<u>14,458,663,718</u>

6.2 Cost of sales

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Cost of finished goods sold	298,139,020,174	327,580,262,046
Cost of goods sold	20,930,760	83,691,109,356
Cost of stem cell bank service	11,089,592,632	9,023,839,787
Cost of materials sold, rendering of services	550,939,831	103,318,652
Provision for devaluation of inventories	3,745,473,725	-
	<u>313,545,957,122</u>	<u>420,398,529,841</u>

6.3 Financial income

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Interest from deposit	2,647,882,157	5,070,508,002
Dividends, distributed profit	339,339,000	2,356,513,500
Foreign exchange gain	364,714,908	971,187,210
	<u>3,351,936,065</u>	<u>8,398,208,712</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

6.4 Financial expenses	From 01/01/2023 to 30/06/2023	From 01/01/2022 to 30/06/2022
	VND	VND
Loans interest expense	219,713,001	2,221,754,746
Foreign exchange loss	2,018,881,535	6,371,163,835
Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	730,857,247	2,688,086,011
	2,969,451,783	11,281,004,592
6.5 Selling expenses	From 01/01/2023 to 30/06/2023	From 01/01/2022 to 30/06/2022
	VND	VND
Labor expenses	13,893,334,982	11,891,943,626
Depreciation expenses	351,841,698	259,131,822
Service expense	15,136,374,362	15,273,580,893
Marketing expenses	23,479,434,550	57,960,263,325
Transportation expenses	5,692,118,229	5,124,753,851
Other selling expenses	155,574,080	129,184,640
	58,708,677,901	90,638,858,157
6.6 General and administration expenses	From 01/01/2023 to 30/06/2023	From 01/01/2022 to 30/06/2022
	VND	VND
Labor expenses	24,972,218,478	31,954,648,119
Tools and equipment expenses	5,035,451,610	4,124,684,422
Depreciation expenses	6,275,869,603	6,240,718,183
Tax and fees	10,267,117,576	8,632,812,288
Provision expenses	-	3,072,147,795
Service expenses	7,961,326,121	6,433,291,122
Other general and administration expenses	11,473,963,191	11,545,778,988
	65,985,946,579	72,004,080,917
6.7 Other incomes	From 01/01/2023 to 30/06/2023	From 01/01/2022 to 30/06/2022
	VND	VND
Gain from disposal of fixed assets	17,500,000	-
Income from stock count	965,675,750	4,789,860
Other incomes	14,416,616	88,993,036
	997,592,366	93,782,896
6.8 Other expenses	From 01/01/2023 to 30/06/2023	From 01/01/2022 to 30/06/2022
	VND	VND
Expenses from stock count	93,002,703	-
Administrative fines	-	17,000,000
Penalties for breach of purchasing contract	-	2,265,920,000
Other expenses	6,392,566	16,278,912
	99,395,269	2,299,198,912

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

6.9 Basic earnings per share

The calculation of basic earnings per share attributable to shareholders holding common shares of the Parent Company are made on the basis of the following data:

		From 01/01/2023 to 30/06/2023	From 01/01/2022 to 30/06/2022
Profit for the year attributable to shareholders holding common shares of the Parent Company	VND	4,985,438,583	23,160,919,227
Deduction: bonus and welfare funds	VND	-	-
Profit to calculate EPS	VND	4,985,438,583	23,160,919,227
Outstanding common shares on average during the period	share	25,268,221	25,268,221
Earnings per share	VND/share	197	917

(*) The Parent Company has not planned to deduct the bonus and welfare fund on the profit after tax at the time of preparing the financial statements for the six-month period ended 30 June 2023.

6.10 Production and business costs by element

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Raw materials expenses	270,802,318,034	335,399,286,896
Labor expenses	65,480,216,979	62,188,985,708
Depreciation expenses	24,318,296,741	23,919,693,967
External service expenses	38,835,527,872	36,079,362,569
Other expenses	49,149,985,816	95,822,242,592
	448,586,345,442	553,409,571,732

7. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INTERIM CONSOLIDATED CASH FLOW STATEMENT

7.1 Proceeds from borrowings

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Proceeds from borrowings from loan agreement	14,880,600,000	143,364,727,600

7.2 Repayment of borrowings

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Repayment of borrowings from loan agreement	8,010,240,000	127,570,263,247

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

8. FINANCIAL INSTRUMENTS

The Company has financial assets such as customer receivables and other receivables, cash and short-term deposits that occur directly from the operations of the Company. Financial liabilities of the Company mainly include loans, payables to suppliers and other payables. The main purpose of these financial liabilities is to mobilize financial resources to serve the activities of the Company.

The Company has market risk, credit risk and liquidity risk.

Operational risk management is indispensable operations for the entire operations of the Company. The Company has developed control system to ensure balance between the extent reasonable costs incurred when risk and risk management costs. The Company has not implemented measures to prevent this risk due to lack of a market to purchase financial instruments.

The Board of General Directors considered and uniformly applies policies to manage each of these risks are summarized below:

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk has four types of risk: interest rate risk, currency risk, goods price risk and other price risk, such as equity price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Market risk for changes in interest rates of the Company primarily relating to cash, short term deposits, and loans of the Company.

The Company is managing interest rate risk by analyzing the competitive situation in the market to acquire beneficial interest for the purposes of the Company and remain within the limits of their risk management.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in exchange rates. The Company bears the risk of changes in exchange rates, which are directly related to the business operations of the Company.

Stock price risk

The shares held by the Company are affected by market risks arising from uncertainty about the future value of the investment shares. The company manages stock price risk by setting investment limits. The Board of General Directors also reviews and approves investment decisions in shares. The Company considers the share price risk to be negligible.

ii. Credit risk

Credit risk is the risk that one party of a financial instrument or contract not performing its obligations, resulting in financial losses. The Company has credit risk from its operating activities (primarily for trade receivables account), and from its financial activities, including bank deposits and other financial instruments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Trade receivables

The Company regularly monitors the receivables, which is not yet collected. For big customers, the Company considered the decline in the credit quality of each customer at the reporting date. The Company seeks the way to remained the tight control of the receivables and arranging credit control staff to minimize credit risk. On this basis and the trade receivables of the Company related to many different customers, credit risk is not significantly concentrated in a certain customer.

Cash in bank

The Company mainly maintains deposit balances at banks, which is well known in Vietnam. Credit risk of the deposit balances at banks is managed by the treasury department of the Company under the policies of the Company. The maximum credit risk of the Company for the items on the balance sheet at the end of the financial year is the value book as presented in Note 5.1. The Company found that the level of concentration of credit risk on bank deposits is low.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in implementing their financial obligations due to lack of funds. Liquidity risk of the Company mainly arising from financial assets and financial liabilities with maturity mismatches.

The Company minimizes the liquidity risk by maintaining an amount of cash and cash equivalents and bank loans at a level that the General Director supposes it is sufficient to meet the Company's operations and minimize the risks due to the volatility of cash flows.

The table below summarizes the maturity of the financial liabilities of the Company based on expected payments on undiscounted basic contracts:

	Less than 1 year VND	From 1 to 5 years VND	Total VND
As at 30 June 2023			
Trade payables	37,222,793,744	-	37,222,793,744
Accrued expenses	6,878,981,600	-	6,878,981,600
Other payables	28,841,355,772	-	28,841,355,772
Loans and finance liabilities	14,880,600,000	-	14,880,600,000
	87,823,731,116	-	87,823,731,116
As at 01 January 2023			
Trade payables	77,587,524,740	-	77,587,524,740
Accrued expenses	5,463,679,143	-	5,463,679,143
Other payables	28,773,850,133	-	28,773,850,133
Loans and finance liabilities	8,010,240,000	-	8,010,240,000
	119,835,294,016	-	119,835,294,016

The Company considered that the level of concentration risk to the repayment is low. The Company has sufficient access to the necessary capital.

Security Assets

The Company has pledged its trade accounts receivables, inventories for these loans (see Notes No. 5.3, 5.7).

The Company does not hold the security assets of third parties as at 30 June 2023.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

iv. Fair value

(1) Compare fair value and book value

The following table showing the financial assets and financial liabilities of the Company:

	Book value		Fair value (*)	
	30/06/2023 VND	01/01/2023 VND	30/06/2023 VND	01/01/2023 VND
Financial assets				
Held-to-maturity investments	42,000,000,000	60,000,000,000	42,000,000,000	60,000,000,000
Loans and Accounts Receivable				
Trade receivables	92,036,620,235	112,705,286,441	57,475,864,511	78,144,530,717
Other receivables	1,096,710,152	414,230,700	1,096,710,152	414,230,700
Financial assets available for sale				
Short-term financial investments	10,946,711,100	10,946,711,100	10,946,711,100	10,946,711,100
Long-term financial investments	24,068,960,000	24,068,960,000	24,068,960,000	24,068,960,000
Cash and cash equivalents	36,682,994,493	62,011,606,836	36,682,994,493	62,011,606,836
	206,831,995,980	270,146,795,077	172,271,240,256	235,586,039,353
Financial liabilities				
Financial liabilities are determined according to the distribution value				
Trade payables	37,222,793,744	77,587,524,740	37,222,793,744	77,587,524,740
Accrued expenses	6,878,981,600	5,463,679,143	6,878,981,600	5,463,679,143
Other payables	28,841,355,772	28,773,850,133	28,841,355,772	28,773,850,133
Loans and finance liabilities	14,880,600,000	8,010,240,000	14,880,600,000	8,010,240,000
	87,823,731,116	119,835,294,016	87,823,731,116	119,835,294,016

(*) The Company has not revaluated its financial assets and financial liabilities at their fair values as at 30 June 2023 and 01 January 2023. However, the Board of General Directors believes that the fair value of these financial assets and liabilities is not significantly different from their carrying amounts as at the balance sheet date.

(2) Basis of determining fair value

Accounts receivable and other receivables

The fair value of accounts receivables and other receivables, excluding accounts receivable and payable under the scheduled progress of construction contracts, is estimated based on the present value of cash flows future, discounted at market interest rates at the report date. The fair value of these instruments is determined only intended disclosures.

Non-derivative financial liabilities

Fair value, measured for disclosure purposes only, is calculated based on the present value of future cash flows to pay principal and interest, discounted at market rates at the balance sheet date.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

9. OTHER INFORMATIONS

9.1 Transactions and balances with related parties

The related parties with the Company include key members of management, the individuals involved with key members and other related parties.

9.1.1. Transactions and balances with key members, the individuals involved with key members

Remuneration paid to key managers during the period was as follow:

	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Salary and bonus	4,551,329,650	4,070,075,173

9.1.2 Transactions and balances with other related parties

Significant transactions with related parties in period are as follows:

Related parties	Transaction	From 01/01/2023 to 30/06/2023 VND	From 01/01/2022 to 30/06/2022 VND
Nipro Pharma Corporation			
	Purchase	-	616,172,700
	Sale of finished goods	4,670,082,310	10,008,479,125
	Buy raw materials	1,387,359,371	1,551,939,186
	Raw materials donated	8,407,796	17,114,296
An Sinh Hospital Joint Stock Company			
	Sales and services rendered	5,556,673,850	4,450,184,593
	Dividend received	-	1,834,000,000

As at 30 June 2023, the balance of accounts receivable/ payable with related parties is as follows:

	30/06/2023 VND	01/01/2023 VND
Trade receivables		
An Sinh Hospital Joint Stock Company	2,782,761,271	2,514,420,519
Orchids Trading Service Travel Company Limited	871,200,000	871,200,000
Nipro Pharma Corporation	1,308,475,778	6,336,214,286
Advances to suppliers		
Vietnam Pharmaceutical Corporation	399,000,000	399,000,000
Trade payables		
Nipro Pharma Corporation	1,290,921,144	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

9.2 Segment information

Segment information by operating activities

a. Segment income statement operating activities for the six-month period ended 30 June 2023:

Items	Net revenue VND	Cost VND	Gross profit VND
Finished goods	406,236,908,634	301,884,493,899	104,352,414,735
Goods	22,032,379	20,930,760	1,101,619
Stem cell bank service	30,269,194,156	11,089,592,632	19,179,601,524
Materials	1,646,728,533	550,939,831	1,095,788,702
Rental	4,932,000,000	-	4,932,000,000
Total	443,106,863,702	313,545,957,122	129,560,906,580

b. Segment income statement operating activities for the six-month period ended 30 June 2022:

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

Segment information by geographical area

The Company does not present segment information by geographical area, because all activities take place in the only geographical area, which is Vietnam.

9.3 Events subsequent to the balance sheet date

There have been no significant events occurring after the balance sheet date (30 June 2023) to the date of this report, which would require adjustments or disclosures to be made in the interim consolidated financial statements.



LE THI THU HUONG
Preparer




PHAN ANH TAI
Chief Accountant

HUYNH THI LAN
General Director
Ho Chi Minh City, 15 August 2023