

**MEKOPHAR CHEMICAL
PHARMACEUTICAL JOINT-STOCK
COMPANY**

**Reviewed Interim consolidated financial statements
for the six-month period ended 30 June 2024**



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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 2024.

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 21st amendment Business Registration Certificate dated 21 November 2023 issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Parent Company at 30/06/2024 and at 01/01/2024 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 Parent 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 2024 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	Resigned on 25/04/2024
Ms. Nguyen Thi Quynh Anh	Member	
Ms. Phan Thi Lan Huong	Member	
Ms. Lu Thi Khanh Tran	Member	Appointed on 25/04/2024

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 2024 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 2024 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 2024 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 2024.

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 2024 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 2024, its operation results and cash flows of the Company for the six-month period ended 30 June 2024 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, 19 August 2024



Công ty TNHH Kiểm Toán AFC Việt Nam
AFC Vietnam Auditing Co., Ltd.

Thành viên tập đoàn PKF Quốc tế
Member firm of PKF International

No.: 206/2024/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 19 August 2024, as set out from page 6 to 40, which comprise the Interim Consolidated Balance sheet as at 30 June 2024, the Interim Consolidated Income statement, the Interim Consolidated Cash flow statement for the six-month period ended 30 June 2024 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 true, 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 for the 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 2024, 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.



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, 19 August 2024

LE HUYNH BAO
Auditor
Audit practicing registration certificate
No. 5449-2021-009-1

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2024

ITEMS	Code	Notes	30/06/2024	01/01/2024
			VND	VND
ASSETS				
A - CURRENT ASSETS	100		886,909,291,926	833,961,237,835
I. Cash and cash equivalents	110	5.1	34,604,837,954	130,060,029,110
1. Cash	111		34,604,837,954	70,060,029,110
2. Cash equivalents	112		-	60,000,000,000
II. Short term financial investments	120		100,946,711,100	55,946,711,100
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	90,000,000,000	45,000,000,000
III. Short-term receivables	130		59,566,389,097	62,910,094,698
1. Short-term accounts receivable	131	5.3	57,248,208,145	62,411,916,961
2. Short-term advances to suppliers	132	5.4	6,968,714,692	2,801,524,930
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	2,862,392,545	1,592,171,611
7. Provision for doubtful short-term debts	137	5.6	(7,512,926,285)	(3,895,518,804)
8. Deficient assets pending resolution	139		-	-
IV. Inventories	140	5.7	674,711,340,954	574,290,410,185
1. Inventories	141		696,628,969,406	593,399,616,834
2. Provision for decline inventories	149		(21,917,628,452)	(19,109,206,649)
V. Other short-term assets	150		17,080,012,821	10,753,992,742
1. Short-term prepayments	151	5.8	2,621,435,884	2,906,161,258
2. Deductible VAT	152		12,096,878,860	7,847,831,484
3. Other receivables from State budget	153	5.13	2,361,698,077	-
4. Transactions to buy, resell government bonds	154		-	-
5. Other short-term assets	155		-	-

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2024

ITEMS	Code	Notes	30/06/2024	01/01/2024
			VND	VND
B - NON-CURRENT ASSETS	200		693,217,886,687	714,972,975,645
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		663,341,482,154	682,468,506,514
1. Tangible fixed assets	221	5.9	655,367,523,890	674,707,727,215
- Cost	222		1,049,578,553,675	1,045,843,566,274
- Accumulated depreciation	223		(394,211,029,785)	(371,135,839,059)
2. Finance leases fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	5.10	7,973,958,264	7,760,779,299
- Cost	228		14,004,583,139	13,507,253,139
- Accumulated depreciation	229		(6,030,624,875)	(5,746,473,840)
III. Investment property	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in progress	240		472,916	-
1. Long-term works in progress	241		-	-
2. Construction in progress	242		472,916	-
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		5,806,971,617	8,435,509,131
1. Long-term prepaid expenses	261	5.8	5,806,971,617	8,435,509,131
2. Deferred income tax assets	262		-	-
3. Long-term equipment, spare parts for replacement	263		-	-
4. Other non-current assets	268		-	-
5. Goodwill	269		-	-
TOTAL ASSETS	270		1,580,127,178,613	1,548,934,213,480

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2024

ITEMS	Code	Notes	30/06/2024 VND	01/01/2024 VND
RESOURCES				
C – LIABILITIES	300		329,369,696,589	288,040,365,686
I. Current liabilities	310		154,050,327,343	122,557,324,276
1. Trade accounts payable	311	5.11	69,369,995,706	27,090,995,359
2. Short-term advance from customers	312	5.12	45,566,154,791	41,086,247,272
3. Taxes and payables to State budget	313	5.13	-	7,359,266,108
4. Payables to employees	314		8,676,704,507	18,161,281,160
5. Short-term accrued expenses	315	5.14	7,715,439,834	6,483,106,063
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	5.15	11,010,555,658	11,200,626,413
10. Short-term loans and finance lease liabilities	320		-	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	5.16	11,711,476,847	11,175,801,901
13. Price Stabilization Fund	323		-	-
14. Transactions to buy, resell government bonds	324		-	-
II. Long-term liabilities	330		175,319,369,246	165,483,041,410
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	5.17	175,319,369,246	165,483,041,410
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 2024

ITEMS	Code	Notes	30/06/2024 VND	01/01/2024 VND
D - OWNER'S EQUITY	400		1,250,757,482,024	1,260,893,847,794
I. Capital	410	5.18	1,250,757,482,024	1,260,893,847,794
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		578,599,664,283	576,623,174,082
9. Business arrangements support fund	419		-	-
10. Other owner's funds	420		-	-
11. Retained earnings	421		21,397,184,441	33,510,040,412
- Retained earnings brought forward	421a		14,538,459,309	8,395,912,898
- Retained earnings for the current year	421b		6,858,725,132	25,114,127,514
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		1,580,127,178,613	1,548,934,213,480



LE THI THU HUONG
Preparer



PHAN ANH TAI
Chief Accountant

HUYNH THI LAN
General Director

Ho Chi Minh City, 19 August 2024

INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2024

ITEMS	Code	Notes	From 01/01/2024	From 01/01/2023
			to 30/06/2024	to 30/06/2023
			VND	VND
1. Revenues from sale of goods and rendering of services	01		469,888,972,134	443,189,635,094
2. Deductions	02		-	82,771,392
3. Net revenue from sale of goods and rendering of services	10	6.1	469,888,972,134	443,106,863,702
4. Cost of goods sold	11	6.2	332,245,496,027	313,545,957,122
5. Gross profit from sale of goods and rendering of services	20		137,643,476,107	129,560,906,580
6. Financial income	21	6.3	2,419,745,048	3,351,936,065
7. Financial expenses	22	6.4	3,425,713,043	2,969,451,783
- In which: Interest expenses	23		-	219,713,001
8. Profit or loss of joint venture and associate	24		-	-
9. Selling expenses	25	6.5	58,656,241,956	58,708,677,901
10. General and administration expenses	26	6.6	68,882,454,417	65,985,946,579
11. Operating profit/(loss)	30		9,098,811,739	5,248,766,382
12. Other income	31	6.7	44,734,842	997,592,366
13. Other expenses	32	6.8	420,623,046	99,395,269
14. Other profit/(loss)	40		(375,888,204)	898,197,097
15. Accounting profit before tax	50		8,722,923,535	6,146,963,479
16. Current corporate income tax expense	51	5.13	1,864,198,403	1,161,524,896
17. Deferred corporate income tax expense	52		-	-
18. Net profit after corporate income tax	60		6,858,725,132	4,985,438,583
19. Profit after tax of shareholders of the parent company	61		6,858,725,132	4,985,438,583
20. Profit after tax of non-controlling shareholders	62		-	-
21. Earnings per share	70	6.9	271	197

LE THI THU HUONG
Preparer

PHAN ANH TAI
Chief Accountant

HUYNH THI LAN
General Director

Ho Chi Minh City, 19 August 2024

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the six-month period ended 30 June 2024

ITEMS	Code	From 01/01/2024	From 01/01/2023
		to 30/06/2024	to 30/06/2023
		VND	VND
I. CASH FLOW FROM OPERATING ACTIVITIES			
1. Net profit before tax	01	8,722,923,535	6,146,963,479
2. Adjustments for:			
- Depreciation and amortisation of fixed assets, investment property	02	23,797,449,633	24,318,296,741
- Provisions, (reversal)	03	6,425,829,284	3,745,473,725
- (Gain), loss foreign exchange rate differences upon revaluation of monetary	04	913,898,567	730,857,247
- Gain, loss from investing activities	05	(1,943,186,320)	(3,004,721,157)
- Interest expense	06	-	219,713,001
- Other adjustments	07	-	-
3. Operating profit before movements in working capital	08	37,916,914,699	32,156,583,036
- (Increase), decrease in receivables	09	(6,901,334,982)	20,880,108,630
- (Increase), decrease in inventories	10	(103,229,352,572)	(2,812,634,597)
- Increase, (decrease) in account payable (other than interest payables, CIT payables)	11	47,003,313,630	(43,753,468,242)
- (Increase), decrease in accrued expenses	12	2,913,262,888	(3,073,375,541)
- Increase, decrease in trading securities	13	-	-
- Interest paid	14	-	(219,713,001)
- Corporate income tax paid	15	(8,690,008,085)	(18,396,419,214)
- Other cash inflows	16	-	-
- Other cash outflows	17	(3,417,305,456)	(1,772,902,693)
Net cash flow from operating activities	20	(34,404,509,878)	(16,991,821,622)
II. CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash outflow for purchasing and construction of fixed assets and other long-term assets	21	(6,984,988,371)	(9,750,656,801)
2. Proceeds from disposal of fixed assets and other long-term assets	22	1,929,090,908	17,500,000
3. Cash outflow for buying debt instruments of other entities	23	(170,833,589,845)	(42,000,000,000)
4. Cash recovered from lending, selling debt instruments of other companies	24	125,833,589,845	60,000,000,000
5. Investment in other entities	25	-	-
6. Cash recovered from investments in other entities	26	-	-
7. Interest income received, dividends received	27	2,255,426,689	2,304,741,705
Net cash flow from investing activities	30	(47,800,470,774)	10,571,584,904
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
4. Repayment of borrowings	34 7.2	-	(8,010,240,000)
5. Repayment of obligations under finance lease	35	-	-
6. Dividends paid	36	(12,634,110,500)	(25,268,221,000)
Net cash flow from financing activities	40	(12,634,110,500)	(18,397,861,000)

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the six-month period ended 30 June 2024

ITEMS	Code	From 01/01/2024	From 01/01/2023
		to 30/06/2024	to 30/06/2023
		VND	VND
NET INCREASE/ DECREASE IN CASH IN PERIOD (50 = 20 + 30 + 40)	50	(94,839,091,152)	(24,818,097,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	60	130,060,029,110	62,011,606,836
Effects of changes in foreign exchange rate	61	(616,100,004)	(510,514,625)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (70 = 50 + 60 + 61)	70	34,604,837,954	36,682,994,493

LE THI THU HUONG
Preparer

PHAN ANH TAI
Chief Accountant

HUYNH THI LAN
General Director
Ho Chi Minh City, 19 August 2024

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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 21st amendment Business Registration Certificate dated 21 November 2023 issued by the Department of Planning and Investment of Ho Chi Minh City.

Charter capital of the Parent Company at 30/06/2024 and at 01/01/2024 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 2024

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 2024 compared with the corresponding figures prior period.

1.7 Employees

As at 30 June 2024, the total number of employees of the Company was 665 (31 December 2023: 661 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 2024

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 2024

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 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 2024

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 2024

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 process: 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 and 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 2024

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.
- 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 2024

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 2024

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 2024

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 Parent Company and its subsidiary 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 2024

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 Board of General Directors		Key members

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

	30/06/2024	01/01/2024
	VND	VND
Cash on hand	4,241,460,043	6,152,806,614
Cash in bank		
- VND	18,186,078,442	57,825,643,626
- USD (*)	388,878,473	823,894,314
- EUR (*)	23,085,863	22,971,565
- JPY (*)	11,765,335,133	5,234,712,991
Cash equivalents	-	60,000,000,000
	34,604,837,954	130,060,029,110

(*) Detail of balance of cash in bank by foreign currency as at 30 June 2024, as follows:

	Foreign currency	Equivalent VND
Cash in bank		
- USD	15,400.61	388,878,473
- EUR	866.92	23,085,863
- JPY	75,394,650.00	11,765,335,133

5.2 Financial investments

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

5.2.1 Trading securities

	30/06/2024			01/01/2024		
	Cost	Provision	Fair value	Cost	Provision	Fair value
	VND	VND	VND	VND	VND	VND
Stock						
Vidipha Central Pharmaceutical JSC (*)	4,070,000,000	-	6,660,000,000	4,070,000,000	-	7,020,000,000
OPC Pharmaceutical JSC (*)	241,461,100	-	1,132,537,000	241,461,100	-	1,109,424,000
Pharmaceutical Packaging JSC	6,635,250,000	-	(**)	6,635,250,000	-	(**)
	10,946,711,100	-		10,946,711,100	-	

(*) The fair value of trading securities is determined according to the closing prices on 28 June 2024 and 29 December 2023 of the Ho Chi Minh Stock Exchange.

(**) As at 30 June 2024 and 01 January 2024, 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 2024

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

	30/06/2024		01/01/2024	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Short-term				
Term deposit	90,000,000,000	90,000,000,000	45,000,000,000	45,000,000,000
	90,000,000,000	90,000,000,000	45,000,000,000	45,000,000,000

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

	30/06/2024			01/01/2024		
	Cost VND	Provision VND	Fair value VND	Cost VND	Provision VND	Fair value 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 2024 and 01 January 2024, 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 2024

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

5.3 Short-term accounts receivables

	30/06/2024	01/01/2024
	VND	VND
Trade receivables – related parties		
An Sinh Hospital Joint Stock Company	188,874,000	210,985,793
Nipro Pharma Corporation	3,810,220,573	6,419,651,525
Trade receivables – other parties		
Customers at Mekophar Chemical Pharmaceutical Joint-stock Company (Hanoi Branch)	13,922,996,321	11,641,001,248
Customers at Mekophar Chemical Pharmaceutical Joint-stock Company Can Tho Branch	2,008,322,231	2,802,017,163
Other customers	37,317,795,020	41,338,261,232
	<u>57,248,208,145</u>	<u>62,411,916,961</u>

As at 30 June 2024, the balance of receivables from related parties denominated in foreign currencies is:

		Foreign currency	Equivalent VND
Nipro Pharma Corporation	JPY	24,416,665.00	3,810,220,573

5.4 Short-term advances to suppliers

	30/06/2024	01/01/2024
	VND	VND
Advances to related parties		
Vietnam Pharmaceutical Corporation	-	335,160,000
Advances to other suppliers		
Kim Linh Phat Corporation Joint Stock Company	1,064,250,000	1,064,250,000
Vietnam Travel and Marketing Transports Joint Stock Company - Vietravel	1,038,380,000	-
Other suppliers	4,866,084,692	1,402,114,930
	<u>6,968,714,692</u>	<u>2,801,524,930</u>

5.5 Other short-term receivables

	30/06/2024		01/01/2024	
	Amount VND	Provision VND	Amount VND	Provision VND
Receivables - other individual, organizations				
Advance	1,328,150,497	-	-	-
Deposit interest	809,471,233	-	736,712,328	-
Remuneration for non- management members of the Board of Directors	204,000,000	-	408,000,000	-
Insurance receivables	420,559,983	-	421,240,883	-
Other receivables	100,210,832	-	26,218,400	-
	<u>2,862,392,545</u>	<u>-</u>	<u>1,592,171,611</u>	<u>-</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

5.6 Bad debts

	30/06/2024			01/01/2024		
	Cost VND	Recoverable amount VND	Provision VND	Cost VND	Recoverable amount VND	Provision VND
Trade receivables						
Tan Tao Industrial Zone Branch (Zuellig)	9,385,514,766	2,815,654,430	(6,569,860,336)	9,385,514,766	5,631,308,860	(3,754,205,906)
National Phytopharma Joint-Stock Company - Tan Tao IP Branch	762,038,533	228,611,560	(533,426,973)	762,038,533	762,038,533	-
Other customers	335,265,008	-	(335,265,008)	66,938,930	-	(66,938,930)
Advances to suppliers						
Other suppliers	74,991,797	617,829	(74,373,968)	74,991,797	617,829	(74,373,968)
	10,557,810,104	3,044,883,819	(7,512,926,285)	10,289,484,026	6,393,965,222	(3,895,518,804)

5.7 Inventories

	30/06/2024		01/01/2024	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	522,999,865,104	-	437,644,106,980	-
Tools	2,993,796,997	-	2,537,623,850	-
Work in process	54,522,892,716	-	51,745,847,212	-
Finished goods	116,112,414,589	(21,917,628,452)	101,472,038,792	(19,109,206,649)
	696,628,969,406	(21,917,628,452)	593,399,616,834	(19,109,206,649)

Movements of provision in period are as follows:

	From 01/01/2024 to 30/06/2024 VND	2023 VND
Opening balance	(19,109,206,649)	(7,875,519,436)
Provision in period	(2,808,421,803)	(11,233,687,213)
Ending balance	(21,917,628,452)	(19,109,206,649)

5.8 Short-term, long-term prepaid expenses

5.8.1 Short-term prepaid expenses

	30/06/2024 VND	01/01/2024 VND
Major repair of fixed assets, machinery spare parts	289,240,409	564,106,442
Insurance expense	603,546,380	1,542,440,174
Annual calibration fee for machinery and equipment	722,384,600	152,412,752
Land rent	637,709,244	-
Tools and equipment expenses	98,504,532	310,739,522
Office rental expenses	24,000,000	72,000,000
Other prepaid expenses	246,050,719	264,462,368
	2,621,435,884	2,906,161,258

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

5.8.2 Long-term prepaid expenses

	30/06/2024	01/01/2024
	VND	VND
Repair expenses	5,386,592,490	7,771,926,981
Calibration and maintenance expenses	280,000,005	360,000,003
Tools and equipment expenses	35,423,237	116,685,648
Other prepaid expenses	104,955,885	186,896,499
	<u>5,806,971,617</u>	<u>8,435,509,131</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 01/01/2024	560,932,958,611	406,782,069,884	16,275,017,019	61,853,520,760	1,045,843,566,274
Purchase in period	-	244,968,000	2,276,476,909	3,928,127,273	6,449,572,182
Liquidation	-	(125,762,600)	(2,276,476,909)	(312,345,272)	(2,714,584,781)
At 30/06/2024	<u>560,932,958,611</u>	<u>406,901,275,284</u>	<u>16,275,017,019</u>	<u>65,469,302,761</u>	<u>1,049,578,553,675</u>
ACCUMULATED DEPRECIATION					
At 01/01/2024	96,371,467,060	207,407,402,652	14,505,802,204	52,851,167,143	371,135,839,059
Depreciation in period	7,269,032,244	14,927,716,109	231,833,070	1,084,717,175	23,513,298,598
Liquidation	-	(125,762,600)	-	(312,345,272)	(438,107,872)
At 30/06/2024	<u>103,640,499,304</u>	<u>222,209,356,161</u>	<u>14,737,635,274</u>	<u>53,623,539,046</u>	<u>394,211,029,785</u>
NET BOOK VALUE					
At 01/01/2024	464,561,491,551	199,374,667,232	1,769,214,815	9,002,353,617	674,707,727,215
At 30/06/2024	<u>457,292,459,307</u>	<u>184,691,919,123</u>	<u>1,537,381,745</u>	<u>11,845,763,715</u>	<u>655,367,523,890</u>

The historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2024 are VND 188,476,247,608 (as at 31 December 2023: VND 186,585,616,481).

5.10 Increase, decrease of intangible fixed assets

	Land use right VND	Copyright, computer software VND	Total VND
HISTORICAL COST			
At 01/01/2024	7,438,152,000	6,069,101,139	13,507,253,139
Increase in period	-	497,330,000	497,330,000
At 30/06/2024	<u>7,438,152,000</u>	<u>6,566,431,139</u>	<u>14,004,583,139</u>
ACCUMULATED DEPRECIATION			
At 01/01/2024	-	5,746,473,840	5,746,473,840
Depreciation in period	-	284,151,035	284,151,035
At 30/06/2024	<u>-</u>	<u>6,030,624,875</u>	<u>6,030,624,875</u>
NET BOOK VALUE			
As at 01/01/2024	7,438,152,000	322,627,299	7,760,779,299
As at 30/06/2024	<u>7,438,152,000</u>	<u>535,806,264</u>	<u>7,973,958,264</u>

The historical cost of fully depreciated intangible fixed assets but still in use as at 30 June 2024 are VND 3,303,724,139 (as at 31 December 2023: VND 3,303,724,139).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

5.11 Trade accounts payable

	30/06/2024		01/01/2024	
	Amount VND	Payment capability VND	Amount VND	Payment capability VND
Payables – related parties				
Nipro Pharma Corporation	-	-	675,539,464	675,539,464
Payables – other parties				
KHS Synchemical Corp.	2,305,306,500	2,305,306,500	2,954,820,000	2,954,820,000
Hiep Luc Pharmaceutical Joint Stock Company	8,654,100,242	8,654,100,242	400,327,200	400,327,200
Suheung Vietnam Company Limited	4,875,336,000	4,875,336,000	2,513,376,000	2,513,376,000
Dongnai Pharmaceutical Joint- stock Company	12,536,367,375	12,536,367,375	2,257,332,000	2,257,332,000
Sinobright Pharmaceutical Co., Ltd.	13,207,750,500	13,207,750,500	-	-
Lando Pharmaceutical Pte. Ltd.	4,227,633,832	4,227,633,832	-	-
Other suppliers	23,563,501,257	23,563,501,257	18,289,600,695	18,289,600,695
	69,369,995,706	69,369,995,706	27,090,995,359	27,090,995,359

5.12 Short-term advance from customers

	30/06/2024 VND	01/01/2024 VND
Advances from other customers		
T.N.T Pharmaceutical and Medical Equipment Joint Stock Company	18,616,700,492	18,616,700,492
Stem cell bank	15,262,523,790	14,829,525,790
Other customers	11,686,930,509	7,640,020,990
	45,566,154,791	41,086,247,272

5.13 Taxes and (receivables), payables to State budget

	01/01/2024	Transaction in period		30/06/2024
	Payables VND	Payables VND	Paid/ Deductibles VND	Receivables VND
VAT on domestic goods	1,669,258,023	24,337,452,070	(26,006,710,093)	-
VAT on import goods	-	8,542,086,702	(8,542,086,702)	-
Import tax	-	329,781,118	(335,722,561)	(5,941,443)
Corporate income tax	5,690,008,085	1,864,198,403	(8,690,008,085)	(1,135,801,597)
Personal income tax	-	2,311,363,705	(2,398,692,545)	(87,328,840)
Housing tax, land rental	-	12,000,000,000	(13,104,836,197)	(1,104,836,197)
License tax	-	7,000,000	(7,000,000)	-
Other taxes	-	3,000,000	(30,790,000)	(27,790,000)
Fees and other payables	-	95,611,633	(95,611,633)	-
	7,359,266,108	49,490,493,631	(59,211,457,816)	(2,361,698,077)

Value-added tax

The Company declares value-added tax by deduction method. VAT rates for domestic goods are both non-taxable, 5%, 8% and 10%.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
Accounting profit before tax	8,722,923,535	6,146,963,479
Adjusted in accounting profit to determine taxable profit:		
Increase adjustments	1,117,407,481	-
Decrease adjustments	-	-
Assessable income	9,840,331,016	6,146,963,479
Non-taxable income	(519,339,000)	(339,339,000)
Taxable income	9,320,992,016	5,807,624,479
CIT rate	20%	20%
Current CIT expenses	1,864,198,403	1,161,524,896

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.

5.14 Short-term accrued expenses

	30/06/2024 VND	01/01/2024 VND
Renting land expenses in the hi-tech park	7,439,941,215	6,164,522,721
Electricity expenses	183,791,754	226,243,911
Other expenses	91,706,865	92,339,431
	7,715,439,834	6,483,106,063

5.15 Other short-term payables

	30/06/2024 VND	01/01/2024 VND
Other payables - other individual, organization		
Trade union, insurance payables, Party fees	150,661,080	149,776,280
Happy House Investment Joint Stock Company (*)	10,000,000,000	10,000,000,000
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
Other payables	650,413,247	496,813,247
	11,010,555,658	11,200,626,413

(*) 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

5.16 Bonus and welfare funds

	01/01/2024	Increase in period	Paid in period	30/06/2024
	VND	VND	VND	VND
Bonus fund	2,712,054,565	1,976,490,201	(1,913,200,000)	2,775,344,766
Welfare fund	8,463,747,336	1,976,490,201	(1,504,105,456)	8,936,132,081
	11,175,801,901	3,952,980,402	(3,417,305,456)	11,711,476,847

5.17 Long-term unrealized revenue

	30/06/2024	01/01/2024
	VND	VND
MekoStem unrealized revenue	175,319,369,246	165,483,041,410
	175,319,369,246	165,483,041,410

5.18 Owner's equity

5.18.1 Owner's equity movements

	Owners' invested capital	Capital surplus	Treasury shares	Investment and development funds	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
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 (BOD)	-	-	-	-	(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
As at 01/07/2023	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
Profit in period	-	-	-	-	20,128,688,931	20,128,688,931
As at 31/12/2023	255,458,670,000	409,789,114,458	(14,487,151,158)	576,623,174,082	33,510,040,412	1,260,893,847,794
As at 01/01/2024	255,458,670,000	409,789,114,458	(14,487,151,158)	576,623,174,082	33,510,040,412	1,260,893,847,794
Profit in period	-	-	-	-	6,858,725,132	6,858,725,132
Deduction for Investment and development fund	-	-	-	1,976,490,201	(1,976,490,201)	-
Deduction for bonus and welfare funds	-	-	-	-	(3,952,980,402)	(3,952,980,402)
Dividends distribution	-	-	-	-	(12,634,110,500)	(12,634,110,500)
Remuneration for the BOD	-	-	-	-	(408,000,000)	(408,000,000)
As at 30/06/2024	255,458,670,000	409,789,114,458	(14,487,151,158)	578,599,664,283	21,397,184,441	1,250,757,482,024

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

5.18.2 Detail of owner's invested equity

According to the Parent Company's Business Registration Certificate (amended), the charter capital of the Parent Company is VND 255,458,670,000. As at 30 June 2024, the Parent Company's charter capital was fully contributed as follows:

	30/06/2024			01/01/2024		
	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

5.18.3 Shares

	30/06/2024 Share	01/01/2024 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.

5.18.4 Profit distribution

In period, the Parent Company distributed dividends by 2023 undistributed after-tax profit according to the Resolution of the Annual General Meeting of Shareholders No. 32/NQ-DHDCD dated 25 April 2024 with the value of 5% par value.

In addition, the Parent Company distributed funds from 2023 profit according to the Resolution of the Annual General Meeting of Shareholders No. 32/NQ-DHDCD dated 25 April 2024 as follows:

	VND
- Deduct 8% from retained earnings of 2023 for Investment and development fund	: 1,976,490,201
- Deduct 16% from retained earnings of 2023 for Bonus and welfare funds	: 3,952,980,402

5.19 Off-interim consolidated balance sheet items

Foreign currency

	30/06/2024 Foreign currency	01/01/2024 Foreign currency
US Dollar (USD)	15,400.61	34,216.60
Euro (EUR)	866.92	871.12
Japan Yen (JPY)	75,394,650.00	31,103,464.00

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
Revenue from sale of finished goods	426,789,756,206	406,319,680,026
Revenue from sale of goods	63,480,004	22,032,379
Revenue from stem cell bank service	37,307,268,524	30,269,194,156
Revenue from sale of materials, other	796,467,400	1,646,728,533
Revenue from rental	4,932,000,000	4,932,000,000
Deduction:		
Returned goods	-	(82,771,392)
Net revenues	<u>469,888,972,134</u>	<u>443,106,863,702</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 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
Nipro Pharma Corporation	8,033,851,221	4,670,082,310
An Sinh Hospital Joint Stock Company	5,164,898,650	5,556,673,850
Orchids Trading Service Travel Company Limited	792,000,000	792,000,000
	<u>13,990,749,871</u>	<u>11,018,756,160</u>

6.2 Cost of sales

	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
Cost of finished goods sold	318,008,429,601	298,139,020,174
Cost of goods sold	59,507,389	20,930,760
Cost of stem cell bank service	11,368,355,636	11,089,592,632
Cost of materials sold, rendering of services	781,598	550,939,831
Provision for devaluation of inventories	2,808,421,803	3,745,473,725
	<u>332,245,496,027</u>	<u>313,545,957,122</u>

6.3 Financial income

	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
Interest from deposit	1,808,846,594	2,647,882,157
Dividends, distributed profit	519,339,000	339,339,000
Foreign exchange gain	91,559,454	364,714,908
	<u>2,419,745,048</u>	<u>3,351,936,065</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

6.4	Financial expenses	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
	Loans interest expense	-	219,713,001
	Foreign exchange loss	2,511,814,476	2,018,881,535
	Foreign exchange loss due to the revaluation of monetary items denominated in foreign currencies	913,898,567	730,857,247
		3,425,713,043	2,969,451,783
6.5	Selling expenses	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
	Labor expenses	13,082,054,432	13,893,334,982
	Depreciation expenses	165,798,630	351,841,698
	Service expense	22,396,720,206	15,136,374,362
	Marketing expenses	20,403,647,695	23,479,434,550
	Transportation expenses	2,468,100,353	5,692,118,229
	Other selling expenses	139,920,640	155,574,080
		58,656,241,956	58,708,677,901
6.6	General and administration expenses	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
	Labor expenses	23,583,436,901	24,972,218,478
	Tools and equipment expenses	2,009,364,588	5,035,451,610
	Depreciation expenses	6,244,676,196	6,275,869,603
	Tax and fees	13,565,368,242	10,267,117,576
	Provision expenses	3,617,407,481	-
	Service expenses	7,785,419,635	7,961,326,121
	Other general and administration expenses	12,076,781,374	11,473,963,191
		68,882,454,417	65,985,946,579
6.7	Other incomes	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
	Gain from disposal of fixed assets	-	17,500,000
	Income from stock count	44,106,452	965,675,750
	Other incomes	628,390	14,416,616
		44,734,842	997,592,366
6.8	Other expenses	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
	Loss from disposal of fixed assets	384,999,274	-
	Expenses from stock count	10,225,632	93,002,703
	Fines	25,398,140	-
	Other expenses	-	6,392,566
		420,623,046	99,395,269

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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 01/01/2024 to 30/06/2024	From 01/01/2023 to 30/06/2023
Profit for the year attributable to shareholders holding common shares of the Parent Company	VND	6,858,725,132	4,985,438,583
Deduction: bonus and welfare funds (*)	VND	-	-
Profit to calculate EPS	VND	6,858,725,132	4,985,438,583
Outstanding common shares on average during the period	share	25,268,221	25,268,221
Earnings per share	VND/share	271	197

(*) 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 2024.

6.10 Production and business costs by element

	From 01/01/2024 to 30/06/2024	From 01/01/2023 to 30/06/2023
	VND	VND
Raw materials expenses	294,606,874,914	270,802,318,034
Labor expenses	63,421,289,919	65,480,216,979
Depreciation expenses	23,797,449,648	24,318,296,741
External service expenses	42,652,831,342	38,835,527,872
Other expenses	52,137,799,778	49,149,985,816
	476,616,245,601	448,586,345,442

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

7.1 Proceeds from borrowings

	From 01/01/2024 to 30/06/2024	From 01/01/2023 to 30/06/2023
	VND	VND
Proceeds from borrowings from loan agreement	-	14,880,600,000

7.2 Repayment of borrowings

	From 01/01/2024 to 30/06/2024	From 01/01/2023 to 30/06/2023
	VND	VND
Repayment of borrowings from loan agreement	-	8,010,240,000

8. FINANCIAL INSTRUMENTS

The Company has financial assets such as trade 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

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.

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

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 Board of General Directors 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 2024			
Trade payables	69,369,995,706	-	69,369,995,706
Accrued expenses	7,715,439,834	-	7,715,439,834
Other payables	10,859,894,578	-	10,859,894,578
	87,945,330,118	-	87,945,330,118
As at 01 January 2024			
Trade payables	27,090,995,359	-	27,090,995,359
Accrued expenses	6,483,106,063	-	6,483,106,063
Other payables	11,050,850,133	-	11,050,850,133
	44,624,951,555	-	44,624,951,555

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 does not hold the security assets of third parties as at 30 June 2024.

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 (*)	
	30/06/2024 VND	01/01/2024 VND	30/06/2024 VND	01/01/2024 VND
Financial assets				
Held-to-maturity investments	90,000,000,000	45,000,000,000	90,000,000,000	45,000,000,000
Loans and Accounts Receivable				
Trade receivables	57,248,208,145	62,411,916,961	49,809,655,828	58,590,772,125
Other receivables	909,682,065	762,930,728	909,682,065	762,930,728
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	34,604,837,954	130,060,029,110	34,604,837,954	130,060,029,110
	217,778,399,264	273,250,547,899	210,339,846,947	269,429,403,063

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

	Book value		Fair value (*)	
	30/06/2024	01/01/2024	30/06/2024	01/01/2024
	VND	VND	VND	VND
Financial liabilities				
Financial liabilities are determined according to the distribution value				
Trade payables	69,369,995,706	27,090,995,359	69,369,995,706	27,090,995,359
Accrued expenses	7,715,439,834	6,483,106,063	7,715,439,834	6,483,106,063
Other payables	10,859,894,578	11,050,850,133	10,859,894,578	11,050,850,133
	87,945,330,118	44,624,951,555	87,945,330,118	44,624,951,555

(*) The Company has not revaluated its financial assets and financial liabilities at their fair values as at 30 June 2024 and 01 January 2024. 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.

9. OTHER INFORMATION

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 01/01/2024 to 30/06/2024	From 01/01/2023 to 30/06/2023
	VND	VND
Salary and income		
Mr. Le Anh Phuong	812,877,177	823,125,594
Ms. Huynh Thi Lan	1,208,468,267	1,251,915,827
Ms. Dang Thi Kim Lan	755,388,066	774,525,129
Ms. Phan Thi Lan Huong	1,068,985,486	1,074,245,545
Mr. Satoshi Kawamura	72,000,000	72,000,000
Ms. Nguyen Thi Quynh Anh	453,465,850	481,517,555
Mr. Dinh Xuan Han	51,000,000	74,000,000
Ms. Lu Thi Khanh Tran	24,000,000	-
	4,446,184,846	4,551,329,650

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

9.1.2 Transactions and balances with other related parties

Significant transactions with related parties in period are as follows:

Related parties	Transaction	From 01/01/2024 to 30/06/2024 VND	From 01/01/2023 to 30/06/2023 VND
Nipro Pharma Corporation			
	Sale of finished goods	8,033,851,221	4,670,082,310
	Buy raw materials	855,228,768	1,387,359,371
	Raw materials donated	628,390	8,407,796
An Sinh Hospital Joint Stock Company			
	Sales and services rendered	5,164,898,650	5,556,673,850
Orchids Trading Service Travel Company Limited			
	Sales and services rendered	792,000,000	792,000,000

The balance of accounts receivable/ payable with related parties is as follows:

Related parties	Transaction	30/06/2024 VND	01/01/2024 VND
Nipro Pharma Corporation			
	Trade receivables	3,810,220,573	6,419,651,525
	Trade payables	-	675,539,464
An Sinh Hospital Joint Stock Company			
	Trade receivables	188,874,000	210,985,793
Vietnam Pharmaceutical Corporation			
	Advances to suppliers	-	335,160,000

9.2 Segment information

Segment information by operating activities

a. Segment income statement operating activities for the six-month period ended 30 June 2024:

Items	Net revenue VND	Cost VND	Gross profit VND
Finished goods	426,789,756,206	320,816,851,404	105,972,904,802
Goods	63,480,004	59,507,389	3,972,615
Stem cell bank service	37,307,268,524	11,368,355,636	25,938,912,888
Materials	796,467,400	781,598	795,685,802
Rental	4,932,000,000	-	4,932,000,000
Total	469,888,972,134	332,245,496,027	137,643,476,107

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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

b. 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

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 2024) 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, 19 August 2024