

Traphaco Joint Stock Company

Quarterly consolidated financial statements

For the three-month period ended 31 March 2021



Traphaco Joint Stock Company

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Traphaco Joint Stock Company

REPORT OF MANAGEMENT

THE COMPANY

Traphaco Joint Stock Company ("the Company") is a joint stock company which was transformed from a state-owned enterprise to a joint stock company from 27 September 1999 in pursuant to the Enterprise Registration Certificate for joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 with the latest amendment being the 23rd dated 6 April 2020.

The current principal activities of the Company during the year are to produce and trade pharmaceutical products, chemicals, medical supplies and equipment.

The Company's head office is located at 75 Yen Ninh street, Quan Thanh ward, Ba Dinh district, Ha Noi, Viet Nam. The Company also has the following dependent units:

As at 31 March 2021, the Company has one (1) independent branch which is located at 59 Le Van Luong, Nha Be district, Ho Chi Minh city, Vietnam and 27 dependent branches located at other provinces and cities.

BOARD OF MANAGEMENT

Members of the Board of Management during the period and at the date of this report are:

Ms. Vu Thi Thuan	Chairman
Mr. Nguyen Anh Tuan	Vice Chairman
Mr. Tran Tuc Ma	Member
Mr. Kim Dong Hyu	Member
Mr. Vu Tri Thuc	Member
Mr. Lee Tae Yon	Member
Mr. Chung Ji Kwang	Member

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mr. Tran Tuc Ma	General Director
Mr. Nguyen Huy Van	Deputy General Director
Ms. Nguyen Thi Lan	Deputy General Director
Mr. Nguyen Van Bui	Deputy General Director
Mr. Kim Dong Hyu	Deputy General Director

BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

Mr. Duong Duc Hung	Head
Ms. Nguyen Thanh Hoa	Member
Mr. Kwon Ki Bum	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Tran Tuc Ma, General Director.

Traphaco Joint Stock Company

REPORT OF MANAGEMENT

Management of Traphaco Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2021.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the quarterly consolidated financial statements of each financial period which give a true and fair view of the consolidated financial position of the Company and its subsidiaries and of the quarterly consolidated results of its operations and its consolidated cash flows for the period. In preparing those consolidated financial statements, management 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; and
- ▶ prepare the quarterly consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the quarterly consolidated financial position of the Company and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying quarterly consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying quarterly consolidated financial statements give a true and fair view of the quarterly consolidated financial position of the Company and its subsidiaries as at 31 March 2021 and of the quarterly consolidated results of its operations and its quarterly consolidated cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of Management: 



Tran Tuan Ma
General Director

20 April 2021

QUARTERLY CONSOLIDATED BALANCE SHEET
as at 31 March 2021

Currency: VND


Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		907,882,427,450	1,010,170,000,951
110	I. Cash and cash equivalents	4	277,379,508,631	308,893,810,924
111	1. Cash		130,919,846,092	163,893,810,924
112	2. Cash equivalents		146,459,662,539	145,000,000,000
120	II. Short-term investments	5	13,820,000,000	107,494,269,891
121	1. Held-for-trading securities		13,820,000,000	107,494,269,891
130	III. Current accounts receivables		188,303,699,016	185,987,872,054
131	1. Short-term trade receivables	6.1	156,862,770,145	164,674,314,902
132	2. Short-term advances to suppliers	6.2	25,203,457,310	17,705,878,321
136	3. Other short-term receivables	7	13,145,209,920	10,578,447,190
137	4. Provision for doubtful debts		(6,970,768,359)	(6,970,768,359)
139	5. Shortage of assets waiting for resolution		63,030,000	-
140	IV. Inventories	9	369,559,528,993	351,803,505,794
141	1. Inventories		372,191,313,542	354,149,880,456
149	2. Provision for obsolete inventories		(2,631,784,549)	(2,346,374,662)
150	V. Other current assets		58,819,690,810	55,990,542,288
151	1. Short-term prepaid expenses		4,095,183,220	1,509,695,995
152	2. Value-added tax deductible		41,337,084,635	41,261,058,377
153	3. Tax and other receivables from the State		13,387,422,955	13,219,787,916
200	B. NON-CURRENT ASSETS		620,931,619,202	640,655,589,981
220	II. Fixed assets		575,711,580,416	588,565,778,286
221	1. Tangible fixed assets	10	520,259,655,472	534,114,047,091
222	Cost		1,002,778,374,515	1,001,740,588,289
223	Accumulated depreciation		(482,518,719,043)	(467,626,541,198)
227	2. Intangible fixed assets	11	55,451,924,944	54,451,731,195
228	Cost		64,303,886,429	62,823,886,429
229	Accumulated amortisation		(8,851,961,485)	(8,372,155,234)
240	III. Long-term assets in progress		4,510,137,522	7,941,130,776
242	1. Construction in progress	12	4,510,137,522	7,941,130,776
250	IV. Long-term investments		500,000,000	500,000,000
253	1. Investment in other entities		500,000,000	500,000,000
260	V. Other long-term assets		40,209,901,264	43,648,680,919
261	1. Long-term prepaid expenses		20,746,874,505	23,744,630,024
262	2. Deferred tax assets	28.3	17,611,425,711	17,347,320,171
263	3. Long-term tools, supplies and spare parts		206,298,471	206,298,471
269	4. Goodwill	13	1,645,302,577	2,350,432,253
270	TOTAL ASSETS		1,528,814,046,652	1,650,825,590,932

QUARTERLY CONSOLIDATED BALANCE SHEET (continued)
as at 31 March 2021

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		348,434,755,608	478,376,329,432
310	I. Current liabilities		311,098,726,448	433,820,800,272
311	1. Short-term trade payables	14.1	111,123,276,106	144,624,067,095
312	2. Short-term advances from customers	14.2	1,264,162,898	322,002,917
313	3. Statutory obligations	15	17,799,856,069	28,860,010,718
314	4. Payables to employees		27,680,534,218	51,962,508,508
315	5. Short-term accrued expenses	16	58,330,927,678	53,538,014,410
318	6. Short-term unearned revenues		10,242,147,000	26,361,695,568
319	7. Other short-term payables	17	47,563,259,319	89,057,881,868
320	8. Short-term loan and finance lease obligations	18	32,420,000,000	34,434,000,000
322	9. Bonus and welfare fund		4,674,563,160	4,660,619,188
330	II. Non-current liabilities		37,336,029,160	44,555,529,160
338	1. Long-term loans and finance lease obligations	18	37,336,029,160	44,555,529,160
400	D. OWNERS' EQUITY		1,180,379,291,044	1,172,449,261,500
410	I. Capital	19	1,179,295,461,123	1,171,159,703,077
411	1. Share capital		414,536,730,000	414,536,730,000
411a	- Shares with voting rights		414,536,730,000	414,536,730,000
411b	- Preference shares		-	-
412	2. Share premium		133,021,732,000	133,021,732,000
414	3. Other owners' capital		9,652,783,012	9,652,783,012
415	4. Treasury shares		(3,593,000)	(3,593,000)
418	5. Investment and development fund		416,212,652,120	389,305,345,240
421	6. Undistributed earnings		109,028,082,327	131,469,156,764
421a	- Undistributed earnings by the end of prior period		62,933,185,496	40,919,432,839
421b	- Undistributed earnings of current period		46,094,896,831	90,549,723,924
429	7. Non-controlling interests		96,847,074,664	93,177,549,061
430	II. Other funds		1,083,829,921	1,289,558,423
431	1. Subsidised fund		230,787,884	403,039,884
432	2. Fund for fixed assets in use		853,042,037	886,518,539
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,528,814,046,652	1,650,825,590,932


Preparer
Nguyen Thi Ngoc Thuy


Chief Accountant
Dinh Trung Kien


General Director
Tran Tuc Ma

20 April 2021

QUARTERLY CONSOLIDATED INCOME STATEMENT
for the three-month period ended 31 March 2021

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
01	1. Revenue from sale of goods and rendering of services	21.1	474,492,171,080	392,553,105,375
02	2. Deductions	21.1	(2,774,156,068)	(206,218,867)
10	3. Net revenue from sale of goods and rendering of services	21.1	471,718,015,012	392,346,886,508
11	4. Cost of goods sold and services rendered	22	(206,678,323,479)	(173,386,775,070)
20	5. Gross profit from sale of goods and rendering of services		265,039,691,533	218,960,111,438
21	6. Finance income	21.2	1,339,896,545	778,406,975
22	7. Finance expenses	23	(1,746,251,850)	(3,480,270,695)
23	- In which: Interest expense		(1,690,812,389)	(3,455,833,287)
25	8. Selling expenses	24	(137,473,849,830)	(107,251,669,398)
26	9. General and administrative expenses	24	(57,743,028,270)	(55,722,107,566)
30	10. Operating profit		69,416,458,128	53,284,470,754
31	11. Other income		284,729,323	3,747,197,659
32	12. Other expenses		(344,091,232)	(3,333,572,740)
40	13. Other (loss)/profit		(59,361,909)	413,624,919
50	14. Accounting profit before tax		69,357,096,219	53,698,095,673
51	15. Current corporate income tax expense		(14,327,173,529)	(12,838,842,282)
52	16. Deferred tax income		262,693,162	384,794,945
60	17. Net profit after tax		55,292,615,852	41,244,048,336

QUARTERLY CONSOLIDATED INCOME STATEMENT (continued)
for the three-month period ended 31 March 2021

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
61	18. Net profit after tax attributable to shareholders of the parent		51,039,668,571	38,198,191,090
62	19. Net profit after tax attributable to non-controlling interests	21	4,252,947,281	3,045,857,246



Preparer
Nguyen Thi Ngoc Thuy

20 April 2021



Chief Accountant
Dinh Trung Kien




General Director
Tran Tuc Ma

QUARTERLY CONSOLIDATED CASH FLOW STATEMENT
for the three-month period ended 31 March 2021

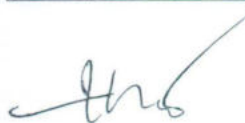
Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		69,357,096,219	53,698,095,673
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets (including amortization of goodwill)		21,522,949,934	19,696,525,460
03	Provisions		285,409,887	-
04	Foreign exchange (losses)/gains arisen from revaluation of monetary accounts denominated in foreign currency		(14,659,778)	14,349,251
05	Profits from investing activities		(4,372,073,401)	764,057,724
06	Interest expense	25	(1,690,812,389)	3,455,833,287
08	Operating profit before changes in working capital		85,087,910,472	77,628,861,395
09	Decrease/(increase) in receivables		3,425,194,220	(39,201,368,403)
10	Increase in inventories		(18,041,433,086)	(37,988,918,075)
11	Decrease in payables		(66,290,646,300)	(85,751,194,959)
12	Decrease in prepaid expenses		412,268,293	2,920,040,986
14	Interest paid		(1,651,933,439)	(3,455,833,287)
15	Corporate income tax paid		(23,374,157,533)	(17,256,490,692)
17	Other cash outflows from operating activities		(5,204,261,774)	(5,685,292,340)
20	Net cash flows used in operating activities		(25,637,059,147)	(108,790,195,375)

QUARTERLY CONSOLIDATED CASH FLOW STATEMENT (continued)
for the three-month period ended 31 March 2021

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(8,981,507,029)	(3,925,578,700)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		93,674,269,891	-
27	Interest and dividends received		1,140,715,765	764,057,724
30	Net cash flows from/(used in) investing activities		85,833,478,627	(3,161,520,976)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
34	Repayment of borrowings		(9,233,500,000)	(9,233,500,000)
36	Dividends paid, profit distributed to equity holders of the parent and non-controlling interests		(82,497,022,500)	(41,450,540,000)
40	Net cash flows used in financing activities		(91,730,522,500)	(50,684,040,000)
50	Net decrease in cash for the period		(31,534,103,020)	(162,635,756,351)
60	Cash and cash equivalents at the beginning of the period		308,893,810,924	297,466,318,638
61	Impact of exchange rate fluctuation		19,800,727	-
70	Cash and cash equivalents at the end of the period	4	277,379,508,631	134,830,562,287


Preparer
Nguyen Thi Ngoc Thuy


Chief Accountant
Dinh Trung Kien


General Director
Tran Tuc Ma



20 April 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 March 2021 and for the three-month period then ended

1. CORPORATE INFORMATION

Traphaco Joint Stock Company ("the Company") is a joint stock company which was transformed from a state-owned enterprise to a joint stock company from 27 September 1999 in pursuant to the Enterprise Registration Certificate for joint stock company No. 0100108656 issued by Hanoi Department of Planning and Investment on 10 August 2011 with the latest amendment being the 23rd dated 6 April 2020.

The current principal activities of the Company during the year are to produce and trade pharmaceutical products, chemicals, medical supplies and equipment.

The Company's normal course of business cycle is 12 months.

As at 31 March 2021, the Company has one (1) independent branch which is located at 59 Le Van Luong, Nha Be district, Ho Chi Minh city, Vietnam and 27 dependent branches located at other provinces and cities.

Corporate structure

As at 31 March 2021, the Company has 4 subsidiaries (31 March 2020: 4). Details on these subsidiaries and the Company's ownership interest in its subsidiaries are as follows:

No.	Name	31 March 2021		31 March 2020		Head office's address	Principal activities
		Equity interest	Voting rights	Equity interest	Voting rights		
1	Traphaco Sapa One Member Co., Ltd. ("Traphaco Sapa")	100%	100%	100%	100%	Group 9, Sapa town, Sapa district, Lao Cai province.	Plant, process pharmaceutical materials, agriculture and forestry products, food.
2	Traphaco Hi-tech Joint Stock Company ("Traphaco Hi-tech")	51.00%	51.00%	51.00%	51.00%	Tan Quang commune, Van Lam district, Hung Yen province.	Produce oriental medicine.
3	Dak Lak Pharmaceutical and Medical Equipment Joint Stock Company ("Dak Lak Pharmaceutical")	58.23%	58.23%	58.23%	58.23%	No. 9A Hung Vuong Street, Tu An ward, Buon Ma Thuot city, Dak Lak province.	Produce and trade pharmaceutical products, nutritional foods.
4	Traphaco Hung Yen One Member Co., Ltd. ("Traphaco Hung Yen")	100%	100%	100%	100%	Tan Quang commune, Van Lam district, Hung Yen province.	Produce modern medicine.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The quarterly consolidated financial statements of the Company and its subsidiaries expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying quarterly consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

The applied accounting documentation system of the Company and its subsidiaries is the General Journal system.

2.3 *Fiscal year*

The Company's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

The quarterly consolidated financial statements are prepared for the three-month period ended 31 March 2021.

2.4 *Accounting currency*

The quarterly consolidated financial statements are prepared in VND which is also the Company's accounting currency.

2.5 *Basis of consolidation*

The quarterly consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2021.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtained control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

2. BASIS OF PREPARATION (continued)

2.5 Basis of consolidation (continued)

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Company and are presented separately in the quarterly consolidated income statement and within equity in the quarterly consolidated balance sheet

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in retained earning.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials and goods	- cost of purchase on a weighted average basis.
Finished goods and work-in process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company and its subsidiaries, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables of the Company and its subsidiaries at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the quarterly consolidated income statement.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the quarterly consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the quarterly consolidated income statement.

3.5 *Intangible fixed assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the quarterly consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the quarterly consolidated income statement.

Land use rights

Land use rights comprise the indefinite land use rights and the prepayment for the land lease contracts which are effective prior to 2003 and for which, land use right certificates have been issued. These land use rights are recorded as intangible fixed assets according to Circular No.45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets.

3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	15 - 25 years
Equipment, management tools	6 - 7 years
Means of transportation	5 - 8 years
Machinery and equipment	3 - 6 years
Others	5 - 15 years

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the quarterly consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.8 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the quarterly consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized from eight (8) to ten (10) years on a straight-line basis. The Company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the quarterly consolidated income statement.

3.9 *Investments*

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the quarterly consolidated financial statements and deducted against the value of such investments.

Provision for diminution in value of the held-for-trading securities and investments in other entities

Provision is made for any diminution in value of the held-for-trading securities and investments in other entities when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases or decreases to the provision balance are recorded as finance expense in the quarterly consolidated income statement.

3.10 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company and its subsidiaries.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Foreign currency transactions*

Transactions in currencies other than the Company and its subsidiaries' reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company and its subsidiaries conduct transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company and its subsidiaries conduct transactions regularly.

All foreign exchange differences incurred during the period and arising from the revaluation of monetary accounts denominated in foreign currency at period-end are taken to the quarterly consolidated income statement.

3.12 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.13 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Charters of the Company and its subsidiaries and Vietnam's regulatory requirements.

The Company and its subsidiaries maintains the following reserve funds which are appropriated from net profits of the Company and its subsidiaries as proposed by the Board of Directors and subject to approval by shareholders at the annual general meetings.

Investment and development fund

This fund is set aside for use in the Company and its subsidiaries' expansion of its operation or of in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the quarterly consolidated balance sheet.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and its subsidiaries and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognised when services are rendered and completed.

Dividends

Income is recognised when the Company and its subsidiaries' entitlement as investors to receive the dividend is established.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3.15 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiaries to set off current tax assets against current tax liabilities and when the Company and its subsidiaries intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Taxation (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiaries to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Company and its subsidiaries intend either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Related parties

Parties are considered to be related parties of the Company and its subsidiary if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and its subsidiary and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	12,629,069,905	14,045,764,556
Cash at banks	114,780,991,179	149,807,980,868
Cash in transit	3,509,785,008	40,065,500
Cash equivalents (*)	<u>146,459,662,539</u>	<u>145,000,000,000</u>
TOTAL	<u>277,379,508,631</u>	<u>308,893,810,924</u>

(*) Cash equivalents as at 31 March 2021 comprised bank deposits in VND with terms of less than 3 months.

5. SHORT-TERM INVESTMENTS

	<i>Currency: VND</i>			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Short-term investments	<u>13,820,000,000</u>	<u>13,820,000,000</u>	<u>107,494,269,891</u>	<u>107,494,269,891</u>
TOTAL	<u>13,820,000,000</u>	<u>13,820,000,000</u>	<u>107,494,269,891</u>	<u>107,494,269,891</u>

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term trade receivables	156,862,770,145	164,674,314,902
<i>Nam Duong Investment JSC</i>	13,300,010,344	37,218,681,480
<i>Lam Dong Pharmaceutical JSC</i>	161,886,857	5,134,457,450
<i>Bac Ninh Pharmaceutical JSC</i>	3,137,302,401	3,466,087,340
<i>Life Care Vietnam Co., Ltd.</i>	2,759,874,820	2,237,372,158
<i>Other customers</i>	<u>137,503,695,723</u>	<u>116,617,716,474</u>
TOTAL	<u>156,862,770,145</u>	<u>164,674,314,902</u>

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Ms. Tran Thi Tam	3,385,000,000	3,385,000,000
Cartino Gelatin Co., Ltd.	1,619,032,500	-
Phuc Tam Construction and Consulting Co., Ltd.	1,016,231,500	1,336,549,340
Clinical Pharmacology Center	917,000,000	917,000,000
Chengdu Justgood Industry & IMP EXP Trade Co., Ltd.	809,691,750	1,352,732,400
Advances to other suppliers	17,456,501,560	10,714,596,581
TOTAL	25,203,457,310	17,705,878,321

7. OTHER SHORT-TERM RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
Advances	6,821,305,753	4,933,178,813
Deposits and mortgages	2,036,118,686	2,951,445,458
Interest receivables	-	1,864,143,958
Other receivables	4,287,785,481	829,678,961
TOTAL	13,145,209,920	10,578,447,190

8. BAD DEBTS

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Recoverable amount (*)	Cost	Recoverable amount (*)
Overdue receivables which are considered to be irrecoverable	16,549,034,019	9,578,265,660	16,549,034,019	9,578,265,660
TOTAL	16,549,034,019	9,578,265,660	16,549,034,019	9,578,265,660

(*) The Company determines the recoverable amount of bad debts which equals to the original amount of the receivables less to the provision for short-term bad debts of these balances.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

9. INVENTORIES

Currency: VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Goods on consignment	-	-	283,353,234	-
Goods in transit	-	-	3,429,383,014	-
Raw materials	113,508,383,729	(2,346,374,662)	118,470,173,690	(2,303,078,919)
Tools and supplies	202,993,538	-	185,978,811	-
Work in process	38,251,887,638	-	34,755,358,477	-
Finished goods	144,450,223,472	-	129,069,478,163	(39,457,298)
Merchandise	75,777,825,165	(285,409,887)	67,956,155,067	(3,838,445)
TOTAL	<u>372,191,313,542</u>	<u>(2,631,784,549)</u>	<u>354,149,880,456</u>	<u>(2,346,374,662)</u>

Traphaco Joint Stock Company

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NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

10. TANGIBLE FIXED ASSETS

Currency: VND

	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Others</i>	<i>Total</i>
Cost:						
Beginning balance	351,237,207,976	552,417,497,185	74,526,545,466	18,050,519,712	5,508,817,950	1,001,740,588,289
- New purchase	5,612,322,635	739,567,436	-	198,685,321	-	6,550,575,392
- Disposal	-	(4,432,908,128)	-	(1,079,881,038)	-	(5,512,789,166)
Ending balance	<u>356,849,530,611</u>	<u>548,724,156,493</u>	<u>74,526,545,466</u>	<u>17,169,323,995</u>	<u>5,508,817,950</u>	<u>1,002,778,374,515</u>
Accumulated depreciation:						
Beginning balance	139,963,879,545	256,941,428,380	53,315,065,990	13,682,253,748	3,723,913,535	467,626,541,198
- Depreciation for the period	5,477,845,733	12,841,369,819	1,545,439,965	319,543,825	220,767,669	20,404,967,011
- Disposal	-	(4,432,908,128)	-	(1,079,881,038)	-	(5,512,789,166)
Ending balance	<u>145,441,725,278</u>	<u>265,349,890,071</u>	<u>54,860,505,955</u>	<u>12,921,916,535</u>	<u>3,944,681,204</u>	<u>482,518,719,043</u>
Net carrying amount:						
Beginning balance	<u>211,273,328,431</u>	<u>295,476,068,805</u>	<u>21,211,479,476</u>	<u>4,368,265,964</u>	<u>1,784,904,415</u>	<u>534,114,047,091</u>
Ending balance	<u>211,407,805,333</u>	<u>283,374,266,422</u>	<u>19,666,039,511</u>	<u>4,247,407,460</u>	<u>1,564,136,746</u>	<u>520,259,655,472</u>

The tangible fixed assets which are fully depreciated and still valid to use as at 31 March 2021 is VND 163,616,904,594.

Amount of certain tangible fixed assets which are used as collateral to secure loans from banks as at 31 March 2021 is VND 166,562,278,641.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

11. INTANGIBLE FIXED ASSETS

	<i>Currency: VND</i>		
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost:			
Beginning balance	51,175,492,529	11,648,393,900	62,823,886,429
- New purchase	-	1,480,000,000	1,480,000,000
- Ending balance	<u>51,175,492,529</u>	<u>13,128,393,900</u>	<u>64,303,886,429</u>
Accumulated amortisation:			
Beginning balance	2,155,324,235	6,216,830,999	8,372,155,234
- Amortisation for the period	41,070,645	438,735,606	479,806,251
Ending balance	<u>2,196,394,880</u>	<u>6,655,566,605</u>	<u>8,851,961,485</u>
Net carrying amount:			
Beginning balance	<u>49,020,168,294</u>	<u>5,431,562,901</u>	<u>54,451,731,195</u>
Ending balance	<u>48,979,097,649</u>	<u>6,472,827,295</u>	<u>55,451,924,944</u>

12. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
ERP software project	2,157,410,250	3,346,580,250
Machinery and equipment	-	1,657,430,000
Can Tho Office project	2,352,727,272	2,352,727,272
Others	-	584,393,254
TOTAL	<u>4,510,137,522</u>	<u>7,941,130,776</u>

13. GOODWILL

	<i>Currency: VND</i>		
	<i>Goodwill for Traphaco Sapa One Member Co., Ltd.</i>	<i>Goodwill for Traphaco Hi-tech Joint Stock Company</i>	<i>Total</i>
Cost:			
Beginning balance	1,467,939,359	28,205,187,022	29,673,126,381
Ending balance	<u>1,467,939,359</u>	<u>28,205,187,022</u>	<u>29,673,126,381</u>
Accumulated amortisation:			
Beginning balance	1,467,939,359	25,854,754,769	27,322,694,128
- Amortisation for the period	-	705,129,676	705,129,676
Ending balance	<u>1,467,939,359</u>	<u>26,559,884,445</u>	<u>28,027,823,804</u>
Net carrying amount:			
Beginning balance	-	2,350,432,253	2,350,432,253
Ending balance	-	<u>1,645,302,577</u>	<u>1,645,302,577</u>

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

14. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

14.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Payable amount	Amount	Payable amount
Nanum CNC Co., Ltd.	35,397,988,425	35,397,988,425	35,397,988,425	35,397,988,425
Daewoong Pharmaceuticals Co., Ltd.	8,701,100,919	8,701,100,919	8,701,100,919	8,701,100,919
Agriculture Printing & Packing JSC	5,930,418,901	5,930,418,901	3,357,387,622	3,357,387,622
Other suppliers	61,093,767,861	61,093,767,861	97,167,590,129	97,167,590,129
TOTAL	111,123,276,106	111,123,276,106	144,624,067,095	144,624,067,095

14.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Advances from customers	1,264,162,898	322,002,917
TOTAL	1,264,162,898	322,002,917

15. STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Payable in the period	Payment during the period	Ending balance
Value added tax	2,726,145,369	18,808,028,206	(21,486,490,388)	47,683,187
Import value added tax	-	2,649,445,402	(2,649,445,402)	-
Import, export duties	-	551,695,065	(551,695,065)	-
Corporate income tax	23,242,688,440	14,327,173,529	(23,426,843,056)	14,143,018,913
Personal income tax	2,889,931,469	7,864,300,074	(7,250,329,894)	3,503,901,649
Other taxes	1,245,440	192,099,415	(88,092,535)	105,252,320
TOTAL	28,860,010,718	44,392,741,691	(55,452,896,340)	17,799,856,069

16. SHORT-TERM ACCRUED EXPENSES

Currency: VND

	Ending balance	Beginning balance
Marketing expenses	14,897,005,535	-
Sales discounts payable to customers	24,315,112,541	33,680,917,669
Sales commissions	13,492,858,537	15,608,095,708
Interest accrual	125,714,545	114,000,000
Other accruals	5,500,236,520	4,135,001,033
TOTAL	58,330,927,678	53,538,014,410

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

17. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade union fee	266,413,029	214,562,257
Social, Health and Unemployment Insurance fee	605,919,554	631,678,387
Remuneration for the Board of Management and the Board of Supervision	377,614,466	302,192,180
Dividend payables	43,386,474,978	84,998,092,978
Others	<u>2,926,837,292</u>	<u>2,911,356,066</u>
TOTAL	<u>47,563,259,319</u>	<u>89,057,881,868</u>

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

18. LOANS AND FINANCE LEASES

Currency: VND

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payables amount	Increase	Decrease	Balance	Payables amount
Short-term						
Current portion of long-term loan from bank	33,934,000,000	33,934,000,000	-	(2,014,000,000)	31,920,000,000	31,920,000,000
Short-term loan from others	500,000,000	500,000,000	-	-	500,000,000	500,000,000
TOTAL	34,434,000,000	34,434,000,000	-	(2,014,000,000)	32,420,000,000	32,420,000,000
Long-term loans						
Long-term loan from bank	44,055,529,160	44,055,529,160	-	(6,719,500,000)	37,336,029,160	37,336,029,160
Long-term loan from others	500,000,000	500,000,000	-	(500,000,000)	-	-
TOTAL	44,555,529,160	44,555,529,160	-	(7,219,500,000)	37,336,029,160	37,336,029,160

The loans include the following loan contracts:

- ▶ Representing the loan under Credit Loan Contract No.01/2015-HDTDDA/NHCT170-Traphacosapa dated 26 October 2015, signed between Traphaco Sapa Co., Ltd. (a subsidiary of the Company) and Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch. The loan limit is VND 12,000,000,000, the purpose of the loan is to finance the investment costs of the project of processing and trading pharmaceuticals, pharmaceuticals and functional foods in Dong Pho Moi Industrial Park. The loan term is 84 months from the date of first disbursement. Floating interest rate, with monthly interest payment, principal is paid for a period of 25 consecutive periods on the basis of every 3 month-term, the grace period is 9 months from the date of first disbursement. Traphaco Sapa Co., Ltd. has used buildings, structures and machinery and equipment as collateral for this loan.

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

18. LOANS AND FINANCE LEASES (continued)

- ▶ Represents the loan under the Investment Project Loan Contract No. 350/2017-HDCVDADT/NHCT124-TRAPHACO HUNG YEN dated 31 August 2017 signed between Traphaco Hung Yen Co., Ltd. (a subsidiary of the Company) and Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch. The loan limit is VND 250,000,000,000, the purpose is to finance the investment costs of the Vietnam Pharmaceutical Factory Project. The loan term is 84 months from the first disbursement date. The interest rate is floating interest rate, with monthly interest payment, principal is paid for a period of 24 consecutive periods on the basis of every 3 month-term, the grace period is 12 months from the first disbursement date. The collateral for the loan includes all machinery and equipment formed from the Vietnam Pharmaceutical Factory Project, including but not limited to: Tablet production line, liquid drug production line- syrup, eye drops-nose drops; assets attached to land formed from the Vietnam Pharmaceutical Factory Project; Loan guarantee of Traphaco Joint Stock Company has a minimum value of VND 250 billion during the loan period.
- ▶ Represents the loan under Credit Contract No. 01/2017/HDTD/QBVM-TRAPHACO dated 7 August 2017 signed between Traphaco Hung Yen Co., Ltd. (a subsidiary of the Company) and the Environmental Protection Fund hung Yen province. The loan amount is VND 2,000,000,000, the purpose of the loan is to invest in purchasing equipment for the wastewater treatment area of the Vietnam Pharmaceutical Factory. The loan term is 5 years from the date of signing the contract. The loan interest rate is fixed at 3.6%/year, paid quarterly, the principal is paid over a period of 4 years on the basis of 1 year, the grace period is 1 year from the date of signing the contract. The loan is secured by a bank loan guarantee.

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NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

19. OWNERS' EQUITY

	Share capital	Share premium	Treasury shares	Other owners' capital	Investment and development fund	Undistributed earnings	Total
<i>Currency: VND</i>							
For the year ended 31 December 2020:							
Beginning balance	414,536,730,000	133,021,732,000	(3,593,000)	9,652,783,012	377,188,672,853	95,211,969,791	1,029,608,294,656
- Profit for the period	-	-	-	-	-	195,787,070,067	195,787,070,067
- Dividends declared from 2019 profit	-	-	-	-	-	(41,450,540,000)	(41,450,540,000)
- Appropriation of investment and development fund	-	-	-	-	12,116,672,387	(12,116,672,387)	-
- Appropriation of bonus and welfare fund for 2019	-	-	-	-	-	(703,260,265)	(703,260,265)
- Accrual of bonus and welfare fund for 2020	-	-	-	-	-	(22,336,266,069)	(22,336,266,069)
- Dividends advances from 2020 profit	-	-	-	-	-	(82,901,080,000)	(82,901,080,000)
- Other decrease	-	-	-	-	-	(22,064,374)	(22,064,374)
Ending balance	414,536,730,000	133,021,732,000	(3,593,000)	9,652,783,012	389,305,345,240	131,469,156,763	1,077,982,154,015
For the three-month period from 1 January 2021 to 31 March 2021:							
Beginning balance	414,536,730,000	133,021,732,000	(3,593,000)	9,652,783,012	389,305,345,240	131,469,156,764	1,077,982,154,016
- Appropriation of funds	-	-	-	-	26,907,306,880	(26,907,306,880)	-
- Profit for the period	-	-	-	-	-	51,039,668,571	51,039,668,571
- Dividends declared for shareholders	-	-	-	-	-	(41,450,540,000)	(41,450,540,000)
- Other decreases	-	-	-	-	-	(178,124,388)	(178,124,388)
- Bonus and welfare fund accrued for 2021	-	-	-	-	-	(4,944,771,740)	(4,944,771,740)
Ending balance	414,536,730,000	133,021,732,000	(3,593,000)	9,652,783,012	416,212,652,120	109,028,082,327	1,082,448,386,460

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

20. OFF BALANCE SHEET ITEMS

	<i>Ending balance</i>	<i>Beginning balance</i>
1. Foreign Currency:		
- US Dollar (USD)	79,202.17	176,996.93
2. Bad debts written-off (VND)	4,686,410,816	4,686,410,816

21. REVENUE

21.1 Revenue from sale of goods and rendering of services

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 2020</i>
Gross revenue	474,492,171,080	392,553,105,375
<i>Of which:</i>		
<i>Sale of finished goods</i>	397,172,146,812	272,187,738,474
<i>Sale of merchandise</i>	77,023,185,922	120,148,307,998
<i>Rendering of services</i>	296,838,346	217,058,903
Less		
<i>Sales return</i>	(2,774,156,068)	(206,218,867)
Net revenue	<u>471,718,015,012</u>	<u>392,346,886,508</u>

21.2 Finance income

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 2020</i>
Interest income	1,073,441,121	764,057,724
Realized exchange gain	115,625,506	14,349,251
Unrealized exchange gain	70,099,239	-
Others	80,730,679	-
TOTAL	<u>1,339,896,545</u>	<u>778,406,975</u>

22. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 2020</i>
Cost of finished goods sold	147,000,485,079	92,665,680,690
Cost of merchandise sold	59,677,838,400	80,721,094,381
TOTAL	<u>206,678,323,479</u>	<u>173,386,775,071</u>

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

23. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 2020</i>
Interest expense	1,690,812,389	3,455,833,287
Realized exchange losses	-	24,437,408
Unrealized exchange losses	55,439,461	-
TOTAL	<u>1,746,251,850</u>	<u>3,480,270,695</u>

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 2020</i>
Selling expenses incurred during the period	137,473,849,830	107,251,669,398
Labour costs	39,713,686,045	28,169,399,740
Advertising expenses	32,245,109,575	15,936,062,698
Sale supports fee	8,993,416,268	6,737,749,007
Allowance for freelancers	13,936,085,907	7,094,586,802
Depreciation and amortisation	2,057,024,822	1,924,565,402
Others	40,528,527,213	47,389,305,749
General and administrative expenses incurred during the period	57,743,028,270	55,722,107,566
Labour costs	31,208,258,515	27,781,175,095
Expenses for external services	7,508,903,439	6,530,551,442
Depreciation and amortisation	5,818,845,526	5,145,922,047
Others	13,207,020,790	16,264,458,982
TOTAL	<u>195,216,878,100</u>	<u>162,973,776,964</u>

25. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 2020</i>
Raw materials	232,216,773,528	160,775,531,946
Labour costs	111,157,764,964	84,298,586,210
Depreciation and amortization	20,780,706,559	19,560,938,632
Expenses for external services	51,233,502,443	90,637,002,325
Others	100,329,657,388	99,521,200,291
TOTAL	<u>515,718,404,882</u>	<u>454,793,259,404</u>

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

26. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the current and previous period were as follows:

<i>Currency: VND</i>				
<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 20210</i>
Daewoong Pharmaceuticals Co., Ltd.	Related party with member of the Management	Sales of goods and services	5,175,533,580	27,402,005,588

Terms and conditions of transactions with related parties:

The sales to and purchases of goods from related parties are made based on the contractual agreement.

Outstanding balances at 31 March 2021 are unsecured, interest free and will be settled in cash. For the period from 1 January 2021 to 31 March 2021, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2020: VND 0). This assessment is undertaken each financial period through the examination of the financial position of the related party and the market in which the related party operates.

Amounts due to and due from related parties at the balance sheet dates were as follows:

<i>Currency: VND</i>				
<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term trade payables				
Daewoong Pharmaceuticals Co., Ltd.	Related party with member of the Management	Sales of goods and services	6,695,233,398	8,701,100,919
Total			6,695,233,398	8,701,100,919
Dividends payables to shareholders			42,499,739,978	62,830,372,000

Remuneration to members of the Board of Directors and Management during the period:

<i>Currency: VND</i>		
	<i>For the three-month period ended 31 March 2021</i>	<i>For the three-month period ended 31 March 20210</i>
Salaries and bonus	3,179,425,775	11,353,751,198
TOTAL	3,179,425,775	11,353,751,198

NOTES TO THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 March 2021 and for the three-month period then ended

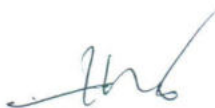
27. SEGMENT INFORMATION

The principal activities of the Company and its subsidiaries are to produce and trade pharmaceutical products and related services. During the period, the Company and its subsidiaries do not have other main activities, therefore, financial information in quarterly consolidated balance sheet as at 31 March 2021, and revenues, expenses in quarterly consolidated income statement for the three-month period from 1 January 2021 to 31 March 2021 relate to activities of producing and trading pharmaceutical products. Revenue and cost of goods sold for each business activity are presented in the Note 21 and Note 22.

Besides, the business activities of the Company and its subsidiaries are carried out in the territory of Vietnam and accordingly, the Company has not prepared reports for operating and geographical segment.

28. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiaries.



Preparer
Nguyen Thi Ngoc Thuy



Chief Accountant
Dinh Trung Kien




General Director
Tran Tuc Ma

20 April 2021

