

# Traphaco Joint Stock Company

Quarterly separate financial statements

For the three-month period ended 31 March 2021



# Traphaco Joint Stock Company

## CONTENTS

	<i>Pages</i>
General information	1
Report of management	2
Quarterly separate balance sheet	3 - 4
Quarterly separate income statement	5 - 6
Quarterly separate cash flow statement	7 - 8
Notes to the quarterly separate financial statements	9 - 33

# 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 23<sup>rd</sup> dated 6 April 2020.

The principal activities of the Company during the period 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.

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

# Traphaco Joint Stock Company

## REPORT OF MANAGEMENT

### 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 quarterly separate financial statements of the Company for the three-month period ended 31 March 2021.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE QUARTERLY SEPARATE FINANCIAL STATEMENTS

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

### STATEMENT BY MANAGEMENT

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

The Company has subsidiaries as disclosed in the quarterly separate financial statements. The Company has prepared these quarterly separate financial statements in order to meet with the reporting requirements in relation to disclosure of information, specifically the Circular No. 96/2020/TT-BTC, which provide guidance on public announcement of financial information on the stock exchange. According to this Circular, the Company has also prepared the quarterly consolidated financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2021 on 20 April 2021.

Users of these quarterly separate financial statements should read them together with the quarterly consolidated financial statements in order to obtain full information on the quarterly consolidated financial position, the quarterly consolidated results of operations and the quarterly consolidated cash flows of the Company and its subsidiaries.

For and on behalf of Management:

Tran Tuz Ma  
General Director

20 April 2021



QUARTERLY SEPARATE BALANCE SHEET  
as at 31 March 2021

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>716,775,026,041</b>	<b>818,499,634,413</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>211,155,852,828</b>	<b>248,049,073,788</b>
111	1. Cash		64,696,190,289	103,049,073,788
112	2. Cash equivalents		146,459,662,539	145,000,000,000
<b>120</b>	<b>II. Short-term investments</b>		<b>-</b>	<b>90,174,269,891</b>
121	1. Held-for-trading securities		-	90,174,269,891
<b>130</b>	<b>III. Current accounts receivable</b>		<b>230,727,523,968</b>	<b>236,983,518,752</b>
131	1. Short-term trade receivables	5.1	208,612,712,851	224,346,879,518
132	2. Short-term advances to suppliers	5.2	17,277,603,200	11,285,538,840
136	3. Other short-term receivables	6	11,807,976,276	8,321,868,753
137	4. Provision for doubtful debts	7	(6,970,768,359)	(6,970,768,359)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>259,834,450,959</b>	<b>231,879,394,273</b>
141	1. Inventories		260,764,741,916	232,809,685,230
149	2. Provision for obsolete inventories		(930,290,957)	(930,290,957)
<b>150</b>	<b>IV. Other current assets</b>		<b>15,057,198,286</b>	<b>11,413,377,709</b>
151	1. Short-term prepaid expenses		1,376,484,558	854,701,739
152	2. Value-added tax deductible		13,510,631,873	10,556,229,154
153	3. Tax and other receivables from the State		170,081,855	2,446,816
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>529,591,308,999</b>	<b>533,233,720,559</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>147,481,756,177</b>	<b>151,016,591,960</b>
221	1. Tangible fixed assets	9	96,901,020,742	100,162,494,529
222	Cost		251,694,780,208	257,008,884,053
223	Accumulated depreciation		(154,793,759,466)	(156,846,389,524)
227	2. Intangible fixed assets	10	50,580,735,435	50,854,097,431
228	Cost		56,811,937,520	56,691,937,520
229	Accumulated amortisation		(6,231,202,085)	(5,837,840,089)
<b>240</b>	<b>II. Long-term assets in progress</b>	<b>11</b>	<b>2,352,727,272</b>	<b>2,387,727,272</b>
242	1. Construction in progress		2,352,727,272	2,387,727,272
<b>250</b>	<b>III. Long-term investments</b>	<b>12</b>	<b>366,726,676,011</b>	<b>366,726,676,011</b>
251	1. Investments in subsidiaries		366,726,676,011	366,726,676,011
<b>260</b>	<b>IV. Long-term investments</b>		<b>13,030,149,539</b>	<b>13,102,725,316</b>
261	1. Long-term prepaid expenses		2,348,173,271	2,420,749,048
262	2. Deferred tax assets		10,681,976,268	10,681,976,268
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,246,366,335,040</b>	<b>1,351,733,354,972</b>

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

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>258,895,304,937</b>	<b>353,879,459,158</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>258,895,304,937</b>	<b>353,879,459,158</b>
311	1. Short-term trade payables	13	124,748,228,397	136,866,210,844
312	2. Short-term advances from customers		19,810,052	310,766,974
313	3. Statutory obligations	14	13,197,239,192	24,767,239,291
314	4. Payables to employees		14,351,490,812	29,994,299,845
315	5. Short-term accrued expenses	15	49,192,651,794	48,886,808,306
318	6. Short-term unearned revenues		10,242,147,000	26,361,695,568
319	7. Other short-term payables	16	44,548,688,960	85,944,381,613
322	8. Bonus and welfare fund		2,595,048,730	748,056,717
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>987,471,030,103</b>	<b>997,853,895,814</b>
<b>410</b>	<b>I. Capital</b>	<b>18</b>	<b>987,240,242,219</b>	<b>997,576,987,930</b>
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
415	3. Treasury shares		(3,593,000)	(3,593,000)
418	4. Investment and development fund		374,280,746,927	347,373,440,047
421	5. Undistributed earnings		65,404,626,292	102,648,678,883
421a	- Undistributed earnings by the end of prior years		34,290,832,003	40,886,987,426
421b	- Undistributed earnings of current period		31,113,794,289	61,761,691,457
<b>430</b>	<b>II. Other funds</b>		<b>230,787,884</b>	<b>276,907,884</b>
431	1. Subsidised fund		230,787,884	276,907,884
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,246,366,335,040</b>	<b>1,351,733,354,972</b>

*[Signature]*

*[Signature]*



Preparer  
Nguyen Thi Ngoc Thuy

Chief Accountant  
Dinh Trung Kien

General Director  
Tran Tuc Ma

20 April 2021

QUARTERLY SEPARATE 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	20.1	489,611,150,501	399,156,471,805
02	2. Deductions	20.1	(2,768,783,868)	(3,120,948,318)
10	3. Net revenue from sale of goods and rendering of services	20.1	486,842,366,633	396,035,523,487
11	4. Cost of goods sold and services rendered	21	(286,907,168,453)	(236,546,960,450)
20	5. Gross profit from sale of goods and rendering of services		199,935,198,180	159,488,563,037
21	6. Finance income	20.2	1,155,257,164	1,994,077,723
22	7. Finance expenses	22	(55,439,461)	(24,437,408)
23	- In which: Interest expenses		-	-
25	8. Selling expenses	23	(127,148,415,535)	(98,757,277,372)
26	9. General and administrative expenses	23	(28,038,645,237)	(25,222,088,808)
30	10. Operating profit		45,847,955,111	37,478,837,172
31	11. Other income		74,512	151,432
32	12. Other expenses		(344,091,232)	(2,100,028)
40	13. Other loss		(344,016,720)	(1,948,596)
50	14. Accounting profit before tax		45,503,938,391	37,476,888,576
51	15. Current corporate income tax expense	25	(9,875,899,539)	(7,800,968,170)
60	16. Net profit after tax		35,628,038,852	29,675,920,406

Preparer  
Nguyen Thi Ngoc Thuy

Chief Accountant  
Dinh Trung Kien

General Director  
Tran Tuc Ma

20 April 2021



QUARTERLY SEPARATE 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
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Profit before tax		45,503,938,391	37,476,888,576
	Adjustments for:			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets	9, 10	3,853,521,104	3,960,532,050
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(24,941,676)	(1,456,185)
05	Profits from investing activities		(969,608,234)	(1,828,819,382)
08	<b>Operating profit before changes in working capital</b>		<b>48,362,909,585</b>	<b>39,607,145,059</b>
09	Decrease/(increase) in receivables		1,209,495,228	(36,442,319,520)
10	Increase in inventories		(27,955,056,686)	(40,148,535,437)
11	Decrease in payables (other than interest, corporate income tax)		(44,343,916,489)	(8,601,598,086)
12	(Increase)/decrease in prepaid expenses		(449,207,042)	1,174,748,223
15	Corporate income tax paid	14	(19,892,055,335)	(15,927,544,835)
17	Other cash outflows for operating activities		(2,713,372,550)	(3,606,144,073)
20	<b>Net cash flows used in operating activities</b>		<b>(45,781,203,289)</b>	<b>(63,944,248,669)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase, construction of fixed assets and other long-term assets		(1,139,832,481)	(2,554,855,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		90,174,269,891	-
27	Interest and dividends received		2,663,752,192	2,635,207,926
30	<b>Net cash flows from investing activities</b>		<b>91,698,189,602</b>	<b>80,352,926</b>

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

Currency: VND

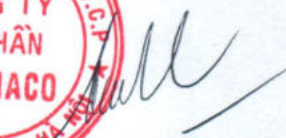
Code	ITEMS	Notes	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
36	Dividends paid to shareholders		(82,830,008,000)	(82,844,625,000)
40	Net cash flows used in financing activities		(82,830,008,000)	(82,844,625,000)
50	Net decrease in cash for the period		(36,913,021,687)	(146,708,520,743)
60	Cash and cash equivalents at the beginning of the period	4	248,049,073,788	255,516,502,641
61	Impact of exchange rate fluctuation		19,800,727	-
70	Cash and cash equivalents at the end of the period	4	211,155,852,828	108,807,981,898



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 23<sup>rd</sup> dated 6 April 2020.

The current principal activities of the Company during the period 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 2021: 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 March 2021 and for the three-month period then ended

## 2. BASIS OF PREPARATION

### 2.1 *Purpose of preparing the separate financial statements*

The Company has subsidiaries as disclosed in Note 1 and Note 12. The Company has prepared these quarterly separate financial statements in order to meet with the reporting requirements in relation to disclosure of information, specifically the Circular No. 96/2020/TT-BTC, which provide guidance on public announcement of financial information on the stock exchange issued by the Ministry of Finance on 16 November 2020. According to this Circular, the Company has also prepared the quarterly consolidated financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2021 on 20 April 2021.

Users of these quarterly separate financial statements should read them together with the quarterly consolidated financial statements in order to obtain full information on the quarterly consolidated financial position, the quarterly consolidated results of operations and the quarterly consolidated cash flows of the Company and its subsidiaries.

### 2.2 *Accounting standards and system*

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

Accordingly, the accompanying quarterly separate 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.

### 2.3 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal system.

### 2.4 *Fiscal year*

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

The quarterly separate financial statements are prepared for the period from 1 January 2021 to 31 March 2021.

### 2.5 *Accounting currency*

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

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

### 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 merchandise	-	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, 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 separate income statement.

#### 3.3 *Receivables*

Receivables are presented in the separate 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 at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

#### 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 separate 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 separate income statement.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.5 Intangible fixed assets**

Intangible fixed 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 separate 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 separate 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 fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 35 years
Equipment, management tools	3 - 10 years
Means of transportation	3 - 10 years
Machinery and equipment	2 - 12 years

**3.7 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate 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.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8 Investments

##### *Investments in subsidiaries*

Investments in subsidiaries over which the Company has control are carried at cost or revalued amounts at the date of enterprise valuation for the purpose of the Company's equitiation.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition or the date the Company was transformed to a joint stock company (8 December 2016) are recognised in the combined income statement. Other distributions, including distributions from accumulated net profits of subsidiaries arising before the date that the Company was transformed to a joint stock company, are considered as a recovery of investment and are deducted to the cost of the investment.

##### *Provision for diminution of investments*

Provision for diminution of investments is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases or decreases in the provision balance are recorded as finance expense in the combined income statement.

#### 3.9 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.

#### 3.10 Foreign currency transactions

Transactions in currencies other than the Company's 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 separate balance sheet date which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts 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 separate income statement.

#### 3.11 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.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.12 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 Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

*Investment and development fund*

This fund is set aside for use in the Company's expansion of its operation or of in-depth investment.

*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 separate balance sheet.

**3.13 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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's entitlement as an investor 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.



NOTES TO THE SEPARATE 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 Taxation

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods 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 separate balance sheet date.

Current income tax is charged or credited to the separate 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 to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the separate 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 separate 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 period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

NOTES TO THE SEPARATE 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 Taxation (continued)**

*Deferred tax (continued)*

Deferred tax is charged or credited to the separate 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 to off-set 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 intends 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.

**3.15 Related parties**

Parties are considered to be related parties of the Company 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 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	9,741,822,739	13,076,607,539
Cash at banks	53,576,801,342	89,972,466,249
Cash in transit	1,377,566,208	-
Cash equivalents	146,459,662,539	145,000,000,000
<b>TOTAL</b>	<b><u>211,155,852,828</u></b>	<b><u>248,049,073,788</u></b>

**5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS**

**5.1 Short-term trade receivables**

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from other parties	116,878,234,444	134,448,165,135
<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>Others</i>	97,519,160,022	86,391,566,707
Trade receivables from related parties (Note 26)	91,734,478,407	89,898,714,383
<b>TOTAL</b>	<b><u>208,612,712,851</u></b>	<b><u>224,346,879,518</u></b>

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

5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

5.2 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
National Institute of Drug Quality Control	550,000,000	550,000,000
Advances to other suppliers	8,980,647,450	3,744,257,100
<b>TOTAL</b>	<b><u>17,277,603,200</u></b>	<b><u>11,285,538,840</u></b>

6. OTHER RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
Advances	6,332,991,115	4,476,209,339
Deposits and mortgages	1,831,196,714	1,647,334,614
Interest receivables	-	1,694,143,958
Other receivables	3,643,788,447	504,180,842
<b>TOTAL</b>	<b><u>11,807,976,276</u></b>	<b><u>8,321,868,753</u></b>

7. BAD DEBTS

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Recoverable amount (*)	Cost	Recoverable amount (*)
Overdue receivables which are considered to be irrecoverable	<u>11,100,776,506</u>	<u>4,130,008,147</u>	<u>11,100,776,506</u>	<u>4,130,008,147</u>
<b>TOTAL</b>	<b><u>11,100,776,506</u></b>	<b><u>4,130,008,147</u></b>	<b><u>11,100,776,506</u></b>	<b><u>4,130,008,147</u></b>

(\*) 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 March 2021 and for the three-month period then ended

## 8. 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	-	-	1,949,506,519	-
Raw materials	35,678,182,647	(886,995,214)	39,266,500,257	(886,995,214)
Tools and supplies	20,449,500	-	16,685,773	-
Work in process	16,580,871,014	-	20,910,129,318	-
Finished goods	136,341,123,112	(39,457,298)	105,289,187,555	(39,457,298)
Merchandise	72,144,115,643	(3,838,445)	65,094,322,574	(3,838,445)
<b>TOTAL</b>	<b>260,764,741,916</b>	<b>(930,290,957)</b>	<b>232,809,685,230</b>	<b>(930,290,957)</b>

Traphaco Joint Stock Company

B09-DN

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

9. 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>Total</i>
<b>Cost:</b>					
Beginning balance	124,980,043,362	56,135,387,142	63,349,229,952	12,544,223,597	257,008,884,053
- New purchase	-	-	-	198,685,321	198,685,321
- Disposal	-	(4,432,908,128)	-	(1,079,881,038)	(5,512,789,166)
Ending balance	<u>124,980,043,362</u>	<u>51,702,479,014</u>	<u>63,349,229,952</u>	<u>11,663,027,880</u>	<u>251,694,780,208</u>
<i>In which:</i>					
<i>Fully depreciated</i>	20,237,684,849	33,760,219,453	22,537,268,750	8,683,270,102	85,218,443,154
<b>Accumulated depreciation:</b>					
Beginning balance	51,995,770,448	48,320,039,379	45,671,613,493	10,858,966,204	156,846,389,524
- Depreciation for the period	1,233,971,619	706,250,367	1,367,415,447	152,521,675	3,460,159,108
- Disposal	-	(4,432,908,128)	-	(1,079,881,038)	(5,512,789,166)
Ending balance	<u>53,229,742,067</u>	<u>44,593,381,618</u>	<u>47,039,028,940</u>	<u>9,931,606,841</u>	<u>154,793,759,466</u>
<b>Net carrying amount:</b>					
Beginning balance	<u>72,984,272,914</u>	<u>7,815,347,763</u>	<u>17,677,616,459</u>	<u>1,685,257,393</u>	<u>100,162,494,529</u>
Ending balance	<u>71,750,301,295</u>	<u>7,109,097,396</u>	<u>16,310,201,012</u>	<u>1,731,421,039</u>	<u>96,901,020,742</u>

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

**10. INTANGIBLE FIXED ASSETS**

	<i>Currency: VND</i>		
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	45,687,172,520	11,004,765,000	56,691,937,520
- New purchase	-	120,000,000	120,000,000
Ending balance	<u>45,687,172,520</u>	<u>11,124,765,000</u>	<u>56,811,937,520</u>
<b>Accumulated amortisation:</b>			
Beginning balance	-	5,837,840,089	5,837,840,089
- Amortisation for the period	-	393,361,996	393,361,996
Ending balance	-	<u>6,231,202,085</u>	<u>6,231,202,085</u>
<i>In which:</i>			
<i>Fully depreciated</i>	-	2,775,170,000	2,775,170,000
<b>Net carrying amount:</b>			
Beginning balance	<u>45,687,172,520</u>	<u>5,166,924,911</u>	<u>50,854,097,431</u>
Ending balance	<u>45,687,172,520</u>	<u>4,893,562,915</u>	<u>50,580,735,435</u>

**11. CONSTRUCTION IN PROGRESS**

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Can Tho Office project	2,352,727,272	2,352,727,272
HR and payroll management software	-	35,000,000
<b>TOTAL</b>	<u><u>2,352,727,272</u></u>	<u><u>2,387,727,272</u></u>

# Traphaco Joint Stock Company

B09-DN

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

## 12. LONG-TERM INVESTMENTS

Currency: VND

	Ending balance			Beginning balance			
	Number of shares	Cost	Provision	Number of shares	Cost	Provision	Fair value
<b>Investments in subsidiaries</b>							
Traphaco Sapa (i)		26,675,000,000	-		26,675,000,000	-	
Traphaco Hi-tech (ii)	5,791,933	71,382,500,000	-	123,947,366,200	5,791,933	71,382,500,000	127,422,526,000
Dak Lak Pharmaceutical (ii)	1,130,271	18,669,176,011	-	32,551,804,800	1,130,271	18,669,176,011	35,716,563,600
Traphaco Hung Yen (i)		250,000,000,000	-		-	250,000,000,000	-
<b>TOTAL</b>		<b>366,726,676,011</b>	<b>-</b>		<b>366,726,676,011</b>	<b>-</b>	

- (i) The Company could not obtain necessary information to evaluate the fair value of shares held in these companies as they are not listed on the stock exchanges.
- (ii) The fair value of investments in these subsidiaries are measured based on the market value of these companies' shares which are listed on the UPCOM market as at 31 Mar 2021.

Traphaco Joint Stock Company

B09-DN

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

13. SHORT-TERM TRADE PAYABLES

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Amount</i>	<i>Payable amount</i>	<i>Amount</i>	<i>Payable amount</i>
	<i>Currency: VND</i>			
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
Traphaco Sapa One Member Co., Ltd.	916,986,841	916,986,841	1,793,083,038	1,793,083,038
Traphaco Hi-tech Joint Stock Company	33,412,710,299	33,412,710,299	28,579,713,091	28,579,713,091
Traphaco Hung Yen One Member Co., Ltd.	29,566,132,240	29,566,132,240	24,336,612,897	24,336,612,897
Other suppliers	16,753,309,673	16,753,309,673	38,057,712,474	38,057,712,474
<b>TOTAL</b>	<b>124,748,228,397</b>	<b>124,748,228,397</b>	<b>136,866,210,844</b>	<b>136,866,210,844</b>

14. STATUTORY OBLIGATIONS

	<i>Beginning balance</i>			<i>Ending balance</i>
	<i>Payable in the period</i>	<i>Paid during the period</i>	<i>Currency: VND</i>	
Value added tax	2,530,991,449	7,132,445,428	(9,663,436,877)	-
Value added tax for imported goods	-	2,649,445,402	(2,649,445,402)	-
Import, export duties	-	551,695,065	(551,695,065)	-
Corporate income tax (Note 25)	19,835,571,598	9,875,899,539	(19,892,055,335)	9,819,415,802
Personal income tax	2,400,676,244	6,294,518,491	(5,317,371,345)	3,377,823,390
Other tax	-	35,142,695	(35,142,695)	-
<b>TOTAL</b>	<b>24,767,239,291</b>	<b>26,539,146,620</b>	<b>(38,109,146,719)</b>	<b>13,197,239,192</b>



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

15. SHORT-TERM ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Marketing expenses	10,317,116,899	-
Sales discounts payable to customers	24,315,112,541	32,361,917,669
Sales commissions	13,492,858,537	15,608,095,708
Other accruals	1,067,563,817	916,794,929
<b>TOTAL</b>	<b><u>49,192,651,794</u></b>	<b><u>48,886,808,306</u></b>

16. OTHER SHORT-TERM PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade union fee	100,973,934	30,547,015
Social, health and unemployment insurances	433,288,646	407,358,167
Remuneration for the Board of Management and the Board of Supervision	167,614,466	167,192,180
Dividend payables	42,499,739,978	83,879,207,978
Others	1,347,071,936	1,460,076,273
<b>TOTAL</b>	<b><u>44,548,688,960</u></b>	<b><u>85,944,381,613</u></b>

Traphaco Joint Stock Company

B09-DN

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

18. OWNERS' EQUITY

18.1 Increase and decrease in owners' equity

Currency: VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
<b>For the year ended 31 December 2020:</b>						
Beginning balance	414,536,730,000	133,021,732,000	(3,593,000)	339,739,849,130	89,969,023,573	977,263,741,703
- Profit for the period	-	-	-	-	162,283,607,763	162,283,607,763
- Appropriation of investment and development fund	-	-	-	7,633,590,917	(7,633,590,917)	-
- Dividends declared from 2019 profit	-	-	-	-	(41,450,540,000)	(41,450,540,000)
- Dividends advances from 2020 profit	-	-	-	-	(82,901,080,000)	(82,901,080,000)
- Accrual of bonus and welfare fund for 2020	-	-	-	-	(17,620,836,306)	(17,620,836,306)
- Appropriation of bonus and welfare fund for 2019	-	-	-	-	2,094,770	2,094,770
Ending balance	<u>414,536,730,000</u>	<u>133,021,732,000</u>	<u>(3,593,000)</u>	<u>347,373,440,047</u>	<u>102,648,678,883</u>	<u>997,576,987,930</u>
<b>For the three-month period from 1 January 2021 to 31 March 2021:</b>						
Beginning balance	414,536,730,000	133,021,732,000	(3,593,000)	347,373,440,047	102,648,678,883	997,576,987,930
- Profit for the period	-	-	-	-	35,628,038,852	35,628,038,852
- Appropriation of investment and development fund	-	-	-	26,907,306,880	(26,907,306,880)	-
- Dividends declared from 2020 profit	-	-	-	-	(41,450,540,000)	(41,450,540,000)
- Accrual of bonus and welfare fund for 2021	-	-	-	-	(4,514,244,563)	(4,514,244,563)
Ending balance	<u>414,536,730,000</u>	<u>133,021,732,000</u>	<u>(3,593,000)</u>	<u>374,280,746,927</u>	<u>65,404,626,292</u>	<u>987,240,242,219</u>

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

18. OWNERS' EQUITY (continued)

18.2 Details of owners' shares capital

Currency: VND

	Ending balance		Beginning balance	
	VND	%	VND	%
State Capital and Investment Corporation	147,865,120,000	35.67%	147,865,120,000	35.67%
Magbi Fund Limited	103,613,850,000	25.00%	103,613,850,000	25.00%
Super Delta Pte. Ltd.	62,672,890,000	15.12%	62,672,890,000	15.12%
Other shareholders	100,384,870,000	24.22%	100,384,870,000	24.22%
<b>TOTAL</b>	<b>414,536,730,000</b>	<b>100%</b>	<b>414,536,730,000</b>	<b>100%</b>

18.4 Shares

	Ending balance	Beginning balance
	Quantity	Quantity
<b>Shares registered for issuance</b>	<b>41,453,673</b>	<b>41,453,673</b>
<b>Issued shares</b>	<b>41,453,673</b>	<b>41,453,673</b>
Ordinary shares	41,453,673	41,453,673
<b>Treasury shares</b>	<b>(3,133)</b>	<b>(3,133)</b>
Ordinary shares	(3,133)	(3,133)
<b>Shares in circulation</b>	<b>41,450,540</b>	<b>41,450,540</b>
Ordinary shares	41,450,540	41,450,540

Par value of outstanding share: VND 10,000/share (31 December 2020: VND 10,000/share).

19. OFF BALANCE SHEET ITEMS

	Ending balance	Beginning balance
1. Foreign Currency		
- US Dollar (USD)	78,738.53	176,530.19
2. Bad debts written-off (VND)	4,598,971,260	4,598,971,260

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

20. REVENUE

20.1 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>
<b>Gross revenue</b>	<b>489,611,150,501</b>	<b>399,156,471,805</b>
<i>Of which:</i>		
<i>Sale of goods</i>	347,960,221,104	273,294,293,169
<i>Sale of merchandise</i>	73,844,727,790	68,318,434,008
<i>Sale of raw materials</i>	67,806,201,607	57,495,503,907
<i>Rendering of services</i>	-	48,240,721
<b>Less:</b>		
<i>Sales return</i>	(2,768,783,868)	(3,120,948,318)
<b>Net revenue</b>	<b><u>486,842,366,633</u></b>	<b><u>396,035,523,487</u></b>

20.2 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	969,608,234	278,659,920
Realized exchange gains	115,549,691	14,349,251
Unrealized exchange gains	70,099,239	-
Dividend income	-	1,701,068,552
<b>TOTAL</b>	<b><u>1,155,257,164</u></b>	<b><u>1,994,077,723</u></b>

21. 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	155,569,877,652	124,390,985,107
Cost of merchandise sold	65,993,538,697	59,741,790,817
Cost of raw materials sold	65,343,752,104	52,414,184,526
<b>TOTAL</b>	<b><u>286,907,168,453</u></b>	<b><u>236,546,960,450</u></b>

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

22. 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>
Realized exchange losses	55,439,461	-
Unrealized exchange losses	-	24,437,408
<b>TOTAL</b>	<b>55,439,461</b>	<b>24,437,408</b>

23. 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>
<b>Selling expenses incurred during the period</b>		
Labour costs	37,871,508,391	28,038,942,940
Advertising expenses	26,540,656,939	11,975,219,458
Sales discounts	7,210,705,943	6,737,749,007
Allowance for freelancers	13,714,107,672	7,094,586,802
Depreciation and amortisation	1,943,516,256	1,924,565,402
Others	39,867,920,334	42,986,213,763
	<b>127,148,415,535</b>	<b>98,757,277,372</b>
<b>General and administrative expenses incurred during the period</b>		
Labour costs	14,610,758,172	12,573,823,703
Expenses for external services	4,667,816,485	3,782,726,066
Depreciation and amortisation	1,331,156,675	1,339,441,234
Others	7,428,913,905	7,526,097,805
	<b>28,038,645,237</b>	<b>25,222,088,808</b>
<b>TOTAL</b>	<b>155,187,060,772</b>	<b>123,979,366,180</b>

24. 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	128,317,958,765	69,277,285,726
Labour costs	76,848,782,139	50,108,024,425
Depreciation and amortisation	3,853,521,098	3,929,011,224
Expenses for external services	36,194,310,341	76,567,841,810
Others	92,843,891,501	86,531,123,964
<b>TOTAL</b>	<b>338,058,463,844</b>	<b>286,413,287,149</b>

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

**25. CORPORATE INCOME TAX**

The statutory corporate income tax ("CIT") applicable to the Company is 20% of taxable profits.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the separate financial statements could change at a later date upon final determination by the tax authorities.

**25.1 CIT 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>
Current CIT expenses	<u>9,875,899,539</u>	<u>7,800,968,170</u>
<b>TOTAL</b>	<b><u>9,875,899,539</u></b>	<b><u>7,800,968,170</u></b>

The reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	<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>
Accounting profit before tax	45,503,938,391	37,476,888,576
At CIT rate of 20% applicable to the Company	9,100,787,678	7,495,377,715
<i>Adjustments to increase</i>	775,111,861	645,804,165
<i>Adjustments to decrease</i>	-	(340,213,710)
<b>CIT expenses</b>	<b><u>9,875,899,539</u></b>	<b><u>7,800,968,170</u></b>

**25.2 Current tax**

The current tax payable is based on the estimated taxable profit for the current year. The taxable profit of the Company for the year differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE QUARTERLY SEPARATE 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:

*Currency: VND*

<i>Related parties</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 2020</i>
Traphaco Hi-tech Joint Stock Company	Subsidiary	Sale of goods and services	54,594,785,913	165,036,895,725
		Purchase of goods and services	135,784,826,429	492,461,164,403
		Dividends declared	-	11,583,972,000
Traphaco Sapa One Member Co., Ltd.	Subsidiary	Sale of goods and services	4,508,867,349	19,103,412,533
		Purchase of goods and services	3,932,500,000	28,245,896,191
		Dividends declared	-	1,701,065,936
Dak Lak Pharmaceutical and Medical Equipment JSC	Subsidiary	Sale of goods and services	11,939,155,469	42,406,242,391
		Dividends declared	-	1,921,507,338
Traphaco Hung Yen One Member Co., Ltd.	Subsidiary	Sale of goods and services	10,186,144,010	67,790,493,310
		Purchase of goods and services	59,785,916,200	248,109,104,690
Daewoong Pharmaceuticals Co., Ltd.	Related party to member of the management	Purchase of goods and services	5,175,533,580	27,402,005,588

*Terms and conditions of transactions with related parties:*

The sales 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.

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

26. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Currency: VND

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<b>Short-term trade receivables (Note 5.1)</b>				
Dak Lak Pharmaceutical and Medical Equipment JSC	Subsidiary	Sale of goods and services	1,895,271,942	-
TraphacoSapa One Member Co., Ltd.	Subsidiary	Sale of goods and services	1,345,714,536	944,917,715
Traphaco Hung Yen One Member Co., Ltd.	Subsidiary	Sale of goods and services	-	-
Traphaco Hi-tech JSC	Subsidiary	Sale of goods and services	88,493,491,929	88,953,796,668
<b>Total</b>			<b>91,734,478,407</b>	<b>89,898,714,383</b>
<b>Short-term trade payables (Note 13)</b>				
Traphaco Hi-tech JSC	Subsidiary	Purchase of goods and services	33,412,710,299	28,579,713,091
TraphacoSapa One Member Co., Ltd.	Subsidiary	Purchase of goods and services	916,986,841	1,793,083,038
Traphaco Hung Yen One Member Co., Ltd.	Subsidiary	Purchase of goods and services	29,566,132,240	24,336,612,897
Daewoong Pharmaceuticals Co., Ltd.	Related party to member of the management	Purchase of goods and services	6,695,233,398	8,701,100,919
<b>Total</b>			<b>70,591,062,778</b>	<b>63,410,509,945</b>

**Transactions with other related parties**

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

Currency: VND

	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
Salaries and bonus	3,179,425,775	11,353,751,198
<b>TOTAL</b>	<b>3,179,425,775</b>	<b>11,353,751,198</b>



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

27. COMMITMENTS

*Operating lease commitment*

The Company leases assets under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements are as follows:


	<i>For the three-month period ended 31 March 2021</i>	<i>Currency: VND For the three-month period ended 31 March 2020</i>
Less than 1 year	4,227,590,045	4,007,809,077
From 1 - 5 years	10,169,057,041	10,388,326,632
More than 5 years	6,275,613,750	8,278,335,150
<b>TOTAL</b>	<b><u>20,672,260,836</u></b>	<b><u>22,674,470,860</u></b>

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 quarterly separate financial statements of the Company.



Preparer  
Nguyen Thi Ngoc Thuy



Chief Accountant  
Dinh Trung Kien




General Director  
Tran Tuc Ma

20 April 2021