

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Board of Management	2
Report on review of consolidated interim financial information	3
Consolidated interim balance sheet (Form B 01a – DN/HN)	5
Consolidated interim income statement (Form B 02a – DN/HN)	7
Consolidated interim cash flow statement (Form B 03a – DN/HN)	8
Notes to the consolidated interim financial statements (Form B 09a – DN/HN)	9

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise registration certificate

No. 3700748131 dated 20 September 2006 was initially issued by the Department of Planning and Investment of Binh Duong and the latest 26th amendment dated 25 March 2020.

Board of Directors

Mr. Le Duc Nghia	Chairman
Mr. Nguyen Minh Tuan	Member
Ms. Dang Pham Minh Loan	Member
Mr. Masao Kamibayashiyama	Member
Mr. Le Thanh Phong	Member (appointed from 3.6.2020)
Ms. Tran Thi Mong Thu	Member (resigned from 3.6.2020)
Ms. Nguyen Thi Dieu Phuong	Independent member (appointed from 3.6.2020)
Mr. Tran Bao Minh	Independent member (resigned from 3.6.2020)

Board of Management

Mr. Le Duc Nghia	General Director
Ms. Thieu Thi Ngoc Diem	Chief Accountant

Board of Supervision

Ms. Tran Thi Ngoc Tue	Head
Ms. Tran Thi Kim Anh	Member
Ms. Mai Thi Phuong Thao	Member

Legal representative

Mr. Le Duc Nghia	Chairman cum General Director
------------------	-------------------------------

Registered office

Land plot No. 681, Map No. 5, DT 747B Phuoc Hai Street, Phuoc Hai Town, Thai Hoa Ward, Tan Uyen District, Binh Duong Province, Vietnam

Auditor

PwC (Vietnam) Limited

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Management of An Cuong Wood-Working Joint Stock Company (“the Company”) is responsible for preparing the consolidated interim financial statements of the Company and its subsidiaries (together, “the Group”) which gives a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and the results of its consolidated operations and consolidated cash flows for the six-month period then ended. In preparing these consolidated interim financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable the consolidated interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated interim financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements as set out on pages 5 to 39 which gives a true and fair view of the financial position of the Group as at 30 June 2020 and of the results of its consolidated operations and consolidated cash flows for the six-month then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements.

On behalf of the Board of Management,

Le Duc Nghia
General Director

Binh Duong, SR Vietnam
12 August 2020



REPORT ON REVIEW OF CONSOLIDATED INTERIM INFORMATION TO THE SHAREHOLDERS OF AN CUONG WOOD-WORKING JOINT STOCK COMPANY

We have reviewed the accompanying consolidated interim financial statements of An Cuong Wood-Working Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 30 June 2020 and approved by the Board of Management on 12 August 2020. The consolidated interim financial statements comprise the consolidated interim balance sheet as at 30 June 2020, the consolidated interim income statement, the consolidated interim cash flow statement for the six-month period then ended, and explanatory notes to the consolidated interim financial statements including significant accounting policies, as set out on pages 5 to 39.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated interim financial statements and for such internal control which the Board of Management determines necessary to enable the preparation and fair presentation of consolidated interim financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, *"Review of interim financial information performed by the independent auditor of the entity"*.

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not presented fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020, its consolidated financial performance and consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements.

Other Matter

The report on review of consolidated interim financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No:
0875-2018-006-1
Authorised signatory

Report reference number: HCMC9759
Ho Chi Minh City, 12 August 2020

CONSOLIDATED INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2020 VND	31.12.2019 VND
100	CURRENT ASSETS		3,404,389,736,703	3,105,046,589,189
110	Cash and cash equivalents	3	29,185,324,281	65,461,661,002
111	Cash		25,185,324,281	54,061,661,002
112	Cash equivalents		4,000,000,000	11,400,000,000
120	Short-term investment		1,416,445,044,955	961,245,044,955
123	Investments held to maturity	4	1,416,445,044,955	961,245,044,955
130	Short-term receivables		640,763,206,119	687,239,888,913
131	Short-term trade accounts receivable	5	547,554,018,503	613,349,471,702
132	Short-term prepayments to suppliers	6	29,949,865,032	35,152,427,479
136	Other short-term receivables	7	75,462,007,724	47,130,636,434
137	Provision for doubtful debts – short term	8	(13,205,896,250)	(10,738,472,958)
139	Shortage of assets awaiting resolution		1,003,211,110	2,345,826,256
140	Inventories	9	1,267,641,744,302	1,319,951,979,677
141	Inventories		1,285,680,822,815	1,333,953,241,919
149	Provision for decline in value of inventories		(18,039,078,513)	(14,001,262,242)
150	Other current assets		50,354,417,046	71,148,014,642
151	Short-term prepaid expenses	10(a)	19,818,502,400	26,980,575,520
152	Value Added Tax ("VAT") to be reclaimed		28,627,629,982	38,021,291,916
153	Tax and other receivables from the State	15(a)	1,908,284,664	6,146,147,206
200	NON-CURRENT ASSETS		928,321,547,467	1,074,399,678,909
210	Long-term receivable		7,229,050,600	2,157,927,000
216	Other long-term receivables		7,229,050,600	2,157,927,000
220	Fixed assets		679,643,560,111	727,923,936,361
221	Tangible fixed assets	11(a)	658,526,084,027	707,928,769,570
222	Historical cost		998,204,729,497	992,164,123,312
223	Accumulated depreciation		(339,678,645,470)	(284,235,353,742)
227	Intangible fixed assets	11(b)	21,117,476,084	19,995,166,791
228	Historical cost		30,934,967,346	28,070,583,941
229	Accumulated amortisation		(9,817,491,262)	(8,075,417,150)
240	Long-term asset in progress		711,817,394	1,284,804,836
242	Construction in progress	12	711,817,394	1,284,804,836
250	Long-term investment		-	83,000,000,000
255	Investments held to maturity		-	83,000,000,000
260	Other long-term assets		240,737,119,362	260,033,010,712
261	Long-term prepaid expenses	10(b)	233,359,902,946	253,407,953,245
262	Deferred income tax assets	21	7,377,216,416	6,625,057,467
270	TOTAL ASSETS		4,332,711,284,170	4,179,446,268,098

The notes on pages 9 to 39 are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM BALANCE SHEET
 (continued)

Code	RESOURCES	Note	As at	
			30.6.2020 VND	31.12.2019 VND
300	LIABILITIES		803,183,899,605	808,737,916,632
310	Current liabilities		800,836,959,605	806,390,976,632
311	Short-term trade accounts payable	13	187,717,816,417	254,254,945,820
312	Short-term advances from customers	14	153,048,614,023	173,032,530,318
313	Tax and other payables to the State	15(b)	37,832,125,875	42,428,084,222
314	Payable to employees	16	15,041,336,223	79,913,812,627
315	Short-term accrued expenses	17	42,236,178,112	32,978,212,314
319	Other short-term payables		5,109,555,045	1,357,671,310
320	Short-term borrowings	18	335,386,035,960	221,431,332,215
322	Bonus and welfare funds	19	24,465,297,950	994,387,806
330	Non-current liability		2,346,940,000	2,346,940,000
342	Provision for long-term liabilities	20	2,346,940,000	2,346,940,000
400	OWNERS' EQUITY		3,529,527,384,565	3,370,708,351,466
410	Capital and reserves		3,529,527,384,565	3,370,708,351,466
411	Owners' capital	22, 23	876,568,440,000	859,380,830,000
411a	- Ordinary shares with voting rights		876,568,440,000	859,380,830,000
412	Share premium	23	1,408,471,865,056	1,408,471,865,056
415	Treasury shares	23	(16,000,000)	(16,000,000)
418	Investment and development funds	23	37,420,918,871	22,829,452,785
421	Undistributed earnings	23	1,207,082,160,638	1,080,042,203,625
421a	- Undistributed post-tax profits of previous years		1,041,131,627,395	748,345,670,136
421b	- Post-tax profits of current period/year		165,950,533,243	331,696,533,489
440	TOTAL RESOURCES		4,332,711,284,170	4,179,446,268,098

 Nguyen Tan Trong
 Preparer

 Thieu Thi Ngoc Diem
 Chief Accountant

 Le Duc Nghia
 General Director
 12 August 2020

The notes on pages 9 to 39 are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM INCOME STATEMENT

Code	Note	For the six-month period ended	
		30.6.2020 VND	30.6.2019 VND
01	Revenue from sales of goods and rendering of services	1,631,473,906,835	1,926,320,693,304
02	Less deductions	(16,109,220,517)	(9,496,585,512)
10	Net revenue from sales of goods and rendering of services	26 1,615,364,686,318	1,916,824,107,792
11	Cost of goods sold and services rendered	27 (1,213,013,586,425)	(1,407,069,694,461)
20	Gross profit from sales of goods and rendering of services	402,351,099,893	509,754,413,331
21	Financial income	28 50,987,637,825	37,180,835,633
22	Financial expenses	(10,105,846,673)	(10,945,505,309)
23	- Including: Interest expense	(6,399,458,250)	(9,222,211,212)
25	Selling expenses	29 (202,394,526,703)	(224,813,626,714)
26	General and administration expenses	30 (56,770,495,954)	(61,099,515,010)
30	Net operating profit	184,067,868,388	250,076,601,931
31	Other income	7,192,742,913	5,794,227,980
32	Other expenses	(3,294,300,002)	(420,684,191)
40	Net other income	3,898,442,911	5,373,543,789
50	Net accounting profit before tax	187,966,311,299	255,450,145,720
51	Business income tax ("BIT") - current	31 (22,767,937,005)	(40,827,083,063)
52	BIT - deferred	31 752,158,949	857,426,334
60	Net profit after tax	165,950,533,243	215,480,488,991
	Attributable to:		
61	Profit after tax of the parent company	165,950,533,243	215,480,488,991
70	Basic earnings per share	24(a) 1,905	2,519
71	Diluted earnings per share	24(b) 1,905	2,519

Nguyen Tan Trong
Preparer

Thieu Thi Ngoc Diem
Chief Accountant

Le Duc Nghia
General Director
12 August 2020

The notes on pages 9 to 39 are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the six-month period ended	
		30.6.2020 VND	30.6.2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		187,966,311,299	255,450,145,720
	Adjustments for:		
02	Depreciation and amortisation	57,185,365,840	52,585,169,462
03	Provisions	6,505,239,563	406,930,142
04	Unrealised foreign exchange (gains)/losses	(592,955,085)	626,645,153
05	Profits from investing activities	(42,932,999,232)	(32,701,740,189)
06	Interest expense	6,399,458,250	9,222,211,212
08	Operating profit before changes in working capital	214,530,420,635	285,589,361,500
09	Decrease/(increase) in receivables	90,039,864,329	(39,345,038,226)
10	Decrease/(increase) in inventories	48,272,419,104	(160,097,182,293)
11	(Decrease)/increase in payables	(152,292,764,315)	15,256,332,479
12	Decrease/(increase) in prepaid expenses	27,783,110,861	(7,047,622,092)
14	Interest paid	(6,399,458,250)	(9,222,211,212)
15	BIT paid	(13,267,554,653)	(41,202,021,540)
17	Other payments on operating activities	(848,200,000)	(2,918,700,000)
20	Net cash inflows from operating activities	207,817,837,711	41,012,918,616
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(8,904,989,590)	(49,101,703,836)
22	Proceeds from disposals of fixed assets and long-term assets	-	272,727,273
23	Lending and investments held to maturity	(441,800,000,000)	(1,094,500,000,000)
24	Collection of lending and investments held to maturity	69,600,000,000	587,000,000,000
27	Interest received from lendings and bank deposits	5,569,324,992	17,303,542,439
30	Net cash outflows from investing activities	(375,535,664,598)	(539,025,434,124)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	17,187,610,000	638,683,278,456
33	Proceeds from borrowings	561,955,682,944	391,722,428,614
34	Repayments of borrowings	(447,671,642,977)	(420,905,842,948)
36	Dividends paid	-	(120,311,076,200)
40	Net cash inflows from financing activities	131,471,649,967	489,188,787,922
50	Net decrease in cash in period	(36,246,176,920)	(8,823,727,586)
60	Cash and cash equivalents at beginning of period 3	65,461,661,002	32,331,088,573
61	Effect of foreign exchange differences	(30,159,801)	(5,311,401)
70	Cash and cash equivalents at end of period 3	29,185,324,281	23,502,049,586

Nguyen Tan Trong
Preparer

Thieu Thi Ngoc Diem
Chief Accountant

Le Duc Nghia
General Director
12 August 2020

The notes on pages 9 to 39 are an integral part of these consolidated interim financial statements.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

1 GENERAL INFORMATION OF THE GROUP

An Cuong Wood-Working Joint Stock Company (“the Company”) was established in SR Vietnam pursuant to the initial Enterprise Registration Certificate No.3700748131 dated 20 September 2006 issued by the Department of Planning and Development of Binh Duong Province. The latest amendment was dated 25 March 2020.

The owners of the Company include NC Vietnam Investment Ltd., Whitlam Holding Pte. Ltd., Sumitomo Forestry (Singapore) Ltd. and other shareholders. Details of capital contributions are presented in Note 22.

The principal activity of the Company is to manufacture and trade wooden household, industrial wooden items, artificial boards, interior decoration, kitchen equipment, and other wooden related products.

The normal business cycle of the Company and its subsidiaries (together “the Group”) is within 12 months.

As at 30 June 2020 and 31 December 2019, the Group had two direct subsidiaries and one indirect subsidiary, as follows:

Name	Location	Principal activity	30.6.2020		31.12.2019	
			Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)
Malloca Vietnam Company Limited	Ho Chi Minh City	Trade Malloca-brand kitchen appliances	100	100	100	100
An Cuong Wood - Working Company Limited	Binh Duong Province	Manufacture and trade wooden products	100	100	100	100
AConcept Vietnam Company Limited (*)	Ho Chi Minh City	Wholesale and retail of interior and interior decoration	100	100	100	100

(*) Indirect subsidiary, is subsidiary of Malloca Vietnam Company Limited.

As at 30 June 2020, the Group had 2,974 employees (as at 31 December 2019: 3,642 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of consolidated interim financial statements**

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated interim financial statements have been prepared under the historical cost convention except for investments in associates and joint ventures, and business combination as presented in Note 2.5.

The accompanying consolidated interim financial statements are not intended to present the consolidated financial position and results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated interim financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated interim financial statements in the English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December. The consolidated interim financial statements were prepared for the six-month period from 1 January to 30 June.

2.3 Currency

The consolidated interim financial statements are measured and presented in Vietnamese Dong ("VND"). The Group determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, material and other production or operating costs and normally used as payment of those costs.

Additionally, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operation and savings.

2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated interim income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated interim balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated interim balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in banks at the consolidated interim balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated interim income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated interim income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The separate financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in bank, cash in transit and other short-term investments with an original maturity of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the consolidated interim balance sheet based on the remaining period from the consolidated interim balance sheet date to the maturity date.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual system for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the period.

2.9 Investments held-to-maturity

Investments held-to-maturity are investments which the Group's Board of Management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits for interest earning. Those investments are accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting fiscal period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated/amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The principal annual rates of each asset class are as follows:

Plant and buildings	3% - 33%
Machinery	8% - 100%
Motor vehicles	6% - 50%
Office equipment	13% - 33%
Others	6% - 50%
Land use rights	3%
Software	13% - 50%

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated interim income statement.

Construction in progress

Construction in progress represents the cost of asset in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including construction costs; costs of tools and equipments; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated interim income statement on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated interim balance sheet, which mainly include long-term land rentals, office rentals, tools and equipment in use. Prepaid expenses are recorded at historical cost and allocated using the straight line basis over estimated useful lives.

Additionally, prepayments for land rental contracts, which are in effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular 45/2013/TT-BTC dated 25 April 2013 issued by Ministry of Finance and and allocated using the straight-line method from 40 to 50 years in accordance with such land use right certificates.

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the consolidated interim balance sheet based on remaining period from the consolidated interim balance sheet date to the maturity date.

2.14 Borrowings

Short-term borrowings include borrowings from banks.

Borrowings are classified into long-term and short-term borrowings on the consolidated interim balance sheet based on remaining period from the consolidated interim balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated interim income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting fiscal period are recorded as an increase or decrease in operating expenses.

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period, on the basis that a half of an average monthly salary per each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the consolidated interim balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.18 Owners' capital

Owners' capital of the Shareholders is recorded according to the actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings record the Group's results profit after BIT at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of profit**

Profit after BIT could be distributed to Shareholders after approval at General Meeting of Shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's dividends are recognised as a liability in the Company's consolidated interim financial statements in the period after dividends are approved by the General Meeting of Shareholders and the Company has finalised the list of of Shareholders receiving dividend in accordance with Resolution of the Board of Directors.

The Group's funds are as below:

(a) Bonus and welfare fund

The bonus and welfare fund is appropriated from profit after tax and subject to Shareholders' approval at the General Meeting of Shareholders. This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of employees' benefits.

(b) Investment and development fund

Development and investment fund is appropriated from profit after tax and approved by Shareholders in the General Meeting of Shareholders. This fund is set aside for the use in expansion of its operation or in-depth investments.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from the sale of goods is recognised in the consolidated interim income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. In case where the Group gives promotional goods to customers associated with the purchase, the Group allocates the total consideration received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated interim income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated interim income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated interim balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

2.21 Sales deductions

Sales deductions include trade discounts, sales returns and sales allowances. Sales deductions incurred in the same year of the related revenue from sales of products, goods and rendering services are recorded as deduction of revenue of that period.

Sales deductions for sales of products, goods or rendering services which are sold in the period but are incurred after the consolidated interim balance sheet date but before the issuance of the consolidated interim financial statements are recorded as deduction of revenue of the period.

2.22 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold or services rendered during the period, and recorded on the basis of matching with revenue and on prudent basis.

2.23 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including expenses of lending and borrowing; losses incurred when selling foreign currencies; losses from foreign exchange differences' and payment discounts.

2.24 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include publicity, display, promotions, advertising expenses, sale commissions, warranty charges of goods and products, maintenance charges, packaging, and transportation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, licence tax, provision for bad debts, outside services and other expenses.

2.26 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current period tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated interim financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated interim balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Management of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Segment reporting**

A segment is a component which can be separated by the Group engaged in providing products or services (“business segment”), or providing products or services within a particular economic environment (“geographical segment”). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group’s business segment or the Group’s geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group’s consolidated interim financial statements in order to help users of financial statements understand and evaluate the Group’s operations in a comprehensive way.

2.29 Accounting estimates

The preparation of the consolidated interim financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting system and applicable regulations on preparation and presentation of consolidated interim financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of consolidated interim financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on the Board of Management’s best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 11);
- Estimation of provisions (Note 8, 9, 20); and
- Accrued expenses (Note 17).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	30.6.2020	31.12.2019
	VND	VND
Cash on hand	563,670,389	705,876,302
Cash at bank	24,621,653,892	53,349,111,700
Cash in transit	-	6,673,000
Cash equivalents (*)	4,000,000,000	11,400,000,000
	<u>29,185,324,281</u>	<u>65,461,661,002</u>

(*) Cash equivalents as at 30 June 2020 were term deposits with an original maturity of three months or less, earned interest at the average rate from 0.5% to 5.0% per annum.

4 INVESTMENTS HELD-TO-MATURITY**(a) Short-term**

Short-term investments held-to-maturity are term deposits at commercial banks with original maturities of more than 3 months but less than 1 year and earn interest at the interest rate of 6.8% - 8.5% per annum (2019: 7.4% - 8.5% per annum).

(b) Long-term

Long-term investments held-to-maturity as at 31 December 2019 are commercial bank deposits with the remaining maturity of more than 12 months from the reporting date and earn interest at the rate of 7.4% per annum. For the 6-month period ended 30 June 2020, there were no long-term investments held-to-maturity.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2020 VND	31.12.2019 VND
Third parties	540,557,798,386	606,130,783,060
Related parties (Note 33 (b))	6,996,220,117	7,218,688,642
	<u>547,554,018,503</u>	<u>613,349,471,702</u>

As at 30 June 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due amounting to VND23,834,560,530 and VND21,425,821,370 respectively as presented in Note 8.

6 SHORT-TERM PREPAYMENT TO SUPPLIERS

	30.6.2020 VND	31.12.2019 VND
Third parties	<u>29,949,865,032</u>	<u>35,152,427,479</u>

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2020 VND	31.12.2019 VND
Interest income	68,916,259,811	31,552,585,571
Deposits	4,452,098,526	10,970,440,563
Advances to employees	1,886,498,273	1,156,576,615
Others	207,151,114	3,451,033,685
	<u>75,462,007,724</u>	<u>47,130,636,434</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN/HN

8 DOUBTFUL DEBTS

	30.6.2020			
	Cost VND	Recoverable amount VND	Provision VND	Number of overdue days
Receivables that were past due				
An Gia Hung Investment Construction Joint Stock Company	6,074,145,698	3,141,396,273	2,932,749,425	Over 1 years
Sai Gon Shipyard Company Limited	2,144,622,095	5,874,660	2,138,747,435	Over 3 years
Hung Long Phat Investment and Construction Joint Stock Company	2,129,404,220	1,064,702,110	1,064,702,110	Over 1 years
Others	13,486,388,517	6,416,691,237	7,069,697,280	Over 6 months
	<u>23,834,560,530</u>	<u>10,628,664,280</u>	<u>13,205,896,250</u>	

	31.12.2019			
	Cost VND	Recoverable amount VND	Provision VND	Number of osverdue days
Receivables that were past due				
An Gia Hung Investment Construction Joint Stock Company	7,200,866,896	5,534,867,991	1,665,998,905	Over 6 months
Hickory Group Pty Ltd. China Construction Corporation Ltd.	2,639,637,591	791,891,277	1,847,746,314	Over 2 years
Sai Gon Shipyard Company Limited	2,251,016,309	1,125,508,154	1,125,508,155	Over 1 year
Hung Long Phat Investment And Construction Joint Stock Company	2,144,622,095	5,874,660	2,138,747,435	Over 3 years
Others	2,129,404,220	1,064,702,110	1,064,702,110	Over 1 year
	5,060,274,259	2,164,504,220	2,895,770,039	Over 6 months
	<u>21,425,821,370</u>	<u>10,687,348,412</u>	<u>10,738,472,958</u>	

9 INVENTORIES

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	574,852,168,779	(3,962,686,454)	564,291,742,718	(4,315,851,625)
Work in progress	240,026,133,589	(9,548,727,482)	325,733,406,850	(6,469,857,987)
Finished goods	254,635,293,804	(3,209,160,343)	202,806,315,414	(2,364,132,196)
Merchandise	184,851,949,670	(1,318,504,234)	190,359,747,780	(851,420,434)
Goods in transit	31,315,276,973	-	50,762,029,157	-
	<u>1,285,680,822,815</u>	<u>(18,039,078,513)</u>	<u>1,333,953,241,919</u>	<u>(14,001,262,242)</u>

9 INVENTORIES (continued)

Movements in the provision for decline in value of inventories during the period/year were as follows:

	For six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	14,001,262,242	1,854,615,268
Increase	4,037,816,271	12,146,646,974
End of period/year	<u>18,039,078,513</u>	<u>14,001,262,242</u>

10 PREPAID EXPENSES**(a) Short-term**

	30.6.2020 VND	31.12.2019 VND
Tools and supplies	11,133,612,834	13,863,055,246
Showroom and samples	2,303,970,585	4,443,765,734
Rental	1,523,729,104	1,127,940,300
Insurance	1,046,333,092	2,086,218,540
Advertising	831,350,515	864,067,697
Others	2,979,506,270	4,595,528,003
	<u>19,818,502,400</u>	<u>26,980,575,520</u>

(b) Long-term

	30.6.2020 VND	31.12.2019 VND
Land rental	173,703,239,905	176,064,637,171
Office and factory renovation	22,571,443,604	29,472,821,234
Tools and supplies	28,329,535,142	35,825,376,513
Rental	2,117,208,224	2,140,263,123
Others	6,638,476,071	9,904,855,204
	<u>233,359,902,946</u>	<u>253,407,953,245</u>

As at 30 June 2020, land use right No.681 and No.441 with the carrying amount of VND55.5 billion (as at 31 December 2019: VND56.3 billion) has been pledged for borrowing with bank (Note 18).

10 PREPAID EXPENSES (continued)

(b) Long-term (continued)

Movement of long-term prepayment during the period/year is as follows:

	For six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	253,407,953,245	235,291,687,635
Increase	8,389,937,096	90,309,006,250
Allocation during the period/year	(28,437,987,395)	(72,192,740,640)
End of period/year	<u>233,359,902,946</u>	<u>253,407,953,245</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN/HN

11	FIXED ASSETS	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 January 2020	338,141,019,857	505,504,986,532	109,249,547,988	13,797,407,723	25,471,161,212	992,164,123,312
	New purchases	1,769,432,000	4,271,174,185	-	-	-	6,040,606,185
	As at 30 June 2020	339,910,451,857	509,776,160,717	109,249,547,988	13,797,407,723	25,471,161,212	998,204,729,497
	Accumulated depreciation						
	As at 1 January 2020	77,669,201,779	140,499,113,601	40,811,953,109	6,506,673,082	18,748,412,171	284,235,353,742
	Charge for the period	16,548,593,801	29,672,715,745	6,755,275,248	1,458,667,528	1,008,039,406	55,443,291,728
	As at 30 June 2020	94,217,795,580	170,171,829,346	47,567,228,357	7,965,340,610	19,756,451,577	339,678,645,470
	Net book value						
	As at 1 January 2020	260,471,818,078	365,005,872,931	68,437,594,879	7,290,734,641	6,722,749,041	707,928,769,570
	As at 30 June 2020	245,692,656,277	339,604,331,371	61,682,319,631	5,832,067,113	5,714,709,635	658,526,084,027

Historical cost of tangible fixed assets fully depreciated but still in use as at 30 June 2020 was VND23.1 billion (as at 31 December 2019: VND17.6 billion).

As at 30 June 2020 tangible fixed assets with a carrying value of VND266 billion (as at 31 December 2019: VND268 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).

11 FIXED ASSETS (continued)**(b) Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2020	8,090,909,091	19,979,674,850	28,070,583,941
New purchases	-	2,864,383,405	2,864,383,405
As at 30 June 2020	<u>8,090,909,091</u>	<u>22,844,058,255</u>	<u>30,934,967,346</u>
Accumulated amortisation			
As at 1 January 2020	1,178,001,631	6,897,415,519	8,075,417,150
Charge for the period	110,902,259	1,631,171,853	1,742,074,112
As at 30 June 2020	<u>1,288,903,890</u>	<u>8,528,587,372</u>	<u>9,817,491,262</u>
Net book value			
As at 1 January 2020	<u>6,912,907,460</u>	<u>13,082,259,331</u>	<u>19,995,166,791</u>
As at 30 June 2020	<u><u>6,802,005,201</u></u>	<u><u>14,315,470,883</u></u>	<u><u>21,117,476,084</u></u>

Historical cost of intangible fixed assets fully amortised but still in use as at 30 June 2020 was VND299 million (as at 31 December 2019: VND299 million).

As at 30 June 2020 intangible fixed assets with a carrying value of VND7 billion (as at 31 December 2019: VND7 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).

12 CONSTRUCTION IN PROGRESS

	30.6.2020 VND	31.12.2019 VND
Office renovation	289,317,394	828,306,006
Machinery and equipment	422,500,000	456,498,830
	<u>711,817,394</u>	<u>1,284,804,836</u>

12 CONSTRUCTION IN PROGRESS (continued)

Movements of the construction in progress during the period/year were as follows:

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	1,284,804,836	23,117,271,830
Purchase during the period/year	-	15,140,737,651
Transferred to tangible fixed assets	-	(31,893,493,477)
Transferred to prepaid expenses	(572,987,442)	(5,047,711,168)
Others	-	(32,000,000)
End of period/year	<u>711,817,394</u>	<u>1,284,804,836</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2020 VND	31.12.2019 VND
Third parties		
Vina Eco Board Limited	34,434,935,505	32,944,922,661
Others	153,282,880,912	221,310,023,159
	<u>187,717,816,417</u>	<u>254,254,945,820</u>

As at 30 June 2020 and 31 December 2019, there was no balance of short-term trade accounts payable that was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2020 VND	31.12.2019 VND
Third parties	<u>153,048,614,023</u>	<u>173,032,530,318</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN/HN

15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other receivables from/payables to the State Budget during the period were as follows:

	As at 1.1.2020 VND	Receivable/payable during the period VND	Received/paid during the period VND	As at 30.6.2020 VND
a) Receivables				
Import tax to be reclaimed	6,140,791,710	1,359,976,630	(5,602,185,869)	1,898,582,471
Personal income tax	-	7,024,445	-	7,024,445
Others	5,355,496	-	(2,677,748)	2,677,748
	<u>6,146,147,206</u>	<u>1,367,001,075</u>	<u>(5,604,863,617)</u>	<u>1,908,284,664</u>
b) Payables				
VAT	20,206,436,326	74,558,288,769	(80,578,712,190)	14,186,012,905
BIT	13,233,901,707	22,767,937,005	(13,267,554,653)	22,734,284,059
Personal income tax	8,973,747,937	5,695,572,610	(13,770,108,860)	899,211,687
Import tax	13,998,252	15,500,814,820	(15,502,195,848)	12,617,224
Others	-	388,743,019	(388,743,019)	-
	<u>42,428,084,222</u>	<u>118,911,356,223</u>	<u>(123,507,314,570)</u>	<u>37,832,125,875</u>

16 PAYABLES TO EMPLOYEES

Payables to employees as at 30 June 2020 represent salary of June and accrue salary 13th month payable to employees.

17 SHORT-TERM ACCRUED EXPENSES

	30.6.2020 VND	31.12.2019 VND
Staff costs	32,983,872,751	27,068,505,446
Advertising	776,686,485	432,689,000
Others	8,475,618,876	5,477,017,868
	<u>42,236,178,112</u>	<u>32,978,212,314</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN/HN

18 SHORT-TERM BORROWINGS

	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 30.6.2020 VND
Bank loans (*)	221,431,332,215	561,955,682,944	(447,671,642,977)	(329,336,222)	335,386,035,960

(*) Details of short-term bank loans as follows:

	Currency	As at 30.6.2020 VND	Term Months	Expiry date	Interest (%/annum)	Collateral
Vietnam Bank for Agriculture and Rural Development	VND	64,637,007,576	3 - 6	15.12.2020	5.5	Land use right and assets belonged to land plot No.681 (6 plants), machineries and equipment.
Vietnam Maritime Commercial Joint Stock Bank	VND	21,505,197,616	6	25.9.2020	5.6	Land use right and assets belonged to land plot No.750, machineries and equipment.
Vietnam Joint Stock Commercial Bank for Industry and Trade	VND	66,691,103,383	3	27.7.2020	5.5	Subrogation of the Company; land use rights and assets belonged to land plot no. 441, machineries with the value of VND14.4 billion.
	USD	91,445,011,192	3 - 6	13.10.2020	3.1 - 4	
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	32,052,843,989	4	30.10.2020	5.4	Bank deposit Contract No.926/2019/01/002 with the value of VND122 billion, Contract No.926/2019/02/002 with the value of VND40 billion at Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch No.8
	USD	59,054,872,204	4	26.10.2020	3.1	

335,386,035,960

19 BONUS AND WELLFARE FUND

	For six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	994,387,806	8,653,100,000
Increase (Note 23)	24,319,110,144	25,259,486,806
Decrease	(848,200,000)	(32,918,199,000)
End of period/year	<u>24,465,297,950</u>	<u>994,387,806</u>

20 PROVISION FOR LONG-TERM LIABILITIES

The balances represent provision for severance allowances which are determined based on the method disclosed in Note 2.17.

21 DEFERRED TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts were as follows:

	30.6.2020 VND	31.12.2019 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	469,388,000	469,388,000
Deferred tax assets to be recovered within 12 months	6,907,828,416	6,155,669,467
	<u>7,377,216,416</u>	<u>6,625,057,467</u>

The movement in the deferred income tax assets, taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	6,625,057,467	290,272,008
Income statement credit (Note 31)	752,158,949	6,334,785,459
End of period/year	<u>7,377,216,416</u>	<u>6,625,057,467</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN/HN

21 DEFERRED TAX ASSETS (continued)

Details of deferred tax assets:

	30.6.2020	31.12.2019
	VND	VND
Deductible temporary differences	7,377,216,416	6,625,057,467

The Company uses tax rate of 20% for determining deferred tax assets. Deferred tax assets mainly arise from deductible temporary differences relating to accrued expenses, and provisions.

22 OWNERS' CAPITAL

(a) Number of shares

	30.6.2020	31.12.2019
Number of shares registered	87,656,844	85,938,083
Number of shares issued	87,656,844	85,938,083
Number of shares repurchased	(1,600)	(1,600)
Number of existing shares in circulation	87,655,244	85,936,483

(b) Details of owners' shareholding

	30.6.2020		31.12.2019	
	Ordinary shares	%	Ordinary shares	%
NC Viet Nam Investment Ltd.	43,861,200	50.04	43,861,200	51.04
Whitlam Holding Pte. Ltd.	15,834,000	18.06	15,834,000	18.42
Sumimoto Forestry (Singapore) Ltd.	17,187,922	19.61	17,187,922	20.00
Others	10,773,722	12.29	9,054,961	10.54
	<u>87,656,844</u>	<u>100.00</u>	<u>85,938,083</u>	<u>100.00</u>

22 OWNERS' CAPITAL (continued)

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Total VND
As at 1 January 2019	80,316,069	803,160,690,000	803,160,690,000
New shares issued	5,622,014	56,220,140,000	56,220,140,000
As at 31 December 2019	85,938,083	859,380,830,000	859,380,830,000
New shares issued	1,718,761	17,187,610,000	17,187,610,000
As at 30 June 2020	87,656,844	876,568,440,000	876,568,440,000

Par value per share: VND10,000.

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN/HN

22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Development and investment fund VND	Undistributed earnings VND	Total VND
As at 1 January 2019	803,160,690,000	826,008,726,600	(16,000,000)	7,673,760,702	913,071,925,225	2,549,899,102,527
Capital increased during the year	56,220,140,000	582,463,138,456	-	-	-	638,683,278,456
Dividends paid	-	-	-	-	(274,996,745,600)	(274,996,745,600)
Net profit for the year	-	-	-	-	486,382,202,889	486,382,202,889
Appropriation to the investment and development fund	-	-	-	15,155,692,083	(15,155,692,083)	-
Appropriation to the bonus and welfare fund	-	-	-	-	(25,259,486,806)	(25,259,486,806)
Other	-	-	-	-	(4,000,000,000)	(4,000,000,000)
As at 31 December 2019	859,380,830,000	1,408,471,865,056	(16,000,000)	22,829,452,785	1,080,042,203,625	3,370,708,351,466
Capital increased during the period (i)	17,187,610,000	-	-	-	-	17,187,610,000
Net profit for the period	-	-	-	-	165,950,533,243	165,950,533,243
Appropriation to the investment and development fund (ii)	-	-	-	14,591,466,086	(14,591,466,086)	-
Appropriation to the bonus and welfare fund (ii)	-	-	-	-	(24,319,110,144)	(24,319,110,144)
As at 30 June 2020	876,568,440,000	1,408,471,865,056	(16,000,000)	37,420,918,871	1,207,082,160,638	3,529,527,384,565

22 MOVEMENTS IN OWNERS' EQUITY (continued)

- (i) Pursuant to the Resolution of the General Meeting of Shareholders No.118/2019/NQ-GAC on 10 May 2019, the Company issued 1,718,761 ordinary shares under the Company's Employee Selection Program ("ESOP"), in March 2020, to increase the Company's charter capital to VND 876,568,440,000. The issuance of this common stock has been approved by the State Securities Commission in accordance with Official Letter No.1397/UBCK-QLCB dated March 6, 2020. New charter capital has been updated in the latest 26th Enterprise Registration Certificate on 25 March 2020.
- (ii) Pursuant to the Resolution of the Annual General Meeting of Shareholders No. 04/2020/NQ-GAC dated 3 June 2020, the General Meeting of Shareholders approved the appropriation of development investment fund at the rate of 3 % and appropriation of bonus and welfare fund at the rate of 5% on undistributed after-tax profit as at 31 December 2019 in accordance with the audited consolidated financial statements of the Group.
- (iii) According to Resolution of the Annual General Meetings of Shareholders No.04/2020/NQ-GAC dated 3 June 2020, the Shareholders approved to pay the second dividend of 2019 by cash at the rate of 18% at par value of shares. The expected time implementing the Resolution of the Annual General Meetings is in quarter 3 or quarter 4 of 2020.

24 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to Shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares. The details were as follows:

	For the six-month period ended	
	30.6.2020	30.6.2019
Net profit attributable to shareholders (VND)	165,950,533,243	215,480,488,991
Less amount allocated to bonus and welfare funds (VND) (*)	-	-
	<u>165,950,533,243</u>	<u>215,480,488,991</u>
Weighted average number of ordinary shares in issue (shares)	87,098,063	85,532,692
Basic earnings per share (VND)	<u>1,905</u>	<u>2,519</u>

(*) For the six-month period ended as at 30 June 2020 and 30 June 2019, the Group had no plan to appropriate bonus and welfare funds.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare funds, by the weighted average number of ordinary shares outstanding during the period and the ordinary shares expected to be issued.

The Group has no any ordinary shares that have a dilutive effect during the period and until the date of these interim financial statements. Therefore, the diluted earnings per share shall be equal to the basic earnings per share.

25 OFF BALANCE SHEET ITEMS**(a) Foreign currencies**

As at 30 June 2020, included in cash are balances held in foreign currencies of US\$261,762 and EUR500 (as at 31 December 2019: US\$229,590 and EUR123,650).

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating assets leases are presented in Note 34.

26 NET REVENUE OF SALES OF GOODS AND RENDERING SERVICES

	<u>For the six-month period ended</u>	
	<u>30.6.2020</u> VND	<u>30.6.2019</u> VND
Revenue		
Revenue from sales of goods	1,613,004,545,503	1,923,930,431,304
Revenue from rendering of services	18,469,361,332	2,390,262,000
	<u>1,631,473,906,835</u>	<u>1,926,320,693,304</u>
Sales deductions		
Sales allowances	(23,679,100)	(182,873,543)
Sales returns	(11,588,382,287)	(6,875,163,403)
Trade discounts	(4,497,159,130)	(2,438,548,566)
	<u>(16,109,220,517)</u>	<u>(9,496,585,512)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	1,596,895,324,986	1,914,433,845,792
Net revenue from rendering of services	18,469,361,332	2,390,262,000
	<u>1,615,364,686,318</u>	<u>1,916,824,107,792</u>

27 COST OF GOODS SOLD AND SERVICES RENDERED

	<u>For the six-month period ended</u>	
	<u>30.6.2020</u> VND	<u>30.6.2019</u> VND
Cost of finished goods sold	1,194,385,640,104	1,405,875,053,152
Cost of services rendered	14,590,130,050	1,511,080,072
Provision/(reversal of provision) for decline in value of inventories	4,037,816,271	(316,438,763)
	<u>1,213,013,586,425</u>	<u>1,407,069,694,461</u>

28 FINANCIAL INCOME

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Interest income from bank deposits	42,932,999,232	33,683,668,500
Realised foreign exchange gains	7,461,683,508	3,497,167,133
Net gain from foreign currency translation at year-end	592,955,085	-
	<u>50,987,637,825</u>	<u>37,180,835,633</u>

29 SELLING EXPENSES

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Staff costs	81,689,958,901	89,557,123,860
Marketing and advertising	30,554,191,042	34,607,703,975
Transportation	23,352,653,479	33,285,774,666
Rental	13,812,608,752	12,075,535,433
Repair and maintenances	10,039,973,052	8,749,971,492
Depreciation and amortisation	7,630,304,816	7,356,990,318
Tools and supplies	6,416,566,110	5,626,603,021
Others	28,898,270,551	33,553,923,949
	<u>202,394,526,703</u>	<u>224,813,626,714</u>

30 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Staff costs	30,438,842,659	32,136,605,917
Depreciation and amortisation	2,926,874,764	2,774,476,854
Provision for doubtful debts	2,467,423,292	723,368,905
Tools and supplies	1,137,715,756	2,054,638,014
Professional fees	953,421,596	930,335,578
Others	18,846,217,887	22,480,089,742
	<u>56,770,495,954</u>	<u>61,099,515,010</u>

31 BIT

The tax on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Net accounting profit before tax	187,966,311,299	255,450,145,720
Tax calculated at a rate of 20%	37,593,262,260	51,090,029,144
Effect of:	-	-
Expenses not deductible for tax purposes	6,058,850,837	7,329,445,330
Utilisation of previously unrecognised tax losses	-	(60,392,303)
Income not subject to tax	(21,636,335,041)	(18,489,670,391)
Under-provision in previous years	-	100,244,949
BIT (*)	22,015,778,056	39,969,656,729
Charged/(credited) to consolidated interim income statement:		
BIT – current	22,767,937,005	40,827,083,063
BIT – deferred	(752,158,949)	(857,426,334)
	22,015,778,056	39,969,656,729

(*) The business income tax charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

32 COST OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the year excluding cost of merchandises for trading activities. The details are as follows:

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Raw materials	773,753,206,320	824,475,036,618
Staff costs	272,003,074,242	348,524,921,058
Depreciation and amortisation	57,185,365,840	52,585,169,462
Outside services	131,074,931,499	132,651,950,437
Tools and supplies	43,459,732,691	57,511,577,806
Transportation	23,352,653,479	35,539,416,929
Others	74,520,335,082	94,222,413,335
	1,375,349,299,153	1,545,510,485,645

33 RELATED PARTY DISCLOSURES

As at 30 June 2020 and during the six month period then ended, the Group had balances and/or transactions with the related parties:

Entity name	Relationship
NC Vietnam Investment Limited	Controlling shareholder
Whitlam Holding Pte. Ltd.	Significant influence shareholder
Sumitomo Forestry (Singapore) Ltd	Significant influence shareholder
Trung Hieu Plywood Company Limited	Controlled by Chairman's family member

(a) Related party transactions

During the period, the following major transactions were carried out with related parties:

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
<i>i) Sales of goods and services</i>		
Trung Hieu Plywood Company Limited	25,925,101,967	39,603,600,247
<i>ii) Compensation of key management</i>		
Gross salaries and other benefits	15,262,887,152	16,789,314,738

(b) Period/year end balances with related parties

	30.6.2020	31.12.2019
	VND	VND
Short-term trade accounts receivable (Note 5)		
Trung Hieu Plywood Company Limited	6,996,220,117	7,218,688,642

34 OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases were as follows:

	30.6.2020 VND	31.12.2019 VND
Within one year	36,210,000,507	33,220,460,141
Between one and five years	65,750,230,117	72,609,968,641
Over five years	30,123,482,399	30,317,377,874
Total minimum payments	<u>132,083,713,023</u>	<u>136,147,806,656</u>

35 SEGMENT REPORTING*Geographical segments*

The Group has performed all manufacturing and trading and services in Vietnam only. Therefore, the Group does not present the Geography segments.

Business activity segments

Manufacturing and trading wooden household, industrial wooden items, artificial boards, interior decoration, kitchen equipment, and other wooden related products is the main activities to earn revenue and gain profit for the Group, whereas, other incomes account for a small proportion in total revenue of the Group, therefore, the Board of Management of the Group assumed that the Company is in one business activity segment, only.

The consolidated interim financial statements were approved by the Board of Management on 12 August 2020.

Nguyen Tan Trong
Preparer

Thieu Thi Ngoc Diem
Chief Accountant

Le Duc Nghia
General Director