

AN CUONG WOOD - WORKING JOINT STOCK COMPANY

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

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

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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
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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, Viet Nam

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 SEPARATE INTERIM FINANCIAL STATEMENTS

The Board of Management of An Cuong Wood - Working Joint Stock Company ("the Company") is responsible for preparing the separate interim financial statements which gives a true and fair view of the separate financial position of the Company as at 30 June 2020 and the separate results of its operations and separate cash flows for the six-month period then ended. In preparing these separate 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 separate interim financial statement on a going concern basis unless it is inappropriate to presume that the Company 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 Company and which enable separate interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate interim financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE SEPARATE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying separate interim financial statements as set out on pages 5 to 42 which gives a true and fair view of the financial position of the Company as at 30 June 2020 and of the results of its separate operations and 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 separate interim financial statements.

Users of these separate interim financial statements of the Company should read them together with the consolidated interim financial statements of the Company and its subsidiaries (together, "the Group") for the six-month period ended 30 June 2020 in order to obtain full information of the consolidated financial position and results of operations and cash flows of the Group.

Le Duc Nghia
General Director

Binh Duong, SR Vietnam
12 August 2020



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

We have reviewed the accompanying separate interim financial statements of An Cuong Wood - Working Joint Stock Company ("the Company") which were prepared on 30 June 2020 and approved by the Board of Management on 12 August 2020. The separate interim financial statements comprise the separate interim balance sheet as at 30 June 2019, the separate interim income statement, the separate interim cash flow statement for the six-month period then ended, and separate explanatory notes to the separate interim financial statements including significant accounting policies, as set out on pages 5 to 42.

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

Auditor's Responsibility

Our responsibility is to express a conclusion on this separate 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 separate 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 separate interim financial information does not presented fairly, in all material respects, the separate financial position of the Company as at 30 June 2020, its separate financial performance and separate 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 separate interim financial statements.



Other Matter

The report on review of separate interim 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: HCMC9760
Ho Chi Minh City, 12 August 2020

SEPARATE INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2020 VND	31.12.2019 VND
100	CURRENT ASSETS		2,307,733,012,423	2,227,069,004,725
110	Cash	3	17,314,834,308	21,222,758,654
111	Cash		17,314,834,308	21,222,758,654
120	Short-term investment		1,213,245,044,955	961,245,044,955
123	Investments held to maturity	4(a)	1,213,245,044,955	961,245,044,955
130	Short-term receivables		381,862,977,241	472,362,772,345
131	Short-term trade accounts receivable	5	304,063,440,319	416,005,264,809
132	Short-term prepayments to suppliers	6	14,225,334,013	21,280,084,617
136	Other short-term receivables	7	73,768,090,834	44,517,909,138
137	Provision for doubtful debts – short term	8	(11,097,302,978)	(9,577,841,659)
139	Shortage of assets awaiting resolution		903,415,053	137,355,440
140	Inventories	9	681,537,424,209	751,609,492,185
141	Inventories		694,608,938,408	761,937,720,020
149	Provision for decline in value of inventories		(13,071,514,199)	(10,328,227,835)
150	Other current assets		13,772,731,710	20,628,936,586
151	Short-term prepaid expenses	10(a)	11,498,089,820	16,597,832,989
152	Value Added Tax ("VAT") to be reclaimed		888,716,434	812,232,597
153	Tax and other receivables from the State	15(a)	1,385,925,456	3,218,871,000
200	NON-CURRENT ASSETS		1,313,938,167,090	1,427,745,099,329
210	Long-term receivable		5,071,123,600	-
216	Other long-term receivables		5,071,123,600	-
220	Fixed assets		276,266,440,248	298,105,336,569
221	Tangible fixed assets	11(a)	255,148,964,164	278,110,169,778
222	Historical cost		464,307,178,176	465,431,074,245
223	Accumulated depreciation		(209,158,214,012)	(187,320,904,467)
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	1,163,306,006
242	Construction in progress	12	711,817,394	1,163,306,006
250	Long-term investments		916,600,000,000	999,600,000,000
251	Investments in subsidiaries	4(b)	916,600,000,000	916,600,000,000
255	Investments held to maturity	4(a)	-	83,000,000,000
260	Other long-term assets		115,288,785,848	128,876,456,754
261	Long-term prepaid expenses	10(b)	111,058,576,195	125,206,972,761
262	Deferred income tax assets	21	4,230,209,653	3,669,483,993
270	TOTAL ASSETS		3,621,671,179,513	3,654,814,104,054

The notes on pages 9 to 42 are an integral part of these separate interim financial statements.

SEPARATE INTERIM BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2020 VND	31.12.2019 VND
300	LIABILITIES		551,899,527,816	638,140,396,305
310	Current liabilities		549,552,587,816	635,793,456,305
311	Short-term trade accounts payable	13	123,621,478,823	230,834,095,935
312	Short-term advances from customers	14	77,636,975,357	89,291,098,394
313	Tax and other payables to the State	15(b)	31,466,960,046	29,591,515,119
314	Payable to employees	16	10,900,705,334	60,541,268,211
315	Short-term accrued expenses	17	25,834,064,447	20,385,583,664
319	Other short-term payables		3,280,325,854	408,227,746
320	Short-term borrowings	18	252,400,088,543	203,824,187,968
322	Bonus and welfare funds	19	24,411,989,412	917,479,268
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		3,069,771,651,697	3,016,673,707,749
410	Capital and reserves		3,069,771,651,697	3,016,673,707,749
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	747,326,427,770	726,007,559,908
421a	- Undistributed post-tax profits of previous years		687,096,983,678	677,835,981,193
421b	- Post-tax profits of current period/year		60,229,444,092	48,171,578,715
440	TOTAL RESOURCES		3,621,671,179,513	3,654,814,104,054

Nguyen Thi Hong Lan
Preparer

Thieu Thi Ngoc Diem
Chief Accountant

Le Duc Nghia
General Director
12 August 2020

The notes on pages 9 to 42 are an integral part of these separate interim financial statements.

SEPARATE 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	1,030,448,526,943	1,735,252,134,465
02	Less deductions	(2,307,653,233)	(3,245,102,506)
10	Net revenue from sales of goods and rendering of services	1,028,140,873,710	1,732,007,031,959
11	Cost of goods sold and services rendered	(839,594,677,102)	(1,419,343,173,931)
20	Gross profit from sales of goods and rendering of services	188,546,196,608	312,663,858,028
21	Financial income	57,303,434,880	73,607,917,024
22	Financial expenses	(8,499,303,027)	(9,555,404,727)
23	- Including: Interest expense	(5,628,113,785)	(8,511,229,630)
25	Selling expenses	(130,899,695,176)	(169,414,495,259)
26	General and administration expenses	(32,061,739,140)	(39,397,631,377)
30	Net operating profit	74,388,894,145	167,904,243,689
31	Other income	5,869,066,534	5,231,403,093
32	Other expenses	(2,501,214,633)	(404,923,172)
40	Net other income	3,367,851,901	4,826,479,921
50	Net accounting profit before tax	77,756,746,046	172,730,723,610
51	Business income tax ("BIT") - current	(18,088,027,614)	(34,322,747,520)
52	BIT - deferred	560,725,660	-
60	Net profit after tax	60,229,444,092	138,407,976,090



Nguyen Thi Hong Lan
Preparer

Thieu Thi Ngoc Diem
Chief Accountant

Le Duc Nghia
General Director
12 August 2020

The notes on pages 9 to 42 are an integral part of these separate interim financial statements.

SEPARATE 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		77,756,746,046	172,730,723,610
	Adjustments for:		
02	Depreciation and amortisation	26,258,267,802	26,325,344,129
03	Provisions	4,262,747,683	406,930,142
04	Unrealised foreign exchange (gains)/losses	(423,909,808)	279,868,643
05	Profits from investing activities	(52,090,157,026)	(70,012,832,360)
06	Interest expense	5,628,113,785	8,511,229,630
08	Operating profit before changes in working capital	61,391,808,482	138,241,263,794
09	Decrease in receivables	122,640,715,850	121,264,185,173
10	Decrease in inventories	67,328,781,612	185,813,842,706
11	Decrease in payables	(171,139,141,153)	(123,669,335,786)
12	Decrease/(increase) in prepaid expenses	19,699,628,347	(1,994,599,183)
14	Interest paid	(5,628,113,785)	(8,511,229,630)
15	BIT paid	(5,211,840,318)	(34,336,415,246)
17	Other payments on operating activities	(824,600,000)	(2,896,700,000)
20	Net cash inflows from operating activities	88,257,239,035	273,911,011,828
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(5,415,975,311)	(17,603,178,694)
22	Proceeds from disposals of fixed assets	1,095,000,000	272,727,273
23	Lending and investments held to maturity	(179,000,000,000)	(1,121,500,000,000)
24	Collection of lending and investments held to maturity	10,000,000,000	628,500,000,000
25	Investments in other entities	-	(236,000,000,000)
27	Interest received from lendings, bank deposits and dividends	15,134,226,427	54,543,856,828
30	Net cash outflows from investing activities	(158,186,748,884)	(691,786,594,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	17,187,610,000	638,683,278,456
33	Proceeds from borrowings	418,561,838,687	295,967,253,843
34	Repayments of borrowings	(369,705,388,638)	(391,676,690,083)
36	Dividends paid	-	(120,311,076,200)
40	Net cash inflows from financing activities	66,044,060,049	422,662,766,016
50	Net (decrease)/increase in cash in period	(3,885,449,800)	4,787,183,251
60	Cash at beginning of period	21,222,758,654	11,916,458,195
61	Effect of foreign exchange differences	(22,474,546)	(3,205,391)
70	Cash at end of period	17,314,834,308	16,700,436,055

Nguyen Thi Hong Lan
Preparer

Thieu Thi Ngoc Diem
Chief Accountant

Le Duc Nghia
General Director
12 August 2020

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

1 GENERAL INFORMATION

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 which was issued by the Department of Planning and Development of Binh Duong. The latest amendment 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 is within 12 months.

As at 30 June 2020, the Company had two direct subsidiaries as disclosed in Note 4(b) and one indirect subsidiary. Details are 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 Manufacturing Limited Company	Binh Duong Province	Manufacture and trade wooden products	100	100	100	100
AConcept Vietnam Limited Company (*)	Ho Chi Minh City	Wholesale and retail of interiors and interior decoration	100	100	100	100

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

As at 30 June 2020, the Company had 1,926 employees (as at 31 December 2019: 2,297 employees).

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

The separate 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 separate financial statements. The separate interim financial statements have been prepared under the historical cost convention.

The accompanying separate interim financial statements are not intended to present the financial position and results of separate operations and separate 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.

Separately, the Company has also prepared consolidated interim financial statements of the Company and its subsidiaries (together, "the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements. In the consolidated interim financial statements, subsidiary undertakings, which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate interim financial statements of the Company should read them together with the consolidated interim financial statements of the Company and its subsidiaries (together, "the Group") for the six-month period ended 30 June 2020 in order to obtain full information of the consolidated financial position and results of operations and cash flows of the Group.

The separate interim financial statements in Vietnamese language are the official statutory separate interim financial statements of the Company. The separate interim financial statements in English language have been translated from the Vietnamese language separate interim financial statements.

2.2 Fiscal year

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

2.3 Currency

The separate interim financial statements are measured and presented in Vietnamese Dong ("VND"). The Company 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.

In addition, the Company also uses this currency to raise financial resources (such as via issuance of shares or bonds) and/or regularly collects this currency from business operation and savings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Exchange rate

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 separate interim income statement.

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

2.5 Cash

Cash comprise cash on hand and cash at bank.

2.6 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 expected loss that may arise. Bad debts are written off when identified.

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

2.7 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 Company 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments****(a) Investments held-to-maturity**

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

Investments held-to-maturity include term deposits. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investment 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.

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company 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 Company controls another entity.

Investments in subsidiaries are initially recorded at costs of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

2.9 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	7% - 50%
Office equipment	13% - 33%
Others	7% - 50%
Land use rights	3%
Software	20% - 50%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Fixed assets (continued)***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 separate interim income statement.

Construction in progress

Construction in progress represents the cost of assets 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 Company's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.10 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 separate interim income statement on a straight-line basis over the period of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the separate 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 on the straight line basis over estimated useful lives. Land rentals expense is allocated over the lease term which is recognised in the lease contract.

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 the Ministry of Finance and allocated using the straight-line method from 40 to 50 years in accordance with such land use right certificates.

2.12 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 payables not relating to purchases of goods and services.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Borrowings

Short-term borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term borrowings on the separate interim balance sheet based on their remaining terms from the separate 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 Company 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 Company'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 separate interim income statement when incurred.

2.14 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.

2.15 Provisions

Provisions are recognised when the Company 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 accounting fiscal period are recorded as an increase or decrease in operating expenses.

2.16 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company 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 Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provision for severance allowances (continued)**

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

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

2.17 Owners' capital

Owners' capital is recorded according to the actual amounts 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 Company's results profit after BIT at the reporting date.

2.18 Appropriation of net 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 separate 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 Company's funds are as below:

(a) Bonus and welfare fund

The bonus and welfare fund is appropriated from the Company's profit after BIT 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's benefits.

(b) Investment and development fund

The investment and development fund is appropriated from profit after BIT of the Company and approved by Shareholders in the General Meeting. This fund is set aside for the use in the Company's expansion of its operation or in-depth investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition****(a) Revenue from sales of goods**

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

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company 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 Company; 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. If/In cases where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the separate interim income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the separate 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 the rendering of services is only recognised when the 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 Company;
- The percentage of completion of the transaction at the separate 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.

(d) Dividend income

Income from dividend is recognised when the Company has established the receiving right from investees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Sales deductions**

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

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

2.21 Cost of goods sold and services rendered

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

2.22 Financial expenses

Financial expenses are expenses incurred in the period for financial activities including expenses of borrowing; losses incurred on selling foreign currencies and losses from foreign exchange differences.

2.23 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.

2.24 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff; 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.

2.25 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Current and deferred income tax (continued)**

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 separate 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 separate 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.

2.26 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including the Board of Management of the Company 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 Company considers the substance of the relationship not merely the legal form.

2.27 Segment reporting

A segment is a component which can be separated by the Company 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 Company's business segment or the Company's geographical segment.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Accounting estimates**

The preparation of separate interim financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate interim financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate interim financial statements and the reported amounts of revenues and expenses during the financial period.

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
- Estimation of 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 Company and that are believed to be reasonable under the circumstances.

3 CASH

	30.6.2020	31.12.2019
	VND	VND
Cash on hand	271,393,812	334,707,689
Cash at bank	17,043,440,496	20,888,050,965
	<u>17,314,834,308</u>	<u>21,222,758,654</u>

4 INVESTMENTS**(a) Investments held-to-maturity****(i) Short-term**

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

(ii) 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.

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4 INVESTMENTS (continued)

(b) Investments in subsidiaries

	30.6.2020			31.12.2019		
	Cost VND	Fair value (*) VND	Provision VND	Cost VND	Fair value (*) VND	Provision VND
Malloca Vietnam Company Limited	120,000,000,000	-	-	120,000,000,000	-	-
An Cuong Wood - Working Manufacturing Company Limited	796,600,000,000	-	-	796,600,000,000	-	-
	<u>916,600,000,000</u>	<u>-</u>	<u>-</u>	<u>916,600,000,000</u>	<u>-</u>	<u>-</u>

(*) As at 30 June 2020 and 31 December 2019, the Company did not have any information about the fair value of these investments since these subsidiaries' shares are not publicly listed.

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5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2020 VND	31.12.2019 VND
Third parties		
Ai Linh Trading and Export Import Joint Stock Company	24,306,909,271	39,221,544,977
Others	228,405,999,035	266,936,217,735
Related parties (Note 32(b))	51,350,532,013	109,847,502,097
	<u>304,063,440,319</u>	<u>416,005,264,809</u>

As at 30 June 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due amounting to VND19,279,261,665 and VND20,030,395,747 respectively as presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2020 VND	31.12.2019 VND
VPP Gia Nguyen Co.,Ltd	1,715,700,000	696,500,000
Dai Hung Phu One member Co.,Ltd	1,597,665,614	1,597,665,614
Others	10,911,968,399	18,985,919,003
	<u>14,225,334,013</u>	<u>21,280,084,617</u>

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2020 VND	31.12.2019 VND
Deposits	4,071,784,599	9,762,126,636
Interest income	68,410,120,000	31,552,585,571
Advance to employees	1,286,186,235	795,039,324
Others	-	2,408,157,607
	<u>73,768,090,834</u>	<u>44,517,909,138</u>

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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 year
Sai Gon Shipyard Company Limited	2,144,622,095	5,874,660	2,138,747,435	Over 3 year
Hung Long Phat Investment And Construction Joint Stock Company	2,129,404,220	1,064,702,110	1,064,702,110	Over 1 year
Others	8,931,089,652	3,969,985,644	4,961,104,008	Over 6 months
	<u>19,279,261,665</u>	<u>8,181,958,687</u>	<u>11,097,302,978</u>	

31.12.2019				
	Cost VND	Recoverable amount VND	Provision VND	Number of overdue days
Receivables that were past due				
Sai Gon Shipyard Company Limited	2,144,622,095	5,874,660	2,138,747,435	Over 3 year
Hickory Group Pty Ltd.	2,639,637,591	791,891,277	1,847,746,314	Over 2 year
An Gia Hung Investment Construction Joint Stock Company	7,200,866,896	5,534,867,991	1,665,998,905	Over 6 months
China Construction Corporation Ltd.	2,251,016,309	1,125,508,154	1,125,508,155	Over 1 year
Hung Long Phat Investment And Construction Joint Stock Company	2,129,404,220	1,064,702,110	1,064,702,110	Over 1 year
Others	3,664,848,636	1,929,709,896	1,735,138,740	Over 6 months
	<u>20,030,395,747</u>	<u>10,452,554,088</u>	<u>9,577,841,659</u>	

9 INVENTORIES

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	377,966,867,505	(2,424,360,292)	391,118,884,648	(2,540,012,854)
Work in progress	125,180,660,251	(6,892,830,587)	179,138,405,413	(5,411,819,125)
Finished goods	142,572,346,000	(2,587,107,403)	126,726,018,560	(1,676,263,739)
Merchandise	34,613,465,067	(1,167,215,917)	28,113,544,011	(700,132,117)
Goods in transit	14,275,599,585	-	36,840,867,388	-
	<u>694,608,938,408</u>	<u>(13,071,514,199)</u>	<u>761,937,720,020</u>	<u>(10,328,227,835)</u>

9 INVENTORIES (continued)

Movements in the provision for decline in value of inventories 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	10,328,227,835	1,810,806,049
Increase	2,743,286,364	8,517,421,786
End of period/year	<u>13,071,514,199</u>	<u>10,328,227,835</u>

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

	30.6.2020 VND	31.12.2019 VND
Tools and supplies	3,713,230,127	5,277,685,469
Showroom and samples	2,303,970,585	4,443,765,734
Insurance	1,046,333,092	2,034,214,108
Advertising	831,350,515	864,067,697
Rental	777,866,704	458,305,300
Others	2,825,338,797	3,519,794,681
	<u>11,498,089,820</u>	<u>16,597,832,989</u>

(b) Long-term

	30.6.2020 VND	31.12.2019 VND
Land rental	68,970,463,989	69,880,598,769
Office and factory renovation	22,423,729,650	29,080,740,264
Tools and supplies	11,489,520,523	14,795,798,739
Rental	2,117,208,224	2,140,263,123
Others	6,057,653,809	9,309,571,866
	<u>111,058,576,195</u>	<u>125,206,972,761</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)

Movements in long-term prepaid expenses 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	125,206,972,761	115,578,640,547
Increase	3,864,506,123	40,837,700,439
Allocation during the period/year	(18,012,902,689)	(31,209,368,225)
End of period/year	<u>111,058,576,195</u>	<u>125,206,972,761</u>

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11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2020	155,923,581,040	214,307,621,099	66,979,947,805	3,887,225,089	24,332,699,212	465,431,074,245
New purchases	1,769,432,000	782,159,906	-	-	-	2,551,591,906
Disposals	-	(3,675,487,975)	-	-	-	(3,675,487,975)
As at 30 June 2020	157,693,013,040	211,414,293,030	66,979,947,805	3,887,225,089	24,332,699,212	464,307,178,176
Accumulated depreciation						
As at 1 January 2020	49,097,500,884	87,414,940,715	30,875,853,996	1,781,087,409	18,151,521,463	187,320,904,467
Charge for the period	7,261,344,382	11,893,833,513	4,087,410,095	370,386,544	903,219,156	24,516,193,690
Disposals	-	(2,678,884,145)	-	-	-	(2,678,884,145)
As at 30 June 2020	56,358,845,266	96,629,890,083	34,963,264,091	2,151,473,953	19,054,740,619	209,158,214,012
Net book value						
As at 1 January 2020	106,826,080,156	126,892,680,384	36,104,093,809	2,106,137,680	6,181,177,749	278,110,169,778
As at 30 June 2020	101,334,167,774	114,784,402,947	32,016,683,714	1,735,751,136	5,277,958,593	255,148,964,164

Historical cost of tangible fixed assets fully depreciated but still in use as at 30 June 2020 was VND19 billion (as at 31 December 2019: VND13.4billion).

As at 30 June 2020 tangible fixed assets with carrying value of VND64 billion (as at 31 December 2019: VND68 billion) were pledged with banks as security for short-term borrowings granted to the Company (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 as at 30 June 2020 was VND299 million (as at 31 December 2019: VND299 million).

As at 30 June 2020 intangible fixed assets with 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 Company (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	335,000,000
	<u>711,817,394</u>	<u>1,163,306,006</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	1,163,306,006	7,085,156,661
Transfers to tangible fixed assets	-	(842,139,487)
Transfer to prepaid expenses	(451,488,612)	(5,047,711,168)
Others	-	(32,000,000)
End of period/year	<u>711,817,394</u>	<u>1,163,306,006</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2020 VND	31.12.2019 VND
Third parties		
Vina Eco Board Limited	20,010,669,403	16,594,123,183
Others	87,970,252,501	122,469,873,854
Related parties (Note 32(b))	15,640,556,919	91,770,098,898
	<u>123,621,478,823</u>	<u>230,834,095,935</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
Thanh Do Investment Development and Construction Joint Stock Company	9,423,489,215	9,815,572,250
Others	68,213,486,142	79,475,526,144
	<u>77,636,975,357</u>	<u>89,291,098,394</u>

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15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other receivable 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	3,213,515,504	1,301,634,863	(3,131,902,659)	1,383,247,708
Others	5,355,496	-	(2,677,748)	2,677,748
	<u>3,218,871,000</u>	<u>1,301,634,863</u>	<u>(3,134,580,407)</u>	<u>1,385,925,456</u>
b) Payables				
VAT	16,783,885,051	47,187,852,178	(51,346,503,998)	12,625,233,231
BIT	5,211,840,318	18,088,027,614	(5,211,840,318)	18,088,027,614
Personal income tax	7,595,789,750	4,798,830,196	(11,640,920,745)	753,699,201
Import tax	-	9,430,357,227	(9,430,357,227)	-
Others	-	224,586,830	(224,586,830)	-
	<u>29,591,515,119</u>	<u>79,729,654,045</u>	<u>(77,854,209,118)</u>	<u>31,466,960,046</u>

16 PAYABLES TO EMPLOYEES

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

17 SHORT-TERM ACCRUED EXPENSES

	30.6.2020 VND	31.12.2019 VND
Staff costs	22,140,000,912	15,938,485,930
Advertising	369,587,600	432,689,000
Others	3,324,475,935	4,014,408,734
	<u>25,834,064,447</u>	<u>20,385,583,664</u>

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18 SHORT-TERM BORROWINGS

	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 30.6.2020 VND
Bank loans (*)	203,824,187,968	418,561,838,687	(369,705,388,638)	(280,549,474)	252,400,088,543

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

	Currency	As at 30.6.2020 VND	Term months	Expiry date	Interest % per annum	Collateral
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
Vietnam Joint Stock Commercial Bank for Industry and Trade	USD	59,054,872,204	4	26.10.2020	3%	Subrogation of the Company; land use rights and assets belonged to land plot No. 441 located in Binh Duong, machineries with the value of VND14.4 billion.
Vietnam Bank for Agriculture and Rural Development	VND	4,787,059,500	3	27.7.2020	5.5%	Land use right and assets belonged to land plot No.681, machineries and equipment.
Vietnam Maritime Commercial Joint Stock Bank	USD	70,363,107,658	3 - 6	13.10.2020	3.1-4%	Land use right and assets belonged to land plot No.750.

252,400,088,543

19 BONUS AND WELFARE FUNDS

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	917,479,268	8,554,191,462
Increase (Note 23)	24,319,110,144	25,259,486,806
Decrease	(824,600,000)	(32,896,199,000)
End of period/year	<u>24,411,989,412</u>	<u>917,479,268</u>

20 PROVISION FOR LONG-TERM LIABILITIES

The balances represent provision for severance allowances which are determined based on the method disclosed in Note 2.16.

21 DEFERRED INCOME TAX

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 details 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	<u>3,760,821,653</u>	<u>3,200,095,993</u>
	<u>4,230,209,653</u>	<u>3,669,483,993</u>

The gross movement in deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	3,669,483,993	290,272,008
Income statement credit (Note 30)	560,725,660	3,379,211,985
End of period/year	<u>4,230,209,653</u>	<u>3,669,483,993</u>

21 DEFERRED INCOME TAX (continued)

Details of deferred tax assets

	30.6.2020 VND	31.12.2019 VND
Deductible temporary differences	4,230,209,653	3,669,483,993

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 ordinary 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 Vietnam Investment Ltd.	43,861,200	50.04	43,861,200	51.04
Sumitomo Forestry (Singapore) Ltd.	17,187,922	19.61	17,187,922	20.00
Withlam Holding Pte. Ltd.	15,834,000	18.06	15,834,000	18.42
Others	10,773,722	12.29	9,054,961	10.54
	<u>87,656,844</u>	<u>100</u>	<u>85,938,083</u>	<u>100</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

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development funds 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	842,562,236,282	2,479,389,413,584
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	-	-	-	-	202,857,248,115	202,857,248,115
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	726,007,559,908	3,016,673,707,749
Capital increased during the period (i)	17,187,610,000	-	-	-	-	17,187,610,000
Net profit for the period	-	-	-	-	60,229,444,092	60,229,444,092
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	747,326,427,770	3,069,771,651,697

(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.

23 MOVEMENTS IN OWNERS' EQUITY (continued)

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

Included in cash were balances held in foreign currencies of US\$226,755 and EUR200 (as at 31 December 2019: US\$227,524 and EUR123,350).

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating assets leases are presented in Note 33.

25 NET REVENUE OF SALES OF GOODS AND RENDERING OF SERVICES

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Revenue		
Revenue from sales of goods	996,325,318,475	1,726,048,566,465
Revenue from rendering of services	34,123,208,468	9,203,568,000
	<u>1,030,448,526,943</u>	<u>1,735,252,134,465</u>
Sales deductions		
Sales returns	(1,573,879,185)	(3,121,663,006)
Sales discounts	(710,094,948)	-
Sales allowances	(23,679,100)	(123,439,500)
	<u>(2,307,653,233)</u>	<u>(3,245,102,506)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of goods	994,017,665,242	1,722,803,463,959
Net revenue from rendering of services	34,123,208,468	9,203,568,000
	<u>1,028,140,873,710</u>	<u>1,732,007,031,959</u>

26 COST OF GOODS SOLD AND SERVICES RENDERED

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Cost of finished goods sold	806,891,581,749	1,411,548,078,214
Cost of services rendered	29,959,808,989	8,111,534,480
Provision/(reversal of provision) for decline in value of inventories	2,743,286,364	(316,438,763)
	<u>839,594,677,102</u>	<u>1,419,343,173,931</u>

27 FINANCIAL INCOME

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Interest income	41,991,760,856	33,544,733,272
Dividends (Note 32(a)(vii))	10,000,000,000	36,000,000,000
Realised foreign exchange gains	4,887,764,216	2,613,156,353
Net gain from foreign currency translation at year-end	423,909,808	-
Interest income from lending to related parties (Note 32(a)(vii))	-	1,450,027,399
	<u>57,303,434,880</u>	<u>73,607,917,024</u>

28 SELLING EXPENSES

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Staff costs	46,510,760,456	64,393,794,336
Marketing and advertising	24,123,935,478	29,016,511,586
Transportation	17,739,063,524	27,787,651,682
Repair and maintenance	8,917,567,092	8,359,958,118
Rental	7,677,917,092	6,495,583,192
Depreciation	5,154,503,903	5,107,153,892
Tools and supplies	3,963,416,780	3,625,482,290
Others	16,812,530,851	24,628,360,163
	<u>130,899,695,176</u>	<u>169,414,495,259</u>

29 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended	
	30.6.2020	30.6.2019
	VND	VND
Staff costs	16,881,343,421	19,819,974,350
Provision for doubtful debts	1,519,461,319	723,368,905
Depreciation	766,063,411	852,008,478
Professional fees	613,730,350	771,642,857
Tools and supplies	565,604,368	899,711,925
Others	11,715,536,271	16,330,924,862
	<u>32,061,739,140</u>	<u>39,397,631,377</u>

30 BIT

The tax on the Company'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	77,756,746,046	172,730,723,610
Tax calculated at a rate of 20%	15,551,349,209	34,546,144,722
Effect of:		
Income not subject to tax	(2,000,000,000)	(7,200,000,000)
Expenses not deductible for tax purposes	3,975,952,745	6,876,357,849
Under-provision in previous years	-	100,244,949
BIT (*)	<u>17,527,301,954</u>	<u>34,322,747,520</u>
Charged/(credited) to separate interim income statement:		
BIT – current	18,088,027,614	34,322,747,520
BIT – deferred	(560,725,660)	-
	<u>17,527,301,954</u>	<u>34,322,747,520</u>

(*) 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.

31 COST OF OPERATION BY FACTOR

Costs of operation by factor represents all costs incurred during the period, 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	512,248,672,341	776,565,034,134
Staff costs	168,051,089,421	278,813,694,989
Outside services	63,409,673,566	99,763,225,929
Tools and supplies	22,516,141,869	39,200,168,811
Transportation	18,267,507,748	29,010,590,233
Depreciation	26,258,267,802	26,325,344,129
Others	41,367,728,003	67,197,629,166
	<u>852,119,080,750</u>	<u>1,316,875,687,391</u>

32 RELATED PARTY DISCLOSURES

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

Entity	Relationship
Malloca Vietnam Limited Company	Subsidiary of the Company
An Cuong Wood - Working Limited Company	Subsidiary of the Company
AConcept Vietnam Limited Company	Indirect subsidiary of the Company
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

32 RELATED PARTY DISCLOSURES (continued)

(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) Sales of goods and services		
Trung Hieu Plywood Company Limited	21,877,693,127	38,816,775,247
Malloca Vietnam Company Limited	12,583,068,052	19,933,280,474
AConcept Vietnam Company Limited	9,393,131,381	15,151,406,341
An Cuong Wood-Working Manufacturing Company Limited	95,406,502,470	237,486,207,557
	<u>139,260,395,030</u>	<u>311,387,669,619</u>
ii) Purchases of goods and services		
Malloca Vietnam Company Limited	3,139,633,000	12,247,679,545
AConcept Vietnam Company Limited	540,779,920	1,260,903,826
An Cuong Wood-Working Manufacturing Company Limited	119,382,091,306	215,243,471,374
	<u>123,062,504,226</u>	<u>228,752,054,745</u>
iii) Sales of fixed assets		
An Cuong Wood-Working Manufacturing Company Limited	1,095,000,000	-
	<u>1,095,000,000</u>	<u>-</u>
iv) Compensation of key management		
Gross salaries and other benefits	8,423,952,506	12,341,801,172
	<u>8,423,952,506</u>	<u>12,341,801,172</u>
v) Short-term lendings		
Lendings to An Cuong Wood - Working Manufacturing Company Limited	-	27,000,000,000
Collection of lendings to NC Vietnam Investment Ltd.	-	41,000,000,000
Collections of lendings to Malloca Vietnam Company Limited	-	28,000,000,000
	<u>-</u>	<u>96,000,000,000</u>

32 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	For the six-month period ended	
	30.6.2020 VND	30.6.2019 VND
vi) Long term investments		
Malloca Vietnam Company Limited	-	60,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	-	200,000,000,000
	-	260,000,000,000
vii) Other transactions		
Interest from lending (Note 27)		
Malloca Vietnam Company Limited	-	735,452,058
An Cuong Wood - Working Manufacturing Company Limited		714,575,341
	-	1,450,027,399
Dividends received from (Note 27)		
Malloca Vietnam Company Limited	10,000,000,000	36,000,000,000
viii) Dividend paid during the period		
NC Vietnam Investment Ltd.	-	61,405,680,000
Sumitomo Forestry (Singapore) Ltd	-	24,063,090,800
Withlam Holding Pte Ltd.	-	22,167,600,000
Others	-	12,674,705,400
	-	120,311,076,200

32 RELATED PARTY DISCLOSURES (continued)**(b) Period/year end balances with related parties**

	30.6.2020 VND	31.12.2019 VND
Short-term trade accounts receivable (Note 5)		
Malloca Vietnam Company Limited	1,718,451,302	120,609,500
Trung Hieu Plywood Company Limited	5,766,786,065	6,128,605,142
AConcept Vietnam Company Limited	7,551,450,760	10,461,065,795
An Cuong Wood - Working Manufacturing Company Limited	36,313,843,886	93,137,221,660
	<u>51,350,532,013</u>	<u>109,847,502,097</u>
Investments in subsidiaries (Note 4(b))		
Malloca Vietnam Company Limited	120,000,000,000	120,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	796,600,000,000	796,600,000,000
	<u>916,600,000,000</u>	<u>916,600,000,000</u>
Short-term trade accounts payable (Note 13)		
Malloca Vietnam Company Limited	1,154,215,700	227,580,643
An Cuong Wood - Working Manufacturing Company Limited	14,235,806,791	91,542,518,255
AConcept Vietnam Company Limited	250,534,428	-
	<u>15,640,556,919</u>	<u>91,770,098,898</u>

33 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	23,765,092,307	19,897,864,893
Between one and five years	49,895,599,167	39,056,196,761
Over five years	22,737,763,399	15,131,096,354
Total minimum payments	<u>96,398,454,873</u>	<u>74,085,158,008</u>

33 COMMITMENTS (continued)


The Company signed operating lease contracts, accordingly, the future minimum lease receipts under non-cancellable operating leases are as follows:

	Properties	
	30.6.2020	31.12.2019
	VND	VND
Within one year	1,220,400,000	1,274,000,000
Between one and five years	633,600,000	1,854,000,000
Total minimum receivables	<u>1,854,000,000</u>	<u>3,128,000,000</u>

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

 Nguyen Thi Hong Lan
 Preparer

 Thieu Thi Ngoc Diem
 Chief Accountant


 Le Duc Nghia
 General Director