

**AN CUONG WOOD-WORKING JOINT STOCK COMPANY**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

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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 25<sup>th</sup> amendment dated 14<sup>th</sup> January 2019.

### Board of Directors

Mr. Le Duc Nghia	Chairman
Mr. Nguyen Minh Tuan	Member
Ms. Dang Pham Minh Loan	Member
Ms. Tran Thi Mong Thu	Member
Mr. Masami Kitahashi	Member (resigned from 10.5.2019)
Mr. Tran Bao Minh	Independent member
Mr. Masao Kamibayashiyama	Member (appointed from 10.5.2019)

### 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 of Supervisor
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, 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 financial position of the Group as at 30 June 2019 and the results of its operations and cash flows for the six-month period then ended. In preparing these consolidated interim financial statements, the Board of Management is required to:

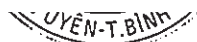
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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 and other irregularities.

### APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements as set out on pages 5 to 37 which gives a true and fair view of the financial position of the Group as at 30 June 2019 and of the results of its operations and 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.

On behalf of the Board of Management



Le Duc Nghia  
General Director

Binh Duong, SR Vietnam  
9 August 2019



## **INDEPENDENT AUDITOR'S REVIEW REPORT 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 2019 and approved by the Board of Management on 9 August 2019. The consolidated interim financial statements comprise the consolidated interim balance sheet as at 30 June 2019, 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 37.

### **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 the consolidated interim financial statements 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 statements 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 statements do not presented fairly, in all material respects, the financial position of the Group as at 30 June 2019, its financial performance and 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 Matters

This report 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**

0157402

0157402  
T. PHO CHAU

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

Report reference number: HCM8510  
Ho Chi Minh City,

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 01a – DN/HN

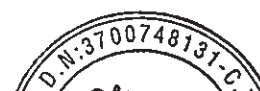
## CONSOLIDATED INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2019 VND	31.12.2018 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>3,284,644,682,697</b>	<b>2,573,383,275,411</b>
<b>110</b>	<b>Cash</b>	<b>3</b>	<b>23,502,049,586</b>	<b>32,331,088,573</b>
111	Cash		23,502,049,586	32,331,088,573
<b>120</b>	<b>Short-term investment</b>		<b>987,000,000,000</b>	<b>479,500,000,000</b>
123	Investments held to maturity	4	987,000,000,000	479,500,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>613,776,536,523</b>	<b>577,262,841,105</b>
131	Short-term trade accounts receivable	5	502,550,841,164	496,571,221,055
132	Short-term prepayments to suppliers	6	73,177,908,032	60,957,239,224
136	Other short-term receivables	7	40,988,375,589	22,118,887,388
137	Provision for doubtful debts – short term	8	(3,734,491,916)	(3,011,123,011)
139	Shortage of assets awaiting resolution		793,903,654	626,616,449
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>1,547,215,779,847</b>	<b>1,386,802,158,791</b>
141	Inventories		1,548,753,956,352	1,388,656,774,059
149	Provision for decline in value of inventories		(1,538,176,505)	(1,854,615,268)
<b>150</b>	<b>Other current assets</b>		<b>113,150,316,741</b>	<b>97,487,186,942</b>
151	Short-term prepaid expenses	10(a)	28,803,021,476	30,952,452,478
152	Value Added Tax to be reclaimed		80,189,771,247	61,221,220,880
153	Other taxes receivable	15(a)	4,157,524,018	5,313,513,584
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,001,422,985,434</b>	<b>995,445,427,216</b>
<b>210</b>	<b>Long-term receivable</b>		<b>2,147,927,000</b>	<b>1,486,727,000</b>
216	Other long-term receivables		2,147,927,000	1,486,727,000
<b>220</b>	<b>Fixed assets</b>		<b>733,298,007,548</b>	<b>735,259,468,743</b>
221	Tangible fixed assets	11(a)	711,889,372,772	713,639,267,401
222	Historical cost		964,358,960,350	916,346,644,549
223	Accumulated depreciation		(252,469,587,578)	(202,707,377,148)
227	Intangible fixed assets	11(b)	21,408,634,776	21,620,201,342
228	Historical cost		27,980,583,941	26,735,635,891
229	Accumulated amortisation		(6,571,949,165)	(5,115,434,549)
<b>240</b>	<b>Long-term asset in progress</b>		<b>20,340,611,815</b>	<b>23,117,271,830</b>
242	Construction in progress	12	20,340,611,815	23,117,271,830
<b>260</b>	<b>Other long-term assets</b>		<b>245,636,439,071</b>	<b>235,581,959,643</b>
261	Long-term prepaid expenses	10(b)	244,488,740,729	235,291,687,635
262	Deferred income tax assets	20	1,147,698,342	290,272,008
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,286,067,668,131</b>	<b>3,568,828,702,627</b>

The notes on pages 9 to 37 are an integral part of these consolidated interim financial statements.

**CONSOLIDATED INTERIM BALANCE SHEET**  
 (continued)

Code	RESOURCES	Note	As at	
			30.6.2019 VND	31.12.2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,029,575,361,163</b>	<b>1,018,929,600,100</b>
<b>310</b>	<b>Current liabilities</b>		<b>1,029,575,361,163</b>	<b>1,018,929,600,100</b>
311	Short-term trade accounts payable	13	359,450,301,469	294,301,981,306
312	Short-term advances from customers	14	229,683,862,789	203,486,312,024
313	Tax and other payables to the State Budget	15(b)	40,417,551,653	68,090,128,685
314	Payable to employees	16	22,829,705,974	76,378,908,356
315	Short-term accrued expenses	17	42,974,001,608	36,795,763,560
319	Other short-term payables		1,601,250,390	2,416,202,099
320	Short-term borrowings	18	299,624,800,474	328,807,204,070
322	Bonus and welfare funds	19	32,993,886,806	8,653,100,000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>3,256,492,306,968</b>	<b>2,549,899,102,527</b>
<b>410</b>	<b>Capital and reserves</b>		<b>3,256,492,306,968</b>	<b>2,549,899,102,527</b>
411	Owners' capital	20, 21	859,380,830,000	803,160,690,000
411a	- Ordinary shares with voting rights		859,380,830,000	803,160,690,000
412	Share premium	21	1,408,471,865,056	826,008,726,600
415	Treasury shares	21	(16,000,000)	(16,000,000)
418	Investment and development funds	21	22,829,452,785	7,673,760,702
421	Undistributed earnings	21	965,826,159,127	913,071,925,225
421a	- Undistributed post-tax profits of previous years		750,345,670,136	611,042,879,096
421b	- Post-tax profit of the current period/year		215,480,488,991	302,029,046,129
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>4,286,067,668,131</b>	<b>3,568,828,702,627</b>



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 Nguyen Tan Trong  
 Preparer

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 Thieu Thi Ngoc Diem  
 Chief Accountant

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 Le Duc Nghia  
 General Director  
 9 August 2019

The notes on pages 9 to 37 are an integral part of these consolidated interim financial statements.



## CONSOLIDATED INTERIM INCOME STATEMENT

Code		Note	For the six-month period ended	
			30.6.2019 VND	30.6.2018 VND
01	Revenue from sales of goods and rendering of services		1,926,320,693,304	1,609,235,830,132
02	Less deductions		(9,496,585,512)	(9,036,330,898)
10	Net revenue from sales of goods and rendering of services	26	1,916,824,107,792	1,600,199,499,234
11	Cost of goods sold and service rendered	27	(1,407,069,694,461)	(1,090,972,812,277)
20	Gross profit from sales of goods and rendering of services		509,754,413,331	509,226,686,957
21	Financial income	28	37,180,835,633	19,973,417,285
22	Financial expenses		(10,945,505,309)	(6,516,227,206)
23	- Including: Interest expense		(9,222,211,212)	(3,496,270,208)
25	Selling expenses	29	(224,813,626,714)	(184,345,905,088)
26	General and administration expenses	30	(61,099,515,010)	(53,892,797,627)
30	Net operating profit		250,076,601,931	284,445,174,321
31	Other income		5,794,227,980	8,960,212,953
32	Other expenses		(420,684,191)	(5,541,002,423)
40	Net other income		5,373,543,789	3,419,210,530
50	Net accounting profit before tax		255,450,145,720	287,864,384,851
51	Business income tax - current	31	(40,827,083,063)	(65,119,729,411)
52	Business income tax - deferred	31	857,426,334	(595,756,631)
60	Net profit after tax		215,480,488,991	222,148,898,809
	Attributable to:			
61	Profit after tax of the parent company		215,480,488,991	222,148,898,809
70	Basic earnings per share	24(a)	2,519	2,836
71	Diluted earnings per share	24(b)	2,519	2,836

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 Nguyen Tan Trong  
 Preparer

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 Le Duc Nghia  
 General Director  
 9 August 2019

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**CONSOLIDATED INTERIM CASH FLOW STATEMENT**  
**(Indirect method)**

Code	Note	For the six-month period ended	
		30.6.2019 VND	30.6.2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>255,450,145,720</b>	<b>287,864,384,851</b>
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	52,585,169,462	27,031,781,702
03	Provisions/(reversals of provisions)	406,930,142	(593,337,422)
04	Unrealised foreign exchange losses	626,645,153	297,804,904
05	Profits from investing activities	(32,701,740,189)	(16,599,128,490)
06	Interest expense	9,222,211,212	3,496,270,208
08	<b>Operating profit before changes in working capital</b>	<b>285,589,361,500</b>	<b>301,497,775,753</b>
09	(Increase)/decrease in receivables	(39,345,038,226)	6,012,569,345
10	Increase in inventories	(160,097,182,293)	(234,389,286,363)
11	Increase/(decrease) in payables	15,256,332,479	(101,229,008,269)
12	Increase in prepaid expenses	(7,047,622,092)	(4,581,342,663)
14	Interest paid	(9,222,211,212)	(3,496,270,208)
15	Business income tax paid	(41,202,021,540)	(50,630,599,986)
17	Other payments on operating activities	(2,918,700,000)	(19,990,298,505)
20	<b>Net cash inflows/(outflows) from operating activities</b>	<b>41,012,918,616</b>	<b>(106,806,460,896)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(49,101,703,836)	(214,040,674,125)
22	Proceeds from disposals of fixed assets	272,727,273	-
23	Investment held to maturity	(1,094,500,000,000)	(825,309,519,562)
24	Collection of investment held to maturity	587,000,000,000	914,809,519,562
27	Interest received	17,303,542,439	17,406,368,782
30	<b>Net cash outflows from investing activities</b>	<b>(539,025,434,124)</b>	<b>(107,134,305,343)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	638,683,278,456	13,239,130,000
33	Proceeds from short-term borrowings	391,722,428,614	638,456,527,538
34	Repayments of short-term borrowings	(420,905,842,948)	(498,632,466,789)
36	Dividends paid	(120,311,076,200)	-
40	<b>Net cash inflows from financing activities</b>	<b>489,188,787,922</b>	<b>153,063,190,749</b>
50	<b>Net decrease in cash in the period</b>	<b>(8,823,727,586)</b>	<b>(60,877,575,490)</b>
60	Cash at beginning of period	32,331,088,573	93,929,719,530
61	Effect of foreign exchange differences	(5,311,401)	205,674
70	<b>Cash at end of period</b>	<b>23,502,049,586</b>	<b>33,052,349,714</b>



\_\_\_\_\_  
 Nguyen Tan Trong  
 Preparer

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 Thieu Thi Ngoc Diem  
 Chief Accountant

\_\_\_\_\_  
 Le Duc Nghia  
 General Director  
 9 August 2019

The notes on pages 9 to 37 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 2019**
**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 14 January 2019.

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.

As at 30 June 2019 and 31 December 2018, the Group had two direct subsidiaries and one indirect subsidiary, as follows:

Name	Location	Principal activity	30.6.2019		31.12.2018	
			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 2019 and 31 December 2018, the Company has 8 branches in Ho Chi Minh City, Ha Noi and Da Nang.

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

As at 30 June 2019, the Group had 4,041 employees (as at 31 December 2018: 4,138 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 interim financial statements. The consolidated interim financial statements have been prepared under the historical cost convention.

The accompanying consolidated interim financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries 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 Vietnamese language are the official statutory financial statements of the Group. The consolidated interim financial statements in English language have been translated from the Vietnamese language consolidated interim financial statements.

**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").

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 balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated interim income statement.

**2.4 Basis of consolidation*****Subsidiaries***

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Basis of consolidation (continued)*****Subsidiaries (continued)***

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 income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**2.5 Cash**

Cash comprise cash on hand and cash at bank.

**2.6 Trade receivables**

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Management of all outstanding amounts at the year end. Bad debts are written off when identified.

**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 Group applies the perpetual method 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 operating expenses in the year.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Investments held-to-maturity**

Investments held-to-maturity are investments which the 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 less provision

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

**2.9 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

*Depreciation and amortisation*

Fixed assets are depreciated/amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of the project. 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%

Land use rights are amortised using the straight-line method in accordance with the terms indicated in the land use right certificate issued by Binh Duong Environment and Natural Resources Department.

*Disposals*

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

*Construction in progress*

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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 consolidated 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 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 method over estimated useful lives. Land rentals expense is allocated over the lease term which is recognised in the lease contract.

**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.
- Other payables including 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 balance sheet date to the maturity date.

**2.13 Borrowing costs**

Short-term borrowings include borrowings from banks

Borrowings are classified into long-term and short-term 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. Other borrowing costs are recognised in the consolidated 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.15 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 interest expense.

**2.16 Owners' capital**

Contributed capital of the shareholders is recorded according to 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 shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Company's results after business income tax at the reporting date.

**2.17 Appropriation of net profit**

Net profit after income tax could be distributed to shareholders/investors after approval at General Meeting, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations. Dividend is recognised as a liability in the Group's consolidated interim financial statements in the period in which the dividends are approved by the General Meeting of shareholders.

The Group's funds include:

**(a) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Company's net profit and subject to shareholders' approval at the General Meeting. 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 net profit and approved by shareholders in the General Meeting. This fund is set aside for the use in expansion of its operation or in-depth investments.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 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 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 based on principle of “substance over form” and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers' purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the consolidated interim income statement.

**(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 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 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.

**2.19 Sales deductions**

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

Sales deductions for products, goods or 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.20 Cost of goods sold and services rendered**

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

**2.21 Financial expenses**

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

**2.22 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 (excluding construction activity), maintenance charges, packaging, and transportation.

**2.23 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc.); 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.

**2.24 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 year 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)****2.24 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 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 year 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.

**2.25 Use of estimates**

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards 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 financial statements and the amounts of revenues and expenses during the 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.

**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 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 enterprise, key management personnel, including the directors 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.

**2.27 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 financial statements in order to help users of financial statements understand and evaluate the Group's operations in a comprehensive way.

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**3 CASH**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Cash on hand	966,864,763	488,006,104
Cash at bank	22,535,184,823	31,843,082,469
	<u>23,502,049,586</u>	<u>32,331,088,573</u>

**4 INVESTMENTS**

Investments held-to-maturity represent term deposits at commercial banks with original maturities over 3 months but less than 1 year and earn interest at interest rates of 6.5% - 8.5% per annum (2018: 5.6% - 7.6% per annum).

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Third parties	494,784,373,869	488,533,182,838
Related parties (Note 34(b))	7,766,467,295	8,038,038,217
	<u>502,550,841,164</u>	<u>496,571,221,055</u>

As at 30 June 2019 and 31 December 2018, the balances of short-term trade accounts receivable which were past due, amounting to VND6,484,462,375 and VND4,256,986,455 respectively, and presented in Note 8.

**6 SHORT-TERM PREPAYMENT TO SUPPLIERS**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Third parties	<u>73,177,908,032</u>	<u>60,919,971,260</u>

**7 OTHER SHORT-TERM RECEIVABLES**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Deposits	14,681,991,430	10,513,076,924
Interest income	24,081,712,880	7,701,586,819
Advances to employees	2,133,874,404	1,748,481,961
Others	90,796,875	2,155,741,684
	<u>40,988,375,589</u>	<u>22,118,887,388</u>

**8 DOUBTFUL DEBTS**

	30.6.2019			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
Sai Gon Shipyard Company Limited	2,144,622,095	647,303,069	1,497,319,026	From 2 to 3 years
Hung Long Phat Construction and Investment JSC	2,129,404,220	1,490,582,954	638,821,266	Over 6 months
Construction & Development for Cities Company Ltd.	360,000,000	-	360,000,000	Over 3 years
Tan Hoang Thang JSC	358,710,330	-	358,710,330	Over 3 years
Others	1,491,725,730	612,084,436	879,641,294	Over 6 months
	<u>6,484,462,375</u>	<u>2,749,970,459</u>	<u>3,734,491,916</u>	

	31.12.2018			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
Sai Gon Shipyard Company Limited	2,144,622,095	647,303,069	1,497,319,026	From 2 to 3 years
Construction & Development for Cities Company Ltd.	360,000,000	-	360,000,000	Over 3 years
Tan Hoang Thang JSC	358,710,330	-	358,710,330	Over 3 years
Others	1,393,654,030	598,560,375	795,093,655	Over 6 months
	<u>4,256,986,455</u>	<u>1,245,863,444</u>	<u>3,011,123,011</u>	

**9 INVENTORIES**

	30.6.2019		31.12.2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	87,536,124,770	-	74,658,060,843	-
Raw materials	567,308,718,567	(1,240,413,780)	523,417,115,348	(1,417,855,580)
Work in progress	2,900,516,844	(5,585,069)	2,682,469,288	(5,576,282)
Finished goods	711,200,606,753	(238,560,990)	604,319,082,640	(377,510,232)
Merchandise	179,807,989,418	(53,616,666)	183,580,045,940	(53,673,174)
	<u>1,548,753,956,352</u>	<u>(1,538,176,505)</u>	<u>1,388,656,774,059</u>	<u>(1,854,615,268)</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 30.6.2019 VND	For the year ended 31.12.2018 VND
Beginning of period/year	1,854,615,268	2,791,787,276
Reversal of provision	(316,438,763)	(937,172,008)
End of period/year	<u>1,538,176,505</u>	<u>1,854,615,268</u>

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

	30.6.2019 VND	31.12.2018 VND
Insurance	886,895,115	1,317,494,226
Tools and supplies	12,663,638,595	14,569,401,781
Operating rental	1,117,530,300	708,124,889
Advertising	791,806,515	1,769,254,121
Showroom and samples	8,006,780,392	8,782,401,393
Others	5,336,370,559	3,805,776,068
	<u>28,803,021,476</u>	<u>30,952,452,478</u>

**(b) Long-term**

	30.6.2019 VND	31.12.2018 VND
Land rental	178,426,034,433	180,787,431,700
Office renovation	25,509,629,327	26,785,303,151
Tools and supplies	28,175,446,232	15,525,715,228
Operating rentals	2,163,318,022	2,186,372,921
Others	10,214,312,715	10,006,864,635
	<u>244,488,740,729</u>	<u>235,291,687,635</u>

## 10 PREPAID EXPENSES (continued)

## (b) Long-term (continued)

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

	For the six-month period ended 30.6.2019 VND	For the year ended 31.12.2018 VND
Beginning of period/year	235,291,687,635	206,649,460,745
Increase	29,496,050,138	56,175,494,986
Allocation	(20,298,997,044)	(27,533,268,096)
End of period/year	<u>244,488,740,729</u>	<u>235,291,687,635</u>



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11	FIXED ASSETS	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	<b>Historical cost</b>						
	As at 1 January 2019	292,268,262,529	476,345,581,221	99,595,605,693	12,259,424,890	35,877,770,216	916,346,644,549
	New purchases	10,663,919,148	12,191,947,738	3,410,481,636	1,868,234,172	-	28,134,582,694
	Transfers from construction in progress (Note 12)	21,656,693,620	842,139,487	-	-	-	22,498,833,107
	Disposals	-	(1,844,800,000)	-	-	(776,300,000)	(2,621,100,000)
	As at 30 June 2019	324,588,875,297	487,534,868,446	103,006,087,329	14,127,659,062	35,101,470,216	964,358,960,350
	<b>Accumulated depreciation</b>						
	As at 1 January 2019	49,727,808,823	92,341,384,895	30,482,135,221	3,909,292,748	26,246,755,461	202,707,377,148
	Charge for the period	14,392,081,469	28,039,385,525	6,048,838,730	1,352,323,790	1,296,025,332	51,128,654,846
	Disposals	-	(668,231,210)	-	-	(698,213,206)	(1,366,444,416)
	As at 30 June 2019	64,119,890,292	119,712,539,210	36,530,973,951	5,261,616,538	26,844,567,587	252,469,587,578
	<b>Net book value</b>						
	As at 1 January 2019	242,540,453,706	384,004,196,326	69,113,470,472	8,350,132,142	9,631,014,755	713,639,267,401
	As at 30 June 2019	260,468,985,005	367,822,329,236	66,475,113,378	8,866,042,524	8,256,902,629	711,889,372,772

Cost of tangible fixed assets fully depreciated but still in use as at 30 June 2019 was VND28.1 billion (as at 31 December 2018: VND25.8 billion).

As at 30 June 2019 tangible fixed assets with a carrying value of VND294 billion (as at 31 December 2018: VND311 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
<b>Historical cost</b>			
As at 1 January 2019	8,090,909,091	18,644,726,800	26,735,635,891
New purchases	-	1,244,948,050	1,244,948,050
As at 30 June 2019	<u>8,090,909,091</u>	<u>19,889,674,850</u>	<u>27,980,583,941</u>
<b>Accumulated amortisation</b>			
As at 1 January 2019	956,197,113	4,159,237,436	5,115,434,549
Charge for the period	110,902,259	1,345,612,357	1,456,514,616
As at 30 June 2019	<u>1,067,099,372</u>	<u>5,504,849,793</u>	<u>6,571,949,165</u>
<b>Net book value</b>			
As at 1 January 2019	<u>7,134,711,978</u>	<u>14,485,489,364</u>	<u>21,620,201,342</u>
As at 30 June 2019	<u>7,023,809,719</u>	<u>14,384,825,057</u>	<u>21,408,634,776</u>

Historical cost of intangible fixed assets fully amortised but still in use as at 30 June 2019 was VND299 million (as at 31 December 2018: VND299 million).

As at 30 June 2019 intangible fixed assets with a carrying value of VND7 billion (as at 31 December 2018: VND7.1 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).

**12 CONSTRUCTION IN PROGRESS**

	30.6.2019 VND	31.12.2018 VND
Factory	-	16,032,115,169
Office renovation	8,916,137,107	6,901,415,925
Machinery and equipment	8,195,224,661	183,740,736
Wasted water treatment system	2,702,454,545	-
Others	526,795,502	-
	<u>20,340,611,815</u>	<u>23,117,271,830</u>

**12 CONSTRUCTION IN PROGRESS (continued)**

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

	<b>For the six-month period ended 30.6.2019 VND</b>	<b>For the year ended 31.12.2018 VND</b>
Beginning of period/year	23,117,271,830	813,664,796
Purchase	31,817,569,711	200,044,157,413
Transferred to tangible fixed assets (Note 11(a))	(22,498,833,107)	(152,121,573,607)
Transferred to prepaid expenses (Note 33)	(12,095,396,619)	(25,618,976,772)
End of period/year	<u>20,340,611,815</u>	<u>23,117,271,830</u>

**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	<b>30.6.2019 VND</b>	<b>31.12.2018 VND</b>
Third parties		
Vina Eco Board Limited.	43,309,522,100	25,959,799,470
Others	316,140,779,369	268,342,181,836
	<u>359,450,301,469</u>	<u>294,301,981,306</u>

As at 30 June 2019 and 31 December 2018, there was no balance of short-term trade accounts payable that was past due.

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	<b>30.6.2019 VND</b>	<b>31.12.2018 VND</b>
Third parties	<u>229,683,862,789</u>	<u>203,486,312,024</u>

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15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

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

	As at 1.1.2019 VND	(Payable)/receivable during the period VND	Paid/(collected) during the period VND	As at 30.6.2019 VND
<b>a) Receivables</b>				
Import tax to be reclaimed	5,235,802,787	3,064,355,380	(4,561,451,118)	3,738,707,049
Import tax	1,688,616	(14,471,863,961)	14,704,976,756	234,801,411
VAT on importation	9,805,689	-	(5,401,714)	4,403,975
Personal income tax	58,183,248	116,072,839	-	174,256,087
Others	8,033,244	-	(2,677,748)	5,355,496
	<u>5,313,513,584</u>	<u>(11,291,435,742)</u>	<u>10,135,446,176</u>	<u>4,157,524,018</u>
<b>b) Payables</b>				
Value added tax on domestic sales	30,279,830,891	61,939,754,330	(83,402,351,972)	8,817,233,249
Value added tax in import goods	-	60,546,214,800	(60,546,214,800)	-
Business income tax	30,970,917,062	40,827,083,063	(41,202,021,540)	30,595,978,585
Personal income tax	6,825,382,480	8,006,177,454	(13,888,578,217)	942,981,717
Import tax	13,998,252	261,223,290	(213,863,440)	61,358,102
Others	-	359,962,877	(359,962,877)	-
	<u>68,090,128,685</u>	<u>171,940,415,814</u>	<u>(199,612,992,846)</u>	<u>40,417,551,653</u>

**16 PAYABLES TO EMPLOYEES**

Payables to employees represent salary of June and accrue salary 13<sup>th</sup> payable for employees.

**17 SHORT-TERM ACCRUED EXPENSES**

	<b>30.6.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	35,555,236,835	24,163,895,059
Commission	2,973,851,161	6,033,656,620
Marketing expenses	546,560,000	582,400,000
Others	3,898,353,612	6,015,811,881
	<u>42,974,001,608</u>	<u>36,795,763,560</u>

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18 SHORT-TERM BORROWINGS

	As at 1.1.2019 VND	Increase VND	Decrease VND	Foreign exchange difference VND	As at 30.6.2019 VND
Bank loans	328,807,204,070	391,722,428,614	(420,905,842,948)	1,010,738	299,624,800,474

Details of short-term bank loans as follows:

	Currency	As at 30.6.2018 VND	Term (Months)	Expiry date	Interest rate % per annum	Collateral
Vietnam Technological and Commercial Joint Stock Bank ("Techcombank")	VND	82,723,973,323	3	29/08/2019	6.0%	Inventories.
Vietnam Bank for Agriculture and Rural Development ("Agribank")	VND USD	50,109,606,560 9,407,524,018	6 3	27/12/2019 28/09/2019	6.0% 4.0%	Land use right and assets belonged to land plot No.681 including machineries and equipment.
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietin Bank")	VND USD	40,213,142,132 16,394,922,722	3 6	19/09/2019 28/12/2019	6.5% 4.0%	Subrogation of the Company; land use rights and assets belonged to land plot No. 441.
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	VND	100,775,631,719	3 - 6	30/09/2019	5.9% - 6.1%	Bank deposit account number 926/2019/01/002/HBTG and 926/2019/02/002 at Vietin Bank - Branch No.8 with the value of VND122 billion and VND40 billion, respectively.

299,624,800,474

**19 BONUS AND WELFARE FUND**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Beginning of period/year	8,653,100,000	2,106,140,680
Appropriation (Note 22)	25,259,486,806	14,394,889,509
Transferred from investment and development fund (Note 22)	-	15,000,000,000
Utilisation	(918,700,000)	(22,847,930,189)
End of period/year	<u>32,993,886,806</u>	<u>8,653,100,000</u>

**20 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:

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	<u>1,147,698,342</u>	<u>290,272,008</u>

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

	<b>For the six-month period ended 30.6.2019</b> <b>VND</b>	<b>For the year ended 31.12.2018</b> <b>VND</b>
Beginning of period/year	290,272,008	595,756,631
Income statement credit/(charge)	857,426,334	(305,484,623)
End of period/year	<u>1,147,698,342</u>	<u>290,272,008</u>

Deferred tax assets were deductible temporary differences. The Group uses tax rate of 20% for determining deferred tax assets.

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

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**21 OWNERS' CAPITAL**

**(a) Number of shares**

	<b>30.6.2019</b>	<b>31.12.2018</b>
Number of shares registered	85,938,083	80,316,069
Number of shares issued	85,938,083	80,316,069
Number of shares repurchased	(1,600)	(1,600)
Number of existing shares in circulation	<u>85,936,483</u>	<u>80,314,469</u>

**(b) Details of owners' shareholding**

	<u>30.6.2019</u>		<u>31.12.2018</u>	
	Ordinary shares	%	Ordinary shares	%
NC Viet Nam Investment Ltd.	43,861,200	51.04	43,061,200	53.61
Whitlam Holding Pte Ltd.	15,834,000	18.42	15,834,000	19.71
Sumimoto Forestry (Singapore) Ltd.	17,187,922	20.00	8,031,740	10.00
Others	9,054,961	10.54	13,389,129	16.68
	<u>85,938,083</u>	<u>100</u>	<u>80,316,069</u>	<u>100</u>

**(c) Movement of share capital**

	<b>Number of shares</b>	<b>Ordinary shares VND</b>
As at 1 January 2018	42,806,522	428,065,220,000
New shares issued	37,509,547	375,095,470,000
As at 31 December 2018	<u>80,316,069</u>	<u>803,160,690,000</u>
New shares issued	5,622,014	56,220,140,000
As at 30 June 2019	<u>85,938,083</u>	<u>859,380,830,000</u>

Par value per share: VND10,000.

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

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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 2018	428,065,220,000	826,008,726,600	-	-	812,923,197,623	2,066,997,144,223
Capital increased during the year	13,239,130,000	-	-	-	-	13,239,130,000
Dividends paid by shares (Note 23)	361,856,340,000	-	-	-	(361,856,340,000)	-
Net profit for the year	-	-	-	-	505,189,736,129	505,189,736,129
Appropriation to the investment and development funds	-	-	-	28,789,779,018	(28,789,779,018)	-
Appropriation of the bonus and welfare funds	-	-	-	-	(14,394,889,509)	(14,394,889,509)
Treasury shares	-	-	(16,000,000)	-	-	(16,000,000)
Transfer to bonus and welfare funds (Note 19)	-	-	-	(15,000,000,000)	-	(15,000,000,000)
Others	-	-	-	(6,116,018,316)	-	(6,116,018,316)
As at 31 December 2018	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 period (i)	56,220,140,000	582,463,138,456	-	-	-	638,683,278,456
Dividends paid (Note 23) (ii)	-	-	-	-	(120,311,076,200)	(120,311,076,200)
Net profit for the period	-	-	-	-	215,480,488,991	215,480,488,991
Appropriation to the investment and development funds (iii)	-	-	-	15,155,692,083	(15,155,692,083)	-
Appropriation of bonus and welfare funds (iii)	-	-	-	-	(25,259,486,806)	(25,259,486,806)
Others	-	-	-	-	(2,000,000,000)	(2,000,000,000)
As at 30 June 2019	859,380,830,000	1,408,471,865,056	(16,000,000)	22,829,452,785	965,826,159,127	3,256,492,306,968

i) Pursuant to the Resolution of the Extraordinary General Meeting of Shareholders No. 216-2018/NQ-GAC dated 27 November 2018, the Group issued additional 5,622,014 shares to a shareholder to increase its charter capital to VND859,380,830,000. Cash proceeds from the issuance of shares is VND638,683,278,456. From which, the Group used this amount to repay loans of VND164,900,910,389, purchase of raw materials for manufacturing of VND93,782,368,067. As at 30 June 2019, the planned amount of investments in fixed assets, machinery is VND380,000,000,000 has not yet drawn down.





**24 EARNINGS PER SHARE (continued)**

(\*) For the six-month period ended as at 30 June 2019 and 30 June 2018, the Group has no plan to appropriate bonus and welfare funds.

(\*\*) Average shares in issue of previous period have been adjusted due to dividend paid by shares (Note 22) on 29 December 2018 in accordance with the Resolution of the Annual General Meeting of Shareholders No. 71-2018/NQ-GAC 3 May 2018 and the Resolution of the Extraordinary General Meeting of Shareholders No. 216-2018/NQ-GAC dated 27 November 2018.

**(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/year and the ordinary shares expected to be issued.

The Group has no any ordinary shares that have a dilutive effect during the year 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 2019, included in cash are balances held in foreign currencies of US\$110,123 and EUR301(as at 31 December 2018: US\$53,508 and EUR6,622).

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating leases are VND191,192,738,508 and VND143,501,460,035 for the six-month period ended 30 June 2019 and for the year ended 31 December 2018, respectively (Note 35).

## 26 NET REVENUE OF SALES OF GOODS AND RENDERING SERVICES

	For the six-month period ended	
	30.6.2019 VND	30.6.2018 VND
<b>Revenue</b>		
Revenue from sales of goods	1,249,498,128,530	1,101,813,759,669
Revenue from rendering of services	676,822,564,774	507,422,070,463
	<u>1,926,320,693,304</u>	<u>1,609,235,830,132</u>
<b>Sales deductions</b>		
Sales allowances	(182,873,543)	(50,412,065)
Sales returns	(6,875,163,403)	(5,885,739,121)
Trade discounts	(2,438,548,566)	(3,100,179,712)
	<u>(9,496,585,512)</u>	<u>(9,036,330,898)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of finished goods	1,240,001,543,018	1,092,777,428,771
Net revenue from rendering of services	676,822,564,774	507,422,070,463
	<u>1,916,824,107,792</u>	<u>1,600,199,499,234</u>

## 27 COST OF GOODS SOLD AND SERVICES RENDERED

	For the six-month period ended	
	30.6.2019 VND	30.6.2018 VND
Cost of finished goods sold	767,782,677,424	694,393,989,129
Cost of services rendered	639,603,455,800	397,011,307,110
Reversal of provision for decline in value of inventories	(316,438,763)	(432,483,962)
	<u>1,407,069,694,461</u>	<u>1,090,972,812,277</u>

**28 FINANCIAL INCOME**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Interest income	33,683,668,500	15,700,207,484
Interest income from lending to related parties (Note 34(a)(iii))	-	898,921,006
Realised foreign exchange gains	3,497,167,133	3,374,288,795
	<u>37,180,835,633</u>	<u>19,973,417,285</u>

**29 SELLING EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	88,592,252,136	73,842,858,381
Transportation	33,285,774,666	23,863,818,353
Marketing and advertising	34,607,703,975	19,798,646,296
Rental	12,075,535,433	10,353,768,982
Commission	964,871,724	8,433,446,854
Depreciation and amortisation	7,356,990,318	6,354,515,650
Tools and supplies	5,626,603,021	3,515,028,274
Repair and maintenances	8,749,971,492	3,265,836,652
Others	33,553,923,949	34,917,985,646
	<u>224,813,626,714</u>	<u>184,345,905,088</u>

**30 GENERAL AND ADMINISTRATION EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	32,136,605,917	28,089,878,911
Tools and supplies	2,054,638,014	1,137,225,472
Professional fees	930,335,578	838,352,469
Depreciation and amortisation	2,774,476,854	832,875,116
Provision/(reversal of provision) for doubtful debts	723,368,905	(160,853,460)
Others	22,480,089,742	23,155,319,119
	<u>61,099,515,010</u>	<u>53,892,797,627</u>

**31 BUSINESS INCOME TAX**

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:

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Net accounting profit before tax	255,450,145,720	287,864,384,851
Tax calculated at a rate of 20%	51,090,029,144	57,572,876,970
Effect of:		
Expenses not deductible for tax purposes	7,329,445,330	6,874,852,313
Utilisation of previously unrecognised tax losses	(60,392,303)	-
Tax losses for which no deferred income tax asset was recognised	-	1,267,756,759
Tax exemption	(18,489,670,391)	-
Under-provision in previous years/periods	100,244,949	-
<b>Business income tax charge</b>	<b>39,969,656,729</b>	<b>65,715,486,042</b>
Charged to income statement:		
Business income tax – current	40,827,083,063	65,119,729,411
Business income tax – deferred	(857,426,334)	595,756,631
	<b>39,969,656,729</b>	<b>65,715,486,042</b>

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**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Raw materials	824,475,036,618	1,021,868,271,847
Outside services	132,651,950,437	95,505,874,211
Tools and supplies	57,511,577,806	28,208,604,740
Transportation	35,539,416,929	44,957,979,001
Depreciation and amortisation	52,585,169,462	27,031,781,702
Staff costs	348,524,921,058	273,938,227,822
Others	94,222,413,335	83,408,694,276
	<b>1,545,510,485,645</b>	<b>1,574,919,433,599</b>

**33 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

	<u>For the six-month period ended</u>	
	30.6.2019 VND	30.6.2018 VND
Transfer from construction in progress to long-term prepayments	12,095,396,619	25,618,976,772

**34 RELATED PARTY DISCLOSURES**

As at 30 June 2019 and during the 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 Private Enterprise	Controlled by Chairman's family member

**(a) Related party transactions**

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

	<u>For the six-month period ended</u>	
	30.6.2019 VND	30.6.2018 VND
<b><i>i) Sales of goods</i></b>		
Trung Hieu Plywood Private Enterprise	39,603,600,247	38,970,787,242
<b><i>ii) Compensation of key management</i></b>		
Gross salaries and other benefits	16,789,314,738	14,658,631,737
<b><i>iii) Interest earned from lendings (Note 28)</i></b>		
NC Vietnam Investment Limited	-	898,921,006
<b><i>iv) Dividend paid during the period (Note 23)</i></b>		
NC Vietnam Investment Limited	61,405,680,000	-
Sumitomo Forestry (Singapore) Ltd	24,063,090,800	-
Withlam Holding Pte Ltd.	22,167,600,000	-
Other shareholders	12,674,705,400	-
	<u>120,311,076,200</u>	<u>-</u>

**34 RELATED PARTY DISCLOSURES (continued)****(b) Period end balances with related parties**

	30.6.2019 VND	31.12.2018 VND
<b>Short-term trade accounts receivable (Note 5)</b>		
Trung Hieu Plywood Private Enterprise	7,766,467,295	8,038,038,217

**35 OPERATING LEASE COMMITMENTS**

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

	<b>Property</b>	
	30.6.2019 VND	31.12.2018 VND
Within one year	32,988,367,063	27,310,834,061
Between one and five years	122,683,546,052	73,874,927,163
Over five years	35,520,825,393	42,315,698,811
<b>Total minimum payments</b>	<b>191,192,738,508</b>	<b>143,501,460,035</b>

**36 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 9 August 2019.



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\_\_\_\_\_  
Nguyen Tan Trong  
Preparer

\_\_\_\_\_  
Thieu Thi Ngoc Diem  
Chief Accountant

\_\_\_\_\_  
UYEN-T. BINH DU  
Le Duc Nghia  
General Director