

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

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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 24<sup>th</sup> amendment dated 3<sup>rd</sup> July 2018.

<b>Board of Management</b>	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
	Mr. Tran Bao Minh	Independent member

<b>Board of Directors</b>	Mr. Le Duc Nghia	General Director
	Ms. Thieu Thi Ngoc Diem	Member

<b>Board of Supervisors</b>	Ms. Tran Thi Ngoc Tue	Head of Supervisor
	Ms. Tran Thi Kim Anh	Member
	Ms. Mai Thi Phuong Thao	Member

<b>Legal representative</b>	Mr. Le Duc Nghia	Chairman cum General Director
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<b>Registered office</b>	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
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<b>Auditor</b>	PwC (Vietnam) Limited
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## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

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

The Board of Directors 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 2018 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 Directors 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 Directors 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 Directors 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 36 which gives a true and fair view of the financial position of the Group as at 30 June 2018 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 Directors



Le Duc Nghia  
General Director

Binh Duong, SR Vietnam  
10 August 2018



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF AN CUONG WOOD-WORKING JOINT STOCK COMPANY**

We have reviewed the accompanying consolidated interim financial statement of An Cuong Wood-Working Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which were prepared on 30 June 2018 and approved by the Board of Directors on 10 August 2018. The consolidated interim financial statements comprise the consolidated interim balance sheet as at 30 June 2018, 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 36.

### **The Board of Directors' Responsibility**

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of this 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 Directors 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 2018, 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

The consolidated interim financial statements for six-month period ended 30 June 2017 have not been reviewed.

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



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

Report reference number: HCM7386  
Ho Chi Minh City, 10 August 2018

As indicated in Note 2.1 to the consolidated interim financial statements, the accompanying consolidated interim financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 01a – DN/HN

## CONSOLIDATED INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2018 VND	31.12.2017 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,299,125,690,838</b>	<b>2,218,181,585,155</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>33,052,349,714</b>	<b>93,929,719,530</b>
111	Cash		23,052,349,714	31,715,382,769
112	Cash equivalents		10,000,000,000	62,214,336,761
<b>120</b>	<b>Short-term investment</b>		<b>409,500,000,000</b>	<b>499,000,000,000</b>
123	Investments held to maturity	4	409,500,000,000	499,000,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>560,601,429,225</b>	<b>587,646,101,357</b>
131	Short-term trade accounts receivable	5	339,450,050,759	400,537,216,372
132	Short-term prepayments to suppliers	6	145,713,416,799	108,329,897,294
135	Short-term lending	32(b)	54,800,000,000	54,800,000,000
136	Other short-term receivables	7	22,268,350,442	26,417,131,082
137	Provision for doubtful debts – short term	8	(2,560,144,847)	(2,720,998,307)
139	Shortage of assets awaiting resolution		929,756,072	282,854,916
<b>140</b>	<b>Inventories</b>	9	<b>1,241,053,032,981</b>	<b>1,006,231,262,656</b>
141	Inventories		1,243,412,336,295	1,009,023,049,932
149	Provision for decline in value of inventories		(2,359,303,314)	(2,791,787,276)
<b>150</b>	<b>Other current assets</b>		<b>54,918,878,918</b>	<b>31,374,501,612</b>
151	Short-term prepaid expenses		19,306,225,244	15,250,406,315
152	Value Added Tax to be reclaimed		33,897,607,908	14,892,592,285
153	Other taxes receivable	15(a)	1,715,045,766	1,231,503,012
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>764,420,783,261</b>	<b>576,882,976,735</b>
<b>210</b>	<b>Long-term receivable</b>		<b>1,483,227,000</b>	<b>884,080,000</b>
216	Other long-term receivables		1,483,227,000	884,080,000
<b>220</b>	<b>Fixed assets</b>		<b>495,848,116,165</b>	<b>367,940,014,563</b>
221	Tangible fixed assets	11(a)	472,988,034,454	343,831,719,151
222	Historical cost		636,669,910,506	481,842,727,202
223	Accumulated depreciation		(163,681,876,052)	(138,011,008,051)
227	Intangible fixed assets	11(b)	22,860,081,711	24,108,295,412
228	Historical cost		26,635,635,891	26,560,635,891
229	Accumulated amortisation		(3,775,554,180)	(2,452,340,479)
<b>240</b>	<b>Long-term assets in progress</b>		<b>59,885,354,817</b>	<b>813,664,796</b>
242	Construction in progress	12	59,885,354,817	813,664,796
<b>260</b>	<b>Other long-term assets</b>		<b>207,204,085,279</b>	<b>207,245,217,376</b>
261	Long-term prepaid expenses	10	207,204,085,279	206,649,460,745
262	Deferred tax assets	19	-	595,756,631
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,063,546,474,099</b>	<b>2,795,064,561,890</b>

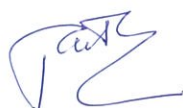
The notes on pages 9 to 36 are an integral part of these consolidated interim financial statements.

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 01a – DN/HN

CONSOLIDATED INTERIM BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at	
			30.6.2018 VND	31.12.2017 VND
<b>300</b>	<b>LIABILITIES</b>		<b>781,672,208,892</b>	<b>728,067,417,667</b>
<b>310</b>	<b>Current liabilities</b>		<b>781,672,208,892</b>	<b>728,067,417,667</b>
311	Short-term trade accounts payable	13	241,834,561,248	288,301,411,163
312	Short-term advances from customers	14	186,277,587,409	203,531,583,690
313	Tax and other payables to the State Budget	15(b)	41,319,757,143	35,483,905,703
314	Payable to employees	16	17,463,676,548	61,220,452,409
315	Short-term accrued expenses	17	51,282,130,122	34,307,325,782
319	Other short-term payables		4,731,704,362	7,206,558,238
320	Short-term borrowings	18	236,136,042,060	95,910,040,002
322	Bonus and welfare funds		2,626,750,000	2,106,140,680
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,281,874,265,207</b>	<b>2,066,997,144,223</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,281,874,265,207</b>	<b>2,066,997,144,223</b>
411	Owners' capital	20, 21	441,304,350,000	428,065,220,000
411a	- Ordinary shares with voting rights		441,304,350,000	428,065,220,000
412	Share premium	21	826,008,726,600	826,008,726,600
418	Investment and development funds	21	22,673,760,702	-
421	Undistributed earnings	21	991,887,427,905	812,923,197,623
421a	- Undistributed post-tax profits of previous years		769,738,529,096	297,600,904,644
421b	- Post-tax profit of current period/year		222,148,898,809	515,322,292,979
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>3,063,546,474,099</b>	<b>2,795,064,561,890</b>



Nguyen Tan Trong  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
10 August 2018

The notes on pages 9 to 36 are an integral part of these consolidated interim financial statements.



## CONSOLIDATED INTERIM INCOME STATEMENT

Code	Note	Six-month period ended	
		30.6.2018 VND	30.6.2017 VND (unreviewed)
01	Sales	1,609,235,830,132	1,310,656,604,483
02	Less deductions	(9,036,330,898)	(9,005,467,551)
10	Net sales	1,600,199,499,234	1,301,651,136,932
11	Cost of sales	(1,090,972,812,277)	(860,719,697,067)
20	Gross profit	509,226,686,957	440,931,439,865
21	Financial income	19,973,417,285	14,420,035,132
22	Financial expenses	(6,516,227,206)	(3,922,026,151)
23	- Including: Interest expense	(3,496,270,208)	(2,198,077,406)
25	Selling expenses	(184,345,905,088)	(137,036,552,716)
26	General and administration expenses	(53,892,797,627)	(37,155,762,039)
30	Net operating profit	284,445,174,321	277,237,134,091
31	Other income	8,960,212,953	2,302,609,675
32	Other expenses	(5,541,002,423)	(198,013,241)
40	Net other income	3,419,210,530	2,104,596,434
50	Net accounting profit before tax	287,864,384,851	279,341,730,525
51	Business income tax – current	(65,119,729,411)	(62,871,209,866)
52	Business income tax – deferred	(595,756,631)	(565,088,665)
60	Net profit after tax	222,148,898,809	215,905,431,994
61	Attributable to Profit after tax of the parent company	222,148,898,809	215,905,431,994
70	Earnings per share	5,161	5,318
71	Diluted earnings per share	5,161	5,318



Nguyen Tan Trong  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
10 August 2018

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

Code	Note	Six-month period ended	
		30.6.2018 VND	30.6.2017 VND (unreviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>287,864,384,851</b>	<b>279,341,730,525</b>
	Adjustments for:		
02	Depreciation and amortisation	27,031,781,702	18,475,531,571
03	Reversal of provisions	(593,337,422)	(865,243,239)
04	Unrealised foreign exchange losses	297,804,904	419,225,311
05	Profits from investing activities	(16,599,128,490)	(13,409,447,263)
06	Interest expense	3,496,270,208	2,198,077,406
08	<b>Operating profit before changes in working capital</b>	<b>301,497,775,753</b>	<b>286,159,874,311</b>
09	Decrease/(increase) in receivables	6,012,569,345	(148,748,060,098)
10	Increase in inventories	(234,389,286,363)	(280,825,130,441)
11	(Increase)/decrease in payables	(101,229,008,269)	105,978,232,039
12	Increase in prepaid expenses	(4,581,342,663)	(7,038,947,106)
14	Interest paid	(3,496,270,208)	(2,198,077,406)
15	Business income tax paid	(50,630,599,986)	(42,174,277,318)
17	Other payments for operating activities	(19,990,298,505)	(904,100,000)
20	<b>Net cash outflows from operating activities</b>	<b>(106,806,460,896)</b>	<b>(89,750,486,019)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(214,040,674,125)	(53,525,299,956)
23	Loans granted, purchases of debt instruments of other entities	(825,309,519,562)	(262,000,000,000)
24	Collection of loans, proceeds from sales of debt instruments of other entities	914,809,519,562	258,000,000,000
27	Dividends and interest received	17,406,368,782	13,409,447,263
30	<b>Net cash outflows from investing activities</b>	<b>(107,134,305,343)</b>	<b>(44,115,852,693)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	13,239,130,000	-
33	Proceeds from borrowings	638,456,527,538	261,277,510,899
34	Repayments of borrowings	(498,632,466,789)	(131,784,629,987)
40	<b>Net cash inflows from financing activities</b>	<b>153,063,190,749</b>	<b>129,492,880,912</b>
50	<b>Net decrease in cash and cash equivalents</b>	<b>(60,877,575,490)</b>	<b>(4,373,457,800)</b>
60	<b>Cash and cash equivalents at beginning of period</b>	<b>93,929,719,530</b>	<b>14,271,859,641</b>
61	Effect of foreign exchange differences	205,674	(575,909)
70	<b>Cash and cash equivalents at end of period</b>	<b>33,052,349,714</b>	<b>9,897,825,932</b>



Nguyen Tan Trong  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
10 August 2018

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

**1 GENERAL INFORMATION OF THE GROUP**

An Cuong Wood-Working Joint Stock Company (“the Company”) was established in SR Vietnam pursuant to Enterprise registration certificate No.3700748131 which was initially issued by the Department of Planning and Development of Binh Duong, dated 20 September 2006 and the latest amendment dated 3 July 2018.

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

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

As at 30 June 2018, the Group had 3,656 employees (as at 31 December 2017: 2,815 employees).

As at 30 June 2018, the Group had two direct subsidiaries and one indirect subsidiary (as at 31 December 2017: two direct subsidiaries and one indirect subsidiary), as follows:

Name	Place of incorporation	Principal activity	At 30.6.2018		At 31.12.2017	
			% of ownership (%)	% of voting right (%)	% of ownership (%)	% of 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

**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.

**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 income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated 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 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 interim 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 and cash equivalents**

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

**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 Directors 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. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

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

Investments held-to-maturity are investments which the Board of Directors has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, loans held-to-maturity for interest earning and other held-to-maturity investments. 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 used are:

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 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 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 balance sheet based on remaining period from the balance sheet date to the maturity date.

**2.13 Borrowing costs**

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

*Undistributed earnings* record the Group's results, profit after business income tax at the reporting date.

**2.17 Appropriation of net profit**

Net profit after income tax could be distributed to shareholders after approval at General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

The Group's funds include:

**(a) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the General Meeting. The fund is set up to reward, encourage employees with the purpose to improve the quality of life of employees.

**(b) Development and investment fund**

Development and investment fund is appropriated from net profit of the Group and approved by shareholders in the General Meeting. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

**2.18 Revenue recognition****(a) 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.



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

**2.18 Revenue recognition (continued)**

**(b) 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 balance sheet date but before the issuance of the financial statements are recorded as deduction of revenue of the period.

**2.20 Cost of sales**

Cost of goods sold or cost of services 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 or losses relating to financial investment activity, expenses of lending and borrowing, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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, provision for bad debts, outside services, other outsourcing services and other cash 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.

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 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 Dividend distribution**

Dividend of the Company is recognised as a liability in the consolidated interim financial statements in the period in which the dividends are approved by the General Meeting of shareholders.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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 General Directors 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 Use of estimates**

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

**2.28 Segment reporting**

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

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

**3 CASH AND CASH EQUIVALENTS**

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	1,155,188,848	1,051,331,092
Cash at bank	21,776,747,866	30,525,006,719
Cash in transit	120,413,000	139,044,958
Cash equivalents (*)	10,000,000,000	62,214,336,761
	<u>33,052,349,714</u>	<u>93,929,719,530</u>

(\*) This includes term deposits with an original maturity of three months or less, bears interest rate at 5.3% per annum.

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**4 INVESTMENTS HELD-TO-MATURITY**

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 ranging from 6% - 6.2% per annum.

**5 TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Third parties	331,127,444,329	391,480,326,540
Related parties (Note 32(b))	8,322,606,430	9,056,889,832
	<u>339,450,050,759</u>	<u>400,537,216,372</u>

As at 30 June 2018 and 31 December 2017, the balances of short-term trade accounts receivable which were past due, amounting to VND4,408,669,723 and VND4,718,097,000 respectively, and presented in Note 8.

**6 SHORT-TERM PREPAYMENT TO SUPPLIERS**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Kim Hung Thinh Construction Design Consulting Company Limited	243,719,004	19,279,017,041
Wemhoener (Changzhou) Machinery Manufacturing Limited.	-	10,430,775,000
Others	145,469,697,795	78,620,105,253
	<u>145,713,416,799</u>	<u>108,329,897,294</u>

**7 OTHER RECEIVABLES**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Deposits	10,485,992,941	9,435,469,066
Interest receivable from bank deposits	7,616,368,624	9,322,529,922
Advances to employees	2,629,426,115	1,014,842,218
Lending interest receivable (Note 32(b))	1,337,454,340	438,533,334
Others	199,108,422	6,205,756,542
	<u>22,268,350,442</u>	<u>26,417,131,082</u>

As at 30 June 2018 and 31 December 2017, there was no balance of other short-term receivables that was past due or not past due but doubtful.

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**8 DOUBTFUL DEBTS**

	<b>30.6.2018</b>			
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Provision VND</b>	<b>Number of overdue days</b>
Sai Gon Shipyard Company Limited	2,180,409,759	1,094,121,319	1,086,288,440	Over 730 days
Construction & Development for Cities Company Ltd.	360,000,000	-	360,000,000	Over 1095 days
Tan Hoang Thang JSC	358,710,330	-	358,710,330	Over 1095 days
Others	1,509,549,634	739,138,603	732,487,401	Over 365 days
	<u>4,408,669,723</u>	<u>1,848,524,876</u>	<u>2,560,144,847</u>	

	<b>31.12.2017</b>			
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Provision VND</b>	<b>Number of overdue days</b>
Sai Gon Shipyard Company Limited	2,539,601,152	1,269,800,576	1,269,800,576	Over 730 days
Construction & Development for Cities Company Ltd.	360,000,000	-	360,000,000	Over 1,095 days
Tan Hoang Thang JSC	358,710,330	-	358,710,330	Over 1,095 days
Others	1,459,785,518	727,298,117	732,487,401	Over 365 days
	<u>4,718,097,000</u>	<u>1,997,098,693</u>	<u>2,720,998,307</u>	

**9 INVENTORIES**

	<b>30.6.2018</b>		<b>31.12.2017</b>	
	<b>Cost VND</b>	<b>Provision VND</b>	<b>Cost VND</b>	<b>Provision VND</b>
Goods in transit	63,842,646,314	-	90,434,448,613	-
Raw materials	424,040,694,262	(1,697,030,028)	363,851,583,520	(1,991,437,764)
Work in progress	387,458,977,889	(5,581,233)	3,111,000,528	(7,327,172)
Finished goods	178,122,715,704	(646,519,275)	404,882,847,991	(781,953,300)
Merchandise	189,947,302,126	(10,172,778)	146,743,169,280	(11,069,040)
	<u>1,243,412,336,295</u>	<u>(2,359,303,314)</u>	<u>1,009,023,049,932</u>	<u>(2,791,787,276)</u>
Provision for decline in value of inventories	(2,359,303,314)		(2,791,787,276)	
	<u>1,241,053,032,981</u>		<u>1,006,231,262,656</u>	

**9 INVENTORIES (continued)**

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

	<b>For six-month period ended 30.6.2018 VND</b>	<b>For year ended 31.12.2017 VND</b>
Beginning of period/year	2,791,787,276	2,167,877,250
Increase	-	623,910,026
Reversal	(432,483,962)	-
End of period/year	<u>2,359,303,314</u>	<u>2,791,787,276</u>

**10 LONG-TERM PREPAID EXPENSES**

	<b>30.6.2018 VND</b>	<b>31.12.2017 VND</b>
Land rental prepaid	183,148,828,967	185,510,226,232
Tools and supplies	12,610,160,962	12,643,098,554
Land rental cost	2,209,427,820	2,232,482,719
Others	9,235,667,530	6,263,653,240
	<u>207,204,085,279</u>	<u>206,649,460,745</u>

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

	<b>For six-month period ended 30.6.2018 VND</b>	<b>For year ended 31.12.2017 VND</b>
Beginning of period/year	206,649,460,745	33,717,241,600
Increase	11,023,617,759	189,873,180,525
Allocation	(10,468,993,225)	(16,940,961,380)
End of period/year	<u>207,204,085,279</u>	<u>206,649,460,745</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 2018	153,318,614,771	217,228,088,859	70,555,672,100	5,701,143,256	35,039,208,216	481,842,727,202
	New purchases	3,240,032,601	72,553,682,083	13,715,012,871	1,520,748,907	991,170,000	92,020,646,462
	Transferred from construction in progress (Note 12)	49,701,369,239	13,142,867,603	-	-	-	62,844,236,842
	Disposals	-	(37,700,000)	-	-	-	(37,700,000)
	As at 30 June 2018	206,260,016,611	302,886,938,545	84,270,684,971	7,221,892,163	36,030,378,216	636,669,910,506
	<b>Accumulated depreciation</b>						
	As at 1 January 2018	32,041,096,282	58,959,658,876	20,938,797,854	2,469,435,878	23,602,019,161	138,011,008,051
	Charge for the period	7,001,240,198	12,780,552,426	4,266,758,329	184,632,167	1,475,384,881	25,708,568,001
	Disposals	-	(37,700,000)	-	-	-	(37,700,000)
	As at 30 June 2018	39,042,336,480	71,702,511,302	25,205,556,183	2,654,068,045	25,077,404,042	163,681,876,052
	<b>Net book value</b>						
	As at 1 January 2018	121,277,518,489	158,268,429,983	49,616,874,246	3,231,707,378	11,437,189,055	343,831,719,151
	As at 30 June 2018	167,217,680,131	231,184,427,243	59,065,128,788	4,567,824,118	10,952,974,174	472,988,034,454

Cost of tangible fixed assets fully depreciated but still in use as at 30 June 2018 was VND22.4 billion (as at 31 December 2017: VND20.2 billion).

As at 30 June 2018 tangible fixed assets with a carrying value of VND92.2 billion (as at 31 December 2017: VND83.8 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).

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11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
<b>Historical cost</b>			
As at 1 January 2018	8,090,909,091	18,469,726,800	<b>26,560,635,891</b>
New purchases	-	75,000,000	<b>75,000,000</b>
As at 30 June 2018	<u>8,090,909,091</u>	<u>18,544,726,800</u>	<u><b>26,635,635,891</b></u>
<b>Accumulated amortisation</b>			
As at 1 January 2018	734,392,597	1,717,947,882	<b>2,452,340,479</b>
Charge for the period	110,902,259	1,212,311,442	<b>1,323,213,701</b>
As at 30 June 2018	<u>845,294,856</u>	<u>2,930,259,324</u>	<u><b>3,775,554,180</b></u>
<b>Net book value</b>			
As at 1 January 2018	<u>7,356,516,494</u>	<u>16,751,778,918</u>	<u><b>24,108,295,412</b></u>
As at 30 June 2018	<u><u>7,245,614,235</u></u>	<u><u>15,614,467,476</u></u>	<u><u><b>22,860,081,711</b></u></u>

Historical cost of intangible fixed assets fully amortised but still in use as at 30 June 2018 was VND299 million (as at 31 December 2017: VND299 million).

As at 30 June 2018 intangible fixed assets with a carrying value of VND7.2 billion (as at 31 December 2017: VND7.4 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).

12 CONSTRUCTION IN PROGRESS

	30.6.2018 VND	31.12.2017 VND
Factory	42,662,039,834	-
Office renovation	16,593,936,938	810,144,796
Purchasing machinery and equipment	629,378,045	3,520,000
	<u>59,885,354,817</u>	<u>813.664.796</u>



**12 CONSTRUCTION IN PROGRESS (continued)**

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

	<b>For six-month period ended 30.6.2018 VND</b>	<b>For year ended 31.12.2017 VND</b>
Beginning of period/year	813,664,796	71,114,438,413
Purchase	121,945,027,663	30,623,322,583
Transferred to tangible fixed assets (Note 11(a))	(62,844,236,842)	(27,744,032,577)
Transferred to intangible fixed assets (Note 11(b))	-	(15,060,822,760)
Transferred to prepaid expenses	(29,100,800)	(58,076,028,113)
Others	-	(43,212,750)
End of period/year	<u>59,885,354,817</u>	<u>813,664,796</u>

**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	<b>30.6.2018 VND</b>	<b>31.12.2017 VND</b>
Vina Eco Board Limited.	33,554,636,652	30,884,103,365
Others	208,279,924,596	257,417,307,798
	<u>241.834.561.248</u>	<u>288,301,411,163</u>

As at 30 June 2018 and 31 December 2017, there was no balance of short-term trade accounts payable that was past due.

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	<b>30.6.2018 VND</b>	<b>31.12.2017 VND</b>
Third parties	<u>186,277,587,409</u>	<u>203,531,583,690</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 1.1.2018 VND	Receivable/payable during the period VND	Collected/paid during the period VND	As at 30.6.2018 VND
<b>a) Receivables</b>				
Import tax	1,220,617,896	28,617,440,839	(28,131,220,337)	1,627,110,078
Others	10,885,116	73,602,271	(76,280,019)	8,207,368
	<u>1,231,503,012</u>	<u>28,691,043,110</u>	<u>(28,207,500,356)</u>	<u>1,715,045,766</u>
<b>b) Payables</b>				
Value added tax	12,257,049,971	31,506,183,734	(33,085,449,814)	10,677,783,891
Business income tax	15,023,725,306	65,396,242,297	(50,630,599,986)	29,789,367,617
Personal income tax	8,203,130,426	11,126,056,548	(18,504,577,450)	824,609,524
Others	-	4,625,243,961	(4,597,247,850)	27,996,111
	<u>35,483,905,703</u>	<u>112,653,726,540</u>	<u>(106,817,875,100)</u>	<u>41,319,757,143</u>

**AN CUONG WOOD-WORKING JOINT STOCK COMPANY****Form B 09a – DN/HN****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>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Staff costs	38,487,437,928	13,134,388,978
Land rental	-	11,247,284,250
Commission	3,134,307,569	3,729,377,845
Marketing and media expenses	5,351,054,000	2,977,787,227
Others	4,309,330,625	3,218,487,482
	<u>51,282,130,122</u>	<u>34,307,325,782</u>

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18 SHORT-TERM BORROWINGS

	As at 1.1.2018 VND	Increase VND	Decrease VND	Revaluation VND	As at 30.6.2018 VND
Bank loans	95,910,040,002	638,456,527,538	(498,632,466,789)	401,941,309	236,136,042,060

Details of short-term bank loans as follows:

	Currency	As at 30.6.2018 VND	Term Months	Expire date	Interest rate % per annum	Collateral
Vietnam Technological and Commercial Joint Stock Bank ("Techcombank")	VND	94,401,739,169	6	29/12/2018	5.0%	Inventories
Vietnam Maritime Joint Stock Commercial Bank ("Maritime Bank")	VND	52,715,776,687	6	08/11/2018	5.0%	Land use right and assets belonged to land plot no. 750 located in Binh Duong with the total value of VND32.9 billion
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	VND	31,960,826,914	6	29/08/2018	5.0% - 5.1%	Bank deposit account number 21200055989 at Vietin Bank – Branch No.8 with the value of VND122 billion.
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietin Bank")	USD	7,779,476,400	4	10/09/2018	2.7%	Subrogation of Company with minimum value of VND190 billion;
	VND	5,938,420,560	3	05/09/2018	5.2%	Land use right and assets belonged to land plot no. 441 located in Binh Duong with the total value of VND55.7 billion
	USD	43,339,802,330	3	06/09/2018	2.3%	
		<b>236,136,042,060</b>				

**19 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>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	-	595,756,631
	<u>                    </u>	<u>                    </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 six-month period ended 30.6.2018</b>	<b>For year ended 31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Beginning of period/year	595,756,631	1,389,117,177
Income statement charge	(595,756,631)	(793,360,546)
End of period/year	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>

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

**20 OWNERS' CAPITAL****(a) Number of shares**

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>Ordinary shares</b>	<b>Ordinary Shares</b>
Number of shares registered	44,130,435	42,806,522
Number of shares issued	44,130,435	42,806,522
Number of existing shares in circulation	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>

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**20 OWNERS' CAPITAL (continued)**

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

	<b>30.6.2018</b>		<b>31.12.2017</b>	
	<b>Ordinary shares</b>	<b>%</b>	<b>Ordinary shares</b>	<b>%</b>
NC Viet Nam Investment Ltd.	23,660,000	54	23,660,000	55
Whitlam Holding Pte Ltd.	8,700,000	20	8,700,000	20
Sumimoto Forestry (Singapore) Ltd.	4,413,044	10	4,413,044	10
Others	7,357,391	16	6,033,478	15
	<u>44,130,435</u>	<u>100</u>	<u>42,806,522</u>	<u>100</u>

**(c) Movement of share capital**

	<b>Number of share capital</b>	<b>Ordinary shares VND</b>	<b>Total VND</b>
As at 1 January 2017	40,600,000	406,000,000,000	<b>406,000,000,000</b>
New shares issued	2,206,522	22,065,220,000	<b>22,065,220,000</b>
	<u>42,806,522</u>	<u>428,065,220,000</u>	<u><b>428,065,220,000</b></u>
As at 31 December 2017	42,806,522	428,065,220,000	<b>428,065,220,000</b>
New shares issued	1,323,913	13,239,130,000	<b>13,239,130,000</b>
	<u>44,130,435</u>	<u>441,304,350,000</u>	<u><b>441,304,350,000</b></u>

Par value per share: VND10,000.

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**21 MOVEMENTS IN OWNERS' EQUITY**

	Owners' capital VND	Share premium VND	Development and investment fund VND	Undistributed earnings VND	Total VND
As at 1 January 2017	406,000,000,000	539,650,000,000	-	419,400,904,644	1,365,050,904,644
Capital increased during the year	22,065,220,000	286,358,726,600	-	-	308,423,946,600
Profit for the year	-	-	-	515,322,292,979	515,322,292,979
Dividends (*)	-	-	-	(121,800,000,000)	(121,800,000,000)
As at 31 December 2017	428,065,220,000	826,008,726,600	-	812,923,197,623	2,066,997,144,223
Capital increased during the period (**)	13,239,130,000	-	-	-	13,239,130,000
Profit for the period	-	-	-	222,148,898,809	222,148,898,809
Appropriation of investment and development fund (***)	-	-	28,789,779,018	(28,789,779,018)	-
Appropriation of bonus and welfare fund (****)	-	-	-	(14,394,889,509)	(14,394,889,509)
Others	-	-	(6,116,018,316)	-	(6,116,018,316)
As at 30 June 2018	441,304,350,000	826,008,726,600	22,673,760,702	991,887,427,905	2,281,874,265,207

(\*) Pursuant to the Resolution of General Meeting No. 71-2018/NQ-GAC dated 3 May 2018, the General Meeting approved paid dividends in cash at the rate of 30% of the par value of share capital, these dividends was paid in 2017.

(\*\*) Pursuant to the Resolution of General Meeting No. 72/2017/NQ-GAC dated 28 April 2017, the Company issued 1,323,913 shares to its employees and increase charter capital from VND428,065,200,000 to VND441,304,350,000. This amount was used to supplement working capital amounting to VND1,835,648,821 and to repay loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") amounting to VND11,403,481,079 for contract no. 0927000019332 and 0927000019433.

(\*\*\*\*) As at 30 June 2018, the investment and development fund and the bonus and welfare fund were appropriated in accordance with Resolution of General Meeting No. 71-2018/NQ-GAC dated 3 May 2018.

**22 DIVIDENDS**

	<b>For six-month period ended 30.6.2018 VND</b>	<b>For year ended 31.12.2017 VND</b>
Beginning of period/year	-	-
Dividends payable during the period/year (Note 21)	-	121,800,000,000
Dividends paid in cash	-	(121,800,000,000)
End of period/year	-	-

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

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares:

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>31.12.2017</b>
Net profit attributable to shareholders (VND)	222,148,898,809	215,905,431,994
Less amount allocated to bonus and welfare funds (VND)	-	-
	<u>222,148,898,809</u>	<u>215,905,431,994</u>
Weighted average number of ordinary shares in issue (shares)	43,041,884	40,600,000
Basic earning per share (VND)	<u>5,161</u>	<u>5,318</u>

**(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 fund, by the weighted average number of ordinary shares outstanding during the 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 financial statements. Therefore, the diluted earning per share shall be equal to the basic earnings per share.



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

As at 30 June 2018, included in cash and cash equivalents are balances held in foreign currencies of US\$54,907 and EUR100 (as at 31 December 2017: US\$17,509 and EUR113).

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating leases are VND214,383,196,681 and VND142,659,083,805 for the year ended 30 June 2018 and 31 December 2017 respectively (Note 34).

**(c) Bad debts written off**

As at 30 June 2018, the Company has no bad debts written off (as at 31 December 2017: VND1,632,835,726).

**25 NET REVENUE**

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
<b>Sales</b>		
Sales of finished goods	1,101,813,759,669	839,468,529,508
Rendering of services	507,422,070,463	471,188,074,975
	<u>1,609,235,830,132</u>	<u>1,310,656,604,483</u>
<b>Sales deductions</b>		
Trade discount	(3,100,179,712)	(1,543,171,007)
Sales allowances	(50,412,065)	(4,086,400)
Sales returns	(5,885,739,121)	(7,458,210,144)
	<u>(9,036,330,898)</u>	<u>(9,005,467,551)</u>
<b>Net revenue</b>		
Net revenue from sales of finished goods	1,092,777,428,771	830,463,061,957
Net revenue from rendering services	507,422,070,463	471,188,074,975
	<u>1,600,199,499,234</u>	<u>1,301,651,136,932</u>

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**26 COST OF SALES**

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Cost of finished goods sold	694,393,989,129	509,964,689,606
Cost of services rendered	397,011,307,110	351,130,367,942
Reversal of provision for decline in value of inventories	(432,483,962)	(375,360,481)
	<u>1,090,972,812,277</u>	<u>860,719,697,067</u>

**27 FINANCIAL INCOME**

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	15,700,207,484	11,978,152,818
Interest income from lending to related parties (Note 32(a))	898,921,006	1,431,294,445
Realised foreign exchange gain	3,374,288,795	1,010,587,869
	<u>19,973,417,285</u>	<u>14,420,035,132</u>

**28 SELLING EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Depreciation and amortisation	6,354,515,650	4,176,905,431
Transportation	23,863,818,353	24,642,674,164
Staff costs	73,842,858,381	53,386,869,680
Marketing and advertising	19,798,646,296	12,928,646,925
Commission	8,433,446,854	7,692,995,085
Tools and supplies	3,515,028,274	2,361,939,835
Rental fees	10,353,768,982	5,105,518,359
Repair and maintainance	3,265,836,652	1,222,283,710
Warranty	253,506,095	284,065,648
Others	34,664,479,551	25,234,653,879
	<u>184,345,905,088</u>	<u>137,036,552,716</u>

**29 GENERAL AND ADMINISTRATION EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Depreciation and amortisation	832,875,116	687,839,346
Professional services	838,352,469	670,540,945
Tools and supplies	1,137,225,472	1,172,697,963
Staff costs	28,089,878,911	18,787,707,445
Reversal of provision for doubtful debts	(160,853,460)	(489,882,758)
Others	23,155,319,119	16,326,859,098
	<u>53,892,797,627</u>	<u>37,155,762,039</u>

**30 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>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Net accounting profit before tax	287,864,384,851	279,341,730,525
Tax calculated at a rate of 20%	57,572,876,970	55,868,346,105
Effect of:		
Expenses not deductible for tax purposes	6,874,852,313	7,289,527,016
Tax losses which no deferred income tax assets was recognised	1,267,756,759	278,425,410
Business income tax charge (*)	<u>65,715,486,042</u>	<u>63,436,298,531</u>
Charged/(credit) to income statement:		
Business income tax – current	65,119,729,411	62,871,209,866
Business income tax – deferred (Note 19)	595,756,631	565,088,665
	<u>65,715,486,042</u>	<u>63,436,298,531</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**

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Raw materials	1,021,868,271,847	829,982,624,484
Staff costs	273,938,227,822	174,445,083,005
Depreciation and amortisation	27,031,781,702	18,475,531,571
Transportation	44,957,979,001	22,182,335,025
Tools and supplies	28,208,604,740	32,181,893,149
Outside services	95,505,874,211	83,547,426,719
Other cash expenses	83,408,694,276	49,603,037,633
	<u>1,574,919,433,599</u>	<u>1,210,417,931,586</u>

**32 RELATED PARTY DISCLOSURES**

As at 30 June 2018 and during the period then ended, the Group had balances and/or transactions with the related parties:

<b>Entity name</b>	<b>Relationship</b>
NC Vietnam Investment Limited	Controlling shareholder
Whitlam Holding Pte. Ltd.	Significant influence shareholder
Trung Hieu Plywood Private Enterprise	Controlled by Chairman's family member
Ms. Le Thi Kim Cuc	Chairman's family member

**(a) Related party transactions**

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

	<b>For the six-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
<b><i>i) Sales of goods</i></b>		
Trung Hieu Plywood Private Enterprise	<u>38,970,787,242</u>	<u>38,120,365,463</u>
<b><i>ii) Compensation of key management</i></b>		
Gross salaries and other benefits	<u>14,658,631,737</u>	<u>11,315,141,023</u>

## 32 RELATED PARTY DISCLOSURES (continued)

	<u>For the six-month period ended</u>	
	<u>30.6.2018</u> VND	<u>30.6.2017</u> VND
<i>iii) Interest earned from lendings (Note 27)</i>		
NC Viet Nam Investment Limited	898,921,006	1,431,294,445
<b>(b) Period end balances with related parties</b>		
	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
<b>Short term trade accounts receivable (Note 5)</b>		
Trung Hieu Plywood Private Enterprise	8,322,606,430	9,056,889,832
<b>Short term lendings</b>		
NC Viet Nam Investment Limited (*)	33,000,000,000	33,000,000,000
Ms. Le Thi Kim Cuc (**)	21,800,000,000	21,800,000,000
	54,800,000,000	54,800,000,000
(*) Pursuant to the contract dated 25 November 2015 and its appendix dated 1 January 2017, the short-term lending to NC Vietnam Investment Limited is unsecured, bears interest at the rate of 5.2% per annum (as at 31 December 2017: 6.2% per annum) and matures on 31 December 2018.		
(**) Pursuant to the lending contract in 2016 and its appendices in 2018, the short-term lending to Ms. Le Thi Kim Cuc is unsecured, bears no interest and matures on 28 January 2019 (VND11.3 billion) and 6 April 2019 (VND10.5 billion).		
	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
<b>Other short-term receivables (Note 7)</b>		
NC Viet Nam Investment Limited	1,337,454,340	438,533,334

**33 OPERATING LEASE COMMITMENTS**

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

	<b>Properties</b>	
	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	15,777,381,866	25,552,376,653
From 1 year to 5 years	145,891,979,990	67,255,054,076
Over 5 years	52,713,834,825	49,851,653,076
	214,383,196,681	142,659,083,805
	214,383,196,681	142,659,083,805

**34 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 Directors 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 Directors on 10 August 2018.



Nguyen Tan Trong  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director