

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

**SEPARATE INTERIM FINANCIAL STATEMENTS  
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 SEPARATE INTERIM FINANCIAL STATEMENTS

The Board of Directors of An Cuong Wood-Working Joint Stock Company (“the Company”) is responsible for preparing the separate interim financial statements which gives a true and fair view of the financial position of the Company as at 30 June 2018 and the results of its operations and cash flows for the six-month period then ended. In preparing these separate 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 separate interim financial statement on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### APPROVAL OF THE SEPARATE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying separate interim financial statements as set out on pages 5 to 37 which gives a true and fair view of the financial position of the Company as at 30 June 2018 and of the results of its operations and cash flows for the six-month then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate interim financial statements.

Users of these separate interim financial statements of the Company should read them together with the consolidated interim financial statements of the Company and its subsidiaries (“the Group”) for the six-month period ended 30 June 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Group as a whole.

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 separate interim financial statements of An Cuong Wood-Working Joint Stock Company ("the Company") which were prepared on 30 June 2018 and approved by the Board of Directors on 10 August 2018. The separate interim financial statements comprise the separate interim balance sheet as at 30 June 2018, the separate interim income statement, the separate interim cash flow statement for the six-month period then ended, and explanatory notes to the separate interim financial statements including significant accounting policies, as set out on pages 5 to 37.

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

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

### **Auditor's Responsibility**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not presented fairly, in all material respects, the financial position of the Company 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 separate interim financial statements.



### Other Matters

The separate interim financial statements of the Company 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: HCM7387  
Ho Chi Minh City, 10 August 2018

As indicated in Note 2.1 to the separate interim financial statements, the accompanying separate interim financial statement are not intended to present the separate interim financial position, separate 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

## SEPARATE INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2018 VND	31.12.2017 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,037,669,866,572</b>	<b>2,012,199,435,502</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>9,567,025,239</b>	<b>65,882,673,325</b>
111	Cash		9,567,025,239	3,668,336,564
112	Cash equivalents		-	62,214,336,761
<b>120</b>	<b>Short-term investment</b>		<b>406,000,000,000</b>	<b>495,000,000,000</b>
123	Investments held to maturity	4(a)	406,000,000,000	495,000,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>508,187,081,775</b>	<b>534,751,959,463</b>
131	Short-term trade accounts receivable	5	352,499,226,967	389,847,230,847
132	Short-term prepayments to suppliers	6	52,310,365,485	37,881,456,941
135	Short-term lending	30(b)	83,000,000,000	83,000,000,000
136	Other short-term receivables	7	21,032,115,897	25,499,524,365
137	Provision for doubtful debts – short term	8	(1,577,177,379)	(1,722,238,449)
139	Shortage of assets awaiting resolution		922,550,805	245,985,759
<b>140</b>	<b>Inventories</b>	9	<b>1,094,687,452,443</b>	<b>902,346,181,724</b>
141	Inventories		1,097,046,755,757	905,137,969,000
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>19,228,307,115</b>	<b>14,218,620,990</b>
151	Short-term prepaid expenses	10(a)	17,001,914,085	12,674,031,282
152	Value Added Tax to be reclaimed		525,345,123	351,856,560
153	Other taxes receivable	15(a)	1,701,047,907	1,192,733,148
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>909,822,565,037</b>	<b>692,775,550,454</b>
<b>220</b>	<b>Fixed assets</b>		<b>327,228,413,467</b>	<b>341,461,686,725</b>
221	Tangible fixed assets	11(a)	304,368,331,756	317,353,391,313
222	Historical cost		453,689,973,473	444,627,601,395
223	Accumulated depreciation		(149,321,641,717)	(127,274,210,082)
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 amortization		(3,775,554,180)	(2,452,340,479)
<b>240</b>	<b>Long-term assets in progress</b>		<b>17,208,314,983</b>	<b>813,664,796</b>
242	Construction in progress	12	17,208,314,983	813,664,796
<b>250</b>	<b>Long-term investment</b>		<b>476,000,000,000</b>	<b>260,000,000,000</b>
251	Investments in subsidiaries	4(b)	476,000,000,000	260,000,000,000
<b>260</b>	<b>Other long-term asset</b>		<b>89,385,836,587</b>	<b>90,500,198,933</b>
261	Long-term prepaid expenses	10(b)	89,385,836,587	90,500,198,933
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,947,492,431,609</b>	<b>2,704,974,985,956</b>

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

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 01a – DN

SEPARATE INTERIM BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at	
			30.6.2018 VND	31.12.2017 VND
<b>300</b>	<b>LIABILITIES</b>		<b>722,513,901,117</b>	<b>680,931,571,174</b>
<b>310</b>	<b>Current liabilities</b>		<b>722,513,901,117</b>	<b>680,931,571,174</b>
311	Short-term trade accounts payable	13	201,530,644,530	275,086,650,218
312	Short-term advances from customers	14	176,254,743,721	195,346,277,839
313	Tax and other payables to the State Budget	15(b)	36,237,444,362	25,296,670,966
314	Payable to employees	16	17,421,281,257	60,979,690,022
315	Short-term accrued expenses	17	47,799,162,517	19,380,955,274
319	Other short-term payables		4,606,741,208	7,094,054,711
320	Short-term borrowings	18	236,136,042,060	95,910,040,002
322	Bonus and welfare funds		2,527,841,462	1,837,232,142
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,224,978,530,492</b>	<b>2,024,043,414,782</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,224,978,530,492</b>	<b>2,024,043,414,782</b>
411	Owners' capital	19, 20	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	20	826,008,726,600	826,008,726,600
418	Investment and development funds	20	22,673,760,702	-
421	Undistributed earnings	20	934,991,693,190	769,969,468,182
421a	- Undistributed post-tax profits of previous years		726,784,799,655	290,139,817,896
421b	- Post-tax profit of current period/year		208,206,893,535	479,829,650,286
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>2,947,492,431,609</b>	<b>2,704,974,985,956</b>

Nguyen Thi Hong Lan  
Preparer

Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
10 August 2018

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



## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

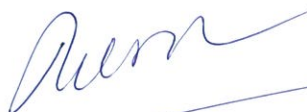
Form B 02a – DN

## SEPARATE INTERIM INCOME STATEMENT

Code		Note	For the 6-month period ended	
			30.6.2018 VND	30.6.2017 VND (unreviewed)
01	Sales		1,526,464,235,644	1,246,012,135,629
02	Less deductions		(3,385,415,809)	(5,404,381,083)
10	Net sales	23	1,523,078,819,835	1,240,607,754,546
11	Cost of sales	24	(1,084,186,436,951)	(854,179,416,800)
20	Gross profit		438,892,382,884	386,428,337,746
21	Financial income	25	21,345,253,738	15,675,296,932
22	Financial expenses		(6,729,086,442)	(3,896,221,841)
23	- Including: <i>Interest expense</i>		(4,331,825,843)	(2,198,077,406)
25	Selling expenses	26	(148,111,303,473)	(106,748,191,184)
26	General and administration expenses	27	(43,985,887,917)	(28,977,776,329)
30	Net operating profit		261,411,358,790	262,481,445,324
31	Other income		8,481,936,185	1,946,732,751
32	Other expenses		(1,286,781,072)	(196,370,173)
40	Net other income		7,195,155,113	1,750,362,578
50	Net accounting profit before tax		268,606,513,903	264,231,807,902
51	Business income tax - current	28	(60,399,620,368)	(59,862,852,717)
52	Business income tax - deferred		-	-
60	Net profit after tax		208,206,893,535	204,368,955,185



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
10 August 2018

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

SEPARATE INTERIM CASH FLOW STATEMENT  
(Indirect method)

Code	Note	For the 6-month period ended	
		30.6.2018 VND	30.6.2017 VND (unreviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>268,606,513,903</b>	<b>264,231,807,092</b>
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortization	23,408,345,336	17,105,643,065
03	Reversal of provisions	(577,545,032)	(865,243,239)
04	Unrealised foreign exchange losses	297,804,904	419,225,311
05	Profits from investing activities	(18,917,247,847)	(14,718,929,622)
06	Interest expense	4,331,825,843	2,198,077,406
08	<b>Operating profit before changes in working capital</b>	<b>277,149,697,107</b>	<b>268,370,580,823</b>
09	Decrease/(increase) in receivables	24,781,842,795	(111,215,737,282)
10	Increase in inventories	(191,908,786,757)	(247,942,426,861)
11	(Decrease)/increase in payables	(117,786,421,212)	87,347,352,242
12	Increase in prepaid expenses	(3,184,419,657)	(3,955,869,395)
14	Interest paid	(4,331,825,843)	(2,198,077,406)
15	Business income tax paid	(41,538,345,588)	(37,889,512,508)
17	Other payments on operating activities	(19,820,298,506)	(671,100,000)
20	<b>Net cash outflows from operating activities</b>	<b>(76,638,557,661)</b>	<b>(48,154,790,387)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(25,598,823,065)	(63,324,038,130)
22	Proceeds from disposals of fixed assets	71,235,454	-
23	Loans granted, purchases of debt instruments of other entities	(825,309,519,562)	(258,000,000,000)
24	Collection of loans, proceeds from sales of debt instruments of other entities	914,309,519,562	258,000,000,000
25	Investments in other entities	(216,000,000,000)	(30,000,000,000)
27	Dividends and interest received	19,787,100,763	9,420,235,178
30	<b>Net cash outflows from investing activities</b>	<b>(132,740,486,848)</b>	<b>(83,903,802,952)</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>(56,315,853,760)</b>	<b>(2,565,712,427)</b>
60	<b>Cash and cash equivalents at beginning of period</b>	<b>65,882,673,325</b>	<b>8,882,249,164</b>
61	Effect of foreign exchange differences	205,674	(575,909)
70	<b>Cash and cash equivalents at end of period</b>	<b>9,567,025,239</b>	<b>6,315,960,828</b>

  
\_\_\_\_\_  
Nguyen Thi Hong Lan  
Preparer

  
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Thieu Thi Ngoc Diem  
Chief Accountant



\_\_\_\_\_  
Le Duc Nghia  
General Director  
10 August 2018

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



**NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**
**1 GENERAL INFORMATION**

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<sup>rd</sup> 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 is within 12 months.

As at 30 June 2018, the Company has two direct subsidiaries and one indirect subsidiary as follows:

<b>Subsidiaries</b>	<b>Place of incorporation and operation</b>	<b>% of ownership %</b>	<b>% of voting right %</b>	<b>Principal activity</b>
Malloca Vietnam Company Limited	Ho Chi Minh City	100	100	Trading kitchen equipment
An Cuong Wood-Working Manufacturing Limited Company	Binh Duong Province	100	100	Manufacturing and traing wooden product
AConcept Vietnam Limited Company	Ho Chi Minh City	100	100	Trading furnitures product and interior decoration

As at 30 June 2018, the Company had 3,335 employees (as at 31 December 2017: 2,522 employees).

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

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate interim financial statements. The separate interim financial statements have been prepared under the historical cost convention.

The accompanying separate interim financial statements are not intended to present the financial position and results of 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.1 Basis of preparation of separate interim financial statements (continued)**

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

Users of these separate interim financial statements of the Company should read them together with the consolidated interim financial statements of the Company and its subsidiaries (“the Group”) for the six-month period ended 30 June 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Group as a whole.

**2.2 Fiscal year**

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

**2.3 Currency**

The separate 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 separate interim income statement.

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

**2.4 Cash and cash equivalents**

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

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

**2.6 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.

**2.7 Investments**

**(a) 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.

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.

**(b) Investments in subsidiaries**

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

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 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 separate interim income statement.

**2.9 Leased assets**

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

**2.10 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**2.12 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 income statement when incurred.

**2.13 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.

**2.14 Provisions**

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

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.15 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 Company's results profit after business income tax at the reporting date.

**2.16 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 Company's charter and Vietnamese regulations.

The Company's funds are 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. 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 Company and subject to shareholders' approval at the General Meeting. The fund is set aside for the use in the Company's expansion of its operation or in-depth investments.

**2.17 Revenue recognition****(a) Sales of goods**

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

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

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.17 Revenue recognition (continued)****(a) Rendering of goods (continued)**

Revenue is recognised based on principle of “substance over form” and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers’ purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the separate interim income statement.

**(b) Rendering of services**

Revenue from rendering of services is recognised in the separate interim income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from 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 Company;
- 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.

**(d) Dividend income**

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

**2.18 Sales deductions**

Sales deductions include 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.

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

**2.20 Financial expenses**

Financial expenses are expenses incurred in the period for financial activities including expenses of borrowing, losses from foreign exchange differences.

**2.21 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.

**2.22 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.

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

**2.24 Use of estimates**

The preparation of the separate 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 separate 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.

**2.25 Dividend distribution**

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

**2.26 Related parties**

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

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

**2.27 Segment reporting**

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

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

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**3 CASH AND CASH EQUIVALENTS**

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	905,197,665	639,813,784
Cash at bank	8,661,827,574	3,028,522,780
Cash equivalents (*)	-	62,214,336,761
	<u>9,567,025,239</u>	<u>65,882,673,325</u>

(\*) This includes term deposits with an original maturity of three months or less, bear interest at interest rate of 5.5% per annum and matured as at 30 June 2018.

**4 INVESTMENTS HELD-TO-MATURITY**

**(a) Investments held-to-maturity**

Investments held-to-maturity represent term deposits at commercial banks with original maturities of more than 3 months but less than 1 year and earn interest at the rate of approximately 6% - 6.2% per annum (2017: 6% - 6.3% per annum).

**4 INVESTMENTS HELD-TO-MATURITY**

**(b) Investments in subsidiaries**

	<u>30.6.2018</u>			<u>31.12.2017</u>		
	Cost VND	Fair value (*) VND	Provision VND	Cost VND	Fair value (*) VND	Provision VND
Malloca Vietnam Company Limited	60,000,000,000	-	-	60,000,000,000	-	-
An Cuong Wood- Working Manufacturing Limited Company	416,000,000,000	-	-	200,000,000,000	-	-
	<u>476,000,000,000</u>	<u>-</u>	<u>-</u>	<u>260,000,000,000</u>	<u>-</u>	<u>-</u>

(\*) As at 30 June 2018 and 31 December 2017, the Company did not have any information about the fair value of these investments since these subsidiaries' shares are not publicly listed.



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**5 TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Third parties	300,079,920,284	359,793,184,663
Related parties (Note 30(b))	52,419,306,683	30,054,046,184
	<u>352,499,226,967</u>	<u>389,847,230,847</u>

As at 30 June 2018 and 31 December 2017, the balances of short-term trade accounts receivable which were past due amounting to VND3,190,148,561 and VND3,383,372,438, respectively as presented in Note 8.

**6 PREPAYMENTS TO SUPPLIERS**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Third parties	42,463,652,785	37,881,456,941
Related parties (Note 30(b))	9,846,712,700	-
	<u>52,310,365,485</u>	<u>37,881,456,941</u>

**7 OTHER SHORT-TERM RECEIVABLES**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Deposits	10,085,992,941	10,435,469,066
Interest receivable from bank deposits	7,482,520,546	9,322,529,922
Advance to employees	2,106,586,553	889,602,158
Lending interest receivable (Note 30(b))	1,337,454,340	438,533,334
Others	19,561,517	5,413,389,885
	<u>21,032,115,897</u>	<u>25,499,524,365</u>

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

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8 DOUBTFUL DEBTS

	30.6.2018			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
Infrastructure Investment and Transportation Construction Joint Stock Company	2,180,409,759	1,094,121,319	1,086,288,440	From 180 to 730 days
Others	1,009,738,802	518,849,863	490,888,939	From 90 to 375 days
	<u>3,190,148,561</u>	<u>1,612,971,182</u>	<u>1,577,177,379</u>	
	31.12.2017			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
Infrastructure Investment and Transportation Construction Joint Stock Company	2,539,601,152	1,269,800,576	1,269,800,576	From 365 to 730 days
Others	843,771,286	391,333,413	452,437,873	From 90 to 375 days
	<u>3,383,372,438</u>	<u>1,661,133,989</u>	<u>1,722,238,449</u>	

9 INVENTORIES

	30.6.2018		31.12.2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	55,996,041,652	-	82,028,709,151	-
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	51,428,326,250	(10,172,778)	51,263,827,810	(11,069,040)
	<u>1,097,046,755,757</u>	<u>(2,359,303,314)</u>	<u>905,137,969,000</u>	<u>(2,791,787,276)</u>
Provision for decline in value of inventories	(2,359,303,314)		(2,791,787,276)	
	<u>1,094,687,452,443</u>		<u>902,346,181,724</u>	



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**9 INVENTORIES (continued)**

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

	<b>For 6-month period ended 30.6.2018 VND</b>	<b>For the year ended 31.12.2017 VND</b>
Beginning of period/year	2,791,787,276	2,167,877,250
Increase	-	623,910,026
Decrease	(432,483,962)	-
End of period/year	<u>2,359,303,314</u>	<u>2,791,787,276</u>

**10 PREPAID EXPENSES**

**(a) Short-term**

	<b>30.6.2018 VND</b>	<b>31.12.2017 VND</b>
Prepaid insurance	346,511,196	852,525,368
Tools and supplies	4,014,480,656	4,280,452,037
Rental expenses	2,003,653,760	3,077,921,520
Advertising expenses	5,669,336,023	1,313,280,599
Others	4,967,932,450	3,149,851,758
	<u>17,001,914,085</u>	<u>12,674,031,282</u>

**(b) Long-term**

	<b>30.6.2018 VND</b>	<b>31.12.2017 VND</b>
Land rental prepayment	72,611,003,112	73,521,137,893
Tools and supplies	8,131,410,840	9,676,363,034
Land rental cost	2,209,427,820	2,232,482,719
Renovation	3,316,658,550	2,202,336,653
Others	3,117,336,265	2,867,878,634
	<u>89,385,836,587</u>	<u>90,500,198,933</u>

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10 PREPAID EXPENSES (continued)

(b) Long-term (continued)

Movements in long-term prepaid expenses during the period/year were as follows:

	<b>For 6-month period ended 30.6.2018 VND</b>	<b>For the year ended 31.12.2017 VND</b>
Beginning of period/year	90,500,198,933	29,163,423,806
Increase	5,837,306,575	74,146,049,815
Allocation	(6,951,668,921)	(12,809,274,688)
End of period/year	<u>89,385,836,587</u>	<u>90,500,198,933</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	134,047,770,678	210,528,899,501	63,264,721,784	2,046,901,216	34,739,308,216	444,627,601,395
	New purchases	866,565,000	5,317,616,898	2,197,454,545	718,435,635	-	9,100,072,078
	Disposals	-	(37,700,000)	-	-	-	(37,700,000)
	As at 30 June 2018	134,914,335,678	215,808,816,399	65,462,176,329	2,765,336,851	34,739,308,216	453,689,973,473
	<b>Accumulated depreciation</b>						
	As at 1 January 2018	26,823,031,378	58,763,560,099	17,390,482,672	944,943,860	23,352,192,073	127,274,210,082
	Charge for the period	5,462,718,022	11,420,320,030	3,759,780,285	178,675,798	1,263,637,500	22,085,131,635
	Disposals	-	(37,700,000)	-	-	-	(37,700,000)
	As at 30 June 2018	32,285,749,400	70,146,180,129	21,150,262,957	1,123,619,658	24,615,829,573	149,321,641,717
	<b>Net book value</b>						
	As at 1 January 2018	107,224,739,300	151,765,339,402	45,874,239,112	1,101,957,356	11,387,116,143	317,353,391,313
	As at 30 June 2018	102,628,586,278	145,662,636,270	44,311,913,372	1,641,717,193	10,123,478,643	304,368,331,756

Historical cost of tangible fixed assets fully depreciated but still in use as at 30 June 2018 was VND17.1 billion (as at 31 December 2017: VND16.1 billion).

As at 30 June 2018 tangible fixed assets fixed assets with carrying value of VND92 billion (as at 31 December 2017: VND84 billion) were pledged with banks as security for short-term borrowings granted to the Company (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 fully amortised intangible fixed assets as at 30 June 2018 was VND299 million (as at 31 December 2017: VND299 million).

As at 30 June 2018 intangible fixed assets with 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 Company (Note 18).

12 CONSTRUCTION IN PROGRESS

	30.6.2018 VND	31.12.2017 VND
Office renovation	16,593,936,938	810,144,796
Purchasing machinery and equipment	614,378,045	3,520,000
	<u>17,208,314,983</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 the 6-month period ended 30.6.2018 VND</b>	<b>For the year ended 31.12.2017 VND</b>
Beginning of period/year	813,664,796	71,114,438,413
Purchase	16,423,750,987	30,623,322,583
Transfers to tangible assets	-	(27,744,032,577)
Transfers to intangible assets	-	(15,060,822,760)
Transfer to prepaid expense	(29,100,800)	(58,076,028,113)
Others	-	(43,212,750)
End of period/year	<u>17,208,314,983</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	167,976,007,878	244,202,546,853
	<u>201,530,644,530</u>	<u>275,086,650,218</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>176,254,743,721</u>	<u>195,346,277,839</u>

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

Movements in tax and other receivable 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	1,182,022,156	(23,679,049,933)	24,190,042,440	1,693,014,663
Others	10,710,992	(76,280,019)	73,602,271	8,033,244
	<u>1,192,733,148</u>	<u>(23,755,329,952)</u>	<u>24,263,644,711</u>	<u>1,701,047,907</u>
<b>b) Payables</b>				
Value added tax	10,972,533,255	24,117,336,622	(24,888,879,726)	10,200,990,151
Personal income tax	7,863,564,508	10,589,221,556	(17,738,179,836)	714,606,228
Business income tax	6,460,573,203	60,399,620,368	(41,538,345,588)	25,321,847,983
	<u>25,296,670,966</u>	<u>95,106,178,546</u>	<u>(84,165,405,150)</u>	<u>36,237,444,362</u>



**AN CUONG WOOD-WORKING JOINT STOCK COMPANY****Form B 09a – DN****16 PAYABLES TO EMPLOYEES**

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

**17 SHORT-TERM ACCRUED EXPENSES**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Staff costs	35,859,949,700	10,923,479,532
Commission	3,134,307,569	3,219,377,845
Marketing and media expenses	5,351,054,000	2,977,787,227
Others	3,453,851,248	2,260,310,670
	<u>47,799,162,517</u>	<u>19,380,955,274</u>

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18 SHORT-TERM BORROWINGS

	At as 1.1.2018 VND	Increase VND	Decrease VND	Revaluation VND	At as 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 212000055989 at Viettin Bank – Branch No.8 with the value of VND122 billion.
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Viettin Bank")	VND	5,938,420,560	3	05/09/2018	5.2%	Subrogation of Company with minimum value of VND190 billion; 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%	

**236,136,042,060**



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**19 OWNERS' CAPITAL**

**(a) Number of ordinary shares**

	<b>30.6.2018</b>	<b>31.12.2017</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	44,130,435	42,806,522

**(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 Vietnam Investment Ltd.	23,660,000	54	23,660,000	55
Withlam Holding Pte Ltd.	8,700,000	20	8,700,000	20
Sumitomo 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>
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>
At 31 December 2017	<u>42,806,522</u>	<u>428,065,220,000</u>	<b><u>428,065,220,000</u></b>
New shares issued	1,323,913	13,239,130,000	<b>13,239,130,000</b>
At 30 June 2018	<u>44,130,435</u>	<u>441,304,350,000</u>	<b><u>441,304,350,000</u></b>

Par value per share: VND10,000.

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20 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Investment and development funds VND	Undistributed earnings VND	Total VND
As at 1 January 2017	406,000,000,000	539,650,000,000	-	411,939,817,896	1,357,589,817,896
Capital increased during the year	22,065,220,000	286,358,726,600	-	-	308,423,946,600
Profit for the year	-	-	-	479,829,650,286	479,829,650,286
Dividends (*)	-	-	-	(121,800,000,000)	(121,800,000,000)
As at 31 December 2017	428,065,220,000	826,008,726,600	-	769,969,468,182	2,024,043,414,782
Capital increased during the period (**)	13,239,130,000	-	-	-	13,239,130,000
Profit for the period	-	-	-	208,206,893,535	208,206,893,535
Appropriation to the investment and development fund (***)	-	-	28,789,779,018	(28,789,779,018)	-
Appropriation to the bonus and welfare fund (***)	-	-	-	(14,394,889,509)	(14,394,889,509)
Other	-	-	(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	934,991,693,190	2,224,978,530,492

(\*) 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.



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**21 DIVIDENDS**

	<b>30.6.2018</b> <b>VND</b>	<b>31.12.2017</b> <b>VND</b>
Beginning of period/year	-	-
Dividend payable during the period/year (Note 20)	-	121,800,000,000
Dividend paid in cash	-	(121,800,000,000)
	<hr/>	<hr/>
End of period/year	-	-
	<hr/> <hr/>	<hr/> <hr/>

**22 OFF BALANCE SHEET ITEMS**

**(a) Foreign currencies**

Included in cash and cash equivalents were balances held in foreign currencies of US\$54,511 (as at 31 December 2017: US\$17,101).

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating leases are VND175,879,803 and VND104,918,150 for the six-months period/year ended 30 June 2018 and 31 December 2017 respectively (Note 31).

**(c) Bad debts written off**

Total bad debts written off in the six-month period ended 30 June 2018 was nil (for the year ended 31 December 2017: VND1,632,835,726).

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## 23 REVENUE

	<b>For the 6-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 goods	1,019,225,709,076	774,868,561,557
Rendering of services	507,238,526,568	471,143,574,072
	<u>1,526,464,235,644</u>	<u>1,246,012,135,629</u>
<b>Sales deductions</b>		
Sales returns	(3,344,295,249)	(5,400,294,683)
Sales allowances	(41,120,560)	(4,086,400)
	<u>(3,385,415,809)</u>	<u>(5,404,381,083)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of goods	1,015,840,293,267	769,464,180,474
Net revenue from rendering of services	507,238,526,568	471,143,574,072
	<u>1,523,078,819,835</u>	<u>1,240,607,754,546</u>

## 24 COST OF SALES

	<b>For the 6-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	687,607,613,803	503,424,409,339
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>1,084,186,436,951</u>	<u>854,179,416,800</u>



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**25 FINANCIAL INCOME**

	<b>For the 6-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	15,401,287,126	11,899,985,178
Interest income from lending to related parties (Note 30(a))	3,444,725,267	2,818,944,444
Realised foreign exchange gains	2,499,241,345	956,367,310
	<u>21,345,253,738</u>	<u>15,675,296,932</u>

**26 SELLING EXPENSES**

	<b>For the 6-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Staff costs	55,198,211,305	38,195,125,623
Transportation expenses	23,112,573,836	24,112,731,668
Marketing and advertising expenses	16,074,077,080	9,217,756,473
Commission expenses	8,321,550,603	7,679,143,165
Tools and supplies	1,689,007,465	955,046,717
Depreciation expenses	4,186,574,724	2,726,725,044
Rental expenses	6,839,327,862	2,347,280,091
Repair and maintenance expenses	2,867,394,726	740,602,538
Others	29,822,585,872	20,773,779,865
	<u>148,111,303,473</u>	<u>106,748,191,184</u>

**27 GENERAL AND ADMINISTRATION EXPENSES**

	<b>For the 6-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Staff costs	21,498,134,415	13,727,029,294
Professional fees	682,024,468	574,148,945
Depreciation expenses	757,883,535	623,691,227
Tools and supplies	813,042,210	807,086,632
Reversal of provision for doubtful debts	(145,061,070)	(489,882,758)
Others	20,379,864,359	13,735,702,989
	<u>43,985,887,917</u>	<u>28,977,776,329</u>

**28 BUSINESS INCOME TAX**

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

	<b>For the 6-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	268,606,513,903	264,231,807,902
Tax calculated at a rate of 20%	53,721,302,781	52,846,361,580
Effect of:		
Expenses not deductible for tax purposes	6,678,317,587	7,016,491,137
Business income tax charge (*)	<u>60,399,620,368</u>	<u>59,862,852,717</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.

**29 COST OF OPERATION BY FACTOR**

	<b>For the 6-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
Raw materials	1,021,742,843,844	809,580,575,758
Labour costs	248,701,836,250	171,433,625,608
Depreciation expense	23,408,345,336	17,105,643,065
Tools and supplies	44,206,734,484	20,433,937,519
Transportation expenses	26,058,400,669	26,072,235,037
Outside service expenses	87,412,483,992	75,997,028,650
Others	75,866,773,840	49,558,587,104
	<u>1,527,397,418,415</u>	<u>1,170,181,632,741</u>



**30 RELATED PARTY DISCLOSURES**

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

<b>Entity</b>	<b>Relationship</b>
Malloca Vietnam Limited Company	Subsidiary of the Company
An Cuong Wood-Working Limited Company	Subsidiary of the Company
AConcept Vietnam Limited Company	Indirect subsidiary of the Company
NC Vietnam Investment Limited	Controlling shareholder
Whitlam Holding Pte. Ltd.,	Significant influence shareholder
Trung Hieu Plywood Private Enterprise	Controlled by Chairman's family member

**(a) Related party transactions**

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

	<b>For the 6-month period ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>VND</b>	<b>VND</b>
<b>(i) Sales of goods</b>		
Trung Hieu Plywood Private Enterprise	38,970,787,242	38,120,365,463
Malloca Vietnam Limited Company	26,008,661,636	22,074,884,788
AConcept Vietnam Limited Company	23,268,855,950	18,065,561,893
	<u>88,248,304,828</u>	<u>78,260,812,144</u>
<b>(ii) Purchases of goods</b>		
Malloca Vietnam Limited Company	7,391,011,450	5,572,340,500
AConcept Vietnam Limited Company	439,799,739	-
	<u>7,830,811,189</u>	<u>5,572,340,500</u>
<b>(iii) Compensation of key management</b>		
Gross salaries and other benefits	<u>12,616,616,100</u>	<u>10,126,272,340</u>
<b>(iv) Financial investments</b>		
Malloca Vietnam Company Limited	-	30,000,000,000
An Cuong Wood-Working Manufacturing Limited Company	216,000,000,000	-
	<u>216,000,000,000</u>	<u>30,000,000,000</u>

## 30 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

	For the 6-month period ended	
	30.6.2018 VND	30.6.2017 VND
<b>(v) Interest earned from lendings</b>		
NC Vietnam Investment Limited	898,921,006	1,431,294,445
Malloca Vietnam Company Limited	1,362,001,521	1,387,649,999
An Cuong Wood-Working Manufacturing Limited Company	1,183,802,740	-
	<u>3,444,725,267</u>	<u>2,818,944,444</u>

## (b) Year end balances with related parties

	30.6.2018 VND	31.12.2017 VND
<b>Trade accounts receivable (Note 5)</b>		
Malloca Vietnam Limited Company	23,609,903,761	14,580,796,063
Trung Hieu Plywood Private Enterprise	8,322,606,430	9,056,889,832
AConcept Vietnam Limited Company	20,486,796,492	6,416,360,289
	<u>52,419,306,683</u>	<u>30,054,046,184</u>
<b>Short-term prepayment to suppliers (Note 6)</b>		
Malloca Vietnam Limited Company	<u>9,846,712,700</u>	<u>-</u>
<b>Short-term lendings</b>		
NC Vietnam Investment Limited (*)	33,000,000,000	33,000,000,000
Malloca Vietnam Company Limited (**)	50,000,000,000	50,000,000,000
	<u>83,000,000,000</u>	<u>83,000,000,000</u>

## 30 RELATED PARTY DISCLOSURES (continued)

## (b) Year end balances with related parties (continued)

(\*) Pursuant to the lending contract dated 25 November 2015 and its appendix dated 1 January 2017, the short-term lending to NC Vietnam Investment Limited is unsecured, and bear interest at interest rate of 5.2% per annum and matures on 31 December 2018.

(\*\*) Pursuant to the three lending contracts dated 25 December 2015, 16 November 2015 and 30 March 2016 and their appendices dated 1 January 2017, short-term lendings to Malloca Vietnam Company Limited are unsecured, bear interest at interest rate of 5.2% per annum and mature on 31 December 2018.

	30.6.2018 VND	31.12.2017 VND
<b>Other short-term receivables (Note 7)</b>		
NC Vietnam Investment Limited	1,337,454,340	438,533,334

## 31 COMMITMENTS AND CONTINGENCIES

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

	Real estate	
	30.6.2018 VND	31.12.2017 VND
Within one year	7,530,460,800	17,624,802,720
Between one and five years	116,439,194,743	37,633,116,032
Over five years	51,910,147,641	49,661,034,398
Total minimum payments	175,879,803,184	104,918,953,150

The financial statements were approved by the Board of Directors on 10 August 2018.



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director