

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

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

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

**TABLE OF CONTENTS**

**PAGE**

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

# AN CUONG WOOD-WORKING JOINT STOCK COMPANY

## CORPORATE INFORMATION

### Enterprise Registration Certificate

No. 3700748131 dated 20 September 2006 was initially issued by the Department of Planning and Investment of Binh Duong and the 25<sup>th</sup> amendment dated 14<sup>th</sup> January 2019.

### Board of Directors

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

### Board of Management

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

### Board of Supervision

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

### Legal representative

Mr. Le Duc Nghia	Chairman cum General Director
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### Registered office

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

### Auditor

PwC (Vietnam) Limited

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

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

The Board of Management of An Cuong Wood - Working Joint Stock Company ("the Company") is responsible for preparing the separate interim financial statements which gives a true and fair view of the separate financial position of the Company as at 30 June 2019 and the separate results of its operations and cash flows for the six-month period then ended. In preparing these separate interim financial statements, the Board of Management is required to:

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

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate interim financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud 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 38 which gives a true and fair view of the financial position of the Company as at 30 June 2019 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 2019 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

On behalf of the Board of Management



Le Duc Nghia  
General Director

Binh Duong, SR Vietnam  
9 August 2019



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

We have reviewed the accompanying separate interim financial statements of An Cuong Wood - Working Joint Stock Company ("the Company") which were prepared on 30 June 2019 and approved by the Board of Management on 9 August 2019. The separate interim financial statements comprise the separate interim balance sheet as at 30 June 2019, the separate interim income statement, the separate interim cash flow statement for the six-month period then ended, and separate explanatory notes to the separate interim financial statements including significant accounting policies, as set out on pages 5 to 38.

### **The Board of Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on 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**

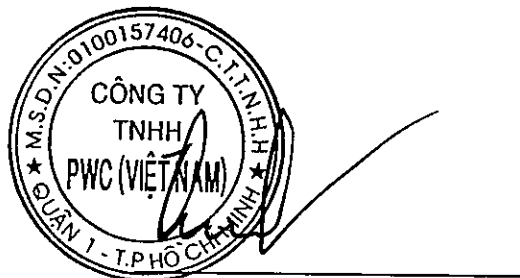
Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not presented fairly, in all material respects, the financial position of the Company as at 30 June 2019, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate interim financial statements.



**Other Matter**

This independent auditor's 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: HCM8511  
Ho Chi Minh City,

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 01a – DN

## SEPARATE INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2019 VND	31.12.2018 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,448,497,566,844</b>	<b>2,267,958,718,466</b>
<b>110</b>	<b>Cash</b>	<b>3</b>	<b>16,700,436,055</b>	<b>11,916,458,195</b>
111	Cash		16,700,436,055	11,916,458,195
<b>120</b>	<b>Short-term investment</b>		<b>987,000,000,000</b>	<b>476,000,000,000</b>
123	Investments held to maturity	4(a)	987,000,000,000	476,000,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>453,649,376,579</b>	<b>598,832,705,151</b>
131	Short-term trade accounts receivable	5	379,839,228,459	501,880,098,096
132	Short-term prepayments to suppliers	6	36,622,560,524	35,293,719,188
135	Short-term lending	32(b)	-	42,000,000,000
136	Other short-term receivables	7	39,143,325,825	21,051,066,680
137	Provision for doubtful debts - short term	8	(2,699,001,286)	(1,975,632,381)
139	Shortage of assets awaiting resolution		743,263,057	583,453,568
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>970,470,762,131</b>	<b>1,155,968,166,074</b>
141	Inventories		971,965,129,417	1,157,778,972,123
149	Provision for decline in value of inventories		(1,494,367,286)	(1,810,806,049)
<b>150</b>	<b>Other current assets</b>		<b>20,676,992,079</b>	<b>25,241,389,046</b>
151	Short-term prepaid expenses	10(a)	17,203,953,229	19,410,649,103
152	Value Added Tax to be reclaimed		714,853,679	632,746,890
153	Other taxes receivable	15(a)	2,758,185,171	5,197,993,053
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,368,641,357,820</b>	<b>1,114,416,883,782</b>
<b>220</b>	<b>Fixed assets</b>		<b>322,004,178,363</b>	<b>334,862,814,566</b>
221	Tangible fixed assets	11(a)	300,595,543,587	313,242,613,224
222	Historical cost		495,629,979,788	484,774,664,328
223	Accumulated depreciation		(195,034,436,201)	(171,532,051,104)
227	Intangible fixed assets	11(b)	21,408,634,776	21,620,201,342
228	Historical cost		27,980,583,941	26,735,635,891
229	Accumulated amortisation		(6,571,949,165)	(5,115,434,549)
<b>240</b>	<b>Long-term asset in progress</b>		<b>9,966,971,845</b>	<b>7,085,156,661</b>
242	Construction in progress	12	9,966,971,845	7,085,156,661
<b>250</b>	<b>Long-term investment</b>		<b>916,600,000,000</b>	<b>656,600,000,000</b>
251	Investments in subsidiaries	4(b)	916,600,000,000	656,600,000,000
<b>260</b>	<b>Other long-term assets</b>		<b>120,070,207,612</b>	<b>115,868,912,555</b>
261	Long-term prepaid expenses	10(b)	119,779,935,604	115,578,640,547
262	Deferred income tax assets		290,272,008	290,272,008
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,817,138,924,664</b>	<b>3,382,375,602,248</b>

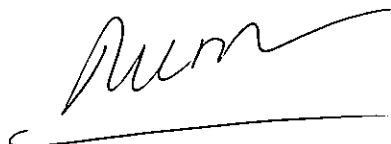
The notes on pages 9 to 38 are an integral part of these separate interim financial statements.

SEPARATE INTERIM BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at	
			30.6.2019 VND	31.12.2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>708,228,819,540</b>	<b>902,986,188,664</b>
<b>310</b>	<b>Current liabilities</b>		<b>708,228,819,540</b>	<b>902,986,188,664</b>
311	Short-term trade accounts payable	13	243,802,089,518	236,830,890,564
312	Short-term advances from customers	14	112,686,504,315	168,052,607,645
313	Tax and other payables to the State Budget	15	32,992,971,747	59,201,120,787
314	Payable to employees	16	16,929,037,920	73,205,676,267
315	Short-term accrued expenses	17	36,477,501,942	27,990,767,113
319	Other short-term payables		1,046,178,100	2,055,121,722
320	Short-term borrowings	18	231,377,557,730	327,095,813,104
322	Bonus and welfare funds	19	32,916,978,268	8,554,191,462
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>3,108,910,105,124</b>	<b>2,479,389,413,584</b>
<b>410</b>	<b>Capital and reserves</b>		<b>3,108,910,105,124</b>	<b>2,479,389,413,584</b>
411	Owners' capital	20, 21	859,380,830,000	803,160,690,000
411a	- Ordinary shares with voting rights		859,380,830,000	803,160,690,000
412	Share premium	21	1,408,471,865,056	826,008,726,600
415	Treasury shares	21	(16,000,000)	(16,000,000)
418	Investment and development funds	21	22,829,452,785	7,673,760,702
421	Undistributed earnings	21	818,243,957,283	842,562,236,282
421a	- Undistributed post-tax profits of previous years		679,835,981,193	568,089,149,655
421b	- Post-tax profit of current period/year		138,407,976,090	274,473,086,627
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>3,817,138,924,664</b>	<b>3,382,375,602,248</b>



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
9 August 2019

The notes on pages 9 to 38 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

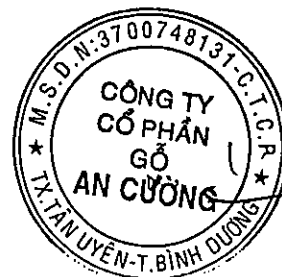
Code		Note	For the six-month period ended	
			30.6.2019 VND	30.6.2018 VND
01	Revenue from sales of goods and rendering of services		1,735,252,134,465	1,526,464,235,644
02	Less deductions		(3,245,102,506)	(3,385,415,809)
10	Net revenue from sales of goods and rendering of services	24	1,732,007,031,959	1,523,078,819,835
11	Cost of goods and rendered services	25	(1,419,343,173,931)	(1,084,186,436,951)
20	Gross profit from sales of goods and rendering of services		312,663,858,028	438,892,382,884
21	Financial income	26	73,607,917,024	21,345,253,738
22	Financial expenses		(9,555,404,727)	(6,729,086,442)
23	- Including: Interest expense		(8,511,229,630)	(4,331,825,843)
25	Selling expenses	27	(169,414,495,259)	(148,111,303,473)
26	General and administration expenses	28	(39,397,631,377)	(43,985,887,917)
30	Net operating profit		167,904,243,689	261,411,358,790
31	Other income		5,231,403,093	8,481,936,185
32	Other expenses		(404,923,172)	(1,286,781,072)
40	Net other income		4,826,479,921	7,195,155,113
50	Net accounting profit before tax		172,730,723,610	268,606,513,903
51	Business income tax - current	29	(34,322,747,520)	(60,399,620,368)
60	Net profit after tax		138,407,976,090	208,206,893,535



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
9 August 2019

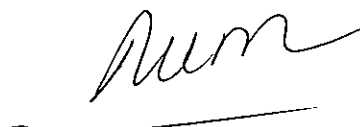
The notes on pages 9 to 38 are an integral part of these separate interim financial statements.

SEPARATE INTERIM CASH FLOW STATEMENT  
(Indirect method)

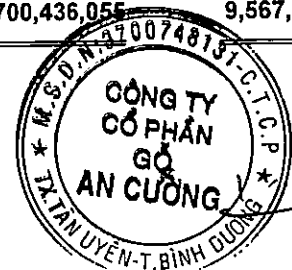
Code	Note	For the six-month period ended	
		30.6.2019 VND	30.6.2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>172,730,723,610</b>	<b>268,606,513,903</b>
	Adjustments for:		
02	Depreciation and amortisation	26,325,344,129	23,408,345,336
03	Provisions/(Reversal of provisions)	406,930,142	(577,545,032)
04	Unrealised foreign exchange losses	279,868,643	297,804,904
05	Profits from investing activities	(70,012,832,360)	(18,917,247,847)
06	Interest expense	8,511,229,630	4,331,825,843
08	<b>Operating profit before changes in working capital</b>	<b>138,241,263,794</b>	<b>277,149,697,107</b>
09	Decrease in receivables	121,264,185,173	24,781,842,795
10	Decrease/(increase) in inventories	185,813,842,706	(191,908,786,757)
11	Decrease in payables	(123,669,335,786)	(117,786,421,212)
12	Increase in prepaid expenses	(1,994,599,183)	(3,184,419,657)
14	Interest paid	(8,511,229,630)	(4,331,825,843)
15	Business income tax paid	(34,336,415,246)	(41,538,345,588)
17	Other payments on operating activities	(2,896,700,000)	(19,820,298,506)
20	<b>Net cash inflows/(outflows) from operating activities</b>	<b>273,911,011,828</b>	<b>(76,638,557,661)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(17,603,178,694)	(25,598,823,065)
22	Proceeds from disposals of fixed assets	272,727,273	71,235,454
23	Lending and investments held to maturity	(1,121,500,000,000)	(825,309,519,562)
24	Collection of lending and investments held to maturity	628,500,000,000	914,309,519,562
25	Investments in other entities	(236,000,000,000)	(216,000,000,000)
27	Dividends and interest received	54,543,856,828	19,787,100,763
30	<b>Net cash outflows from investing activities</b>	<b>(691,786,594,593)</b>	<b>(132,740,486,848)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	638,683,278,456	13,239,130,000
33	Proceeds from short-term borrowings	295,967,253,843	638,456,527,538
34	Repayments of short-term borrowings	(391,676,690,083)	(498,632,466,789)
36	Dividend paid	(120,311,076,200)	-
40	<b>Net cash inflows from financing activities</b>	<b>422,662,766,016</b>	<b>153,063,190,749</b>
50	<b>Net increase/(decrease) in cash</b>	<b>4,787,183,251</b>	<b>(56,315,853,760)</b>
60	Cash at beginning of period	3 11,916,458,195	65,882,673,325
61	Effect of foreign exchange differences	(3,205,391)	205,674
70	<b>Cash at end of period</b>	3 <b>16,700,436,055</b>	<b>9,567,025,239</b>



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Le Duc Nghia  
General Director  
9 August 2019

The notes on pages 9 to 38 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 2019**

**1 GENERAL INFORMATION**

An Cuong Wood - Working Joint Stock Company ("the Company") was established in SR Vietnam pursuant to the initial Enterprise Registration Certificate No.3700748131 dated 20 September 2006 which was issued by the Department of Planning and Development of Binh Duong. The latest amendment dated 14 January 2019.

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

The normal business cycle of the Company is within 12 months.

As at 30 June 2019, the Company had two direct subsidiaries as disclosed in Note 4(b) and one indirect subsidiary. Details are as follows:

Name	Location	Principal activity	2019		2018	
			Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)
Malloca Vietnam Company Limited	Ho Chi Minh City	Trade Malloca-brand kitchen appliances	100	100	100	100
An Cuong Wood - Working Manufacturing Limited Company	Binh Duong Province	Manufacture and trade wooden products	100	100	100	100
AConcept Vietnam Limited Company (*)	Ho Chi Minh City	Wholesale and retail of interiors and interior decoration	100	100	100	100

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

As at 30 June 2019 and 31 December 2018, the Company had 8 branches in Ho Chi Minh City, Ha Noi and Da Nang.

As at 30 June 2019, the Company had 2,744 employees (as at 31 December 2018: 3,548 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.

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 2019 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

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

**2.2 Fiscal year**

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

**2.3 Currency**

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

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

Monetary assets and liabilities denominated in foreign currencies at the separate interim balance sheet date are respectively translated at the buying and selling exchange rates at the 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 Cash**

Cash comprise cash on hand and cash at bank.

**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 Management of all outstanding amounts at the year end. Bad debts are written off when identified.

**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.

The Company applies the perpetual method for inventories.

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

**2.7 Investments**

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

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

Investments held-to-maturity include term deposits, 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.

**(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/amortisation*

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

Plant and buildings	3% - 33%
Machinery	8% - 100%
Motor vehicles	7% - 50%
Office equipment	13% - 33%
Others	7% - 50%
Land use rights	3%
Software	20% - 50%

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

*Disposals*

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the separate 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 Company'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.

**2.9 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the separate interim balance sheet, which mainly include long-term land rentals, office rentals, tools and equipment in use. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives. Land rentals expense is allocated over the lease term which is recognised in the lease contract.

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

**2.12 Borrowing costs**

Short-term borrowings include borrowings from banks.

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

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the separate interim 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

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

Undistributed earnings record the Company's results, 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. Dividend of the Company is recognised as a liability in the Company's separate interim financial statement in the period in which the dividends are approved by the Company's General Meeting of shareholders.

The Company's funds are as below:

**(a) Bonus and welfare fund**

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

**(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) Revenue from 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.



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

**2.17 Revenue recognition (continued)**

**(a) Revenue from sales of goods (continued)**

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 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 income statement.

**(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the separate interim income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from 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 separate interim financial statements are recorded as deduction of revenue of the period.

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

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

**2 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 and 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, land rental, licence tax, provision for bad debts, outside services and other 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 Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of separate interim financial statements and the amounts of revenues and expenses during the period. Although these estimates are based on the Board of Management' best knowledge of current events and actions, actual results may differ from those estimates.

**2.25 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 the directors 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.

**2.26 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.

**3 CASH**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Cash on hand	564,289,391	244,773,030
Cash at bank	16,136,146,664	11,671,685,165
	<u>16,700,436,055</u>	<u>11,916,458,195</u>

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

**Form B 09a – DN**

**4 INVESTMENTS**

**(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 6.5% - 8.5% per annum (2018: 5.6% - 7.6% per annum).

**(b) Investments in subsidiaries**

	30.6.2019			31.12.2018		
	Cost VND	Fair value (*) VND	Provision VND	Cost VND	Fair value (*) VND	Provision VND
Malloca Vietnam Company Limited	120,000,000,000	-	-	60,000,000,000	-	-
An Cuong Wood - Working Manufacturing Company Limited	796,600,000,000	-	-	596,600,000,000	-	-
	<u>916,600,000,000</u>	<u>-</u>	<u>-</u>	<u>656,600,000,000</u>	<u>-</u>	<u>-</u>

(\*) As at 30 June 2019 and 31 December 2018, the Company did not have any information about the fair value of these investments since these subsidiaries' shares are not publicly listed.

Movement in investments in subsidiaries during the year were as follows:

	As at 1.1.2019 VND	Increase VND	Decrease VND	As at 30.6.2019 VND
Malloca Vietnam Company Limited	60,000,000,000	60,000,000,000	-	120,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	596,600,000,000	200,000,000,000	-	796,600,000,000
	<u>656,600,000,000</u>	<u>260,000,000,000</u>	<u>-</u>	<u>916,600,000,000</u>

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

**Form B 09a – DN**

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Third parties	333,148,026,235	446,196,489,727
Related parties (Note 32(b))	46,691,202,224	55,683,608,369
	<u>379,839,228,459</u>	<u>501,880,098,096</u>

As at 30 June 2019 and 31 December 2018, the balances of short-term trade accounts receivable which were past due amounting to VND5,312,166,005 and VND3,084,690,085 respectively as presented in Note 8.

**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Third parties	<u>36,622,560,524</u>	<u>35,293,719,188</u>

**7 OTHER SHORT-TERM RECEIVABLES**

	<b>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Deposits	13,586,677,503	10,203,762,997
Interest income	24,081,712,880	7,630,809,037
Advance to employees	1,414,082,174	1,185,983,056
Others	60,853,268	2,030,511,590
	<u>39,143,325,825</u>	<u>21,051,066,680</u>

## 8 DOUBTFUL DEBTS

	30.6.2019			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
Sai Gon Shipyard Company Limited	2,144,622,095	647,303,069	1,497,319,026	From 2 to 3 years
Hung Long Phat Construction and Investment JSC	2,129,404,220	1,490,582,954	638,821,266	Over 6 months
Others	1,038,139,690	475,278,696	562,860,994	Over 6 months to 4 years
	<u>5,312,166,005</u>	<u>2,613,164,719</u>	<u>2,699,001,286</u>	
	31.12.2018			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
Sai Gon Shipyard Company Limited	2,144,622,095	647,303,069	1,497,319,026	From 2 to 3 years
Others	940,067,990	461,754,635	478,313,355	Over 6 months to 4 years
	<u>3,084,690,085</u>	<u>1,109,057,704</u>	<u>1,975,632,381</u>	

## 9 INVENTORIES

	30.6.2019		31.12.2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	31,868,537,146	-	54,365,221,521	-
Raw materials	406,844,962,072	(1,240,413,780)	512,867,180,746	(1,417,855,580)
Work in progress	2,855,323,975	(5,585,069)	2,679,776,419	(5,576,282)
Finished goods	499,857,519,329	(238,560,990)	548,604,901,865	(377,510,232)
Merchandise	30,538,786,895	(9,807,447)	39,261,891,572	(9,863,955)
	<u>971,965,129,417</u>	<u>(1,494,367,286)</u>	<u>1,157,778,972,123</u>	<u>(1,810,806,049)</u>

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

**Form B 09a – DN**

**9 INVENTORIES (continued)**

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

	<b>For the six-month period ended 30.6.2019 VND</b>	<b>For the year ended 31.12.2018 VND</b>
Beginning of period/year	1,810,806,049	2,791,787,276
Reversal of provision	(316,438,763)	(980,981,227)
End of period/year	<u>1,494,367,286</u>	<u>1,810,806,049</u>

**10 PREPAID EXPENSES**

**(a) Short-term**

	<b>30.6.2019 VND</b>	<b>31.12.2018 VND</b>
Insurance	491,947,043	1,268,977,788
Tools and supplies	4,272,007,798	4,927,578,035
Operating rental	716,305,300	427,274,889
Advertising	791,806,515	1,162,650,606
Showroom and samples	7,083,430,140	8,782,401,393
Others	3,848,456,433	2,841,766,392
	<u>17,203,953,229</u>	<u>19,410,649,103</u>

**(b) Long-term**

	<b>30.6.2019 VND</b>	<b>31.12.2018 VND</b>
Land rental	70,790,733,550	71,700,868,331
Tools and supplies	14,714,556,931	8,031,837,808
Operating rental	2,163,318,022	2,186,372,921
Renovation	25,032,538,349	26,785,303,151
Others	7,078,788,752	6,874,258,336
	<u>119,779,935,604</u>	<u>115,578,640,547</u>

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

**Form B 09a – DN**

**10 PREPAID EXPENSES (continued)**

**(b) Long-term (continued)**

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

	<b>For the six-month period ended 30.6.2019 VND</b>	<b>For the year ended 31.12.2018 VND</b>
Beginning of period/year	115,578,640,547	90,500,198,933
Increase	17,335,485,803	41,216,766,461
Allocation	(13,134,190,746)	(16,138,324,847)
End of period/year	<u>119,779,935,604</u>	<u>115,578,640,547</u>



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

Form B 09a – DN

<b>11 FIXED ASSETS</b>													
<b>(a)</b>	<b>Tangible fixed assets</b>		<b>Plant and buildings</b>	<b>Machinery</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Others</b>	<b>Total</b>					
		<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
	<b>Historical cost</b>												
	As at 1 January 2019	141,442,476,055	233,896,876,877	70,960,394,511	3,735,608,669	34,739,308,216	484,774,664,328						
	New purchases	8,791,682,337	855,323,636	2,472,600,000	514,670,000	-	12,634,275,973						
	Transfers from construction in progress (Note 12)	-	842,139,487	-	-	-	842,139,487						
	Disposals	-	(1,844,800,000)	-	-	(776,300,000)	(2,621,100,000)						
	As at 30 June 2019	150,234,158,392	233,749,540,000	73,432,994,511	4,250,278,669	33,963,008,216	495,629,979,788						
	<b>Accumulated depreciation</b>												
	As at 1 January 2019	38,119,560,622	80,956,814,535	25,226,756,117	1,369,414,577	25,859,505,253	171,532,051,104						
	Charge for the period	6,293,852,273	12,799,187,564	4,206,443,596	380,126,454	1,189,219,626	24,868,829,513						
	Disposals	-	(668,231,210)	-	-	(698,213,206)	(1,366,444,416)						
	As at 30 June 2019	44,413,412,895	93,087,770,889	29,433,199,713	1,749,541,031	26,350,511,673	195,034,436,201						
	<b>Net book value</b>												
	As at 1 January 2019	103,322,915,433	152,940,062,342	45,733,638,394	2,366,194,092	8,879,802,963	313,242,613,224						
	As at 30 June 2019	105,820,745,497	140,661,769,111	43,999,794,798	2,500,737,638	7,612,496,543	300,595,543,587						

Historical cost of tangible fixed assets fully depreciated but still in use as at 30 June 2019 was VND24.2 billion (as at 31 December 2018: VND21.7 billion).

As at 30 June 2019 tangible fixed assets with carrying value of VND79 billion (as at 31 December 2018: VND86 billion) were pledged with banks as security for short-term borrowings granted to the Company (Note 18).

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

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

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

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

**12 CONSTRUCTION IN PROGRESS**

	30.6.2019 VND	31.12.2018 VND
Office renovation	8,916,137,107	6,901,415,925
Machinery and equipment	1,050,834,738	183,740,736
	<u>9,966,971,845</u>	<u>7,085,156,661</u>

**12 CONSTRUCTION IN PROGRESS (continued)**

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

	For the six- month period ended 30.6.2019 VND	For the year ended 31.12.2018 VND
Beginning of period/year	7,085,156,661	813,664,796
Addition	13,185,503,404	34,378,813,858
Transfers to tangible fixed assets (Note 11(a))	(842,139,487)	(3,252,668,159)
Transfers to prepaid expenses (Note 31)	(9,461,548,733)	(24,854,653,834)
End of period/year	<u>9,966,971,845</u>	<u>7,085,156,661</u>

**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	30.6.2019 VND	31.12.2018 VND
Third parties		
Vina Eco Board Limited	24,026,432,073	25,959,799,470
Others	160,113,411,558	210,871,091,094
Related parties (Note 32(b))	59,662,245,887	-
	<u>243,802,089,518</u>	<u>236,830,890,564</u>

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

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	30.6.2019 VND	31.12.2018 VND
Third parties		
Vinhomes Joint Stock Company	12,782,537,735	18,708,808,745
Others	99,903,966,580	149,343,798,900
	<u>112,686,504,315</u>	<u>168,052,607,645</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN

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 1.1.2019 VND	(Payable)/receivable during the period VND	Paid/(collected) during the period VND	As at 30.6.2019 VND
<b>a) Receivables</b>				
Import tax to be reclaimed	5,188,271,193	1,891,208,189	(4,561,451,118)	2,518,028,264
Import tax	1,688,616	(14,471,863,961)	14,704,976,756	234,801,411
Others	8,033,244	-	(2,677,748)	5,355,496
	<u>5,197,993,053</u>	<u>(12,580,655,772)</u>	<u>10,140,847,890</u>	<u>2,758,185,171</u>
<b>b) Payables</b>				
Value added tax on domestic sales	28,564,262,948	49,418,420,718	(69,828,434,465)	8,154,249,201
Value added tax on import goods	-	42,148,781,789	(42,148,781,789)	-
Business income tax	24,236,170,297	34,322,747,520	(34,336,415,246)	24,222,502,571
Personal income tax	6,400,687,542	6,892,687,144	(12,677,154,711)	616,219,975
Others	-	320,672,156	(320,672,156)	-
	<u>59,201,120,787</u>	<u>133,103,309,327</u>	<u>(159,311,458,367)</u>	<u>32,992,971,747</u>

**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>30.6.2019</b> <b>VND</b>	<b>31.12.2018</b> <b>VND</b>
Staff costs	29,638,391,569	17,618,991,065
Commission	2,830,758,419	4,986,190,212
Marketing expenses	546,560,000	582,400,000
Others	3,461,791,954	4,803,185,836
	<u>36,477,501,942</u>	<u>27,990,767,113</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN

18 SHORT-TERM BORROWINGS

	As at 1.1.2019 VND	Drawdown VND	Repayments VND	Foreign exchange difference VND	As at 30.6.2019 VND
Bank loans	327,095,813,104	295,967,253,843	(391,676,690,083)	(8,819,134)	231,377,557,730

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	55,920,593,091	3	29/08/2019	6%	Inventories.
Vietnam Bank for Agriculture and Rural Development ("Agribank")	VND	50,109,606,560	6	27/12/2019	6%	Land use right and assets belonged to land plot No.681 including machineries and equipment.
	USD	9,407,524,018	3	28/09/2019	4%	
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	VND	100,775,631,719	3 - 6	30/09/2019	5.9% - 6.1%	Term deposit contract No. 926/2019/01/002/HETG valued 122 billion and No. 926/2019/02/002/HETG valued 40 billion at Viettinbank – Branch 8.
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietin Bank")	VND	8,740,346,823	3	06/08/2019	6.5%	Subrogation of the Company, land use rights and assets belonged to land plot No. 441.
	USD	6,423,855,519	6	25/12/2019	4%	
		<u>231,377,557,730</u>				

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09a – DN

19 BONUS AND WELFARE FUNDS

	30.6.2019	31.12.2018
Beginning of the period/year	8,554,191,462	1,837,232,142
Appropriation (Note 21)	25,259,486,806	14,394,889,509
Transferred from investment and development fund (Note 21)	-	15,000,000,000
Utilisation in the period/year	(896,700,000)	(22,677,930,189)
End of the period/year	<u>32,916,978,268</u>	<u>8,554,191,462</u>

20 OWNERS' CAPITAL

(a) Number of ordinary shares

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

(b) Details of owners' shareholding

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

(c) Movement of share capital

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

Par value per share: VND10,000.

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

## 21 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development funds VND	Undistributed earnings VND	Total VND
As at 1 January 2018	428,065,220,000	826,008,726,600	-	-	769,969,468,182	2,024,043,414,782
Capital increased during the year	13,239,130,000	-	-	-	-	13,239,130,000
Dividends paid by shares (Note 22)	361,856,340,000	-	-	-	(361,856,340,000)	-
Net profit for the year	-	-	-	-	477,633,776,627	477,633,776,627
Appropriation to the investment and development funds	-	-	-	28,789,779,018	(28,789,779,018)	-
Appropriation to the bonus and welfare funds (Note 19)	-	-	-	-	(14,394,889,509)	(14,394,889,509)
Treasury shares	-	-	(16,000,000)	-	-	(16,000,000)
Transfer to bonus and welfare funds (Note 19)	-	-	-	(15,000,000,000)	-	(15,000,000,000)
Other	-	-	-	(6,116,018,316)	-	(6,116,018,316)
As at 31 December 2018	803,160,690,000	826,008,726,600	(16,000,000)	7,673,760,702	842,562,236,282	2,479,389,413,584
Capital increased during the period (i)	56,220,140,000	582,463,138,456	-	-	-	638,683,278,456
Dividends paid (Note 22)(ii)	-	-	-	-	(120,311,076,200)	(120,311,076,200)
Net profit for the period	-	-	-	-	138,407,976,090	138,407,976,090
Appropriation to the investment and development funds (iii)	-	-	-	15,155,692,083	(15,155,692,083)	-
Appropriation to the bonus and welfare funds (Note 19)(ii)	-	-	-	-	(25,259,486,806)	(25,259,486,806)
Other	-	-	-	-	(2,000,000,000)	(2,000,000,000)
As at 30 June 2019	859,380,830,000	1,408,471,865,056	(16,000,000)	22,829,452,785	818,243,957,283	3,108,910,105,124



**21 MOVEMENTS IN OWNERS' EQUITY (continued)**

- (i) Pursuant to the Resolution of the Extraordinary General Meeting of Shareholders No. 216-2018/NQ-GAC dated 27 November 2018, the Company issued additional 5,622,014 shares to a shareholder to increase its charter capital to VND859,380,830,000. Cash proceeds from the issuance of shares is VND638,683,278,456. From which, the Company used this amount to repay loans of VND164,900,910,389, purchase of raw materials for manufacturing of VND93,782,368,067. As at 30 June 2019, the planned amount of investments in fixed assets, machinery is VND380,000,000,000 has not yet drawn down.
- (ii) Pursuant to the Resolution of Annual General Meeting of Shareholders No. 118-2019/NQ-GAC dated 10 May 2019.
- (iii) The appropriation to Bonus and welfare funds and Investment and development funds is in accordance with Resolution of Annual General Meeting of Shareholders No. 118-2019/NQ-GAC dated 10 May 2019.

**22 DIVIDENDS**

	For the six-month period ended 30.6.2019 VND	For the year ended 31.12.2018 VND
Beginning of period/year	-	-
Dividends payable	120,311,076,200	361,856,340,000
Dividends paid (Note 21)	(120,311,076,200)	(361,856,340,000)
	<hr/>	<hr/>
End of period/year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

Included in cash were balances held in foreign currencies of US\$109,304 and EUR 201 (as at 31 December 2018: US\$44,490 and EUR6,522).

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating leases are VND146,356,189,100 and VND98,664,910,627 for the six-month period ended 30 June 2019 and for the year ended 31 December 2018 respectively (Note 33).

**24 NET REVENUE OF SALES OF GOODS AND RENDERING OF SERVICES**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
<b>Revenue</b>		
Revenue from sales of goods	1,189,024,964,649	1,019,225,709,076
Revenue from rendering of services	546,227,169,816	507,238,526,568
	<u>1,735,252,134,465</u>	<u>1,526,464,235,644</u>
<b>Sales deductions</b>		
Sales returns	(3,121,663,006)	(3,344,295,249)
Sales allowances	(123,439,500)	(41,120,560)
	<u>(3,245,102,506)</u>	<u>(3,385,415,809)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of goods	1,185,779,862,143	1,015,840,293,267
Net revenue from rendering of services	546,227,169,816	507,238,526,568
	<u>1,732,007,031,959</u>	<u>1,523,078,819,835</u>

**25 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Cost of finished goods sold	891,388,761,623	687,607,613,803
Cost of services rendered	528,270,851,071	397,011,307,110
(Reversal of provision)/provision for decline in value of inventories (Note 9)	(316,438,763)	(432,483,962)
	<u>1,419,343,173,931</u>	<u>1,084,186,436,951</u>

**26 FINANCIAL INCOME**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Dividend received	36,000,000,000	-
Interest income	33,544,733,272	15,401,287,126
Interest income from lending to related parties (Note 32(a)(vi))	1,450,027,399	3,444,725,267
Realised foreign exchange gains	2,613,156,353	2,499,241,345
	<u>73,607,917,024</u>	<u>21,345,253,738</u>

**27 SELLING EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	63,487,455,538	55,198,211,305
Marketing and advertising	29,016,511,586	23,034,316,049
Transportation	27,787,651,682	28,847,313,571
Repair and maintenance	8,359,958,118	3,419,810,278
Rental	6,495,583,192	6,839,327,862
Depreciation	5,107,153,892	4,186,574,724
Tools and supplies	3,625,482,290	3,176,790,735
Commission	906,338,798	8,321,550,603
Others	24,628,360,163	15,087,408,346
	<u>169,414,495,259</u>	<u>148,111,303,473</u>

**28 GENERAL AND ADMINISTRATION EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	19,819,974,350	21,498,134,415
Tools and supplies	899,711,925	813,042,210
Depreciation	852,008,478	757,883,535
Professional fees	771,642,857	682,024,468
Provision/(reversal of provision) for doubtful debts	723,368,905	(145,061,070)
Others	16,330,924,862	20,379,864,359
	<u>39,397,631,377</u>	<u>43,985,887,917</u>

**29 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:

	<u>For the six-month period ended</u>	
	<u>30.6.2019</u>	<u>30.6.2018</u>
	VND	VND
Net accounting profit before tax	172,730,723,610	268,606,513,903
Tax calculated at a rate of 20%	34,546,144,722	53,721,302,781
Effect of:		
Income not subject to tax	(7,200,000,000)	-
Expenses not deductible for tax purposes	6,876,357,849	6,678,317,587
Under-provision in previous years	100,244,949	-
Business income tax charge	<u>34,322,747,520</u>	<u>60,399,620,368</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.

**30 COST OF OPERATION BY FACTOR**

	<u>For the six-month period ended</u>	
	<u>30.6.2019</u>	<u>30.6.2018</u>
	VND	VND
Raw materials	776,565,034,134	1,021,742,843,844
Staff costs	278,813,694,989	248,701,836,250
Outside services	99,763,225,929	87,412,483,992
Tools and supplies	39,200,168,811	44,206,734,484
Transportation	29,010,590,233	26,058,400,669
Depreciation	26,325,344,129	23,408,345,336
Others	67,197,629,166	75,866,773,840
	<u>1,316,875,687,391</u>	<u>1,527,397,418,415</u>

## 31 ADDITIONAL INFORMATION FOR THE ITEMS OF THE SEPARATE INTERIM STATEMENT OF CASH FLOWS

	For the six-month period ended	
	30.6.2019 VND	30.6.2018 VND
Investments in subsidiary by offsetting with short-term lending	24,000,000,000	-
Transfer from construction in progress to long-term prepayments (Note 12)	9,461,548,733	24,854,653,834

## 32 RELATED PARTY DISCLOSURES

As at 30 June 2019 and during the six-month period then ended, the Company had balances and/or transactions with the related parties:

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

## (a) Related party transactions

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

	For the 6-month period ended	
	30.6.2019 VND	30.6.2018 VND
<i>i) Sales of goods</i>		
Trung Hieu Plywood Private Enterprise	38,816,775,247	38,970,787,242
Malloca Vietnam Company Limited	19,933,280,474	26,008,661,636
AConcept Vietnam Company Limited	15,151,406,341	23,268,855,950
An Cuong Wood - Working Manufacturing Company Limited	237,486,207,557	-
	<u>311,387,669,619</u>	<u>88,248,304,828</u>

## 32 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

	For the 6-month period ended	
	30.6.2019 VND	30.6.2018 VND
<b>ii) Purchases of goods</b>		
Malloca Vietnam Company Limited	12,247,679,545	7,391,011,450
AConcept Vietnam Company Limited	1,260,903,826	439,799,739
An Cuong Wood - Working Manufacturing Company Limited	215,243,471,374	-
	<u>228,752,054,745</u>	<u>7,830,811,189</u>
<b>iii) Compensation of key management</b>		
Gross salaries and other benefits	<u>12,341,801,172</u>	<u>12,616,616,100</u>
<b>iv) Financial investments (Note 4(b))</b>		
Malloca Vietnam Company Limited	60,000,000,000	-
An Cuong Wood - Working Manufacturing Company Limited	200,000,000,000	216,000,000,000
	<u>260,000,000,000</u>	<u>216,000,000,000</u>
<b>v) Short-term lending</b>		
Lending to An Cuong Wood - Working Manufacturing Company Limited	27,000,000,000	71,000,000,000
Lending to An Cuong Wood - Working Manufacturing Company Limited	41,000,000,000	-
Collections of lending to Malloca Vietnam Company Limited	<u>24,000,000,000</u>	<u>-</u>
<b>vi) Interest income from short-term lending (Note 26)</b>		
NC Vietnam Investment Ltd.	-	898,921,006
Malloca Vietnam Company Limited	735,452,058	1,362,001,521
An Cuong Wood - Working Manufacturing Company Limited	714,575,341	1,183,802,740
	<u>1,450,027,399</u>	<u>3,444,725,267</u>

## 32 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

	For the 6-month period ended	
	30.6.2019 VND	30.6.2018 VND
<b>vii) Dividend paid during the period (Note 22)</b>		
NC Vietnam Investment Ltd.	61,405,680,000	-
Sumitomo Forestry (Singapore) Ltd	24,063,090,800	-
Whitlam Holding Pte Ltd.	22,167,600,000	-
Other shareholders	12,674,705,400	-
	<u>120,311,076,200</u>	<u>-</u>

## (b) Period end balances with related parties

	30.6.2019 VND	31.12.2018 VND
<b>Short-term trade accounts receivable (Note 5)</b>		
Malloca Vietnam Company Limited	5,116,714,391	10,326,247,570
Trung Hieu Plywood Private Enterprise	7,697,574,295	8,038,038,217
AConcept Vietnam Company Limited	11,341,012,793	16,799,960,492
An Cuong Wood - Working Manufacturing Company Limited	22,535,900,745	20,519,362,090
	<u>46,691,202,224</u>	<u>55,683,608,369</u>
<b>Short-term lendings</b>		
Malloca Vietnam Company Limited	-	28,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	-	14,000,000,000
	<u>-</u>	<u>42,000,000,000</u>
<b>Short-term trade accounts payable (Note 13)</b>		
An Cuong Wood - Working Manufacturing Company Limited	59,662,245,887	-
	<u>59,662,245,887</u>	<u>-</u>

## 33 COMMITMENTS AND CONTINGENCIES

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

	Property	
	30.6.2019 VND	31.12.2018 VND
Within one year	23,675,564,422	17,998,031,420
Between one and five years	92,274,645,805	43,466,026,916
Over five years	30,405,978,873	37,200,852,291
<b>Total minimum payments</b>	<b>146,356,189,100</b>	<b>98,664,910,627</b>

The separate interim financial statements were approved by the Board of Management on 9 August 2019.



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



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



\_\_\_\_\_  
Le Duc Nghia  
General Director