



**THIÊN LONG GROUP CORPORATION**

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

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## THIEN LONG GROUP CORPORATION

### CORPORATE INFORMATION

#### Investment registration certificate

No. 6307210814 dated 6 December 2018

Investment registration certificate and its subsequent amendments were issued by the Ho Chi Minh City Export Processing and Industrial Zones Authority for a period up to 17 June 2047.

#### Enterprise registration certificate

No. 0301464830 dated 14 March 2005 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 18<sup>th</sup> amendment dated 29 June 2020.

#### Board of Directors

Mr. Co Gia Tho	Chairman
Mr. Tran Kim Thanh	Vice Chairman (until 24 June 2020)
Mr. Pham Tri Nguyen	Member (from 24 June 2020)
Mr. Tran Le Nguyen	Member
Mr. Huynh Van Thien	Member
Ms. Tran Thai Nhu	Member
Ms. Co Ngan Binh	Member
Ms. Co Cam Nguyet	Member
Mr. Tran Van Hung	Member
Mr. Tayfun Uner	Member

#### Board of Supervision

Ms. Nguyen Thi Bich Nga	Head
Mr. Dinh Duc Hau	Member
Ms. Ta Hong Diep	Member

#### Board of Management

Mr. Nguyen Dinh Tam	Chief Executive Officer
Mr. Truong Anh Hao	Deputy General Director
Mr. Bui Van Huong	Deputy General Director
Mr. Phan Nhut Phuong	Deputy General Director
Mr. Nguyen Thuong Viet	Deputy General Director
Mr. Tran Trung Hiep	Deputy General Director
Ms. Tran Phuong Nga	Deputy General Director

#### Other Management

Mr. Nguyen Ngoc Nhon	Chief Accountant
Mr. Dinh Quang Hung	Director of Production
Mr. Pham Huu Chi	Director of Product Design and Development
Mr. Nguyen Duc Hanh	Director of Information Technology
Mr. Diep Bao Tinh	Director of Technology
Mr. Trinh Van Hao	Director of Marketing
Ms. Huynh Ngoc Bao Thi	Director of Chemical Technology



## **THIEN LONG GROUP CORPORATION**

### **CORPORATE INFORMATION (continued)**

<b>Legal Representative</b>	Mr. Co Gia Tho	Chairman
<b>Registered office</b>	Lot 6-8-10-12, Street No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam	
<b>Auditor</b>	PwC (Vietnam) Limited	



## THIEN LONG GROUP CORPORATION

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

The Legal Representative of Thien Long Group Corporation ("the Company") has authorised the Board of Management of the Company to be responsible for preparing the interim consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2020, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended. In preparing these interim consolidated financial statements, the Board of Management is required to:

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

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

### APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying interim consolidated financial statements as set out on pages 6 to 44 which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2020, and of the interim consolidated results of its operations and its interim consolidated 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 interim consolidated financial statements.



On behalf of the Board of Management,

\_\_\_\_\_  
Nguyen Dinh Tam  
Authorised signatory  
Authorised by Legal Representative

Ho Chi Minh City, Vietnam  
24 August 2020





## **REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF THIEN LONG GROUP CORPORATION**

We have reviewed the accompanying interim consolidated financial statements of Thien Long Group Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 30 June 2020 and approved by the Board of Management on 24 August 2020. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2020, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 6 to 44.

### **Responsibility of the Board of Management**

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these interim consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of interim consolidated financial statements and for such internal control which the Board of Management determines necessary to enable the preparation and fair presentation of the interim consolidated 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 interim consolidated 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 interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 interim consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2020, its interim consolidated financial performance and interim consolidated 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 interim consolidated financial statements.

## Other Matters

The consolidated financial statements for the year ended 31 December 2019 were audited by another auditor whose independent auditor's report dated 30 March 2020, expressed an unmodified opinion on those statements. In addition, the interim consolidated financial statements for the six-month period ended 30 June 2019 were also reviewed by this auditor whose report on review of interim consolidated financial statements dated 27 August 2019, expressed an unmodified conclusion on those statements.

The report on review of interim consolidated financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

**For and on behalf of PwC (Vietnam) Limited**



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Mai Viet Hung Tran  
Audit Practising Licence No.:  
0048-2018-006-1  
Authorised signatory

Report reference number: HCM9819  
Ho Chi Minh City, 24 August 2020



**INTERIM CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2020**

Code	ASSETS	Note	Closing balance VND	Opening balance VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>1,652,649,820,768</b>	<b>1,830,894,396,372</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>232,619,036,934</b>	<b>190,855,576,577</b>
111	Cash		122,619,036,934	99,855,576,577
112	Cash equivalents		110,000,000,000	91,000,000,000
<b>120</b>	<b>Short-term investment</b>		<b>185,500,000,000</b>	<b>466,000,000,000</b>
123	Investments held-to-maturity	4(a)	185,500,000,000	466,000,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>535,712,182,731</b>	<b>581,476,470,866</b>
131	Short-term trade accounts receivable	5	499,372,291,397	540,254,253,737
132	Short-term prepayments to suppliers	6	28,250,802,901	18,195,133,300
136	Other short-term receivables	7	9,003,771,635	23,941,767,031
137	Provision for doubtful debts – short-term		(914,683,202)	(914,683,202)
<b>140</b>	<b>Inventories</b>	<b>8</b>	<b>680,458,984,762</b>	<b>582,361,530,894</b>
141	Inventories		706,062,234,931	611,220,729,006
149	Provision for decline in value of inventories		(25,603,250,169)	(28,859,198,112)
<b>150</b>	<b>Other current assets</b>		<b>18,359,616,341</b>	<b>10,200,818,035</b>
151	Short-term prepaid expenses	9(a)	10,355,585,452	7,897,754,885
152	Value added tax ("VAT") to be reclaimed		7,988,975,435	2,288,007,696
153	Tax and other receivables from the State		15,055,454	15,055,454
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>598,669,698,615</b>	<b>586,009,531,603</b>
<b>210</b>	<b>Long-term receivable</b>		<b>4,000,704,123</b>	<b>3,084,864,613</b>
216	Other long-term receivables		4,000,704,123	3,084,864,613
<b>220</b>	<b>Fixed assets</b>		<b>451,899,506,437</b>	<b>464,236,995,775</b>
221	Tangible fixed assets	10(a)	424,970,168,905	434,775,531,550
222	Historical cost		944,225,949,602	916,525,121,861
223	Accumulated depreciation		(519,255,780,697)	(481,749,590,311)
227	Intangible fixed assets	10(b)	26,929,337,532	29,461,464,225
228	Historical cost		67,511,574,911	67,432,574,911
229	Accumulated amortisation		(40,582,237,379)	(37,971,110,686)
<b>240</b>	<b>Long-term asset in progress</b>		<b>16,661,589,543</b>	<b>26,712,919,979</b>
242	Construction in progress	11	16,661,589,543	26,712,919,979
<b>250</b>	<b>Long-term investments</b>		<b>21,942,320,000</b>	<b>21,092,112,000</b>
253	Investments in other entities	4(b)	30,685,000,000	30,685,000,000
254	Provision for long-term investments	4(b)	(8,742,680,000)	(9,592,888,000)
<b>260</b>	<b>Other long-term assets</b>		<b>104,165,578,512</b>	<b>70,882,639,236</b>
261	Long-term prepaid expenses	9(b)	63,341,003,438	39,582,025,338
262	Deferred income tax assets	19	40,824,575,074	31,300,613,898
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,251,319,519,383</b>	<b>2,416,903,927,975</b>

The notes on pages 10 to 44 are an integral part of these interim consolidated financial statements.



**INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2020**  
**(continued)**

Code	RESOURCES	Note	Closing balance VND	Opening balance VND
<b>300</b>	<b>LIABILITIES</b>		<b>544,478,059,032</b>	<b>609,917,056,329</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>498,610,177,546</b>	<b>554,653,680,656</b>
311	Short-term trade accounts payable	12	187,558,418,650	181,300,286,706
312	Short-term advances from customers	13	7,236,119,756	2,570,299,065
313	Tax and other payables to the State	14	19,789,433,109	31,734,854,675
314	Payables to employees		25,966,847,550	25,924,624,973
315	Short-term accrued expenses	15	55,361,558,917	96,724,794,495
319	Other short-term payables	16	10,416,140,965	9,028,740,183
320	Short-term borrowings	17(a)	183,311,422,734	195,113,477,671
322	Bonus and welfare fund	23	8,970,235,865	12,256,602,888
<b>330</b>	<b>Long-term liabilities</b>		<b>45,867,881,486</b>	<b>55,263,375,673</b>
338	Long-term borrowings	17(b)	20,676,923,070	25,846,153,842
342	Provision for long-term liabilities	18	25,190,958,416	29,417,221,831
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>1,706,841,460,351</b>	<b>1,806,986,871,646</b>
<b>410</b>	<b>Capital and reserves</b>		<b>1,706,841,460,351</b>	<b>1,806,986,871,646</b>
411	Owners' capital	20, 21	777,944,530,000	777,944,530,000
411a	- Ordinary shares with voting rights		777,944,530,000	777,944,530,000
412	Share premium	21	392,944,802,300	392,944,802,300
415	Treasury shares	21	(46,311,318,529)	-
417	Foreign exchange differences	21	(137,226,344)	-
418	Investment and development fund	21	199,910,168,556	158,019,722,556
421	Undistributed earnings	21	382,490,504,368	478,077,816,790
421a	- Undistributed post-tax profits of previous years		368,869,919,313	233,121,320,737
421b	- Post-tax profits of current period/year		13,620,585,055	244,956,496,053
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>2,251,319,519,383</b>	<b>2,416,903,927,975</b>

Dao Xuan Nam  
Preparer

Nguyen Ngoc Nhon  
Chief Accountant

Nguyen Dinh Tam  
Chief Executive Officer  
24 August 2020



The notes on pages 10 to 44 are an integral part of these interim consolidated financial statements.



**INTERIM CONSOLIDATED INCOME STATEMENT  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

Code	Note	Current period VND	Previous period VND
01	Revenue from sales of goods	1,132,769,758,608	1,557,330,996,298
02	Less deductions	(19,502,238,126)	(19,543,193,396)
10	Net revenue from sales of goods	1,113,267,520,482	1,537,787,802,902
11	Cost of goods sold	(761,930,422,783)	(960,302,666,614)
20	Gross profit from sales of goods	351,337,097,699	577,485,136,288
21	Financial income	14,578,481,585	9,537,489,741
22	Financial expenses	(9,248,920,153)	(7,088,468,153)
23	- Including: Interest expense	(7,076,203,674)	(6,208,648,892)
25	Selling expenses	(211,725,920,271)	(213,432,402,014)
26	General and administration expenses	(125,781,240,670)	(137,772,773,900)
30	Net operating profit	19,159,498,190	228,728,981,962
31	Other income	5,569,284,568	3,951,727,714
32	Other expenses	(1,248,900,364)	(210,381,009)
40	Net other income	4,320,384,204	3,741,346,705
50	Net accounting profit before tax	23,479,882,394	232,470,328,667
51	Corporate income tax ("CIT") - current	(15,906,858,515)	(45,304,437,700)
52	CIT - deferred	9,523,961,176	(1,852,890,739)
60	Net profit after tax	17,096,985,055	185,313,000,228
61	Attributable to: Owners of the parent company	17,096,985,055	185,313,000,228
70	Basic earnings per share	199	2,198
71	Diluted earnings per share	199	2,198

Dao Xuan Nam  
Preparer

Nguyen Ngoc Nhon  
Chief Accountant

Nguyen Dinh Tam  
Chief Executive Officer  
24 August 2020




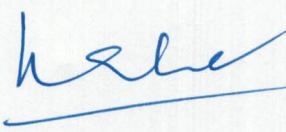
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**INTERIM CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020  
(Indirect method)**

Code	Note	Current period VND	Previous period VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Net accounting profit before tax</b>	<b>23,479,882,394</b>	<b>232,470,328,667</b>
	Adjustments for:		
02	Depreciation and amortisation	40,246,422,254	38,127,499,450
03	Reversal of provisions	(8,332,419,358)	(1,454,942,920)
04	Unrealised foreign exchange losses	592,298,468	230,783,217
05	Profits from investing activities	(11,938,880,083)	(8,466,535,298)
06	Interest expense	7,076,203,674	6,208,648,892
08	<b>Operating profit before changes in working capital</b>	<b>51,123,507,349</b>	<b>267,115,782,008</b>
09	Decrease/(increase) in receivables	33,191,750,422	(169,845,704,492)
10	(Increase)/decrease in inventories	(94,836,028,977)	91,925,193,826
11	(Decrease)/increase in payables	(29,014,074,508)	36,491,831,240
12	Increase in prepaid expenses	(25,261,609,110)	(5,496,596,820)
14	Interest paid	(7,159,059,754)	(6,408,638,214)
15	CIT paid	(15,142,180,967)	(17,765,673,366)
17	Other payments on operating activities	(35,442,765,843)	(27,963,877,000)
20	<b>Net cash (outflows)/inflows from operating activities</b>	<b>(122,540,461,388)</b>	<b>168,052,317,182</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(36,932,855,316)	(39,045,411,849)
22	Proceeds from disposals of fixed assets	235,227,272	976,134,091
23	Term deposits placed at banks	(173,500,000,000)	(293,000,000,000)
24	Collection of term deposits placed at banks	454,000,000,000	-
27	Dividends and interest received	22,995,788,713	2,815,487,511
30	<b>Net cash inflows/(outflows) from investing activities</b>	<b>266,798,160,669</b>	<b>(328,253,790,247)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	-	414,663,619,300
32	Payments for share repurchases	(46,311,318,529)	-
33	Proceeds from borrowings	361,657,864,261	349,127,851,239
34	Repayments of borrowings	(378,629,149,970)	(422,913,432,128)
36	Dividends paid	(38,931,520,500)	(70,758,494,850)
40	<b>Net cash (outflows)/inflows from financing activities</b>	<b>(102,214,124,738)</b>	<b>270,119,543,561</b>
50	<b>Net increase in cash and cash equivalents</b>	<b>42,043,574,543</b>	<b>109,918,070,496</b>
60	<b>Cash and cash equivalents at beginning of period</b>	<b>190,855,576,577</b>	<b>145,861,230,396</b>
61	Effect of foreign exchange differences	(280,114,186)	(118,001,973)
70	<b>Cash and cash equivalents at end of period</b>	<b>232,619,036,934</b>	<b>255,661,298,919</b>

  
\_\_\_\_\_  
Dao Xuan Nam  
Preparer

  
\_\_\_\_\_  
Nguyen Ngoc Nhon  
Chief Accountant



  
\_\_\_\_\_  
Nguyen Dinh Tam  
Chief Executive Officer  
24 August 2020

The notes on pages 10 to 44 are an integral part of these interim consolidated financial statements.



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

**1 GENERAL INFORMATION**

Thien Long Group Corporation (the "Company") is a joint stock company established in SR of Vietnam pursuant to Enterprise registration certificate No. 0301464830 dated 14 March 2005 which was issued by the Department of Planning and Investment of Ho Chi Minh City and the 18<sup>th</sup> amendment dated 29 June 2020.

The Company's shares were listed on the Ho Chi Minh Stock Exchange ("HOSE") on 26 March 2010 with securities code ("TLG") pursuant to Decision No. 20/QD-SGDHCM dated 2 February 2010 of the HOSE.

Owners' of the Company include Thien Long An Thinh Investment Corporation, NWL Cayman Holdings Ltd., a company incorporated in the United Kingdom, Mr Co Gia Tho and other shareholders. Details of the capital contribution are presented in Note 21.

Business sectors of the Company and its subsidiaries (together, "the Group") are manufacturing and trading.

The Group's principal activities are to manufacture and trade stationaries products, class room equipment, plastic teaching instruments, plastic household appliances, stamps printing, tampo (pad) printing, flexo printing and performing screen - printing and pressing on products.

The normal business cycle of the Group is 12 months.

As at 30 June 2020, the Group had 6 subsidiaries. Details are as follows:

	Principal activities	Place of incorporation and operation	As at end of period and beginning of period	
			% of ownership	% of voting rights
Thien Long Long Thanh Manufacturing and Trading Company Limited	Manufacturing and trading stationery	Dong Nai Province	100%	100%
Thien Long Global Trading and Service One Member Company Limited	Trading stationery	Ho Chi Minh City	100%	100%
Tan Luc South Trading and Service One Member Company Limited	Trading stationery	Ho Chi Minh City	100%	100%
Tan Luc North Trading and Service One Member Company Limited	Trading stationery	Ha Noi City	100%	100%
Tan Luc Middle Trading and Service One Member Company Limited	Trading stationery	Da Nang City	100%	100%
Flexoffice Pte. Ltd.	Trading stationery	Singapore	100%	100%

As at end of period, the Group had 3,041 employees (as at beginning of period: 3,485 employees).



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

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

The accompanying interim consolidated financial statements are not intended to present the interim consolidated financial position and interim consolidated results of operations and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam's.

The interim consolidated financial statements in the Vietnamese language are the official interim consolidated statutory financial statements of the Group. The interim consolidated financial statements in the English language have been translated from the Vietnamese version.

**2.2 Fiscal year**

The Group's fiscal year is from 1 January to 31 December.

The interim consolidated financial statements are prepared for the six-month period from 1 January to 30 June.

**2.3 Currency**

The interim consolidated financial statements are measured and presented in Vietnamese Dong ("VND"). The Group determines its accounting currencies based on the currencies which are mainly used in sales of goods, which have a significant impact on selling prices of goods, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

Additionally, the Group also uses these currencies to raise financial resources and regularly collect these currencies from business operations and savings.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.3 Currency (continued)***Foreign operations*

Assets and liabilities of foreign operations are translated into VND at the closing exchange rates at date of the balance sheet. Income and expenses of the foreign operations are translated into VND at the average exchange rate of the accounting period.

The resulting foreign exchange differences arising from the translation of foreign operations are recorded under the item "Foreign exchange differences" of the owners' equity on the interim consolidated balance sheet.

**2.4 Exchange rates**

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 interim consolidated income statement.

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

**2.5 Basis of consolidation***Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Basis of consolidation (continued)*****Subsidiaries (continued)***

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

**2.6 Cash and cash equivalents**

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

**2.7 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Bad debts are written off when identified.

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

**2.8 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 and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method for inventories.

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.9 Investments****(a) Investments held-to-maturity**

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

Investments held-to-maturity include term deposits for interest earning and other investments held-to-maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

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

**(b) Investments in other entities**

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for investments in other entities is made when there is a diminution in value of the investments at period end, when the investees make losses, except when the loss is anticipated by the Board of Management before the date of investment.

Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**2.10 Fixed assets*****Tangible and intangible fixed assets***

Fixed assets are stated at historical cost less accumulated depreciation and amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable condition for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the interim consolidated income statement when incurred.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Fixed assets***Depreciation and amortisation*

Fixed assets are depreciated and amortized using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Plant, buildings and structures	3 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	6 - 8 years
Office equipment	2 - 7 years
Molds and other fixed assets	3 - 5 years
Computer software	3 - 10 years
Copyrights, patents	3 years

Land use rights are comprised of land use rights with an indefinite useful life, recorded at historical cost and are not amortised.

*Disposals*

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

*Construction in progress*

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including construction costs; costs of tools and equipment; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

**2.11 Operating leases**

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 interim consolidated income statement on a straight-line basis over the term of the lease.

**2.12 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the interim consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

Additionally, prepayments for land rental contracts, which are in effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by Ministry of Finance and allocated using the straight-line method in accordance with such land use right certificates.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.13 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

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

**2.14 Borrowings**

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term borrowings based on their remaining terms from the interim consolidated balance sheet date to the maturity date.

Borrowing costs are recognised in the interim consolidated income statement when incurred.

**2.15 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.

**2.16 Provisions**

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

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting period year are recorded as an increase or decrease in operating expenses.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.17 Provision for severance allowance**

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

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

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

**2.18 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares; and the difference between the repurchase price and re-issuing price of treasury shares.

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

Undistributed earnings record the Group's accumulated results after CIT at the reporting date.

**2.19 Appropriation of profit**

The Group's dividends are recognised as a liability in the Group's interim consolidated financial statements in the period upon the dividend declaration of the Board of Directors which are approved by the General Meeting of Shareholders.

Profit after CIT could be distributed to shareholders after approval at the General Meeting of Shareholders and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

The Group's funds are as below:

**(a) Investment and development fund**

Investment and development fund is appropriated from profit after CIT of the Group and approved by shareholders at the General Meeting of Shareholders. This fund is used for expanding operation or for deepening investment of the Group.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Appropriation of profit (continued)****(b) Bonus and welfare fund**

Bonus and welfare fund is appropriated from the Group's profit after CIT and subject to shareholders' approval at the General Meeting of Shareholders. This fund is presented as a liability on the interim consolidated balance sheet and used for rewards, material incentives, bringing common benefits and raising employees' welfare.

**2.20 Revenue recognition****(a) Revenue from sales of goods**

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

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

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

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the interim consolidated income statement.

**(b) Interest income**

Interest income is recognised on an earned basis.

**(c) Dividend income**

Income from dividends is recognised when the Group has established the receiving right from investees.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 Sales deductions**

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

Sales deductions for sales of products, goods 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 a deduction from the revenue of the period.

**2.22 Cost of goods sold**

Cost of goods sold are cost of finished goods, merchandises and materials sold during the period, and recorded on the basis of matching with revenue and on a prudence basis.

**2.23 Financial expenses**

Financial expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activities, provision for diminution in value of investments in other entities, expenses of borrowing, losses from foreign exchange differences and payment discounts.

**2.24 Selling expenses**

Selling expenses represent expenses that are incurred in the process of selling products, goods which mainly include salary expenses of sales staffs; publicity, promotion; advertising expenses; storing, packaging and transportation.

**2.25 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staffs; expenses of office materials; tools and supplies; depreciation of fixed assets used for administration; land rental; provision for bad debts; outside services; and other expenses.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.26 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 interim consolidated 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 interim consolidated 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.

**2.27 Related parties**

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

In considering the related parties relationship, the Group considers the substance of the relationship not merely the legal form.

**2.28 Segment reporting**

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

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.29 Accounting estimates**

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

The areas involving significant estimates and assumptions are as follows:

- Provision for decline in value of inventories (Note 8);
- Estimated useful life of fixed assets (Note 10); and
- Estimation of provision for long-term liabilities (Note 18)

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

**3 CASH AND CASH EQUIVALENTS**

	Closing balance VND	Opening balance VND
Cash on hand	2,631,861,520	3,445,901,892
Cash at bank	119,987,175,414	96,409,674,685
Cash equivalents (*)	110,000,000,000	91,000,000,000
	<u>232,619,036,934</u>	<u>190,855,576,577</u>

(\*) Cash equivalents represent bank deposits with original maturities of 3 months or less and earn interest at fixed interest rates in Vietnamese Dong.



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**4 INVESTMENTS**

**(a) Investments held to maturity**

The balance represents term deposits at banks with maturity from 6 months to 12 months and earn interest at fixed interest rates in Vietnamese Dong.

**(b) Investments in other entities**

	Closing balance			Ownership rate %	Opening balance			
	Cost VND	Fair value VND	Provision VND		Cost VND	Fair value VND	Provision VND	
Kinh Do Land Corporation	25,000,000,000	(*)	(4,586,400,000)	2.00	25,000,000,000	(*)	(5,489,200,000)	2.00
Saigon Securities Investment Fund A2	3,565,000,000	(*)	(3,565,000,000)	-	3,565,000,000	(*)	(3,565,000,000)	-
Brilliant Chip Joint Stock Company	1,520,000,000	(*)	(591,280,000)	1.89	1,520,000,000	(*)	(538,688,000)	1.89
Printing No.7 Joint Stock Company	600,000,000	(*)	-	2.50	600,000,000	(*)	-	2.50
	<u>30,685,000,000</u>		<u>(8,742,680,000)</u>		<u>30,685,000,000</u>		<u>(9,592,888,000)</u>	

(\*) As at end of period and beginning of period, the Group has not determined fair value of these investments to disclose on the interim consolidated financial statements because they do not have listed prices.



**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
SQI Group Int'l. Corp.	44,146,312,778	31,529,460,459
Like Link Co., Ltd.	28,313,484,675	28,415,466,565
Crayola LLC	23,839,650,642	12,415,034,305
Others	403,072,843,302	467,894,292,408
	<u>499,372,291,397</u>	<u>540,254,253,737</u>

As at end of period and beginning of period, short-term trade accounts receivable of VND50,000,000,000 were used as mortgaged assets for short-term borrowings from banks (Note 17).

**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
Jangoh Machinery Co., Ltd	10,669,927,089	-
Jeoly Electronics Co., Ltd	319,942,562	3,398,364,022
Others	17,260,933,250	14,796,769,278
	<u>28,250,802,901</u>	<u>18,195,133,300</u>

**7 OTHER RECEIVABLES**

	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>Book value VND</b>	<b>Provision VND</b>	<b>Book value VND</b>	<b>Provision VND</b>
Interest receivables from lending	3,922,060,276	-	15,155,193,148	-
Advances to employees	1,991,500,088	-	1,380,851,873	-
Short-term deposits	273,445,735	-	242,401,735	-
Others	2,816,765,536	-	7,163,320,275	-
	<u>9,003,771,635</u>	<u>-</u>	<u>23,941,767,031</u>	<u>-</u>

As at end of period and beginning of period, there was no balance of other short-term receivables that was past due or not past due but doubtful.



## 8 INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	29,886,917,295	-	38,227,456,818	-
Raw materials	222,349,568,639	(14,143,058,535)	187,544,385,666	(15,324,073,308)
Tools and supplies	9,683,640,086	-	4,474,478,320	-
Work in progress	61,470,392,005	(1,636,176,847)	40,735,267,802	(1,420,162,354)
Finished goods	223,353,980,800	(8,536,316,493)	199,908,650,958	(9,945,763,492)
Merchandises	159,317,736,106	(1,287,698,294)	140,330,489,442	(2,169,198,958)
	<u>706,062,234,931</u>	<u>(25,603,250,169)</u>	<u>611,220,729,006</u>	<u>(28,859,198,112)</u>

As at end of period, inventories of VND140,000,000,000 and USD5,000,000 (as at beginning of period: VND80,000,000,000 and USD5,000,000) were used as mortgaged assets for short-term borrowings from banks (Note 17).

Movements in the provision for decline in value of inventories during the period are as follows:

	Current period VND	Previous period VND
Opening balance	(28,859,198,112)	(18,955,968,077)
Increase	(3,029,504,043)	(5,275,796,070)
Reversal	6,285,451,986	5,384,782,167
Closing balance	<u>(25,603,250,169)</u>	<u>(18,846,981,980)</u>



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

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
Advertising and marketing expenses	2,731,163,834	1,483,238,457
Health and properties insurance	2,668,249,014	1,653,749,180
Others	4,956,172,604	4,760,767,248
	<u>10,355,585,452</u>	<u>7,897,754,885</u>

**(b) Long-term**

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
Land rental (*)	10,733,219,791	10,897,923,931
Tools and supplies	45,353,871,649	22,240,685,533
Others	7,253,911,998	6,443,415,874
	<u>63,341,003,438</u>	<u>39,582,025,338</u>

(\*) Representing balance of prepaid land rental which has not been fully allocated under the land lease contract as presented in Note 2.12.

Movements in prepaid expenses during the period are as follows:

	<b>Current period VND</b>	<b>Previous period VND</b>
Opening balance	47,539,607,823	35,053,633,802
Increase	18,387,561,385	19,837,657,280
Transferred from construction in progress (Note 11)	1,184,054,058	2,145,672,076
Transferred from inventories	28,821,667,307	660,241,969
Allocation	(22,236,301,683)	(17,360,464,211)
Closing balance	<u>73,696,588,890</u>	<u>40,336,740,916</u>



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**10 FIXED ASSETS**

**(a) Tangible fixed assets**

	Plant, buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Historical cost</b>						
Opening balance	227,186,559,717	462,253,779,701	43,729,097,944	17,784,935,514	165,570,748,985	916,525,121,861
New purchases	-	7,973,477,218	1,266,285,455	1,226,278,000	450,654,000	10,916,694,673
Transfers from construction in progress (Note 11)	-	14,419,705,410	-	-	3,823,381,274	18,243,086,684
Reclassification	-	10,710,520	-	-	-	10,710,520
Disposals	-	(186,701,700)	(513,661,720)	(67,000,000)	(702,300,716)	(1,469,664,136)
Closing balance	227,186,559,717	484,470,971,149	44,481,721,679	18,944,213,514	169,142,483,543	944,225,949,602
<b>Accumulated depreciation</b>						
Opening balance	72,847,039,805	240,391,846,088	27,323,415,349	16,332,252,228	124,855,036,841	481,749,590,311
Charge for the period	5,166,690,061	23,218,774,495	2,795,243,941	681,803,345	7,121,594,943	38,984,106,785
Reclassification	-	(59,618,930)	-	-	-	(59,618,930)
Disposals	-	(186,701,700)	(513,661,720)	(15,633,333)	(702,300,716)	(1,418,297,469)
Closing balance	78,013,729,866	263,364,299,953	29,604,997,570	16,998,422,240	131,274,331,068	519,255,780,697
<b>Net book value</b>						
Opening balance	154,339,519,912	221,861,933,613	16,405,682,595	1,452,683,286	40,715,712,144	434,775,531,550
Closing balance	149,172,829,851	221,106,671,196	14,876,724,109	1,945,791,274	37,868,152,475	424,970,168,905

As at end of period, the historical cost of tangible assets of the Group which were fully depreciated but still in use was VND265,302,238,510 (as at beginning of period: VND240,498,806,224).

As at end of year, tangible fixed assets of the Group with a carrying value of VND181,256,497,786 (as at beginning of period: VND92,251,390,522) were used as mortgaged assets for short-term and long-term borrowings from banks (Note 17).





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10 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Copyright, patents VND	Total VND
<b>Historical cost</b>				
Opening balance	16,047,625,000	51,017,949,911	367,000,000	67,432,574,911
New purchases	-	79,000,000	-	79,000,000
Closing balance	16,047,625,000	51,096,949,911	367,000,000	67,511,574,911
<b>Accumulated amortisation</b>				
Opening balance	1,175,864,496	36,428,246,190	367,000,000	37,971,110,686
Charge for the period	-	2,611,126,693	-	2,611,126,693
Closing balance	1,175,864,496	39,039,372,883	367,000,000	40,582,237,379
<b>Net book value</b>				
Opening balance	14,871,760,504	14,589,703,721	-	29,461,464,225
Closing balance	14,871,760,504	12,057,577,028	-	26,929,337,532

As at end of period, the historical cost of intangible assets of the Group which were fully amortised but still in use was VND11,693,255,413 (as at beginning of period: VND11,494,917,913).

As at end of period and beginning of period, intangible fixed assets of the Group with a carrying value of VND8,671,760 were used as mortgaged assets for short-term borrowings from banks (Note 17(a)).



## 11 CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Machinery under installation	8,607,711,923	16,883,996,803
Manufacturing molds	7,441,944,211	9,571,080,676
Others	611,933,409	257,842,500
	<u>16,661,589,543</u>	<u>26,712,919,979</u>

Movements in construction in progress during the period are as follows:

	Current period VND	Previous period VND
Opening balance	26,712,919,979	64,703,776,055
Increase in the period	9,388,868,152	23,956,822,788
Transfers to fixed assets (Note 10(a))	(18,243,086,684)	(70,535,311,803)
Transfers to prepaid expenses (Note 9)	(1,184,054,058)	(2,145,672,076)
Transfers to inventories	(13,057,846)	(2,734,989,348)
Closing balance	<u>16,661,589,543</u>	<u>13,244,625,616</u>

## 12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	Closing balance		Opening balance	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Teibow Co., Ltd	18,119,471,720	18,119,471,720	7,365,991,650	7,365,991,650
Mcaide Enterprise Co., Ltd.	10,719,970,934	10,719,970,934	4,038,768,140	4,038,768,140
Aubex Corporation	9,725,115,400	9,725,115,400	9,796,866,000	9,796,866,000
Others	148,993,860,596	148,993,860,596	160,098,660,916	160,098,660,916
	<u>187,558,418,650</u>	<u>187,558,418,650</u>	<u>181,300,286,706</u>	<u>181,300,286,706</u>

As at end of period and beginning of period, there was no balance of short-term trade accounts payable that was past due.



**13 SHORT-TERM ADVANCES FROM CUSTOMERS**

	Closing balance VND	Opening balance VND
Newell Brands Inc.	4,532,667,500	-
Crayola LLC.	1,960,778,053	1,546,424,220
Others	742,674,203	1,023,874,845
	<u>7,236,119,756</u>	<u>2,570,299,065</u>

**14 TAX AND OTHER PAYABLES TO THE STATE**

Movements in tax and other payables to the State are as follows:

	Opening balance VND	Payable during the period VND	Payment during the period VND	Closing balance VND
Value added tax	14,080,122,471	34,185,390,651	(47,134,542,323)	1,130,970,799
Import – export duties	181,069,797	5,534,462,535	(5,495,408,183)	220,124,149
CIT - current	15,363,741,390	15,906,858,515	(15,142,180,967)	16,128,418,938
Personal income tax	2,109,921,017	19,283,196,388	(19,083,198,182)	2,309,919,223
	<u>31,734,854,675</u>	<u>74,909,908,089</u>	<u>(86,855,329,655)</u>	<u>19,789,433,109</u>

**15 SHORT-TERM ACCRUED EXPENSES**

	Closing balance VND	Opening balance VND
13th & 14th month salary and incentive	33,385,177,403	70,098,473,027
Advertising and marketing	16,267,520,962	2,749,627,684
Interest expense	434,382,231	517,238,311
Others	5,274,478,321	23,359,455,473
	<u>55,361,558,917</u>	<u>96,724,794,495</u>

**16 OTHER SHORT-TERM PAYABLES**

	Closing balance VND	Opening balance VND
Union fees	2,199,216,227	2,504,830,496
Dividend payable	11,165,500	45,459,500
Allowance for the Board of Directors and Board of Supervision	3,153,060,000	3,425,500,843
Others	5,052,699,238	3,052,949,344
	<u>10,416,140,965</u>	<u>9,028,740,183</u>

As at end of period and beginning of period, there was no balance of other short-term payables was past due.



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**17 BORROWINGS**

**(a) Short-term**

	Opening balance		During the period		Closing balance	
	Value VND	Able-to-pay amount VND	Increase VND	Decrease VND	Value VND	Able-to-pay amount VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Western Saigon Branch (i)	68,101,512,180	68,101,512,180	102,819,740,933	(108,883,935,180)	62,037,317,933	62,037,317,933
Vietnam Joint Stock Commercial Bank for Industry and Trade - Western Saigon Branch (ii)	20,313,696,258	20,313,696,258	92,725,463,456	(72,325,183,133)	40,713,976,581	40,713,976,581
HSBC Bank (Vietnam) Limited (iii)	82,089,697,040	82,089,697,040	92,923,735,815	(118,400,593,144)	56,612,839,711	56,612,839,711
United Overseas Bank (Vietnam) Limited (iv)	4,026,436,195	4,026,436,195	49,722,122,337	(50,313,080,108)	3,435,478,424	3,435,478,424
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bien Hoa Branch (v)	12,828,289,840	12,828,289,840	23,466,801,720	(26,121,743,019)	10,173,348,541	10,173,348,541
	187,359,631,513	187,359,631,513	361,657,864,261	(376,044,534,584)	172,972,961,190	172,972,961,190
<b>Current portion of long-term borrowings</b>						
HSBC Bank (Vietnam) Limited (*)	7,753,846,158	7,753,846,158	5,169,230,772	(2,584,615,386)	10,338,461,544	10,338,461,544
	195,113,477,671	195,113,477,671	366,827,095,033	(378,629,149,970)	183,311,422,734	183,311,422,734

**(b) Long-term**

	Opening balance		During the period		Closing balance	
	Value VND	Able-to-pay amount VND	Increase VND	Decrease VND	Value VND	Able-to-pay amount VND
HSBC Bank (Vietnam) Limited (vi) (*)	25,846,153,842	25,846,153,842	-	(5,169,230,772)	20,676,923,070	20,676,923,070



**17 BORROWINGS (continued)**

(\*) Details of the long-term bank loan are as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
Original debt balance	31,015,384,614	33,600,000,000
Current portion	(10,338,461,544)	(7,753,846,158)
	<u>20,676,923,070</u>	<u>25,846,153,842</u>

- (i) Representing short-term loans at Joint Stock Commercial Bank for Investment and Development of Vietnam - Western Saigon Branch for the purpose of supplementing working capital. The loans have terms and interest rates specified at each disbursement. The Group used land use right, buildings and structures and machinery and equipment as collateral assets for these loans (Note 10).
- (ii) Representing short-term loans at Vietnam Joint Stock Commercial Bank for Industry and Trade - Western Saigon Branch for the purpose of supplementing working capital. The loans have terms and interest rates specified at each disbursement. The Group used machinery and equipment and inventories as collateral assets for these loans (Note 10).
- (iii) Representing short-term loans at HSBC Bank (Vietnam) Limited for the purpose of supplementing working capital. The loans have terms and interest rates specified at each disbursement. The Group used receivables and inventories as collateral assets for these loans (Note 5 and 8).
- (iv) Representing short-term loans at United Oversea Bank (Vietnam) Limited for the purpose of supplementing working capital. The loans have terms and interest rates specified at each disbursement. The Group used inventories as collateral assets for these loans (Note 8).
- (v) Representing short-term unsecured loans at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bien Hoa Branch for the purpose of supplementing working capital. The loans have terms and interest rates specified at each disbursement.
- (vi) Representing long-term loans at HSBC Bank (Vietnam) Limited for the purpose of purchasing and installing fixed assets. The loans have terms and interest rates specified at each disbursement. The Group used machinery and equipment as collateral assets for these loans (Note 10).

**18 PROVISION FOR LONG-TERM LIABILITIES**

Provision for long-term liabilities represents the provision for severance allowance in accordance with accounting policy presented in Note 2.17.



**19 DEFERRED INCOME TAX**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. Details are as follows:

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
Deferred tax assets to be recovered	<u>40,824,575,074</u>	<u>31,300,613,898</u>

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

	<b>Current period VND</b>	<b>Previous period VND</b>
Opening balance	31,300,613,898	25,052,284,735
Interim consolidated income statement (charge)/credit (Note 33)	<u>9,523,961,176</u>	<u>(1,852,890,739)</u>
Closing balance	<u>40,824,575,074</u>	<u>23,199,393,996</u>

**Details of deferred tax assets**

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
Unrealised profit from internal sales	14,819,398,263	14,572,081,710
Tax losses not yet utilised (*)	11,036,537,567	-
Deductible temporary difference of provisions	10,922,370,724	12,087,591,201
Deductible temporary difference of accrued expenses	3,923,953,599	4,636,295,145
Deductible unrealised exchange rate differences of cash and receivables denominated in foreign currency	<u>122,314,921</u>	<u>4,645,842</u>
	<u>40,824,575,074</u>	<u>31,300,613,898</u>

The Group used a tax rate of 20% in year 2020 (2019: 20%) to determine deferred income tax assets and deferred income tax liabilities.

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.



**19 DEFERRED INCOME TAX (continued)****Details of deferred tax assets (continued)**

- (\*) The Group's tax losses can be carried forward to offset against future taxable profit for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Group's future taxable profit are:

<b>Year of tax loss</b>	<b>Status of tax authorities' review</b>	<b>Loss incurred VND</b>	<b>Loss utilised VND</b>	<b>Loss carried forward VND</b>
2016	Outstanding	452,778,353	-	452,778,353
2017	Outstanding	150,127,467	-	150,127,467
2018	Outstanding	461,063,061	-	461,063,061
2019	Outstanding	2,695,902,850	-	2,695,902,850
2020	Outstanding	60,204,933,638	-	60,204,933,638
		<u>63,964,805,369</u>	<u>-</u>	<u>63,964,805,369</u>

The Group recognised deferred income tax assets relating to a tax loss carried forward amounting to VND55,182,687,833. For the remaining tax losses of VND8,782,117,536, the Group has not recognized deferred income tax assets as the possibility that the subsidiaries with these losses have future taxable profit which cannot be presently assessed as probable.



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

	Closing balance		Opening balance	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	77,794,453	-	77,794,453	-
Number of shares issued	77,794,453	-	77,794,453	-
Number of shares repurchased (*)	(1,500,000)	-	-	-
Number of existing shares in circulation	76,294,453	-	77,794,453	-

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

	Closing balance		Opening balance	
	Ordinary shares	%	Ordinary shares	%
Thien Long An Thinh Investment Corporation	37,350,952	48.01	37,350,952	48.01
NWL Cayman Holdings Ltd.	5,500,000	7.07	5,500,000	7.07
Mr. Co Gia Tho	4,594,605	5.91	4,594,605	5.91
Other shareholders	28,848,896	37.08	30,348,896	39.01
Treasury shares	1,500,000	1.93	-	-
Number of shares	77,794,453	100	77,794,453	100

**(c) Movement of share capital**

	Number of shares in circulation	Owners' capital VND	Treasury shares VND
As at 1 January 2019	65,722,853	657,228,530,000	-
New shares issued	5,000,000	50,000,000,000	-
As at 30 June 2019	70,722,853	707,228,530,000	-
As at 1 January 2020	77,794,453	777,944,530,000	-
Treasury shares repurchased (*)	(1,500,000)	-	(46,311,318,529)
As at 30 June 2020	76,294,453	777,944,530,000	(46,311,318,529)

Par value per share: VND10,000.

(\*) Pursuant to the Resolution No. 02/2020/NQ-HDQT dated 18 March 2020 of the Board of Directors, the Board of Directors of the Company has approved the repurchase of 1,500,000 ordinary shares of the Company, equivalent to 1.93% of the number of shares issued, as treasury shares. Accordingly, from 15 April to 14 May 2020, the Company purchased 1,500,000 shares with total value of VND46,311,318,529.



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**21 MOVEMENTS IN OWNERS' EQUITY**

	Owners' capital VND	Share premium VND	Investment and development fund VND	Treasury shares VND	Foreign exchange difference VND	Undistributed earnings VND	Total VND
<b>For six-month period ended 30 June 2019</b>							
As at 1 January 2019	657,228,530,000	28,281,183,000	158,051,613,498	-	-	425,107,070,172	1,268,668,396,670
Shares issuance	50,000,000,000	364,663,619,300	-	-	-	-	414,663,619,300
Net profit for the period	-	-	-	-	-	185,313,000,228	185,313,000,228
Dividends payable from undistributed profit of 2018	-	-	-	-	-	(70,722,853,000)	(70,722,853,000)
Appropriation to investment and development fund	-	-	35,326,109,058	-	-	(35,326,109,058)	-
Appropriation to bonus and welfare fund from undistributed profit of 2018	-	-	-	-	-	(13,025,360,877)	(13,025,360,877)
Bonus for exceeding the budgeted profit	-	-	-	-	-	(2,192,000,000)	(2,192,000,000)
Allowance for the Board of Directors and Board of Supervision	-	-	-	-	-	(3,752,400,000)	(3,752,400,000)
As at 30 June 2019	707,228,530,000	392,944,802,300	193,377,722,556	-	-	485,401,347,465	1,778,952,402,321
<b>For six-month period ended 30 June 2020</b>							
As at 1 January 2020	777,944,530,000	392,944,802,300	158,019,722,556	(46,311,318,529)	-	478,077,816,790	1,806,986,871,646
Repurchase of treasury shares	-	-	-	-	-	-	(46,311,318,529)
Foreign exchange difference	-	-	-	-	(137,226,344)	-	(137,226,344)
Net profit for the period	-	-	-	-	-	17,096,985,055	17,096,985,055
Dividends payable (i)	-	-	-	-	-	(38,897,226,500)	(38,897,226,500)
Appropriation to investment and development fund (ii)	-	-	41,890,446,000	-	-	(41,890,446,000)	-
Appropriation to bonus and welfare fund (iii)	-	-	-	-	-	(16,377,404,977)	(16,377,404,977)
Bonus for exceeding the budgeted profit for management and employees (iv)	-	-	-	-	-	(9,634,820,000)	(9,634,820,000)
Bonus for exceeding the budgeted profit for the Board of Directors (iv)	-	-	-	-	-	(2,408,000,000)	(2,408,000,000)
Allowance for the Board of Directors and Board of Supervision (v)	-	-	-	-	-	(3,476,400,000)	(3,476,400,000)
As at 30 June 2020	777,944,530,000	392,944,802,300	199,910,168,556	(46,311,318,529)	(137,226,344)	382,490,504,368	1,706,841,460,351



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

Pursuant to the Resolution No. 01/2020/NQ-DHDCD dated 24 June 2020 of the 2020 Annual General Meeting of Shareholders, the General Meeting of Shareholders of the Company approved the distribution plan of profit after CIT for the year 2019 as follows:

- (i) Dividends in form of cash, at the rate of 20%/par value. In which: 10% was advanced in 2019, 5% was advanced in the first half of 2020 and the remaining 5% will be paid within the second half of 2020 (Note 35);
- (ii) Appropriation to investment and development fund of VND41,890,446,000 (equivalent to 12% of profit after CIT);
- (iii) Appropriation to bonus and welfare fund of VND34,908,705,000 (equivalent to 10% of profit after CIT), in which, the amount appropriated in 2019 was VND18,531,300,023;
- (iv) Bonus for exceeding budgeted profit of the year 2019 for the Board of Directors was VND2,408,000,000 and for the management and employees was VND9,634,820,000; and
- (v) Allowance for the Board of Directors and Board of Supervision of VND7,800,000,000 was appropriated in 2019.

**22 DIVIDENDS**

Movements of dividend payables during the period are as follows:

	Current period VND	Previous period VND
Opening balance	45,459,500	46,807,350
Dividends payable during the period	38,897,226,500	70,722,853,000
Dividends paid in cash	(38,931,520,500)	(70,758,494,850)
Closing balance	<u>11,165,500</u>	<u>11,165,500</u>

**23 BONUS AND WELFARE FUND**

Movements of bonus and welfare fund during the period are as follows:

	Current period VND	Previous period VND
Opening balance	12,256,602,888	11,669,684,988
Appropriated	26,012,224,977	15,217,360,877
Utilised	(29,298,592,000)	(24,784,877,000)
Closing balance	<u>8,970,235,865</u>	<u>2,102,168,865</u>



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

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	Current period	Previous period
Net profit attributable to shareholders (VND)	17,096,985,055	185,313,000,228
Less amount allocated to bonus and welfare fund (VND) (*)	(1,709,698,506)	(18,531,300,023)
	<u>15,387,286,549</u>	<u>166,781,700,205</u>
Weighted average number of ordinary shares in issue (shares) (**)	77,265,616	75,880,089
Basic earnings per share (VND)	<u>199</u>	<u>2,198</u>

(\*) Bonus and welfare fund has been set up at the rate of 10% of consolidated profit after tax in accordance with the Resolution No. 01/2020/NQ-DHĐCĐ on 24 June 2020 of the General Meeting of Shareholders.

(\*\*) Weighted average number of ordinary shares in circulation of previous period was adjusted to reflect the issuances of 3,535,800 shares for the 2<sup>nd</sup> dividend payment in 2018 and 3,535,800 shares taking from investment and development fund on 26 September 2019.

**(b) Diluted earnings per share**

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

The Company did not have any ordinary shares potentially diluted during the year and up to the date of this interim consolidated financial statements.



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

As at end of period, included in cash and cash equivalents were balances held in foreign currencies as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
United States Dollar ("USD")	2,095,041	1,874,311
Euro ("EUR")	2,592	45,574
Chinese Renminbi ("RMB")	14,971	7,675
British Pound ("GBP")	1,920	1,920
Singapore Dollar ("SGD")	24,343	139,058
Thai Baht ("THB")	7,680	7,680
Japanese Yen ("JPY")	2,497	2,497
Australian Dollar ("AUD")	110	110
Korean Won ("KRW")	336,000	336,000
Taiwanese Dollar ("TWD")	12,570	12,570

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating leases were presented in Note 37.

**26 NET REVENUE FROM SALES OF GOODS**

	<b>Current period VND</b>	<b>Previous period VND</b>
<b>Revenue</b>		
Revenue from sales of finished goods	740,554,418,713	1,006,224,844,757
Revenue from sales of merchandises	392,078,642,848	551,101,460,628
Revenue from others	136,697,047	4,690,913
	<u>1,132,769,758,608</u>	<u>1,557,330,996,298</u>
<b>Sales deductions</b>		
Finished good returns	(13,015,068,311)	(9,839,914,255)
Merchandise returns	(3,332,245,613)	(4,382,273,426)
Trade discounts	(3,154,924,202)	(5,321,005,715)
	<u>(19,502,238,126)</u>	<u>(19,543,193,396)</u>
<b>Net revenue from sales of goods</b>		
Net revenue from sales of finished goods	724,384,426,200	996,384,930,502
Net revenue from sales of merchandises	388,746,397,235	541,398,181,487
Net revenue from others	136,697,047	4,690,913
	<u>1,113,267,520,482</u>	<u>1,537,787,802,902</u>



**27 COST OF GOODS SOLD**

	Current period VND	Previous period VND
Cost of finished goods and merchandises sold	765,186,370,726	960,411,652,711
Reversal of provision for decline in value of inventories	(3,255,947,943)	(108,986,097)
	<u>761,930,422,783</u>	<u>960,302,666,614</u>

**28 FINANCIAL INCOME**

	Current period VND	Previous period VND
Interest income from deposits	11,642,655,841	7,385,398,007
Realised foreign exchange gains	2,815,825,744	2,047,088,534
Dividend income	120,000,000	105,003,200
	<u>14,578,481,585</u>	<u>9,537,489,741</u>

**29 FINANCIAL EXPENSES**

	Current period VND	Previous period VND
Interest expense	7,076,203,674	6,208,648,892
Realised foreign exchange losses	1,762,553,580	766,011,293
Net loss from foreign currency translation at year-end	592,298,468	230,783,217
Provision for diminution in value of investments	52,592,000	-
Reversal of provision for diminution in value of investments	(902,800,000)	(650,844,042)
Others	668,072,431	533,868,793
	<u>9,248,920,153</u>	<u>7,088,468,153</u>

**30 SELLING EXPENSES**

	Current period VND	Previous period VND
Staff costs	119,953,435,448	115,064,046,680
Marketing expenses	33,417,576,312	39,885,451,562
Depreciation	2,789,815,304	2,282,833,540
Others	55,565,093,207	56,200,070,232
	<u>211,725,920,271</u>	<u>213,432,402,014</u>



**31 GENERAL AND ADMINISTRATION EXPENSES**

	<b>Current period VND</b>	<b>Previous period VND</b>
Staff costs	92,578,544,904	99,712,157,607
Outside services expenses	13,792,155,772	15,228,338,069
Depreciation and amortisation	9,634,744,084	10,298,641,080
Others	9,775,795,910	12,533,637,144
	<u>125,781,240,670</u>	<u>137,772,773,900</u>

**32 NET OTHER INCOME**

	<b>Current period VND</b>	<b>Previous period VND</b>
<b>Other income</b>		
Indemnity for damaged goods	191,391,867	102,005,156
Net gains on disposal of fixed assets	176,224,242	976,134,091
Others	5,201,668,459	2,873,588,467
	<u>5,569,284,568</u>	<u>3,951,727,714</u>
<b>Other expenses</b>		
Others	1,248,900,364	210,381,009
	<u>1,248,900,364</u>	<u>210,381,009</u>
<b>Net other income</b>	<u>4,320,384,204</u>	<u>3,741,346,705</u>



## 33 CIT

The CIT tax on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	Current period VND	Previous period VND
Net accounting profit before tax	23,479,882,394	232,470,328,667
Effect of:	-	-
Income not subject to tax	(120,000,000)	(105,003,200)
Expenses not deductible for tax purposes	3,250,885,924	1,749,974,153
Temporary differences for which no deferred income tax asset was recognised	1,614,536,275	(453,027,313)
Tax losses for which no deferred income tax asset was recognised	5,022,245,805	4,249,230,712
	<u>33,247,550,398</u>	<u>237,911,503,019</u>
Tax calculated at a rate of 20%	6,649,510,080	47,582,300,604
Tax reduction	-	(866,100,103)
Adjustment for (over)/under-accrued BIT in previous periods	(266,612,741)	441,127,938
CIT charge (*)	<u>6,382,897,339</u>	<u>47,157,328,439</u>
Charged/(credited) to interim separate income statement:		
CIT – current	15,906,858,515	45,304,437,700
CIT – deferred (Note 19)	(9,523,961,176)	1,852,890,739
	<u>6,382,897,339</u>	<u>47,157,328,439</u>

(\*) The current CIT charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.



**34 COSTS OF OPERATION BY FACTORS**

Costs of operation by factor represents all costs incurred during the period, excluding cost of merchandises for trading activities. Details are as follows:

	<b>Current period VND</b>	<b>Previous period VND</b>
Raw materials	315,643,368,235	421,624,691,737
Staff costs	310,403,647,003	326,319,820,862
Depreciation and amortisation	41,595,233,478	39,312,279,824
Outside service expenses	61,282,298,501	78,913,686,006
Others	78,366,228,183	82,943,254,079
	<u>807,290,775,400</u>	<u>949,113,732,508</u>

**35 SEGMENT REPORTING**

The Board of Management of the Group determines that the Board of Management decisions of the Group are based primarily on the geographic areas in which the Group supplies products. As a result, the primary segment reporting of the Group is presented in respect of the Group's geographical segments.

	<b>Current period VND</b>	<b>Previous period VND</b>
<b>Net revenue from sales of goods</b>		
Net revenue from domestic sales	858,359,155,256	1,266,487,173,648
Net revenue from export sales	254,908,365,226	271,300,629,254
	<u>1,113,267,520,482</u>	<u>1,537,787,802,902</u>
<b>Cost of goods sold</b>		
Cost of goods sold - domestic	569,441,130,431	750,986,252,855
Cost of goods sold - export	192,489,292,352	209,316,413,759
	<u>761,930,422,783</u>	<u>960,302,666,614</u>
<b>Gross profit from sales of goods</b>		
Gross profit from sales of goods - domestic	288,918,024,825	515,500,920,793
Gross profit from sales of goods - export	62,419,072,874	61,984,215,495
	<u>351,337,097,699</u>	<u>577,485,136,288</u>



**36 RELATED PARTY DISCLOSURES**

The Group is controlled by Thien Long Anh Thinh Investment Corporation which owns 48.01% of the Group's share capital.

During the period, the Group has balances and transactions with a related party as follows:

<b>Related party</b>	<b>Relationship</b>
Thien Long An Thinh Investment Corporation	Major shareholder

**Related party transactions**

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

	<b>Current period VND</b>	<b>Previous period VND</b>
<b>i) Dividend declared</b>		
Thien Long An Thinh Investment Corporation	18,675,476,000	33,955,412,000
<b>ii) Compensation of key management</b>		
Gross salaries and other benefits	26,502,447,416	27,893,983,700

**37 COMMITMENTS UNDER OPERATING LEASES**

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

	<b>Closing balance VND</b>	<b>Opening balance VND</b>
Within one year	23,194,550,601	17,052,412,875
Between one and five years	57,586,479,553	28,994,534,936
Over five years	585,877,755	-
<b>Total minimum payments</b>	<b>81,366,907,909</b>	<b>46,046,947,811</b>



**38 EVENTS AFTER THE INTERIM CONSOLIDATED BALANCE SHEET DATE**

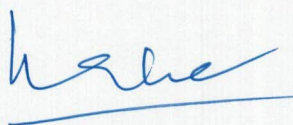
Pursuant to the Resolution No. 01/2020/NQ-DHDCCD dated 24 June 2020 of the Annual General Meeting of Shareholders and the Resolution No. 07/2020/NQ-HDQT dated 8 July 2020 of the Board of Directors, the Board of Directors approved the third payment of dividend to the current shareholders from consolidated undistributed profit after tax of 2019 at the rate of 5%/par value and the advance for dividend from undistributed profit after tax of 2020 at the rate of 10%/par value. The record date for the dividend payment from undistributed profit after tax of 2019 and advance dividend of 2020 was on 27 July 2020.

Due to the current situation, the new Corona virus ("Covid-19") is causing some volatility for the world economy, therefore, at the issue date of the interim consolidated financial statements, the Group's business operations may be affected by the instability of the Covid-19 pandemic's situation in Vietnam. The Board of Management prudently assessed the potential impacts of Covid-19 on the Group's business operations and management plan, as well as timely reviewed the Group's business strategy and worked with suppliers and customers to solve the current situation. The Board of Management still continues to evaluate the effects on the accounting period ended 30 June 2020.

The interim consolidated financial statements were approved by the Board of Management on 24 August 2020.



Dao Xuan Nam  
Preparer



Nguyen Ngoc Nhon  
Chief Accountant



Nguyen Dinh Tam  
Chief Executive Officer