



THIEN LONG GROUP CORPORATION

(Incorporated in Socialist Republic of Vietnam)

**INTERIM SEPARATE
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2018



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STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

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 that the interim separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. 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 frauds and other irregularities.

The Board of Management confirms that the Company has complied with the above requirements in preparing these interim separate financial statements.

For and on behalf of the Board of Management,



Nguyen Dinh Tam
Chief Executive Officer
27 August 2018

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No. 481 /VN1A-HC-BC

REPORT ON REVIEW OF INTERIM SEPERATE FINANCIAL STATEMENTS

**To: The shareholders
The Board of Directors, Board of Supervisors and Board of Management
Thien Long Group Corporation**

We have reviewed the accompanying interim separate financial statements of Thien Long Group Corporation (the "Company"), prepared on 27 August 2018 as set out from page 4 to page 27, which comprise the interim separate balance sheet as at 30 June 2018, the interim separate income statement and interim separate cash flow statement for the 6-month period then ended and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility for the Interim Seperate Financial Statements

The Board of Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the interim separate financial position of the Company as at 30 June 2018, and of its interim separate financial performance and its interim separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



Nguyen Minh Thao
Audit Partner
Audit Practising Registration Certificate
No. 1902-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
27 August 2018
Ho Chi Minh City, Vietnam

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INTERIM SEPARATE BALANCE SHEET
 As at 30 June 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		831,435,898,220	734,324,939,308
I. Cash and cash equivalents	110	4	181,968,126,176	322,850,438,614
1. Cash	111		81,468,126,176	52,850,438,614
2. Cash equivalents	112		100,500,000,000	270,000,000,000
II. Short-term receivables	130		328,886,839,457	150,180,480,907
1. Short-term trade receivables	131	5	302,548,559,446	139,275,524,804
2. Short-term advances to suppliers	132	6	24,645,825,048	8,669,031,174
3. Other short-term receivables	136	7	1,692,454,963	2,235,924,929
III. Inventories	140	8	307,911,089,970	248,459,604,999
1. Inventories	141		319,389,510,708	258,920,646,221
2. Provision for devaluation of inventories	149		(11,478,420,738)	(10,461,041,222)
IV. Other short-term assets	150		12,669,842,617	12,834,414,788
1. Short-term prepayments	151	9	10,053,143,600	8,693,236,608
2. Value added tax deductibles	152		2,616,699,017	4,141,178,180
B. NON-CURRENT ASSETS	200		575,818,795,873	493,337,253,786
I. Long-term receivables	210		964,197,328	881,047,328
1. Other long-term receivables	216	7	964,197,328	881,047,328
II. Fixed assets	220		322,863,626,623	257,949,625,148
1. Tangible fixed assets	221	10	238,551,157,301	172,377,737,838
- Cost	222		518,608,136,172	435,324,410,827
- Accumulated depreciation	223		(280,056,978,871)	(262,946,672,989)
2. Intangible assets	227	11	84,312,469,322	85,571,887,310
- Cost	228		114,508,585,948	113,131,555,948
- Accumulated amortisation	229		(30,196,116,626)	(27,559,668,638)
III. Long-term assets in progress	240		15,623,829,062	45,774,959,263
1. Construction in progress	242	12	15,623,829,062	45,774,959,263
IV. Long-term financial investments	250	13	219,194,488,391	177,194,488,391
1. Investments in subsidiaries	251		199,500,000,000	157,500,000,000
2. Equity investments in other entities	253		30,685,000,000	30,685,000,000
3. Provision for impairment of long-term financial investments	254		(10,990,511,609)	(10,990,511,609)
V. Other long-term assets	260		17,172,654,469	11,537,133,656
1. Long-term prepayments	261	9	9,257,815,295	3,660,199,734
2. Deferred tax assets	262	14	7,914,839,174	7,876,933,922
TOTAL ASSETS (270=100+200)	270		<u>1,407,254,694,093</u>	<u>1,227,662,193,094</u>

The accompanying notes are an integral part of these interim separate financial statements

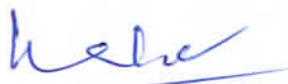
INTERIM SEPARATE BALANCE SHEET (Continued)
 As at 30 June 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		422,612,907,020	371,512,933,781
I. Current liabilities	310		400,654,044,130	346,478,788,090
1. Short-term trade payables	311	15	135,216,993,886	126,056,833,231
2. Short-term advances from customers	312		437,641,422	332,002,425
3. Taxes and amounts payable to the State budget	313	16	18,515,849,209	4,880,996,592
4. Payables to employees	314		9,838,587,900	8,832,331,791
5. Short-term accrued expenses	315	17	19,076,979,929	30,293,228,778
6. Other current payables	319	18	4,316,305,974	54,757,451,030
7. Short-term loans	320	21	210,218,071,160	108,413,560,982
8. Bonus and welfare funds	322	19	3,033,614,650	12,912,383,261
II. Long-term liabilities	330		21,958,862,890	25,034,145,691
1. Long-term loans	338	22	-	2,651,333,601
2. Long-term provisions	342	20	21,958,862,890	22,382,812,090
D. EQUITY	400		984,641,787,073	856,149,259,313
I. Owners' equity	410	23	984,641,787,073	856,149,259,313
1. Owners' contributed capital	411		505,562,560,000	505,562,560,000
- Ordinary shares carrying voting rights	411a		505,562,560,000	505,562,560,000
2. Share premium	412		28,281,183,000	28,281,183,000
3. Investment and development fund	418		158,051,613,498	125,884,643,498
4. Retained earnings	421		292,746,430,575	196,420,872,815
- Retained earnings/(loss) accumulated to the prior year end	421a		151,852,601,426	(11,600,251,174)
- Retained earnings of the current period/year	421b		140,893,829,149	208,021,123,989
TOTAL RESOURCES (440=300+400)	440		1,407,254,694,093	1,227,662,193,094



Pham Thi Giang
Preparer



Nguyen Ngoc Nhon
Chief Accountant




 Nguyen Dinh Tam
 Chief Executive Officer
 27 August 2018

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INTERIM SEPARATE INCOME STATEMENT
 For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold	01		676,850,927,011	610,515,413,119
2. Deductions	02		8,211,967,250	4,447,649,438
3. Net revenue from goods sold (10=01-02)	10	25	668,638,959,761	606,067,763,681
4. Cost of sales	11		431,309,476,763	379,265,370,662
5. Gross profit from goods sold (20=10-11)	20		237,329,482,998	226,802,393,019
6. Financial income	21	27	59,757,592,113	7,598,151,353
7. Financial expenses	22	28	5,525,022,919	5,075,402,766
<i>In which: Interest expense</i>	23	28	3,829,262,604	3,962,399,776
8. Selling expenses	25	29	44,737,470,751	29,273,272,785
9. General and administration expenses	26	29	84,132,931,816	77,373,107,394
10. Operating profit (30=20+(21-22)-(25+26))	30		162,691,649,625	122,678,761,427
11. Other income	31	30	4,066,575,156	4,802,073,692
12. Other expenses	32	30	70,081,045	301,498,982
13. Profit from other activities (40=31-32)	40		3,996,494,111	4,500,574,710
14. Accounting profit before tax (50=30+40)	50		166,688,143,736	127,179,336,137
15. Current corporate income tax expense	51	31	22,682,219,839	27,399,737,792
16. Deferred corporate tax income	52	14	(37,905,252)	(817,362,701)
17. Net profit after corporate income tax (60=50-51-52)	60		144,043,829,149	100,596,961,046

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Pham Thi Giang
Preparer

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Nguyen Ngoc Nhon
Chief Accountant



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Nguyen Dinh Tam
Chief Executive Officer
27 August 2018

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INTERIM SEPARATE CASH FLOW STATEMENT
 For the 6-month period ended 30 June 2018

Unit: VND

ITEMS		<u>Current period</u>	<u>Prior period</u>
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	166,688,143,736	127,179,336,137
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	21,212,050,208	16,657,513,043
Provisions	03	593,430,316	887,746,274
Foreign exchange gain arising from translating foreign currency items	04	(351,843,690)	(205,019,423)
Gain from investing activities	05	(59,014,134,478)	(6,617,903,577)
Interest expense	06	3,829,262,604	3,962,399,776
3. Operating profit before movements in working capital	08	132,956,908,696	141,864,072,230
Changes in receivables	09	(165,460,742,110)	(66,152,789,323)
Changes inventories	10	(60,468,864,487)	5,054,793,162
Changes in payables	11	4,590,815,885	21,452,157,458
Changes in prepaid expenses	12	(6,007,771,538)	(328,948,706)
Interest paid	14	(3,715,749,869)	(3,993,713,730)
Corporate income tax paid	15	(10,331,168,440)	(16,276,859,756)
Other cash outflows	17	(25,313,070,000)	(39,282,295,000)
Net cash (used in)/generated by operating activities	20	(133,749,641,863)	42,336,416,335
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(73,697,492,400)	(15,658,866,029)
2. Proceeds from sale, disposal of fixed assets	22	605,454,546	600,475,979
3. Equity investments in other entities	25	(42,000,000,000)	(5,000,000,000)
4. Interest earned, dividends and profits received	27	59,468,362,885	6,698,119,232
Net cash used in investing activities	30	(55,623,674,969)	(13,360,270,818)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	322,499,244,463	173,246,867,423
2. Repayment of borrowings	34	(223,450,318,038)	(190,193,828,236)
3. Dividends paid	36	(50,556,256,000)	(38,353,875)
Net cash generated by/(used in) financing activities	40	48,492,670,425	(16,985,314,688)
Net (decrease)/increase in cash (50=20+30+40)	50	(140,880,646,407)	11,990,830,829
Cash and cash equivalents at the beginning of the period	60	322,850,438,614	353,383,432,488
Effects of changes in foreign exchange rates	61	(1,666,031)	(12,180,901)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	181,968,126,176	365,362,082,416


 Pham Thi Giang
 Preparer


 Nguyen Ngoc Nhon
 Chief Accountant


 Nguyen Dinh Tam
 Chief Executive Officer
 27 August 2018



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the interim separate financial statements

1. GENERAL INFORMATION

Structure of ownership

Thien Long Group Corporation was incorporated in Vietnam as a joint stock company under the Business Registration Certificate No. 4103003187 dated 14 March 2005 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended. According to the 14th amended Business Registration Certificate dated 8 December 2017, the Company's charter capital is VND 505,562,560,000.

The Company's shares were listed on Ho Chi Minh Stock Exchange with "TLG" code in accordance with Decision No. 20/QD-SGDHCM dated 2 February 2010 issued by the Ho Chi Minh Stock Exchange.

Major shareholders of the Company are Thien Long An Thinh Investment Corporation owning 51.66% and Mr. Co Gia Tho owning 6.36% of share capital of the Company.

The Company's head office is located at Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam.

The number of employees of the Company as at 30 June 2018 was 1,530 (as at 31 December 2017: 1,556).

Operating industry and principal activities

The Company's operating industry are to manufacture and sell stationaries products, class room equipment.

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

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

As at 30 June 2018, the Company's subsidiaries were as follows:

	Place of registration and operation	Portion of ownership interest (%)	Portion of voting power held (%)	Principal activities
Thien Long Long Thanh Manufacturing and Trading Company Limited	Dong Nai Province	100%	100%	Manufacturing and trading stationery
Thien Long Global Trading and Service One Member Company Limited	Ho Chi Minh City	100%	100%	Trading stationery
Tan Luc South Trading and Service One Member Company Limited	Ho Chi Minh City	100%	100%	Trading stationery
Tan Luc North Trading and Service One Member Company Limited	Hanoi City	100%	100%	Trading stationery
Tan Luc Middle Trading and Service One Member Company Limited	Da Nang City	100%	100%	Trading stationery

Disclosure of comparative information in the interim separate financial statements

The comparative figures of the interim separate balance sheet are the figures of audited separate financial statements for the year ended 31 December 2017. The comparative figures of the interim separate income statement and interim separate cash flow statement are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2017.

2. ACCOUNTING CONVENTION AND FINANCIAL PERIOD

Accounting convention

The interim separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

The interim separate financial statements are prepared solely to present the financial position of the Company as at 30 June 2018, and its results of operations and cash flows for the 6-month period then ended. Therefore, the Company did not consolidate its investments in subsidiaries and associate in these interim separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

The interim separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial period

The Company's financial period begins on 1 January and ends on 31 December. The interim separate financial statements are prepared for the 6-month period ended each 30 June.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these interim separate financial statements, are as follows:

Estimates

The preparation of interim separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting 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 balance sheet date and the reported amounts of revenues and expenses during the financial period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the interim separate income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision.

Investments in subsidiaries

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Interests in subsidiaries are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Provision for impairment of investment

Provisions for impairment of held-to-maturity investments, investments in subsidiaries and equity investment in other entities are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors, including trade receivables, advance to suppliers and other receivables. Receivables are stated at book value less provision for doubtful debts.

Provision for doubtful debts is when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and structures	3 - 25
Machinery and equipment	3 - 10
Motor vehicles	6 - 8
Office equipment	2 - 7
Moulds	3 - 4

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Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognised in the interim separate income statement.

Intangible assets and amortisation

Intangible assets represent land use rights, computer software, copyrights, patents and other intangible fixed assets that are stated at cost less accumulated amortisation.

Definite land use rights are amortised using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortised.

Other intangible assets are amortised using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Computer software	3 - 10
Copyrights, patents	3
Others	3

Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the interim separate income statement on a straight-line basis over the term of the relevant lease.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods.

Prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance cost. These expenditures have been capitalised as prepayments, and are allocated to the interim separate income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.



The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each period of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average of the 6 consecutive months nearest to the date of the interim separate financial statements. Any increase to the accrued amount will be charged to the interim separate income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employees upon termination of their labour contract following Article 48 of the Labour Code.

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually upon the delivery of the goods. Specifically, revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

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

Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Borrowing costs

Borrowing costs are recognised in the separate income statement in the period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs".

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the interim separate income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the period. Taxable income differs from profit before tax as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim separate financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the interim separate income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are applied in accordance with the prevailing tax laws in Vietnam.

Dividends distribution and funds appropriation

Profit after tax is available for appropriation to shareholders after approval in the Annual General Shareholders Meeting, and after making appropriate to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following funds which are appropriated from profit after tax as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Shareholders Meeting.

- Investment and development fund is set aside for use in the Company's expansion of its operation or of in-depth investments.
- Bonus and welfare fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the interim separate balance sheet.

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	664,094,084	786,864,228
Bank demand deposits	80,804,032,092	52,063,574,386
Cash equivalents (*)	100,500,000,000	270,000,000,000
	<u>181,968,126,176</u>	<u>322,850,438,614</u>

(*) Cash equivalents represent the time deposits at commercial banks with maturity of no more than 3 months and earn interest at the applicable rate.

5. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
a. Related parties (Note 32)	215,112,884,107	86,631,820,803
b. Receivables from third parties		
SQI Group Int'l. Corp.	28,259,594,377	9,443,905,666
Crayolla LLC	23,034,593,774	294,430,118
Like Link Co., Ltd.	9,261,675,463	7,236,840,151
Others	26,879,811,725	35,668,528,066
	<u>302,548,559,446</u>	<u>139,275,524,804</u>

As noted further in Note 21, the Company has pledged its certain trade receivables to secure banking facilities granted to the Company.

6. SHORT-TERM ADVANCE TO SUPPLIERS

	Closing balance VND	Opening balance VND
Mikron Sa Agno	12,216,949,589	-
Dokumental GmbH & Co. KG Schreibfarben	3,443,603,250	3,785,431,783
Jangoh Machinery Co.,Ltd.	-	1,271,479,104
Others	8,985,272,209	3,612,120,287
	<u>24,645,825,048</u>	<u>8,669,031,174</u>

7. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
Advance to employees	1,478,682,360	605,469,373
Deposits	-	357,000,000
Other receivables	213,772,603	1,273,455,556
	<u>1,692,454,963</u>	<u>2,235,924,929</u>
b. Long-term		
Deposits	964,197,328	881,047,328
	<u>964,197,328</u>	<u>881,047,328</u>

8. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	27,367,119,484	-	22,715,921,003	-
Raw materials	171,066,579,603	(8,226,075,371)	146,880,361,538	(8,280,221,669)
Tools and supplies	1,755,799,162	-	652,652,705	-
Work in progress	36,863,841,982	(1,899,702,408)	31,024,687,994	(424,267,604)
Finished goods	81,684,350,590	(1,351,138,779)	57,351,763,631	(1,755,047,769)
Merchandises	651,819,887	(1,504,180)	295,259,350	(1,504,180)
	<u>319,389,510,708</u>	<u>(11,478,420,738)</u>	<u>258,920,646,221</u>	<u>(10,461,041,222)</u>

As noted further in Note 21, the Company has pledged part of its inventories to secure banking facilities granted to the Company.

Movements in the provision for devaluation of inventories during current period and prior period were as follows:

	Current period VND	Prior period VND
Opening balance	(10,461,041,222)	(13,815,727,198)
Additional provision	(4,772,840,285)	(3,288,102,530)
Reversal of provision	3,755,460,769	3,690,563,756
Closing balance	<u>(11,478,420,738)</u>	<u>(13,413,265,972)</u>

9. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
Advertising and promotion expenses	4,917,094,943	6,408,603,861
Tools and supplies	1,411,257,723	544,162,997
Health and asset insurance	1,437,546,822	440,434,748
SAP maintenance fee	940,427,733	-
Others	1,346,816,379	1,300,035,002
	<u>10,053,143,600</u>	<u>8,693,236,608</u>
b. Long-term		
Tools and supplies	7,954,747,846	3,323,535,498
Others	1,303,067,449	336,664,236
	<u>9,257,815,295</u>	<u>3,660,199,734</u>

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**THIEN LONG GROUP CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

FORM B 09a-DN

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Moulds VND	Total VND
COST						
Opening balance	128,546,701,859	168,566,411,698	25,075,529,849	12,928,257,438	100,207,509,983	435,324,410,827
Additions	159,854,545	39,035,852,574	320,000,000	253,000,000	738,097,750	40,506,804,869
Transfer from construction in progress	9,080,777,086	29,329,532,701	-	473,800,000	6,409,857,407	45,293,967,194
Disposals	-	(1,075,056,835)	(899,511,415)	-	(542,478,468)	(2,517,046,718)
Closing balance	137,787,333,490	235,856,740,138	24,496,018,434	13,655,057,438	106,812,986,672	518,608,136,172
ACCUMULATED DEPRECIATION						
Opening balance	29,774,976,608	118,198,035,421	13,736,504,235	10,684,135,374	90,553,021,351	262,946,672,989
Charge for the period	3,225,712,081	9,929,714,981	1,657,495,118	919,426,118	3,841,010,267	19,573,358,565
Disposals	-	(1,075,056,835)	(899,511,415)	-	(488,484,433)	(2,463,052,683)
Closing balance	33,000,688,689	127,052,693,567	14,494,487,938	11,603,561,492	93,905,547,185	280,056,978,871
NET BOOK VALUE						
Opening balance	98,771,725,251	50,368,376,277	11,339,025,614	2,244,122,064	9,654,488,632	172,377,737,838
Closing balance	104,786,644,801	108,804,046,571	10,001,530,496	2,051,495,946	12,907,439,487	238,551,157,301

In which:
Pledged as loan security (Note 21 and 22) 6,636,783,820 18,675,091,423 - 776,854,162 26,088,729,405

As at 30 June 2018, the cost of tangible fixed assets included VND 178,117,769,469 (as at 31 December 2017: VND 174,139,582,799) of assets which have been fully depreciated but are still in use.



THIEN LONG GROUP CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Copyrights, patents VND	Others VND	Total VND
COST					
Opening balance	69,735,975,067	42,912,602,481	367,000,000	115,978,400	113,131,555,948
Additions	-	1,377,030,000	-	-	1,377,030,000
Closing balance	69,735,975,067	44,289,632,481	367,000,000	115,978,400	114,508,585,948
ACCUMULATED AMORTISATION					
Opening balance	1,175,864,496	25,900,825,742	367,000,000	115,978,400	27,559,668,638
Charge for the period	-	2,636,447,988	-	-	2,636,447,988
Closing balance	1,175,864,496	28,537,273,730	367,000,000	115,978,400	30,196,116,626
NET BOOK VALUE					
Opening balance	68,560,110,571	17,011,776,739	-	-	85,571,887,310
Closing balance	68,560,110,571	15,752,358,751	-	-	84,312,469,322

In which:

Pledged as loan security
(Note 21)

8,671,760,504

8,671,760,504

As at 30 June 2018, the cost of intangible assets included VND 10,080,096,633 (as at 31 December 2017: VND 5,080,039,633) of assets which have been fully amortised but are still in use.



12. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Moulds under installation	10,453,923,254	7,748,113,019
Equipment under installation	3,898,594,808	25,889,998,472
Others	1,271,311,000	12,136,847,772
	<u>15,623,829,062</u>	<u>45,774,959,263</u>

13. LONG-TERM FINANCIAL INVESTMENTS

Detailed balance of investments in subsidiaries, other long-term investments and provision for impairment of long-term financial investments as at 30 June 2018 and 31 December 2017 were as follows:

Investments in subsidiaries

	Closing balance VND	Opening balance VND
Thien Long Long Thanh Manufacturing and Trading Company Limited	69,500,000,000	69,500,000,000
Thien Long Global Trading and Service One Member Company Limited	40,000,000,000	40,000,000,000
Tan Luc South Trading and Service One Member Company Limited	40,000,000,000	25,000,000,000
Tan Luc North Trading and Service One Member Company Limited	40,000,000,000	13,000,000,000
Tan Luc Middle Trading and Service One Member Company Limited	10,000,000,000	10,000,000,000
	<u>199,500,000,000</u>	<u>157,500,000,000</u>

Other long-term investments

	Closing balance VND	Opening balance VND
Kinh Do Land Corporation	25,000,000,000	25,000,000,000
Saigon Securities Investment Fund A2	3,565,000,000	3,565,000,000
Brilliant Chip Joint Stock Company	1,520,000,000	1,520,000,000
Printing No.7 Joint Stock Company	600,000,000	600,000,000
	<u>30,685,000,000</u>	<u>30,685,000,000</u>

Provision for long-term investments

	Closing balance VND	Opening balance VND
Kinh Do Land Corporation	(6,855,154,406)	(6,855,154,406)
Saigon Securities Investment Fund A2	(3,565,000,000)	(3,565,000,000)
Brilliant Chip Joint Stock Company	(570,357,203)	(570,357,203)
	<u>(10,990,511,609)</u>	<u>(10,990,511,609)</u>

Net long-term investments

	<u>219,194,488,391</u>	<u>177,194,488,391</u>
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14. DEFERRED TAX ASSETS

The following are the major deferred tax liabilities and assets recognised by the Company, and the movements thereon, during the current period and prior period:

	Accrued expenses VND	Provisions VND	Allocated expense VND	Foreign exchange difference VND	Total VND
For the 6-month period ended 30 June 2017					
Opening balance	664,979,940	7,693,396,417	394,531,867	(29,507,460)	8,723,400,764
Credit/(charge) to profit for the period	802,477,721	403,117,824	(394,531,867)	6,299,023	817,362,701
Closing balance	1,467,457,661	8,096,514,241	-	(23,208,437)	9,540,763,465
For the 6-month period ended 30 June 2018					
Opening balance	625,577,025	7,284,831,618	-	(33,474,721)	7,876,933,922
Credit/(charge) to profit for the period	4,016,582	118,686,064	-	(84,797,394)	37,905,252
Closing balance	629,593,607	7,403,517,682	-	(118,272,115)	7,914,839,174

15. SHORT-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
a. Related parties (Note 32)	5,129,970,427	22,541,466,210
b. Payables to third parties		
Teibow Co., Ltd.	16,110,625,738	19,859,449,400
Aubex Corporation	8,757,932,700	11,041,373,000
Others	105,218,465,021	72,614,544,621
	135,216,993,886	126,056,833,231

16. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance VND	Payables during the period VND	Paid during the period VND	Closing balance VND
Value added tax	24,966,915	25,569,141,731	(24,428,538,093)	1,165,570,553
Import tax	15,280,650	4,956,856,290	(4,798,940,534)	173,196,406
Corporate income tax	4,118,012,436	22,682,219,839	(10,331,168,440)	16,469,063,835
Personal income tax	722,736,591	9,865,385,646	(9,880,103,822)	708,018,415
	4,880,996,592	63,073,603,506	(49,438,750,889)	18,515,849,209

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
13 th & 14 th month salary	14,678,112,721	26,892,668,000
Advertisement and marketing expenses	1,171,000,000	2,072,216,669
Interest expense	386,188,390	272,675,655
Others	2,841,678,818	1,055,668,454
	19,076,979,929	30,293,228,778

18. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
Dividends	41,447,450	50,597,703,450
Trade union fee	891,021,000	872,692,000
Allowance for the Boards of Directors and Supervisors	2,856,240,000	2,745,000,000
Others	527,597,524	542,055,580
	<u>4,316,305,974</u>	<u>54,757,451,030</u>

19. BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Meetings ("AGM"). The funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare funds during the period were as follows:

	Bonus and welfare funds VND
Opening balance	12,912,383,261
Appropriation to the funds (Note 23)	12,401,301,389
Usage	<u>(22,280,070,000)</u>
Closing balance	<u>3,033,614,650</u>

20. LONG-TERM PROVISIONS

Long-term provisions represent the provision for severance allowance as accounting policy disclosed in Note 3.



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**THIEN LONG GROUP CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

FORM B 09a-DN

21. SHORT-TERM LOANS

	Opening balance		During the period		Closing balance	
	Amount VND	Amount able to be paid VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid VND
a. Short-term loans						
Bank for Investment and Development of Vietnam JSC	41,937,268,780	41,937,268,780	137,289,880,674	(123,119,565,080)	56,107,584,374	56,107,584,374
- West Saigon Branch						
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	16,408,515,384	16,408,515,384	56,501,180,768	(16,408,515,384)	56,501,180,768	56,501,180,768
HSBC Bank (Vietnam) Ltd.	41,260,738,468	41,260,738,468	56,158,666,486	(50,537,247,121)	46,882,157,833	46,882,157,833
- Ho Chi Minh Branch						
United Overseas Bank Ltd.	3,504,390,750	3,504,390,750	72,653,766,687	(30,733,666,653)	45,424,490,784	45,424,490,784
- Ho Chi Minh Branch						
	103,110,913,382	103,110,913,382	322,603,494,615	(220,798,994,238)	204,915,413,759	204,915,413,759
b. Current portion of long-term loans (Note 22)	5,302,647,600	5,302,647,600	2,651,333,601	(2,651,323,800)	5,302,657,401	5,302,657,401
	108,413,560,982	108,413,560,982	325,254,828,216	(223,450,318,038)	210,218,071,160	210,218,071,160

Short-term loan with Joint Stock Commercial Bank for Investment and Development of Vietnam - West Saigon Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Company used its land use rights, buildings and structures, machinery and equipment as collaterals for the loan (see Note 10 and 11).

Short-term loan with Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch is obtained to finance for its working capital. The facility bears interest determined specifically in each debit note. The Company used its land use rights, buildings and structures, machinery and equipment as collaterals for the loan (see Note 10 and 11).

Short-term loan with HSBC Bank (Vietnam) Ltd. - Ho Chi Minh Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Company used its trade receivables, inventories, buildings and structures as collaterals for the loan (see Note 5, 8 and 10).

Short-term loan with United Overseas Bank (Vietnam) - Ho Chi Minh Branch is obtained to finance for its working capital requirements. The facility is unsecured and bears interest determined specifically in each debit note.

**THIEN LONG GROUP CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

FORM B 09a-DN

22. LONG-TERM LOANS

	Opening balance		During the period		Closing balance	
	Amount VND	Amount able to be paid VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	7,953,981,201	7,953,981,201	-	(2,651,323,800)	5,302,657,401	5,302,657,401

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	5,302,657,401	5,302,647,600
From second to fifth year	-	2,651,333,601
	5,302,657,401	7,953,981,201
Less: Amount due for settlement within 12 months (Note 21)	(5,302,657,401)	(5,302,647,600)
Amount due for settlement after 12 months	-	2,651,333,601

Long-term loan with Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch is obtained to finance for its purchase and installation of fixed assets. The facility bears interest determined specifically in each debit note. The Company used its machinery and equipment as collaterals for the loan (see Note 10).



THIEN LONG GROUP CORPORATION
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN

23. OWNERS' EQUITY	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Movement of owners' equity					
For the 6-month period ended 30 June 2017					
Opening balance	383,126,720,000	128,217,023,000	97,075,895,498	99,571,299,945	707,990,938,443
Profit for the period	-	-	-	100,596,961,046	100,596,961,046
Dividends declared from 2016's profit after tax	-	-	-	(57,469,008,000)	(57,469,008,000)
Transferred to Investment and development fund from 2016's profit after tax	-	-	28,808,748,000	(28,808,748,000)	-
Transferred to Bonus and welfare fund from 2016's profit after tax	-	-	-	(22,393,795,119)	(22,393,795,119)
Allowance for the Boards of Directors and Supervisors	-	-	-	(5,477,200,000)	(5,477,200,000)
Closing balance	383,126,720,000	128,217,023,000	125,884,643,498	86,019,509,872	723,247,896,370
For the 6-month period ended 30 June 2018					
Opening balance	505,562,560,000	28,281,183,000	125,884,643,498	196,420,872,815	856,149,259,313
Profit for the period	-	-	-	144,043,829,149	144,043,829,149
Transferred to Investment and development fund from 2017's profit after tax	-	-	32,166,970,000	(32,166,970,000)	-
Transferred to Bonus and welfare fund from 2017's profit after tax	-	-	-	(12,401,301,389)	(12,401,301,389)
Allowance for the Boards of Directors and Supervisors	-	-	-	(3,150,000,000)	(3,150,000,000)
Closing balance	505,562,560,000	28,281,183,000	158,051,613,498	292,746,430,575	984,641,787,073

Pursuant to Resolution of the Company's Annual General Meeting No. 01/2018/NQ-DHDCD dated 16 May 2018, the shareholders of the Company approved the distribution of VND 268,058,082,000 from consolidated profit after tax for the year ended 31 December 2017 as following: dividends distribution of 20%/par value in cash, transferred to Investment and development fund, Bonus and welfare fund with the rate of 12% and 10% respectively, Bonus for exceeding profit target, Allowance for the Boards of Directors and Supervisors. In 2017, the Company temporarily distributed VND 72,466,962,819. In the 6-month period ended 30 June 2018, the Company distributed VND 44,568,271,389 and the remaining amount will be distributed in the last 6 months of 2018.

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Capital transactions with shareholders and distribution of dividends

Contributed capital

	Current period VND	Prior period VND
Opening balance	505,562,560,000	383,126,720,000
Additions	-	-
Closing balance	<u>505,562,560,000</u>	<u>383,126,720,000</u>

Dividends

	Current period VND	Prior period VND
Opening balance	50,597,703,450	80,697,975
Additions	-	57,469,008,000
Payments	(50,556,256,000)	(38,353,875)
Closing balance	<u>41,447,450</u>	<u>57,511,352,100</u>

Shares

The Company's number of shares and par value are as follows:

	30/6/2018 VND	31/12/2017 VND
Authorised and issued share capital	50,556,256	50,556,256
Shares issued and fully contributed	50,556,256	50,556,256
Par value (VND)	<u>10,000</u>	<u>10,000</u>

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

24. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	Closing balance	Opening balance
United State Dollars (USD)	333,051	662,880
Euro (EUR)	40,401	16,925
Chinese Yuan (CNY)	7,192	9,583
Great Britain Pound (GBP)	803	14,830
Singapore Dollars (SGD)	1,425	1,425
Japanese Yen (JPY)	-	305,646
Australia Dollars (AUD)	<u>110</u>	<u>110</u>

25. NET REVENUE

	Current period VND	Prior period VND
Revenue		
Revenue from selling finished goods	634,902,558,547	586,400,113,604
Revenue from selling merchandises	41,948,368,464	24,115,299,515
	<u>676,850,927,011</u>	<u>610,515,413,119</u>
Sale deductions		
Sales return from finished goods	(8,208,468,546)	(4,436,318,622)
Sales return from merchandises	(3,498,704)	(11,330,816)
	<u>(8,211,967,250)</u>	<u>(4,447,649,438)</u>
Net revenue		
Net revenue from selling finished goods	626,694,090,001	581,963,794,982
Net revenue from selling merchandises	41,944,869,760	24,103,968,699
	<u>668,638,959,761</u>	<u>606,067,763,681</u>

26. PRODUCTION AND OPERATION COST BY NATURE

	Current period VND	Prior period VND
Raw materials and consumables	311,688,610,625	235,233,893,360
Staff cost	139,297,136,449	135,396,507,332
Depreciation and amortisation	22,209,806,553	17,045,020,258
Out-sourced services and other expenses	78,225,218,894	58,359,340,678
	551,420,772,521	446,034,761,628

27. FINANCIAL INCOME

	Current period VND	Prior period VND
Interest income	3,303,676,932	6,035,858,122
Dividends received	55,105,003,000	97,500,000
Foreign exchange gain	1,348,912,181	1,464,793,231
	59,757,592,113	7,598,151,353

28. FINANCIAL EXPENSES

	Current period VND	Prior period VND
Interest expense	3,829,262,604	3,962,399,776
Foreign exchange loss	1,695,760,315	1,113,002,990
	5,525,022,919	5,075,402,766

29. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Prior period VND
Selling expenses		
Marketing and trade fair expenses	22,927,441,982	14,264,389,459
Staff cost	12,529,506,766	9,601,972,912
Others	9,280,522,003	5,406,910,414
	44,737,470,751	29,273,272,785
General and administration expenses		
Staff cost	56,585,071,552	53,536,171,423
Out-sourced services	10,888,762,853	8,842,104,810
Depreciation and amortisation	8,292,629,964	6,397,610,321
Others	8,366,467,447	8,597,220,840
	84,132,931,816	77,373,107,394

30. OTHER PROFIT

	Current period VND	Prior period VND
Other income		
SAP using fee	1,336,191,924	724,449,000
Compensation received from damaged materials	574,166,750	1,225,873,663
Gains from disposal of fixed assets	605,454,546	484,545,455
Rental income	103,500,000	252,000,000
Others	1,447,261,936	2,115,205,574
	4,066,575,156	4,802,073,692
Other expenses		
Others	70,081,045	301,498,982
	70,081,045	301,498,982
Other profit	3,996,494,111	4,500,574,710

31. CORPORATE INCOME TAX EXPENSE

Current corporate income tax expense

	Current period VND	Prior period VND
Current corporate income tax expense		
- Corporate income tax based on taxable income in the current period	22,703,682,084	26,546,673,824
- Adjustments for corporate income tax expenses in previous periods to the current period	(21,462,245)	853,063,968
Total current corporate income tax expense	<u>22,682,219,839</u>	<u>27,399,737,792</u>

The current corporate income tax expense for the period was computed as follows:

	Current period VND	Prior period VND
Profit before tax	166,688,143,736	127,179,336,137
Adjustments for taxable income		
Non-deductible expenses	1,745,743,428	2,692,562,322
Change in accrued expenses	20,082,910	4,012,388,605
Difference of provision for severance allowance and according to Corporate income tax	(423,949,200)	1,290,207,500
Unrealised foreign exchange difference of cash and receivables	(423,986,969)	31,495,117
Allocated panel expense	-	(1,972,659,333)
Dividend received	(55,105,003,000)	(97,500,000)
Change in provision for obsolete inventories	1,017,379,516	(402,461,226)
Taxable income	<u>113,518,410,421</u>	<u>132,733,369,122</u>
Tax rate	20%	20%
Corporate income tax expense based on taxable income in the current period	<u>22,703,682,084</u>	<u>26,546,673,824</u>

The Company is obliged to pay corporate income tax at the rate of 20% (prior period: 20%) of taxable income.

Corporate income tax expenses for the 6-month period ended 30 June 2018 are the temporary figures. Corporate income tax expense for the financial year ended 31 December 2018 will be calculated at the end of the financial year.

32. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
Thien Long An Thinh Investment Corporation	Main shareholder
Thien Long Long Thanh Manufacturing and Trading Company Limited	Subsidiary
Thien Long Global Trading and Service One Member Company Limited	Subsidiary
Tan Luc South Trading and Service One Member Company Limited	Subsidiary
Tan Luc North Trading and Service One Member Company Limited	Subsidiary
Tan Luc Middle Trading and Service One Member Company Limited	Subsidiary

During the period, the Company entered into the following significant transactions with related parties:

	Current period VND	Prior period VND
Net sales		
Thien Long Long Thanh Manufacturing and Trading Company Limited	16,327,491,275	12,115,823,562
Thien Long Global Trading and Service One Member Company Limited	480,875,175,059	444,109,339,910
Tan Luc South Trading and Service One Member Company Limited	18,152,790,201	15,374,819,070
Tan Luc North Trading and Service One Member Company Limited	10,918,544,270	8,489,470,464
Tan Luc Middle Trading and Service One Member Company Limited	3,925,016,840	2,641,316,052

	Current period VND	Prior period VND
Purchases		
Thien Long Long Thanh Manufacturing and Trading Company Limited	32,637,315,380	21,593,446,980
Thien Long Global Trading and Service One Member Company Limited	577,660,479	355,580,204
Tan Luc South Trading and Service One Member Company Limited	11,104,945,381	15,885,118,730
Tan Luc North Trading and Service One Member Company Limited	12,800,000	18,000,000
Tan Luc Middle Trading and Service One Member Company Limited	-	11,120,454
SAP recharge		
Thien Long Long Thanh Manufacturing and Trading Company Limited	580,907,280	391,728,000
Thien Long Global Trading and Service One Member Company Limited	405,284,148	254,280,000
Tan Luc South Trading and Service One Member Company Limited	214,773,030	48,135,000
Tan Luc North Trading and Service One Member Company Limited	135,227,466	30,306,000
Rental income		
Thien Long Global Trading and Service One Member Company Limited	30,000,000	180,000,000
Tan Luc South Trading and Service One Member Company Limited	24,000,000	24,000,000
Tan Luc North Trading and Service One Member Company Limited	24,000,000	36,000,000
Tan Luc Middle Trading and Service One Member Company Limited	12,000,000	12,000,000
Rental expense		
Thien Long Global Trading and Service One Member Company Limited	37,500,000	-
Tan Luc South Trading and Service One Member Company Limited	40,986,000	-
Dividends received		
Thien Long Long Thanh Manufacturing and Trading Company Limited	55,000,000,000	-
Sales of fixed assets		
Thien Long Long Thanh Manufacturing and Trading Company Limited	53,994,035	1,368,931,447
Contributed capital		
Tan Luc South Trading and Service One Member Company Limited	15,000,000,000	-
Tan Luc Middle Trading and Service One Member Company Limited	-	5,000,000,000
Tan Luc North Trading and Service One Member Company Limited	27,000,000,000	-



Significant related party balances at the balance sheet date were as follows:

	Closing balance VND	Opening balance VND
Trade receivables		
Thien Long Long Thanh Manufacturing and Trading Company Limited	6,912,440,850	10,898,953,759
Thien Long Global Trading and Service One Member Company Limited	194,053,220,797	65,729,497,784
Tan Luc South Trading and Service One Member Company Limited	7,121,085,032	7,592,485,286
Tan Luc North Trading and Service One Member Company Limited	4,889,102,748	1,875,503,876
Tan Luc Middle Trading and Service One Member Company Limited	2,137,034,680	535,380,098
	<u>215,112,884,107</u>	<u>86,631,820,803</u>
Trade payables		
Thien Long Long Thanh Manufacturing and Trading Company Limited	3,585,706,720	16,892,131,015
Thien Long Global Trading and Service One Member Company Limited	425,228,591	349,981,761
Tan Luc South Trading and Service One Member Company Limited	1,119,035,116	5,293,795,719
Tan Luc Middle Trading and Service One Member Company Limited	-	5,557,715
	<u>5,129,970,427</u>	<u>22,541,466,210</u>
Other short-term payables		
Thien Long An Think Investment Corporation	-	26,119,548,000

Salary and bonus paid to the Company's Board of Management and other Management Personnel, allowance paid to the Company's Boards of Directors and Supervisors during the current period was VND 25,221,490,476.

33. SUPPLEMENTAL DISCLOSURES OF INTERIM SEPARATE CASH FLOW STATEMENT

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the period exclude an amount of VND 6,705,040,542 (prior period: VND 5,817,421,538) representing an addition in fixed assets and construction in progress during the period that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Dividend paid during the period excluded an amount of VND 41,447,450 (prior period: VND 57,511,352,100) representing the amount of dividend declared but not yet paid. Consequently, changes in accounts payable have been adjusted by the same amount.

34. SUBSEQUENT EVENT

Pursuant to the Annual General Shareholders Meeting's Resolution No. 01/2018/NQ-DHDCD dated 16 May 2018, the Board of Directors Resolution No. 11/2018/NQ-HDQT dated 8 August 2018, the Board of Directors has approved the share issuance to current shareholders from retained earnings with the number of 15,166,800 shares. The date of finalising list of shareholders entitled to this share issuance is 31 August 2018.


Pham Thi Giang
 Preparer


Nguyen Ngoc Nhon
 Chief Accountant


Nguyen Dinh Tam
 Chief Executive Officer
 27 August 2018