

V/v: CBTT Báo cáo tài chính 6
tháng đầu năm 2018 đã kiểm toán
(bảng tiếng Anh)

TP.HCM, ngày 28 tháng 08 năm 2018

Kính gửi: - Ủy ban Chứng Khoán Nhà Nước
- Sở Giao Dịch Chứng Khoán TP.HCM

Tên công ty : **CÔNG TY CỔ PHẦN TẬP ĐOÀN THIÊN LONG**
Mã chứng khoán : TLG
Trụ sở chính : Lô 6-8-10-12, Đường số 3, KCN Tân Tạo Q.Bình Tân, TP.HCM
Điện thoại : (028) 3750 5555 Fax: (028) 3750 5577
Người thực hiện CBTT : Bà Trần Phương Nga Chức vụ: Phó TGD TC - KT
Loại thông tin công bố: 24 h Yêu cầu Bất thường Định kỳ
Nội dung thông tin công bố :

- ❖ Báo cáo tài chính riêng công ty mẹ 6 tháng đầu năm 2018 đã được kiểm toán (Bảng tiếng Anh);
- ❖ Báo cáo tài chính hợp nhất 6 tháng đầu năm 2018 đã được kiểm toán (Bảng tiếng Anh).

Thông tin này đã được công bố trên trang thông tin điện tử của công ty vào ngày 28/08/2018 tại đường dẫn <http://www.thienlonggroup.com/quan-he-co-dong> của công ty

Chúng tôi xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố.

Nơi nhận:

- Như trên;
- Lưu TLG.

**NGƯỜI ĐƯỢC ỦY QUYỀN CBTT
PHÓ TGD TÀI CHÍNH-KẾ TOÁN**



TRẦN PHƯƠNG NGÀ



THIEN LONG GROUP CORPORATION

(Incorporated in Socialist Republic of Vietnam)

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2018



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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Thien Long Group Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") presents this report together with the Group's interim consolidated financial statements for the 6-month period ended 30 June 2018.

THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS, BOARD OF MANAGEMENT AND OTHER MANAGEMENT PERSONNEL

The members of the Board of Directors, Board of Supervisors, Board of Management and other Management Personnel of the Group who held office during the period and to the date of this report are as follows:

Board of Directors

Mr. Co Gia Tho	Chairman
Mr. Tran Kim Thanh	Vice Chairman
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

Board of Supervisors

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. 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 Personnels

Mr. Nguyen Ngoc Nhon	Chief Accountant
Mr. Dinh Quang Hung	Production Director
Mr. Pham Huu Chi	R&D Director
Mr. Nguyen Duc Hanh	IT Director
Mr. Diep Bao Tinh	Engineering Technology Director
Mr. Trinh Van Hao	Marketing Director

Legal representative

The legal representative of the Company during the period and to the date of these interim consolidated financial statements is Mr. Co Gia Tho. Mr. Nguyen Dinh Tam is authorised to sign the interim consolidated financial statements for the 6-month period ended 30 June 2018.

THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management is responsible for preparing the interim consolidated financial statements which give a true and fair view of the financial position of the Group as at 30 June 2018 and of its results and cash flows for the period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. 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;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements;
- prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the interim consolidated financial statements so as to minimise errors and frauds.

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 Group and that the interim consolidated 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 Group and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



Nguyen Dinh Tam
Chief Executive Officer
27 August 2018

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Thiên Long

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REPORT ON REVIEW OF INTERIM CONSOLIDATED 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 consolidated financial statements of Thien Long Group Corporation (the "Company") and its subsidiaries (collectively referred to as "the Group"), prepared on 27 August 2018 as set out from page 4 to page 26, which comprise the interim consolidated balance sheet as at 30 June 2018, the interim consolidated income statement and the interim consolidated 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 Consolidated Financial Statements

The Board of Management is responsible for the preparation and fair presentation of these interim consolidated 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 consolidated 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 consolidated 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 consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2018, and of its interim consolidated financial performance and its interim consolidated 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

INTERIM CONSOLIDATED BALANCE SHEET
 As at 30 June 2018

Unit: VND

ASSETS	Code	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,276,832,642,056	1,091,968,239,964
I. Cash and cash equivalents	110	4	249,662,847,238	353,869,383,127
1. Cash	111		139,742,847,238	82,869,383,127
2. Cash equivalents	112		109,920,000,000	271,000,000,000
II. Short-term receivables	130		407,615,235,585	204,875,546,879
1. Short-term trade receivables	131	5	356,970,975,184	176,481,251,100
2. Short-term advances to suppliers	132	6	41,384,957,588	22,626,965,303
3. Other short-term receivables	136	7	10,060,067,760	6,594,563,494
4. Provision for short-term doubtful debts	137		(800,764,947)	(827,233,018)
III. Inventories	140	8	603,786,593,936	517,175,529,421
1. Inventories	141		621,711,216,084	534,007,886,465
2. Provision for devaluation of inventories	149		(17,924,622,148)	(16,832,357,044)
IV. Other short-term assets	150		15,767,965,297	16,047,780,537
1. Short-term prepayments	151	9	11,968,330,619	10,153,542,137
2. Value added tax deductibles	152		3,784,579,224	4,141,178,180
3. Tax and other receivables from the State budget	153	16	15,055,454	1,753,060,220
B. NON-CURRENT ASSETS	200		553,723,125,233	476,548,476,472
I. Long-term receivables	210		2,234,756,827	2,002,464,375
1. Other long-term receivables	216	7	2,234,756,827	2,002,464,375
II. Fixed assets	220		434,731,074,994	359,509,747,304
1. Tangible fixed assets	221	10	342,006,760,719	273,323,647,755
- Cost	222		741,167,356,562	645,023,141,721
- Accumulated depreciation	223		(399,160,595,843)	(371,699,493,966)
2. Intangible assets	227	11	92,724,314,275	86,186,099,549
- Cost	228		125,136,000,948	115,656,610,948
- Accumulated amortisation	229		(32,411,686,673)	(29,470,511,399)
III. Long-term assets in progress	240		46,686,569,974	48,211,169,387
1. Long-term construction in progress	242	12	46,686,569,974	48,211,169,387
IV. Long-term financial investments	250	13	19,694,488,391	19,694,488,391
1. Equity investments in other entities	253		30,685,000,000	30,685,000,000
2. Provision for impairment of long-term financial investments	254		(10,990,511,609)	(10,990,511,609)
V. Other long-term assets	260		50,376,235,047	47,130,607,015
1. Long-term prepayments	261	9	27,095,674,712	21,207,669,563
2. Deferred tax assets	262	14	23,280,560,335	25,922,937,452
TOTAL ASSETS (270=100+200)	270		1,830,555,767,289	1,568,516,716,436

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

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

Unit: VND

RESOURCES	Code	Notes	Closing balance	Opening balance
C. LIABILITIES	300		622,021,660,050	508,561,941,187
I. Current liabilities	310		593,539,275,324	474,574,740,460
1. Short-term trade payables	311	15	197,332,708,255	147,749,949,303
2. Short-term advances from customers	312		1,491,764,242	1,295,677,775
3. Taxes and amounts payable to the State budget	313	16	38,466,966,325	13,573,962,561
4. Payables to employees	314		24,766,069,819	14,759,439,048
5. Short-term accrued expenses	315	17	48,603,082,757	66,837,241,960
6. Other current payables	319	18	8,616,593,666	56,465,313,682
7. Short-term loans	320	21	271,200,702,610	160,974,445,870
8. Bonus and welfare funds	322	19	3,061,387,650	12,918,710,261
II. Long-term liabilities	330		28,482,384,726	33,987,200,727
1. Other long-term payables	337		50,500,000	54,500,000
2. Long-term loans	338	22	-	5,059,232,137
3. Long-term provisions	342	20	28,431,884,726	28,873,468,590
D. EQUITY	400		1,208,534,107,239	1,059,954,775,249
I. Owners' equity	410	23	1,208,534,107,239	1,059,954,775,249
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		516,638,750,741	400,226,388,751
- Retained earnings accumulated to the prior year end	421a		355,658,117,362	204,635,269,491
- Retained earnings of the current period/year	421b		160,980,633,379	195,591,119,260
TOTAL RESOURCES (440=300+400)	440		1,830,555,767,289	1,568,516,716,436


 Pham Thi Giang
 Preparer


 Nguyen Ngoc Nhon
 Chief Accountant


 Nguyen Dinh Tam
 Chief Executive Officer
 27 August 2018



INTERIM CONSOLIDATED 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	26	1,412,733,610,973	1,265,346,384,223
2. Deductions	02	26	13,450,809,632	9,127,593,332
3. Net revenue from goods sold (10=01-02)	10	26	1,399,282,801,341	1,256,218,790,891
4. Cost of sales	11		865,715,351,349	774,384,965,906
5. Gross profit from goods sold (20=10-11)	20		533,567,449,992	481,833,824,985
6. Financial income	21	28	5,637,861,554	8,478,562,828
7. Financial expenses	22	29	8,003,912,859	6,483,685,314
<i>In which: Interest expense</i>	23	29	5,227,832,252	5,055,923,935
8. Selling expenses	25	30	201,946,073,361	174,623,174,638
9. General and administration expenses	26	30	131,073,597,659	118,833,042,342
10. Operating profit (30=20+(21-22)-(25+26))	30		198,181,727,667	190,372,485,519
11. Other income	31	31	6,892,694,219	6,907,337,917
12. Other expenses	32	31	101,552,341	590,523,816
13. Profit from other activities (40=31-32)	40		6,791,141,878	6,316,814,101
14. Accounting profit before tax (50=30+40)	50		204,972,869,545	196,689,299,620
15. Current corporate income tax expense	51	32	38,199,859,049	38,842,676,700
16. Deferred corporate tax expense/(income)	52	14	2,642,377,117	(1,488,445,268)
17. Net profit after corporate income tax (60=50-51-52)	60		164,130,633,379	159,335,068,188
<i>Attributable to:</i>				
<i>The Parent Company's shareholders</i>	61		164,130,633,379	159,335,068,188
18. Basic earnings per share	70	33	2,922	2,836

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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

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

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	204,972,869,545	196,689,299,620
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	32,356,918,652	24,564,409,885
Provisions	03	624,213,169	5,198,121,159
Foreign exchange gain arising from translating foreign currency items	04	(485,140,885)	(100,968,801)
Gain from investing activities	05	(4,534,301,702)	(7,659,288,496)
Interest expense	06	5,227,832,252	5,055,923,935
3. Operating profit before movements in working capital	08	238,162,391,031	223,747,497,302
Changes in receivables	09	(188,815,460,564)	(171,922,034,541)
Changes in inventories	10	(87,703,329,619)	14,241,212,000
Changes in payables	11	47,248,755,547	33,963,360,468
Changes in prepaid expenses	12	(6,753,042,616)	(3,009,555,625)
Interest paid	14	(5,117,739,953)	(5,101,660,275)
Corporate income tax paid	15	(17,155,231,648)	(23,610,224,351)
Other cash outflows	17	(25,291,624,000)	(39,271,977,727)
Net cash (used in)/generated by operating activities	20	(45,425,281,822)	29,036,617,251
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(118,866,023,870)	(26,031,477,574)
2. Proceeds from sale, disposal of fixed assets	22	1,004,518,939	1,225,454,545
3. Interest, dividends and profits received	27	4,547,732,645	7,146,817,066
Net cash used in investing activities	30	(113,313,772,286)	(17,659,205,963)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	428,503,268,818	290,370,045,860
2. Repayment of borrowings	34	(323,440,494,367)	(309,478,919,355)
3. Dividends paid	36	(50,556,256,000)	(38,353,875)
Net cash generated by/(used in) financing activities	40	54,506,518,451	(19,147,227,370)
Net decrease in cash (50=20+30+40)	50	(104,232,535,657)	(7,769,816,082)
Cash and cash equivalents at the beginning of the period	60	353,869,383,127	424,423,331,022
Effects of changes in foreign exchange rates	61	25,999,768	(131,365,557)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	249,662,847,238	416,522,149,383


 Pham Thi Giang
 Preparer


 Nguyen Ngoc Nhon
 Chief Accountant


 Nguyen Dinh Tam
 Chief Executive Officer
 27 August 2018



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the interim consolidated 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/QĐ-SGDHCM dated 2 February 2010 issued by the Ho Chi Minh Stock Exchange.

Major shareholders of the Company are Thien Long An Think 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 Group as at 30 June 2018 was 3,436 (as at 31 December 2017: 3,445).

Operating industry and principal activities

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

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

Normal production and business cycle

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

The Group'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 consolidated financial statements

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The interim consolidated 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 consolidated 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 year

The Group's financial year begins on 1 January and ends on 31 December. The interim consolidated 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 Group in the preparation of these interim consolidated financial statements, are as follows:

Estimates

The preparation of interim consolidated 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 period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to balance sheet date each year. 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

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 Group 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 consolidated 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.

Equity investments in other entities

Equity investments in other entities represent the Group's investments in ordinary shares of the entities over which the Group 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 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 devaluation of 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.

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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
Other assets	3 - 4

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 consolidated income statement.

Intangible assets and amortisation

Intangible assets represent land use rights, computer software, copyrights, patents and other intangible 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 under prevailing regulations.

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
Other assets	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 Group 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 Group 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 consolidated 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 Group'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 prepaid land rental, costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance cost. These expenditures have been capitalised and are allocated to the interim consolidated income statement using the straight-line method in accordance with the current prevailing accounting regulations.

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Sonadezi Long Thanh Joint Stock Company on 6 February 2007 for a period of 46 years. Such prepaid rental is recognised as long-term prepayments for allocation to the interim consolidated income statement over the remaining lease period according to Circular 45/2013/TT-BTC.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group 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 year 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 financial statements. Any increase to the accrued amount will be charged to the interim consolidated 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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group 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 Group; 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 Group's right to receive payment has been established.

Borrowing costs

Borrowing costs are recognised in the interim consolidated income statement in the year 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Group 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 Group 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 Group'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 consolidated balance sheet.

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	3,513,148,690	2,264,992,175
Bank demand deposits	136,229,698,548	80,604,390,952
Cash equivalents (*)	109,920,000,000	271,000,000,000
	<u>249,662,847,238</u>	<u>353,869,383,127</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
SQI Group Int'l. Corp	28,259,594,377	9,443,905,666
Crayola LLC	23,034,593,774	294,534,082
Others	305,676,787,033	166,742,811,352
	<u>356,970,975,184</u>	<u>176,481,251,100</u>

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

6. SHORT-TERM ADVANCE TO SUPPLIERS

	Closing balance VND	Opening balance VND
Mikron SA Agno	12,216,949,589	-
Dokumental GmbH & Co. KG Schreibfarben	4,763,292,551	4,148,582,583
DKSH Vietnam Company Limited	-	2,443,759,668
Others	24,404,715,448	16,034,623,052
	<u>41,384,957,588</u>	<u>22,626,965,303</u>

7. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
Advance to employees	2,355,378,507	795,220,373
Accrual of interest income	363,000,174	1,273,455,556
Deposits	5,238,286,328	393,885,840
Other receivables	2,103,402,751	4,132,001,725
	10,060,067,760	6,594,563,494
b. Long-term		
Deposits	2,234,756,827	2,002,464,375
	2,234,756,827	2,002,464,375

8. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	31,531,347,928	-	33,955,675,164	-
Raw materials	244,837,369,111	(8,289,015,352)	194,408,807,454	(8,284,057,100)
Tools and supplies	4,199,675,606	-	1,958,549,959	-
Work in progress	50,019,508,361	(1,939,619,800)	48,154,856,058	(523,256,271)
Finished goods	204,171,578,271	(5,518,748,874)	179,002,061,354	(5,682,723,970)
Merchandises	86,951,736,807	(2,177,238,122)	76,527,936,476	(2,342,319,703)
	621,711,216,084	(17,924,622,148)	534,007,886,465	(16,832,357,044)

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

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

	Current period VND	Prior period VND
Opening balance	(16,832,357,044)	(18,113,510,336)
Additional provision	(6,019,145,197)	(8,305,613,722)
Reversal of provision	4,926,880,093	4,342,921,159
Closing balance	(17,924,622,148)	(22,076,202,899)

9. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
Advertising and promotion expenses	4,917,094,943	6,442,210,771
Tools and supplies	1,643,196,589	954,371,928
Health and asset insurance	1,917,468,566	743,223,247
SAP maintenance fee	940,427,733	-
Rental fee	387,497,892	376,062,264
Others	2,162,644,896	1,637,673,927
	11,968,330,619	10,153,542,137
b. Long-term		
Land rental fee (*)	11,392,036,351	11,556,740,491
Tools and supplies	12,402,862,606	6,788,913,017
Others	3,300,775,755	2,862,016,055
	27,095,674,712	21,207,669,563

(*) Prepaid land rental fee represents the unamortised balance of the land rental payments as stated in Note 3.

As noted further in Note 21, the Group has pledged land use right of land rental to secure banking facilities granted to the Group.

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other assets VND	Total VND
COST						
Opening balance	190,726,139,001	268,298,060,095	40,503,556,734	14,788,307,338	130,707,078,553	645,023,141,721
Additions	159,854,545	48,019,546,493	3,279,381,820	298,000,000	2,153,357,135	53,910,139,993
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	-	(1,165,050,835)	(1,741,120,094)	-	(153,721,417)	(3,059,892,346)
Closing balance	199,966,770,632	344,482,088,454	42,041,818,460	15,560,107,338	139,116,571,678	741,167,356,562
ACCUMULATED DEPRECIATION						
Opening balance	53,190,905,066	173,909,452,274	19,796,217,409	13,184,787,815	111,618,131,402	371,699,493,966
Charge for the period	4,456,299,658	15,839,491,151	2,872,048,436	1,093,912,320	6,257,751,644	30,519,503,209
Other adjustments	-	(106,003,486)	-	-	-	(106,003,486)
Disposals	-	(1,082,556,335)	(1,716,120,094)	-	(153,721,417)	(2,952,397,846)
Closing balance	57,647,204,724	188,560,383,604	20,952,145,751	14,278,700,135	117,722,161,629	399,160,595,843
NET BOOK VALUE						
Opening balance	137,535,233,935	94,388,607,821	20,707,339,325	1,603,519,523	19,088,947,151	273,323,647,755
Closing balance	142,319,565,908	155,921,704,850	21,089,672,709	1,281,407,203	21,394,410,049	342,006,760,719

In which:

Pledged as loan security
(Note 21 and 22)

44,169,704,927

-

1,867,892,045

77,096,895,090

As at 30 June 2018, the cost of tangible fixed assets included VND 197,742,480,671 (as at 31 December 2017: VND 192,590,520,654) of assets which have been fully depreciated but are still in use.

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

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11. INCREASES, DECREASES IN INTANGIBLE ASSETS	Land use rights VND	Computer software VND	Copyrights, patents VND	Other assets VND	Total VND
COST					
Opening balance	69,735,975,067	45,437,657,481	367,000,000	115,978,400	115,656,610,948
Additions	6,200,000,000	3,279,390,000	-	-	9,479,390,000
Closing balance	75,935,975,067	48,717,047,481	367,000,000	115,978,400	125,136,000,948
ACCUMULATED AMORTISATION					
Opening balance	1,175,864,496	27,811,668,503	367,000,000	115,978,400	29,470,511,399
Charge for the period	-	2,941,175,274	-	-	2,941,175,274
Closing balance	1,175,864,496	30,752,843,777	367,000,000	115,978,400	32,411,686,673
NET BOOK VALUE					
Opening balance	68,560,110,571	17,625,988,978	-	-	86,186,099,549
Closing balance	74,760,110,571	17,964,203,704	-	-	92,724,314,275

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 11,284,951,633 (as at 31 December 2017: VND 6,147,359,633) 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	13,056,386,568	26,423,848,596
Others	23,176,260,152	14,039,207,772
	<u>46,686,569,974</u>	<u>48,211,169,387</u>

13. LONG-TERM FINANCIAL INVESTMENTS

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>19,694,488,391</u>	<u>19,694,488,391</u>

14. DEFERRED TAX ASSETS

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

	Unrealised profit VND	Accrued expenses VND	Provisions VND	Allocated expenses VND	Foreign exchange difference VND	Total VND
For the 6-month period ended 30 June 2017						
Opening balance	12,804,410,971	1,499,163,712	8,976,216,390	971,030,994	(29,507,460)	24,221,314,607
Credit/(charge) to profit for the period	(678,021,158)	1,678,738,038	1,433,919,916	(971,030,994)	24,839,466	1,488,445,268
Closing balance	<u>12,126,389,813</u>	<u>3,177,901,750</u>	<u>10,410,136,306</u>	<u>-</u>	<u>(4,667,994)</u>	<u>25,709,759,875</u>
For the 6-month period ended 30 June 2018						
Opening balance	14,279,651,376	1,847,749,424	9,474,536,086	353,663,243	(32,662,677)	25,922,937,452
Credit/(charge) to profit for the period	(3,076,085,265)	504,962,754	160,332,709	(145,977,877)	(85,609,438)	(2,642,377,117)
Closing balance	<u>11,203,566,111</u>	<u>2,352,712,178</u>	<u>9,634,868,795</u>	<u>207,685,366</u>	<u>(118,272,115)</u>	<u>23,280,560,335</u>

15. SHORT-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
Teibow Co., Ltd.	16,110,625,738	19,859,449,400
Others	181,222,082,517	127,890,499,903
	<u>197,332,708,255</u>	<u>147,749,949,303</u>

16. TAXES AND OTHER RECEIVABLES/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payables during the period VND	Paid during the period VND	Closing balance VND
a. Receivables				
Corporate income tax	1,753,060,220	(1,738,004,766)	-	15,055,454
	<u>1,753,060,220</u>	<u>(1,738,004,766)</u>	<u>-</u>	<u>15,055,454</u>
b. Payables				
Value added tax	4,542,913,007	58,694,168,629	(53,280,230,210)	9,956,851,426
Import duties	15,280,650	8,118,226,252	(7,960,310,496)	173,196,406
Corporate income tax	7,853,988,610	36,461,854,283	(17,155,231,648)	27,160,611,245
Personal income tax	1,161,780,294	15,693,639,335	(15,679,112,381)	1,176,307,248
	<u>13,573,962,561</u>	<u>118,967,888,499</u>	<u>(94,074,884,735)</u>	<u>38,466,966,325</u>

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
13 th & 14 th month salary and incentive	33,156,286,635	55,950,575,334
Advertisement and marketing expenses	9,708,588,104	2,072,216,669
Interest expense	424,734,245	314,641,946
Others	5,313,473,773	8,499,808,011
	<u>48,603,082,757</u>	<u>66,837,241,960</u>

18. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
Dividends	41,447,450	50,597,703,450
Trade union fee	2,673,582,633	2,239,897,902
Social, Health and Unemployment Insurance payables	2,344,449,350	1,402,074,103
Others	3,557,114,233	2,225,638,227
	<u>8,616,593,666</u>	<u>56,465,313,682</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 Shareholders Meetings ("AGM"). The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies.

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

	Bonus and welfare funds VND
Opening balance	12,918,710,261
Appropriation to the funds (Note 23)	12,401,301,389
Usage	(22,258,624,000)
Closing balance	<u>3,061,387,650</u>

20. LONG-TERM PROVISIONS

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

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

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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 - West Saigon Branch	41,937,268,780	41,937,268,780	137,289,880,674	(123,119,565,080)	56,107,584,374	56,107,584,374
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	26,271,818,954	26,271,818,954	85,783,612,537	(42,850,472,803)	69,204,958,688	69,204,958,688
HSBC Bank (Vietnam) Ltd. - Ho Chi Minh Branch	65,491,125,513	65,491,125,513	132,880,259,072	(108,507,751,758)	89,863,632,827	89,863,632,827
United Overseas Bank Ltd. - Ho Chi Minh Branch	3,504,390,750	3,504,390,750	72,653,766,687	(30,733,666,653)	45,424,490,784	45,424,490,784
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	12,688,234,273	12,688,234,273	-	(12,688,234,273)	-	-
	149,892,838,270	149,892,838,270	428,607,518,970	(317,899,690,567)	260,600,666,673	260,600,666,673
b. Current portion of long-term loans (Note 22)	11,081,607,600	11,081,607,600	5,059,232,137	(5,540,803,800)	10,600,035,937	10,600,035,937
	160,974,445,870	160,974,445,870	433,666,751,107	(323,440,494,367)	271,200,702,610	271,200,702,610

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 Group 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 Group used its land use rights, buildings and structures, machinery and equipment as collaterals for the loan (see Note 9, 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 Group 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.

Short-term loan with JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Group used its machinery and equipment as collaterals for the loan (see Note 10).



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

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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
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	8,186,858,536	8,186,858,536	-	(2,889,480,000)	5,297,378,536	5,297,378,536
	16,140,839,737	16,140,839,737	-	(5,540,803,800)	10,600,035,937	10,600,035,937

Long-term loans are repayable as follows:

	Opening balance VND	Closing balance VND
Within one year	11,081,607,600	10,600,035,937
From second to fifth year	5,059,232,137	-
	16,140,839,737	10,600,035,937
Less: Amount due for settlement within 12 months (Note 21)	(11,081,607,600)	(10,600,035,937)
Amount due for settlement after 12 months	5,059,232,137	-

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 rate determined specifically in each debit note. The Group used its machinery and equipment as collaterals for the loan (see Note 10).

Long-term loan with JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch is obtained to finance for its purchase and installation of fixed assets. The facility bears interest rate determined specifically in each debit note. The Group used its machinery and equipment as collaterals for the loan (see Note 10).



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

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23. OWNERS' EQUITY

Movement of owners' equity

	Owners' contributed capital VND	Share premium VND	Investment and development funds VND	Retained earnings VND	Total VND
For the 6-month period ended 30 June 2017					
Opening balance	383,126,720,000	128,217,023,000	97,075,895,498	315,806,820,611	924,226,459,109
Profit for the period	-	-	-	159,335,068,188	159,335,068,188
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	-	-	-	(22,393,795,120)	(22,393,795,120)
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	360,993,137,679	998,221,524,177
For the 6-month period ended 30 June 2018					
Opening balance	505,562,560,000	28,281,183,000	125,884,643,498	400,226,388,751	1,059,954,775,249
Profit for the period	-	-	-	164,130,633,379	164,130,633,379
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	516,638,750,741	1,208,534,107,239

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.

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 during the period	-	-
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 during the period	-	57,469,008,000
Payments during the period	(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)	445,002	766,090
Euro (EUR)	41,059	17,865
Chinese Yuan (CNY)	12,821	11,208
Great Britain Pound (GBP)	803	14,830
Singapore Dollars (SGD)	1,425	1,425
Japanese Yen (JPY)	27,450	333,096
Australia Dollars (AUD)	110	110
Korean Won (KRW)	386,000	386,000
Taiwan Dollars (TWD)	<u>12,570</u>	<u>12,570</u>

25. SEGMENT REPORT

A department is a consolidated identifiable component of the Group that is involved in the provision of related products or services (business divisions) or the provision of products or services within the specific economic environment (geographic divisions). Each department is at risk and benefits are different from other parts.

The Group's principal activity is the production and sales of stationery. In addition, the business activities of the Group are mainly carried out within the territory of Vietnam. Therefore, the Group's exposure to risk and profitability is unaffected by differences in the Group's production or by the Group's operations in various geographic areas. As a result, the Board of Management recognises that the Group has only one business segment and geographic area, and accordingly no segment information is disclosed.

26. NET REVENUE OF GOODS SOLD

	Current period VND	Prior period VND
Revenue		
Revenue from selling finished goods	1,021,884,951,648	934,959,364,704
Revenue from selling merchandises	390,848,659,325	330,387,019,519
	<u>1,412,733,610,973</u>	<u>1,265,346,384,223</u>
Sale deductions		
Sales return from finished goods	(6,712,078,067)	(7,585,502,371)
Sales return from merchandises	(4,050,966,396)	(1,542,090,961)
Sales discount	(2,687,765,169)	-
	<u>(13,450,809,632)</u>	<u>(9,127,593,332)</u>
Net revenue		
Net revenue from selling finished goods	1,015,172,873,581	927,373,862,333
Net revenue from selling merchandises	384,109,927,760	328,844,928,558
	<u>1,399,282,801,341</u>	<u>1,256,218,790,891</u>

27. PRODUCTION AND OPERATION COST BY NATURE

	Current period VND	Prior period VND
Raw materials and consumables	440,345,980,171	361,812,389,446
Staff cost	315,730,938,453	291,759,072,208
Depreciation and amortisation	33,460,678,483	24,957,163,766
Out-sourced services and other expenses	159,756,058,206	133,314,946,804
	<u>949,293,655,313</u>	<u>811,843,572,224</u>

28. FINANCIAL INCOME

	Current period VND	Prior period VND
Interest income	3,532,274,263	6,342,482,650
Foreign exchange gain	2,000,584,291	2,038,580,178
Dividends received	105,003,000	97,500,000
	<u>5,637,861,554</u>	<u>8,478,562,828</u>

29. FINANCIAL EXPENSES

	Current period VND	Prior period VND
Interest expense	5,227,832,252	5,055,923,935
Foreign exchange loss	2,099,624,163	1,284,909,234
Others	676,456,444	142,852,145
	<u>8,003,912,859</u>	<u>6,483,685,314</u>

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Prior period VND
Selling expenses		
Staff cost	110,424,371,855	100,070,711,653
Marketing and trade fair expenses	32,377,009,749	35,579,621,571
Depreciation and amortisation	1,034,495,547	284,895,736
Others	58,110,196,210	38,687,945,678
	<u>201,946,073,361</u>	<u>174,623,174,638</u>
General and administration expenses		
Staff cost	91,911,516,965	83,486,813,484
Out-sourced services	16,324,555,202	14,115,033,480
Depreciation and amortisation	10,377,879,247	7,937,624,592
Others	12,459,646,245	13,293,570,786
	<u>131,073,597,659</u>	<u>118,833,042,342</u>

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31. OTHER PROFIT

	Current period VND	Prior period VND
Other income		
Compensation received from damaged materials	2,166,712,871	1,225,873,663
Gains from disposal of fixed assets	897,024,439	1,225,454,546
Others	3,828,956,909	4,456,009,708
	6,892,694,219	6,907,337,917
Other expenses		
Others	101,552,341	590,523,816
	101,552,341	590,523,816
Other profit	6,791,141,878	6,316,814,101

32. 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	38,193,335,988	37,989,612,732
Adjustments for corporate income tax expenses in previous years to the current period	6,523,061	853,063,968
Total current corporate income tax expense	38,199,859,049	38,842,676,700

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

	Current period VND	Prior period VND
Profit before tax	204,972,869,545	196,689,299,620
Adjustments for taxable income		
Non-deductible expenses	2,338,221,821	2,912,100,412
Change in accrued expenses	2,541,667,209	6,258,266,926
Difference of provision between Labour Code and corporate income tax regulation	(441,583,864)	1,365,483,070
Change in provision for obsolete inventories	1,263,297,960	3,962,692,564
Dividend received	(105,003,000)	(97,500,000)
Losses in subsidiaries	110,391,043	130,606,299
Unrealised foreign exchange difference of cash and receivables	(428,579,090)	136,054,824
Allocated expense	(954,707,416)	(1,972,659,333)
Change in provision of doubtful debts	(21,021,601)	(130,054,475)
Change in unrealised profit	(15,173,468,144)	(3,390,105,785)
Current period's taxable income	194,102,084,463	205,864,184,122
Tax loss carried forward	(141,071,798)	(11,626,397,702)
Taxable income	193,961,012,665	194,237,786,420
Corporate income tax based on taxable income in the current period	38,527,820,669	38,505,947,747
Tax deduction	(334,484,681)	(516,335,015)
Current corporate income tax expenses	38,193,335,988	37,989,612,732

The Group is obliged to pay corporate income tax at the rate of 20% of its taxable income (prior period: 20%), except for Thien Long Long Thanh Manufacturing and Trading Company Limited ("TLLT") as presented below.

TLLT is obliged to pay corporate income tax at the rate of 15% of its taxable income for the first twelve (12) years and normal tax rate for the following years in accordance to current tax regulations. TLLT is entitled to a corporate income tax exemption for three (03) years from the first taxable profit-making year (2010) and a reduction of 50% for the following seven (07) years.

The Group is permitted to carry the tax losses to the following year for offset against taxable income for five consecutive years from the year in which the loss was incurred. At the end of the period, the Group had the aggregate estimated losses of its subsidiaries of VND 742,296,348 (as at 31 December 2017: VND 11,301,397,875), which may be used to offset them with taxable income arising in the future.

The Group's tax losses carried forward are due under the following schedule:

Year	Losses can be carried to year	Tax losses	Tax losses carried as at 30 June 2018	Not permitted to carry	Outstanding amount as at 30 June 2018
2015	2020(*)	5,321,926,889	(5,150,344,181)	-	171,582,708
2016	2021	5,829,343,519	(5,519,148,389)	-	310,195,130
2017	2022	150,127,467	-	-	150,127,467
2018	2023	110,391,043	-	-	110,391,043
		11,411,788,918	(10,669,492,570)	-	742,296,348

(*) Tax losses based on tax finalisation minutes.

Tax losses of the subsidiaries are not yet finalised by the local tax authorities at the date of the interim consolidated financial statements.

As at 30 June 2018, deferred tax assets have not been recognised for the remaining cumulative tax losses is VND 742,296,348 from subsidiaries because it is not possible to estimate future taxable income.

Tax amounts reported in the interim consolidated financial statements has not been finalised yet. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts being reported in the interim consolidated financial statements is subject to changes upon tax finalisation.

33. BASIC EARNINGS PER SHARE

a. Basic earnings per share

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

Basic earnings per share is calculated as below:

	Current period VND	Prior period VND
Profit after corporate income tax	164,130,633,379	159,335,068,188
Less: Bonus and welfare fund (*)	(16,413,063,338)	(15,933,506,819)
Profit after corporate income tax belong to shareholders of ordinary shares	147,717,570,041	143,401,561,369
Weighted average of outstanding shares in circulation (shares) (**)	50,556,256	50,556,256
Basic earning per share (VND/share)	2,922	2,836

(*) Bonus and welfare funds are provision by 10% consolidated profit after tax base on Annual General Meeting minute of 2017 dated 16 May 2018.

(**) Average number of outstanding shares in circulation for 6-month period ended 30 June 2018 and 30 June 2017 are adjusted to reflect the issuance of 750,000 new shares under ESOP program. Therefore, basic earnings per share for 6-month period ended 30 June 2017 was restated from 2,879 VND/share to 2,836 VND/share.

b. Diluted earnings per share

The Group does not have potential diluted ordinary shares.

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34. RELATED PARTY TRANSACTIONS AND BALANCES

List of related party:

Related party	Relationship
Thien Long An Think Investment Corporation	Main shareholder

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

	Closing balance VND	Opening balance VND
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.

35. SUPPLEMENTAL DISCLOSURES OF INTERIM CONSOLIDATED 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 15,837,130,588 (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.

36. 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