



THIÊN LONG GROUP CORPORATION

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

THIEN LONG GROUP CORPORATION

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THIEN LONG GROUP CORPORATION

CORPORATE INFORMATION

Investment registration certificate

No. 6307210814 dated 6 December 2018

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

Enterprise registration certificate

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

Board of Directors

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

Board of Supervision

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

Board of Management

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

Other Management

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

THIEN LONG GROUP CORPORATION

CORPORATE INFORMATION (continued)

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

THIEN LONG GROUP CORPORATION

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

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

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

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

APPROVAL OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying interim separate financial statements as set out on pages 6 to 43 which give a true and fair view of the interim separate financial position of the Company as at 30 June 2020, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements.

Users of these interim separate financial statements of the Company should read them together with the interim consolidated financial statements of the Company and its subsidiaries (together, “the Group”) for the six-month period ended 30 June 2020 in order to obtain full information of the interim consolidated financial position and interim consolidated results of operations and interim consolidated cash flows of the Group.

On behalf of the Board of Management,



Nguyen Dinh Tam
Authorised signatory
Authorised by Legal Representative

Ho Chi Minh City, Vietnam
24 August 2020



REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL INFORMATION TO THE SHAREHOLDERS OF THIEN LONG GROUP CORPORATION

We have reviewed the accompanying interim separate financial statements of Thien Long Group Corporation ("the Company") which were prepared on 30 June 2020 and approved by the Board of Management on 24 August 2020. The interim separate financial statements comprise the interim separate balance sheet as at 30 June 2020, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and explanatory notes to the interim separate financial statements including significant accounting policies, as set out on pages 6 to 43.

Responsibility of the Board of Management

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

Auditor's Responsibility

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

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the interim separate financial position of the Company as at 30 June 2020, its interim separate financial performance and interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements.

Other Matters

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

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

For and on behalf of PwC (Vietnam) Limited



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

Report reference number: HCM9818
Ho Chi Minh City, 24 August 2020

THIEN LONG GROUP CORPORATION

Form B 01a – DN

INTERIM SEPARATE BALANCE SHEET
AS AT 30 JUNE 2020

Code	ASSETS	Note	Closing balance VND	Opening balance VND
100	CURRENT ASSETS		1,012,921,856,985	1,181,077,565,545
110	Cash and cash equivalents	3	125,891,059,700	95,182,150,747
111	Cash		46,891,059,700	35,182,150,747
112	Cash equivalents		79,000,000,000	60,000,000,000
120	Short-term investment		184,500,000,000	455,000,000,000
123	Investments held-to-maturity	4(a)	184,500,000,000	455,000,000,000
130	Short-term receivables		393,711,240,455	399,943,282,836
131	Short-term trade accounts receivable	5	384,598,392,607	379,453,325,099
132	Short-term prepayments to suppliers	6	4,327,936,920	4,583,637,847
136	Other short-term receivables	7	4,784,910,928	15,906,319,890
140	Inventories	8	300,740,014,490	224,360,492,399
141	Inventories		317,278,666,810	244,131,127,790
149	Provision for decline in value of inventories		(16,538,652,320)	(19,770,635,391)
150	Other current assets		8,079,542,340	6,591,639,563
151	Short-term prepaid expenses	9(a)	4,221,941,648	5,336,533,074
152	Value added tax ("VAT") to be reclaimed		3,857,600,692	1,255,106,489
200	LONG-TERM ASSETS		780,359,998,816	793,473,537,123
210	Long-term receivable		979,197,328	982,197,328
216	Other long-term receivables		979,197,328	982,197,328
220	Fixed assets		288,049,097,723	300,934,545,660
221	Tangible fixed assets	10(a)	269,149,043,293	279,673,183,462
222	Historical cost		622,324,102,920	609,545,103,709
223	Accumulated depreciation		(353,175,059,627)	(329,871,920,247)
227	Intangible fixed assets	10(b)	18,900,054,430	21,261,362,198
228	Historical cost		56,186,334,975	56,186,334,975
229	Accumulated amortisation		(37,286,280,545)	(34,924,972,777)
240	Long-term asset in progress		15,659,126,325	15,343,777,869
242	Construction in progress	11	15,659,126,325	15,343,777,869
250	Long-term investments		458,385,619,000	457,535,411,000
251	Investments in subsidiaries	4(b)	436,443,299,000	436,443,299,000
253	Investments in other entities	4(b)	30,685,000,000	30,685,000,000
254	Provision for long-term investments	4(b)	(8,742,680,000)	(9,592,888,000)
260	Other long-term assets		17,286,958,440	18,677,605,266
261	Long-term prepaid expenses	9(b)	7,388,369,122	8,591,789,315
262	Deferred income tax assets	18	9,898,589,318	10,085,815,951
270	TOTAL ASSETS		1,793,281,855,801	1,974,551,102,668

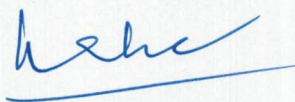
The notes on pages 10 to 43 are an integral part of these interim separate financial statements.

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

Code	RESOURCES	Note	Closing balance VND	Opening balance VND
300	LIABILITIES		303,190,540,006	396,307,363,904
310	Short-term liabilities		261,344,106,520	347,280,554,231
311	Short-term trade accounts payable	12	90,975,055,975	127,701,152,292
312	Short-term advances from customers		2,489,060,797	1,717,101,219
313	Tax and other payables to the State	13	9,466,225,554	19,378,215,706
314	Payables to employees		8,761,215,574	10,279,436,227
315	Short-term accrued expenses	14	22,439,779,945	37,934,959,235
319	Other short-term payables	15	4,343,463,894	4,826,713,390
320	Short-term borrowings	16(a)	113,899,068,916	133,192,700,274
322	Bonus and welfare fund	22	8,970,235,865	12,250,275,888
330	Long-term liabilities		41,846,433,486	49,026,809,673
338	Long-term borrowings	16(b)	20,676,923,070	25,846,153,842
342	Provision for long-term liabilities	17	21,169,510,416	23,180,655,831
400	OWNERS' EQUITY		1,490,091,315,795	1,578,243,738,764
410	Capital and reserves		1,490,091,315,795	1,578,243,738,764
411	Owners' capital	19, 20	777,944,530,000	777,944,530,000
411a	- Ordinary shares with voting rights		777,944,530,000	777,944,530,000
412	Share premium	20	392,944,802,300	392,944,802,300
415	Treasury shares	20	(46,311,318,529)	-
418	Investment and development fund	20	199,910,168,556	158,019,722,556
421	Undistributed earnings	20	165,603,133,468	249,334,683,908
421a	- Undistributed post-tax profits of previous years		140,126,786,431	1,756,596,159
421b	- Post-tax profits of current period/year		25,476,347,037	247,578,087,749
440	TOTAL RESOURCES		1,793,281,855,801	1,974,551,102,668



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam 
Chief Executive Officer
24 August 2020

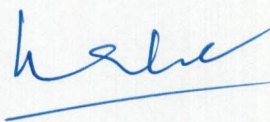
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**INTERIM SEPARATE INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

Code	Note	Current period VND	Previous period VND
01	Revenue from sales of goods	426,768,808,482	704,870,748,160
02	Less deductions	(1,339,464,444)	(3,501,379,813)
10	Net revenue from sales of goods	24 425,429,344,038	701,369,368,347
11	Cost of goods sold	25 (284,295,769,434)	(441,290,202,911)
20	Gross profit from sales of goods	141,133,574,604	260,079,165,436
21	Financial income	26 12,664,247,055	8,635,850,903
22	Financial expenses	27 (5,345,936,771)	(3,571,668,110)
23	- Including: Interest expense	27 (4,605,124,518)	(3,539,450,927)
25	Selling expenses	28 (37,162,568,881)	(40,959,733,536)
26	General and administration expenses	29 (76,682,439,696)	(87,865,098,860)
30	Net operating profit	34,606,876,311	136,318,515,833
31	Other income	2,282,755,454	2,203,453,246
32	Other expenses	(30,041)	(7,887,029)
40	Net other income	30 2,282,725,413	2,195,566,217
50	Net accounting profit before tax	36,889,601,724	138,514,082,050
51	Corporate income tax ("CIT") - current	31 (7,749,628,054)	(28,541,684,859)
52	CIT - deferred	31 (187,226,633)	625,947,055
60	Net profit after tax	28,952,747,037	110,598,344,246



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant

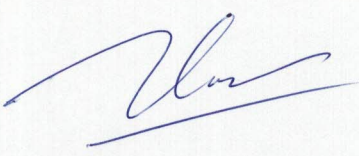


Nguyen Dinh Tam
Chief Executive Officer
24 August 2020

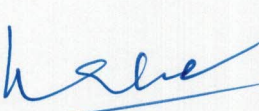
The notes on pages 10 to 43 are an integral part of these interim separate financial statements.

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

Code	Note	Current period VND	Previous period VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		36,889,601,724	138,514,082,050
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	25,274,967,790	23,791,201,391
03	Reversal of provisions	(6,093,336,486)	(340,626,064)
04	Unrealised foreign exchange losses	330,192,905	212,474,626
05	Profits from investing activities	(10,787,197,371)	(7,518,287,131)
06	Interest expense	4,605,124,518	3,539,450,927
08	Operating profit before changes in working capital	50,219,353,080	158,198,295,799
09	Increase in receivables	(10,642,485,920)	(74,282,242,035)
10	(Increase)/decrease in inventories	(73,142,062,072)	32,715,233,874
11	(Decrease)/increase in payables	(57,991,347,155)	29,902,874,505
12	Decrease/(increase) in prepaid expenses	3,101,694,870	(1,441,126,702)
14	Interest paid	(4,672,784,943)	(3,709,150,368)
15	CIT paid	(9,730,439,585)	(9,477,958,579)
17	Other payments on operating activities	(35,442,765,843)	(27,942,431,000)
20	Net cash (outflows)/inflows from operating activities	(138,300,837,568)	103,963,495,494
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(13,587,963,810)	(21,592,484,098)
22	Proceeds from disposals of fixed assets	318,182	196,465,908
23	Term deposits placed at banks	(173,500,000,000)	(293,000,000,000)
24	Collection of term deposits placed at banks	444,000,000,000	-
27	Dividends and interest received	21,925,039,460	2,646,907,527
30	Net cash inflows/(outflows) from investing activities	278,837,393,832	(311,749,110,663)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	-	414,663,619,300
32	Payments for share repurchases	(46,311,318,529)	-
33	Proceeds from borrowings	215,796,492,032	216,196,323,202
34	Repayments of borrowings	(240,259,354,162)	(265,002,841,533)
36	Dividends paid	(38,931,520,500)	(70,758,494,850)
40	Net cash (outflows)/inflows from financing activities	(109,705,701,159)	295,098,606,119
50	Net increase in cash and cash equivalents	30,830,855,105	87,312,990,950
60	Cash and cash equivalents at beginning of period	95,182,150,747	112,647,434,664
61	Effect of foreign exchange differences	(121,946,152)	(69,209,601)
70	Cash and cash equivalents at end of period	125,891,059,700	199,891,216,013




Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant





Nguyen Dinh Tam
Chief Executive Officer
24 August 2020

The notes on pages 10 to 43 are an integral part of these interim separate financial statements.

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

1 GENERAL INFORMATION

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

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

Owners' of the Company include Thien Long An Think Investment Corporation, NWL Cayman Holdings Ltd., a company incorporated in the United Kingdom, Mr Co Gia Tho and other shareholders. Details of the capital contribution are presented in Note 19.

The Company's business sectors are manufacturing and trading.

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

The normal business cycle of the Company is 12 months.

As at 30 June 2020, the Company had 6 subsidiaries as disclosed in Note 4(b) – Investments. Details are as follows:

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

As at end of period, the Company had 1,258 employees (as at beginning of period: 1,441 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of interim separate financial statements

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

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

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

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

Users of these interim separate financial statements of the Company should read them together with the interim consolidated financial statements of the Group for the six-month period ended 30 June 2020 in order to obtain full information of the interim consolidated financial position and interim consolidated results of operations and interim consolidated cash flows of the Group.

2.2 Fiscal year

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

2.3 Currency

The interim separate financial statements are measured and presented in Vietnamese Dong (“VND”). The Company determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of raw materials or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company also uses this currency to raise financial resources or regularly collects this currency from business operation and savings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Exchange rates**

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

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

2.5 Cash and cash equivalents

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

2.6 Receivables

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

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

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method for inventories.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments****(a) Investments held-to-maturity**

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

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

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

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies in order to gain future benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are initially recorded at cost of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at period end.

(c) Investments in other entities

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

(d) Provision for investments in subsidiaries and other entities

Provision for investments in subsidiaries and other entities is made when there is a diminution in value of the investments at period end. Regarding investments in those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses, except when the loss is anticipated by the Board of Management before the date of investment.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Fixed assets***Tangible and intangible fixed assets*

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

Depreciation and amortisation

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

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

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

Disposals

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

Construction in progress

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

2.10 Operating leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Prepaid expenses**

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

2.12 Payables

Classifications of payables are based on their nature as follows:

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

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

2.13 Borrowings and borrowing costs

Borrowings include borrowings from banks.

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

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

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.15 Provisions

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provision for severance allowance**

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

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

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

2.17 Capital and reserves

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

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

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

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

2.18 Appropriation of profit

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Appropriation of profit (continued)**

The Company's funds are as below:

(a) Investment and development fund

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

(b) Bonus and welfare fund

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

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

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

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

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

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

(b) Interest income

Interest income is recognised on an earned basis.

(c) Dividend income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Sales deductions**

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

Sales deductions for sales of products, goods which are sold in the period but are incurred after the balance sheet date but before the issuance of the financial statements are recorded as a deduction from the revenue of the period.

2.21 Cost of goods sold

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

2.22 Financial expenses

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

2.23 Selling expenses

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

2.24 General and administration expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the interim separate balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.26 Related parties

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.27 Accounting estimates**

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

The areas involving significant estimates and assumptions are as follows:

- Provision for decline in value of inventories (Note 8);
- Estimated useful life of fixed assets (Note 10); and
- Estimation of provision for long-term liabilities (Note 17)

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

3 CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	316,537,729	457,487,638
Cash at bank	46,574,521,971	34,724,663,109
Cash equivalents (*)	79,000,000,000	60,000,000,000
	<u>125,891,059,700</u>	<u>95,182,150,747</u>

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

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4 INVESTMENTS

(a) Investments held to maturity

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

(b) Investments in other entities

	Closing balance			Opening balance				
	Cost value VND	Fair value VND	Provision VND	Ownership rate %	Cost value VND	Fair value VND	Provision VND	Ownership rate %
i) Investments in subsidiaries								
Thien Long Long Thanh Manufacturing and Trading Company Limited	169,500,000,000	(*)	-	100	169,500,000,000	(*)	-	100
Thien Long Global Trading and Service One Member Company Limited	100,000,000,000	(*)	-	100	100,000,000,000	(*)	-	100
Tan Luc South Trading and Service One Member Company Limited	80,000,000,000	(*)	-	100	80,000,000,000	(*)	-	100
Tan Luc North Trading and Service One Member Company Limited	60,000,000,000	(*)	-	100	60,000,000,000	(*)	-	100
Tan Luc Middle Trading and Service One Member Company Limited	20,000,000,000	(*)	-	100	20,000,000,000	(*)	-	100
FlexOffice Pte. Ltd.	6,943,299,000	(*)	-	100	6,943,299,000	(*)	-	100
	<u>436,443,299,000</u>				<u>436,443,299,000</u>			
ii) Investments in other entities								
Kinh Do Land Corporation	25,000,000,000	(*)	(4,586,400,000)	2.00	25,000,000,000	(*)	(5,489,200,000)	2.00
Saigon Securities Investment Fund A2	3,565,000,000	(*)	(3,565,000,000)	-	3,565,000,000	(*)	(3,565,000,000)	-
Brilliant Chip Joint Stock Company	1,520,000,000	(*)	(591,280,000)	1.89	1,520,000,000	(*)	(538,688,000)	1.89
Printing No.7 Joint Stock Company	600,000,000	(*)	-	2.50	600,000,000	(*)	-	2.50
	<u>30,685,000,000</u>		<u>(8,742,680,000)</u>		<u>30,685,000,000</u>		<u>(9,592,888,000)</u>	



4 INVESTMENTS (continued)**(b) Investments in other entities (continued)**

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

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	Closing balance VND	Opening balance VND
Third parties		
Crayola LLC	23,839,650,642	12,415,034,306
SQI Group Int'l. Corp.	12,184,533,558	11,857,630,624
Like Link Co., Ltd.	9,582,901,482	14,125,544,406
Others	24,867,725,098	35,768,582,636
Related parties (Note 33(b))	314,123,581,827	305,286,533,127
	<u>384,598,392,607</u>	<u>379,453,325,099</u>

As at end of period and beginning of period, there was no balance of short-term trade accounts receivable that was past due for more than 6 months or not past due but doubtful.

As at end of period and beginning of period, short-term trade accounts receivable of VND50,000,000,000 were used as mortgaged assets for short-term borrowings from banks (Note 16).

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	Closing balance VND	Opening balance VND
Redder Asia Advertising Joint Stock Company	1,377,892,889	-
Aweler International Trade Co., Ltd.	523,009,200	-
Vietnam Children Support and Development Centre	478,269,000	318,846,000
Shanghai U-Trust Import-Export Co., Ltd	-	1,723,609,825
LC Printing Machine Factory Limited	-	1,123,744,234
Others	1,948,765,831	1,417,437,788
	<u>4,327,936,920</u>	<u>4,583,637,847</u>

7 OTHER RECEIVABLES

	Closing balance		Opening balance	
	Book value VND	Provision VND	Book value VND	Provision VND
Interest receivables from lending	3,824,252,056	-	14,962,412,327	-
Advances to employees	915,210,536	-	943,530,570	-
Others	45,448,336	-	376,993,000	-
	<u>4,784,910,928</u>	<u>-</u>	<u>15,906,319,890</u>	<u>-</u>

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

8 INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	24,383,026,031	-	28,338,646,995	-
Raw materials	166,143,967,311	(14,132,277,523)	122,958,044,961	(15,252,502,637)
Tools and supplies	1,906,023,180	-	1,422,257,037	-
Work in progress	51,755,550,654	(1,571,074,645)	32,328,362,913	(1,399,614,442)
Finished goods	70,785,775,019	(815,677,604)	57,297,888,257	(3,104,925,908)
Merchandises	2,304,324,615	(19,622,548)	1,785,927,627	(13,592,404)
	<u>317,278,666,810</u>	<u>(16,538,652,320)</u>	<u>244,131,127,790</u>	<u>(19,770,635,391)</u>

As at end of period and beginning of period, inventories of VND80,000,000,000 and USD5,000,000 were used as mortgaged assets for short-term borrowings from banks (Note 16).

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

	Current period VND	Previous period VND
Opening balance	(19,770,635,391)	(13,801,974,212)
Increase	(2,037,489,761)	(4,952,150,279)
Reversal	5,269,472,832	4,507,711,802
Closing balance	<u>(16,538,652,320)</u>	<u>(14,246,412,689)</u>

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9 PREPAID EXPENSES

(a) Short-term

	Closing balance VND	Opening balance VND
Health and properties insurance	1,326,259,738	1,154,990,060
SAP system maintenance fees	904,091,586	-
Advertising and marketing expenses	121,853,604	1,483,238,457
Others	1,869,736,720	2,698,304,557
	<u>4,221,941,648</u>	<u>5,336,533,074</u>

(b) Long-term

	Closing balance VND	Opening balance VND
Tools and supplies	6,492,521,896	7,702,164,954
Others	895,847,226	889,624,361
	<u>7,388,369,122</u>	<u>8,591,789,315</u>

Movements in prepaid expenses during the period are as follows:

	Current period VND	Previous period VND
Opening balance	13,928,322,389	13,546,900,872
Increase	6,747,451,924	8,784,015,730
Transferred from construction in progress (Note 11)	965,020,953	2,098,994,213
Transferred from inventories	418,690,000	-
Transferred from fixed assets	-	29,605,000
Allocation	(10,449,174,496)	(9,684,977,947)
Closing balance	<u>11,610,310,770</u>	<u>14,774,537,868</u>

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10 FIXED ASSETS

(a) Tangible fixed assets

	Plant, buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
Opening balance	137,927,652,290	312,263,444,835	24,940,366,010	13,810,550,524	120,603,090,050	609,545,103,709
New purchases	-	7,335,718,551	496,385,455	386,000,000	-	8,218,104,006
Transfers from construction in progress (Note 11)	-	1,626,516,347	-	-	3,823,381,274	5,449,897,621
Disposals	-	(186,701,700)	-	-	(702,300,716)	(889,002,416)
Closing balance	137,927,652,290	321,038,978,033	25,436,751,465	14,196,550,524	123,724,170,608	622,324,102,920
Accumulated depreciation						
Opening balance	43,335,317,325	164,611,226,737	17,652,729,160	13,154,781,027	91,117,865,998	329,871,920,247
Charge for the period	3,394,513,078	14,408,751,616	1,401,580,917	305,356,020	4,681,940,165	24,192,141,796
Disposals	-	(186,701,700)	-	-	(702,300,716)	(889,002,416)
Closing balance	46,729,830,403	178,833,276,653	19,054,310,077	13,460,137,047	95,097,505,447	353,175,059,627
Net book value						
Opening balance	94,592,334,965	147,652,218,098	7,287,636,850	655,769,497	29,485,224,052	279,673,183,462
Closing balance	91,197,821,887	142,205,701,380	6,382,441,388	736,413,477	28,626,665,161	269,149,043,293

As at end of period, the historical cost of tangible assets which were fully depreciated but still in use was VND225,041,864,351 (as at beginning of period: VND202,881,212,013).

As at end of period, tangible fixed assets with a carrying value of VND148,645,926,989 (as at beginning of period: VND58,410,232,148) were used as mortgaged assets for short-term and long-term borrowings from banks (Note 16).

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10 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Copyright, patents VND	Total VND
Historical cost				
Opening balance	9,847,625,000	45,971,709,975	367,000,000	56,186,334,975
Closing balance	9,847,625,000	45,971,709,975	367,000,000	56,186,334,975
Accumulated amortisation				
Opening balance	1,175,864,496	33,382,108,281	367,000,000	34,924,972,777
Charge for the period	-	2,361,307,768	-	2,361,307,768
Closing balance	1,175,864,496	35,743,416,049	367,000,000	37,286,280,545
Net book value				
Opening balance	8,671,760,504	12,589,601,694	-	21,261,362,198
Closing balance	8,671,760,504	10,228,293,926	-	18,900,054,430

As at end of period, the historical cost of intangible assets which were fully amortised but still in use was VND10,169,900,413 (as at beginning of period: VND9,971,562,913).

As at end of period, intangible fixed assets with a carrying value of VND8,671,760,504 (as at beginning of period: VND8,671,760,504) were used as mortgaged assets for short-term borrowings from banks (Note 16(a)).

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11 CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Manufacturing molds	7,441,944,211	9,571,080,676
Machinery under installation	7,959,339,614	5,514,854,693
Others	257,842,500	257,842,500
	<u>15,659,126,325</u>	<u>15,343,777,869</u>

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

	Current period VND	Previous period VND
Opening balance	15,343,777,869	64,369,336,133
Increase in the period	6,743,324,876	11,793,062,110
Transfers to fixed assets (Note 10(a))	(5,449,897,621)	(58,190,235,492)
Transfers to prepaid expenses (Note 9)	(965,020,953)	(2,098,994,213)
Transfers to inventories	(13,057,846)	(2,734,989,348)
	<u>15,659,126,325</u>	<u>13,138,179,190</u>

12 SHORT-TERM TRADE ACCOUNTS PAYBLE

	Closing balance		Opening balance	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties				
Teibow Co., Ltd	18,119,471,720	18,119,471,720	7,365,991,650	7,365,991,650
Aubex Corporation	9,725,115,400	9,725,115,400	9,796,866,000	9,796,866,000
Others	52,883,676,811	52,883,676,811	75,394,099,925	75,394,099,925
Related parties (Note 33(b))	10,246,792,044	10,246,792,044	35,144,194,717	35,144,194,717
	<u>90,975,055,975</u>	<u>90,975,055,975</u>	<u>127,701,152,292</u>	<u>127,701,152,292</u>

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

13 TAX AND OTHER PAYABLES TO THE STATE

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

	Opening balance VND	Payable during the period VND	Payment during the period VND	Closing balance VND
Value added tax	7,878,027,791	16,966,813,559	(24,844,841,350)	-
Import – export duties	181,069,797	2,286,014,709	(2,467,084,506)	-
CIT - current	9,730,439,585	7,749,628,054	(9,730,439,585)	7,749,628,054
Personal income tax	1,588,678,533	12,928,476,704	(12,800,557,737)	1,716,597,500
	<u>19,378,215,706</u>	<u>39,930,933,026</u>	<u>(49,842,923,178)</u>	<u>9,466,225,554</u>

14 SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
13th & 14th month salary and incentive	14,719,758,270	34,075,428,503
Advertising and marketing	6,746,672,417	1,997,494,623
Interest expense	394,229,203	461,889,628
Others	579,120,055	1,400,146,481
	<u>22,439,779,945</u>	<u>37,934,959,235</u>

15 OTHER SHORT-TERM PAYABLES

	Closing balance VND	Opening balance VND
Union fees	881,624,240	935,680,040
Dividend payable	11,165,500	45,459,500
Allowance for the Board of Directors and Board of Supervision	3,153,060,000	3,425,500,843
Others	269,854,837	410,492,162
Related parties (Note 33(b))	27,759,317	9,580,845
	<u>4,343,463,894</u>	<u>4,826,713,390</u>

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

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16 BORROWINGS

(a) Short-term

	Opening balance		During the period		Closing balance	
	Value VND	Able-to-pay amount VND	Increase VND	Decrease VND	Value VND	Able-to-pay amount VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Western Saigon Branch (i)	68,101,512,180	68,101,512,180	102,819,740,933	(108,883,935,180)	62,037,317,933	62,037,317,933
Vietnam Joint Stock Commercial Bank for Industry and Trade - Western Saigon Branch (ii)	4,887,684,861	4,887,684,861	8,433,405,797	(8,462,964,978)	4,858,125,680	4,858,125,680
HSBC Bank (Vietnam) Limited (iii)	48,423,220,880	48,423,220,880	54,821,222,965	(70,014,758,510)	33,229,685,335	33,229,685,335
United Overseas Bank (Vietnam) Limited (iv)	4,026,436,195	4,026,436,195	49,722,122,337	(50,313,080,108)	3,435,478,424	3,435,478,424
	125,438,854,116	125,438,854,116	215,796,492,032	(237,674,738,776)	103,560,607,372	103,560,607,372
Current portion of long-term borrowings						
HSBC Bank (Vietnam) Limited (*)	7,753,846,158	7,753,846,158	5,169,230,772	(2,584,615,386)	10,338,461,544	10,338,461,544
	133,192,700,274	133,192,700,274	220,965,722,804	(240,259,354,162)	113,899,068,916	113,899,068,916

(b) Long-term

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

16 BORROWINGS (continued)

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

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

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

17 PROVISION FOR LONG-TERM LIABILITIES

Provision for long-term liabilities represents the provision for severance allowance in accordance with accounting policy presented in Note 2.16.

18 DEFERRED INCOME TAX

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

	Closing balance VND	Opening balance VND
Deferred tax assets to be recovered	<u>9,898,589,318</u>	<u>10,085,815,951</u>

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

	Current period VND	Previous period VND
Opening balance	10,085,815,951	9,060,106,545
Interim separate income statement (charge)/credit (Note 31)	<u>(187,226,633)</u>	<u>625,947,055</u>
Closing balance	<u>9,898,589,318</u>	<u>9,686,053,600</u>

Details of deferred tax assets

	Closing balance VND	Opening balance VND
Deductible temporary difference of provisions	8,363,352,690	9,402,872,092
Deductible temporary difference of accrued expenses	1,465,158,494	679,528,221
Deductible unrealised exchange rate differences of cash and receivables denominated in foreign currency	<u>70,078,134</u>	<u>3,415,638</u>
	<u>9,898,589,318</u>	<u>10,085,815,951</u>

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

19 OWNERS' CAPITAL

(a) Number of shares

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

(b) Details of owners' shareholding

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

(c) Movement of share capital

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

Par value per share: VND10,000.

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

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20 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Investment and development fund VND	Treasury shares VND	Undistributed earnings VND	Total VND
For six-month period ended 30 June 2019						
As at 1 January 2019	657,228,530,000	28,281,183,000	158,051,613,498	-	193,742,345,594	1,037,303,672,092
Shares issuance	50,000,000,000	364,663,619,300	-	-	-	414,663,619,300
Net profit for the period	-	-	-	-	110,598,344,246	110,598,344,246
Dividends payable from undistributed profit of 2018	-	-	-	-	(70,722,853,000)	(70,722,853,000)
Appropriation to investment and development fund	-	-	-	-	(35,326,109,058)	-
Appropriation to bonus and welfare fund from undistributed profit of 2018	-	-	35,326,109,058	-	(13,025,360,877)	(13,025,360,877)
Bonus for exceeding the budgeted profit	-	-	-	-	(2,192,000,000)	(2,192,000,000)
Allowance for the Board of Directors and Board of Supervision	-	-	-	-	(3,752,400,000)	(3,752,400,000)
As at 30 June 2019	707,228,530,000	392,944,802,300	193,377,722,556	-	179,321,966,905	1,472,873,021,761
For six-month period ended 30 June 2020						
As at 1 January 2020	777,944,530,000	392,944,802,300	158,019,722,556	-	249,334,683,908	1,578,243,738,764
Repurchase of treasury shares	-	-	-	(46,311,318,529)	-	(46,311,318,529)
Net profit for the period	-	-	-	-	28,952,747,037	28,952,747,037
Dividends payable (i)	-	-	-	-	(38,897,226,500)	(38,897,226,500)
Appropriation to investment and development fund (ii)	-	-	41,890,446,000	-	(41,890,446,000)	-
Appropriation to bonus and welfare fund (iii)	-	-	-	-	(16,377,404,977)	(16,377,404,977)
Bonus for exceeding the budgeted profit for management and employees (iv)	-	-	-	-	(9,634,820,000)	(9,634,820,000)
Bonus for exceeding the budgeted profit for the Board of Directors (iv)	-	-	-	-	(2,408,000,000)	(2,408,000,000)
Allowance for the Board of Directors and Board of Supervision (v)	-	-	-	-	(3,476,400,000)	(3,476,400,000)
As at 30 June 2020	777,944,530,000	392,944,802,300	199,910,168,556	(46,311,318,529)	165,603,133,468	1,490,091,315,795



20 MOVEMENTS IN OWNERS' EQUITY (continued)

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

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

21 DIVIDENDS

Movements of dividend payables during the period are as follows:

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

22 BONUS AND WELFARE FUND

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

	Current period VND	Previous period VND
Opening balance	12,250,275,888	11,641,911,988
Appropriated (Note 20)	26,012,224,977	15,217,360,877
Utilised	(29,292,265,000)	(24,763,431,000)
Closing balance	<u>8,970,235,865</u>	<u>2,095,841,865</u>

23 OFF BALANCE SHEET ITEMS

(a) Foreign currencies

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

	Closing balance	Opening balance
United States Dollar ("USD")	1,248,107	1,329,345
Euro ("EUR")	1,934	44,916
British Pound ("GBP")	1,920	1,920
Chinese Renminbi ("RMB")	10,395	3,099
Singapore Dollar ("SGD")	1,139	1,139
Korean Won ("KRW")	240,000	240,000
Thai Baht ("THB")	5,410	5,410
Australian Dollar ("AUD")	110	110
	<u> </u>	<u> </u>

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating leases were presented in Note 34.

24 NET REVENUE FROM SALES OF GOODS

	Current period VND	Previous period VND
Revenue		
Revenue from sales of finished goods	398,706,140,282	660,158,652,788
Revenue from sales of merchandises	28,062,668,200	44,712,095,372
	<u>426,768,808,482</u>	<u>704,870,748,160</u>
Sales deductions		
Trade discounts	(397,763,522)	-
Finished good returns	(941,496,372)	(3,463,415,513)
Merchandise returns	(204,550)	(37,964,300)
	<u>(1,339,464,444)</u>	<u>(3,501,379,813)</u>
Net revenue from sales of goods		
Net revenue from sales of finished goods	397,366,880,388	656,695,237,275
Net revenue from sales of merchandises	28,062,463,650	44,674,131,072
	<u>425,429,344,038</u>	<u>701,369,368,347</u>

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25 COST OF GOODS SOLD

	Current period VND	Previous period VND
Cost of finished goods and merchandises sold	287,527,752,505	440,845,764,434
(Reversal)/provision for decline in value of inventories	(3,231,983,071)	444,438,477
	<u>284,295,769,434</u>	<u>441,290,202,911</u>

26 FINANCIAL INCOME

	Current period VND	Previous period VND
Interest income from deposits	10,666,879,189	7,216,818,023
Realised foreign exchange gains	1,877,367,866	1,314,029,680
Dividend income	120,000,000	105,003,200
	<u>12,664,247,055</u>	<u>8,635,850,903</u>

27 FINANCIAL EXPENSES

	Current period VND	Previous period VND
Interest expense	4,605,124,518	3,539,450,927
Realised foreign exchange losses	1,260,827,348	539,796,200
Net loss from foreign currency translation at year-end	330,192,905	143,265,025
Provision for diminution in value of investments	52,592,000	-
Reversal of provision for diminution in value of investments	(902,800,000)	(650,844,042)
	<u>5,345,936,771</u>	<u>3,571,668,110</u>

28 SELLING EXPENSES

	Current period VND	Previous period VND
Marketing expenses	15,043,460,298	17,134,665,661
Staff costs	12,913,387,006	12,593,490,295
Depreciation	267,211,386	299,974,385
Others	8,938,510,191	10,931,603,195
	<u>37,162,568,881</u>	<u>40,959,733,536</u>

29 GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Previous period VND
Staff costs	54,135,649,625	61,605,741,683
Outside services expenses	8,465,105,614	10,527,491,027
Depreciation and amortisation	7,562,083,550	7,833,045,956
Others	6,519,600,907	7,898,820,194
	<u>76,682,439,696</u>	<u>87,865,098,860</u>

30 NET OTHER INCOME

	Current period VND	Previous period VND
Other income		
Fee charged for using SAP system	1,336,191,924	1,336,191,924
Rental income	203,805,936	103,500,000
Indemnity for damaged goods	107,300,668	66,763,369
Net gains on disposal of fixed assets	318,182	196,465,908
Others	635,138,744	500,532,045
	<u>2,282,755,454</u>	<u>2,203,453,246</u>
Other expenses		
Others	30,041	7,887,029
	<u>30,041</u>	<u>7,887,029</u>
Net other income	<u>2,282,725,413</u>	<u>2,195,566,217</u>

31 CIT

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

	Current period VND	Previous period VND
Net accounting profit before tax	36,889,601,724	138,514,082,050
Effect of:		
Income not subject to tax	(120,000,000)	(105,003,200)
Expenses not deductible for tax purposes	1,519,839,579	1,130,978,162
Temporary differences for which no deferred income tax was recognised	1,620,093,718	-
	<u>39,909,535,021</u>	<u>139,540,057,012</u>
Tax calculated at a rate of 20%	7,981,907,005	27,908,011,401
Adjustment for (over)/under-accrued CIT in previous periods	(45,052,318)	7,726,403
CIT charge (*)	<u>7,936,854,687</u>	<u>27,915,737,804</u>
Charged/(credited) to interim separate income statement:		
CIT – current	7,749,628,054	28,541,684,859
CIT – deferred (Note 18)	187,226,633	(625,947,055)
	<u>7,936,854,687</u>	<u>27,915,737,804</u>

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

32 COSTS OF OPERATION BY FACTORS

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

	Current period VND	Previous period VND
Raw materials	196,846,409,142	267,557,816,150
Staff costs	128,649,237,227	143,404,177,597
Depreciation and amortisation	26,553,449,564	24,869,978,277
Outside service expenses	23,508,565,912	27,662,156,688
Others	32,979,053,734	43,614,977,617
	<u>408,536,715,579</u>	<u>507,109,106,329</u>

33 RELATED PARTY DISCLOSURES

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

During the period, the Company has balances and transactions with related parties as follows:

Related party	Relationship
Thien Long An Think Investment Corporation	Major 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
Flexoffice Pte. Ltd.	Subsidiary

(a) Related party transactions

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

	Current period VND	Previous period VND
i) Sales of goods		
Thien Long Long Thanh Manufacturing and Trading Company Limited	16,811,568,388	23,423,291,361
Thien Long Global Trading and Service One Member Company Limited	239,711,665,380	496,764,354,865
Tan Luc South Trading and Service One Member Company Limited	8,181,026,100	13,378,332,570
Tan Luc North Trading and Service One Member Company Limited	5,476,355,200	11,087,587,390
Tan Luc Middle Trading and Service One Member Company Limited	1,147,832,540	3,044,296,320
FlexOffice Pte. Ltd.	88,893,517	-
	271,417,341,125	547,697,862,506

33 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	Current period VND	Previous period VND
<i>ii) Purchases of goods</i>		
Thien Long Long Thanh Manufacturing and Trading Company Limited	23,428,117,682	23,641,661,130
Thien Long Global Trading and Service One Member Company Limited	745,796,305	1,333,453,488
Tan Luc South Trading and Service One Member Company Limited	906,405,593	1,844,294,610
Tan Luc North Trading and Service One Member Company Limited	-	33,912,727
Tan Luc Middle Trading and Service One Member Company Limited	-	8,300,377
	<u>25,080,319,580</u>	<u>26,861,622,332</u>
<i>iii) Rental income</i>		
Thien Long Global Trading and Service One Member Company Limited	30,000,000	30,000,000
Tan Luc South Trading and Service One Member Company Limited	12,000,000	16,000,000
Tan Luc North Trading and Service One Member Company Limited	24,000,000	24,000,000
Tan Luc Middle Trading and Service One Member Company Limited	12,000,000	12,000,000
	<u>78,000,000</u>	<u>82,000,000</u>
<i>iv) Rental expenses</i>		
Thien Long Global Trading and Service One Member Company Limited	<u>45,000,000</u>	<u>45,000,000</u>

33 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	Current period VND	Previous period VND
v) Fee charged for using SAP system		
Thien Long Long Thanh Manufacturing and Trading Company Limited	580,907,280	580,907,280
Thien Long Global Trading and Service One Member Company Limited	405,284,148	405,284,148
Tan Luc South Trading and Service One Member Company Limited	214,773,030	214,773,030
Tan Luc North Trading and Service One Member Company Limited	135,227,466	135,227,466
	<u>1,336,191,924</u>	<u>1,336,191,924</u>
vi) Dividend declared		
Thien Long An Think Investment Corporation	18,675,476,000	33,955,412,000
	<u>18,675,476,000</u>	<u>33,955,412,000</u>
vii) Compensation of key management		
Gross salaries and other benefits	26,502,447,416	27,893,983,700
	<u>26,502,447,416</u>	<u>27,893,983,700</u>

(b) Period end balances with related parties

	Closing balance VND	Opening balance VND
Short-term trade accounts receivable (Note 5)		
Thien Long Long Thanh Manufacturing and Trading Company Limited	11,859,366,475	12,735,906,667
Thien Long Global Trading and Service One Member Company Limited	278,252,595,831	263,363,763,171
Tan Luc South Trading and Service One Member Company Limited	15,323,860,985	18,565,862,641
Tan Luc North Trading and Service One Member Company Limited	6,199,140,932	8,803,029,438
Tan Luc Middle Trading and Service One Member Company Limited	2,488,617,604	1,817,971,210
	<u>314,123,581,827</u>	<u>305,286,533,127</u>

33 RELATED PARTY DISCLOSURES (continued)

(b) Period end balances with related parties (continued)

	Closing balance VND	Opening balance VND
Short-term trade accounts payable (Note 12)		
Thien Long Long Thanh Manufacturing and Trading Company Limited	9,861,279,071	30,252,835,100
Thien Long Global Trading and Service One Member Company Limited	38,040,982	1,223,057,844
Tan Luc South Trading and Service One Member Company Limited	347,471,991	3,489,316,272
Tan Luc North Trading and Service One Member Company Limited	-	178,985,501
	<u>10,246,792,044</u>	<u>35,144,194,717</u>
Other short-term payables (Note 15)		
Tan Luc South Trading and Service One Member Company Limited	27,316,937	9,580,845
Tan Luc North Trading and Service One Member Company Limited	442,380	-
	<u>27,759,317</u>	<u>9,580,845</u>

34 COMMITMENT UNDER OPERATING LEASES

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

	Closing balance VND	Opening balance VND
Within one year	6,682,243,833	5,312,194,455
Between one and five years	11,510,251,200	10,598,039,040
Total minimum payments	<u>18,192,495,033</u>	<u>15,910,233,495</u>

35 EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE

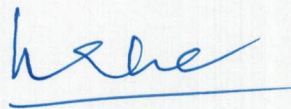
Pursuant to the Resolution No. 01/2020/NQ-DHDCD dated 24 June 2020 of the Annual General Meeting of Shareholders and the Resolution No. 07/2020/NQ-HDQT dated 8 July 2020 of the Board of Directors, the Board of Directors approved the third payment of dividend to the current shareholders from consolidated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

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

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




Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam 
Chief Executive Officer