



THIÊN LONG GROUP CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

INTERIM SEPARATE FINANCIAL STATEMENTS

For the 6-month period ended 30 June 2019

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THIEN LONG GROUP CORPORATION

Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park
Binh Tan District, Ho Chi Minh City, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Thien Long Group Corporation (the "Company") presents this report together with the Company's interim separate financial statements for the 6-month period ended 30 June 2019.

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 Company 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
Mr. Tayfun Uner	Member (appointed on 30 May 2019)

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 Personnel

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

Legal representative of the Company during the period and to the date of these interim separate financial statements is Mr. Co Gia Tho. Mr. Nguyen Dinh Tam is authorized to sign the interim separate financial statements for the 6-month period ended 30 June 2019.



THIEN LONG GROUP CORPORATION

Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park
Binh Tan District, Ho Chi Minh City, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Company is responsible for preparing the interim separate financial statements which give a true and fair view of the financial position of the Company as at 30 June 2019 and of its results and 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. 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;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim separate financial statements;
- prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the interim separate financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the interim separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



Nguyen Dinh Tam
Chief Executive Officer
27 August 2019

No.: 0186 /VN1A-HC-BC

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim separate financial statements of Thien Long Group Corporation (the "Company"), prepared on 27 August 2019 as set out from page 4 to page 29, which comprise the interim separate balance sheet as at 30 June 2019, the interim separate income statement and interim separate cash flow statement for the 6-month period then ended and a summary of significant accounting policies and other explanatory information.

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

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

Auditors' Responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the interim separate financial position of the Company as at 30 June 2019, and of its interim separate financial performance and its interim separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim separate financial reporting.



Nguyen Minh Thao
Audit Partner
Audit Practising Registration Certificate
No. 1902-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
27 August 2019
Ho Chi Minh City, Vietnam

INTERIM SEPARATE BALANCE SHEET
 As at 30 June 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,150,066,850,371	726,109,095,421
I. Cash and cash equivalents	110	4	199,891,216,013	112,647,434,664
1. Cash	111		65,891,216,013	72,647,434,664
2. Cash equivalents	112		134,000,000,000	40,000,000,000
II. Short-term financial investments	120	5	293,000,000,000	-
1. Held-to-maturity investments	123		293,000,000,000	-
III. Short-term receivables	130		368,708,588,474	289,840,144,741
1. Short-term trade receivables	131	6	353,658,780,321	283,923,663,542
2. Short-term advances to suppliers	132	7	8,122,169,676	3,229,480,583
3. Other short-term receivables	136	8	6,927,638,477	2,687,000,616
IV. Inventories	140	9	282,352,625,258	318,209,262,556
1. Inventories	141		296,599,037,947	332,011,236,768
2. Provision for devaluation of inventories	149		(14,246,412,689)	(13,801,974,212)
V. Other short-term assets	150		6,114,420,626	5,412,253,460
1. Short-term prepayments	151	10	6,114,420,626	5,412,253,460
B. NON-CURRENT ASSETS	200		623,971,736,093	621,950,444,642
I. Long-term receivables	210		982,197,328	979,197,328
1. Other long-term receivables	216	8	982,197,328	979,197,328
II. Fixed assets	220		305,906,193,530	259,582,044,734
1. Tangible fixed assets	221	11	285,634,499,810	237,430,025,218
- Cost	222		592,477,769,928	536,521,320,356
- Accumulated depreciation	223		(306,843,270,118)	(299,091,295,138)
2. Intangible assets	227	12	20,271,693,720	22,152,019,516
- Cost	228		54,884,011,631	54,620,235,881
- Accumulated amortization	229		(34,612,317,911)	(32,468,216,365)
III. Investment property	230	13	65,011,388,738	59,888,350,067
- Cost	231		65,011,388,738	59,888,350,067
IV. Long-term assets in progress	240		13,138,179,190	64,369,336,133
1. Construction in progress	242	14	13,138,179,190	64,369,336,133
V. Long-term financial investments	250	5	220,587,606,465	219,936,762,428
1. Investments in subsidiaries	251		199,500,000,000	199,500,000,000
2. Equity investments in other entities	253		30,685,000,000	30,685,000,000
3. Provision for impairment of long-term financial investments	254		(9,597,393,535)	(10,248,237,577)
VI. Other long-term assets	260		18,346,170,842	17,194,753,957
1. Long-term prepayments	261	10	8,660,117,242	8,134,647,412
2. Deferred tax assets	262	15	9,686,053,600	9,060,106,545
TOTAL ASSETS (270=100+200)	270		1,774,038,586,464	1,348,059,540,063


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


INTERIM SEPARATE BALANCE SHEET (Continued)

As at 30 June 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		301,165,564,703	310,755,867,971
I. Current liabilities	310		252,027,828,353	287,330,064,967
1. Short-term trade payables	311	16	98,622,711,241	75,747,832,423
2. Short-term advances from customers	312	17	10,610,807,263	3,107,151,405
3. Taxes and amounts payable to the State budget	313	18	34,059,314,170	6,973,952,827
4. Payables to employees	314		9,897,640,835	9,180,285,000
5. Short-term accrued expenses	315	19	24,354,911,118	34,270,913,582
6. Other current payables	319	20	5,088,425,113	4,457,168,818
7. Short-term loans	320	22	67,298,176,748	141,950,848,924
8. Bonus and welfare funds	322	25	2,095,841,865	11,641,911,988
II. Long-term liabilities	330		49,137,736,350	23,425,803,004
1. Long-term loans	338	23	25,846,153,845	-
2. Long-term provisions	342	21	23,291,582,505	23,425,803,004
D. EQUITY	400		1,472,873,021,761	1,037,303,672,092
I. Owner's equity	410	24	1,472,873,021,761	1,037,303,672,092
1. Owner's contributed capital	411		707,228,530,000	657,228,530,000
- Ordinary shares carrying voting rights	411a		707,228,530,000	657,228,530,000
2. Share premium	412		392,944,802,300	28,281,183,000
3. Investment and development fund	418		193,377,722,556	158,051,613,498
4. Retained earnings	421		179,321,966,905	193,742,345,594
- Retained earnings/(losses) accumulated to the prior period/year end	421a		72,476,022,659	(50,369,624,574)
- Retained earnings of the current period/year	421b		106,845,944,246	244,111,970,168
TOTAL RESOURCES (440=300+400)	440		1,774,038,586,464	1,348,059,540,063


 Dao Xuan Nam
 Preparer


 Nguyen Ngoc Nhon
 Chief Accountant




 Nguyen Dinh Tam
 Chief Executive Officer
 27 August 2019

INTERIM SEPARATE INCOME STATEMENT
 For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold	01		704,870,748,160	676,850,927,011
2. Deductions	02		3,501,379,813	8,211,967,250
3. Net revenue from goods sold (10=01-02)	10	27	701,369,368,347	668,638,959,761
4. Cost of sales	11		441,290,202,911	431,309,476,763
5. Gross profit from goods sold (20=10-11)	20		260,079,165,436	237,329,482,998
6. Financial income	21	29	8,635,850,903	59,757,592,113
7. Financial expenses	22	30	3,571,668,110	5,525,022,919
- In which: Interest expense	23		3,539,450,927	3,829,262,604
8. Selling expenses	25	31	40,959,733,536	44,737,470,751
9. General and administration expenses	26	31	87,865,098,860	84,132,931,816
10. Operating profit (30=20+(21-22)-(25+26))	30		136,318,515,833	162,691,649,625
11. Other income	31		2,203,453,246	4,066,575,156
12. Other expenses	32		7,887,029	70,081,045
13. Profit from other activities (40=31-32)	40	32	2,195,566,217	3,996,494,111
14. Accounting profit before tax (50=30+40)	50		138,514,082,050	166,688,143,736
15. Current corporate income tax expense	51	33	28,541,684,859	22,682,219,839
16. Deferred corporate tax income	52	15	(625,947,055)	(37,905,252)
17. Net profit after corporate income tax (60=50-51-52)	60		110,598,344,246	144,043,829,149



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam
Chief Executive Officer
27 August 2019

INTERIM SEPARATE CASH FLOW STATEMENT
 For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	138,514,082,050	166,688,143,736
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	23,791,201,391	21,212,050,208
Provisions	03	(340,626,064)	593,430,316
Foreign exchange loss/(gain) arising from translating foreign currency items	04	212,474,626	(351,843,690)
Gain from investing activities	05	(7,518,287,131)	(59,014,134,478)
Interest expense	06	3,539,450,927	3,829,262,604
3. Operating profit before movements in working capital	08	158,198,295,799	132,956,908,696
Changes in receivables	09	(74,282,242,035)	(165,460,742,110)
Changes in inventories	10	32,715,233,874	(60,468,864,487)
Changes in payables	11	29,902,874,505	4,590,815,885
Changes in prepaid expenses	12	(1,441,126,702)	(6,007,771,538)
Interest paid	14	(3,709,150,368)	(3,715,749,869)
Corporate income tax paid	15	(9,477,958,579)	(10,331,168,440)
Other cash outflows	17	(27,942,431,000)	(25,313,070,000)
Net cash generated by/(used in) operating activities	20	103,963,495,494	(133,749,641,863)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(21,592,484,098)	(73,697,492,400)
2. Proceeds from sale, disposals of fixed assets	22	196,465,908	605,454,546
3. Cash outflow for term deposits	23	(293,000,000,000)	-
4. Equity investments in other entities	25	-	(42,000,000,000)
5. Interest, dividends and profits received	27	2,646,907,527	59,468,362,885
Net cash used in investing activities	30	(311,749,110,663)	(55,623,674,969)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue	31	414,663,619,300	-
2. Proceeds from borrowings	33	216,196,323,202	322,499,244,463
3. Repayment of borrowings	34	(265,002,841,533)	(223,450,318,038)
4. Dividends paid	36	(70,758,494,850)	(50,556,256,000)
Net cash generated by financing activities	40	295,098,606,119	48,492,670,425
Net increase/(decrease) in cash (50=20+30+40)	50	87,312,990,950	(140,880,646,407)
Cash and cash equivalents at the beginning of the period	60	112,647,434,664	322,850,438,614
Effects of changes in foreign exchange rates	61	(69,209,601)	(1,666,031)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	199,891,216,013	181,968,126,176



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant




Nguyen Dinh Tam
Chief Executive Officer
27 August 2019

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

Thien Long Group Corporation was incorporated in Vietnam as a joint stock company under the Business Registration Certificate No. 4103003187 dated 14 March 2005 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended. According to the sixteenth amended Business Registration Certificate dated 25 March 2019, the Company's charter capital is VND 707,228,530,000.

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

Major shareholders of the Company are Thien Long An Think Investment Corporation owning 48.01%, NWL Cayman Holdings Ltd owning 7.07% and Mr. Co Gia Tho owning 5.91% of share capital of the Company.

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

The number of employees of the Company as at 30 June 2019 was 1,429 (as at 31 December 2018: 1,536).

Operating industry and principal activities

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

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

Normal production and business cycle

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

The Company's structure

As at 30 June 2019, 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	Ha Noi City	100%	100%	Trading stationery
Tan Luc Middle Trading and Service One Member Company Limited	Da Nang City	100%	100%	Trading stationery

According to Resolution No. 06/2019/NQ-HDQT dated 20 May 2019, the Board of Directors approved an offshore investment project through the establishment of FlexOffice Pte. Ltd. in Singapore with total investment amount of USD 814,402 (equivalent to VND 19,000,000,000), the main activities are to trade stationery. At the date of these interim separate financial statements, the Company is still in the process of completing legal procedures to establish this new subsidiary.

Disclosure of comparative information in the interim separate financial statements

The comparative figures of the interim separate balance sheet are the figures of audited separate financial statements for the year ended 31 December 2018. The comparative figures of the interim separate income statement and interim separate cash flow statement are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2018.

2. ACCOUNTING CONVENTION AND FINANCIAL PERIOD

Accounting convention

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

The separate financial statements are prepared solely to present the separate financial position of the Company as at 30 June 2019, and its separate results of operations and cash flows for the 6-month period then ended. Therefore, the Company did not consolidate its investments in subsidiaries in these separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

Financial period

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

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

Investments in subsidiaries

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

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

Equity investments in other entities

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

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

Provision for impairment of investment

Provisions for impairment of held-to-maturity investments, investments in subsidiaries and equity investments 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, advances 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 realizable 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 realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<u>Years</u>
Buildings and structures	3 - 25
Machinery and equipment	3 - 15
Motor vehicles	6 - 8
Office equipment	2 - 7
Moulds and others	3 - 5

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 recognized in the interim separate income statement.

Intangible assets and amortization

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

Definite land use rights are amortized 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 amortized.

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

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

Investment property

Investment properties are composed of land use right held by the Company for capital appreciation. Investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs.

Operating lease

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

The Company as lessor

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

The Company as lessee

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

Construction in progress

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

Prepayments

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

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

Provisions

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

The severance pay to employee is accrued at the end of each reporting year 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 Labor 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 separate income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employees upon termination of their labor contract following Article 48 of the Labor Code dated 18 June 2012.

Revenue recognition

Revenue from the sale of goods is recognized 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 recognized when all five (5) following conditions are satisfied:

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

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

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

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

Borrowing costs

Borrowing costs are recognized in the interim separate income statement in the period when incurred unless they are capitalized 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 interim balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the interim separate income statement.

Taxation

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

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

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

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

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

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

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

Dividends distribution and funds appropriation

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

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	623,403,441	531,483,319
Bank demand deposits	65,267,812,572	72,115,951,345
Cash equivalents (*)	134,000,000,000	40,000,000,000
	<u>199,891,216,013</u>	<u>112,647,434,664</u>

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

As at 30 June 2019, the Company has pledged a deposit with a period of 2 months of VND 500,000,000 was provided as L/C payment at the commercial bank (as at 31 December 2018: nil).

5. FINANCIAL INVESTMENTS

a. Held-to-maturity investments

Held-to-maturity investments represent time deposits at commercial banks with original maturity terms from 6 months to 12 months and earn interest at the applicable rate.

As at 30 June 2019, the Company has pledged a deposit with a period of 6 months of VND 20,000,000,000 was provided as L/C payment at the commercial bank (as at 31 December 2018: nil).

b. Long-term financial investments

	Closing balance VND	Opening balance VND
Investment in subsidiaries		
Thien Long Long Thanh Manufacturing and Trading Company Limited	69,500,000,000	69,500,000,000
Thien Long Global Trading and Service One Member Company Limited	40,000,000,000	40,000,000,000
Tan Luc South Trading and Service One Member Company Limited	40,000,000,000	40,000,000,000
Tan Luc North Trading and Service One Member Company Limited	40,000,000,000	40,000,000,000
Tan Luc Middle Trading and Service One Member Company Limited	10,000,000,000	10,000,000,000
	<u>199,500,000,000</u>	<u>199,500,000,000</u>
Equity investments in the entities		
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		
Kinh Do Land Corporation	(5,489,200,000)	(6,092,220,000)
Saigon Securities Investment Fund A2	(3,565,000,000)	(3,565,000,000)
Brilliant Chip Joint Stock Company	(543,193,535)	(591,017,577)
	<u>(9,597,393,535)</u>	<u>(10,248,237,577)</u>
	<u>220,587,606,465</u>	<u>219,936,762,423</u>

Changes in the provision for long-term investments during the current period and prior period were as follows:

	Current period VND	Prior period VND
Opening balance	(10,248,237,577)	(10,990,511,609)
Reversal of provision	650,844,042	-
Closing balance	<u>(9,597,393,535)</u>	<u>(10,990,511,609)</u>

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
a. Receivables from related parties (Note 34)	291,922,446,311	218,866,855,587
b. Receivables from third-parties		
- Crayolla LLC	13,748,511,680	6,592,190,868
- Like Link Co., Ltd.	10,961,513,490	12,000,015,553
- LKHP Trading Services Co., Ltd	7,552,658,114	4,716,774,850
- SQI Group Int'l. Corp.	7,109,847,585	17,711,787,283
- EASTPOINT	3,298,991,515	7,976,115,924
- Other customers	19,064,811,626	16,059,923,477
	<u>353,658,780,321</u>	<u>283,923,663,542</u>

As noted further in Note 22, as at 30 June 2019, trade receivables of VND 50,000,000,000 was provided as collateral for loans obtained from banks (as at 31 December 2018: USD 2,000,000).

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
MNG Vietnam Trading Company Limited	1,217,480,000	-
Vietnamese Students Development and Support Center	1,146,464,000	-
Vietnamese Children Development and Support Center	892,507,440	-
Jangoh Machinery Co.,Ltd.	-	1,409,272,998
D.Guan KLT & Casine E.Technology	-	349,713,388
Other suppliers	4,865,718,236	1,470,494,197
	<u>8,122,169,676</u>	<u>3,229,480,583</u>

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
- Advances to employees	1,751,271,070	1,059,107,833
- Accruals of interest income from bank deposits	5,160,486,299	485,572,603
- Deposits	-	281,650,000
- Others	15,881,108	860,670,180
	<u>6,927,638,477</u>	<u>2,687,000,616</u>
b. Long-term		
- Deposits	982,197,328	979,197,328
	<u>982,197,328</u>	<u>979,197,328</u>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	15,423,059,364	-	23,431,632,914	-
Raw materials	175,893,736,787	(12,721,715,049)	183,739,011,392	(11,781,336,529)
Tools and supplies	2,142,371,238	-	1,732,516,748	-
Work in progress	37,096,543,027	(437,513,533)	28,683,971,264	(160,586,938)
Finished goods	63,182,869,817	(1,056,704,847)	92,146,714,752	(1,853,588,016)
Merchandise	2,860,457,714	(30,479,260)	2,277,389,698	(6,462,729)
	<u>296,599,037,947</u>	<u>(14,246,412,689)</u>	<u>332,011,236,768</u>	<u>(13,801,974,212)</u>

As noted further in Note 22, as at 30 June 2019, the total value of inventories consist of VND 80,000,000,000 and USD 5,000,000 was provided as collateral for loans obtained from banks (as at 31 December 2018: USD 3,500,000).

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

	Current period VND	Prior period VND
Opening balance	(13,801,974,212)	(10,461,041,222)
Additional provision	(4,952,150,279)	(4,772,840,285)
Reversal of provision	4,507,711,802	3,755,460,769
Closing balance	<u>(14,246,412,689)</u>	<u>(11,478,420,738)</u>

10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
- Advertising and marketing expenses	2,420,917,856	1,070,305,431
- SAP maintenance fee	904,376,766	-
- Tools and supplies	341,175,826	820,461,802
- Health and asset insurance	1,430,636,414	1,002,523,451
- Others	1,017,313,764	2,518,962,776
	<u>6,114,420,626</u>	<u>5,412,253,460</u>
b. Long-term		
- Tools and supplies	7,726,558,004	6,932,452,235
- Others	933,559,238	1,202,195,177
	<u>8,660,117,242</u>	<u>8,134,647,412</u>



11. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Moulds and others VND	Total VND
COST						
Opening balance	137,927,652,290	245,317,286,896	25,429,063,060	13,655,057,438	114,192,260,672	536,521,320,356
Additions	-	59,946,572,025	260,000,000	141,887,000	10,581,892,298	70,930,351,323
Disposals	-	(1,178,981,823)	(305,395,686)	(34,893,914)	(13,454,630,328)	(14,973,901,751)
Closing balance	137,927,652,290	304,084,877,098	25,383,667,374	13,762,050,524	111,319,522,642	592,477,769,928
ACCUMULATED DEPRECIATION						
Opening balance	36,443,912,316	137,831,175,977	15,537,643,737	12,369,639,396	96,908,923,712	299,091,295,138
Charge for the period	3,450,372,583	13,674,262,339	1,467,658,788	479,258,566	3,654,324,455	22,725,876,731
Disposals	-	(1,178,981,823)	(305,395,686)	(34,893,914)	(13,454,630,328)	(14,973,901,751)
Closing balance	39,894,284,899	150,326,456,493	16,699,906,839	12,814,004,048	87,108,617,839	306,843,270,118
NET BOOK VALUE						
Opening balance	101,483,739,974	107,486,110,919	9,891,419,323	1,285,418,042	17,283,336,960	237,430,025,218
Closing balance	98,033,367,391	153,758,420,605	8,683,760,535	948,046,476	24,210,904,803	285,634,499,810
<i>In which</i>						
<i>Pledged as loan security (Note 22 and 23)</i>	5,948,956,501	57,101,739,560	-	-	1,603,078,971	64,653,775,032

As at 30 June 2019, the cost of tangible fixed assets included VND 192.081.279.307 (as at 31 December 2018: VND 192,818,195,767) of assets which have been fully depreciated but are still in use.



12. INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Copyrights, patents VND	Others VND	Total VND
COST					
Opening balance	9,847,625,000	44,289,632,481	367,000,000	115,978,400	54,620,235,881
Additions	-	263,775,750	-	-	263,775,750
Closing balance	9,847,625,000	44,553,408,231	367,000,000	115,978,400	54,884,011,631
ACCUMULATED DEPRECIATION					
Opening balance	1,175,864,496	30,809,373,469	367,000,000	115,978,400	32,468,216,365
Charge for the period	-	2,144,101,546	-	-	2,144,101,546
Closing balance	1,175,864,496	32,953,475,015	367,000,000	115,978,400	34,612,317,911
NET BOOK VALUE					
Opening balance	8,671,760,504	13,480,259,012	-	-	22,152,019,516
Closing balance	8,671,760,504	11,599,933,216	-	-	20,271,693,720
<i>In which</i>					
<i>Pledged as loan security (Note 22)</i>	8,671,760,504	-	-	-	8,671,760,504

As at 30 June 2019, the cost of intangible assets included VND 11,422,935,633 (as at 31 December 2018: VND 10,174,995,633) of assets which have been fully amortized but are still in use.

13. INVESTMENT PROPERTY

As at 30 June 2019, the investment property of the Company includes land use right at Lot 209, Thac Gian Ward, Thanh Khe District, Da Nang City. This property is held for sales pursuant to the Board of Directors' Resolution No. 16/2018/NQ-HDQT dated 27 November 2018.

According to VAS No. 05 - *Investment Properties*, fair value of investment property as at 30 June 2019 is required to be disclosed. However, the Company could not determine the fair value as at 30 June 2019 as the Company is unable to reference to market price of similar property; therefore, no information about the fair value is disclosed in the notes to the interim separate financial statements.

14. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Moulds under installation	7,249,364,854	15,552,737,327
Equipment under installation	3,220,687,836	46,383,344,530
Others	2,668,126,500	2,433,254,276
	<u>13,138,179,190</u>	<u>64,369,336,133</u>

15. DEFERRED TAX ASSETS

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

	Accrued expense VND	Provisions VND	Foreign exchange difference VND	Total VND
Prior period's opening balance	625,577,025	7,284,831,618	(33,474,721)	7,876,933,922
Credit/(charge) to profit for the period	4,016,582	118,686,064	(84,797,394)	37,905,252
Prior period's closing balance	629,593,607	7,403,517,682	(118,272,115)	7,914,839,174
Current period's opening balance	773,499,641	8,191,724,541	94,882,363	9,060,106,545
Credit/(charge) to profit for the period	604,016,790	85,828,308	(63,898,043)	625,947,055
Current period's closing balance	<u>1,377,516,431</u>	<u>8,277,552,849</u>	<u>30,984,320</u>	<u>9,686,053,600</u>

16. SHORT-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
a. Payable to related parties (Note 34)	11,871,677,663	5,619,069,126
b. Payable to third-parties		
- Basell Asia Pacific	-	7,781,641,445
- Teibow Co., Ltd.	905,520,000	3,687,707,376
- Gc Marketing Solutions Co., Ltd.	6,026,880,000	-
- Other suppliers	79,818,633,578	58,659,414,476
	<u>98,622,711,241</u>	<u>75,747,832,423</u>

17. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance VND	Opening balance VND
Summit Building Co., Ltd	10,000,000,000	-
Other customers	610,807,263	3,107,151,405
	<u>10,610,807,263</u>	<u>3,107,151,405</u>

18. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable VND	Paid VND	Closing balance VND
Output value added tax	1,750,291,593	37,438,071,097	(29,769,421,318)	9,418,941,372
Import tax	-	3,336,496,570	(3,336,496,570)	-
Corporate income tax	4,361,601,412	28,541,684,859	(9,477,958,579)	23,425,327,692
Personal income tax	862,059,822	11,899,951,181	(11,546,965,897)	1,215,045,106
	6,973,952,827	81,216,203,707	(54,130,842,364)	34,059,314,170

19. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
13th & 14th month salary and incentive	16,788,248,169	29,971,660,000
Advertisement and marketing expenses	6,167,707,014	1,841,443,151
Interest expense	262,055,934	431,755,375
Others	1,136,900,001	2,026,055,056
	24,354,911,118	34,270,913,582

20. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
Dividends	11,165,500	46,807,350
Trade union fee	913,841,200	916,853,723
Others	4,163,418,413	3,493,507,745
	5,088,425,113	4,457,168,818

21. LONG-TERM PROVISIONS

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



22. SHORT-TERM LOANS

	Opening balance		During the period		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
a. Short-term loans						
Bank for Investment and Development of Vietnam JSC - West Saigon Branch	65,309,721,906	65,309,721,906	97,811,786,742	(123,562,335,248)	39,559,173,400	39,559,173,400
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	2,063,759,062	2,063,759,062	26,126,912,459	(28,190,671,521)	-	-
HSBC Bank (Vietnam) Ltd.	37,681,752,926	37,681,752,926	44,880,080,058	(69,885,043,391)	12,676,789,593	12,676,789,593
United Overseas Bank (Vietnam)	34,244,281,429	34,244,281,429	19,377,543,943	(40,713,457,772)	12,908,367,600	12,908,367,600
	139,299,515,323	139,299,515,323	188,196,323,202	(262,351,507,932)	65,144,330,593	65,144,330,593
b. Current portion of long-term loans (Note 23)	2,651,333,601	2,651,333,601	2,153,846,155	(2,651,333,601)	2,153,846,155	2,153,846,155
	141,950,848,924	141,950,848,924	190,350,169,357	(265,002,841,533)	67,298,176,748	67,298,176,748

Short-term loan with Joint Stock Commercial Bank for Investment and Development of Vietnam – West Saigon Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Company used its land use rights, buildings and structures, machinery and equipment as collaterals for the loan (see Note 11 and 12).

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

Short-term loan with HSBC Bank (Vietnam) Ltd. is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Company used its trade receivables, inventories, buildings and structures as collaterals for the loan (see Note 6, 9 and 11).

Short-term loan with United Overseas Bank (Vietnam) is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Company used its inventories as collaterals for the loan (see Note 9).

23. LONG-TERM LOANS

	Opening balance		During the period		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	2,651,333,601	2,651,333,601	-	(2,651,333,601)	-	-
HSBC Bank (Vietnam) Ltd.	-	-	28,000,000,000	-	28,000,000,000	28,000,000,000
	2,651,333,601	2,651,333,601	28,000,000,000	(2,651,333,601)	28,000,000,000	28,000,000,000

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	2,153,846,155	2,651,333,601
From second to fifth year	25,846,153,845	-
	28,000,000,000	2,651,333,601
Less: Amount due for settlement within 12 months (Note 22)	(2,153,846,155)	(2,651,333,601)
	25,846,153,845	-

Long-term loan with HSBC Bank (Vietnam) Ltd. is obtained to finance for its purchase and installation of fixed assets. The facility bears interest determined specifically in each debit note. The Company used its machinery and equipment as collaterals for the loan (see Note 11).

24. OWNERS' EQUITY

Movement of owners' equity

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
For the 6-month period ended 30 June 2018					
Prior period's opening balance	505,562,560,000	28,281,183,000	125,884,643,498	196,420,872,815	856,149,259,313
Profit for the period	-	-	-	144,043,829,149	144,043,829,149
Transferred to Investment and development fund from 2017's profit after tax	-	-	32,166,970,000	(32,166,970,000)	-
Transferred to Bonus and welfare fund from 2017's profit after tax	-	-	-	(12,401,301,389)	(12,401,301,389)
Allowance for the Boards of Directors and Supervisors	-	-	-	(3,150,000,000)	(3,150,000,000)
Prior period's ending balance	505,562,560,000	28,281,183,000	158,051,613,498	292,746,430,575	984,641,787,073
For the 6-month period ended 30 June 2019					
Current period's opening balance	657,228,530,000	28,281,183,000	158,051,613,498	193,742,345,594	1,037,303,672,092
Issuance of new shares	50,000,000,000	364,663,619,300	-	-	414,663,619,300
Profit for the period	-	-	-	110,598,344,246	110,598,344,246
Dividends declared from 2018's profit after tax	-	-	-	(70,722,853,000)	(70,722,853,000)
Transferred to Investment and development fund from 2018's profit after tax	-	-	35,326,109,058	(35,326,109,058)	-
Transferred to Bonus and welfare fund from 2018's profit after tax	-	-	-	(15,217,360,877)	(15,217,360,877)
Allowance for the Boards of Directors and Supervisors	-	-	-	(3,752,400,000)	(3,752,400,000)
Current period's closing balance	707,228,530,000	392,944,802,300	193,377,722,556	179,321,966,905	1,472,873,021,761

According to the Resolution No. 01/2019/NQ-HDQT dated 26 February 2019, the Board of Directors of the Company has approved the increase of the Company's charter capital by issuing private shares with the number 5,000,000 shares with par value of VND 10,000/share.

At as 5 March 2019, the Company has successfully issued 5,000,000 shares at par value of VND 10,000/share for NWL Cayman Holdings Ltd with the selling price of 85,000 VND/share. The company has reported the results of private placement of shares to the State Securities Commission and Ho Chi Minh City Stock Exchange with the Official Letter No. 19.19/CV-TLG dated 5 March 2019. Accordingly, the total received amount from share issuance was VND 425,000,000,000, after deducting the cost of issuing shares was amount of VND 10,336,380,700, the Company recognized the increase of "Owners' contributed capital" and "Share premium" with the amount of VND 50,000,000,000 and VND 364,663,619,300, respectively. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 93/QD-SGDHCM dated 2 April 2019, the number of additional shares in circulation is 5,000,000, this change becomes effective since 4 April 2019.

Pursuant to Resolution of the Company's Annual General Meeting No. 01/2019/NQ-DHDCD dated 31 May 2019, the shareholders of the Company approved the distribution of VND 294,384,242,148 from consolidated profit after tax for the year ended 31 December 2018 as following: dividends distribution of 20%/par value (in which 15% in cash and 5% in shares), appropriation to Investment and development fund, Bonus and welfare fund at the rate of 12% and 10% from consolidated profit after tax, respectively, the bonus for exceeding profit target and the allowance for the Boards of Directors and Supervisors. In 2018, the Company temporarily distributed an amount of VND 22,713,063,338; in the 6-month period ended 30 June 2019, the Company distributed an amount of VND 121,266,322,935, the remaining amount that was distributed in the last 6-month period in 2019.

Capital transactions with shareholders and distribution of dividends

Contributed capital

	Current period VND	Prior period VND
Opening balance	657,228,530,000	505,562,560,000
Additions	50,000,000,000	-
Closing balance	<u>707,228,530,000</u>	<u>505,562,560,000</u>

Dividends

	Current period VND	Prior period VND
Opening balance	46,807,350	50,597,703,450
Additions	70,722,853,000	-
Payments	(70,758,494,850)	(50,556,256,000)
Closing balance	<u>11,165,500</u>	<u>41,447,450</u>

Shares

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

	Closing balance	Opening balance
Authorized and issued share capital	70,722,853	65,722,853
Shares issued and fully contributed	70,722,853	65,722,853
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.

25. BONUS AND WELFARE FUNDS

This fund is set aside from the appropriation from retained earnings as decided by Shareholders at the Company's Annual General Meeting. This fund is used to pay Bonus and Welfare to the Company's employees in accordance with the Company's reward and welfare policies.

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

	Current period VND	Prior period VND
Opening balance	11,641,911,988	12,912,383,261
Appropriation to the funds (Note 24)	15,217,360,877	12,401,301,389
Utilization	(24,763,431,000)	(22,280,070,000)
Closing balance	<u>2,095,841,865</u>	<u>3,033,614,650</u>

26. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	Closing balance	Opening balance
United State Dollars ("USD")	1,849,069	921,396
Euro ("EUR")	45,728	66,584
Chinese Yuan ("CNY")	20,961	16,168
Great Britain Pound ("GBP")	1,920	830
Singapore Dollars ("SGD")	1,139	925
Thai Baht ("THB")	10,130	2,570
Japanese Yen ("JPY")	-	750
Australia Dollars ("AUD")	110	110

27. NET REVENUE

	Current period VND	Prior period VND
Gross revenue		
Revenue from selling finished goods	660,158,652,788	634,902,558,547
Revenue from selling merchandises	44,712,095,372	41,948,368,464
	<u>704,870,748,160</u>	<u>676,850,927,011</u>
Sales deductions		
Sales returns of finished goods	(3,463,415,513)	(8,208,468,546)
Sales returns of merchandises	(37,964,300)	(3,498,704)
	<u>(3,501,379,813)</u>	<u>(8,211,967,250)</u>
Net revenue		
Net revenue from selling finished goods	656,695,237,275	626,694,090,001
Net revenue from selling merchandises	44,674,131,072	41,944,869,760
	<u>701,369,368,347</u>	<u>668,638,959,761</u>

28. PRODUCTION AND OPERATION COST BY NATURE

	Current period VND	Prior period VND
Raw materials and consumables	267,557,816,150	311,688,610,625
Salary and welfare cost	143,404,177,597	139,297,136,449
Depreciation and amortization	24,869,978,277	22,209,806,553
Out-sourced services and other expenses	71,277,134,305	78,225,218,894
	<u>507,109,106,329</u>	<u>551,420,772,521</u>

29. FINANCIAL INCOME

	Current period VND	Prior period VND
Bank interest	7,216,818,023	3,303,676,932
Dividends and profits received	105,003,200	55,105,003,000
Foreign exchange gain	1,314,029,680	1,348,912,181
	<u>8,635,850,903</u>	<u>59,757,592,113</u>

30. FINANCIAL EXPENSES

	Current period VND	Prior period VND
Interest expense	3,539,450,927	3,829,262,604
Reversal of provision for impairment of investment	(650,844,042)	-
Foreign exchange loss	683,061,225	1,695,760,315
	<u>3,571,668,110</u>	<u>5,525,022,919</u>

31. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Prior period VND
Selling expenses		
Staff cost	17,134,665,661	22,927,441,982
Marketing and trade fair expenses	12,593,490,295	12,529,506,766
Others	11,231,577,580	9,280,522,003
	<u>40,959,733,536</u>	<u>44,737,470,751</u>
General and administration expenses		
Staff cost	61,605,741,683	56,585,071,552
Out-sourced services	10,527,491,027	10,888,762,853
Depreciation and amortization	7,833,045,956	8,292,629,964
Others	7,898,820,194	8,366,467,447
	<u>87,865,098,860</u>	<u>84,132,931,816</u>

32. OTHER PROFIT

	Current period VND	Prior period VND
Other income		
SAP using fee	1,336,191,924	1,336,191,924
Compensation for damaged materials	66,763,369	574,166,750
Gains from disposal of fixed assets	196,465,908	605,454,546
Rental income	103,500,000	103,500,000
Others	500,532,045	1,447,261,936
	<u>2,203,453,246</u>	<u>4,066,575,156</u>
Other expenses		
Others	7,887,029	70,081,045
	<u>7,887,029</u>	<u>70,081,045</u>
Other profit	<u>2,195,566,217</u>	<u>3,996,494,111</u>

33. CORPORATE INCOME TAX EXPENSE

	Current period VND	Prior period VND
Corporate income tax based on taxable income in the current period	28,533,958,456	22,703,682,084
Adjustments for corporate income tax expenses in previous periods to the current period	7,726,403	(21,462,245)
Current corporation income tax expenses	<u>28,541,684,859</u>	<u>22,682,219,839</u>

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

	Current period VND	Prior period VND
Profit before tax	138,514,082,050	166,688,143,736
Adjustments for taxable income		
Non-deductible expenses	1,130,978,162	1,745,743,428
Difference of provision for severance allowance between Labor code and Corporate income tax law	(134,220,499)	(423,949,200)
Change in provision for long-term investment	118,923,559	-
Dividend received	(105,003,200)	(55,105,003,000)
Change in provision for obsolete inventories	444,438,477	1,017,379,516
Change in accrued expenses	3,020,083,947	20,082,910
Unrealized foreign exchange difference of cash and receivables	(319,490,218)	(423,986,969)
Taxable income	<u>142,669,792,278</u>	<u>113,518,410,421</u>
Tax rate	20%	20%
Current corporate income tax expense	<u>28,533,958,456</u>	<u>22,703,682,084</u>

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

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

34. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

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

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

	Current period VND	Prior period VND
Sales		
Thien Long Long Thanh Manufacturing and Trading Company Limited	23,423,291,361	16,327,491,275
Thien Long Global Trading and Service One Member Company Limited	496,764,354,865	480,875,175,059
Tan Luc South Trading and Service One Member Company Limited	13,378,332,570	18,152,790,201
Tan Luc North Trading and Service One Member Company Limited	11,087,587,390	10,918,544,270
Tan Luc Middle Trading and Service One Member Company Limited	3,044,296,320	3,925,046,840
	<u>547,697,862,506</u>	<u>530,199,047,645</u>
Purchases		
Thien Long Long Thanh Manufacturing and Trading Company Limited	23,641,661,130	32,637,315,380
Thien Long Global Trading and Service One Member Company Limited	1,333,453,488	577,660,479
Tan Luc South Trading and Service One Member Company Limited	1,844,294,610	11,104,945,381
Tan Luc North Trading and Service One Member Company Limited	33,912,727	12,800,000
Tan Luc Middle Trading and Service One Member Company Limited	8,300,377	-
	<u>26,861,622,332</u>	<u>44,332,721,240</u>
SAP using fee		
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>

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	Current period VND	Prior period VND
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	16,000,000	24,000,000
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>82,000,000</u>	<u>90,000,000</u>

Rental expense

Thien Long Global Trading and Service One Member Company Limited	45,000,000	37,500,000
Tan Luc South Trading and Service One Member Company Limited	-	40,986,000
	<u>45,000,000</u>	<u>78,486,000</u>

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

	Closing balance VND	Opening balance VND
Trade receivables		
Thien Long Long Thanh Manufacturing and Trading Company Limited	25,405,733,052	16,953,367,003
Thien Long Global Trading and Service One Member Company Limited	233,989,494,841	173,053,545,512
Tan Luc South Trading and Service One Member Company Limited	19,329,153,226	18,629,744,661
Tan Luc North Trading and Service One Member Company Limited	10,814,785,854	8,927,643,399
Tan Luc Middle Trading and Service One Member Company Limited	2,383,279,338	1,302,555,012
	<u>291,922,446,311</u>	<u>218,866,855,587</u>

Trade payables

Thien Long Long Thanh Manufacturing and Trading Company Limited	9,401,369,774	4,828,887,914
Thien Long Global Trading and Service One Member Company Limited	876,339,039	598,366,640
Tan Luc South Trading and Service One Member Company Limited	1,556,906,850	191,814,572
Tan Luc North Trading and Service One Member Company Limited	37,062,000	-
	<u>11,871,677,663</u>	<u>5,619,069,126</u>

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 period as below:

	Current period VND	Prior period VND
Salaries, bonus and allowances	<u>27,893,983,700</u>	<u>25,221,490,476</u>

35. SUPPLEMENTAL DISCLOSURES OF SEPARATE CASH FLOW STATEMENT

Supplemental non-cash disclosures

Cash outflows for purchasing of fixed assets and construction in progress during the period does exclude paid in VND 495,706,836 (prior period: VND 6,705,040,542), representing an addition in fixed assets and construction in progress during the period that has not yet been paid. Consequently, changes in payables have been adjusted by the same amount.

36. SUBSEQUENT EVENT

Pursuant to the Annual General Shareholders Meeting's Resolution No. 01/2019/NQ-DHDCD dated 31 May 2019, the Board of Directors Resolution No. 11/2019/NQ-HDQT dated 19 August 2019, the Board of Directors has approved the dividends distribution in shares from retained earnings of 2018 with the number of 3,536,142 shares, and has approved the share issuance to current shareholders from retained earnings with the number of 3,536,142 shares. The date of finalising list of shareholders entitled to this share issuance is 20 September 2019.



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam
Chief Executive Officer
27 August 2019

