

Duc Thanh Wood Processing Joint Stock Company

Financial statements

For the year ended 31 December 2018



Duc Thanh Wood Processing Joint Stock Company

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Duc Thanh Wood Processing Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Duc Thanh Wood Processing Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103000126 issued by the Department of Planning and Investment of Ho Chi Minh City on 8 August 2000, as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with symbol GDT in accordance with the Decision No. 136/QD-SGDHCM issued by HOSE on 3 November 2009.

The current principal activities of the Company are to manufacture and trade wooden products.

The Company's registered head office is located at No. 21/6D, Phan Huy Ich Street, Ward 14, Go Vap District, Ho Chi Minh City, Vietnam. The Company also has one (1) factory located at Tan Hiep 49 Street, Tan Hoi Quarter, Tan Hiep Ward, Tan Uyen Town, Binh Duong Province, Vietnam; and one (1) showroom located at 216 Ly Tu Trong Street, Ward Ben Thanh, District 1, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Ms. Le Hai Lieu	Chairman	
Mr. Le Hong Thang	Vice chairman	
Mr. Le Hong Thanh	Member	
Mr. Tran Xuan Nam	Member	
Mr. Le Nhu Vu	Member	
Ms. Truong Thi Dieu Le	Member	
Ms. Nguyen Ha Ngoc Diep	Member	appointed on 21 April 2018

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Truong Thi Binh	Head	appointed on 18 September 2018
Mr. Nguyen Viet Anh	Head	resigned on 21 July 2018
Mr. Tran Ngoc Hung	Member	
Ms. Bui Tuong Anh	Member	appointed on 21 April 2018
Ms. Nguyen Thi Huong Huyen	Member	resigned on 27 January 2018

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr. Le Hong Thang	General Director	
Mr. Le Hong Thanh	Deputy General Director	resigned on 24 August 2018
Ms. Nguyen Ha Ngoc Diep	Deputy General Director	appointed on 16 January 2019
Ms. Nguyen Thi Thanh Huyen	Director of Administration	
Ms. Truong Thi Binh	Business Director	resigned on 1 April 2018

LEGAL REPRESENTATIVES

The legal representatives of the Company during the year and at the date of this report is Mr. Le Hong Thang.

Ms. Nguyen Ha Ngoc Diep is authorised by Mr Le Hong Thang to sign the accompanying financial statements for the year ended 31 December 2018 in accordance with the Letter of Authorisation No. 020-19/DT-UQ dated 30 January 2019.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Duc Thanh Wood Processing Joint Stock Company

REPORT OF MANAGEMENT

Management of Duc Thanh Wood Processing Joint Stock Company ("the Company") is pleased to present this report and the financial statements of the Company for the year ended 31 December 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows for the year. In preparing those financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

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 to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements.

For and on behalf of Management:



Nguyen Ha Ngoc Diep
Deputy General Director

Ho Chi Minh City, Vietnam

8 March 2019

Reference: 61001277/20318698

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Duc Thanh Wood Processing Joint Stock Company

We have audited the accompanying financial statements of Duc Thanh Wood Processing Joint Stock Company ("the Company") as prepared on 8 March 2019 and set out on pages 5 to 29, which comprise the balance sheet as at 31 December 2018, and the income statement and the cash flow statement for the year then ended and the notes thereto.

Management's responsibility

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2018, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

Other matter

The financial statements of the Company for the year ended 31 December 2017 were audited by another audit firm which expressed an unmodified opinion on those financial statements on 30 March 2018.

Ernst & Young Vietnam Limited



Le Quang Minh
Deputy General Director
Audit Practicing Registration Certificate
No. 0426-2018-004-1

Ho Chi Minh City, Vietnam

8 March 2019



Duong Thi Nu
Auditor
Audit Practicing Registration Certificate
No. 3796-2016-004-1

BALANCE SHEET
as at 31 December 2018

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		297,251,621,168	304,907,897,804
110	I. Cash	4	16,949,327,615	742,782,268
111	1. Cash		16,949,327,615	742,782,268
120	II. Short-term investment		157,700,000,000	206,100,000,000
123	1. Held- to-maturity investments	5	157,700,000,000	206,100,000,000
130	III. Current accounts receivable		40,950,025,233	31,783,817,351
131	1. Short-term trade receivables	6.1	33,594,980,819	22,572,813,878
132	2. Short-term advances to suppliers	6.2	3,113,099,658	3,492,182,904
136	3. Other short-term receivables	7	4,241,944,756	5,718,820,569
140	IV. Inventory	8	77,599,148,209	59,323,287,887
141	1. Inventories		77,599,148,209	59,323,287,887
150	V. Other current assets		4,053,120,111	6,958,010,298
151	1. Short-term prepaid expenses	11	465,644,983	457,076,184
152	2. Value-added tax deductible		3,587,475,128	6,500,934,114
200	B. NON-CURRENT ASSETS		46,631,988,235	45,622,375,971
210	I. Long-term receivable		255,689,179	259,671,405
216	1. Other long-term receivables	7	255,689,179	259,671,405
220	II. Fixed assets		43,463,256,367	42,422,309,564
221	1. Tangible fixed assets	9	32,159,200,464	30,826,830,841
222	Cost		85,219,924,519	83,235,496,648
223	Accumulated depreciation		(53,060,724,055)	(52,408,665,807)
227	2. Intangible fixed assets	10	11,304,055,903	11,595,478,723
228	Cost		15,193,114,013	15,193,114,013
229	Accumulated amortisation		(3,889,058,110)	(3,597,635,290)
260	III. Other long-term assets		2,913,042,689	2,940,395,002
261	1. Long-term prepaid expenses	11	2,217,878,431	2,293,049,687
262	2. Deferred tax assets	24.3	695,164,258	647,345,315
270	TOTAL ASSETS		343,883,609,403	350,530,273,775

BALANCE SHEET (continued)
as at 31 December 2018

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		85,193,773,168	94,205,320,648
310	I. Current liabilities		81,617,514,418	90,765,598,564
311	1. Short-term trade payables	12.1	8,714,852,609	6,724,953,557
312	2. Short-term advances from customers	12.2	4,233,306,711	8,090,010,734
313	3. Statutory obligations	13	6,913,920,915	6,045,825,653
314	4. Payables to employees		15,896,670,311	22,147,619,658
315	5. Short-term accrued expenses	14	2,130,121,226	1,883,076,548
319	6. Other short-term payables	15	8,489,953,226	757,349,704
320	7. Short-term loan	16	27,541,530,600	35,618,442,450
322	8. Bonus and welfare fund		7,697,158,820	9,498,320,260
330	II. Non-current liabilities		3,576,258,750	3,439,722,084
337	1. Other long-term liabilities	15	244,040,000	244,040,000
342	2. Other long-term provisions		3,332,218,750	3,195,682,084
400	D. OWNERS' EQUITY		258,689,836,235	256,324,953,127
410	I. Capital	17.1	258,689,836,235	256,324,953,127
411	1. Share capital		163,941,760,000	149,094,600,000
411a	- Shares with voting rights		163,941,760,000	149,094,600,000
412	2. Share premium		6,034,317,006	6,064,317,006
415	3. Treasury shares		(1,151,600,000)	(685,850,000)
418	4. Investment and development fund		18,669,340,514	18,669,340,514
421	5. Undistributed earnings		71,196,018,715	83,182,545,607
421a	- Undistributed earnings by the end of prior year		38,623,685,607	46,439,589,348
421b	- Undistributed earnings of current year		32,572,333,108	36,742,956,259
440	TOTAL LIABILITIES AND OWNERS' EQUITY		343,883,609,403	350,530,273,775



Le Cong Tu
Preparer



Bui Phuong Thao
Chief Accountant



Nguyen Ha Ngoc Diep
Deputy General Director

8 March 2019

INCOME STATEMENT
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	18.1	392,848,907,745	364,566,407,139
02	2. Deductions	18.1	(3,014,676,675)	(2,321,426,274)
10	3. Net revenue from sale of goods and rendering of services	18.1	389,834,231,070	362,244,980,865
11	4. Cost of goods sold and services rendered	19	(250,106,307,122)	(235,984,795,156)
20	5. Gross profit from sale of goods and rendering of services		139,727,923,948	126,260,185,709
21	6. Finance income	18.2	12,458,354,997	14,214,906,821
22	7. Finance expenses	20	(3,150,327,660)	(1,059,900,655)
23	In which: Interest expenses		(206,966,592)	(383,399,230)
25	8. Selling expenses	21	(16,923,181,608)	(16,543,632,527)
26	9. General and administrative expenses	21	(20,786,250,179)	(19,326,994,835)
30	10. Operating profit		111,326,519,498	103,544,564,513
31	11. Other income	22	1,206,205,853	22,089,804,534
32	12. Other expenses	22	(163,599,280)	(309,085,448)
40	13. Other profit	22	1,042,606,573	21,780,719,086
50	14. Accounting profit before tax		112,369,126,071	125,325,283,599
51	15. Current corporate income tax expense	24.2	(22,712,230,906)	(24,022,300,624)
52	16. Deferred tax income (expenses)	24.3	47,818,943	(5,976,387)
60	17. Net profit after tax		89,704,714,108	101,297,006,588
70	18. Basic earnings per share	17.4	5,492	5,878
71	19. Diluted earnings per share	17.4	5,492	5,878



Le Cong Tu
Preparer



Bui Phuong Thao
Chief Accountant



Nguyen Ha Ngoc Diep
Deputy General Director

8 March 2019

CASH FLOW STATEMENT
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		112,369,126,071	125,325,283,599
	<i>Adjustments for:</i>			
02	Depreciation of and amortisation of fixed assets	9,10	4,465,061,765	4,788,056,384
03	Provisions		206,695,166	-
04	Foreign exchange loss arising from revaluation of monetary accounts denominated in monetary currency		143,602,540	11,805,328
05	Gain from investing activities		(11,780,480,671)	(34,703,150,168)
06	Interest expense	20	206,966,592	383,399,230
08	Operating profit before changes in working capital		105,610,971,463	95,805,394,373
09	(Increase) decrease in receivables		(8,231,544,979)	12,603,206,838
10	Increase in inventories		(18,275,860,322)	(3,646,349,121)
11	Decrease in payables		(7,891,948,730)	(43,434,585,507)
12	Decrease in prepaid expenses		66,602,457	11,928,892,144
14	Interest paid		(206,966,592)	(383,399,230)
15	Corporate income tax paid	13	(22,570,287,482)	(23,990,341,439)
17	Other cash outflows for operating activities		(1,871,319,940)	(1,968,052,135)
20	Net cash flows from operating activities		46,629,645,875	46,914,765,923
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(5,506,008,568)	(1,286,573,100)
22	Proceeds from disposals of fixed assets and other long-term assets		104,545,455	33,946,500,000
23	Term deposits at banks		(349,600,000,000)	(328,400,000,000)
24	Collections from bank deposits		398,000,000,000	319,400,000,000
27	Interest received		13,496,235,118	8,442,430,320
30	Net cash flows from investing activities		56,494,772,005	32,102,357,220

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution		7,427,920,000	-
32	Capital redemption		(465,750,000)	-
33	Drawdown of borrowings		61,537,784,000	72,090,210,230
34	Repayment of borrowings	16	(69,614,695,850)	(57,720,706,490)
36	Dividends paid	17.2	(85,822,006,550)	(96,674,718,500)
40	Net cash flows used in financing activities		(86,936,748,400)	(82,305,214,760)
50	Net increase in cash for the year		16,187,669,480	(3,288,091,617)
60	Cash at beginning of year		742,782,268	3,982,769,603
61	Impact of exchange rate fluctuation		18,875,867	48,104,282
70	Cash at end of year	4	16,949,327,615	742,782,268



Le Cong Tu
Preparer



Bui Phuong Thao
Chief Accountant



Nguyen Ha Ngoc Diep
Deputy General Director

8 March 2019

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2018 and for the year then ended

1. CORPORATE INFORMATION

Duc Thanh Wood Processing Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103000126 issued by the Department of Planning and Investment of Ho Chi Minh City on 8 August 2000, as amended.

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The number of the Company's employees as at 31 December 2018 is 894 (31 December 2017: 854).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The financial statements of the Company expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal system.

2.3 *Fiscal year*

The Company's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.4 Accounting currency

The financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprises cash on hand and cash in banks.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials	- cost of purchase on a weighted average basis.
Finished goods and work-in process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the income statement.

3.3 Receivables

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, after the provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

Land use rights

Land use rights are recorded as intangible fixed assets representing the value of the right to use the lands acquired by the Company. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use. Accordingly, the land use right with definite useful lives is amortised over term while the land use right with indefinite useful lives is not amortised.

3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 – 28 years
Machinery and equipment	3 – 15 years
Means of transportation	5 – 11 years
Office equipment	3 – 9 years
Land use rights	40 – 50 years
Computer software	3 – 5 years

3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.8 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Industry Investment and Development Company on 19 May 2008 for a period of 44 years at My Phuoc 3 Industrial Zone. Such prepaid rental is recognised as long-term prepaid expenses for allocation to the income statement over the remaining lease period, according to Circular No.45/2013/TT-BTC providing guideline of the use and calculation of depreciation and amortisation of tangible fixed assets and intangible fixed assets dated 25 April 2013 issued the Ministry of Finance ("Circular 45").

3.9 *Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the financial statements and deducted against the value of such investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.11 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the income statement.

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

3.12 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conduct transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conduct transactions regularly.

All exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at the year-end are taken to the income statement.

3.13 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.14 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

Investment and development fund

This fund is set aside for use in the Company's expansion of its operation or of in-depth investment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Appropriation of net profits* (continued)

Bonus and welfare fund

This 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 balance sheet.

3.15 *Earnings per share*

Basic earnings per share amounts are calculated by dividing net profit after tax or loss for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3.17 *Taxation*

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

3.18. *Segment information*

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The current principal activities of the Company are to manufacture and trade wooden products. In addition, these activities are being taken place within Vietnam. Therefore, the Company's risks and returns are not impacted by the Company's products that the Company is manufacturing or the locations where the Company is trading. As a result, the Company's management are of the view that there is only one segment for business – wooden products and geography - Vietnam and therefore separate segmental information is not required.

3.19 *Related parties*

Parties are considered to be related parties of the Company if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

4. CASH

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	186,910,301	114,850,681
Cash in banks	<u>16,762,417,314</u>	<u>627,931,587</u>
TOTAL	<u>16,949,327,615</u>	<u>742,782,268</u>

5. HELD-TO-MATURITY INVESTMENTS

This represented for the short-term deposits at commercial banks with the original maturities of more than three (3) months and less than twelve (12) months and earn interest at the rate ranging from 5.1% p.a. to 7.2% p.a.

Bank deposits amounting to VND 32,000,000,000 were pledged as collateral for short-term loan (*Note 16*).

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Nitori Vietnam Co., Ltd	6,780,787,641	3,123,232,694
Asung Vietnam Co., Ltd	4,845,280,767	-
Continenta Importgesellschaft Gmbh	3,807,278,899	2,163,904,611
Others	<u>18,161,633,512</u>	<u>17,285,676,573</u>
TOTAL	<u>33,594,980,819</u>	<u>22,572,813,878</u>

6.2 Short-term advances to suppliers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Hoang Cam Tu Trading Service Co., Ltd	598,791,510	1,828,430,920
Thu Dau Mot Water Treatment Factory	519,605,000	244,520,000
Hung Vuong Insurance Corporation	441,539,600	-
Manh Cuong Phat One Member Co., Ltd	377,465,120	-
Hong Kong Trade Development Council	350,713,700	171,044,900
Vanachai Group Public Co., Ltd	349,967,604	-
Others	<u>475,017,124</u>	<u>1,248,187,084</u>
TOTAL	<u>3,113,099,658</u>	<u>3,492,182,904</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

7. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	4,241,944,756	5,718,820,569
Accrued interest income	3,144,809,967	4,965,109,869
Advances to employees	763,091,542	453,987,428
Others	334,043,247	299,723,272
Long-term	255,689,179	259,671,405
Deposits	150,000,000	150,000,000
Others	105,689,179	109,671,405
TOTAL	<u>4,497,633,935</u>	<u>5,978,491,974</u>

8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	50,490,462,082	38,514,258,887
Finished goods	16,891,696,844	11,628,234,445
Work in process	9,829,770,975	8,893,790,315
Tools and supplies	387,218,308	287,004,240
TOTAL	<u>77,599,148,209</u>	<u>59,323,287,887</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	VND Total
Cost:					
Beginning balance	40,370,159,785	34,492,440,420	6,982,372,177	1,390,524,266	83,235,496,648
New purchase	145,000,000	2,771,676,750	1,573,531,818	1,015,800,000	5,506,008,568
Disposal	-	(3,236,818,792)	(284,761,905)	-	(3,521,580,697)
Ending balance	40,515,159,785	34,027,298,378	8,271,142,090	2,406,324,266	85,219,924,519
<i>In which:</i>					
Fully depreciated	1,300,070,961	26,612,282,934	1,887,218,814	2,027,940,422	31,827,513,131
Accumulated depreciation:					
Beginning balance	(17,853,173,014)	(30,379,829,477)	(2,935,599,151)	(1,240,064,165)	(52,408,665,807)
Depreciation for the year	(1,908,567,911)	(1,289,516,459)	(906,678,554)	(68,876,021)	(4,173,638,945)
Disposal	-	3,236,818,792	284,761,905	-	3,521,580,697
Ending balance	(19,761,740,925)	(28,432,527,144)	(3,557,515,800)	(1,308,940,186)	(53,060,724,055)
Net carrying amount:					
Beginning balance	22,516,986,771	4,112,610,943	4,046,773,026	150,460,101	30,826,830,841
Ending balance	20,753,418,860	5,594,771,234	4,713,626,290	1,097,384,080	32,159,200,464

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

10. INTANGIBLE FIXED ASSETS

	<i>Land use rights</i>	<i>Computer software</i>	<i>VND Total</i>
Cost:			
Beginning and ending balances	<u>14,917,549,433</u>	<u>275,564,580</u>	<u>15,193,114,013</u>
<i>In which:</i>			
<i>Fully depreciated</i>	-	101,564,580	101,564,580
Accumulated amortisation:			
Beginning balance	(3,455,990,710)	(141,644,580)	(3,597,635,290)
Amortisation for the year	<u>(253,262,820)</u>	<u>(38,160,000)</u>	<u>(291,422,820)</u>
Ending balance	<u>(3,709,253,530)</u>	<u>(179,804,580)</u>	<u>(3,889,058,110)</u>
Net carrying amount:			
Beginning balance	<u>11,461,558,723</u>	<u>133,920,000</u>	<u>11,595,478,723</u>
Ending balance	<u>11,208,295,903</u>	<u>95,760,000</u>	<u>11,304,055,903</u>

11. PREPAID EXPENSES

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	465,644,983	457,076,184
Tools and supplies	465,644,983	457,076,184
Long-term	2,217,878,431	2,293,049,687
Prepaid land rental	1,364,561,864	1,399,491,032
Tools and supplies	782,818,252	768,857,472
Others	<u>70,498,315</u>	<u>124,701,183</u>
TOTAL	<u>2,683,523,414</u>	<u>2,750,125,871</u>

12. SHORT-TERM TRADE PAYABLES AND ADVANCE FROM CUSTOMERS**12.1 Short-term trade payables**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Phuc Nguyen Khang Production and Trading Co., Ltd	1,389,954,555	1,724,632,700
Xuan Truong Trading Service Import Export Co., Ltd	1,016,925,415	353,548,580
Tan Vinh Painted Wood One Member Co., Ltd	840,019,400	-
Others	<u>5,467,953,239</u>	<u>4,646,772,277</u>
TOTAL	<u>8,714,852,609</u>	<u>6,724,953,557</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

12. SHORT-TERM TRADE PAYABLES AND ADVANCE FROM CUSTOMERS (continued)

12.2 Short-term advance from customers

	VND	
	Ending balance	Beginning balance
Le Comptoir De Mathilde	1,975,295,196	391,443,429
H1 Global Co., Ltd	679,107,180	-
Others	1,578,904,335	7,698,567,305
TOTAL	<u>4,233,306,711</u>	<u>8,090,010,734</u>

13. STATUTORY OBLIGATIONS

	VND			
	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Corporate income tax	5,748,497,286	22,712,230,906	(22,570,287,482)	5,890,440,710
Personal income tax	297,328,367	3,780,164,000	(3,054,012,162)	1,023,480,205
Value-added tax	-	6,649,446,837	(6,649,446,837)	-
Others	-	97,111,110	(97,111,110)	-
TOTAL	<u>6,045,825,653</u>	<u>33,238,952,853</u>	<u>(32,370,857,591)</u>	<u>6,913,920,915</u>

14. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
Annual leave	1,774,210,000	1,649,600,000
Expenses for external services	315,607,522	185,748,000
Others	40,303,704	47,728,548
TOTAL	<u>2,130,121,226</u>	<u>1,883,076,548</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

15. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	8,489,953,226	757,349,704
Collection from employees from "Issuance of shares to employees under Employee Share Option Program"	7,427,920,000	-
Social, health and unemployment insurance, and trade union	322,421,909	60,796,509
Dividend payables	199,058,500	149,477,600
Others	540,552,817	547,075,595
Long-term	244,040,000	244,040,000
Deposits	244,040,000	244,040,000
TOTAL	<u>8,733,993,226</u>	<u>1,001,389,704</u>

16. SHORT-TERM LOAN

	VND			
	<i>Beginning balance</i>	<i>Increase in the year</i>	<i>Decrease in the year</i>	<i>Ending balance</i>
Loan from a bank	<u>35,618,442,450</u>	<u>61,537,784,000</u>	<u>(69,614,695,850)</u>	<u>27,541,530,600</u>

Details of the short-term bank loan to finance working capital are as follows:

<i>Bank</i>	<i>Ending balance</i>	<i>Original amount</i>	<i>Maturity date</i>	<i>Interest</i>	<i>Description of collateral</i>
	(VND)	(USD)		(% p.a.)	
Kien Long Commercial Joint Stock Bank – Sai Gon Branch	<u>27,541,530,600</u>	<u>1,185,160</u>	From 9 February 2019 to 26 June 2019	1.5%	Bank deposits (Note 5)

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

17. OWNERS' EQUITY

17.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year						VND
Beginning balance	149,094,600,000	6,064,317,006	(96,600,000)	18,669,340,514	83,681,589,348	257,413,246,868
Net profit for the year	-	-	-	-	101,297,006,588	101,297,006,588
Appropriated to bonus and welfare funds	-	-	-	-	(5,064,850,329)	(5,064,850,329)
Dividends declared	-	-	-	-	(96,731,200,000)	(96,731,200,000)
Treasury shares redemption	-	-	(589,250,000)	-	-	(589,250,000)
Ending balance	149,094,600,000	6,064,317,006	(685,850,000)	18,669,340,514	83,182,545,607	256,324,953,127
Current year						
Beginning balance	149,094,600,000	6,064,317,006	(685,850,000)	18,669,340,514	83,182,545,607	256,324,953,127
Net profit for the year	-	-	-	-	89,704,714,108	89,704,714,108
Dividend declared	-	-	-	-	(86,844,081,000)	(86,844,081,000)
Stock dividends (*)	14,847,160,000	-	-	-	(14,847,160,000)	-
Treasury shares redemption	-	-	(465,750,000)	-	-	(465,750,000)
Other decrease	-	(30,000,000)	-	-	-	(30,000,000)
Ending balance	163,941,760,000	6,034,317,006	(1,151,600,000)	18,669,340,514	71,196,018,715	258,689,836,235

(*) During the year, the Company issued 1,484,716 new shares as stock dividends to its existing shareholders for the financial year 2017 at a ratio of 100:10. This payment was approved under the Resolution of the Annual Shareholders' Meeting dated 21 April 2018 and Decision No. 284/QĐ-SGDHCM of Ho Chi Minh City Stock Exchange dated 27 July 2018. The increase in share capital was approved by the DPI of Ho Chi Minh City through the issuance of the 23th amended Business Registration Certificate dated 6 November 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

17. OWNERS' EQUITY (continued)

17.2 Capital transactions with owners and distribution of dividends

	VND	
	Current year	Previous year
Contributed capital		
Beginning balance	149,094,600,000	149,094,600,000
Increase	14,847,160,000	-
Ending balance	<u>163,941,760,000</u>	<u>149,094,600,000</u>
Dividends declared		
Dividends declared	101,691,241,000	96,731,200,000
Dividends paid by cash	85,822,006,550	96,674,718,500
Stock dividends	14,847,160,000	-

17.3 Ordinary shares

	Ending balance	Beginning balance
	Number of shares	Number of shares
Shares authorised to be issued	16,394,176	14,909,460
Shares issued and fully paid		
<i>Ordinary shares</i>	16,394,176	14,909,460
Shares are redeemed (treasury shares)		
<i>Ordinary shares</i>	(83,010)	(51,960)
Shares in circulation		
<i>Ordinary shares</i>	16,311,166	14,857,500

17.4 Earnings per share

Basic and diluted earnings per share are calculated as follows:

	VND	
	Current year	Previous year (restated)
Net profit after tax attributable to ordinary shareholders for basic earnings	89,704,714,108	101,297,006,588
Distribution to bonus and welfare fund (*)	-	(5,064,850,329)
Net profit after tax attributable to ordinary shareholders for basic earnings	89,704,714,108	96,232,156,259
Weighted average number of ordinary shares for basic earnings per share (**)	16,332,324	16,372,032
Basic and diluted earnings per share (VND/share)	5,492	5,878

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

17. OWNERS' EQUITY (continued)

17.4 Earnings per share (continued)

(*) Net profit used to compute earnings per share for the year ended 31 December 2018 was not adjusted for distribution to Bonus and welfare fund from 2018 profit after tax as the company have no plan for distribution in the Annual General Meeting Resolution dated 21 April 2018.

(**) The weighted average number of ordinary shares for the year ended 31 December 2017 was adjusted to reflect the additional issuance of 1,484,716 dividend shares on 1 August 2018.

There have been no dilutive potential ordinary shares during the year and up to the date of these financial statements.

18. REVENUES

18.1 Revenue from sale of goods and rendering of services

	VND	
	Current year	Previous year
Gross revenue	392,848,907,745	364,566,407,139
<i>Of which</i>		
<i>Sale of finished goods</i>	387,048,249,044	361,227,444,639
<i>Rendering of services</i>	-	180,000,000
<i>Sale of scraps</i>	5,800,658,701	3,158,962,500
Deductions	(3,014,676,675)	(2,321,426,274)
<i>Sales discounts</i>	(2,211,162,059)	(1,807,959,823)
<i>Sales returns</i>	(803,514,616)	(513,466,451)
Net revenue	389,834,231,070	362,244,980,865
<i>In which:</i>		
<i>Sale of finished goods</i>	384,033,572,369	358,906,018,365
<i>Rendering of services</i>	-	180,000,000
<i>Sale of scraps</i>	5,800,658,701	3,158,962,500

18.2 Finance income

	VND	
	Current year	Previous year
Bank deposit interest	11,675,935,216	13,466,556,278
Foreign exchange difference gains	748,285,105	709,924,413
Others	34,134,676	38,426,130
TOTAL	12,458,354,997	14,214,906,821

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

19. COSTS OF GOODS SOLD AND SERVICE RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of goods sold	250,106,307,122	235,918,795,156
Cost of services rendered	-	66,000,000
TOTAL	<u>250,106,307,122</u>	<u>235,984,795,156</u>

20. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Foreign exchange losses	458,479,953	342,233,650
Interest expenses	206,966,592	383,399,230
Others	2,484,881,115	334,267,775
TOTAL	<u>3,150,327,660</u>	<u>1,059,900,655</u>

21. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses	16,923,181,608	16,543,632,527
- External service cost	10,177,086,604	10,435,764,548
- Labour cost	6,248,051,572	5,846,077,836
- Depreciation and amortisation	43,104,732	13,807,662
- Others	454,938,700	247,982,481
General and administrative expenses	20,786,250,179	19,326,994,835
- Labour cost	16,392,487,888	15,786,264,661
- External service cost	1,187,895,875	806,202,743
- Depreciation and amortisation	669,667,979	776,960,289
- Tools and supplies	542,047,109	612,799,277
- Others	1,994,151,328	1,344,767,865
TOTAL	<u>37,709,431,787</u>	<u>35,870,627,362</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

22. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	1,206,205,853	22,089,804,534
Gains from transfer land use rights at My Phuoc 2	-	21,574,554,008
Gains from disposal of fixed assets	104,545,455	-
Others	1,101,660,398	515,250,526
Other expense	(163,599,280)	(309,085,448)
Others	(163,599,280)	(309,085,448)
NET OTHER PROFIT	<u>1,042,606,573</u>	<u>21,780,719,086</u>

23. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials, tools and supplies	136,197,491,541	123,919,714,601
Labour cost	129,100,054,468	121,914,688,298
External service cost	22,096,083,722	23,251,261,351
Depreciation and amortisation (Note 9 and Note 10)	4,465,061,765	4,788,056,384
Others	2,156,490,472	1,714,901,145
TOTAL	<u>294,015,181,968</u>	<u>275,588,621,779</u>

24. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company is 20% of taxable profits.

The Company's tax returns are subject to examination by the tax authorities. As the application of tax laws and regulations are susceptible to varying interpretations, the amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

24.1 CIT expenses

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	22,712,230,906	24,103,811,027
Adjustment for over accrual of CIT from prior years	-	(81,510,403)
Deferred tax (income) expenses	(47,818,943)	5,976,387
TOTAL	<u>22,664,411,963</u>	<u>24,028,277,011</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

24. CORPORATE INCOME TAX (continued)

24.2 Current tax

The current CIT payable is based on taxable profit for the current year. The taxable income of the Company for the year differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

A reconciliation between the accounting profit before tax and taxable profit is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	112,369,126,071	125,325,283,599
<i>Adjustments:</i>		
Non-deductible expense	1,427,183,746	2,830,110,824
Change in accrual for severance pay	136,536,666	(80,374,163)
Foreign exchange differences	102,558,049	50,492,230
Expenses related to transfer of land use right at My Phuoc 2	-	(7,151,957,354)
Estimated current taxable profit	114,035,404,532	120,973,555,136
Estimated current CIT at rate of 20%	22,807,080,906	24,194,711,027
Expenditure for female workers	(94,850,000)	(90,900,000)
Estimated CIT expense of current year	22,712,230,906	24,103,811,027
Adjustment for over accrual of CIT from prior years	-	(81,510,403)
Current CIT expense	22,712,230,906	24,022,300,624

NOTES TO THE FINANCIAL STATEMENTS (continued)
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24. CORPORATE INCOME TAX (continued)

24.3 *Deferred tax*

The following are deferred tax assets recognized by the Company, and the movements thereon, during the current and previous periods:

	<i>Balance sheet</i>		<i>Income statement</i>		VND
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>	
	Severance allowance	666,443,749	639,136,417	27,307,332	(16,074,833)
Foreign exchange differences arising from revaluation of monetary accounts	28,720,509	8,208,898	20,511,611	10,098,446	
<i>Deferred tax assets</i>	<u>695,164,258</u>	<u>647,345,315</u>			
<i>Deferred tax income (expenses)</i>			<u>47,818,943</u>	<u>(5,976,387)</u>	

25. TRANSACTIONS WITH RELATED PARTIES

Other transactions with related parties

Remuneration to members of the Board of Directors, Board of Supervision and Management:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	<u>6,452,604,537</u>	<u>5,249,485,000</u>

26. OPERATING LEASE COMMITMENTS

The Company leases land and showroom under an operating lease arrangement. The minimum lease commitment as at the balance sheet dates under the operating lease agreements are as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	628,256,909	424,256,909
From 1 to 5 years	741,284,544	143,639,287
Over 5 years	<u>918,349,537</u>	<u>1,434,038,123</u>
TOTAL	<u>2,287,890,990</u>	<u>2,001,934,319</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

27. OFF BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currency - United States dollar (USD)	243,835.21	7,037
Foreign currency - Japanese Yen (JPY)	34,128	35,217

28. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the balance sheet as at 31 December 2017 have been reclassified to reflect the presentation of the current year's financial statements. Details are as follows:

	<i>Beginning balance (previously presented)</i>	<i>Reclassification</i>	<i>Beginning balance (reclassified)</i>
			<i>VND</i>
BALANCE SHEET			
Other long-term liabilities	3,439,722,084	(3,195,682,084)	244,040,000
Other long-term provisions	-	3,195,682,084	3,195,682,084

29. EVENTS AFTER THE BALANCE SHEET DATE

Issuance of shares to employees under Employee Share Option Program

On 5 January 2019, the Company completed the issuance of 742,792 ordinary shares to employees at par value 10,000 VND/share in accordance with Official Letter No. 138/UBCK-QLCB of State Securities Commission of Vietnam. The increase in share capital was approved by the DPI of Ho Chi Minh City through the issuance of the 24th amended Business Registration Certificate dated 18 January 2019.

Except for the above event, there is no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.



Le Cong Tu
Preparer



Bui Phuong Thao
Chief Accountant



Nguyen Ha Ngoc Diep
Deputy General Director



8 March 2019