



**Binh Minh Plastics Joint Stock Company
and its subsidiary**

Consolidated Interim Financial Statements
for the six-month period ended 30 June 2020



Binh Minh Plastics Joint Stock Company

Corporate Information

Business Registration Certificate No.

4103002023

2 January 2004

The Company's Business Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0301464823 dated 22 August 2017. The initial Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr. Sakchai Patiparnpreechavud	Chairman
Mr. Nguyen Hoang Ngan	Vice Chairman
Mr. Poramate Larnroongroj	Member
Mr. Wisit Rechaipichitgool	Member
Mr. Phan Khac Long	Member

Board of Supervision

Mr. Nguyen Thanh Thuan	Head of Board of Supervision
Ms. Nguyen Luu Thuy Minh	Member
Mr. Praween Wirotpan	Member

Board of Management

Mr. Nguyen Hoang Ngan	General Director
Mr. Nguyen Thanh Quan	Deputy General Director
Mr. Nguyen Thanh Hai	Deputy General Director
Mr. Wisit Rechaipichitgool	Deputy General Director
Mr. Hong Le Viet	Chief Accountant

Legal Representative

Mr. Nguyen Hoang Ngan	Vice Chairman cum General Director
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Registered Office

240 Hau Giang
Ward 9, District 6
Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

Binh Minh Plastics Joint Stock Company and its subsidiary
Statement of the Board of Directors and Board of Management

The Board of Directors and Board of Management of Binh Minh Plastics Joint Stock Company ("the Company") presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiary (collectively referred to as "the Group") for the six-month period ended 30 June 2020.

The Company's Board of Directors and Board of Management are responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Company's Board of Directors and Board of Management:

- (a) the consolidated interim financial statements set out on pages 5 to 52 give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of the consolidated results of operations and the consolidated cash flows of the Group for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company's Board of Directors and Board of Management have, on the date of this statement, authorised these accompanying consolidated interim financial statements for issue.



On behalf of the Board of Management

Nguyen Hoang Ngan
General Director

On behalf of the Board of Directors

Sakchai Patiparnpreechavud
Chairman

Ho Chi Minh City, 24 August 2020



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Binh Minh Plastic Joint Stock Company

We have reviewed the accompanying consolidated interim financial statements of Binh Minh Plastics Joint Stock Company ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 30 June 2020, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors and Board of Management on 24 August 2020, as set out on pages 5 to 52.

Management's Responsibility

The Company's Board of Directors and Board of Management are responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Directors and Board of Management determine is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information 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.

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated balance sheet as at 30 June 2020

Form B 01a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2020 VND	1/1/2020 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		1,932,448,818,152	1,501,804,754,804
Cash and cash equivalents	110	8	327,615,836,853	313,509,353,245
Cash	111		120,615,836,853	97,509,353,245
Cash equivalents	112		207,000,000,000	216,000,000,000
Short-term financial investments	120		836,000,000,000	376,000,000,000
Held-to-maturity investments	123	9(a)	836,000,000,000	376,000,000,000
Accounts receivable – short-term	130		355,850,167,697	357,163,197,528
Accounts receivable from customers	131	10	331,834,622,441	342,499,031,251
Prepayments to suppliers	132	11	38,458,388,355	36,071,031,131
Loans receivable	135	12	20,000,000,000	30,000,000,000
Other short-term receivables	136	13	56,534,026,678	40,155,872,112
Allowance for doubtful debts	137	14	(91,467,048,859)	(92,052,916,048)
Shortage of assets awaiting resolution	139		490,179,082	490,179,082
Inventories	140	15	406,897,497,075	453,880,133,640
Inventories	141		409,824,703,447	456,353,482,895
Allowance for inventories	149		(2,927,206,372)	(2,473,349,255)
Other current assets	150		6,085,316,527	1,252,070,391
Short-term prepaid expenses	151	19(a)	4,770,184,811	1,252,070,391
Taxes receivable from State Treasury	153	24(b)	1,315,131,716	-

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated balance sheet as at 30 June 2020 (continued)

Form B 01a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2020 VND	1/1/2020 VND
Long-term assets (200 = 220 + 240 + 250 + 260)	200		1,073,755,229,590	1,348,102,393,552
Fixed assets	220		568,640,165,948	640,140,613,074
Tangible fixed assets	221	16	553,097,480,600	621,044,534,979
Cost	222		1,777,508,007,602	1,745,318,766,445
Accumulated depreciation	223		(1,224,410,527,002)	(1,124,274,231,466)
Intangible fixed assets	227	17	15,542,685,348	19,096,078,095
Cost	228		35,818,475,828	35,106,157,647
Accumulated amortisation	229		(20,275,790,480)	(16,010,079,552)
Long-term work in progress	240		13,991,821,210	27,925,505,552
Construction in progress	242	18	13,991,821,210	27,925,505,552
Long-term financial investments	250		169,743,372,534	368,743,742,917
Investments in associates	252	9(b)	67,743,372,534	66,743,742,917
Equity investments in other entities	253	9(c)	4,000,000,000	4,000,000,000
Allowance for diminution in the value of long-term financial investments	254	9(c)	(2,000,000,000)	(2,000,000,000)
Held-to-maturity investments	255	9(a)	100,000,000,000	300,000,000,000
Other long-term assets	260		321,379,869,898	311,292,532,009
Long-term prepaid expenses	261	19(b)	276,730,822,955	263,745,627,665
Deferred tax assets	262	20	17,943,950,673	17,881,620,364
Long-term tools, supplies and spare parts	263	21	26,705,096,270	29,665,283,980
TOTAL ASSETS (270 = 100 + 200)	270		3,006,204,047,742	2,849,907,148,356

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated balance sheet as at 30 June 2020 (continued)

Form B 01a – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2020 VND	1/1/2020 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		566,158,450,226	380,623,569,705
CURRENT LIABILITIES	310		542,250,528,512	357,538,491,866
Accounts payable to suppliers	311	22	87,241,079,939	110,054,807,786
Advances from customers	312	23	45,690,453,182	21,296,618,543
Taxes payable to State Treasury	313	24(a)	51,302,365,484	29,584,830,743
Payables to employees	314		65,881,460,840	55,828,170,644
Accrued expenses	315	25	106,151,976,304	59,176,530,049
Other payables – short-term	319	26	92,624,225,763	4,235,773,078
Short-term borrowings	320	27	55,310,000,000	55,770,000,000
Bonus and welfare fund	322	28	38,048,967,000	21,591,761,023
Long-term liabilities	330		23,907,921,714	23,085,077,839
Provisions – long-term	342	29	23,907,921,714	23,085,077,839
EQUITY (400 = 410)	400		2,440,045,597,516	2,469,283,578,651
Owners' equity	410	30	2,440,045,597,516	2,469,283,578,651
Share capital	411	31	818,609,380,000	818,609,380,000
- Ordinary shares with voting rights	411a		818,609,380,000	818,609,380,000
Share premium	412		1,592,782,700	1,592,782,700
Investment and development fund	418		1,312,256,738,050	1,341,071,761,133
Other equity funds	420		44,983,552,000	44,983,552,000
Retained profits	421		262,603,144,766	263,026,102,818
- Retained profits brought forward	421a		3,981,681,901	3,981,681,901
- Retained profit the current period/year	421b		258,621,462,865	259,044,420,917
TOTAL RESOURCES (440 = 300 + 400)	440		3,006,204,047,742	2,849,907,148,356

24 August 2020

Prepared by:



Phung Huu Luan
Deputy Chief Accountant

Approved by:



Hong Le Viet
Chief Accountant



Nguyen Hoang Ngan
General Director

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated statement of income for the six-month period ended 30 June 2020

Form B 02a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended 30/6/2020 VND	30/6/2019 VND
Revenue from sales of goods and provision of services	01	34	2,276,737,317,863	2,111,615,499,206
Revenue deductions	02	34	6,080,300,413	3,021,718,063
Net revenue from sales of goods and provision of services (10 = 01 - 02)	10	34	2,270,657,017,450	2,108,593,781,143
Cost of goods sold and services provided	11	35	1,670,713,011,483	1,625,006,424,946
Gross profit (20 = 10 - 11)	20		599,944,005,967	483,587,356,197
Financial income	21	36	38,080,130,809	11,458,943,601
Financial expenses	22	37	59,160,120,460	52,992,391,523
<i>In which: Interest expense</i>	23		25,566,863	69,736,106
Share of profit in associates	24	9(b)	999,629,617	239,235,513
Selling expenses	25	38	213,174,574,412	124,152,626,448
General and administration expenses	26	39	44,423,803,980	58,117,184,217
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		322,265,267,541	260,023,333,123
Other income	31		785,156,570	702,289,821
Other expenses	32		23,502,933	87,823,353
Result of other activities (40 = 31 - 32)	40		761,653,637	614,466,468
Accounting profit before tax (50 = 30 + 40) (carried forward to next page)	50		323,026,921,178	260,637,799,591

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated statement of income for the six-month period ended 30 June 2020
(continued)

Form B 02a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended	
			30/6/2020 VND	30/6/2019 VND
Accounting profit before tax (50 = 30 + 40) (brought forward from previous page)	50		323,026,921,178	260,637,799,591
Income tax expense – current	51	41	64,467,788,622	52,941,790,619
Income tax benefit – deferred	52	41	(62,330,309)	(504,249,068)
Net profit after tax (60 = 50 - 51 - 52)	60		258,621,462,865	208,200,258,040
Earnings per share				
Basic earnings per share	70	42	3,159	2,543

24 August 2020

Prepared by:



Phung Huu Luan
Deputy Chief Accountant

Approved by:



Hong Le Viet
Chief Accountant



Nguyen Hoang Ngan
General Director

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2020
(Indirect method)

Form B 03a – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

		Six-month period ended	
	Code	30/6/2020	30/6/2019
	Note	VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	323,026,921,178	260,637,799,591
Adjustments for			
Depreciation and amortisation	02	104,423,311,430	90,360,268,047
Allowances and provisions	03	846,351,928	21,064,496,781
Profits from investing activities	05	(39,139,176,793)	(11,493,006,312)
Interest expense	06	25,566,863	69,736,106
Operating profit before changes in working capital	08	389,182,974,606	360,639,294,213
Change in receivables and other assets	09	16,018,216,139	42,515,791,006
Change in inventories	10	49,488,967,158	45,782,942,519
Change in payables and other liabilities	11	61,122,930,827	(18,885,280,042)
Change in prepaid expenses	12	(16,503,309,710)	(19,061,169,394)
		499,309,779,020	410,991,578,302
Interest paid	14	(66,699,183)	(254,722,709)
Corporate income tax paid	15	(43,034,732,901)	(56,545,708,331)
Other payments for operating activities	17	(21,747,279,148)	(24,073,221,166)
Net cash flows from operating activities	20	434,461,067,788	330,117,926,096

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2020
(Indirect method – continued)

Form B 03a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

		Six-month period ended	
		30/6/2020	30/6/2019
Code	Note	VND	VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(17,744,288,328)	(38,042,900,006)
Proceeds from disposals of fixed assets	22	314,581,367	267,495,455
Payments for term deposits at banks, net	23	(260,000,000,000)	(100,000,000,000)
Payments for granting loans	23	-	(10,000,000,000)
Collections from grants	24	10,000,000,000	-
Receipts of interest	27	11,256,998,781	6,524,823,953
Net cash flows from investing activities	30	(256,172,708,180)	(141,250,580,598)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	120,000,000	665,000,000
Payments to settle loan principals	34	(580,000,000)	(2,185,000,000)
Payments of dividends	36	(163,721,876,000)	(204,652,345,000)
Net cash flows from financing activities	40	(164,181,876,000)	(206,172,345,000)
Net cash flows during the period (50 = 20 + 30 + 40)	50	14,106,483,608	(17,304,999,502)
Cash and cash equivalents at the beginning of the period	60	313,509,353,245	412,303,012,109
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	327,615,836,853	394,998,012,607

24 August 2020

Prepared by:



Phung Huu Luan
Deputy Chief Accountant



Hong Le Viet
Chief Accountant

Approved by:



Nguyen Hoang Ngan
General Director

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

Binh Minh Plastics Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2020

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying consolidated interim financial statements.

1. Reporting entity

(a) Ownership structure

Binh Minh Plastics Joint Stock Company (“the Company”) was converted from a State-owned Enterprise into a Joint Stock Company in accordance with Decision No. 209/2003/QĐ-BCN dated 4 December 2003 of the Ministry of Industry.

The Company’s shares have been officially traded on the Vietnam stock exchange since 11 July 2006 with the code of BMP.

The consolidated interim financial statements of the Company for the six-month period ended 30 June 2020 comprise the Company and its subsidiary (collectively referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activities of the Company are to manufacture and trade civil and industrial products from plastics and rubber; design, manufacture and trade molds for plastic and casting industry; manufacture and trade machinery and equipment, supplies and sanitary equipment for construction and interior decoration industry; consult and execute water supply and drainage works, yards and services of chemical inspection, analysis and testing; trade, import and export raw materials, chemicals, supplies, machinery and equipment for plastic, engineering, construction, water supply and drainage and laboratory equipment.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

Binh Minh Plastics Joint Stock Company and its subsidiary

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) Group structure

As at 30 June 2020 and 1 January 2020, the Company had 2 dependent branches as follows:

No.	Name	Address
1	Binh Minh Plastics Joint Stock Company – Binh Duong Binh Minh Plastics Branch	No. 7 Street No. 2, Song Than 1 Industrial Zone, Di An City, Binh Duong Province, Vietnam.
2	Binh Minh Plastics Joint Stock Company - Long An Binh Minh Plastics Branch	Lot C1-6 to C1-30, Vinh Loc 2 Industrial Zone, Vinh Loc 2 Street, Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province, Vietnam.

Binh Minh Plastics Joint Stock Company and its subsidiary**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

As at 30 June 2020 and 1 January 2020, the Company had 1 subsidiary and 2 associate as follows:

				Percentage of equity owned and voting rights	
No.	Name	Principal activities	Address	30/6/2020	1/1/2020
Subsidiary					
1	Northern Binh Minh Plastics One Member Limited Company	Manufacturing and trading civil and industrial products from plastics and rubber.	Street D1, Zone D, Pho Noi A Industrial Zone, Van Lam District, Hung Yen Province, Vietnam.	100%	100%
Associates					
1	Danang Plastics Joint Stock Company	Manufacturing and trading, import and export plastic products, materials and equipment.	371 Tran Cao Van, Thanh Khe District, Da Nang City, Vietnam.	29.05%	29.05%
2	Binh Minh Viet Real Estate Investment and Trading Joint Stock Company	Trading real estate, trading materials and other installation equipment in construction.	240 Hau Giang, Ward 9, District 6, Ho Chi Minh City, Vietnam	26%	26%

All subsidiary and associates are incorporated in Vietnam.

As at 30 June 2020, the Group had 1,422 employees (1/1/2020: 1,388 employees).

Binh Minh Plastics Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
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2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

(b) Basis of measurement

The consolidated interim financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group are from 1 January to 31 December. These consolidated interim financial statements are prepared for the six-month period ended 30 June 2020.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

Binh Minh Plastics Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
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(ii) *Non-controlling interests*

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

(v) *Transactions eliminated on consolidation*

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the associates.

Binh Minh Plastics Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
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(vi) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Under the acquisition method, the assets and liabilities of the acquiree are consolidated using their fair values. Cost of business combination consists of the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, and transaction costs. Goodwill represents the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the consolidated statement of income.

(b) Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the accounting period quoted by the commercial bank where the Company or its subsidiary most frequently conduct transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

Cash comprises cash on hand and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Management have the intention and ability to hold until maturity. Held-to-maturity investments comprise term deposits at banks and loans receivable held-to-maturity. These investments are stated at cost less allowance for diminution in value.

Binh Minh Plastics Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(ii) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

Allowance for doubtful debts are made based on the overdue status of receivables or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased.

Allowance for doubtful debts based on overdue status are made as follows:

<i>Overdue status</i>	<i>Allowance rate</i>
From over 6 months to less than 1 year	30%
From 1 to less than 2 years	50%
From 2 to less than 3 years	70%
From 3 years and above	100%

For overdue debts, the Company's Board of Management also assesses the expected recovery of these debts to determine the allowance level.

Allowance for doubtful debts based on the expected losses of undue debts is determined by the Company's Board of Management after giving consideration to the recovery of these debts.

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(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 – 10 years
▪ machinery and equipment	3 – 8 years
▪ motor vehicles	6 – 8 years
▪ office equipment	3 – 8 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise those granted by the State for which land use payments are collected.

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its lease price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over a period ranging from 45 to 50 years.

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(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 7 years.

(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets (“Circular 45”), and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of lease from 41 to 50 years.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business, not qualified for recognition as fixed assets under Circular 45. Cost of tools and instruments are amortised on a straight-line basis over 2 to 3 years.

(iii) Overhaul expenditure

Overhaul expenditure represents repair expenses of factories and machinery, which are stated at their cost and amortised on a straight-line basis over 3 years.

(k) Accounts payable to suppliers and other payables

Accounts payable to suppliers and other payables are stated at their cost.

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(l) Provisions

A provision is recognised if, as a result of a past event, the Group have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

(m) Share capital

(i) Ordinary shares

Ordinary shares are recognised at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(ii) Share premium

The difference between the issuance price and the par value is recorded in share premium under equity.

(n) Bonus and welfare fund

This fund is established annually by appropriating from retained profits as approved by shareholders at Annual General Meeting of Shareholders. This fund is used to pay bonus and welfare to the Group’s employees.

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(o) Equity funds

(i) *Investment and development fund*

Investment and development fund is established annually by appropriating from retained profits at the rate approved by the shareholders at Annual General Meeting of Shareholders. This fund is established for the purpose of future business expansion.

(ii) *Other equity funds*

Other equity funds are appropriated from retained profits in accordance with the resolution of shareholders at Annual General Meeting of Shareholders. These funds are established for the purpose of supplementing share capital in the future.

(p) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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(q) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income when the services are rendered to customers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Interest income

Interest income is recognised in the consolidated statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(iv) Dividend income

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(r) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(s) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

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(t) Earnings per share

The Group presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Board of Management assessed that the Group only operates in one main business segment, which is manufacturing and trading civil and industrial products from plastics and rubber, and in one main geographical segment, which is Vietnam.

(v) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

4. Seasonality or cyclical factors

The Group’s results of operation is not affected by seasonality or cyclical factors except for the following items:

(a) Employees’ bonus

The Group recognised the estimated bonuses for employees based on the financial plan for 2020 and the financial results for the six-month period ended 30 June 2020. Employees bonuses will be finalised based on the financial results for the whole year at the end of the annual accounting period.

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(b) Income tax

In accordance with the prevailing tax regulations, corporate income tax is computed and finalised at the year-end. Income tax expense for the six-month period ended 30 June 2020 is calculated by applying the tax rate of 20% to the profit before tax for the six-month period ended 30 June 2020.

5. Changes in accounting estimates

In preparing these consolidated interim financial statements and consolidated annual financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates.

For the six-month period ended 30 June 2020, there were no significant changes in accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

6. Unusual items

There were no significant unusual items affecting Group's consolidated interim financial statements for the six-month period ended 30 June 2020.

7. Change in the Group's structure

There was no change in the Group's structure for the six-month period ended 30 June 2020.

8. Cash and cash equivalents

	30/6/2020	1/1/2020
	VND	VND
Cash on hand	783,818,079	380,784,813
Cash in banks	119,832,018,774	97,128,568,432
Cash equivalents	207,000,000,000	216,000,000,000
	327,615,836,853	313,509,353,245

As at 30 June 2020, cash equivalents represent term deposits at banks with original term to maturity of not more than three months and earn annual interest rates ranging from 4% to 4.3% (1/1/2010: 5% to 5.5%).

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9. Investments

(a) Held-to-maturity investments

	30/6/2020			1/1/2020		
	Annual interest rate	Cost VND	Fair value VND	Annual interest rate	Cost VND	Fair value VND
Held-to-maturity investments – short-term						
▪ Term deposits with original term to maturity of more than 3 months to 12 months	6% – 10%	836,000,000,000	836,000,000,000	7% - 9%	376,000,000,000	376,000,000,000
Held-to-maturity investments – long-term						
▪ Term deposits with original term to maturity of more than 12 months	10%	100,000,000,000	(*)	10%	300,000,000,000	(*)

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(b) Investments in associates

	Quantity shares	% of equity owned	% of voting rights	Cost VND	30/6/2020 Cumulative share of profit/(loss)	Carrying amount VND	Quantity shares	% of equity owned	% of voting rights	Cost VND	1/1/2020 Cumulative share of profit/(loss)	Carrying amount VND
Equity investments in:												
• Danang Plastics Joint Stock Company	650,000	29.05%	29.05%	8,125,000,000	5,018,372,534	13,143,372,534	650,000	29.05%	29.05%	8,125,000,000	4,018,742,917	12,143,742,917
• Binh Minh Viet Real Estate Investment and Trading Joint Stock Company	5,460,000	26%	26%	54,600,000,000	-	54,600,000,000	5,460,000	26%	26%	54,600,000,000	-	54,600,000,000
				<u>62,725,000,000</u>	<u>5,018,372,534</u>	<u>67,743,372,534</u>				<u>62,725,000,000</u>	<u>4,018,742,917</u>	<u>66,743,742,917</u>

Movements of the carrying amount of investments in associates during the period were as follows:

	Six-month period ended	
	30/6/2020 VND	30/6/2019 VND
Opening balance	66,743,742,917	65,831,379,352
Share of profit in associates	999,629,617	239,235,513
Closing balance	<u>67,743,372,534</u>	<u>66,070,614,865</u>

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(c) Equity investments in other entities

As at 30/6/2020 and 1/1/2020					
	Quantity shares	% of equity owned and voting rights	Cost VND	Allowance for diminution in value VND	Fair value
Tan Tien Plastics Joint Stock Company (i)	20,000	3.00%	4,000,000,000	(2,000,000,000)	(*)

- (i) Tan Tien Plastics Joint Stock Company is a joint stock company established under the Business Registration Certificate No. 0302706634 issued by the Department of Planning and Investment of Ho Chi Minh City and changed for the 13th time on 8 April 2013. The principal activities are to produce and trade consumer products from plastics, engineering plastics, plastic plating, high quality and large-sized plastic products for technical businesses and investment projects.

(*) At the reporting date, fair value of these investments was not available.

10. Accounts receivable from customers – short-term

Accounts receivable from customers detailed by significant customer

	30/6/2020 VND	1/1/2020 VND
Duc Tuong Group Joint Stock Company	107,180,744,023	68,396,872,041
Phuong Hoang Trading Manufacturing Co., Ltd	40,746,707,523	61,572,688,678
Construction Joint Stock Company No. 5	37,810,007,985	46,896,846,297
Thep Moi Co., Ltd	16,993,660,813	23,667,461,200
Other customers	129,103,502,097	141,965,163,035
	331,834,622,441	342,499,031,251

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11. Prepayments to suppliers

	30/6/2020 VND	1/1/2020 VND
Eplas Company Limited	7,838,164,782	7,722,995,662
Seatecco Trading and Service Joint Stock Company	-	4,092,304,590
Bong Sen Plastic Chemical Technology Co., Ltd	6,031,449,860	4,274,633,177
Itochu J373 Company	-	3,817,618,200
Hyosung Chemical Company	4,019,328,000	-
Other suppliers	20,569,445,713	16,163,479,502
	38,458,388,355	36,071,031,131

12. Loans receivable

	Term	Annual interest rate	30/6/2020 VND	1/1/2020 VND
Loans to Danang Plastics Joint Stock Company – an associate	12 months	7.5%	20,000,000,000	30,000,000,000

These loans are unsecured.

13. Other short-term receivables

	30/6/2020 VND	1/1/2020 VND
Short-term deposits	12,046,440,676	23,157,802,888
Interest receivables from deposits at banks	40,209,295,018	13,955,254,807
Advances to employees	1,785,234,000	945,407,915
Interest receivables from short-term loans to Danang Plastics Joint Stock Company – an associate	1,194,027,397	857,753,426
Others	1,299,029,587	1,239,653,076
	56,534,026,678	40,155,872,112

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14. Allowance for doubtful debts

		30/6/2020					1/1/2020			
	Overdue days	Cost VND	Allowance VND	Recoverable amount VND		Overdue days	Cost VND	Allowance VND	Recoverable amount VND	
Overdue debts										
Construction Joint Stock Company No. 5	From over 6 months to 2 year	37,594,268,835	(18,795,313,676)	18,798,955,159		From over 6 months to 1 year	37,760,374,115	(18,331,645,349)	19,428,728,766	
Thep Moi Co., Ltd	From over 1 year to 3 years	16,993,660,813	(9,855,935,219)	7,137,725,594		From over 1 year to 2 years	17,749,857,309	(8,884,262,195)	8,865,595,114	
Others	From over 1 year to 3 years	8,498,809,112	(6,978,712,611)	1,520,096,501		From over 1 year to 3 years	9,003,498,247	(6,570,251,787)	2,433,246,460	
Others	From over 6 months to 1 year	-	-	-		From over 6 months to 1 year	8,098,897,880	(2,429,669,364)	5,669,228,516	
Thanh Tuyet Private Enterprise	Over 5 years	20,992,959,002	(20,992,959,002)	-		Over 5 years	20,992,959,002	(20,992,959,002)	-	
Duc Thanh Plastic Trading Company Limited	Over 5 years	34,844,128,351	(34,844,128,351)	-		Over 5 years	34,844,128,351	(34,844,128,351)	-	
		118,923,826,113	(91,467,048,859)	27,456,777,254				128,449,714,904	(92,052,916,048)	36,396,798,856

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Movements of the allowance for doubtful debts during the period were as follows:

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Opening balance	92,052,916,048	81,389,891,303
Allowance made during the period	11,291,546,863	19,274,292,319
Allowance reversed during the period	(11,877,414,052)	-
Closing balance	91,467,048,859	100,664,183,622

15. Inventories

	30/6/2020		1/1/2020	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	9,483,811,944	-	4,396,173,600	-
Raw materials	141,364,651,400	-	176,382,294,221	-
Tools and supplies	2,527,313,765	-	2,446,198,848	-
Work in progress	26,304,880,981	-	39,851,351,176	-
Finished goods	179,697,498,139	(1,367,895,541)	181,930,274,533	(1,649,256,123)
Merchandise inventories	50,446,547,218	(1,559,310,831)	51,347,190,517	(824,093,132)
	409,824,703,447	(2,927,206,372)	456,353,482,895	(2,473,349,255)

Included in inventories at 30 June 2020 was VND4,327 million of finished goods and VND8,040 million of merchandise inventories (1/1/2020: VND7,797 million of finished goods and VND6,437 million of merchandise inventories) carried at net realisable value.

Movements of the allowance for inventories during the period were as follows:

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Opening balance	2,473,349,255	-
Allowance made during the period	453,857,117	1,790,204,462
Closing balance	2,927,206,372	1,790,204,462

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16. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	505,085,601,651	1,195,692,848,392	36,716,695,208	7,823,621,194	1,745,318,766,445
Additions	800,000,000	3,550,301,716	585,300,000	1,455,586,000	6,391,187,716
Transfer from construction in progress	-	25,841,705,561	-	-	25,841,705,561
Disposals	-	(43,652,120)	-	-	(43,652,120)
Closing balance	505,885,601,651	1,225,041,203,549	37,301,995,208	9,279,207,194	1,777,508,007,602
Accumulated depreciation					
Opening balance	262,163,368,612	829,171,797,188	27,485,411,386	5,453,654,280	1,124,274,231,466
Charge for the period	34,609,725,666	63,645,752,977	1,689,846,533	212,275,326	100,157,600,502
Disposals	-	(21,304,966)	-	-	(21,304,966)
Closing balance	296,773,094,278	892,796,245,199	29,175,257,919	5,665,929,606	1,224,410,527,002
Net book value					
Opening balance	242,922,233,039	366,521,051,204	9,231,283,822	2,369,966,914	621,044,534,979
Closing balance	209,112,507,373	332,244,958,350	8,126,737,289	3,613,277,588	553,097,480,600

Included in tangible fixed assets were assets costing VND626,375 million which were fully depreciated as at 30 June 2020 (1/1/2020: VND610,068 million), but which are still in active use.

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17. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	9,570,664,750	25,535,492,897	35,106,157,647
Transfers from construction in progress	-	712,318,181	712,318,181
Closing balance	9,570,664,750	26,247,811,078	35,818,475,828
Accumulated amortisation			
Opening balance	3,205,300,125	12,804,779,427	16,010,079,552
Charge for the period	21,254,564	4,244,456,364	4,265,710,928
Closing balance	3,226,554,689	17,049,235,791	20,275,790,480
Net book value			
Opening balance	6,365,364,625	12,730,713,470	19,096,078,095
Closing balance	6,344,110,061	9,198,575,287	15,542,685,348

Included in intangible fixed assets were assets costing VND425 million which were fully depreciated as at 30 June 2020 (1/1/2020: VND425 million), but which are still in active use.

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18. Construction in progress

	Six-month period ended 30/6/2020 VND
Opening balance	27,925,505,552
Additions	12,620,339,400
Transfer to tangible fixed assets	(25,841,705,561)
Transfer to intangible fixed assets	(712,318,181)
Closing balance	13,991,821,210

Major constructions in progress were as follows:

	30/6/2020 VND	1/1/2020 VND
Machinery and equipment	11,627,336,898	26,101,229,177
Software	2,364,484,312	1,824,276,375
	13,991,821,210	27,925,505,552

19. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2020 VND	1/1/2020 VND
Prepaid land costs	1,892,771,118	-
Tools and instruments	1,128,103,498	1,136,861,000
Others	1,749,310,195	115,209,391
	4,770,184,811	1,252,070,391

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	Prepaid land costs VND	Tools and instruments VND	Overhaul expenditure VND	Total VND
Opening balance	229,504,537,627	20,515,716,004	13,725,374,034	263,745,627,665
Additions	-	30,119,833,275	701,608,700	30,821,441,975
Transfer from short-term prepaid expenses	-	-	71,563,956	71,563,956
Amortisation for the period	(4,224,409,502)	(10,437,709,917)	(3,245,691,222)	(17,907,810,641)
Closing balance	225,280,128,125	40,197,839,362	11,252,855,468	276,730,822,955

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20. Deferred tax assets

	Tax rate	30/6/2020 VND	1/1/2020 VND
Accruals and provisions	20%	17,943,950,673	17,881,620,364

21. Long-term tools, supplies and spare parts

Long-term tools, supplies and spare parts are related to tools, supplies and spare parts not qualified for recognition as fixed assets used for production and business activities of the Group. Cost of long-term tools, supplies and spare parts when being used are recorded in production and business costs for the period.

22. Accounts payable to suppliers – short-term

(a) Accounts payable to suppliers detailed by significant supplier

	Cost and amount within payment capacity	
	30/6/2020 VND	1/1/2020 VND
TPC Vina Plastic and Chemical Corporation Ltd.	36,352,800,000	60,379,132,000
AGC Chemicals Vietnam Co., Ltd.	14,493,600,000	32,292,480,000
Other suppliers	36,394,679,939	17,383,195,786
	87,241,079,939	110,054,807,786

(b) Accounts payable to suppliers who are related parties

	Cost and amount within payment capacity	
	30/6/2020 VND	1/1/2020 VND
<i>Other related companies</i>		
TPC Vina Plastic and Chemical Corporation Ltd.	36,352,800,000	60,379,132,000

The trade related amounts due to related parties were unsecured, interest free and are payable within 30 days from invoice date.

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23. Advances from customers

	30/6/2020	1/1/2020
	VND	VND
Lan Thanh Construction - Production - Trading & Services Co., Ltd	17,315,786,518	2,396,950,968
To Minh Liem Trading - Service Co., Ltd	5,428,112,405	3,915,956,754
Tuong Van Production and Trading Joint Stock Company	2,952,889,467	3,190,826,258
Hoan Tuan Thanh Construction and Trading Production Company Limited	1,628,866,209	1,380,514,216
Truong Minh Hai Co., Ltd	921,927,748	2,066,342,234
Other customers	17,442,870,835	8,346,028,113
	45,690,453,182	21,296,618,543

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24. Taxes payable to/receivable from State Treasury

(a) Taxes payable to State Treasury

	1/1/2020 VND	Incurred VND	Paid VND	Net-off/transfer to taxes receivable VND	30/6/2020 VND
Value added tax	9,077,373,767	325,719,099,499	(94,391,725,220)	(228,453,613,166)	11,951,134,880
Import-export tax	-	2,468,000,722	(2,468,000,722)	-	-
Corporate income tax	17,631,686,522	64,467,788,622	(43,034,732,901)	-	39,064,742,243
Personal income tax	2,875,770,454	14,315,740,272	(18,395,267,001)	1,315,131,716	111,375,441
Other taxes	-	655,640,696	(480,527,776)	-	175,112,920
	29,584,830,743	407,626,269,811	(158,770,253,620)	(227,138,481,450)	51,302,365,484

(b) Taxes receivable from State Treasury

	1/1/2020 VND	Incurred VND	Net-off/transfer from taxes payable VND	30/6/2020 VND
Value added tax	-	228,453,613,166	(228,453,613,166)	-
Personal income tax	-	-	1,315,131,716	1,315,131,716
	-	228,453,613,166	(227,138,481,450)	1,315,131,716

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25. Accrued expenses

	30/6/2020 VND	1/1/2020 VND
Payment discounts	10,948,983,381	10,294,771,539
Selling expenses of the distribution network	77,763,711,655	35,224,781,131
Interest expense	83,800,814	124,933,134
Remunerations for the Board of Directors and Board of Supervision	2,280,000,000	2,365,000,000
Gift expenses	6,200,000,000	7,074,420,791
Transportation costs	1,995,480,454	1,995,480,454
Customer conference expenses	6,000,000,000	-
Other expenses	880,000,000	2,097,143,000
	106,151,976,304	59,176,530,049

26. Other payables – short-term

	30/6/2020 VND	1/1/2020 VND
Surplus assets awaiting resolution	393,273,928	393,273,928
Trade union fee	279,708,200	272,721,320
Dividends payable	82,211,352,300	350,414,300
Short-term deposits and collaterals received	2,735,836,916	1,173,030,450
Bonus for the Board of Directors and Board of Supervision	4,227,663,000	-
Others	2,776,391,419	2,046,333,080
	92,624,225,763	4,235,773,078

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27. Short-term borrowings

	1/1/2020		Movements during the period		30/6/2020	
	Carrying amount VND	Amount within repayment capacity VND	Increase VND	(Decrease) VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	55,770,000,000	55,770,000,000	120,000,000	(580,000,000)	55,310,000,000	55,310,000,000

Terms and conditions of outstanding short-term borrowings were as follows:

	Annual		30/6/2020	1/1/2020
	Currency	interest rate	VND	VND
<i>Loans from:</i>				
Binh Minh Viet Real Estate Investment and Trading Joint Stock Company – an associate (i)	VND	0%	54,600,000,000	54,600,000,000
Other customers (ii)	VND	7.15%	710,000,000	1,170,000,000
			<u>55,310,000,000</u>	<u>55,770,000,000</u>

(i) This loan has original term of 12 months and is unsecured.

(ii) This balance represents deposits received from customers for fulfilment of sales contracts signed between the Group and customers.

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28. Bonus and welfare fund

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

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Opening balance	21,591,761,023	31,381,358,850
Appropriation during the period (Note 30)	38,048,967,000	34,484,917,000
Utilisation during the period	(21,591,761,023)	(24,073,221,166)
Closing balance	38,048,967,000	41,793,054,684

29. Provisions – long-term

Long-term provisions represent the balance of provision for severance allowance made for the employees eligible for this severance allowance of the Group.

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30. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund VND	Other equity funds VND	Retained profits VND	Total VND
Balance at 1 January 2020	818,609,380,000	1,592,782,700	1,341,071,761,133	44,983,552,000	263,026,102,818	2,469,283,578,651
Net profit for the period	-	-	-	-	258,621,462,865	258,621,462,865
Dividends (Note 32)	-	-	-	-	(245,582,814,000)	(245,582,814,000)
Appropriation to bonus and welfare fund	-	-	-	-	(38,048,967,000)	(38,048,967,000)
Bonus for the Board of Directors and Board of Supervision	-	-	-	-	(4,227,663,000)	(4,227,663,000)
Supplement retained profits from investment and development fund	-	-	(28,815,023,083)	-	28,815,023,083	-
Balance at 30 June 2020	818,609,380,000	1,592,782,700	1,312,256,738,050	44,983,552,000	262,603,144,766	2,440,045,597,516
Balance at 1 January 2019	818,609,380,000	1,592,782,700	1,279,666,344,571	44,983,552,000	308,800,462,463	2,453,652,521,734
Net profit for the period	-	-	-	-	208,200,258,040	208,200,258,040
Dividends (Note 32)	-	-	-	-	(204,652,345,000)	(204,652,345,000)
Appropriation to investment and development fund	-	-	61,405,416,562	-	(61,405,416,562)	-
Appropriation to bonus and welfare fund	-	-	-	-	(34,484,917,000)	(34,484,917,000)
Bonus for the Board of Directors and Board of Supervision	-	-	-	-	(4,276,102,000)	(4,276,102,000)
Balance at 30 June 2019	818,609,380,000	1,592,782,700	1,341,071,761,133	44,983,552,000	212,181,939,941	2,418,439,415,774

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31. Share capital

The Company's authorised and issued share capital are:

	30/6/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	81,860,938	818,609,380,000	81,860,938	818,609,380,000
Shares in circulation				
Ordinary shares	81,860,938	818,609,380,000	81,860,938	818,609,380,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared by the Company from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. For repurchased shares, all rights above shall be withheld until they are reissued.

There was no movement in share capital during the period.

Details of shareholders at the reporting date were as follows:

	As at 30/6/2020		As at 1/1/2020	
	Share capital VND	% equity owned	Share capital VND	% equity owned
Nawaplastic Industries Co., Ltd.	445,259,110,000	54.4%	445,259,110,000	54.4%
Other shareholders	373,350,270,000	45.6%	373,350,270,000	45.6%
	818,609,380,000	100%	818,609,380,000	100%

The parent company, Nawaplastic Industries Co., Ltd. is incorporated in Thailand.

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32. Dividends

The General Meeting of Shareholders of the Company on 24 June 2020 resolved to distribute dividends amounting to VND409,305 million from profit after tax of 2019 by cash, equivalent to 50% of charter capital, in which interim dividends amounting to VND163,722 million were paid in 2019 (six-month period ended 30 June 2019: The General Meeting of Shareholders of the Company on 19 April 2019 resolved to distribute dividends amounting to VND204,652 million, equivalent to VND2,500 per share, from profit after tax of 2018).

33. Off balance sheet items

(a) Foreign currencies

	30/6/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	82,549	1,912,159,529	42,395	977,881,277
THB	93,920	65,639,585	141,480	102,236,278
		1,977,799,114		1,080,117,555

(b) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	30/6/2020 VND	1/1/2020 VND
Approved and contracted	55,271,964,259	50,241,722,108

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34. Revenue from sales of goods and provision of services

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised of:

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Total revenue		
▪ Sales of finished goods	2,158,033,725,979	2,034,311,383,143
▪ Sales of supplies and merchandise goods	118,697,475,066	77,295,000,153
▪ Transportation service	6,116,818	9,115,910
	2,276,737,317,863	2,111,615,499,206
Less revenue deductions		
▪ Sales discounts	(1,434,000)	(1,038,592,827)
▪ Sales returns	(6,078,866,413)	(1,983,125,236)
	(6,080,300,413)	(3,021,718,063)
Net revenue	2,270,657,017,450	2,108,593,781,143

35. Cost of goods sold and services provided

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Total cost of sales:		
▪ Finished goods sold	1,559,729,252,501	1,546,108,889,229
▪ Supplies and merchandise goods sold	110,529,901,865	77,107,331,255
▪ Allowance for inventories	453,857,117	1,790,204,462
	1,670,713,011,483	1,625,006,424,946

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36. Financial income

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Interest income from bank deposits and loans	37,847,312,963	11,010,097,928
Foreign exchange gains	232,817,846	448,845,673
	38,080,130,809	11,458,943,601

37. Financial expenses

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Interest expense	25,566,863	69,736,106
Foreign exchange losses	66,223,104	444,709,542
Payment discounts	59,068,330,493	52,477,945,875
	59,160,120,460	52,992,391,523

38. Selling expenses

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Staff costs	19,003,337,829	10,737,176,654
Materials, packaging costs	4,599,457,128	2,770,624,427
Depreciation charge	1,773,750,961	1,172,036,795
Sales discounts expenses	141,932,450,622	64,972,874,105
Transportation costs	11,858,486,545	24,809,314,492
Customer conference expenses	6,000,000,000	51,465,001
Promotion and advertisement expenses	3,785,112,620	2,671,071,084
Outside service expenses	7,014,050,169	6,547,644,833
Other expenses	17,207,928,538	10,420,419,057
	213,174,574,412	124,152,626,448

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39. General and administration expenses

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Management staff costs	21,761,668,745	13,816,603,195
Management materials costs	1,252,273,869	3,279,729,150
Depreciation charge	3,634,270,758	3,902,083,788
Taxes, duties and fees	3,486,403,696	249,714,833
(Reversal)/allowance for doubtful debts	(585,867,189)	19,274,292,319
Outside service expenses	5,429,985,953	7,240,511,995
Other expenses	9,445,068,148	10,354,248,937
	44,423,803,980	58,117,184,217

40. Production and business costs by element

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Raw material costs included in production costs and purchase cost of merchandise goods	1,344,110,989,672	1,293,308,373,534
Labour costs and staff costs	166,118,154,776	152,809,430,143
Depreciation and amortisation	104,423,311,430	90,360,268,047
Outside services	88,941,568,674	99,238,342,331
Other expenses	187,588,830,176	220,721,520,229

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41. Income tax

(a) Recognised in the consolidated statement of income

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Current tax expense		
Current period	64,467,788,622	52,941,790,619
Deferred tax benefit		
Origination and reversal of temporary differences	(62,330,309)	(504,249,068)
Income tax expense	64,405,458,313	52,437,541,551

(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Accounting profit before tax	323,026,921,178	260,637,799,591
Tax at the Company's tax rate	64,605,384,236	52,127,559,918
Other adjustments	(199,925,923)	309,981,633
	64,405,458,313	52,437,541,551

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(c) Applicable tax rates

The Company has an obligation to pay the government income tax at the rate of 20% of taxable profits.

Northern Binh Minh Plastics One Member Limited Company – the subsidiary: Under the terms of its Investment Certificate, the subsidiary has an obligation to pay the income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation (from 2007 to 2018) and the usual income tax rate for the succeeding years for manufacturing plastic pipes and fittings of uPVC, PE, PP. The current tax regulations allow the subsidiary to be exempt from income tax for 3 years starting from the first year it generates a taxable profit (from 2009 to 2011) and entitled to a 50% reduction in income tax for the 7 succeeding years (from 2012 to 2018). All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 20%.

42. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2020 was based on the profit attributable to ordinary shareholders after deducting amount appropriated to bonus and welfare fund and a weighted average number of ordinary shares outstanding for the period, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Net profit for the period	258,621,462,865	208,200,258,040
Appropriation to bonus and welfare fund (*)	-	-
Net profit attributable to ordinary shareholders	258,621,462,865	208,200,258,040

- (*) Pursuant to the Resolution of the Board of Directors dated 26 March 2020, the employee's bonus for 2020 will be recorded as an expense before corporate income tax instead of being appropriated from profit after tax as the treatment in the years prior to 2020. Accordingly, the amount appropriated to bonus and welfare fund from profit after tax for the six-month period ended 30 June 2020 was nil.

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(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2020	30/6/2019
	Shares	Shares
Weighted average number of ordinary shares for the period	81,860,938	81,860,938

(iii) Basic earnings per share

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Basic earnings per share	3,159	2,543

(b) Diluted earnings per share

As at 30 June 2020 and 30 June 2019, the Company did not have potential ordinary shares, therefore the presentation of diluted earnings per share is not applicable.

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43. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated interim financial statements, the Group had the following significant transactions with related parties during the period:

	Transaction value	
	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
<i>Associates</i>		
Danang Plastics Joint Stock Company		
Sales of goods	-	11,431,738,461
Warehouse rental fee	545,454,545	545,454,545
Commission	3,493,460,083	3,247,139,241
Transport cost	1,960,770,000	-
Loans granted	10,000,000,000	10,000,000,000
Interest income	1,100,767,123	-
<i>Other related companies</i>		
TPC Vina Plastic and Chemical Corporation Ltd.		
Purchase of raw materials	491,499,960,000	496,303,560,000
SCG Performance Chemicals Co., Ltd		
Purchase of raw materials	17,331,013,800	2,507,344,350
SCG Plastics Co., Ltd		
Purchase of raw materials	1,133,480,200	1,462,534,014
Nawa Intertech Co., Ltd		
Purchase of raw materials	-	3,853,328,430
Purchase of machinery and equipment	1,499,074,882	-
Alcamax Packaging (Vietnam) Co., Ltd		
Purchase of raw materials	268,939,600	325,130,500
<i>Key management personnel</i>		
Members of the Board of Directors and Board of Management		
Salary, bonus and remuneration	8,561,583,231	4,843,152,510
Members of the Board of Supervision		
Remuneration	709,315,065	550,339,307

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44. Corresponding figures

Corresponding figures as at 1 January 2020 and for the six-month period ended 30 June 2019 were derived respectively from the balances and amounts reported in the Group's consolidated financial statements as at and for the year ended 31 December 2019 and from the Group's consolidated interim financial statements as at and for the six-month period ended 30 June 2019.

24 August 2020

Prepared by:



Phung Huu Luan
Deputy Chief Accountant



Hong Le Viet
Chief Accountant

Approved by:



Nguyen Hoang Ngan
General Director