

Century Synthetic Fiber Corporation

Financial statements

31 December 2012

Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103003288 issued by the Department of Planning and Investment of Ho Chi Minh City on 11 April 2005 and the following amended BRC:

<i>Amended BRC No.</i>	<i>Date</i>
4103003288 – 1 st	24 May 2007
4103003288 – 2 nd	12 September 2007
4103003288 – 3 rd	6 August 2008
4103003288 – 4 th	14 March 2009
4103003288 – 5 th	12 November 2009
0302018927 – 6 th	13 January 2010
0302018927 – 7 th	8 October 2010
0302018927 – 8 th	19 October 2011
0302018927 – 9 th	6 July 2012

The Company has a branch incorporated pursuant to Investment Certificate No. 45211000130 issued by the Tay Ninh Province Industrial Zone Administration on 26 June 2009 and the following amended Investment Certificates:

<i>Amended Investment Certificate No.</i>	<i>Date</i>
45211000130 – 1 st	17 August 2009
45211000130 – 2 nd	27 May 2010
45211000130 – 3 rd	11 June 2010
45211000130 – 4 th	15 April 2011

The current principal activities of the Company and its branch are to manufacture synthetic yarn and knitting.

The Company's head office is located at North West Cu Chi Industry Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industry Zone, Trang Bang District, Tay Ninh Province, Vietnam.

BOARD OF DIRECTORS

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

Mr. Dang Trieu Hoa	Chairman
Mr. Dang Huong Cuong	Member
Ms. Dang My Linh	Member
Mr. Lee Chien Kuan	Member
Mr. Jean-Eric Jacquemin	Member
Mr. Thai Tuan Chi	Member

BOARD OF SUPERVISION

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

Mr. Nguyen Tu Luc	Head of the Board of Supervision
Ms. Nguyen Thi Ngoc Linh	Member
Ms. Phan Thi Hong Phuc	Member

Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

Mr. Dang Trieu Hoa
Mr. Huang Wei Ling

General Director
Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Dang Trieu Hoa.

AUDITORS

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

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 December 2012.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of the Company which give a true and fair view of the state of affairs 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 in 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 registered 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 2012 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

For and on behalf of management: *Rich*



Dang Trieu Hoa
General Director

12 March 2013

Reference: 60867230/15504668

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the financial statements of Century Synthetic Fiber Corporation ("the Company") as set out on pages 5 to 34 which comprise the balance sheet as at 31 December 2012, the income statement and the cash flow statement for the year then ended and the notes thereto.

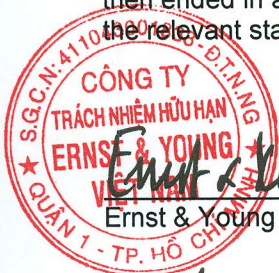
The preparation and presentation of these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2012 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.



Ernst & Young Vietnam Ltd.
Ernst & Young Vietnam Limited



Mai Viet Hung Tran
Deputy General Director
Certificate No. D.0048/KTV

Ho Chi Minh City, Vietnam

12 March 2013



Bui Xuan Vinh
Auditor
Certificate No. 0842/KTV

Century Synthetic Fiber Corporation

B01-DN

BALANCE SHEET
as at 31 December 2012

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		312,433,587,543	289,641,888,714
110	I. Cash and cash equivalents	4	24,098,834,109	69,234,006,084
111	1. Cash		16,098,834,109	27,068,406,084
112	2. Cash equivalents		8,000,000,000	42,165,600,000
130	II. Current accounts receivable		84,652,713,008	58,031,757,180
131	1. Trade receivables	5	83,415,923,765	38,131,234,618
132	2. Advances to suppliers		824,445,981	4,013,706,975
135	3. Other receivables		412,343,262	15,886,815,587
140	III. Inventories	6	194,751,638,645	143,264,189,001
141	1. Inventories		194,751,638,645	143,264,189,001
150	IV. Other current assets		8,930,401,781	19,111,936,449
151	1. Short-term prepaid expenses		1,072,914,354	2,129,494,668
152	2. Value-added tax deductible		7,751,340,119	16,943,102,677
154	3. Tax and other receivables from the State		7,978,362	6,333,239
158	4. Other current assets		98,168,946	33,005,865
200	B. NON-CURRENT ASSETS		704,144,686,663	584,940,492,354
210	I. Long-term receivable		800,000,000	1,000,000,000
218	1. Other long-term receivable		800,000,000	1,000,000,000
220	II. Fixed assets		659,630,526,845	536,989,505,545
221	1. Tangible fixed assets	7	539,989,498,381	350,448,431,339
222	Cost		739,481,119,568	499,693,419,520
223	Accumulated depreciation		(199,491,621,187)	(149,244,988,181)
224	2. Finance leases	8	98,904,092,415	111,139,650,243
225	Cost		122,355,578,248	122,355,578,248
226	Accumulated depreciation		(23,451,485,833)	(11,215,928,005)
227	3. Intangible fixed assets	9	8,439,139,346	-
228	Cost		10,511,383,594	113,300,000
229	Accumulated amortisation		(2,072,244,248)	(113,300,000)
230	4. Construction in progress	10	12,297,796,703	75,401,423,963
260	III. Other long-term assets		43,714,159,818	46,950,986,809
261	1. Long-term prepaid expenses	11	36,947,407,564	40,475,132,678
262	2. Deferred tax assets	20.2	866,804,694	575,906,571
268	3. Other long-term assets		5,899,947,560	5,899,947,560
270	TOTAL ASSETS		1,016,578,274,206	874,582,381,068



Century Synthetic Fiber Corporation

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BALANCE SHEET (continued)
as at 31 December 2012

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		547,330,639,970	484,403,824,774
310	I. Current liabilities		267,042,427,605	315,005,014,236
311	1. Short-term loans	12	36,751,094,894	60,102,609,792
312	2. Trade payables		192,008,783,325	201,832,700,308
313	3. Advances from customers		7,424,116,587	2,582,555,036
314	4. Statutory obligations	13	13,060,147,961	33,467,463,243
315	5. Payables to employees		3,500,154,795	3,102,244,466
316	6. Accrued expenses	14	4,964,569,172	5,233,156,197
319	7. Other payables		1,555,954,441	1,216,316,090
323	8. Bonus and welfare fund		7,777,606,430	7,467,969,104
330	II. Non-current liabilities		280,288,212,365	169,398,810,538
333	1. Other long-term liabilities		372,055,917	401,543,250
334	2. Long-term loans and debts	15	279,916,156,448	168,997,267,288
400	B. OWNERS' EQUITY		469,247,634,236	390,178,556,294
410	I. Capital	16.1	469,247,634,236	390,178,556,294
411	1. Share capital		274,914,910,000	229,888,340,000
412	2. Share premium		40,145,500,800	40,145,500,800
414	3. Treasury shares		(11,753,620,000)	(11,650,560,000)
418	4. Financial reserve fund		1,219,011,000	1,219,011,000
420	5. Undistributed earnings		164,721,832,436	130,576,264,494
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,016,578,274,206	874,582,381,068

OFF BALANCE SHEET ITEM

ITEM	Ending balance	Beginning balance
Foreign currency: United Dollar (US\$)	680,296	1,188,701

Phan Nhu Bich
Chief Accountant

Đang Triều Hoa
General Director

12 March 2013

Century Synthetic Fiber Corporation

B02-DN

INCOME STATEMENT
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
1	1. Revenue from sale of goods	17.1	1,099,306,642,309	935,783,448,485
2	2. Deductions	17.1	(96,466,061)	(874,995,000)
10	3. Net revenue from sale of goods	17.1	1,099,210,176,248	934,908,453,485
11	4. Cost of goods sold	19	(924,734,079,439)	(756,845,768,711)
20	5. Gross profit		174,476,096,809	178,062,684,774
21	6. Financial income	17.2	3,632,235,955	25,545,155,597
22	7. Financial expenses	18	(18,698,609,165)	(47,492,801,864)
23	- In which: Interest expense		(17,965,470,881)	(18,099,539,768)
24	8. Selling expenses	19	(28,078,886,988)	(19,637,737,491)
25	9. General and administration expenses	19	(34,124,514,109)	(30,206,542,837)
30	10. Operating profit		97,206,322,502	106,270,758,179
31	11. Other income		181,490,624	467,325,589
32	12. Other expenses		(627,130,379)	(222,507,487)
40	13. Other (loss) profit		(445,639,755)	244,818,102
50	14. Profit before tax		96,760,682,747	106,515,576,281
51	15. Current corporate income tax expense	20.1	(12,849,882,452)	(24,599,778,497)
52	16. Deferred income tax benefit	20.2	290,898,123	575,906,571
60	17. Net profit after tax		84,201,698,418	82,491,704,355
70	18. Earnings per share	22	3,347	3,279


Phan Nhu Bich
Chief Accountant


Dang Trieu Hoa
General Director

12 March 2013

Century Synthetic Fiber Corporation

B03-DN

CASH FLOW STATEMENT
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		96,760,682,747	106,515,576,281
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	7,8,9	64,823,090,182	56,688,211,544
04	Unrealised foreign exchange losses		-	13,624,875,313
05	Profits from investing activities		(2,858,508,388)	(11,883,699,879)
06	Interest expense	18	17,965,470,881	18,099,539,768
08	Operating profit before changes in working capital		176,690,735,422	183,044,503,027
09	(Increase) decrease in receivables		(17,296,001,474)	19,846,026,056
10	Increase in inventories		(51,487,449,644)	(69,781,957,564)
11	(Decrease) increase in payables		(19,253,807,502)	93,303,955,367
12	Decrease (increase) in prepaid expenses		4,584,305,428	(5,605,677,461)
13	Interest paid		(17,251,749,057)	(19,412,048,568)
14	Corporate income tax paid	20.1	(19,241,795,954)	(11,146,557,936)
15	Other cash inflows from operating activities		167,435,619,664	120,956,936,125
16	Other cash outflows from operating activities		(172,107,156,974)	(124,019,197,125)
20	Net cash from operating activities		52,072,699,909	187,185,981,921
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(186,988,411,144)	(58,691,825,283)
22	Proceeds from disposals of fixed assets		65,454,546	-
27	Interest received		2,793,053,842	11,425,783,212
30	Net cash used in investing activities		(184,129,902,756)	(47,266,042,071)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	3,673,600,000
32	Buy back treasury shares	16.1	(103,060,000)	-
33	Drawdown of borrowings		335,844,018,320	378,471,605,747
34	Repayment of borrowings		(229,939,011,944)	(444,655,486,343)
35	Payment of finance lease liabilities		(18,879,915,504)	(44,236,579,768)
40	Net cash from (used in) financing activities		86,922,030,872	(106,746,860,364)

Century Synthetic Fiber Corporation

B03-DN

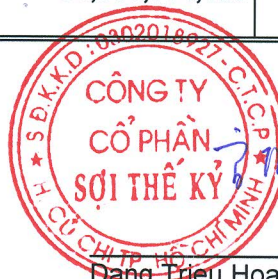
CASH FLOW STATEMENT (continued)
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents		(45,135,171,975)	33,173,079,486
60	Cash and cash equivalents at beginning of year	4	69,234,006,084	36,060,781,013
61	Impact of exchange rate fluctuation		-	145,585
70	Cash and cash equivalents at end of year	4	24,098,834,109	69,234,006,084



Phan Nhu Bich
Chief Accountant



Dang Trieu Hoa
General Director

12 March 2013

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2012

1. CORPORATE INFORMATION

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103003288 issued by the Department of Planning and Investment of Ho Chi Minh City on 11 April 2005 and the following amended BRC:

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The current principal activities of the Company and its branch are to manufacture synthetic yarn and knitting.

The Company's registered head office is located at North West Cu Chi Industry Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industry Zone, Trang Bang District, Tay Ninh Province, Vietnam.

The number of the Company' employees as at 31 December 2012 was 661 (31 December 2011: 644).

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 the Vietnamese Accounting System and Vietnamese Accounting Standards ("VAS") 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).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012**2. BASIS OF PREPARATION** (continued)**2.1 Accounting standards and system** (continued)

Accordingly, the accompanying balance sheet, income statement, cash flow statement and related notes, 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 Registered accounting documentation system

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

2.3 Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

2.4 Accounting currency

The Company maintains its accounting records in VND.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Change in accounting policies**

The accounting policies adopted by the Company in preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2011, except for the change in the accounting policy in relation to foreign currency transactions.

For the year ended 31 December 2012, the Company adopts Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 ("Circular 179") in addition to VAS No. 10 - Effects of Changes in Foreign Exchange Rates (the "VAS 10") adopted in prior years.

Following Circular 179, at the end of the year, monetary assets and liabilities denominated in foreign currencies are translated into VND using buying exchange rate announced by the commercial bank where the Company maintains bank accounts. In 2011, inter-bank exchange rates ruling at the balance sheet date was used for this translation.

Circular 179 is applied from 2012 on a prospective basis. Impact of the change from using interbank exchange rate to buying exchange rate announced by the commercial bank for the year end translation to the financial statements as at and for the year ended 31 December 2012 is not material as a whole.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.3 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 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 progress	- 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 (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 and decreases to the provision balance are recorded into the cost of goods sold account in the income statement.

3.4 Receivables

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

The provision for doubtful debts represents the estimated loss due to non-collection of receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administration expense in the income statement.

3.5 Fixed assets

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and amortisation.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the income statement as incurred.

When fixed assets are sold or retired, their cost and accumulated depreciation or amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

3.6 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leased assets (continued)

Assets held under finance leases are capitalised in the balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful live of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and finance lease 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	10 - 15 years
Machinery and equipment	1 - 10 years
Motor vehicles	3 - 10 years
Office equipment	3 - 5 years
Computer software	3 - 5 years

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 Prepaid expenses

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

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 Provision for severance allowance

The severance allowance to employees is provided at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary of the last year up to the termination for each year of service in accordance with the Labour Code, Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month year up to the balance sheet date. Any changes to the accrued amount will be taken into 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 42 of the Labour Code.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.12 Foreign currency transactions**

The Company follows the guidance under the VAS 10 in relation to foreign currency transactions as applied consistently in prior year. In addition to VAS 10, starting from 2012, the Company adopts Circular 179 in relation to foreign currency transaction which impacts are presented in Note 3.1.

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the income statement.

3.13 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting and after making appropriation to reserve funds in accordance with the Company' 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.

Financial reserve fund

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

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.

3.14 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.

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.16 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 deferred 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 set off current income tax assets against current income tax liabilities and when the Company intend to settle its current income tax assets and liabilities on a net basis.

Deferred income tax

Deferred income 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, except the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

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, except the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

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 year 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 income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the deferred income 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 set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current income tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.17 **Financial instruments**

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Financial instruments – subsequent re-measurement

There is currently no guidance in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the income balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. **CASH AND CASH EQUIVALENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	52,912,906	253,751,927
Cash in banks	16,045,921,203	26,814,654,157
Cash equivalents	8,000,000,000	42,165,600,000
TOTAL	24,098,834,109	69,234,006,084

Cash equivalents represent short-term bank deposits with original maturity of one week which are readily convertible into known amount of cash without any significant risk of change in value, and earn an applicable deposit interest.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

5. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from third parties	80,013,643,680	36,833,938,183
Due from a related party (Note 21)	3,402,280,085	1,297,296,435
TOTAL	<u>83,415,923,765</u>	<u>38,131,234,618</u>

6. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	34,750,073,172	15,592,929,799
Finished goods	105,748,459,901	75,345,550,155
Goods in transit	54,253,105,572	31,276,178,046
Work in process	-	21,049,531,001
TOTAL	<u>194,751,638,645</u>	<u>143,264,189,001</u>

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
Cost:					
Beginning balance	140,647,005,312	321,525,131,932	37,157,477,722	363,804,554	499,693,419,520
Newly purchased	-	43,760,528,032	22,442,072,062	11,000,000	66,213,600,094
Transferred from construction in progress	-	172,856,107,054	1,099,948,000	-	173,956,055,054
Sold, disposed	-	-	(357,192,900)	(24,762,200)	(381,955,100)
Ending balance	140,647,005,312	538,141,767,018	60,342,304,884	350,042,354	739,481,119,568
<i>In which:</i>					
Fully depreciated	6,433,829,043	18,882,989,022	2,511,876,862	137,129,652	27,965,824,579
Accumulated depreciation:					
Beginning balance	30,401,986,893	109,967,782,708	8,614,500,634	260,717,946	149,244,988,181
Depreciation for the year	10,904,685,183	34,509,900,386	5,169,647,997	44,354,540	50,628,588,106
Sold, disposed	-	-	(357,192,900)	(24,762,200)	(381,955,100)
Ending balance	41,306,672,076	144,477,683,094	13,426,955,731	280,310,286	199,491,621,187
Net carrying amount:					
Beginning balance	110,245,018,419	211,557,349,224	28,542,977,088	103,086,608	350,448,431,339
Ending balance	99,340,333,236	393,664,083,924	46,915,349,153	69,732,068	539,989,498,381
<i>In which:</i>					
Pledged as loan security (Note 15)	66,689,850,817	291,392,887,474	44,950,392,519	-	403,033,130,810

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

8. FINANCE LEASES

	VND
	<i>Machinery and equipment</i>
Cost:	
Beginning and ending balances	<u>122,355,578,248</u>
Accumulated depreciation:	
Beginning balance	11,215,928,005
Depreciation for the year	<u>12,235,557,828</u>
Ending balance	<u>23,451,485,833</u>
Net carrying amount:	
Beginning balance	<u>111,139,650,243</u>
Ending balance	<u>98,904,092,415</u>

The Company leases machinery used in its production line. Under the terms of the finance lease dated 25 February 2011, the Company has the option to purchase the machinery at the expiry of the lease on 25 February 2016. Commitments for future lease payments under this lease are set out in Note 15.2.

9. INTANGIBLE FIXED ASSETS

	VND
	<i>Computer software</i>
Cost:	
Beginning balance	113,300,000
Newly purchased	<u>10,398,083,594</u>
Ending balance	<u>10,511,383,594</u>
<i>In which:</i>	
Fully amortised	113,300,000
Accumulated amortisation:	
Beginning balance	113,300,000
Amortisation for the year	<u>1,958,944,248</u>
Ending balance	<u>2,072,244,248</u>
Net carrying amount:	
Beginning balance	<u>-</u>
Ending balance	<u>8,439,139,346</u>

10. CONSTRUCTION IN PROGRESS

Construction in progress as at 31 December 2012 represents the construction cost and machinery under installation of phase 2 at the Company's Trang Bang branch.

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

11. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land rental (land use rights) (*)	30,596,769,909	31,420,995,303
Others	6,350,637,655	9,054,137,375
TOTAL	<u>36,947,407,564</u>	<u>40,475,132,678</u>

(*) As disclosed in Note 15, the Company has pledged the land use rights to secure the bank loan facilities.

12. SHORT-TERM LOANS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loan	17,870,424,000	-
Current portion of finance lease (Note 15)	18,880,670,894	60,102,609,792
TOTAL	<u>36,751,094,894</u>	<u>60,102,609,792</u>

The Company obtained these loans for the purpose of financing its working capital requirements. Details are as follows:

<i>Name</i>	<i>Ending balance</i>	<i>Original amount</i>	<i>Term and maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND	US\$		(p.a)	
ANZ (Vietnam) Limited	8,331,200,000	400,000	From 3 December 2012 to 3 January 2013	3.5%	Inventories and trade receivables balances as at 31 December 2012
	<u>9,539,224,000</u>	<u>458,000</u>	From 27 December 2012 to 10 January 2013	3.5%	
	<u>17,870,424,000</u>	<u>858,000</u>			

13. STATUTORY OBLIGATIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 20.1)	8,676,466,670	15,068,380,172
Value-added tax	3,936,722,033	-
Import and export duties	196,608,756	18,228,860,241
Personal income tax	180,893,002	170,222,830
Other	69,457,500	-
TOTAL	<u>13,060,147,961</u>	<u>33,467,463,243</u>

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

14. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Utilities	2,016,895,069	2,631,301,895
Sale commission	1,738,286,505	1,795,684,562
Interest expense	713,721,824	295,615,171
Professional services fee	436,202,574	319,626,274
Others	59,463,200	190,928,295
TOTAL	<u>4,964,569,172</u>	<u>5,233,156,197</u>

15. LONG-TERM LOANS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Loans from banks	239,010,089,416	150,433,979,040
Finance lease	59,786,737,926	78,665,898,040
TOTAL	<u>298,796,827,342</u>	<u>229,099,877,080</u>
<i>In which</i>		
<i>Current portion (Note 12)</i>	18,880,670,894	60,102,609,792
<i>Non-current portion</i>	279,916,156,448	168,997,267,288

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

15. LONG-TERM LOANS (continued)

15.1 Long-term loans from banks

	Ending balance	Original amount	Term and maturity date	Interest rate	Description of collateral
	VND	US\$		(p.a)	
Sacombank Leasing Company					
SBL010200911 006	3,609,950,616	173,322	From 25 February 2011 to 25 February 2016	5.7%	All machineries at Trang Bang branch, Tay Ninh Province
SBL010200911 007	36,101,630,616	1,733,322	From 25 February 2011 to 25 February 2016	5.7%	
SBL010200911 008	271,722,088	13,046	From 25 February 2011 to 25 February 2016	5.7%	
SBL010201100 3008	354,034,344	16,998	From 25 February 2011 to 25 February 2016	5.7%	
SBL010201100 3005	568,729,368	27,306	From 25 February 2011 to 25 February 2016	5.7%	
	40,906,067,032	1,963,994			
<i>In which:</i>					
<i>Current portion</i>					
(Note 12)	18,880,670,894	906,468			
Dong A Joint Stock Commercial Bank					
H.0217-13	168,209,469,016	8,076,122	From 1 March 2012 to 1 March 2019	4.8%	Assets funded by loans including imported machinery and equipment (phase 2). Total assets value is US\$ 12,100,000
Vietnam Export and Import Joint Stock Commercial Bank					
No. 200908121	70,800,620,400	3,399,300	96 months from 20 July 2010 to 20 April 2018	From 5.0% to 7.4%	Land use right, building and structures, and machineries at Trang Bang, Tay Ninh Province
TOTAL	279,916,156,448	13,439,416			

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

15. LONG-TERM LOANS (continued)

15.2 Finance lease

The Company leases machineries from 25 February 2011 under a finance lease arrangement. Future obligations due under finance lease agreement as at 31 December 2012 were as follows:

	<i>Ending balance</i>			<i>VND</i>
	<i>Total minimum lease payments</i>	<i>Finance charges</i>	<i>Lease liabilities</i>	<i>Beginning balance Lease liabilities</i>
Current liability				
Less than 1 year (Note 12)	22,244,483,912	3,363,813,018	18,880,670,894	18,879,915,504
Non-current liability				
From 1 to 5 years	43,798,126,475	2,892,059,443	40,906,067,032	59,785,982,536
TOTAL	<u>66,042,610,387</u>	<u>6,255,872,461</u>	<u>59,786,737,926</u>	<u>78,665,898,040</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

16. OWNERS' EQUITY

16.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Financial reserve fund	Undistributed earnings	Total	VND
Previous year:							
Beginning balance	197,326,400,000	40,557,750,800	-	1,219,011,000	86,373,586,147	325,476,747,947	
Increase in capital	3,673,600,000	-	-	-	-	3,673,600,000	
Treasury shares	-	(412,250,000)	(11,650,560,000)	-	-	(12,062,810,000)	
Net profit for the year	-	-	-	-	82,491,704,355	82,491,704,355	
Dividend	28,888,340,000	-	-	-	(28,888,340,000)	-	
Profit appropriation	-	-	-	-	(9,400,686,008)	(9,400,686,008)	
Ending balance	229,888,340,000	40,145,500,800	(11,650,560,000)	1,219,011,000	130,576,264,494	390,178,556,294	
Current year:							
Beginning balance	229,888,340,000	40,145,500,800	(11,650,560,000)	1,219,011,000	130,576,264,494	390,178,556,294	
Increase in capital	45,026,570,000	-	-	-	(45,026,570,000)	-	
Treasury shares	-	-	(103,060,000)	-	-	(103,060,000)	
Net profit for the year	-	-	-	-	84,201,698,418	84,201,698,418	
Profit appropriation	-	-	-	-	(5,029,560,476)	(5,029,560,476)	
Ending balance	274,914,910,000	40,145,500,800	(11,753,620,000)	1,219,011,000	164,721,832,436	469,247,634,236	

On 29 March 2012, the Company's shareholders approved to pay share dividends at the rate of 20% of the Company's share capital from undistributed earnings at the Annual General Meeting. Subsequently, the Company issued 4,502,657 shares at par value of VND 10,000/share or equivalent to VND 45,026,570,000 to its existing shareholders on 25 May 2012. Accordingly, the share capital of the Company increased to VND 274,914,910,000 which was approved by the Department of Planning and Investment of Ho Chi Minh City through issuance of the amended Business Registration Certificate on 6 July 2012.



Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

16. OWNERS' EQUITY (continued)

16.2 Capital transactions with owners

	VND	
	Current year	Previous year
Issued share capital		
Beginning balance	229,888,340,000	197,326,400,000
Share issuance	45,026,570,000	32,561,940,000
Ending balance	<u>274,914,910,000</u>	<u>229,888,340,000</u>

16.3 Shares

	Current year	Previous year
	Shares	Shares
Shares authorised to be issued	27,491,491	22,988,834
Shares issued and fully paid	27,491,491	22,988,834
<i>Ordinary shares</i>	27,491,491	22,988,834
<i>Preference shares</i>	-	-
Treasury shares	(483,906)	(473,600)
<i>Ordinary shares</i>	(483,906)	(473,600)
<i>Preference shares</i>	-	-

17. REVENUES

17.1 Revenue from sale of goods

	VND	
	Current year	Previous year
Gross revenue	1,099,306,642,309	935,783,448,485
Less:		
Sales returns	(96,466,061)	(874,995,000)
Net revenue	<u>1,099,210,176,248</u>	<u>934,908,453,485</u>

17.2. Financial income

	VND	
	Current year	Previous year
Interest income	2,793,053,842	11,883,699,879
Realised foreign exchange gains	839,023,585	13,661,455,718
Others	158,528	-
TOTAL	<u>3,632,235,955</u>	<u>25,545,155,597</u>

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

18. FINANCIAL EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	17,965,470,881	18,099,539,768
Realised foreign exchange losses	733,138,284	15,768,386,783
Unrealised foreign exchange losses	-	13,624,875,313
TOTAL	<u>18,698,609,165</u>	<u>47,492,801,864</u>

19. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	825,334,756,600	684,543,334,715
Labour costs	51,728,492,205	28,881,367,450
Depreciation and amortisation (Notes 7, 8, and 9)	64,823,090,182	37,209,109,483
Expenses for external services	28,562,707,867	40,494,944,611
Other expenses	16,488,433,682	15,561,292,780
TOTAL	<u>986,937,480,536</u>	<u>806,690,049,039</u>

20. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at rate of 15% of taxable profit for 12 years starting from its commercial operations (2000) and 25% for the years thereafter.

The Company is entitled to an exemption from CIT for 1 year which was 2009 and a 50% reduction for the following 4 years in respect of income generated from its investment in the new production line in 2008.

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

20.1 Current CIT

The current tax payable is based on taxable profit for the year. The taxable profit 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 by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

20. CORPORATE INCOME TAX (continued)

20.1 *Current CIT* (continued)

A reconciliation between the accounting profit before tax reported in the income statement and taxable profit for the year is presented below:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Net profit before tax	96,760,682,747	106,515,576,281
<i>Adjustments:</i>		
Accrued expenses	(57,398,057)	822,717,776
Provision for severance allowance	(29,487,333)	208,991,544
Unrealised profit of Branch	27,423,992	1,329,452,359
Unrealised foreign exchange gains	-	(573,750,192)
Non-deductible expenses	1,214,435,145	1,767,242,003
Estimated current taxable profit	97,915,656,494	110,070,229,771
Tax loss carry forward	-	(2,928,676,962)
Estimated current CIT	97,915,656,494	107,141,552,809
Estimated current CIT from manufacturing activities	14,297,132,447	16,480,492,752
Estimated current CIT from processing activities (25%)	4,874,280,066	1,621,462,303
CIT reduction in accordance with the Circular No. 140/2012/TT-BTC	(2,830,667,526)	-
Adjustment for CIT from previous years	-	6,497,823,442
Estimate Current CIT	16,340,744,987	24,599,778,497
Adjustment for CIT reduction from previous year in accordance with the Circular No. 154/2011/TT-BTC	(3,490,862,535)	-
	12,849,882,452	24,599,778,497
CIT payable at beginning of year	15,068,380,172	1,615,159,611
CIT paid during the year	(19,241,795,954)	(11,146,557,936)
CIT payable at end of year	8,676,466,670	15,068,380,172

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

20. CORPORATE INCOME TAX (continued)

20.2 *Deferred CIT*

The followings are the deferred tax assets recognized by the Company, and the movements thereon, during the current year and previous year.

	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<i>VND</i>				
<i>Deferred tax assets</i>				
Unrealised profit	339,219,089	332,363,090	6,855,999	332,363,090
Accrued expenses	434,571,626	269,352,684	165,218,942	269,352,684
Provision for severance allowance	93,013,979	60,231,488	32,782,491	60,231,488
Unrealised foreign exchange gains	-	(86,040,691)	86,040,691	(86,040,691)
	866,804,694	575,906,571		
<i>Net deferred income tax credit to income statement</i>			290,898,123	575,906,571

21. TRANSACTION WITH A RELATED PARTY

Significant transaction with a related party during the year was as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Amount</i>	<i>Amount</i>
P.A.N Asia Limited Company	Related party	Sale of goods	5,447,169,438	
LIANTEX Co., Ltd.	Related party	Sale of goods	9,640,988,812	

Details of remuneration of the Board of Directors and Supervision during the year are as set out below:

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and related expenses	594,000,000	594,000,000

Amount due from a related party at the balance sheet date was as follows:

	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Amount</i>	<i>Amount</i>
<i>Trade receivable (Note 5)</i>				
P.A.N Asia Limited Company	Related party	Sale of goods	2,035,531,350	
LIANTEX Co., Ltd.	Related party	Sale of goods	1,366,748,735	
			3,402,280,085	

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012**22. BASIC EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company 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.

	VND	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax for the year	84,201,698,418	82,491,704,355
Weighted average number of ordinary shares during the year	<u>25,156,359</u>	<u>25,156,359</u>
Earnings per share (par value of VND 10,000/share)	<u>3,347</u>	<u>3,279</u>

The weighted average number of ordinary shares takes into account the treasury shares and the share dividend made during the year.

The weighted average number of shares for the year ended 31 December 2011 was adjusted to reflect the 4,502,657 shares issued during the current year from undistributed earnings.

23. COMMITMENTS***Operating lease commitment***

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 31 December 2012 under the operating lease agreements is as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	382,402,080	382,402,080
From 1 to 5 years	1,529,608,320	1,529,608,320
More than 5 years	<u>17,530,800,648</u>	<u>18,022,722,303</u>
TOTAL	<u>19,442,811,048</u>	<u>19,934,732,703</u>

Capital commitments

As at 31 December 2012, the Company had outstanding commitments of VND 1,428,840,849 (31 December 2011: VND 2,550,489,768) principally relating to construction for its branch at Trang Bang, Tay Ninh Province, Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012**24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company does not hold or issue derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk.

Management reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, and deposits.

The sensitivity analyses in the following sections relate to the position as at 31 December 2012 and 31 December 2011.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that the statement of the balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2012 and 31 December 2011.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's long-term debts with floating interest rate.

The Company manages interest rate risk by keeping close watch on the relevant market situation contemplate and adapt its level as well as financing strategies to the prevailing situation.

A sensitivity analysis is not performed for interest rate risk as the Company's exposure to interest-rate risk is minimal at reporting date.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)*Foreign currency sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Company's profit before tax.

	Change in US\$ rate	VND Effect on profit before tax
For the year ended 31 December 2012		
	+2%	(9,672,135,158)
	-2%	9,672,135,158
For the year ended 31 December 2011		
	+10%	(34,577,601,339)
	-10%	34,577,601,339

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions.

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintain a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities:

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND</i> <i>Total</i>
31 December 2012			
Loans and borrowings	36,751,094,894	279,916,156,448	316,667,251,342
Trade payables	192,008,783,325	-	192,008,783,325
Other payables and accrued expenses	6,520,523,613	-	6,520,523,613
	<u>235,280,401,832</u>	<u>279,916,156,448</u>	<u>515,196,558,280</u>
31 December 2011			
Loans and borrowings	60,102,609,792	168,997,267,288	229,099,877,080
Trade payables	201,832,700,308	-	201,832,700,308
Other payables and accrued expenses	6,449,472,287	-	6,449,472,287
	<u>268,384,782,387</u>	<u>168,997,267,288</u>	<u>437,382,049,675</u>

Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Collateral

The Company has pledged part of its tangible fixed assets and land use right in order to fulfil the collateral requirements for the long-term loan obtained from Banks (Note 15). At 31 December 2012 and 31 December 2011, the net carrying values of the fixed assets pledged were VND 403,033,130,810 and VND 350,448,431,731 respectively. There are no other significant terms and conditions associated with the use of collateral.

The Company did not hold any collateral at 31 December 2012 and 31 December 2011.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value		VND
	Ending balance	Beginning balance	Ending balance	Beginning balance	
Financial assets					
- Trade receivables	83,415,923,765	38,131,234,618	83,415,923,765	38,131,234,618	
- Other receivables	412,343,262	15,886,815,587	412,343,262	15,886,815,587	
- Other financial assets	6,798,116,506	6,932,953,425	6,798,116,506	6,932,953,425	
- Cash and cash equivalents	24,098,834,109	69,234,006,084	24,098,834,109	69,234,006,084	
Total	114,725,217,642	130,185,009,714	114,725,217,642	130,185,009,714	
Financial liabilities					
- Loans and borrowings	316,667,251,342	229,099,877,080	316,667,251,342	229,099,877,080	
- Trade payables	192,008,783,325	201,832,700,308	192,008,783,325	201,832,700,308	
- Other current liabilities	6,520,523,613	6,449,472,287	6,520,523,613	6,449,472,287	
Total	515,196,558,280	437,382,049,675	515,196,558,280	437,382,049,675	

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2012 and 31 December 2011. However, it is the management's assessment that the fair values of these financial assets and liabilities are approximately the same as their carrying value as at balance sheet date.

