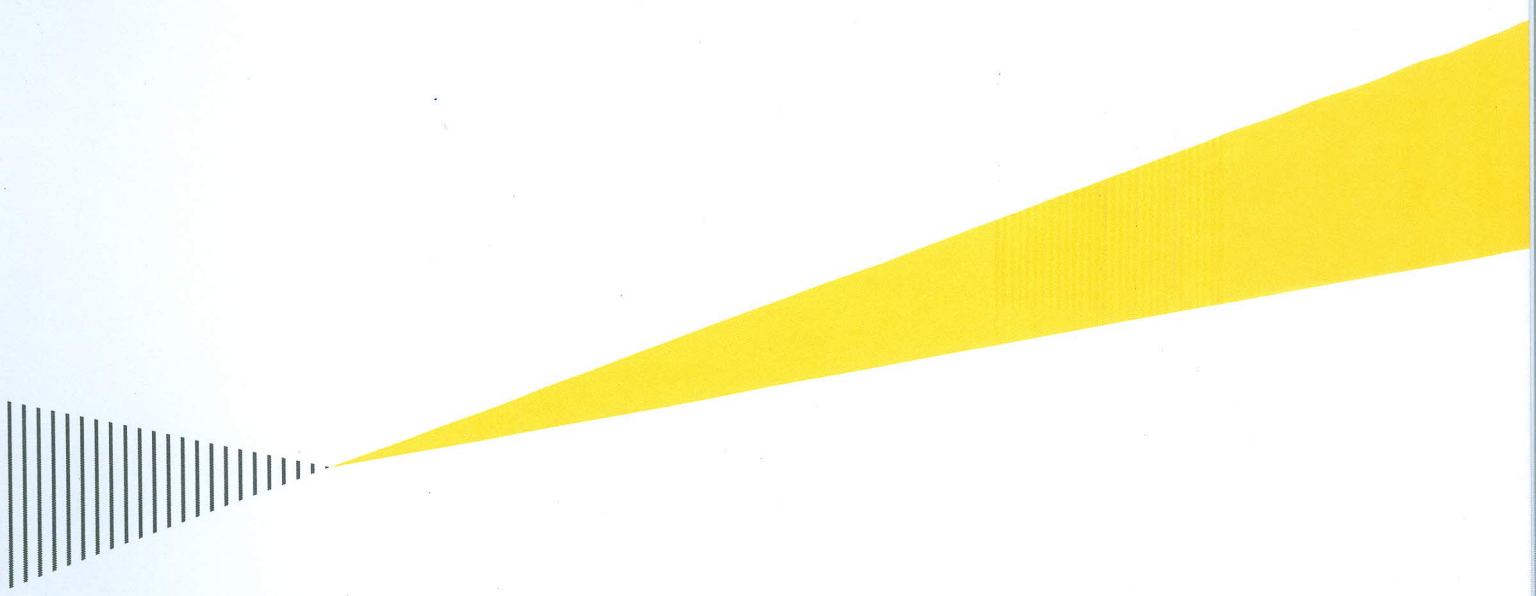


# Century Synthetic Fiber Corporation

Interim financial statements

30 June 2014



Building a better  
working world

# 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 <sup>st</sup>	24 May 2007
4103003288 – 2 <sup>nd</sup>	12 September 2007
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0302018927 – 12 <sup>th</sup>	25 July 2014

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:

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45211000130 – 4 <sup>th</sup>	15 April 2011
45211000130 – 5 <sup>th</sup>	14 January 2014

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.

### BOARD OF DIRECTORS

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

Mr. Nguyen Tu Luc	Head of the Board of Supervision
Ms. Nguyen Thi Ngoc Linh	Member
Mr. Le Anh Tuan	Member

# Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

## **MANAGEMENT**

Members of the Management during the period 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 period 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 interim financial statements of the Company for the six-month period ended 30 June 2014.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

Management is responsible for the interim financial statements of each period which give a true and fair view of the interim state of affairs of the Company and of the interim results of its operations and its interim cash flows for the period. In preparing those interim 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 interim financial statements; and
- prepare the interim 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 applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim financial statements give a true and fair view of the interim financial position of the Company as at 30 June 2014 and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and with the statutory requirements relevant to preparation and presentation of interim financial statements.

For and on behalf of management:



Dang Trieu Hoa  
General Director

4 August 2014

Reference: 60867230/16997588

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To: The Shareholders of Century Synthetic Fiber Corporation**

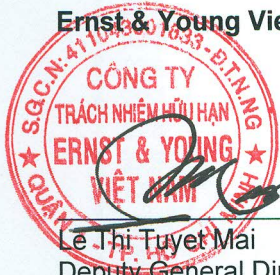
We have reviewed the interim financial statements of Century Synthetic Fiber Corporation (“the Company”) as set out on pages 5 to 33 which comprise the interim balance sheet as at 30 June 2014, the interim income statement and the interim cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company’s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position of the Company as at 30 June 2014, and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and comply with the relevant statutory requirements.

**Ernst & Young Vietnam Limited**



  
Le Thi Tuyen Mai  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1575-2014-004-1



Ngo Hong Son  
Auditor  
Audit Practicing Registration Certificate  
No. 2211-2014-004-1

Ho Chi Minh City, Vietnam

4 August 2014

INTERIM BALANCE SHEET  
as at 30 June 2014

VND

Code	ASSETS	Notes	30 June 2014	31 December 2013
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>337,728,912,937</b>	<b>404,294,358,625</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>32,667,777,549</b>	<b>75,562,455,154</b>
111	1. Cash		16,667,777,549	19,562,455,154
112	2. Cash equivalents		16,000,000,000	56,000,000,000
<b>130</b>	<b>II. Current accounts receivable</b>		<b>78,951,065,441</b>	<b>102,610,110,331</b>
131	1. Trade receivables	5	64,658,444,561	94,102,791,586
132	2. Advances to suppliers		13,125,902,540	6,497,190,493
135	3. Other receivables		1,166,718,340	2,010,128,252
<b>140</b>	<b>III. Inventories</b>	<b>6</b>	<b>207,818,054,114</b>	<b>210,311,803,168</b>
141	1. Inventories		207,818,054,114	210,311,803,168
<b>150</b>	<b>V. Other current assets</b>		<b>18,292,015,833</b>	<b>15,809,989,972</b>
151	1. Short-term prepaid expenses		5,906,812,959	1,635,144,357
152	2. Value-added tax deductible		7,392,213,531	9,476,242,004
154	3. Tax and other receivables from the State		3,029,041	415,017,074
158	4. Other current assets		4,989,960,302	4,283,586,537
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>579,840,356,816</b>	<b>621,176,784,110</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>-</b>	<b>500,000,000</b>
218	1. Other long-term receivable		-	500,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>537,957,282,256</b>	<b>577,642,203,873</b>
221	1. Tangible fixed assets	7	447,329,969,146	480,236,428,350
222	Cost		748,743,460,484	748,498,005,938
223	Accumulated depreciation		(301,413,491,338)	(268,261,577,588)
224	2. Finance leases	8	80,550,755,674	86,668,534,591
225	Cost		122,355,578,248	122,355,578,248
226	Accumulated depreciation		(41,804,822,574)	(35,687,043,657)
227	3. Intangible fixed assets	9	7,838,209,359	8,965,479,674
228	Cost		13,834,916,387	13,594,039,674
229	Accumulated amortisation		(5,996,707,028)	(4,628,560,000)
230	4. Construction in progress	10	2,238,348,077	1,771,761,258
<b>260</b>	<b>III. Other long-term assets</b>		<b>41,883,074,560</b>	<b>43,034,580,237</b>
261	1. Long-term prepaid expenses	11	35,025,379,985	36,717,669,411
262	2. Deferred tax assets	20.2	1,546,194,575	1,057,910,826
268	3. Other long-term assets		5,311,500,000	5,259,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>917,569,269,753</b>	<b>1,025,471,142,735</b>

INTERIM BALANCE SHEET (continued)  
as at 30 June 2014

VND

Code	RESOURCES	Notes	30 June 2014	31 December 2013
<b>300</b>	<b>A. LIABILITIES</b>		<b>366,101,102,771</b>	<b>522,407,728,355</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>184,953,996,352</b>	<b>306,047,497,556</b>
311	1. Short-term loans	12	39,165,577,518	71,091,246,144
312	2. Trade payables		117,842,984,460	202,035,732,451
313	3. Advances from customers		2,971,407,235	5,310,643,377
314	4. Statutory obligations	13	9,856,559,910	13,102,356,638
315	5. Payables to employees		6,301,149,545	4,414,071,427
316	6. Accrued expenses	14	4,395,659,410	4,966,056,295
319	7. Other payables		2,612,060,676	2,458,721,302
323	8. Bonus and welfare fund		1,808,597,598	2,668,669,922
<b>330</b>	<b>II. Non-current liabilities</b>		<b>181,147,106,419</b>	<b>216,360,230,799</b>
333	1. Other long-term liabilities		343,433,959	353,326,959
334	2. Long-term loans and debts	15	180,803,672,460	216,006,903,840
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>551,468,166,982</b>	<b>503,063,414,380</b>
<b>410</b>	<b>I. Capital</b>	<b>16.1</b>	<b>551,468,166,982</b>	<b>503,063,414,380</b>
411	1. Share capital		393,053,360,000	315,425,840,000
414	2. Treasury shares		(11,826,900,000)	(11,826,900,000)
418	3. Financial reserve fund		1,219,011,000	1,219,011,000
420	4. Undistributed earnings		169,022,695,982	198,245,463,380
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>917,569,269,753</b>	<b>1,025,471,142,735</b>

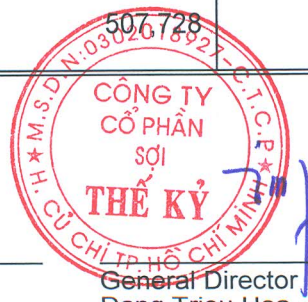
## OFF BALANCE SHEET ITEM

ITEM	30 June 2014	31 December 2013
Foreign currency: United State Dollar (US\$)	507,728	692,819

Preparer  
Le Thi Mong Tuyen

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa



4 August 2014



INTERIM INCOME STATEMENT  
for the six-month period ended 30 June 2014

VND

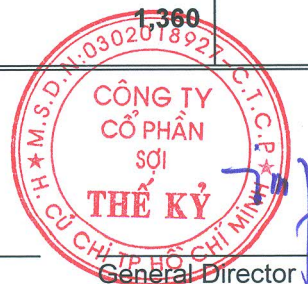
Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
01	1. Revenue from sale of goods	17.1	722,954,413,973	664,445,502,937
02	2. Deductions	17.1	(252,560,000)	(443,378,783)
10	3. Net revenue from sale of goods	17.1	722,701,853,973	664,002,124,154
11	4. Cost of goods sold	19	(617,753,370,825)	(589,992,682,734)
20	5. Gross profit		104,948,483,148	74,009,441,420
21	6. Financial income	17.2	1,057,198,706	2,985,701,832
22	7. Financial expenses	18	(6,657,760,682)	(13,173,018,543)
23	- In which: Interest expense		(3,986,552,352)	(7,719,184,455)
24	8. Selling expenses	19	(15,274,588,510)	(14,498,702,695)
25	9. General and administration expenses	19	(16,492,223,983)	(17,338,835,745)
30	10. Operating profit		67,581,108,679	31,984,586,269
31	11. Other income		337,104,604	122,348,202
32	12. Other expenses		(28,125,584)	(276,072,872)
40	13. Other profit (loss)		308,979,020	(153,724,670)
50	14. Profit before tax		67,890,087,699	31,830,861,599
51	15. Current corporate income tax expense	20.1	(15,593,618,846)	(7,585,927,057)
52	16. Deferred income tax benefit	20.2	488,283,749	124,289,712
60	17. Net profit after tax		52,784,752,602	24,369,224,254
70	18. Basic and diluted earnings per share	22	1,360	628



Preparer  
Le Thi Mong Tuyen



Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa

4 August 2014

INTERIM CASH FLOW STATEMENT  
for the six-month period ended 30 June 2014

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>67,890,087,699</b>	<b>31,830,861,599</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	7,8,9	40,637,839,695	42,159,997,892
03	Provisions		-	1,279,140,890
04	Unrealised foreign exchange losses	18	2,232,165,350	4,515,115,392
05	Profits from investing activities	17.2	(599,378,261)	(776,322,495)
06	Interest expense	18	3,986,552,352	7,719,184,455
08	<b>Operating profit before changes in working capital</b>		<b>114,147,266,835</b>	<b>86,727,977,733</b>
09	Decrease in receivables		27,060,910,559	9,735,436,218
10	Decrease (increase) in inventories		2,493,749,054	(1,581,117,102)
11	(Decrease) increase in payables		(86,423,172,445)	63,050,867,204
12	Increase in prepaid expenses		(2,579,379,176)	(2,838,317,551)
13	Interest paid		(3,573,706,892)	(7,001,640,394)
14	Corporate income tax paid	20.1	(18,594,513,482)	(12,226,293,513)
15	Other cash inflows from operating activities		144,553,164,615	39,364,348,224
16	Other cash outflows from operating activities		(150,493,610,704)	(45,707,540,674)
20	<b>Net cash from operating activities</b>		<b>26,590,708,364</b>	<b>129,523,720,145</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(952,918,078)	(1,088,584,580)
27	Interest received		599,378,261	776,322,495
30	<b>Net cash used in investing activities</b>		<b>(353,539,817)</b>	<b>(312,262,085)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		54,625,202,400	77,636,376,000
34	Repayment of borrowings		(94,450,747,208)	(50,994,624,000)
35	Payment of finance lease liabilities		(29,456,794,944)	(15,353,110,264)
36	Dividends paid	16.1	-	(40,511,377,500)
40	<b>Net cash used in financing activities</b>		<b>(69,282,339,752)</b>	<b>(29,222,735,764)</b>

INTERIM CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 June 2014

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
50	Net (decrease) increase in cash and cash equivalents		(43,045,171,205)	99,988,722,296
60	Cash and cash equivalents at beginning of period		75,562,455,154	24,098,834,109
61	Impact of exchange rate fluctuation		150,493,600	386,372,021
70	Cash and cash equivalents at end of period	4	32,667,777,549	124,473,928,426



Preparer  
Le Thi Mong Tuyen



Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa

4 August 2014

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
as at and for the six-month period ended 30 June 2014

**1. CORPORATE INFORMATION**

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the 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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45211000130 – 4 <sup>th</sup>	15 April 2011
45211000130 – 5 <sup>th</sup>	14 January 2014

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 30 June 2014 was 676 (31 December 2013: 720).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The interim financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards No. 27 - Interim Financial Reporting and other 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 Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

Accordingly, the accompanying interim balance sheet, interim income statement, interim 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 *Applied accounting documentation system*

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

### 2.3 *Fiscal year*

The Company's fiscal year 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 *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 INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

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

**3.2 Inventories**

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

**3.3 Receivables**

Receivables are presented in the interim 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 interim income statement.

**3.4 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 interim income statement as incurred.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

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

#### 3.5 *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.

Assets held under finance leases are capitalised in the interim 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 interim 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 lives 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 interim income statement on a straight-line basis over the term of the lease.

#### 3.6 *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	4 - 25 years
Machinery and equipment	2 - 15 years
Motor vehicles	3 - 10 years
Office equipment	3 - 5 years
Computer software	3 - 5 years

#### 3.7 *Prepaid expenses*

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

#### 3.8 *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.

#### 3.9 *Foreign currency transactions*

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 30 June 2014, monetary assets and liabilities denominated in foreign currencies are translated at US\$/VND 21,246 (31 December 2013: 21,036 US\$/VND). All realised and unrealised foreign exchange differences are taken to the interim income statement.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

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

#### 3.10 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's Charter and Vietnam's regulatory requirements.

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

##### *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.

#### 3.11 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the period (before appropriation for bonus and welfare fund) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

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

#### 3.12 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.

#### 3.13 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 INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

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

**3.14 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods 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 interim 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 period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred income tax is charged or credited to the interim 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 period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

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

#### 3.15 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 interim financial statements, as financial assets at fair value through profit or loss, 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 interim 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, and loans.

##### *Financial instruments – subsequent re-measurement*

There is currently no guidance in Circular 210 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 interim 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	
	30 June 2014	31 December 2013
Cash on hand	73,686,955	48,528,807
Cash in banks	16,594,090,594	19,513,926,347
Cash equivalents (*)	16,000,000,000	56,000,000,000
<b>TOTAL</b>	<b>32,667,777,549</b>	<b>75,562,455,154</b>

(\*) Cash equivalents represent short-term bank deposits with maturity of one month and earn the applicable deposit interests.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

5. TRADE RECEIVABLES

	VND	
	30 June 2014	31 December 2013
Due from third parties	64,343,022,311	93,088,227,929
Due from related parties (Note 21)	<u>315,422,250</u>	<u>1,014,563,657</u>
<b>TOTAL</b>	<b><u>64,658,444,561</u></b>	<b><u>94,102,791,586</u></b>

6. INVENTORIES

	VND	
	30 June 2014	31 December 2013
Finished goods	118,012,580,511	94,978,469,307
Raw materials	57,125,557,776	62,431,029,368
Goods in transit	<u>32,679,915,827</u>	<u>52,902,304,493</u>
<b>TOTAL</b>	<b><u>207,818,054,114</u></b>	<b><u>210,311,803,168</u></b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the period ended 30 June 2014

## 7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
<b>Cost:</b>					
As at 31 December 2013	150,598,256,568	537,557,132,895	60,176,407,797	166,208,678	748,498,005,938
Newly purchased	-	-	245,454,546	-	245,454,546
As at 30 June 2014	150,598,256,568	537,557,132,895	60,421,862,343	166,208,678	748,743,460,484
<i>In which:</i>					
Fully depreciated	12,311,542,400	59,609,191,167	2,980,265,475	129,348,192	75,030,347,234
<b>Accumulated depreciation:</b>					
As at 31 December 2013	54,043,191,734	194,183,812,013	19,883,109,358	151,464,483	268,261,577,588
Depreciation for the period	6,157,907,699	23,623,926,812	3,366,393,190	3,686,049	33,151,913,750
As at 30 June 2014	60,201,099,433	217,807,738,825	23,249,502,548	155,150,532	301,413,491,338
<b>Net carrying amount:</b>					
As at 31 December 2013	96,555,064,834	343,373,320,882	40,293,298,439	14,744,195	480,236,428,350
As at 30 June 2014	90,397,157,135	319,749,394,070	37,172,359,795	11,058,146	447,329,969,146
<i>In which:</i>					
Pledged as loan security (Note 15)	66,388,342,813	246,189,965,800	35,946,158,089	-	348,524,466,702

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014**8. FINANCE LEASES**

	<i>VND</i>
	<i>Machinery and equipment</i>
<b>Cost:</b>	
As at 31 December 2013 and 30 June 2014	<u>122,355,578,248</u>
<b>Accumulated depreciation:</b>	
As at 31 December 2013	35,687,043,657
Depreciation for the period	<u>6,117,778,917</u>
As at 30 June 2014	<u>41,804,822,574</u>
<b>Net carrying amount:</b>	
As at 31 December 2013	<u>86,668,534,591</u>
As at 30 June 2014	<u>80,550,755,674</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**

	<i>VND</i>
	<i>Computer software</i>
<b>Cost:</b>	
As at 31 December 2013	13,594,039,674
Newly purchased	<u>240,876,713</u>
As at 30 June 2014	<u>13,834,916,387</u>
<i>In which:</i>	
<i>Fully amortised</i>	113,300,000
<b>Accumulated amortisation:</b>	
As at 31 December 2013	4,628,560,000
Amortisation for the period	<u>1,368,147,028</u>
As at 30 June 2014	<u>5,996,707,028</u>
<b>Net carrying amount:</b>	
As at 31 December 2013	<u>8,965,479,674</u>
As at 30 June 2014	<u>7,838,209,359</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**10. CONSTRUCTION IN PROGRESS**

Construction in progress as at 30 June 2014 represents the construction cost and machinery under installation of phase 2 and phase 3 at the Company's Trang Bang branch.

**11. LONG-TERM PREPAID EXPENSES**

	VND	
	30 June 2014	31 December 2013
Land rental (land use rights) (*)	29,360,431,814	29,772,544,513
Others	5,664,948,171	6,945,124,898
<b>TOTAL</b>	<b><u>35,025,379,985</u></b>	<b><u>36,717,669,411</u></b>

(\*) As disclosed in Note 15.1, the Company has pledged the land use rights to secure the bank loan facilities.

**12. SHORT-TERM LOANS**

	VND	
	30 June 2014	31 December 2013
Short-term loan	6,055,110,000	41,634,451,200
Current portion of long-term loans (Note 15)	33,110,467,518	29,456,794,944
<b>TOTAL</b>	<b><u>39,165,577,518</u></b>	<b><u>71,091,246,144</u></b>

The Company obtained the loans from Vietnam Export and Import Commercial Joint Stock Bank for the purpose of financing its working capital requirements. Details are as follows:

Contract No.	30 June 2014	Original amount	Term and maturity date	Interest rate	Description of collateral
	VND	US\$		(p.a)	
No. 201411337	1,805,910,000	85,000	From 30 June 2014 to 30 December 2014	1.8%	The value of the Company's inventories and accounts receivable balances as at 30 June 2014
No. 201408279	4,249,200,000	200,000	From 16 May 2014 to 16 November 2014	1.8%	
	<b><u>6,055,110,000</u></b>	<b><u>285,000</u></b>			

**13. STATUTORY OBLIGATIONS**

	VND	
	30 June 2014	31 December 2013
Corporate income tax (Note 20.1)	6,371,448,836	9,372,343,472
Value-added tax	876,257,111	47,518,956
Import and export duties	2,525,341,930	3,500,125,020
Personal income tax	78,712,033	160,358,850
Other	4,800,000	22,010,340
<b>TOTAL</b>	<b><u>9,856,559,910</u></b>	<b><u>13,102,356,638</u></b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**14. ACCRUED EXPENSES**

	VND	
	30 June 2014	31 December 2013
Utilities	1,937,337,677	2,254,506,912
Sale commission	1,532,338,256	1,472,819,441
Interest expense	412,845,460	412,845,460
Professional services fee	411,738,561	195,526,151
Others	101,399,456	630,358,331
<b>TOTAL</b>	<b><u>4,395,659,410</u></b>	<b><u>4,966,056,295</u></b>

**15. LONG-TERM LOANS**

	VND	
	30 June 2014	31 December 2013
Loans from banks	198,334,002,012	209,001,537,192
Finance lease	15,580,137,966	36,462,161,592
<b>TOTAL</b>	<b><u>213,914,139,978</u></b>	<b><u>245,463,698,784</u></b>
<i>In which:</i>		
<i>Current portion (Note 12)</i>	33,110,467,518	29,456,794,944
<i>Non-current portion</i>	180,803,672,460	216,006,903,840

**15.1 Long-term loans from banks**

	30 June 2014	Original amount	Term and maturity date	Interest rate	Description of collateral
	VND	US\$		(p.a)	
<b>Dong A Joint Stock Commercial Bank</b>					
H.0217-13	122,507,028,012	5,766,122	From 1 March 2012 to 1 March 2019	3.0%	Assets funded by loans including imported machinery and equipment (stage 2). Total assets value is US\$ 12,100,000
<i>In which:</i>					
<i>Current portion (Note 12)</i>	16,359,420,000	770,000			

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014**15. LONG-TERM LOANS AND DEBTS (continued)****15.1 Long-term loans from banks (continued)**

	30 June 2014	Original amount	Term and maturity date	Interest rate	Description of collateral
	VND	US\$		(p.a)	
<b>Vietnam Export and Import Joint Stock Commercial Bank</b>					
No. 200908121	50,964,904,800	2,398,800	96 months from 20 July 2010 to 20 April 2018	3.0%	Land use right, building and structures, and machineries at Trang Bang, Tay Ninh Province
<i>In which:</i>					
<i>Current portion (Note 12)</i>	<u>8,502,649,200</u>	<u>400,200</u>			
<b>TOTAL</b>	<b><u>173,471,932,812</u></b>	<b><u>8,164,922</u></b>			

**15.2 Finance lease**

The Company leases machineries from 25 February 2011 under a finance lease arrangement. Future obligations due under finance leases agreements as at 30 June 2014 were as follows:

	30 June 2014			VND 31 December 2013
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments
<b>Current liability</b>				
Less than 1 year (Note 12)	8,498,825,132	250,426,814	8,248,398,318	18,664,882,243
<b>Non-current liability</b>				
From 1 to 5 years	<u>7,398,181,839</u>	<u>66,442,191</u>	<u>7,331,739,648</u>	<u>20,561,148,061</u>
<b>TOTAL</b>	<b><u>15,897,006,971</u></b>	<b><u>316,869,005</u></b>	<b><u>15,580,137,966</u></b>	<b><u>39,226,030,304</u></b>



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 16. OWNERS' EQUITY

### 16.1 Increases and decreases in owners' equity

	Share capital	Share premium	Treasury shares	Financial reserve fund	Undistributed earnings	Total
<b>For the six-month period ended 30 June 2013:</b>						
As at 31 December 2012	274,914,910,000	40,145,500,800	(11,753,620,000)	1,219,011,000	164,721,832,436	469,247,634,236
Increase in capital	40,510,930,000	(40,145,500,800)	-	-	(365,429,200)	-
Dividends paid	-	-	-	-	(40,511,377,500)	(40,511,377,500)
Net profit for the period	-	-	-	-	24,369,224,254	24,369,224,254
As at 30 June 2013	315,425,840,000	-	(11,753,620,000)	1,219,011,000	148,214,249,990	453,105,480,990
<b>For the six-month period ended 30 June 2014:</b>						
As at 31 December 2013	315,425,840,000	-	(11,826,900,000)	1,219,011,000	198,245,463,380	503,063,414,380
Increase in capital	31,050,960,000	-	-	-	(31,050,960,000)	-
Net profit for the period	-	-	-	-	52,784,752,602	52,784,752,602
Dividends declared	46,576,560,000	-	-	-	(46,576,560,000)	-
Profit appropriation	-	-	-	-	(4,380,000,000)	(4,380,000,000)
As at 30 June 2014	393,053,360,000	-	(11,826,900,000)	1,219,011,000	169,022,695,982	551,468,166,982

On 26 March 2014, the Company's shareholders approved at the Annual General Meeting to pay share dividends at 15% (equivalent to 4,657,656 shares) and issue new shares of 3,105,096 shares at 10% (equivalent to 3,105,096 shares) of charter capital to increase share capital from undistributed earnings. The Company issued 7,762,752 shares at par value of VND 10,000/share or equivalent to VND 77,627,520,000 to its existing shareholders on 30 May 2014. Accordingly, the share capital of the Company increased to VND 393,053,360,000 as at 30 June 2014 which was approved by the Department of Planning and Investment of Ho Chi Minh City through issuance of the amended Business Certificate on 25 July 2014.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

16. OWNERS' EQUITY (continued)

16.2 Capital transactions with owners

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
<b>Issued share capital</b>		
Beginning balance	315,425,840,000	274,914,910,000
Share issuance	<u>77,627,520,000</u>	<u>40,510,930,000</u>
Ending balance	<u>393,053,360,000</u>	<u>315,425,840,000</u>
<b>Dividends declared</b>	<b>(46,576,560,000)</b>	<b>(40,511,377,500)</b>
<b>Dividends paid</b>	<b>(46,576,560,000)</b>	<b>(40,511,377,500)</b>

16.3 Shares

	30 June 2014	31 December 2013
	Shares	Shares
Shares authorised to be issued	39,305,336	31,542,584
Shares issued and fully paid	39,305,336	31,542,584
<i>Ordinary shares</i>	39,305,336	31,542,584
<i>Preference shares</i>	-	-
Treasury shares	(491,234)	(491,234)
<i>Ordinary shares</i>	(491,234)	(491,234)
<i>Preference shares</i>	-	-

17. REVENUES

17.1 Revenue from sale of goods

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
<b>Gross revenue</b>	722,954,413,973	664,445,502,937
Less:		
Sales returns	<u>(252,560,000)</u>	<u>(443,378,783)</u>
<b>Net revenue</b>	<b><u>722,701,853,973</u></b>	<b><u>664,002,124,154</u></b>

17.2 Financial income

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
Realised foreign exchange gains	457,820,445	2,209,379,337
Interest income	<u>599,378,261</u>	<u>776,322,495</u>
<b>TOTAL</b>	<b><u>1,057,198,706</u></b>	<b><u>2,985,701,832</u></b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**18. FINANCIAL EXPENSES**

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
Interest expense	3,986,552,352	7,719,184,455
Unrealised foreign exchange losses	2,232,165,350	4,515,115,392
Realised foreign exchange losses	439,042,980	938,718,696
<b>TOTAL</b>	<b><u>6,657,760,682</u></b>	<b><u>13,173,018,543</u></b>

**19. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
Raw materials	477,164,175,590	480,809,551,353
Labour costs	33,589,612,499	22,514,914,929
Depreciation and amortisation (Notes 7, 8 and 9)	40,637,839,695	42,159,997,892
Expenses for external services	94,998,358,295	75,232,390,648
Other expenses	3,130,197,239	1,113,366,352
<b>TOTAL</b>	<b><u>649,520,183,318</u></b>	<b><u>621,830,221,174</u></b>

**20. CORPORATE INCOME TAX**

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 15% of taxable profit for 12 years starting from its commercial operations (2001) and 22% for the years thereafter.

The Company is entitled to an exemption from CIT for 1 year which was in 2009 and a 50% reduction for the following 4 years in respect of income generated from the Company's 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 interim financial statements could change at a later date upon final determination by the tax authorities.

**20.1 Current CIT**

	VND	
	<i>Current period</i>	<i>Previous period</i>
Current CIT expense	15,593,618,846	7,585,927,057
Deferred CIT benefit	(488,283,749)	(124,289,712)
<b>TOTAL</b>	<b><u>15,105,335,097</u></b>	<b><u>7,710,216,769</u></b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

20. CORPORATE INCOME TAX (continued)

20.1 Current CIT (continued)

The current tax payable is based on taxable profit for the period. The taxable profit of the Company for the period differs from the profit as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods 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.

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

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
<b>Net profit before tax</b>	<b>67,890,087,699</b>	<b>31,830,861,599</b>
<i>Adjustments:</i>		
Difference in recognition of exported revenue	971,995,272	-
Commission expenses	(86,504,538)	(615,562,584)
Provision for severance allowance	(9,893,000)	-
Unrealised profit of Branch	856,930,350	1,114,776,139
Unrealised foreign exchange losses	486,943,502	-
Non-deductible expenses	770,526,381	781,568,859
Profit from other activities	-	(15,046,800,179)
<b>Estimated current taxable profit</b>	<b>70,880,085,666</b>	<b>18,064,843,834</b>
Estimated current CIT from main operating activities	15,593,618,846	3,450,865,511
Estimated current CIT from processing activities	-	3,761,700,045
<b>Estimated current CIT</b>	<b>15,593,618,846</b>	<b>7,212,565,556</b>
Under CIT accrual for previous year	-	373,361,501
	<b>15,593,618,846</b>	<b>7,585,927,057</b>
CIT payable at beginning of period	9,372,343,472	8,676,466,670
CIT paid during the period	(18,594,513,482)	(12,226,293,513)
<b>CIT payable at end of period</b>	<b>6,371,448,836</b>	<b>4,036,100,214</b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

20. CORPORATE INCOME TAX (continued)

20.2 *Deferred CIT*

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

	<i>Interim balance sheet</i>		<i>Interim income statement</i>	
	<i>30 June</i>	<i>31 December</i>	<i>For the six-month</i>	<i>For the six-month</i>
	<i>2014</i>	<i>2013</i>	<i>period ended</i>	<i>period ended</i>
			<i>30 June 2014</i>	<i>30 June 2013</i>
				VND
<b><i>Deferred tax assets</i></b>				
Unrealised profit	844,683,295	656,158,618	188,524,677	278,694,035
Accrued expenses	304,989,279	324,020,277	(19,030,998)	(153,890,646)
Provision for severance allowance	75,555,471	77,731,931	(2,176,460)	(513,677)
Difference in recognition of exported revenue	107,127,570	-	107,127,570	-
Unrealised foreign exchange losses	213,838,960	-	213,838,960	-
	<b><u>1,546,194,575</u></b>	<b><u>1,057,910,826</u></b>		
<b><i>Net deferred income tax credit to interim income statement</i></b>			<b><u>488,283,749</u></b>	<b><u>124,289,712</u></b>

21. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the period were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Amount</i>
			VND
P.A.N Asia Limited Company	Related party	Sale of goods	3,425,867,599
LIANTEX Co., Ltd.	Related party	Sale of goods	4,766,644,228

Details of remuneration of the Board of Directors and Supervision during the period are as below:

	<i>For the six-month</i>	<i>For the six-month</i>
	<i>period ended</i>	<i>period ended</i>
	<i>30 June 2014</i>	<i>30 June 2013</i>
		VND
Salaries and related expenses	<u>310,500,000</u>	<u>310,500,000</u>

Amount due from related parties at the interim balance sheet date were as follows:

	<i>Relationship</i>	<i>Transaction</i>	<i>Receivable</i>
			VND
<b><i>Trade receivable (Note 5)</i></b>			
P.A.N Asia Limited Company	Related party	Sale of goods	229,277,004
LIANTEX Co., Ltd.	Related party	Sale of goods	86,145,246
<b>Total</b>			<b><u>315,422,250</u></b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 22. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
Net profit after tax for the period	52,784,752,602	24,369,224,254
Weighted average number of ordinary shares during the period	<u>38,814,102</u>	<u>38,821,430</u>
Earnings per share (par value of VND 10,000/share)	<u>1,360</u>	<u>628</u>

The weighted average number of ordinary shares takes into account the treasury shares, issued share and the share dividend used during the period.

The weighted average number of shares for the six-month period ended 30 June 2013 was adjusted to reflect the 7,762,752 shares issued during the period from undistributed earnings.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these interim financial statements.

## 23. COMMITMENTS

### *Operating lease commitment*

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 30 June 2014 under the operating lease agreements is as follows:

	VND	
	<i>30 June 2014</i>	<i>31 December 2013</i>
Less than 1 year	390,076,560	386,220,960
From 1 to 5 years	2,509,577,520	1,931,104,800
More than 5 years	<u>16,185,046,996</u>	<u>16,827,215,288</u>
<b>TOTAL</b>	<b><u>19,084,701,076</u></b>	<b><u>19,144,541,048</u></b>

### *Capital commitments*

At 30 June 2014, the Company had outstanding commitments of VND 2,265,258,818 (31 December 2013: VND 915,497,924) principally relating to construction for its branch at Trang Bang, Tay Ninh Province, Vietnam.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 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 summarised 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 30 June 2014 and 31 December 2013.

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 30 June 2014 and 31 December 2013.

### *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 INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 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.

	<i>Change in US\$ rate</i>	<i>VND Effect on profit before tax</i>
<b>For the six-month period ended 30 June 2014</b>		
	+1%	(2,417,630,114)
	-1%	2,417,630,114
<b>For the six-month period ended 30 June 2013</b>		
	+2%	(9,672,135,158)
	-2%	9,672,135,158

### **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 INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**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 maintaining 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 summarises the maturity profile of the Company's financial liabilities:

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND Total</i>
<b>30 June 2014</b>			
Loans and borrowings	39,165,577,518	180,803,672,460	219,969,249,978
Trade payables	117,842,984,460	-	117,842,984,460
Other payables and accrued expenses	7,007,720,086	-	7,007,720,086
	<b><u>164,016,282,064</u></b>	<b><u>180,803,672,460</u></b>	<b><u>344,819,954,524</u></b>
<b>31 December 2013</b>			
Loans and borrowings	71,091,246,144	216,006,903,840	287,098,149,984
Trade payables	202,035,732,451	-	202,035,732,451
Other payables and accrued expenses	7,424,777,597	-	7,424,777,597
	<b><u>280,551,756,192</u></b>	<b><u>216,006,903,840</u></b>	<b><u>496,558,660,032</u></b>

The 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 in order to fulfil the collateral requirements for the long-term loan obtained from banks (*Note 15*). As at 30 June 2014 and 31 December 2013, the net carrying values of the fixed assets pledged were VND 348,524,466,702 and VND 480,221,684,155 respectively. There are no other significant terms and conditions associated with the use of collateral.

The Company did not hold any collateral at 30 June 2014 and 31 December 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Carrying amount		Fair value		VND
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	
<b>Financial assets</b>					
Trade receivables	64,343,022,311	93,088,227,929	64,343,022,311	93,088,227,929	
Receivable from related party	315,422,250	1,014,563,657	315,422,250	1,014,563,657	
Other receivables	1,166,718,340	2,010,128,252	1,166,718,340	2,010,128,252	
Other financial assets	10,301,460,302	10,042,586,537	10,301,460,302	10,042,586,537	
Cash and cash equivalents	32,667,777,549	75,562,455,154	32,667,777,549	75,562,455,154	
<b>Total</b>	<b>108,794,400,752</b>	<b>181,717,961,529</b>	<b>108,794,400,752</b>	<b>181,717,961,529</b>	
<b>Financial liabilities</b>					
Loans and borrowings	219,969,249,978	287,098,149,984	219,969,249,978	287,098,149,984	
Trade payables	117,842,984,460	202,035,732,451	117,842,984,460	202,035,732,451	
Other current liabilities	7,007,720,086	7,424,777,597	7,007,720,086	7,424,777,597	
<b>Total</b>	<b>344,819,954,524</b>	<b>496,558,660,032</b>	<b>344,819,954,524</b>	<b>496,558,660,032</b>	

The fair values 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 values of the financial assets and liabilities had not yet been formally assessed and determined as at 30 June 2014 and 31 December 2013. However, it is management's assessment that the fair values of these financial assets and liabilities are approximately the same as their carrying values as at balance sheet date.


NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**26. SEGMENT INFORMATION**

The Company's main activities are to manufacture synthetic yarn and knitting and its revenue is mainly from these activities. In addition, the Company's operation and branch which are generating revenue are located in Vietnam. Therefore, the Company's management believes presentation of segment information is not required.

**27. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim financial statements.

  
\_\_\_\_\_  
Preparer  
Le Thi Mong Tuyen

  
\_\_\_\_\_  
Chief Accountant  
Phan Nhu Bich

  
\_\_\_\_\_  
General Director  
Dang Trieu Hoa

4 August 2014

