

# Century Synthetic Fiber Corporation

Financial statements

31 December 2014

# 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 – 11 <sup>th</sup>	10 July 2014
0302018927 – 12 <sup>th</sup>	25 July 2014
0302018927 – 13 <sup>th</sup>	14 January 2015

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

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45211000130 – 5 <sup>th</sup>	14 January 2014
45211000130 – 6 <sup>th</sup>	27 October 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 Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industrial 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 Thai Tuan Chi	Member	
Mr Jean-Eric Jacquemin	Member	resigned on 26 December 2014
Ms Cao Thi Que Anh	Member	appointed on 12 January 2015



# Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

## 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
Mr Le Anh Tuan	Member

## MANAGEMENT

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

Mr Dang Trieu Hoa	General Director	
Mr Huang Wei Ling	Deputy General Director	resigned on 8 August 2014

## 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 2014.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue 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 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 2014 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

For and on behalf of management: *Bich*



Dang Trieu Hoa  
General Director

2 March 2015





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28th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252  
Fax: +84 8 3824 5250  
ey.com

Reference: 60867230/16997588

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 2 March 2015 and set out on pages 6 to 34, which comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

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

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

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



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### Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2014, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

**Ernst & Young Vietnam Limited**



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Le Thi Tuyet Mai  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1575-2013-004-1

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Ngo Hong Son  
Auditor  
Audit Practicing Registration Certificate  
No. 2211-2013-004-1

Ho Chi Minh City, Vietnam

2 March 2015



Century Synthetic Fiber Corporation

B01-DN

BALANCE SHEET  
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>463,417,444,832</b>	<b>404,294,358,625</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>148,163,520,136</b>	<b>75,562,455,154</b>
111	1. Cash		20,298,520,136	19,562,455,154
112	2. Cash equivalents		127,865,000,000	56,000,000,000
<b>130</b>	<b>II. Current accounts receivable</b>		<b>111,723,137,946</b>	<b>102,610,110,331</b>
131	1. Trade receivables	5.1	49,526,060,005	94,102,791,586
132	2. Advances to suppliers	5.2	60,711,348,389	6,497,190,493
135	3. Other receivables		1,485,729,552	2,010,128,252
<b>140</b>	<b>III. Inventories</b>	<b>6</b>	<b>183,506,950,504</b>	<b>210,311,803,168</b>
141	1. Inventories		184,045,418,879	210,311,803,168
149	2. Provision for obsolete inventories		(538,468,375)	-
<b>150</b>	<b>IV. Other current assets</b>		<b>20,023,836,246</b>	<b>15,809,989,972</b>
151	1. Short-term prepaid expenses		6,213,378,919	1,635,144,357
152	2. Value-added tax deductible		13,526,399,862	9,476,242,004
154	3. Tax and other receivables from the State		-	415,017,074
158	4. Other current assets		284,057,465	4,283,586,537
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>781,535,198,363</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>744,113,484,659</b>	<b>577,642,203,873</b>
221	1. Tangible fixed assets	7	492,328,571,397	480,236,428,350
222	Cost		874,191,340,581	748,498,005,938
223	Accumulated depreciation		(381,862,769,184)	(268,261,577,588)
224	2. Finance leases	8	-	86,668,534,591
225	Cost		-	122,355,578,248
226	Accumulated depreciation		-	(35,687,043,657)
227	3. Intangible assets	9	6,466,047,720	8,965,479,674
228	Cost		13,834,916,387	13,594,039,674
229	Accumulated amortisation		(7,368,868,667)	(4,628,560,000)
230	4. Construction in progress	10	245,318,865,542	1,771,761,258
<b>260</b>	<b>III. Other long-term assets</b>		<b>37,421,713,704</b>	<b>43,034,580,237</b>
261	1. Long-term prepaid expenses	11	35,522,710,260	36,717,669,411
262	2. Deferred tax assets	21.2	1,899,003,444	1,057,910,826
268	3. Other long-term assets		-	5,259,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,244,952,643,195</b>	<b>1,025,471,142,735</b>



Century Synthetic Fiber Corporation

B01-DN

BALANCE SHEET (continued)  
as at 31 December 2014

VND

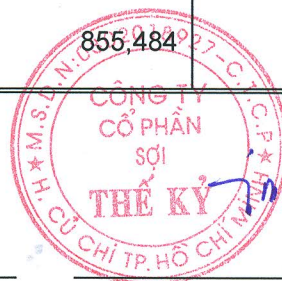
Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>570,135,332,123</b>	<b>522,407,728,355</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>207,533,888,644</b>	<b>306,047,497,556</b>
311	1. Short-term loans and debts	12	25,927,315,002	71,091,246,144
312	2. Trade payables	13.1	143,401,284,862	202,035,732,451
313	3. Advances from customers	13.2	6,993,191,400	5,310,643,377
314	4. Statutory obligations	14	7,954,297,693	13,102,356,638
315	5. Payables to employees		10,845,779,461	4,414,071,427
316	6. Accrued expenses	15	7,013,230,059	4,966,056,295
319	7. Other payables		3,477,398,912	2,458,721,302
323	8. Bonus and welfare fund		1,921,391,255	2,668,669,922
<b>330</b>	<b>II. Non-current liabilities</b>		<b>362,601,443,479</b>	<b>216,360,230,799</b>
331	1. Long-term trade payables	13.3	155,183,680,160	-
333	2. Other long-term liabilities		311,921,959	353,326,959
334	3. Long-term loans and debts	16	207,105,841,360	216,006,903,840
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>674,817,311,072</b>	<b>503,063,414,380</b>
<b>410</b>	<b>I. Capital</b>	<b>17.1</b>	<b>674,817,311,072</b>	<b>503,063,414,380</b>
411	1. Share capital		423,053,360,000	315,425,840,000
412	2. Share premium		40,026,904,470	-
414	3. Treasury shares		(11,826,900,000)	(11,826,900,000)
418	4. Financial reserve fund		1,219,011,000	1,219,011,000
420	5. Undistributed earnings		222,344,935,602	198,245,463,380
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,244,952,643,195</b>	<b>1,025,471,142,735</b>

OFF BALANCE SHEET ITEM

ITEM	Ending balance	Beginning balance
Foreign currency: United States Dollar (USD)	855,484	692,819

Preparer  
Le Thi Mong Tuyen

Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa


2 March 2015



INCOME STATEMENT  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	18.1	1,457,929,229,273	1,454,452,384,377
02	2. Deductions	18.1	(412,068,800)	(1,405,012,430)
10	3. Net revenue from sale of goods	18.1	1,457,517,160,473	1,453,047,371,947
11	4. Cost of goods sold		(1,244,748,364,250)	(1,275,819,719,271)
20	5. Gross profit from sales of goods		212,768,796,223	177,227,652,676
21	6. Financial income	18.2	2,125,649,412	7,090,533,409
22	7. Financial expenses	19	(12,542,188,393)	(21,065,807,619)
23	<i>In which: Interest expense</i>		(7,583,538,770)	(13,858,879,159)
24	8. Selling expenses		(31,645,142,564)	(34,306,328,995)
25	9. General and administration expenses		(35,290,327,400)	(33,520,287,799)
30	10. Operating profit		135,416,787,278	95,425,761,672
31	11. Other income		844,878,635	471,455,166
32	12. Other expenses		(97,424,148)	(656,598,197)
40	13. Other profit (loss)		747,454,487	(185,143,031)
50	14. Profit before tax		136,164,241,765	95,240,618,641
51	15. Current corporate income tax expense	21.1	(30,898,342,161)	(21,031,287,129)
52	16. Deferred tax income	21.2	841,092,618	191,106,132
60	17. Net profit after tax		106,106,992,222	74,400,437,644
70	18. Earnings per share	23		
	- Basic		2,725	1,917
	- Diluted		2,725	1,917

  
Preparer  
Le Thi Mong Tuyen

  
Chief Accountant  
Phan Nhu Bich

  
General Director  
Dang Trieu Hoa



2 March 2015



CASH FLOW STATEMENT  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>136,164,241,765</b>	<b>95,240,618,641</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		81,048,824,606	84,446,111,259
03	Provision		538,468,375	-
04	Unrealised foreign exchange losses	19	3,101,124,321	-
05	Profits from investing activities		(879,269,334)	(2,863,411,515)
06	Interest expense	19	7,583,538,770	13,858,879,159
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>227,556,928,503</b>	<b>190,682,197,544</b>
09	Decrease (increase) in receivables		32,728,967,456	(19,927,923,036)
10	Decrease (increase) in inventories		26,266,384,289	(15,560,164,523)
11	(Decrease) increase in payables		(73,606,922,392)	6,049,701,759
12	(Increase) decrease in prepaid expenses		(2,926,766,321)	450,920,852
13	Interest paid		(7,560,359,902)	(13,446,033,699)
14	Corporate income tax paid	21.1	(34,976,515,619)	(20,335,410,327)
15	Other cash inflows from operating activities		208,339,278,655	115,331,797,649
16	Other cash outflows from operating activities		(204,259,904,127)	(118,737,682,564)
<b>20</b>	<b>Net cash from operating activities</b>		<b>171,561,090,542</b>	<b>124,507,403,655</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(112,693,964,450)	(2,483,443,489)
22	Proceeds from disposals of fixed assets		116,000,000	-
27	Interest received	18.2	763,269,334	2,863,411,515
<b>30</b>	<b>Net cash (used in) from investing activities</b>		<b>(111,814,695,116)</b>	<b>379,968,026</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares	17.1	70,026,904,470	-
32	Capital redemption	17.1	-	(73,280,000)
33	Drawdown of borrowings		137,704,306,866	165,713,331,250
34	Repayment of borrowings		(175,482,586,944)	(131,813,308,000)
35	Payment of finance lease liabilities		(19,633,277,448)	(66,739,116,386)
36	Dividends paid		-	(40,511,377,500)
<b>40</b>	<b>Net cash from (used in) financing activities</b>		<b>12,615,346,944</b>	<b>(73,423,750,636)</b>

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase in cash and cash equivalents		72,361,742,370	51,463,621,045
60	Cash and cash equivalents at beginning of year		75,562,455,154	24,098,834,109
61	Impact of exchange rate fluctuation		239,322,612	-
70	Cash and cash equivalents at end of year	4	148,163,520,136	75,562,455,154



Preparer  
Le Thi Mong Tuyen



Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa

2 March 2015



NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 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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The Company's registered head office is located at North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam.

The number of the Company' employees as at 31 December 2014 was 733 (31 December 2013: 720).



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards ("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).

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 *Applied accounting documentation system*

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

### 2.3 *Fiscal year*

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

### 2.4 *Accounting currency*

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Cash 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 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	- 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.

#### 3.3 *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.

#### 3.4 *Fixed assets*

Tangible fixed assets and intangible assets are stated at cost less accumulated depreciation/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/amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 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 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 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 income statement on a straight-line basis over the lease term.

**3.6 Depreciation and amortisation**

Depreciation of tangible fixed assets and finance lease assets, and amortisation of intangible 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
Means of transportation	4 - 10 years
Office equipment	3 - 5 years
Computer software	4 - 5 years

**3.7 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.

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Cidico Corporation on 3 July 2000 for a year of 50 years and Tay Ninh Industrial Park Infrastructure Development JSC on 21 July 2009 for a year of 45 years. Such prepaid rental is recognised as a long-term prepaid expense for allocation to the income statement over the remaining lease period according to Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013, guiding the regime of management, use and depreciation of fixed assets.

**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.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

#### 3.9 *Accrual for severance pay*

The severance pay to employee is accrued 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 for each year of service up to 31 December 2008 in accordance with the Labour Code, the 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 period up to the reporting date. Any increase to the accrued amount will be taken to the income statement.

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

#### 3.10 *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 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.

#### 3.11 *Appropriation of net profit*

Net profit after tax (excluding unrealised exchange gains as at the balance sheet date) 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 and presented as a liability on the balance sheet.

#### 3.12 *Earnings per share*

Basic earnings per share amount are calculated by dividing net profit 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 by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### 3.13 *Treasury shares*

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

#### 3.14 Revenue recognition

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

##### *Sale of goods*

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

##### *Interest*

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

#### 3.15 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 offset 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 tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences, 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

#### 3.15 *Taxation* (continued)

##### *Deferred tax* (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to 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.

#### 3.16 *Financial instruments*

##### *Financial instruments – initial recognition and presentation*

###### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance 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, 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.

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.

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 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

#### 4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	36,853,724	48,528,807
Cash in banks	20,261,666,412	19,513,926,347
Cash equivalents (*)	<u>127,865,000,000</u>	<u>56,000,000,000</u>
<b>TOTAL</b>	<b><u>148,163,520,136</u></b>	<b><u>75,562,455,154</u></b>

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

#### 5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

##### 5.1 Short-term trade receivables

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from other parties	48,522,183,372	93,088,227,929
Due from a related party (Note 22)	<u>1,003,876,633</u>	<u>1,014,563,657</u>
<b>TOTAL</b>	<b><u>49,526,060,005</u></b>	<b><u>94,102,791,586</u></b>

##### 5.2 Advances to suppliers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to other parties	<u>60,711,348,389</u>	<u>6,497,190,493</u>

#### 6. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Finished goods	97,814,484,052	94,978,469,307
Raw materials	55,975,288,762	62,431,029,368
Goods in transit	<u>30,255,646,065</u>	<u>52,902,304,493</u>
<b>TOTAL</b>	<b><u>184,045,418,879</u></b>	<b><u>210,311,803,168</u></b>
Provision for obsolete inventories	<u>(538,468,375)</u>	-
<b>NET</b>	<b><u>183,506,950,504</u></b>	<b><u>210,311,803,168</u></b>



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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total	VND
<b>Cost:</b>						
Beginning balance	150,598,256,568	537,557,132,895	60,176,407,797	166,208,678	748,498,005,938	
New purchase	-	-	724,090,909	120,146,130	844,237,039	
Transfer from construction in progress	-	1,078,796,446	1,809,090,910	-	2,887,887,356	
Transfer from financial lease (Note 8)	-	122,355,578,248	-	-	122,355,578,248	
Disposal	-	-	(394,368,000)	-	(394,368,000)	
Ending balance	150,598,256,568	660,991,507,589	62,315,221,616	286,354,808	874,191,340,581	
<i>In which:</i>						
Fully depreciated	12,311,542,400	59,965,666,167	2,657,197,475	129,348,192	75,063,754,234	
<b>Accumulated depreciation:</b>						
Beginning balance	54,043,191,734	194,183,812,013	19,883,109,358	151,464,483	268,261,577,588	
Depreciation for the year	12,315,815,406	48,840,381,827	6,944,643,549	11,376,968	68,112,217,750	
Transfer from finance lease	-	45,883,341,846	-	-	45,883,341,846	
Disposal	-	-	(394,368,000)	-	(394,368,000)	
Ending balance	66,359,007,140	288,907,535,686	26,433,384,907	162,841,451	381,862,769,184	
<b>Net carrying amount:</b>						
Beginning balance	96,555,064,834	343,373,320,882	40,293,298,439	14,744,195	480,236,428,350	
Ending balance	84,239,249,428	372,083,971,903	35,881,836,709	123,513,357	492,328,571,397	
<i>In which:</i>						
Pledged as loan security (Note 16.1)	63,000,682,905	306,630,412,323	34,171,288,640	-	403,802,383,868	

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 8. FINANCE LEASES

	VND
	<i>Machinery and equipment</i>
<b>Cost:</b>	
Beginning balance	122,355,578,248
Transfer to tangible fixed assets	<u>(122,355,578,248)</u>
Ending balance	<u>-</u>
<b>Accumulated depreciation:</b>	
Beginning balance	35,687,043,657
Depreciation for the year	10,196,298,189
Transfer to tangible fixed assets	<u>(45,883,341,846)</u>
Ending balance	<u>-</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>86,668,534,591</u>
Ending balance	<u>-</u>

## 9. INTANGIBLE FIXED ASSETS

	VND
	<i>Computer software</i>
<b>Cost:</b>	
Beginning balance	13,594,039,674
New purchase	<u>240,876,713</u>
Ending balance	<u>13,834,916,387</u>
<i>In which:</i>	
<i>Fully amortised</i>	113,300,000
<b>Accumulated amortisation:</b>	
Beginning balance	4,628,560,000
Amortisation for the year	<u>2,740,308,667</u>
Ending balance	<u>7,368,868,667</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>8,965,479,674</u>
Ending balance	<u>6,466,047,720</u>

## 10. CONSTRUCTION IN PROGRESS

Construction in progress as at 31 December 2014 represents the construction cost and machinery under installation of phase 2 and phase 3 at the Company's Trang Bang branch.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 11. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land rental (land use rights) (*)	28,948,319,116	29,772,544,513
Others	6,574,391,144	6,945,124,898
<b>TOTAL</b>	<b><u>35,522,710,260</u></b>	<b><u>36,717,669,411</u></b>

(\*) As disclosed in Note 16.1, the Company has pledged the land use rights to secure the bank loan facilities.

## 12. SHORT-TERM LOANS AND DEBTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	25,927,315,002	41,634,451,200
Current portion of long-term loans	-	29,456,794,944
<b>TOTAL</b>	<b><u>25,927,315,002</u></b>	<b><u>71,091,246,144</u></b>

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

<i>Contract No.</i>	<i>Ending balance</i>	<i>Original amount</i>	<i>Term and maturity date</i>	<i>Interest rate</i>
	VND	USD		(p.a)
201403515	<u>25,927,315,002</u>	<u>1,213,542</u>	From 22 October 2014 to 30 April 2015	1.8%

## 13. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

### 13.1 Short-term trade payables

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to other parties	<u>143,401,284,862</u>	<u>202,035,732,451</u>

### 13.2 Advances from customers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from other parties	<u>6,993,191,400</u>	<u>5,310,643,377</u>

### 13.3 Long-term trade payables

It represents the value of imported machinery and equipment for business expansion at Trang Bang branch – Phase 3 which is financed by long-term loans from bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

#### 14. STATUTORY OBLIGATIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 21.1)	5,294,170,014	9,372,343,472
Import and export duties	2,529,151,028	3,500,125,020
Personal income tax	117,671,051	160,358,850
Value-added tax	-	47,518,956
Other	13,305,600	22,010,340
<b>TOTAL</b>	<b><u>7,954,297,693</u></b>	<b><u>13,102,356,638</u></b>

#### 15. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Sales commission	3,124,592,045	1,472,819,441
Utility expenses	2,322,269,055	2,254,506,912
Interest expense	436,024,328	412,845,460
Professional services fee	240,220,166	195,526,151
Others	890,124,465	630,358,331
<b>TOTAL</b>	<b><u>7,013,230,059</u></b>	<b><u>4,966,056,295</u></b>

#### 16. LONG-TERM LOANS AND DEBTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Loans from banks	207,105,841,360	209,001,537,192
Finance lease	-	36,462,161,592
<b>TOTAL</b>	<b><u>207,105,841,360</u></b>	<b><u>245,463,698,784</u></b>
<i>In which:</i>		
<i>Current portion</i>	-	29,456,794,944
<i>Non-current portion</i>	207,105,841,360	216,006,903,840



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014**16. LONG-TERM LOANS AND DEBTS** (continued)

Details of the long-term loans from banks are as follows:

	<i>Ending balance</i>	<i>Original amount</i>	<i>Term and maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND	USD		(p.a)	
<b>Dong A Joint Stock Commercial Bank</b>					
H.0217-13	106,817,088,360	4,996,122	From 1 March 2012 to 1 March 2019	3.00%	Assets funded by loans including imported machinery and equipment (stage 2). Total assets value is USD 12,100,000
H.1022-14	7,460,000,000	351,638	From 15 October 2014 to 15 October 2019	2.69%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans
<b>Vietnam Export and Import Joint Stock Commercial Bank</b>					
200908121	42,730,068,000	1,998,600	From 20 July 2012 to 20 April 2018	3.00%	Assets funded by loans including land use right, building and structures, and machineries
201403738	50,098,685,000	2,343,250	From 28 January 2017 to 28 October 2021	2.53%	at Trang Bang, Tay Ninh Province
<b>TOTAL</b>	<b>207,105,841,360</b>	<b>9,689,610</b>			

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**17. OWNERS' EQUITY**

**17.1 Increases and decreases in owners' equity**

	Share capital	Share premium	Treasury shares	Financial reserve fund	Undistributed earnings	VND Total
<b>Previous year:</b>						
Beginning 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
Increase in capital	40,510,930,000	(40,145,500,800)	-	-	(365,429,200)	-
Treasury shares	-	-	(73,280,000)	-	-	(73,280,000)
Net profit for the year	-	-	-	-	74,400,437,644	74,400,437,644
Dividend paid	-	-	-	-	(40,511,377,500)	(40,511,377,500)
Ending balance	315,425,840,000	-	(11,826,900,000)	1,219,011,000	198,245,463,380	503,063,414,380
<b>Current year:</b>						
Beginning balance	315,425,840,000	-	(11,826,900,000)	1,219,011,000	198,245,463,380	503,063,414,380
Issuance of shares (**)	30,000,000,000	40,026,904,470	-	-	-	70,026,904,470
Increase in capital (*)	31,050,960,000	-	-	-	(31,050,960,000)	-
Profit appropriation	-	-	-	-	(4,380,000,000)	(4,380,000,000)
Net profit for the year	-	-	-	-	106,106,992,222	106,106,992,222
Share dividend (*)	46,576,560,000	-	-	-	(46,576,560,000)	-
Ending balance	423,053,360,000	40,026,904,470	(11,826,900,000)	1,219,011,000	222,344,935,602	674,817,311,072



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2014

17. OWNERS' EQUITY (continued)

17.1 *Increases and decreases in owners' equity* (continued)

(\*) 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. This increase 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.

(\*\*) On 17 December 2014, the Company made initial public offering of 3,000,000 shares. This issuance was executed under the Resolution of Annual Shareholders Meeting No. 04-2014/NQ-DHDCD/TK dated 26 March 2014 and approved by the State Securities Commission ("SSC") through the Share Issuance Certificate No. 92/GCN-UBCK on 31 October 2014. The result of issuance has been reported to the SSC on 24 December 2014. As at 31 December 2014, the share capital of the Company increased to VND 423,053,360,000 which was approved by the Department of Planning and Investment of Ho Chi Minh City as per amended Business Certificate dated on 14 January 2015.

17.2 *Capital transactions with owners and distribution of dividends, profits*

	VND	
	Current year	Previous year
<b>Issued share capital</b>		
Beginning balance	315,425,840,000	274,914,910,000
Share issuance	<u>107,627,520,000</u>	<u>40,510,930,000</u>
Ending balance	<u>423,053,360,000</u>	<u>315,425,840,000</u>
<b>Dividends declared and paid</b>	<b>(46,576,560,000)</b>	<b>(40,511,377,500)</b>

17.3 *Shares*

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
<b>Authorized shares</b>	42,305,336	423,053,360,000	31,542,584	315,425,840,000
<b>Issued shares</b>				
<i>Issued and paid-up shares</i>				
Ordinary shares	42,305,336	423,053,360,000	31,542,584	315,425,840,000
<b>Treasury shares</b>				
<i>Held by the Company</i>				
Ordinary shares	(491,234)	(4,912,340,000)	(491,234)	(4,912,340,000)
<b>Shares in circulation</b>				
Ordinary shares	41,814,102	418,141,020,000	31,051,350	310,513,500,000

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2014**18. REVENUES****18.1 Revenue from sale of goods**

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>1,457,929,229,273</b>	<b>1,454,452,384,377</b>
Less:		
Sales returns	(412,068,800)	(1,405,012,430)
<b>Net revenue</b>	<b><u>1,457,517,160,473</u></b>	<b><u>1,453,047,371,947</u></b>

**18.2 Financial income**

	VND	
	Current year	Previous year
Realised foreign exchange gains	1,362,380,078	4,226,625,113
Interest income	763,269,334	2,863,411,515
Others	-	496,781
<b>TOTAL</b>	<b><u>2,125,649,412</u></b>	<b><u>7,090,533,409</u></b>

**19. FINANCIAL EXPENSES**

	VND	
	Current year	Previous year
Interest expense	7,583,538,770	13,858,879,159
Unrealised foreign exchange losses	3,101,124,321	-
Realised foreign exchange losses	1,857,525,302	7,206,928,460
<b>TOTAL</b>	<b><u>12,542,188,393</u></b>	<b><u>21,065,807,619</u></b>

**20. PRODUCTION AND OPERATING COSTS**

	VND	
	Current year	Previous year
Raw materials	961,014,354,207	1,031,279,242,985
Labour costs	67,584,487,809	55,497,512,326
Depreciation and amortisation (Notes 7, 8 and 9)	81,048,824,606	84,446,111,259
Expenses for external services	194,477,621,343	153,131,381,851
Other expenses	7,558,546,249	19,292,087,644
<b>TOTAL</b>	<b><u>1,311,683,834,214</u></b>	<b><u>1,343,646,336,065</u></b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2014**21. CORPORATE INCOME TAX**

The statutory corporate income tax ("CIT") rate applicable to the Company is 22% (2013: 25%) of taxable profits.

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.

**21.1 Current tax**

	<i>Current year</i>	<i>VND Previous year</i>
Current tax expense	30,898,342,161	21,031,287,129
Deferred tax income	<u>(841,092,618)</u>	<u>(191,106,132)</u>
<b>TOTAL</b>	<b><u>30,057,249,543</u></b>	<b><u>20,840,180,997</u></b>

The current tax payable is based on taxable profit for the current 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.

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

	<i>Current year</i>	<i>VND Previous year</i>
<b>Profit before tax</b>	<b>136,164,241,765</b>	<b>95,240,618,641</b>
<i>Adjustments:</i>		
Difference in recognition of exported revenue	415,565,922	-
Change in provision for obsolete inventories	538,468,375	-
Change in accrual for commission expenses	1,635,399,473	(265,467,064)
Change in accrual for severance pay	(41,405,000)	(18,728,958)
Change in accrual for annual leave	515,254,022	-
Unrealised profit recorded by Branch	1,260,413,108	1,625,662,822
Unrealised foreign exchange gain	(500,547,635)	-
Non-deductible expenses	<u>1,360,122,655</u>	<u>1,364,161,690</u>
<b>Estimated current taxable profit</b>	<b>141,347,512,685</b>	<b>97,946,247,131</b>
<b>Estimated current CIT</b>	<b>31,096,452,791</b>	<b>20,432,007,976</b>
(Over) under CIT accrual for previous year	<u>(198,110,630)</u>	<u>599,279,153</u>
	<b>30,898,342,161</b>	<b>21,031,287,129</b>
CIT payable at beginning of year	9,372,343,472	8,676,466,670
CIT paid during the year	<u>(34,976,515,619)</u>	<u>(20,335,410,327)</u>
<b>CIT payable at end of year</b>	<b><u>5,294,170,014</u></b>	<b><u>9,372,343,472</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2014**21. CORPORATE INCOME TAX (continued)****21.2 Deferred tax**

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

	<i>Balance sheet</i>		<i>Income statement</i>		<i>VND</i>
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>	
<b>Deferred tax assets</b>					
Unrealised profit	933,449,502	656,158,618	277,290,884	316,939,529	
Accrual for expenses	683,808,161	324,020,277	359,787,884	(110,551,349)	
Accrual for annual leave	113,355,884	-	113,355,884		
Accrual for severance pay	68,622,831	77,731,931	(9,109,100)	(15,282,048)	
Provision for obsolete inventory	118,463,043	-	118,463,043		
Difference in recognition of exported revenue	91,424,503	-	91,424,503	-	
Unrealised foreign exchange gain	(110,120,480)	-	(110,120,480)	-	
	<b>1,899,003,444</b>	<b>1,057,910,826</b>			
<b>Net deferred tax credit to income statement</b>			<b>841,092,618</b>	<b>191,106,132</b>	

**22. TRANSACTIONS WITH RELATED PARTIES**

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i> <i>Amounts</i>
P.A.N Asia Limited Company	Related party	Sale of goods	7,345,661,934
LIANTEX Co., Ltd.	Related party	Sale of goods	6,370,556,492

Details of remuneration of the Board of Directors and management during the year are as below:

	<i>VND</i> <i>Current year</i>	<i>Previous year</i>
Salaries and related expenses	<u>2,154,309,109</u>	<u>3,512,215,702</u>

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

	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i> <i>Receivable</i>
<b>Trade receivable (Note 5.1)</b>			
P.A.N Asia Limited Company	Related party	Sale of goods	<u>1,003,876,633</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2014

**23. 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.

	VND	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax for the year	106,106,992,222	74,400,437,644
Weighted average number of ordinary shares during the year	<u>38,937,390</u>	<u>38,820,346</u>
Earnings per share (par value of VND 10,000/share)	<u>2,725</u>	<u>1,917</u>

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

The weighted average number of shares for the year ended 31 December 2013 was adjusted to reflect the 7,762,752 shares issued during the year from undistributed earnings (Note 17.1).

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

**24. COMMITMENTS**

***Operating lease commitment***

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 31 December 2014 under the operating lease agreements is as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	941,631,080	386,220,960
From 1 to 5 years	2,019,807,040	1,931,104,800
More than 5 years	<u>16,469,480,859</u>	<u>16,827,215,288</u>
<b>TOTAL</b>	<b><u>19,430,918,979</u></b>	<b><u>19,144,541,048</u></b>

***Capital commitments***

At 31 December 2014, the Company had outstanding commitments of VND 472,439,001,571 (31 December 2013: VND 915,497,924) principally relating to construction for its branch at Trang Bang, Tay Ninh Province, Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 25. 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, 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, deposits, trade receivables and payables.

The sensitivity analyses in the following sections relate to the position as at 31 December 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 deposits at banks and loans.

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)  
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25. 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 USD, EUR exchange rate, with all other variables held constant, of the Company's profit before tax.

	Change in exchange rate	VND Effect on profit before tax
<b>Current year</b>		
USD	+2%	(5,220,026,850)
EUR	+10%	(64,219,848)
USD	-2%	5,220,026,850
EUR	-10%	64,219,848
<b>Previous year</b>		
USD	+2%	(9,237,509,575)
USD	-2%	9,237,509,575

**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.

*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 year ended 31 December 2014**25. 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>Ending balance</b>			
Loans and debts	25,927,315,002	207,105,841,360	233,033,156,362
Trade payables	143,401,284,862	155,183,680,160	298,584,965,022
Other payables and accrued expenses	10,490,628,971	-	10,490,628,971
	<u><b>179,819,228,835</b></u>	<u><b>362,289,521,520</b></u>	<u><b>542,108,750,355</b></u>
<b>Beginning balance</b>			
Loans and debts	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
	<u><b>280,551,756,192</b></u>	<u><b>216,006,903,840</b></u>	<u><b>496,558,660,032</b></u>

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 17.1*). As at 31 December 2014 and 31 December 2013, the net carrying values of the fixed assets pledged were VND 403,802,383,868 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 31 December 2014 and 31 December 2013.



Century Synthetic Fiber Corporation

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26. 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 financial statements.

	Carrying amount		Fair value		VND
	Ending balance	Beginning balance	Ending balance	Beginning balance	
<b>Financial assets</b>					
Trade receivables	48,522,183,372	93,088,227,929	48,522,183,372	93,088,227,929	
Receivable from related party	1,003,876,633	1,014,563,657	1,003,876,633	1,014,563,657	
Other receivables	1,485,729,552	2,010,128,252	1,485,729,552	2,010,128,252	
Other financial assets	284,057,465	10,042,586,537	284,057,465	10,042,586,537	
Cash and cash equivalents	148,163,520,136	75,562,455,154	148,163,520,136	75,562,455,154	
<b>Total</b>	<b>199,459,367,158</b>	<b>181,717,961,529</b>	<b>199,459,367,158</b>	<b>181,717,961,529</b>	
<b>Financial liabilities</b>					
Loans and borrowings	233,033,156,362	287,098,149,984	233,033,156,362	287,098,149,984	
Trade payables	298,584,965,022	202,035,732,451	298,584,965,022	202,035,732,451	
Other current liabilities	10,490,628,971	7,424,777,597	10,490,628,971	7,424,777,597	
<b>Total</b>	<b>542,108,750,355</b>	<b>496,558,660,032</b>	<b>542,108,750,355</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 31 December 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 FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**27. 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.

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

There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.



Preparer  
Le Thi Mong Tuyen



Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa

2 March 2015