

# **Century Synthetic Fiber Corporation**

Interim consolidated financial statements

For the six-month period ended 30 June 2019



# 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 and currently operates based on the 17<sup>th</sup> Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 April 2019.

The Company listed its shares on the Ho Chi Minh Stock Exchange with trading code as STK in accordance with Decision No. 410/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

The current principal activities of the Company during the period are to manufacture synthetic yarn and knitting.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. In addition, the Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, and one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, 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
Ms Cao Thi Que Anh	Member
Mr Chen Che Jen	Member
Mr Vo Quang Long	Member
Mr Nguyen Quoc Huong	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
Ms Hoang Nu Mong Tuyen	Member
Ms Dinh Ngoc Hoa	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	General Director
Mr Nguyen Thai Hung	General Manager
Ms Nguyen Phuong Chi	Chief Strategic Officer
Mr Phan Nhu Bich	Chief Financial Officer

### LÉGAL 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 this report and the interim consolidated financial statements of the Company and its subsidiary ("the Group") for the six-month period ended 30 June 2019.

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

Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim consolidated 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 consolidated financial statements; and
- prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group 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 consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management of the Company, does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2019 and of the interim results of its consolidated operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

For and on behalf of management: *Nich*



Dang Trieu Hoa  
General Director

Ho Chi Minh City, Vietnam

12. August 2019



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Reference: 60867230/21093828/LR-HN

## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 12 August 2019 and set out on pages 6 to 37, which comprise the interim consolidated balance sheet as at 30 June 2019, and the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

### ***Management's responsibility***

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

### ***Auditors' responsibility***

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 June 2019, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

### **Ernst & Young Vietnam Limited**



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Dương Lê Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2018-004-1

Ho Chi Minh City, Vietnam

12 August 2019

# Century Synthetic Fiber Corporation

B01a-DN/HN

## INTERIM CONSOLIDATED BALANCE SHEET as at 30 June 2019

VND

Code	ASSETS	Notes	30 June 2019	31 December 2018
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>990,321,385,952</b>	<b>804,312,305,352</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>274,910,300,526</b>	<b>153,072,426,650</b>
111	1. Cash		14,410,300,526	20,572,426,650
112	2. Cash equivalents		260,500,000,000	132,500,000,000
<b>120</b>	<b>II. Short-term investment</b>		<b>15,000,000,000</b>	<b>45,000,000,000</b>
123	1. Held-to-maturity investment	5	15,000,000,000	45,000,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>122,236,254,355</b>	<b>65,396,857,542</b>
131	1. Short-term trade receivables	6	118,456,049,212	58,695,785,076
132	2. Short-term advances to suppliers	7	1,787,427,034	5,137,275,770
136	3. Other short-term receivables	8	1,992,778,109	1,563,796,696
<b>140</b>	<b>IV. Inventories</b>		<b>554,992,043,365</b>	<b>509,769,177,869</b>
141	1. Inventories	9	579,493,131,936	541,173,285,220
149	2. Provision for obsolete inventories	9	(24,501,088,571)	(31,404,107,351)
<b>150</b>	<b>V. Other current assets</b>		<b>23,182,787,706</b>	<b>31,073,843,291</b>
151	1. Short-term prepaid expenses	14	8,904,956,020	7,246,898,222
152	2. Value-added tax deductible	17	14,031,513,585	23,552,370,973
153	3. Tax and other receivables from the State	17	246,318,101	274,574,096
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,256,343,485,400</b>	<b>1,315,122,067,286</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>1,108,609,397,582</b>	<b>1,178,792,442,927</b>
221	1. Tangible fixed assets	10	1,108,233,303,340	1,178,357,295,893
222	Cost		2,049,298,144,450	2,049,933,670,971
223	Accumulated depreciation		(941,064,841,110)	(871,576,375,078)
227	2. Intangible assets	11	376,094,242	435,147,034
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,009,203,963)	(13,950,151,171)
<b>240</b>	<b>II. Long-term asset in progress</b>		<b>6,642,266,478</b>	<b>1,662,483,372</b>
242	1. Construction in progress	12	6,642,266,478	1,662,483,372
<b>250</b>	<b>III. Long-term investment</b>		<b>1,884,588,394</b>	<b>1,884,588,394</b>
252	1. Investment in an associate	13	1,884,588,394	1,884,588,394
<b>260</b>	<b>IV. Other long-term assets</b>		<b>139,207,232,946</b>	<b>132,782,552,593</b>
261	1. Long-term prepaid expenses	14	132,226,709,994	125,163,320,649
262	2. Deferred tax assets	27.3	6,980,522,952	7,619,231,944
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,246,664,871,352</b>	<b>2,119,434,372,638</b>



# Century Synthetic Fiber Corporation

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INTERIM CONSOLIDATED BALANCE SHEET (continued)  
as at 30 June 2019

		VND		
Code	RESOURCES	Notes	30 June 2019	31 December 2018
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,268,384,861,917</b>	<b>1,210,381,370,769</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,012,326,440,689</b>	<b>862,133,399,464</b>
311	1. Short-term trade payables	15	278,164,762,285	331,972,930,617
312	2. Short-term advances from customers	16	28,642,167,575	29,144,341,774
313	3. Statutory obligations	17	36,650,906,008	34,120,205,203
314	4. Payables to employees		24,561,971,547	25,979,917,686
315	5. Short-term accrued expenses	18	8,699,895,687	7,079,641,862
319	6. Other short-term payables	19	109,442,470,448	5,179,574,379
320	7. Short-term loans	20	524,205,982,245	426,713,696,161
322	8. Bonus and welfare funds		1,958,284,894	1,943,091,782
<b>330</b>	<b>II. Non-current liabilities</b>		<b>256,058,421,228</b>	<b>348,247,971,305</b>
338	1. Long-term loans	20	255,630,712,853	347,818,799,805
342	2. Long-term provision		427,708,375	429,171,500
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>978,280,009,435</b>	<b>909,053,001,869</b>
<b>410</b>	<b>I. Capital</b>	<b>21.1</b>	<b>978,280,009,435</b>	<b>909,053,001,869</b>
411	1. Share capital		707,269,440,000	599,377,980,000
411a	- Shares with voting rights		707,269,440,000	599,377,980,000
412	2. Share premium		35,093,198,872	35,297,435,379
418	3. Investment and development fund		1,219,011,000	1,219,011,000
421	4. Undistributed earnings		234,698,359,563	273,158,575,490
421a	- Undistributed earnings by the end of prior period		125,114,499,490	94,806,345,221
421b	- Undistributed earnings of current period		109,583,860,073	178,352,230,269
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,246,664,871,352</b>	<b>2,119,434,372,638</b>

Preparer  
Phan Thanh Phu

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa





12. August 2019

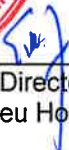
INTERIM CONSOLIDATED INCOME STATEMENT  
for the six-month period ended 30 June 2019

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
01	1. Revenue from sale of goods	22.1	1,100,167,476,844	1,192,338,415,053
02	2. Deductions	22.1	(958,263,217)	(353,886,264)
10	3. Net revenue from sale of goods	22.1	1,099,209,213,627	1,191,984,528,789
11	4. Cost of goods sold		(920,614,746,759)	(1,029,599,774,372)
20	5. Gross profit from sale of goods		178,594,466,868	162,384,754,417
21	6. Finance income	22.2	3,674,317,768	3,478,843,882
22	7. Finance expenses	23	(19,456,690,862)	(25,036,747,142)
23	In which: Interest expenses		(15,811,340,025)	(13,162,005,068)
24	8. Shares of loss in an associate		-	(211,800,693)
25	9. Selling expenses	24	(12,172,653,281)	(17,509,958,258)
26	10. General and administrative expenses	25	(26,915,380,407)	(27,041,714,422)
30	11. Operating profit		123,724,060,086	96,063,377,784
31	12. Other income		1,016,910,997	659,437,131
32	13. Other expenses		(692,742,674)	(123,285,786)
40	14. Other profit		324,168,323	536,151,345
50	15. Accounting profit before tax		124,048,228,409	96,599,529,129
51	16. Current corporate income tax expense	27.1	(13,825,659,344)	(11,705,936,482)
52	17. Deferred tax expense	27.3	(638,708,992)	(486,490,301)
60	18. Net profit after tax		109,583,860,073	84,407,102,346
61	19. Net profit after tax attributable to shareholders of the parent		109,583,860,073	84,407,102,346
70	20. Basic earnings per share	29	1,690	1,316
71	21. Diluted earnings per share	29	1,690	1,316

  
Preparer  
Phan Thanh Phu

  
Chief Accountant  
Phan Nhu Bich

  
General Director  
Dang Trieu Hoa



12 August 2019

INTERIM CONSOLIDATED CASH FLOW STATEMENT  
for the six-month period ended 30 June 2019

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>124,048,228,409</b>	<b>96,599,529,129</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	69,879,795,879	72,638,293,533
03	Reversal of provisions		(6,903,018,780)	(1,814,366,852)
04	Foreign exchange loss arising from revaluation of monetary accounts denominated in foreign currency		1,118,860,629	7,714,892,355
05	Profits from investing activities		(3,203,454,228)	(2,094,001,058)
06	Interest expenses	23	15,811,340,025	13,162,005,068
08	<b>Operating profit before changes in working capital</b>		<b>200,751,751,934</b>	<b>186,206,352,175</b>
09	Increase in receivables		(46,697,534,549)	(17,892,332,827)
10	Increase in inventories		(38,319,846,716)	(52,798,355,715)
11	(Decrease) increase in payables		(53,650,791,632)	105,179,488,421
12	(Increase) decrease in prepaid expenses		(8,721,447,143)	288,928,360
13	Interest paid		(15,781,942,493)	(13,842,825,188)
14	Corporate income tax paid		(13,417,386,131)	(3,006,349,138)
15	Other cash inflows from operating activities		958,614,804	353,240,255
16	Other cash outflows for operating activities		(943,421,692)	(755,824,765)
20	<b>Net cash from operating activities</b>		<b>24,177,996,382</b>	<b>203,732,321,578</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(5,316,671,546)	(48,763,520,012)
22	Proceeds from disposal of fixed assets		260,000,000	-
23	Loans to other entities and payment for purchase of debt instruments of other entities		30,000,000,000	-
24	Collection from investment in another entity		-	24,663,600,000
27	Interest received		3,565,903,452	1,865,746,708
30	<b>Net cash from (used in) investing activities</b>		<b>28,509,231,906</b>	<b>(22,234,173,304)</b>


## Century Synthetic Fiber Corporation

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INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 June 2019

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares	21.1	65,733,563,493	-
33	Drawdown of borrowings		573,081,222,200	674,395,322,489
34	Repayment of borrowings		(570,149,811,580)	(711,067,797,793)
40	<b>Net cash from (used in) financing activities</b>		<b>68,664,974,113</b>	<b>(36,672,475,304)</b>
50	<b>Net increase in cash and cash equivalents for the period</b>		<b>121,352,202,401</b>	<b>144,825,672,970</b>
60	<b>Cash and cash equivalents at the beginning of the period</b>		<b>153,072,426,650</b>	<b>116,615,724,965</b>
61	Impact of exchange rate fluctuation		485,671,475	15,997,205
70	<b>Cash and cash equivalents at end of the period</b>	4	<b>274,910,300,526</b>	<b>261,457,395,140</b>

  
Preparer  
Phan Thanh Phu

  
Chief Accountant  
Phan Nhu Bich

  
General Director  
Dang Trieu Hoa



12 August 2019

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
as at 30 June 2019 and for the six-month period then ended

**1. CORPORATE INFORMATION**

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 17<sup>th</sup> Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 April 2019.

The Company listed its shares on the Ho Chi Minh Stock Exchange with trading code as STK in accordance with Decision No. 410/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

The current principal activities of the Company during the period are to manufacture synthetic yarn and knitting.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. In addition, the Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, and one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

The number employees of the Company and its subsidiary ("the Group") as at 30 June 2019 was 931 (31 December 2018: 1,027).

***Corporate structure***

As at 30 June 2019, the Company has a subsidiary as follows:

Unitex Limited Liability Company formerly is a shareholding company established in Vietnam pursuant to the Investment Certificate No. 452033000336 issued by the Management Board of Tay Ninh Economic Zone on 29 June 2015 and Enterprise Registration Certificate No. 3901206611 issued by Department of Planning and Investment of Tay Ninh Province on 29 June 2015, and the amended ERCs.

The principal activities per Investment Certificate of Unitex are to manufacture fibers and fabrics. The registered head office of Unitex is located at A17.1, C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam.

As at 30 June 2019, the Company holds 100% ownership and voting rights at Unitex.





NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

## **2. BASIS OF PREPARATION**

### **2.1 Accounting standards and system**

The interim consolidated financial statements of the Company and its subsidiary ("the Group") expressed in Vietnam dong ("VND") are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

### **2.2 Applied accounting documentation system**

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

### **2.3 Fiscal year**

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

### **2.4 Accounting currency**

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

### **2.5 Basis of consolidation**

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiary for the six-month period ended 30 June 2019.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The interim financial statements of subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

### 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.

#### 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 of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

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

#### 3.3 *Receivables*

Receivables are presented in the interim consolidated 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 amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administration expense in the interim consolidated income statement.

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

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

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

#### 3.6 *Depreciation and amortisation*

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

Buildings, structures	5 - 25 years
Machinery, equipment	5 - 15 years
Means of transportation	2 - 10 years
Office equipment	3 - 6 years
Computer software	4 - 5 years

#### 3.7 *Borrowing cost*

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

Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

#### 3.8 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim consolidated 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.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the interim consolidated income statement:

- ▶ Prepaid rental; and
- ▶ Tools and consumables with large value issued into production and can be used for more than one year.

##### *Prepaid land rental*

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 period of 50 years and Tay Ninh Industrial Park Infrastructure Development Joint Stock Company on 21 July 2009 for a period of 45 years, and on 31 October 2017 to 14 July 2053.

Such prepaid rental is recognised as a long-term prepaid expense for allocation to the interim consolidated income statement over the remaining lease year according to Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

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

#### 3.9 *Construction in process*

Construction in progress represents costs that are directly attributable to the acquisition, construction to produce an asset in the course of construction at the balance sheet date.

#### 3.10 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

#### 3.11 *Investments*

##### *Investment in an associate*

Investment in an associate over which the Group has significant influence are carried at cost.

Distributions from accumulated net profits of an associate arising subsequent to the date of acquisition are recognised in the interim consolidated income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *Provision for diminution in value of an investment*

Provision is made for any diminution in value of investments other entity at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the interim consolidated income statement.

##### *Held-to-maturity investments*

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

#### 3.12 *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 Group.

#### 3.13 *Accrual for severance pay*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

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

#### 3.14 *Foreign currency transactions*

The Group applies guidance of Circular 53/2016/TT-BTC dated 21 March 2016 amending and supplementing some articles of Circular 200/2014/TT-BTC dated 22 December 2014 to record foreign currency transactions.

Transactions in currencies other than the Group's accounting currency are recorded at the exchange rate that approximates the average of buying and selling transfer exchange rates announced by the commercial bank where the Group most frequently conducts its transactions ("the average transfer exchange rate"). This approximate exchange rate does not exceed +/- 1% of the average transfer exchange rate. The average transfer exchange rate is determined daily based on the average of daily buying transfer rates and selling transfer rates of the commercial bank.

At the end of the period, balances of monetary items denominated in foreign currencies are translated at the buying transfer exchange rate announced by the commercial bank where the Group most frequently conducts its transactions. This transfer exchange rate is the buying transfer exchange rate of the commercial bank.

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

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

##### *Investment and development fund*

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

##### *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 interim consolidated balance sheet.

#### 3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 unless collectability is in doubt.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

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

**3.17 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 consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current income tax assets against current income tax liabilities and when the Group 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;
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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;
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each interim consolidated 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

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

#### 3.17 Taxation

##### *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 interim consolidated 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 Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Group 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.

#### 3.18 Earnings per share

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

#### 3.19 Segment information

The Group's principal activities are to manufacture synthetic yarn and knitting. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is manufacturing or the locations where the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

#### 3.20 Related parties

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**4. CASH AND CASH EQUIVALENTS**

	VND	
	30 June 2019	31 December 2018
Cash on hand	69,813,695	286,520,068
Cash in banks	14,340,486,831	20,285,906,582
Cash equivalents (*)	<u>260,500,000,000</u>	<u>132,500,000,000</u>
<b>TOTAL</b>	<b><u>274,910,300,526</u></b>	<b><u>153,072,426,650</u></b>

(\*) Cash equivalents represent short-term deposits at commercial banks with original maturity of less than three (3) months and earn interest at the applicable rate.

**5. HELD-TO-MATURITY INVESTMENTS**

Held-to-maturity investments represent long-term deposits at commercial banks with original maturity of three (3) months or more and earn interest at the applicable rate.

**6. SHORT-TERM TRADE RECEIVABLES**

	VND	
	30 June 2019	31 December 2018
Trade receivables from customers	116,411,770,042	57,067,512,272
- <i>Formosa Taffeta Dong Nai Company Limited</i>	31,139,258,815	25,524,664,217
- <i>Gain Lucky Vietnam Limited</i>	7,088,145,520	8,888,941,108
- <i>Formosa Taffeta Viet Nam Co., Ltd.</i>	12,816,296,858	11,775,055,458
- <i>Far Eastern Polytex (Viet Nam) Limited</i>	-	6,537,251,261
- <i>Y.R.C Textile Co., Ltd</i>	15,378,158,072	-
- <i>Jatec Co., Ltd</i>	925,637,714	-
- <i>Phong Phu Coats Co., Ltd</i>	12,316,461,333	707,256,000
- <i>New Wide (Vietnam) Enterprise Co., Ltd</i>	8,172,364,862	653,723,652
- <i>Others</i>	28,575,446,868	2,980,620,576
Trade receivables from related parties (Note 28)	<u>2,044,279,170</u>	<u>1,628,272,804</u>
<b>TOTAL</b>	<b><u>118,456,049,212</u></b>	<b><u>58,695,785,076</u></b>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

## 7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	30 June 2019	31 December 2018
Oerlikon Barmag Zweigniederlassung	259,743,420	1,076,772,110
New Taiwan Filters Corp	-	2,388,597,150
Changzhou Jason Internation Trade Company	275,749,500	460,127,100
Others	1,251,934,114	1,211,779,410
<b>TOTAL</b>	<b><u>1,787,427,034</u></b>	<b><u>5,137,275,770</u></b>

## 8. OTHER SHORT-TERM RECEIVABLES

	VND	
	30 June 2019	31 December 2018
Social insurance	1,102,117,403	1,066,067,138
Others	890,660,706	497,729,558
<b>TOTAL</b>	<b><u>1,992,778,109</u></b>	<b><u>1,563,796,696</u></b>

## 9. INVENTORIES

	VND			
	30 June 2019		31 December 2018	
	Cost	Provision	Cost	Provision
Finished goods	352,249,045,017	(20,551,321,641)	337,108,080,072	(26,667,659,161)
Raw materials	179,909,535,565	(3,949,766,930)	161,164,425,068	(4,736,448,190)
Goods in transit	47,334,551,354	-	42,900,780,080	-
<b>TOTAL</b>	<b><u>579,493,131,936</u></b>	<b><u>(24,501,088,571)</u></b>	<b><u>541,173,285,220</u></b>	<b><u>(31,404,107,351)</u></b>

Detail of movements of provision for obsolete inventories:

	VND	
	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
Beginning balance	(31,404,107,351)	(2,405,561,930)
Add: Provision made during the period	-	-
Less: Revert provision made during the period	6,903,018,780	1,814,366,852
Ending balance	<b><u>(24,501,088,571)</u></b>	<b><u>(591,195,078)</u></b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

10. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Total	VND
<b>Cost:</b>						
As at 31 December 2018	302,962,145,912	1,558,717,636,119	183,462,162,860	4,791,726,080	2,049,933,670,971	
Newly purchase	-	-	336,888,440	-	336,888,440	
Disposal	-	-	(972,414,961)	-	(972,414,961)	
As at 30 June 2019	302,962,145,912	1,558,717,636,119	182,826,636,339	4,791,726,080	2,049,298,144,450	
<i>In which:</i>						
Fully depreciated	298,401,800,405	1,534,059,154,585	191,060,955,384	5,058,219,949	2,028,580,130,323	
<b>Accumulated depreciation:</b>						
As at 31 December 2018	(121,003,991,503)	(657,588,120,982)	(89,300,556,658)	(3,683,705,935)	(871,576,375,078)	
Depreciation for the period	(5,632,632,311)	(54,038,076,967)	(9,789,242,077)	(360,791,732)	(69,820,743,087)	
Disposal	-	-	332,277,055	-	332,277,055	
As at 30 June 2019	(126,636,623,814)	(711,626,197,949)	(98,757,521,680)	(4,044,497,667)	(941,064,841,110)	
<b>Net carrying amount:</b>						
As at 31 December 2018	181,958,154,409	901,129,515,137	94,161,606,202	1,108,020,145	1,178,357,295,893	
As at 30 June 2019	176,325,522,098	847,091,438,170	84,069,114,659	747,228,413	1,108,233,303,340	
<i>In which:</i>						
Pledged as loan security (Note 20.2)	147,850,945,515	206,813,925,857	88,519,714,914	4,505,371,271	447,689,957,557	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**11. INTANGIBLE ASSETS**

	VND
	<i>Computer software</i>
<b>Cost:</b>	
As at 30 June 2019 and 31 December 2018	<u>14,385,298,205</u>
<i>In which:</i>	
Fully amortised	13,834,916,387
<b>Accumulated amortisation:</b>	
As at 31 December 2018	(13,950,151,171)
Amortisation for the period	<u>(59,052,792)</u>
As at 30 June 2019	<u>(14,009,203,963)</u>
<b>Net carrying amount:</b>	
As at 31 December 2018	<u>435,147,034</u>
As at 30 June 2019	<u>376,094,242</u>

**12. CONSTRUCTION IN PROGRESS**

	VND	
	30 June 2019	31 December 2018
Color yarn production machine	4,842,393,470	-
Unitex factory project	692,800,000	692,800,000
Machinery and equipment	392,912,008	255,522,372
Others	714,161,000	714,161,000
<b>TOTAL</b>	<u>6,642,266,478</u>	<u>1,662,483,372</u>

**13. INVESTMENT IN AN ASSOCIATE**

	<u>30 June 2019</u>		<u>31 December 2018</u>	
	% of interest	Cost VND	% of interest	Cost VND
E.DYE Vietnam Joint Stock Company	35.44	<u>2,386,800,000</u>	35.44	<u>2,386,800,000</u>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**13. INVESTMENT IN AN ASSOCIATE (continued)**

E.DYE Vietnam Joint Stock Company ("E.DYE") is a shareholding company established in Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 0314352362 issued by the Department of Planning and Investment of Ho Chi Minh City on 17 April 2017. The principal activities per Investment Registration Certificate of E.DYE are import, export, and distribution of goods. The registered head office of E.DYE is located at No. 102-104-106, Bau Cat Street, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

Detail of the investment in an associate is as follows:

	VND
	<i>E.DYE Vietnam Joint Stock Company</i>
<b>Cost of investment:</b>	
As at 31 December 2018	<u>2,386,800,000</u>
As at 30 June 2019	<u>2,386,800,000</u>
<b>Accumulated share in post-acquisition loss of the associate:</b>	
As at 31 December 2018	<u>(502,211,606)</u>
As at 30 June 2019	<u>(502,211,606)</u>
<b>Net carrying amount:</b>	
As at 31 December 2018	<u>1,884,588,394</u>
As at 30 June 2019	<u>1,884,588,394</u>
As at 30 June 2019, the Group is in the process of recovering the investment in E.DYE in accordance with BOD's Resolution No. 15-2019/NQHDQT/TK and 16-2019/NQHDQT/TK dated 19 June 2019.	

**14. PREPAID EXPENSES**

	VND	
	<i>30 June 2019</i>	<i>31 December 2018</i>
<b>Short-term</b>	<b>8,904,956,020</b>	<b>7,246,898,222</b>
Tools and supplies	4,977,782,582	5,935,758,152
Car rental	85,000,000	340,000,000
Others	3,842,173,438	971,140,070
<b>Long-term</b>	<b>132,226,709,994</b>	<b>125,163,320,649</b>
Land rental (land use rights) (*)	116,740,765,237	117,079,269,307
Tools and supplies	14,754,095,857	6,298,401,384
Others	731,848,900	1,785,649,958
<b>TOTAL</b>	<b><u>141,131,666,014</u></b>	<b><u>132,410,218,871</u></b>

(\*) As disclosed in Note 20.2, the Group has pledged the land use rights to secure the bank loan facilities.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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15. SHORT-TERM TRADE PAYABLES

	VND	
	30 June 2019	31 December 2018
Tainan Spinning Co., Ltd.	191,711,862,840	227,122,876,440
Unifi Textile(Suzhou) Co., Ltd.	36,754,123,000	46,734,000,000
Chori Co., Ltd	17,219,036,000	12,983,416,000
Others	32,479,740,445	45,132,638,177
<b>TOTAL</b>	<b><u>278,164,762,285</u></b>	<b><u>331,972,930,617</u></b>

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	30 June 2019	31 December 2018
Advances from other parties	28,642,167,575	29,025,011,686
<i>Treasure Star International Limited</i>	2,662,725,263	9,090,907,079
<i>Nam Phuong Textile and Dyeing Company Limited</i>	4,627,952,550	4,433,232,651
<i>Jatec Co., Ltd.</i>	-	5,092,796,500
<i>Universal Star Corporation</i>	1,809,270,360	757,659,000
Others	19,542,219,402	9,650,416,456
Advances from a related party (Note 28)	-	119,330,088
<b>TOTAL</b>	<b><u>28,642,167,575</u></b>	<b><u>29,144,341,774</u></b>

17. STATUTORY OBLIGATIONS

	VND			
	31 December 2018	Payable for the period	Payment/net-off in the period	30 June 2019
<b>Payables</b>				
Corporate income tax	13,836,351,224	13,724,384,612	(13,417,386,131)	14,143,349,705
Import and export duties	13,527,642,243	10,910,683,480	(10,896,844,493)	13,541,481,230
Personal income tax	308,992,910	4,468,483,675	(1,016,055,916)	3,761,420,669
Value-added tax	6,427,739,989	54,563,893,897	(55,810,326,248)	5,181,307,638
Others	19,478,837	1,135,017,064	(1,131,149,135)	23,346,766
<b>TOTAL</b>	<b><u>34,120,205,203</u></b>	<b><u>84,802,462,728</u></b>	<b><u>(82,271,761,923)</u></b>	<b><u>36,650,906,008</u></b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**17. STATUTORY OBLIGATIONS (continued)**

	VND			
	31 December 2018	Receivable for the period	Net-off in the period	30 June 2019
<b>Receivables</b>				
Value-added tax deductible	23,552,370,973	27,996,180,833	(37,517,038,221)	14,031,513,585
Corporate income tax	248,555,620	147,280,888	(248,555,620)	147,280,888
Personal income tax	-	28,571,048	-	28,571,048
Others	26,018,476	4,811,816,041	(4,767,368,352)	70,466,165
<b>TOTAL</b>	<b>23,826,945,069</b>	<b>32,983,848,810</b>	<b>(42,532,962,193)</b>	<b>14,277,831,686</b>

**18. SHORT-TERM ACCRUED EXPENSES**

	VND	
	30 June 2019	31 December 2018
Utility expenses	4,472,651,471	3,078,386,834
Sales commission	2,080,303,021	1,853,557,723
Interest expense	2,031,941,195	2,032,697,305
Others	115,000,000	115,000,000
<b>TOTAL</b>	<b>8,699,895,687</b>	<b>7,079,641,862</b>

**19. SHORT-TERM OTHER PAYABLES**

	VND	
	30 June 2019	31 December 2018
Dividends	102,412,696,815	58,535,865
Social insurance	2,974,364,047	3,027,530,711
Others	4,055,409,586	2,093,507,803
<b>TOTAL</b>	<b>109,442,470,448</b>	<b>5,179,574,379</b>

# Century Synthetic Fiber Corporation

B09a-DN/HN

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 20. LOANS

	31 December 2018	Movement during the period		Foreign exchange difference	VND 30 June 2019
		Increase	Decrease		
<b>Short-term</b>					
Loans from banks (Note 20.1)	280,515,587,992	573,081,222,200	(473,352,410,146)	797,989,954	381,042,390,000
Current portion of long-term loans (Note 20.2)	146,198,108,169	93,246,348,383	(96,797,401,434)	516,537,127	143,163,592,245
	426,713,696,161	666,327,570,583	(570,149,811,580)	1,314,527,081	524,205,982,245
<b>Long-term</b>					
Loans from banks (Note 20.2)	347,818,799,805	-	(93,246,348,383)	1,058,261,431	255,630,712,853
<b>TOTAL</b>	<b>774,532,495,966</b>	<b>666,327,570,583</b>	<b>(663,396,159,963)</b>	<b>2,372,788,512</b>	<b>779,836,695,098</b>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**20. LOANS (continued)**

**20.1 Short-term loans from banks**

The Group obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 3.10% to 4.20% per annum (on foreign currency). Details are as follows:

Banks	30 June 2019		Original amount	Term and maturity date
	VND	USD		
Orient Commercial Joint Stock Bank	182,404,620,000		7,845,360	From 18 July 2019 to 21 December 2019
Vietnam Export Import Commercial Joint Stock Bank	86,573,700,000		3,723,600	From 21 July 2019 to 3 September 2019
Vietnam Technological and Commercial Joint Stock Bank	57,053,640,000		2,453,920	From 6 November 2019 to 30 November 2019
Joint Stock Commercial Bank for Foreign Trade of Vietnam	55,010,430,000		2,366,040	From 4 April 2019 to 4 October 2019
<b>TOTAL</b>	<b>381,042,390,000</b>		<b>16,388,920</b>	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**20. LOANS (continued)**

**20.2 Long-term loans from banks**

Long-term loans from banks bear interest rates from 2.29% to 5.20% per annum (on foreign currency). Details of the long-term loans from banks are as follows:

Banks	Original amount		Term and maturity date	Description of collateral
	30 June 2018	USD		
	VND	USD		
CTBC Bank Co., Ltd	94,937,497,598	4,083,333	From 5 June 2019 to 5 December 2022	Assets funded by loans including all imported machinery and equipment (Note 10) (Trang Bang project - 4 <sup>th</sup> stage)
	49,174,215,000	2,115,020	From 1 July 2019 to 1 March 2021	Assets funded by loans, including all imported machinery and equipment (Note 10) (Trang Bang project - 5 <sup>th</sup> stage)
Vietnam Commercial Joint Stock Export Import Bank	254,682,592,500	10,954,090	From 20 July 2019 to 20 December 2022	Assets funded by loans, including prepaid land rental (Note 14), imported machinery and equipment (Note 10) at Trang Bang Branch, Tay Ninh Province
<b>TOTAL</b>	<b>398,794,305,098</b>	<b>17,152,443</b>		
<i>In which:</i>				
Current portion	143,163,592,245			
Non-current portion	255,630,712,853			

# Century Synthetic Fiber Corporation

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 21. OWNERS' EQUITY

### 21.1 Increases and decreases in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total	VND
<b>For the six-month period ended 30 June 2018:</b>						
As at 31 December 2017	599,377,980,000	35,297,435,379	1,219,011,000	142,756,583,621	778,651,010,000	
Net profit for the period	-	-	-	84,407,102,346	84,407,102,346	
Dividend declared	-	-	-	(47,950,238,400)	(47,950,238,400)	
As at 30 June 2018	599,377,980,000	35,297,435,379	1,219,011,000	179,213,447,567	815,107,873,946	
<b>For the six-month period ended 30 June 2019:</b>						
As at 31 December 2018	599,377,980,000	35,297,435,379	1,219,011,000	273,158,575,490	909,053,001,869	
Capital increase (*)	107,891,460,000	(204,236,507)	-	(41,953,660,000)	65,733,563,493	
Net profit for the period	-	-	-	109,583,860,073	109,583,860,073	
Dividend declared (**)	-	-	-	(106,090,416,000)	(106,090,416,000)	
As at 30 June 2019	707,269,440,000	35,093,198,872	1,219,011,000	234,698,359,563	978,280,009,435	

(\*) As at 10 April 2019, the Company successfully issued 4,195,366 shares to pay dividends for 2017 according to General Shareholder Meeting No. 01-2018/NQ-DHDCD/TK dated 17 April 2018, and Resolution of Board of Directors No. 08-2019/NQHDQT/TK dated 7 January 2019.

As at 10 April 2019, the Company successfully issued 5,993,780 shares to existing shareholders according to General Shareholder Meeting No. 03-2018/NQ-DHDCD/TK dated 17 April 2018, and Resolution of Board of Directors No. 04-2018/NQHDQT/TK, 13-2018/NQHDQT/TK và 14-2018/NQHDQT/TK dated 22 August 2018.

As at 10 April 2019, the Company successfully issued 600,000 shares to employees under ESOP according to General Shareholder Meeting No. 01-2018/NQ-DHDCD/TK dated 17 April 2018, and Resolution of Board of Directors No. 04-2019/NQHDQT/TK dated 7 January 2019.

As at 18 April 2019, the Company obtained the 17th Amended Enterprise Registration Certificate issued by the Department of Planning and Investment of Ho Chi Minh City, approving on the share capital increase to VND 707,269,440,000.

(\*\*) The Resolutions of Annual Shareholder Meeting dated 2 April 2019, and of Board of Directors No. 13-2019/NQHDQT dated 29 May 2019 approved the dividend by cash of 15% par value of share (VND 1,500/share).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends

	<i>For the six-month period ended 30 June 2019</i>	<i>VND For the six-month period ended 30 June 2018</i>
<b>Issued share capital</b>		
Beginning balance	599,377,980,000	599,377,980,000
Increase during the period	107,891,460,000	-
Ending balance	<u>707,269,440,000</u>	<u>599,377,980,000</u>
<b>Dividends declared</b>	<b>(106,090,416,000)</b>	<b>(47,950,238,400)</b>
Dividend paid in cash	-	-
Stock dividend	(41,953,660,000)	-

21.3 Shares

	<u>30 June 2019</u>		<u>31 December 2018</u>	
	Quantity	Amount (VND)	Quantity	Amount (VND)
<b>Authorized shares</b>	<b>70,726,944</b>	<b>707,269,440,000</b>	<b>59,937,798</b>	<b>599,377,980,000</b>
<b>Issued shares</b>				
<b>Issued and paid-up     shares</b>	<b>70,726,944</b>	<b>707,269,440,000</b>	<b>59,937,798</b>	<b>599,377,980,000</b>
Ordinary shares	70,726,944	707,269,440,000	59,937,798	599,377,980,000
<b>Shares in circulation</b>				
Ordinary shares	70,726,944	707,269,440,000	59,937,798	599,377,980,000



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**22. REVENUES**

**22.1 Revenue from sale of goods**

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
<b>Gross revenue</b>	<b>1,100,167,476,844</b>	<b>1,192,338,415,053</b>
<i>Less:</i>		
Sales returns	(679,561,921)	(348,271,704)
Trade discount	(278,701,296)	(5,614,560)
<b>Net revenue</b>	<b><u>1,099,209,213,627</u></b>	<b><u>1,191,984,528,789</u></b>

**22.2 Finance income**

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Interest income	3,583,649,610	2,469,796,118
Foreign exchange gains	90,668,158	1,009,047,764
<b>TOTAL</b>	<b><u>3,674,317,768</u></b>	<b><u>3,478,843,882</u></b>

**23. FINANCE EXPENSES**

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Interest expense	15,811,340,025	13,162,005,068
Foreign exchange losses	3,645,350,837	11,874,742,074
<b>TOTAL</b>	<b><u>19,456,690,862</u></b>	<b><u>25,036,747,142</u></b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**24. SELLING EXPENSES**

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Transportation expense	6,586,196,476	8,482,862,509
Letter of credit (L/C) and documentary fee	3,097,870,020	4,879,553,646
Commission fee	1,776,248,417	2,982,402,841
Others	712,338,368	1,165,139,262
<b>TOTAL</b>	<b><u>12,172,653,281</u></b>	<b><u>17,509,958,258</u></b>

**25. GENERAL AND ADMINISTRATION EXPENSES**

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Labour costs	12,856,253,153	13,028,765,039
Expenses for external services	5,773,453,833	5,879,518,853
Stationery and other tools costs	3,550,446,746	2,505,457,995
Depreciation and amortisation expenses	1,161,698,287	1,930,403,615
Others	3,573,528,388	3,697,568,920
<b>TOTAL</b>	<b><u>26,915,380,407</u></b>	<b><u>27,041,714,422</u></b>

**26. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Raw materials	663,398,951,349	753,727,925,903
Expenses for external services	133,063,172,313	144,800,084,517
Depreciation and amortisation (Notes 10 and 11)	69,879,795,879	72,638,293,533
Labour costs	67,394,561,000	73,380,208,273
Others	25,966,299,906	29,604,934,826
<b>TOTAL</b>	<b><u>959,702,780,447</u></b>	<b><u>1,074,151,447,052</u></b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**27. CORPORATE INCOME TAX**

Corporation income tax ("CIT") applied for the Group are as below:

- For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 20% of taxable profit.
- For Trang Bang Branch, CIT is applied according to each product type. In particular:
  - Income from FDY and DTY products is exempted for four years (2016 - 2019), and is subject to 50% deduction in the nine following years (2020 - 2028). The applicable rate is 20%.
  - Income from POY products at stages 1, 2 is exempted for two years (2013 - 2014), and is subject to 50% deduction in the two following years (2015 - 2016). The applicable rate is 17% from 2016 to 2020.
  - Income from POY products at stage 3 is exempted for two years (2016 - 2017), and is subject to 50% deduction in the four following years (2018 - 2021). The applicable rate is 20%.
- For Unitex, the applicable statutory CIT rate is 20% of taxable profit. Unitex is entitled to an exemption from CIT for two (2) years commencing from the first year which a taxable profit is earned, and a 50% reduction for the following four (4) years.

The tax returns filed by the Group are subject to examination by the tax authorities. Therefore, 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.

**27.1 CIT expense**

	<i>For the six-month period ended 30 June 2019</i>	<i>VND For the six-month period ended 30 June 2018</i>
CIT expenses of current year	13,825,659,344	11,342,254,472
Adjustment for under-accrual of CIT from prior periods	-	363,682,010
Current CIT expense	13,825,659,344	11,705,936,482
Deferred tax expense	638,708,992	486,490,301
<b>TOTAL</b>	<b>14,464,368,336</b>	<b>12,192,426,783</b>

The current CIT payable is based on taxable profit for the current period. The taxable profit of the Group for the year differs from the accounting profit before tax as reported in the interim consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted by the interim consolidated balance sheet date.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

## 27. CORPORATE INCOME TAX (continued)

### 27.2 Current CIT

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
<b>Accounting profit before tax</b>	<b>124,048,228,409</b>	<b>96,599,529,129</b>
At the applicable CIT rate for the Group	24,809,645,682	15,903,546,863
<i>Adjustments:</i>		
Non-deductible expenses	438,897,770	245,218,881
Tax incentive at Trang Bang branch	(10,351,398,148)	(4,320,020,971)
Adjustment for over-accrual of tax from prior years	-	363,682,010
Other adjustment	(432,776,968)	-
<b>CIT expense</b>	<b>14,464,368,336</b>	<b>12,192,426,783</b>

### 27.3 Deferred tax

The followings are the deferred tax assets recognised by the Group, and the movements thereon, during the current and previous periods:

	VND			
	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
<b>Deferred tax assets</b>				
Accrued expenses	399,113,586	362,412,806	36,700,780	(18,983,546)
Accrued salaries and bonus	3,286,899,409	3,443,358,935	(156,459,526)	(55,625,273)
Accrual for severance pay	68,857,575	69,150,200	(292,625)	661,450
Provision for obsolete inventory	481,112,386	1,009,306,806	(528,194,420)	(362,873,370)
Provision for import duties	2,733,745,103	2,733,745,103	-	-
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	10,794,893	1,258,094	9,536,799	(49,669,562)
	<b>6,980,522,952</b>	<b>7,619,231,944</b>		
<b>Net deferred tax charged to interim consolidated income statement</b>			<b>(638,708,992)</b>	<b>(486,490,301)</b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2019 and for the six-month period then ended

**28. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties in current and prior periods were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2019</i>
E.DYE Vietnam Joint Stock Company	Associate	Capital withdrawal	-	24,663,600,000
Liantex Co., Ltd.	Related party due to a BOD member of the Company	Sale of goods	14,232,762,039	-
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company	Sale of goods	9,891,801,910	18,090,201,335
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Company	Sale of goods	-	17,102,822,296

Amounts due to and from related parties at the interim balance sheet date were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>30 June 2019</i>	<i>31 December 2018</i>
<b><i>Short-term trade receivable (Note 6)</i></b>				
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company	Sale of goods	2,007,571,028	1,628,272,804
Liantex Co., Ltd.	Related party due to a BOD member of the Company		36,708,142	-
<b>TOTAL</b>			<b><u>2,044,279,170</u></b>	<b><u>1,628,272,804</u></b>
<b><i>Other short-term advance to supplier (Note 16)</i></b>				
Liantex Co., Ltd.	Related party due to a BOD member of the Company	Advance	-	119,330,088

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as at 30 June 2019 and for the six-month period then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued)

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

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Management	1,953,686,498	1,905,303,217
Board of Directors	270,000,000	318,000,000
Board of Supervision	72,000,000	305,021,545
<b>TOTAL</b>	<b><u>2,295,686,498</u></b>	<b><u>2,528,324,762</u></b>

29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	VND	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018 (as restated)</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	109,583,860,073	84,407,102,346
Weighted average number of ordinary shares for basic earnings per share (*)	64,825,698	64,133,164
Earnings per share (par value of VND 10,000/share)		
- Basic	1,690	1,316
- Diluted	1,690	1,316

(\*) The weighted average number of ordinary shares in the current period has been adjusted for the additional of 4,195,366 shares to pay dividends for 2017, 5,993,780 shares to existing shareholders, and 600,000 shares to employees (Note 21.1).

The weighted average number of ordinary shares in the previous period has been adjusted for the additional of 4,195,366 shares issued as stock dividend to the existing shareholders from undistributed earnings.

There have been no dilutive ordinary shares during the period and the date of completion of these financial statements.

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**30. OPERATING LEASE COMMITMENT**

The Group leases assets under operating lease arrangements. The lease commitment as at 30 June 2019 under the operating lease agreements is as follows:

	VND	
	30 June 2019	31 December 2018
Less than 1 year	1,346,367,573	231,960,000
From 1 to 5 years	1,362,000,000	1,362,000,000
More than 5 years	9,874,500,000	10,243,375,000
<b>TOTAL</b>	<b><u>12,582,867,573</u></b>	<b><u>11,837,335,000</u></b>


**31. OFF BALANCE SHEET ITEM**

30 June 2019 31 December 2018

Foreign currency:		
United States Dollar (USD)	<u>176,593</u>	<u>568,969</u>

**32. EVENT AFTER THE INTERIM CONSOLIDATED BALANCE SHEET DATE**

There has been no significant matter or circumstance after the balance sheet date which would require adjustments or disclosures to be made in the interim consolidated financial statements of the Group.

  
\_\_\_\_\_  
Preparer  
Phan Thanh Phu

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

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

12 August 2019