

[ANNUAL
REPORT **2015**]

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CENTURY SYNTHETIC FIBER CORPORATION

Headquarter

Address: B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City

Telephone: **+84.8 3790 7565** | Fax: **+84.8 3790 7566**

Branch

Address: Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province

Telephone: **+84.66 389 9537** | Fax: **+84.66 389 9536**

Representative office

Address: 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City



INTRODUCTION

Company's name	Century Synthetic Fiber Corporation
Trading name	Century Corp
Stock quote	STK
Headquarter	B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City
Branch	Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province
Representative office	102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City
Chartered Capital	VND 465,358,350,000
Telephone	+84.8 3790 7565 +84.66 389 9537
Fax	+84.8 3790 7566 +84.66 389 9536
Email	csf@century.vn
Website	www.thekey.vn
Tax Registration Number	0302018927

FINANCIAL HIGHLIGHTS

Balance sheet

Unit: VND bn.	2011	2012	2013	2014	2015
Current Assets	289	312	404	463	467
Non-current Assets	585	704	621	782	1,252
Total Assets	874	1,016	1,025	1,245	1,719
Short-term Liabilities	315	267	306	207	401
Long-term Liabilities	169	280	216	363	628
Total Liabilities	484	547	522	570	1,029
Total Owner's equity	390	469	503	675	690

Income Statement

Unit: VND bn.	2011	2012	2013	2014	2015
Net Sales	935	1,099	1,453	1,458	1,035
Gross profit	178	174	177	213	187
Operating profit	107	97	95	135	86
Financial income	26	3	7	2	14
Financial expenses	(48)	(18)	(21)	(13)	(53)
Profit Before Tax	107	97	95	136	87
Profit After Tax	83	84	74	106	71

Cash flow Statement

Unit: VND bn.	2011	2012	2013	2014	2015
Profit Before Tax	107	97	95	136	87
Depreciation	57	65	84	81	85
Operating profit	183	177	191	228	208
Net cash from operating activities	187	52	125	172	(95)
Net cash from investing activities	(47)	(184)	0,4	(112)	(539)
Net cash from financing activities	(107)	87	(73)	13	492
Increase/decrease in net cash in year	33	(45)	51	72	(142)
Cash and cash equivalents in the end	69	24	76	148	6.6



LETTER FROM THE CHAIRMAN

Dear valued shareholders and investors,

It is my pleasure to share with you the annual report for fiscal year 2015 of the Century Synthetic Fiber Corporation (“STK”). We hope that this report will provide you with useful information about STK in the past year and the Company’s business strategies and plans in the coming years.

STK has experienced an upheaval year with many challenges. In the first half 2015, the business performance was very well when we maintained a higher price gap because the decrease in selling prices was lower than the decrease in PET chip price.

However, in the second half 2015, the fiber market surprisingly had some turbulent fluctuations. Due to continuous fall in oil price, the branded customers decided to “wait for” a more stable oil price trend before placing their orders. The delay in order placing caused a sharp decrease in demand in total yarn/dyeing markets. The market demand became weaker when a lot of Chinese textile/dyeing mills had to be shutdown in July 2015 and November 2015 because Chinese government strictly enforced the regulations on environmental protection and promulgated the Water Pollution Prevention and Control Action Plan. As a result of weak demand and intention to clear out inventories, Chinese fiber companies severely dumped the selling prices in both international and Vietnamese markets, all of which caused a faster decrease in selling price as compared to the decrease in PET chip price.

Furthermore, Vietnamese fiber companies in general and STK in particular also faced more difficulties when Turkish government initiated an anti-dumping investigation concerning DTY products from Vietnam since May 2015. This investigation made Turkish customers to reduce their orders as they were afraid of temporary anti-dumping duty to be imposed by Turkish government on DTY products from Vietnam.

That the Vietnamese government adjusted the average inter-bank VND/USD exchange rate and expanded the trading band, also negatively affected the business results of STK.

Despite of the above mentioned disadvantages, STK still maintained profitable in the second half 2015 and fulfilled 62% of profit plan in FY2015.

The Company also achieved other business plans in 2015 such as: STK officially put into operation the Trang Bang Factory - the third phase in September 2015, developed new customers & new products, and listed STK’s shares on Ho Chi Minh Stock Exchange (HOSE)

The year of 2016 will still be very challenging with many obstacles for fiber companies in general and STK in particular when the garment & textile demand in major markets such as: Europe, Japan, China are still weak and the risks caused by fluctuation in prices, exchange rate, interest rate are potentially higher.

However, the Company attempts to overcome these temporary challenges and takes full advantages of new opportunities by Free Trade Agreements (FTAs) with Korea (KVFTA), Europe (EVFTA), and Trans Pacific Partnership (TPP). Besides maintaining the existing market shares and products list, STK will actively develop new customers in new markets and new functional products to maximize factory capacity. The Company continues to optimize production procedures to improve the products quality and lower selling prices.

The Company also cooperates with customers and partners to develop the dyeing section in order to vertically expand its supply chains, creating value added for the Company. Besides that, to alleviate competition in the fiber sector, STK will form a strategic cooperation with other companies in same sector to develop new products.

We believe in sustainable growth of polyester filament yarn in general and Vietnamese garment & textile sector in particular in next coming years. We hope that with the outstanding endeavor of STK’s management team & staffs, and strong supports of shareholders, STK will achieve the sustainable growth in the future.

Chairman

Dang Trieu Hoa

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ABBREVIATION

AGSM	Annual General Shareholders Meeting	FIFO	First In First Out
BOD	The Board of Directors	FTA	Free Trade Agreement
CIT	Corporate Income Tax	MD	Managing Director
DTY	Draw Textured Yarn	POY	Partially Oriented Yarn
EAT	Earnings After Tax	QC	Quality Control
EBT	Earnings Before Tax	ROA	Return on total assets
EBIT	Earnings Before Interest & Tax	ROE	Return on total equity
EPA	Economic Partnership Agreement	ROS	Return on sales
EPS	Earnings per share	SOP	Standard Operation Procedures
ERP	Enterprise Resource Planning	STK, CENTURY, Company	Century Synthetic Fiber Corporation
ESOP	Employee Stock Ownership Plan	TPP	Trans-Pacific Partnership
EVFTA	Europe - Vietnam Free Trade Area	VND	Vietnam Dong
FDY	Fully Drawn Yarn	USD	US Dollar



VISION & MISSION

VISION | To become a worldwide leading pioneer in the textile sector and developing into multi-business fields relevant with our core business.

MISSION | We adopt an advanced and environmentally friendly technology and modern management system, build up professional team and positive innovation corporate culture to contribute to our society, bring new and green products/services to the community by saving natural resource, energy and protecting natural environment.

OUR VALUES

SERVING CUSTOMERS | We appreciate customers and always provide reasonable and profitable solutions to satisfy customers' requirements.

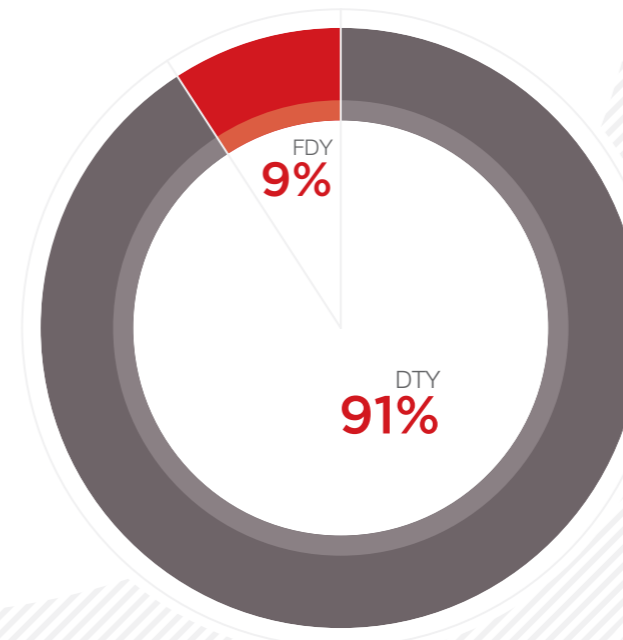
UNITING OURSELVES | Each of Century Synthetic Fiber Corporation (CSF) members always cooperate and support each other to achieve the Company's goals.

IMPROVING CONTINUOUSLY | We are never satisfied with the current achievements and longing for improvement in our performance, effectiveness and quality of life.

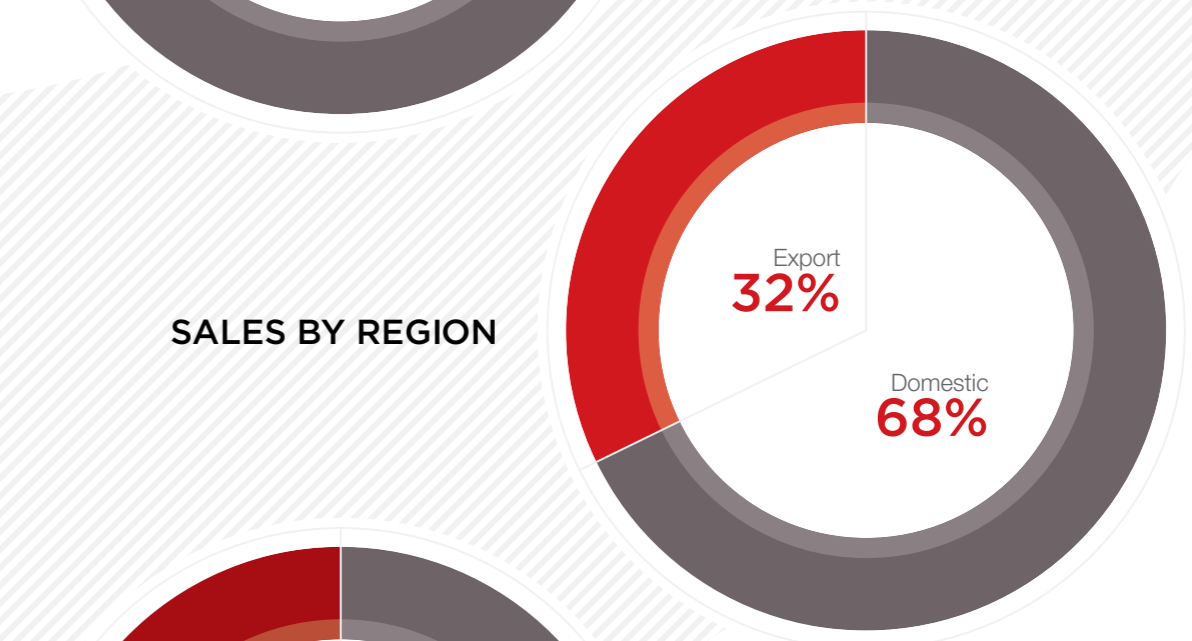
DEVELOPING TOGETHER | CSF's development is aligned with the prosperity of our partners, our staffs and the community.

OUR COMMITMENTS | We always appreciate our customers. We take responsibility and initiatives and cooperate with each other in carrying out the works.

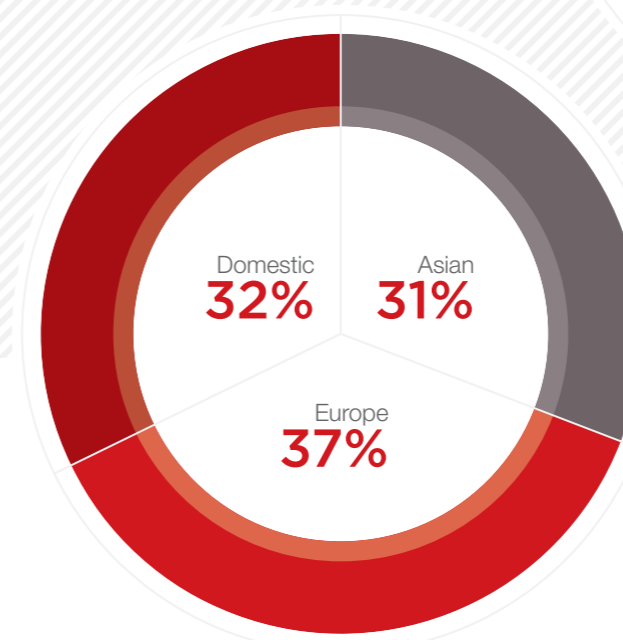
GEOGRAPHIC SALES MIX



SALES BY PRODUCTS



SALES BY REGION



SALES BY MARKETS

AWARD & RANKING



2011

- Certificate of Merit from Vietnam Prime Minister in 2011 for “Outstanding achievements in attracting investment, development of industrial zones and contributing to HCMC’s social economic development”.

2010

- Certificate of Merit from HCMC Department of Labor, Invalids and Social Affairs in 2010 for “Outstanding achievements in social insurance and health insurance”.
- Certificate of Merit from the Ministry of Planning and Investment for “Outstanding achievements in attracting investment, development of the national economy in 2010”.

2009

- Certificate of Merit from HCMC People’s Committee for “Excellent Performance in 2009”.
- “Vietnam Trade Service Award - 2009” granted by the Ministry of Trade and Industry.

2008

- “Vietnam Trade Service Award - 2008” granted by the Ministry of Trade and Industry.
- Certificate of Merit from the Ministry of Trade and Industry for “Excellent Performance in 2008”.
- “Consumer Protection Medal” granted by the Vietnam Trademark Magazine - The Vietnam Union of Scientific and Technological Associations in 2008.
- Mr. Dang Trieu Hoa, CEO was voted as “Outstanding Entrepreneur 2008” by Vietnam Trademark Magazine - The Vietnam Union of Science & Technology Associations.
- “Top Ten Businesses of the Garment and Textile sector in 2008” award by the Vietnam Trademark Magazine - The Vietnam Union of Scientific and Technological Associations in 2008.
- “Top Hundred Trademark of Vietnam in 2008” award by the Vietnam Trademark Magazine - The Vietnam Union of Scientific and Technological Associations in 2008.

2007

- Certificate of Merit from the Ministry of Trade and Industry for “Excellent performance in 2007”.
- Mr. Dang Trieu Hoa, CEO was voted as “Outstanding Businessman 2007” by Vietnam Ministry of Industry and Trade.

2005

- Certificate of Merit from HCMC People’s Committee for “Excellent performance in 2004”.
- Certificate of Merit from HEPZA in 2005 for “Outstanding achievements in investment and development of industrial zones”.

KEY MILESTONES

2000 STK was established on the 1st June 2000
Main product: Draw Textured Yarn (DTY)
In the beginning, STK did not have a fully integrated production chain, but it must import Partially Oriented Yarn (POY) to produce DTY.
Initial designed capacity: 4,800 tons of DTY per year

2003 STK continued investment to double capacity to 9,600 tons of DTY per year as it foresaw the strong increase in demand from the market as well as from the Company's customers.

2005 On 11th April 2005, the Company was converted into a joint stock company and the name was changed to Century Synthetic Fiber Corporation. This strategic move enabled STK to diversify financing sources for its continuous expansion.

2008 A POY workshop was put into operation in order to improve the company's value chain and enhance its profitability. Self-production of POY was also aimed to reduce the Company's reliance on imported POY and especially the volatility of POY price and supply. The investment in POY workshop was a turning point in STK's development as with this move, STK became the first Vietnamese company making microfilament from imported polyester chips.
The Company completed the expansion and its production capacity rose to 14,500 tons of POY per year & 15,000 tons of DTY per year.

2000 ESTABLISHED FIRST FACTORY AT CU CHI DISTRICT

2003 INVESTMENT OF CAPACITY EXPANSION

2005 CONVERTED INTO JOINT STOCK COMPANY - A STRATEGIC REFORM

2008 COMPLETED FULLY-INTEGRATED CHAIN

2011 Construction of the new factory started on 28th Nov 2009 and it was put into the operation from 18th Jan 2011, adding an additional 11,000 tons of production capacity of DTY, POY per year.
Beside POY and DTY, STK also develop new product FDY to meet the demand of customer and market. This project raised the Company's entire capacity to 37,000 tons of DTY and FDY and 29,500 tons of POY per year.
In order to improve operating efficiency and business administration, since January 2012, STK implemented and put into operation an ERP provided by SAP for the Company's entire operation.

2011 DEVELOPED NEW PRODUCT FDY (FULLY DRAWN YARN) & IMPLEMENTED MANAGEMENT SYSTEM ERP-SAP ALL IN ONE

2014 With an aim to catch the opportunities brought by inevitable relocation of garment and textile production from China to Vietnam and incremental growth brought by the Trans Pacific Pack as well as to optimize the Company's production scale, STK completed an expansion project for Trang Bang factory with a capital expenditure of USD34.2 million. The new factory was equipped with automatic DTY machines, which use the state-of-art technology from Oerlikon Barmag, a leading European group.
Smooth raising capital: Successful Initial Public Offering (IPO) by issuing 3 million shares valued of VND 75 billion to public to finance Trang Bang Factory - the third phase.

2014 CAUGHT UP THE FIBER WORLD'S TREND & OPPORTUNITIES

2015 Century shares are officially listed in HOSE on 30 December 2015. STK's brand reputation and market capitalization were enhanced;
On 18 September 2015, Trang Bang Factory - the third phase officially put into operation. The new factory has annual capacity of 15,000 tons of POY and 15,000 tons of DTY, raising the Company's total annual capacity to 52,000 tons of DTY and FDY per year by 2016. Beside auto-doping texturized machines manufactured by Oerlikon Barmag, a leading European group, the new factory is also equipped with a Plant Operation Center ("POC").
Continue Trang Bang phase 4 expansion project, raising the Company's total capacity to 60,000 tons of DTY and FDY by the end of 2016.
The Company cooperated with US partner to successfully develop new product "Recycled yarn" from recycled chip, starting a first step of product diversification into value added products.
The Company is catching opportunities from new markets which have preferential tariffs under Free Trade Agreements (FTAs).

2015 OFFICIALLY LISTED ON HO CHI MINH STOCK EXCHANGE (HOSE), SUCCESSFULLY DEVELOP NEW PRODUCT "RECYCLED YARN"

HISTORY OF CHARTERED CAPITAL INCREASE

Unit: VND 1,000

Date	Type of shares issuance	Incremental Capital	Revised Chartered capital
05/2005	Incorporation: Initial charter capital contribution		50,000,000
05/2007	Contribution by founding shareholders; Staff	15,000,000	65,000,000
09/2007	Contribution by existing shareholders; Strategic shareholders	26,500,000	91,500,000
01/2008	Contribution by strategic shareholders	8,500,000	100,000,000
12/2008	Contribution by existing shareholders (<i>Bonus shares: 12%</i>)	12,000,000	112,000,000
11/2009	Contribution by existing shareholders (<i>New shares issuance: 25%</i>)	28,000,000	140,000,000
01/2010	Contribution by strategic shareholder (Private placement)	40,000,000	180,000,000
09/2010	Contribution by existing shareholders (<i>Bonus shares: 10%</i>)	17,326,400	197,326,400
06-07/2011	Contribution by existing shareholders (<i>Stock dividend: 15%</i>); Staff (<i>ESOP 2010</i>)	32,561,940	229,888,340
05/2012	Contribution by existing shareholders (<i>Stock dividend: 20%</i>)	45,026,570	274,914,910
06/2013	Contribution by existing shareholders (<i>Bonus shares: 15%</i>)	40,510,930	315,425,840
06/2014	Contribution by existing shareholders (<i>Stock dividend: 15%</i>) (<i>Bonus shares: 10%</i>)	77,627,520	393,053,360
12/2014	Capital raising from IPO	30,000,000	423,053,360
12/2015	Contribution by existing shareholders (<i>Bonus shares: 15%</i>)	42,304,990	465,358,350



HISTORY OF FORMATION

Company, Branch, Corporation & Representative Office

2000

On 01 June 2010, STK was established

2009

STK branch was established.
STK started construction of
Trang Bang Factory.

2011

In Jan. 2011, the first phase of
Trang Bang Factory was operated.

2012

In Jun. 2012, the second phase of Trang Bang
Factory was put into operation.

2014

In May 2014, STK continued the expansion of
Trang Bang Factory - the third phase with total
CAPEX of USD 34.2 million.

2015

In September 2015, Trang Bang Factory - the third
phase was put into operation.
STK invested in establishment of Unitex Corporation.

BRIEF INFORMATION OF UNITEX CORPORATION

- Chartered Capital: VND 80 billion.
- Business Industry:
to produce yarn, textile to take advantages of TPP
and growth opportunity in yarn industry.

ORGANIZATION CHART



BOARD OF DIRECTORS

TENURE 2013 - 2018



MR. **DANG TRIEU HOA**

Chairman/Managing Director | 47 years old

Mr. Dang Trieu Hoa founded STK in 2000 and has been playing the important role in incorporation and development of STK. He has more than 20 years of experience in yarn and textile trading and manufacturing. He was the Director of Hoan A Trading & Services Co., Ltd and Viet Phu Trading & Services before setting up STK.

At the position of Chairman and Managing Director, Mr. Hoa played a crucial role in forming visions & missions for the Company. He received 2007 Outstanding Businessman Award from Vietnam's Ministry of Industry and Trade.



MDM. **CAO THI QUE ANH**

Member of BOD | 50 years old

She joined the BODs of STK on 12/01/2015. Currently, she is the Director of Thuc Pham Xanh Company. Before that, she has many years of experience in commerce and finance in Poland and Vietnam.



MR. **DANG HUONG CUONG**

Member of BOD | 40 years old

Mr. Dang Huong Cuong is one of co-founders of STK. Currently, he is the Director of P.A.N Pacific Co., Ltd which is also in the yarn sector.



MR. **THAI TUAN CHI**

Member of BOD | 53 years old

Mr. Thai Tuan Chi has joined the BOD of STK since the time STK converted to the form of joint stock company in 2005.

He is the Founder/Chairman/Managing Director of Thai Tuan Group. He was Outstanding Businessman of Ho Chi Minh City and received third runner-up labor medal awarded by the Vietnam government, Certificate of Merit awarded by Prime Minister of Vietnam in honoring his business success from 2004 - 2008 and Vietnam Businessman Award in 2006.



MDM. **DANG MY LINH**

Member of BOD | 44 years old

Ms. Dang My Linh is one of co-founders of STK. Currently, she is the General Director of Lien An Trading & Investment Joint Stock Company.

Before joining with STK, she had more than 10 years working experience at Worldtex Enterprise Co., Ltd. (Taiwan).



MR. **LEE CHIEN KUAN**

Member of BOD | 54 years old

Mr. Lee Chien Kuan has joined the BOD of STK since 2008. He has many years experience in textile and yarn business. He also contributed actively to production and business activities of STK.

BOARD OF MANAGEMENT



MR. **DANG TRIEU HOA**

Chairman/Managing Director | Year: 1969

Education: Business Administration

WORKING EXPERIENCE:

- 06/2010 to present: Chairman/Managing Director, STK.
- 1995 - 2000: Director, Hoan A Trading & Services Co., Ltd.
- 1991 - 1995: Director, Viet Phu Trading & Services Co., Ltd.



MDM. **NGUYEN PHUONG CHI**

Chief Strategic Officer (CSO) | Year: 1972

Education: Master of Applied Finance

WORKING EXPERIENCE:

- 01/2015 to present: CSO, STK
- 03/2008 - 12/2014: Investment Advisory Manager, Tri Tin Consulting & Investment JSC.
- 04/2005 - 02/2008: Senior Project Manager, Openasia Consulting Ltd.
- 10/2004 - 02/2005: Business Development Officer, Mekong Private Sector Facility ("MPDF").
- 10/2002 - 10/2004: Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.
- 03/1997 - 03/2000: Legal Assistant, Deacons Graham & James, Hanoi Branch.



MR. **PHAN NHU BICH**

Deputy CFO/Chief Accountant | Year: 1970

Education: Bachelor of Economics. Major: Audit/Accountant

WORKING EXPERIENCE:

- 11/2010 to present: Chief Accountant, STK.
- 03/2004 - 03/2010: Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.
- 1997 - 03/2004: Accountant, Binh Phuoc Electricity Company.



MR. **LU YEN KUN**

Production Manager | Year: 1952

Education: Production Expert

WORKING EXPERIENCE:

- 11/2012 to present: Production Manager, STK.
- 10/2010 - 03/2012: Deputy Director, Xianglu Petrochemicals Enterprise, China.
- 02/2005 - 03/2009: Deputy Director, Hangzhou XiangSheng Textile Ltd.
- 11/2002 - 01/2004: Director, Xianglu Petrochemicals Enterprise, China.
- 04/1999 - 02/2000: Senior Assistant, Tuntex Distinct Corporation, Tuntex Group, Taiwan.



MR. **BUI TUONG HIEN**

Deputy CEO/Head of Internal Control | Year: 1976

Education: Bachelor of Banking - Finance

WORKING EXPERIENCE:

- 01/2010 to present: Head of Internal Control, STK.
- 07/2009 - 12/2009: Assistant to Managing Director, in charge of Finance, STK.
- 05/2008 - 06/2009: Assistant to CFO, RKW Group.
- 05/2007 - 04/2008: Head of Brokerage Department, Dai Viet Securities.
- 1999 - 04/2007: Chief Accountant, Phuoc Tho Ltd.
- 1998: Salary Accountant, An Phuoc Paper Garment Export - Import Company.
- 1997: Accountant, Saigon Construction Company.

SUPERVISION COMMITTEE



MR. **NGUYEN TU LUC**

Chief Supervision Committee | Year: 1952

Education: Bachelor of Accounting

WORKING EXPERIENCE:

- 01/2015 - present: Chief Accountant, Mai Hoang Vu Co. Ltd.
- 2007 - present: Chief Supervision Committee, STK
- 2006 - present: Assistant to Managing Director, STK.
- 2000 - 2006: Chief Accountant, STK.
- 1984 - 2000: Chief Accountant, South Asia Shoes.
- 1979 - 1984: General Accountant, HCM Hotel, Chief Accountant of Saigon Hotel.



MR. **LE ANH TUAN**

Member of Supervision Committee | Year: 1951

Education: Master of Economics

WORKING EXPERIENCE:

- 2013 - present: Member of Supervision Committee, STK.
- 1999 - 2012: Deputy Director, Ho Chi Minh City Export Processing and Industrial Zones Authority (HEPZA).
- 1998 - 1999: Officer, Human Resource Department, Ho Chi Minh Party.



MDM. **NGUYEN THI NGOC LINH**

Member of Supervision Committee | Year: 1976

Education: Bachelor of Banking - Finance, Master of Public Finance of Fulbright Programme - John Kennedy School of Government, Harvard University, U.S.

WORKING EXPERIENCE:

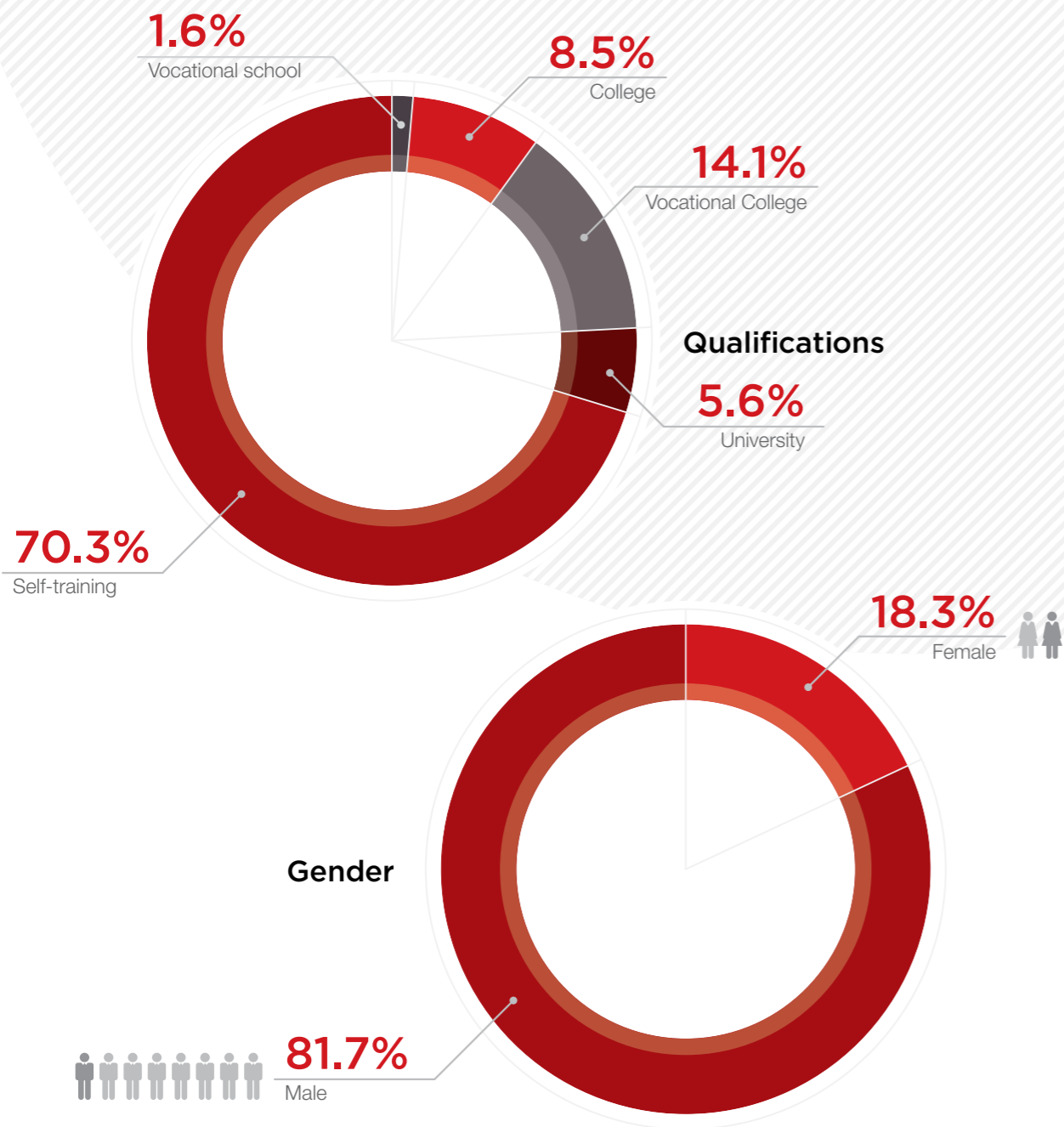
- 2007 - present: Member of Supervision Committee, STK.
- 2006 - 2014: Member of Supervision Committee, Incomfish, Phu Hoa Tan Water Supply JSC., Ben Thanh Water Supply JSC., Nha Be Water Supply JSC.
- 2004 - 2014: Director of Customer Services/Director, Ha Noi Branch of Dong A Securities Company.



HUMAN RESOURCE AND EMPLOYMENT

EMPLOYMENT STATISTICS

Number of official employees as at Dec 31st, 2015 **896** 



AVERAGE INCOME

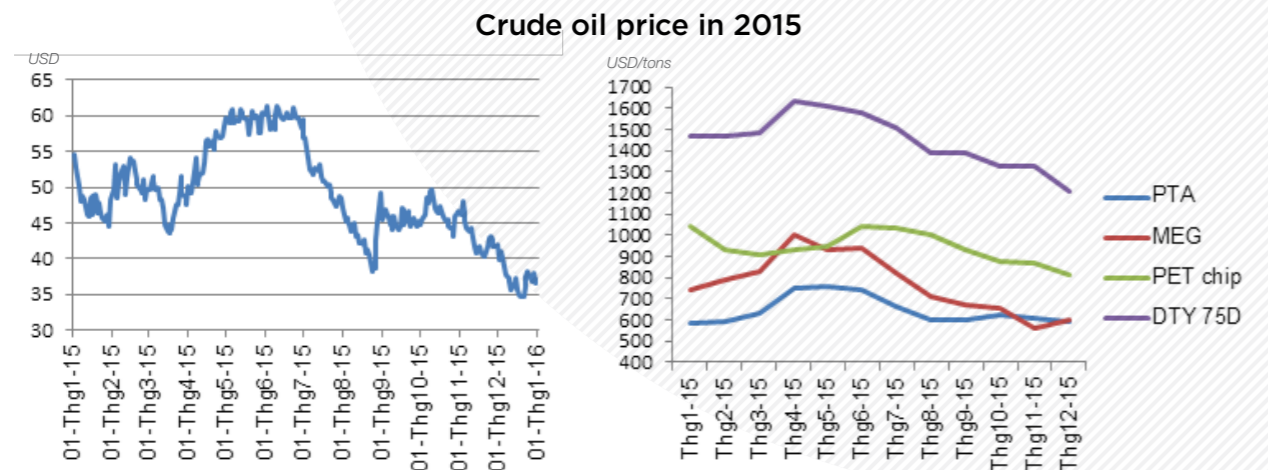
Classification	Actual average salary (2015)	Planned average salary (2015)
Average income/month		
Managers		
- Senior Managers	71,324,909	69,769,902
- Middle Managers	22,504,798	21,879,366
- Supervisors	9,393,768	8,995,627
Officers	5,831,010	5,942,510
Workers	6,352,922	5,992,901



STRATEGIC DIRECTION

1. THE BUSINESS ENVIRONMENT

Global economics endured a very volatile year in 2015 with contrariwise developments in important geographies. Notably, the recovery of the US economy led the Federal Reserve (Fed) to raise interest by 25 basis points for the first time since 2006. Contrarily, due to concerns over slower economic growth forecast in the context of imminent economic recession in European countries and unstable economy & environmental issues in China, the demand for commodities and oil price kept falling dramatically.



Source: Bloomberg, VCOSA

The hard landing of Chinese economy and collapse of Chinese stock market led thousands of investors divest from this economy, causing sharp devaluation of Chinese Yuan (RMB). This shock of exchange rate would cause many countries, including Vietnam to depreciate their domestic currencies in order to maintain their price competitiveness in international markets.

The comparison of currency devaluation in Asian countries: CNY (China), Rupee (India), VND (Vietnam), and Rupiah (Indonesia) in 2015



Source: Yahoo Finance

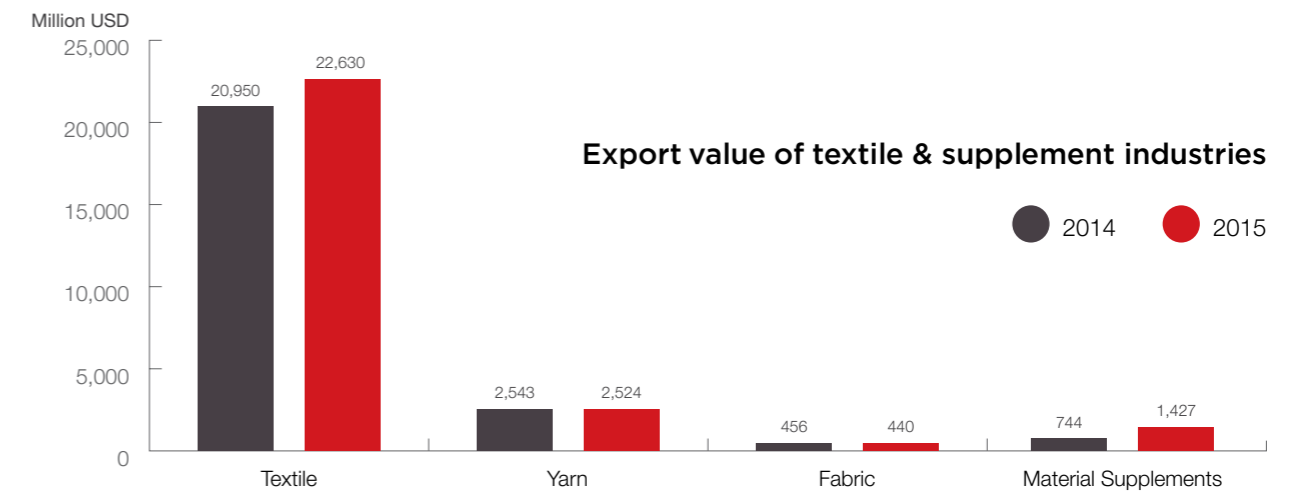
- Notes:
- CNYex is daily data series of USD to Chinese Yuan RMB exchange rate (as percentage %)
 - INRex is daily data series of USD to Indian Rupee exchange rate (as percentage %)
 - IDRex is daily data series of USD to Indonesian Rupiah exchange rate (as percentage %)
 - VNDex is daily data series of USD to Vietnamese Dong exchange rate (as percentage %)

For the garment & textile sector in particular, Chinese government strictly enforced the regulations on environmental protection and promulgated the Water Pollution Prevention and Control Action Plan in 2015, all of which pushed many Chinese dyeing/textile mills to shut down or relocate their orders from China to other regions, including Vietnam. This action would cause a sharp fall in fiber demand and severe price dumping behavior of Chinese fiber companies in short-term.

However, in the long-term, the wave of relocation in textile & garment sector from China to Vietnam which is considered as a new investment destination in order to catch up the opportunities of TPP and solve out the cost structure, labor cost, and environment will positively promote the development of Vietnam's garment and textile sector.

Regardless many troubles encountered by the global economy, Vietnamese economy surpassed those challenges to grasp important results. According to the statistics of General Statistics Office ("GSO"), the GDP's growth rate in 2015 reached 6.68%, above all expectations and highest level in the last 5 years. Besides that, the Consumer Price Index (CPI) increased by 0.63% as compared to 2014, the lowest level since 2001, stabilizing the macroeconomics and stimulating sustainable economic growth.

The Vietnamese textile & garment showed a mixed picture in 2015. Besides the weak demand, decrease in selling prices, and the wave of dumping price by Chinese companies in both international and Vietnamese markets, the Vietnamese fiber companies were also affected by the Turkish government's anti-dumping investigation against DTY products from Vietnam. As results, Vietnam's total export value for yarns reduced by 0.75% as compared to 2014. In contrary, the Vietnamese textile sector lighted some encouraging signals. According to VITAS, Vietnam's export value of garment achieved USD 22.63 billion, an increase of 8.02% as compared to 2014.

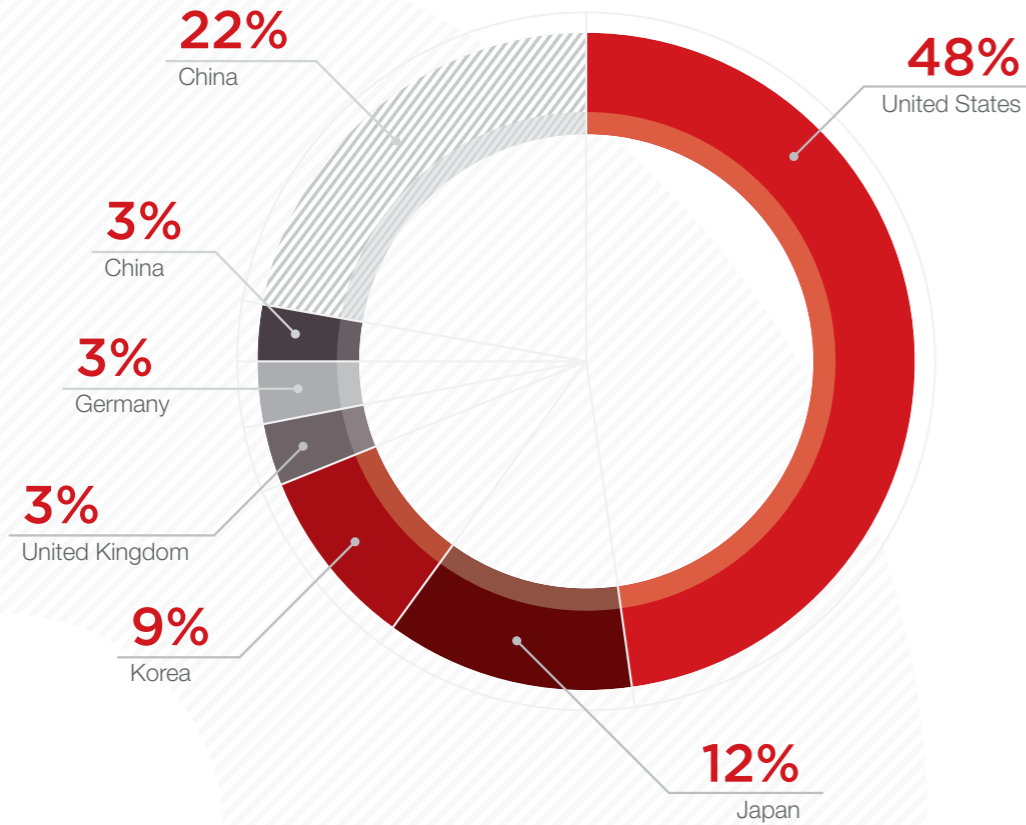


Source: VITAS

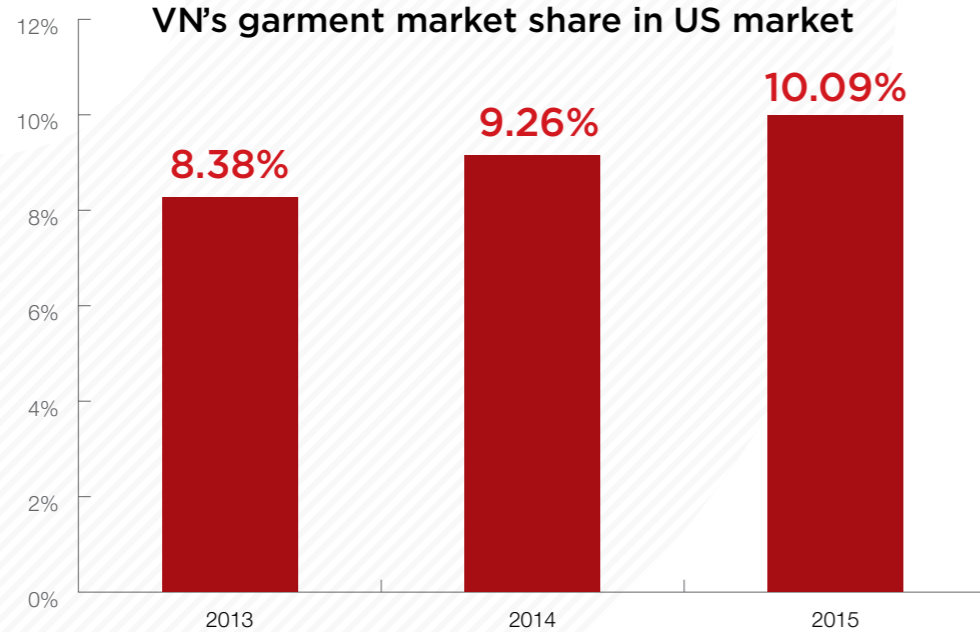


In major textile/garment exporting markets of Vietnam such as: United States, Japan, Korea, United Kingdom, Germany, and China, Vietnam still maintained rather good export growth, although Japan, European countries were facing with economic slowdown and China was in hard landing (Japan and EU countries averagely remained the growth rate of 0.3% in Q3/2015, while China devaluated sharply Yuan RMB). Vietnam's robust export growth rate to those markets confirmed the trend of order relocation from other countries to Vietnam.

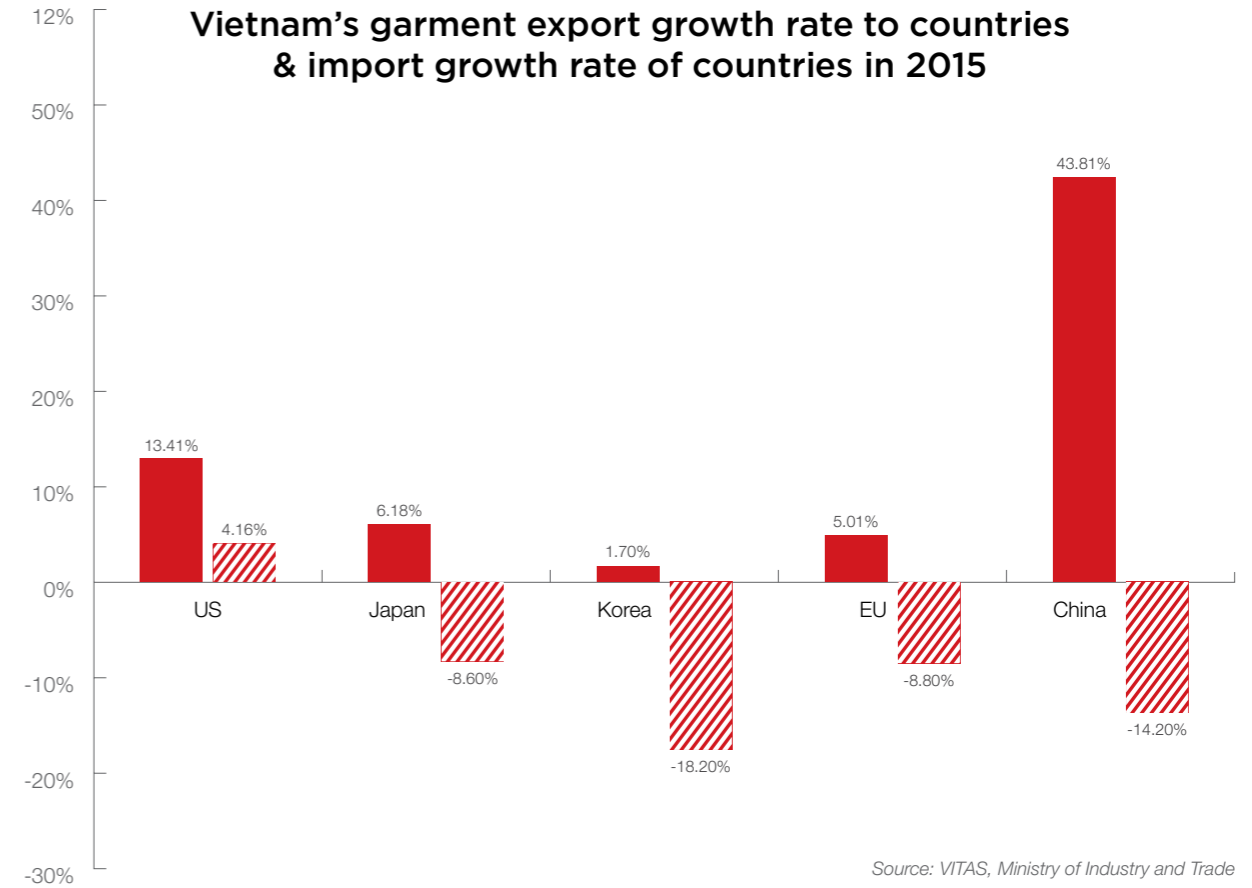
Major markets



VN's garment market share in US market



Vietnam's garment export growth rate to countries & import growth rate of countries in 2015



Year 2015 remarked a year of Free Trade Agreements when Vietnam made records on concluding and signing FTAs with important foreign partners, not to mentioning those FTAs which already took effect and on the way to cut tariff. The signing of FTAs was expected to open up vast opportunities for Vietnamese garments and sub-sectors to push export revenue, and remove currently high tariff barriers.

Countries signed/will sign FTAs with Vietnam	Signing status	Vietnam	China
Japan (ROO*: Fabric forward)	Yarn	0%	5%
	Clothing	0%	8.4% - 10.9%
Korea (ROO: Fabric forward)	Yarn	0%	8%
	Clothing	0%	13%
EU (ROO: Fabric forward)	Yarn	0%	4%
	Clothing	0%	12%
TPP (ROO: Yarn forward)	Yarn	0%	10%
	Clothing	0%	17.5%

ROO: Rule of Origin

Recently, many garment corporations in China, Taiwan, and Hong Kong... have quickly set up dyeing/textile mills in Vietnam in order to catch up the benefits from FTAs, especially the TPP. According to VCOSA, the total FDI flew into Vietnam's textile & garment sector was about USD 3,837 billion. In 2015, there were 07 new projects, which accounted for USD 1,767 billion of total FDI. Main investors were from Hong Kong, China, Taiwan, and South Korea. Besides the opportunities from the TPP, these foreign enterprises also took advantages of cheap labor costs to produce raw materials in Vietnam and then ship back to their countries.

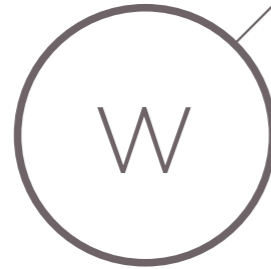
2. S.W.O.T ANALYSIS

Strengths

- Vision, mission, core values, business strategies are clearly determined.
- Modern facilities with the state-of-art technology and equipments provided by Barmag (Germany);
- Applying Plant Operation Center (POC) into production in order to enhance productivity and products quality.
- Skillful and loyal workforce;
- Modern management system and healthy corporate culture;
- Well recognized brand name in both domestic and international markets;
- Good relation with suppliers and diversified customer base;
- Healthy financial standing, ensuring sustainable growth.

Weaknesses

- Research and development capacity needs to be further enhanced through technology transfer by international experts;
- Lack of senior management who have international business experiences;
- Newly set up internal system needs further training in order to become more efficient.



Opportunities

- Globe's growing demand for garment and textile;
- Polyester filament is expected to continue the fast growth thank to its advantageous properties and competitive price;
- Vietnam's garment and textile sector will grow strongly thank to cost advantage and favorable tariff treatments under free trade agreements;
- Textile and dyeing sector is expected to grow dramatically in order to fill up the supply shortage;
- Local demand for yarn will increase thank to development of textile and dyeing subsector.

Threats

- Lack of disciplined and skillful work force;
- Possible shortage of electricity in the future;
- Underdeveloped infrastructure leading to rising transportation expenses and higher operating costs;
- Unstable legal environment may cause legal risks for the business (i.e. rising tax rate, loss of favorable tax incentives or rising operating costs);
- Risk of returning inflation, causing cost increases.

3. MEDIUM AND LONG TERM STRATEGIC DIRECTION

Develop and R&D: recycled yarn, flame - retardant, anti UV yarn, hollow yarn to create added value for Company.

Enhance the Company's internal competency and improve products quality, bring new and green products to the community and protect natural environment.

Form strategic alliance to establish a foundation for sustainable and extra-ordinary development. Firstly, establish cooperation/alliance with partners/customers to develop Knitting and Dyeing business in order to create vertical integration in supply chain. Secondly, set up the strategic cooperation with global top tier enterprises in same sector to produce functional yarns in order to meet domestic and international demand and to exploit the benefits of FTAs.





RISK MANAGEMENT

1. ECONOMIC RISKS

- **Risk of economic crisis:** Global economic crisis may affect demand for garment and textile products and hence affecting the Company's sales. In order to mitigate this risk, STK has been making efforts to diversify customer base, develop loyal customers, build up reputable brand name for good quality product and customer services, strictly control costs in orders to sustain sales during economic crisis.
- **Risk of competition:** The relocation trend of garment and textile production from China, Taiwan and Korea to Vietnam together with the investment wave to catch the opportunities brought by TPP will lead to more competition in the yarn subsector. With the business model focusing on modern facilities, skillful and professional workforce and modern management system, STK believes that it will be able to maintain competitiveness in providing high quality products at competitive price.

2. FINANCIAL RISKS (MARKET RISK, CREDIT RISK)

- **Foreign exchange risk:** polyester chip accounts for 75% - 80% of cost of goods sold and STK has to pay for this material importation in USD. In addition, STK's long-term loans are in USD denomination. However, the chance for STK to have foreign exchange risk (if VND depreciates against USD) is quite low since STK can maintain export sales at 70%-80% of total sales and it can use USD revenue stream for raw material purchase and debt repayment. The foreign exchange risk only impacts STK regarding the provisioning for those loans in USD at the end of the period. This provisioning affects STK's reported earnings but it does not impact STK's cash flow.
- **Price risk:** fluctuation of prices in global market can affect STK's raw material purchasing price and selling prices of finished product. However, thank to its policies to diversify suppliers and customers as well as the price fixing mechanism between raw material purchase and sales of finished products, STK can maintain its target price gap between selling price and polyester chip price.
- **Interest rate risk:** fluctuation of interest rates (USD and VND) can affect STK's financial expenses as the Company's loans in both VND and USD have variable interest rates. However, as STK maintains prudent borrowing policies and has abundant cash flows, it can repay loans when interest rates increase;
- **Credit risk:** If a customer fails to fulfill its contracted obligation, it may cause financial loss to STK. However, in order to reduce credit risk, the Company requests most of its customers to make immediate payment on delivery and it only give credit terms for few traditional customers.

3. OPERATIONAL RISKS

- **Risks to assets:** Natural disasters (earthquake, storms, and floods) or fire and explosion or intentional destruction may cause damage to the Company's assets. STK already bought insurances for all of these risks as well as business disruption insurance.
- **Operational risks:** Staffs' failure to comply with operational procedures may affect the quality of products and services. In order to mitigate this risk, STK pays great intention to training of staffs, frequent update of standard operating procedures ("SOPs") and the quality assurance's strictly control of the production's compliance to SOPs.

4. LEGAL RISKS

- Changes in laws regarding to tax, customs, environmental protection and labor may cause increase in operating expenses. STK has set up a system to frequently monitor, update the information in order to have the best adaptation to these changes.
- **Risk of anti-dumping investigation in exporting markets:** in the context of free trade throughout global markets, trade safeguard measures (including anti-dumping, anti-subsidy investigations) are frequently used by the governments of importing countries in order to protect their local producers. The requests for application of those trade safeguard measures are sometime absurd and it will take times and efforts to reject those absurd requests. Therefore, in order to minimize this type of risk, STK apply reasonable selling price policies for domestic and exporting markets and maintain a good reporting system to help proving that STK does not dump prices. In addition, the Company also keeps frequent contacts with its peers and Vietnam Cotton and Spinning Association in order to regularly update the market information as well as to protect legitimate rights of STK and its peers in exporting markets.

BUSINESS PERFORMANCES

1. BUSINESS PERFORMANCES COMPARED TO BUDGET PLAN

KPIs	Actual 2014	2015			
		Plan	Actual	Actual/Plan	Actual 2015/2014
1. Sales volume DTY, FDY (tons)	33,053	40,939	26,885	66%	81.4%
2. Net sales (billion VND)	1,458	1,695	1,035	61%	71%
3. Profit After Tax (billion VND)	106.1	116	71.3	61%	67%

In Q4/2015, the global demand for fiber was very weak since the ultimate customers delayed their orders due to concerns over continuous decline in raw material prices.

On the other hand, Chinese government strictly enforced the regulations on environmental protection and promulgated the Water Pollution Prevention and Control Action Plan in 2015, all of which lead to closures of many Chinese textile & dyeing mills and further worsen the fiber demand shortage. To clear out inventories, Chinese fiber companies severely dumped the selling prices in both international and Vietnamese markets.

Furthermore, Vietnamese fiber companies in general and STK in particular also faced more difficulties due to declining orders from Turkish customers, who were afraid of temporary anti-dumping tax imposition on yarn imported from Vietnam

The Company made provisioning for the unrealized exchange losses related to USD denominated loans about VND 36.5 billion as compared to 2015 Budget. In 2015, the Vietnamese government devaluated Vietnam Dong against USD by 5.3% which is higher than initial budget of only 3%. However, thank to the offsetting impact of realized exchange gains (VND 13.1 billion) and interest income (VND 681 million), the financial expenses in 2015 only increased to VND 22.7 billion.

2. INVESTMENT ACTIVITIES

Trang Bang Factory - the third phase officially put into operation on 18 September 2015.

By 31 December 2015, the construction of Trang bang Factory - the third phase was completed with the capital expenditure of **VND 751 billion (USD 34.2 million)**, of which USD 24 million (exchange rate VND/USD is 21,907) is financed by long-term loan and the remaining amount is financed by STK's capital. Compared with the initial budget, the total actual expenditures exceeded the budget (USD 33.9 million) by USD 0.3 million⁽¹⁾ (1.14%).

This project raises the total capacity up to **52,000 tons/year**

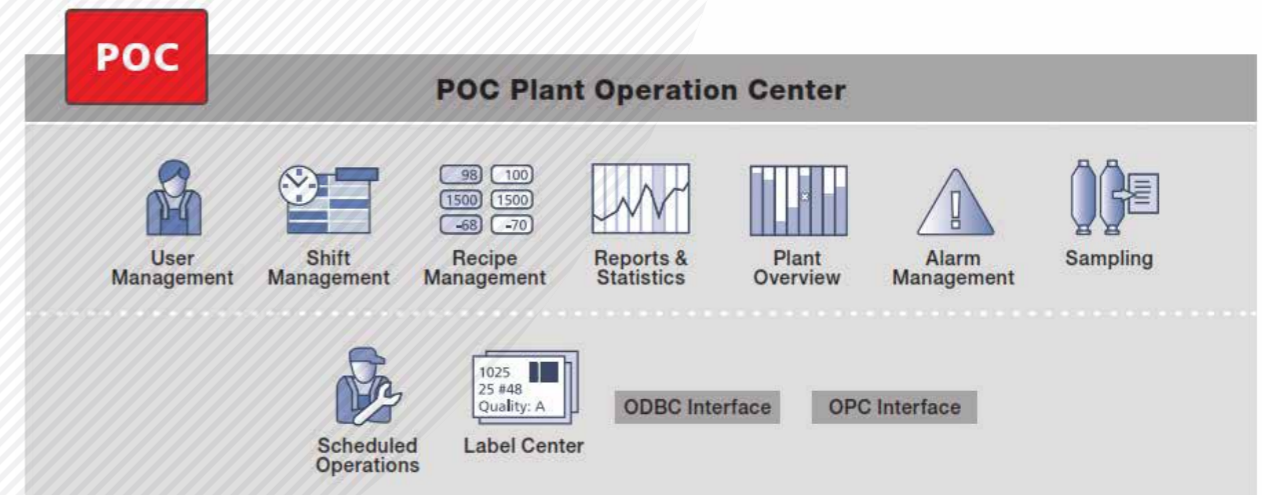
whereas



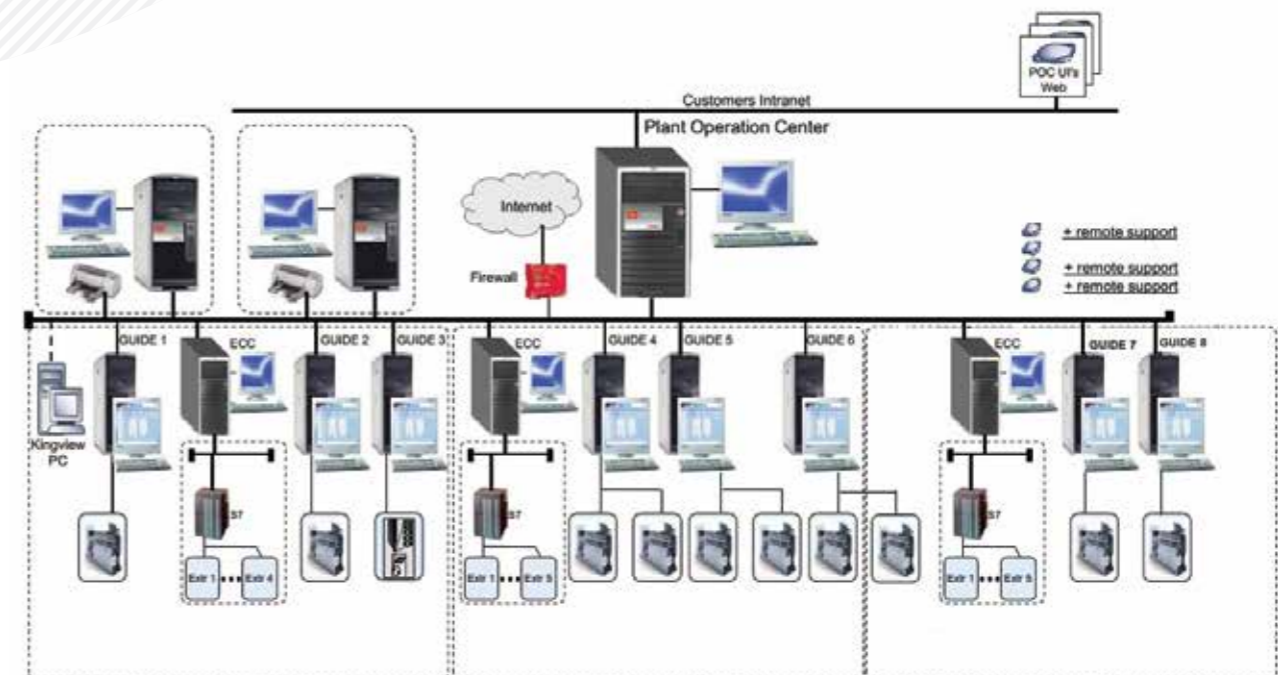
¹ The total capex of Trang Bang Factory - the third phase exceeds the budget by USD 0.3 million because STK has invested in one more compressed air machine

In this expansion project, Century is deploying a POC (Plant Operating Center) provided by Oerlikon Barmag. This is an advanced and smart technology in the world, which links production lines with central intelligent server to create multidimensional analysis and report for management and can integrate to ERP-SAP All in One of the company.

The POC has several modules such as recipe management, reports, statistics, and quality management. With the above mentioned modules and functions, the company can have better opportunity to further improve production efficiency and enhance product quality, to bring the best satisfaction to our clients as well as to increase the Company's productivity. The POC will be deployed company-wide next year.



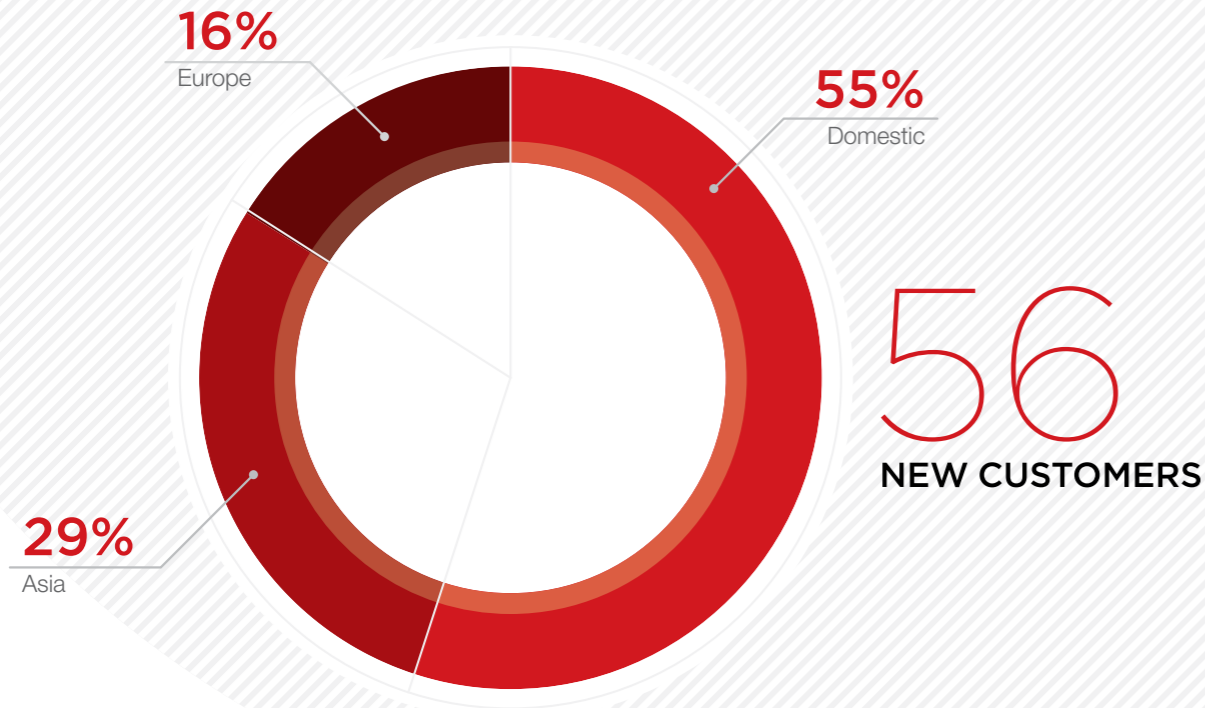
Another highlight of the new machinery is the auto-doffing system, which will improve the evenness of full bobbin and product quality. The state of art machinery will also enable STK to make more premium products such as soft package for dyed yarn and to cut production cost thanks to higher speed of production.



HIGHLIGHTED ACTIVITIES IN 2015

SALES

• **Customers:** In 2015, the sales team developed **56** new customers who tested the yarn quality and bought products of the Company, and contribution of these customers in total net revenues was **7%**.



- **Market:** the market demand in last 6 months 2015 was just equal to 60-70% of the same period in 2014 due to fluctuation of raw materials price (oil price shock), the branded apparel companies' buying decisions for next season were also slow and the delivery times were delayed.
- **Customer service:** Sales team and Quality Control (QA) team made frequent visits to customers as well as conducted customer survey to assess the level of customers' satisfaction.
- **Collected and updated customers' information:** to follow the existing customers and their projects for capacity expansion and new products development.

PRODUCTION

- **Machinery:** upgraded old facilities in order to save energy, increase product quality and standardize all production processes, and minimize customer's complaint. At the same time, STK set a standard maintenance plan, standard useful life of accessories and spare parts in order to ensure technical standards and improve uniformity of products.
- **Human resource:** Deployed Lean Production training for managers who are directly in charge of production in order to minimize the waste and enhance productivity of STK.
- **Developed new product:** since October 2015, STK started making recycled yarn and the results show that the Company's machinery and technology met the requirements. STK also invited foreign experts to develop knitting and dyeing process in order to meet the high requirements from customers.
- **Technical improvements & improve products quality:**
 - Enhanced the standard of products by improving the color fastness & strength in order to meet AAA standard instead of AA.
 - Strictly controlled the standard working procedures in order to reduce the mistakes and timely detected errors. Production management would strengthen control the production processes and change the structure of knitting, dyeing, and color checking processes in order to ensure the products standards.

PRODUCTION PLANNING

• Because the fiber market faced a slump of demand in the last 6 months 2015 and customers set higher requirements on products quality while STK's products quality did not meet customers' requirements, few machines were shut down in order to improve technology, resulting in lower utilization rate.

PURCHASING

- New domestic suppliers who can offer substitute products which meet the Company's requirements with lower prices were found, helping the Company to save VND 500 million.
- Using substitute products from domestic suppliers would help STK to cut the costs and to cut lead time, hence saving inventory spaces and inventory management costs.

IT

- Developed new modern and friendly website with 2 versions: English and Vietnamese for the Company.
- Regarding ISO 27001 Standard of Information Security, the Company has completed the documents preparation and internal evaluations phases.
- Installation and configuration of Plant Operation Center (POC) has completed and the POC would be deployed to Trang Bang Factory - the first, second, and third phase.

ACCOUNTING - FINANCE

- **SG&A:** The Company's budget is allocated to each department for their management. The Finance team would monitor the KPIs to minimize the waste and enhance profitability for Company.
- **Interest expense:** The Company flexibly paid long-term loans to ensure the healthy financial standing and cash flow for the operation while lowering interest rate as compared to other companies in same sector or same economies of scale.

HUMAN RESOURCE

Training 2015:

- Focused on training to improve productivity and train primary skills for workers before assigning them to production department.
- Developed "sharing" corporate culture: the factory and training team cooperated to provide regular training courses in which supervisors took the role of trainers in order to transfer realistic experiences in factory to the workers.
- Technicians are assigned job based on their technical skills as well as the technical levels required for each job position. This help improving productivity and reducing mistakes, increasing utilization rate of machine and income for workers.

Remuneration, salaries, welfare in 2015:

- Average salaries were increased by 15% in 2014 for Cu Chi and 31% for Trang Bang (Trang Bang District were upgraded from Zone 3 to Zone 2 since 2015).
- Average basic salaries were increased by 10% in 2014 in order to maintain the Company's leading position in labor market as compared to its peers and companies in the regions.
- Annual leave was increased from 12 days/year to 14 days/year for certain positions such as packaging, quality control, winder, and raw material feeders in order to give the workers sufficient time for rest and health recreation.



MANAGEMENT REPORT

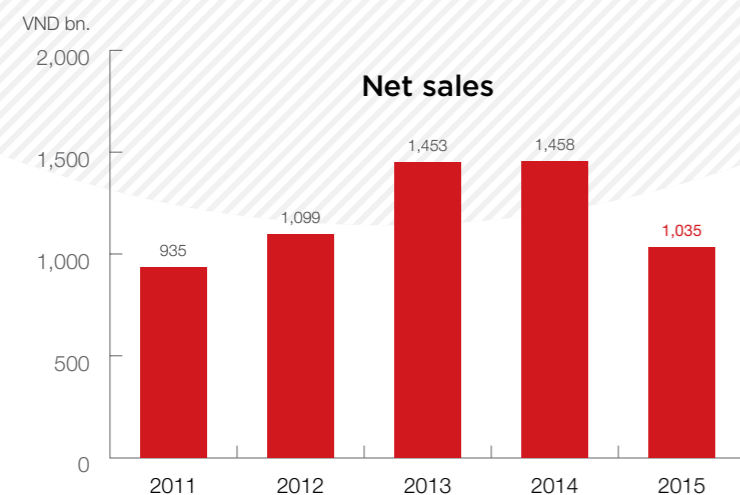
PRODUCTION

	2011	2012	2013	2014	2015
Production capacity (tons/year)	26,000	37,000	37,000	37,000	40,200
Actual working days	299.30	288.35	328.50	345.74	313.04
Utilization rate (%)	82%	79%	90%	94%	85.77%
Actual production volume (tons)	17,833	23,080	30,375	32,442	34,783
Selling volumes (tons)	16,900	22,930	31,525	33,053	26,885

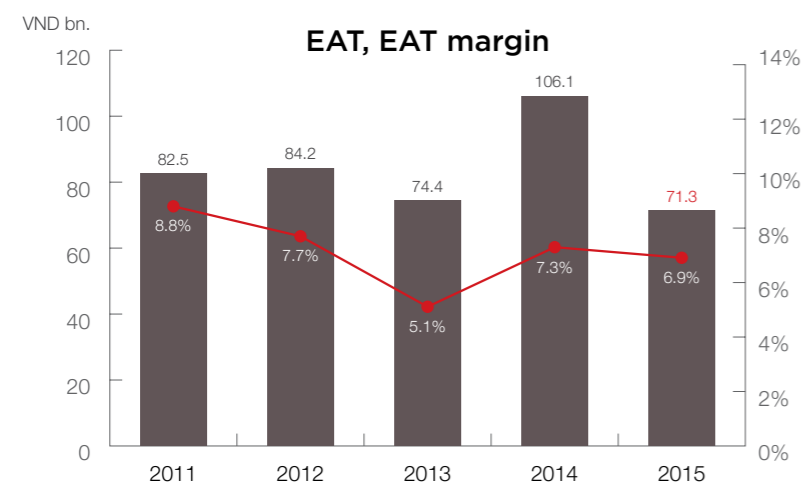
- Since the middle of 2015, the global fiber demand fell deeply so that the Company only achieved sales volume of **26,885 tons**, while the total capacity of company increased due to official operation of Trang Bang Factory - the third phase. As a result the inventories of STK increased dramatically to **7,658 tons** (an equivalent to 02 months inventories).
- The Company also made provisioning for obsolete inventories with the total amount of **VND 2 billion** (please refer to the notes regarding inventories in Audited financial report).

BUSINESS PERFORMANCE

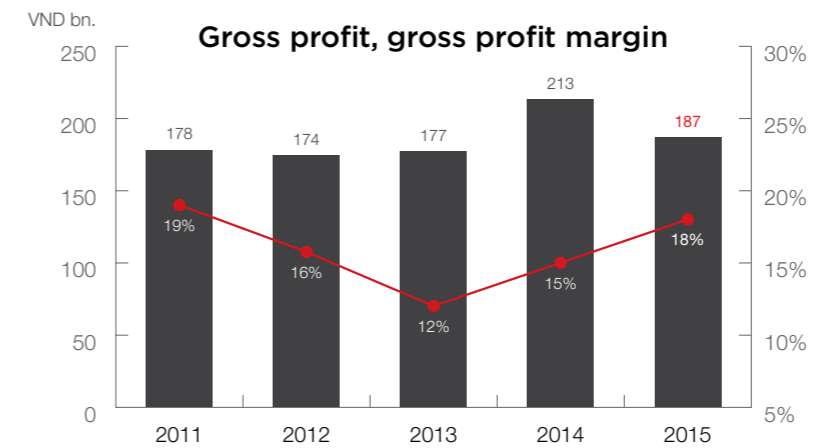
1. Profitability



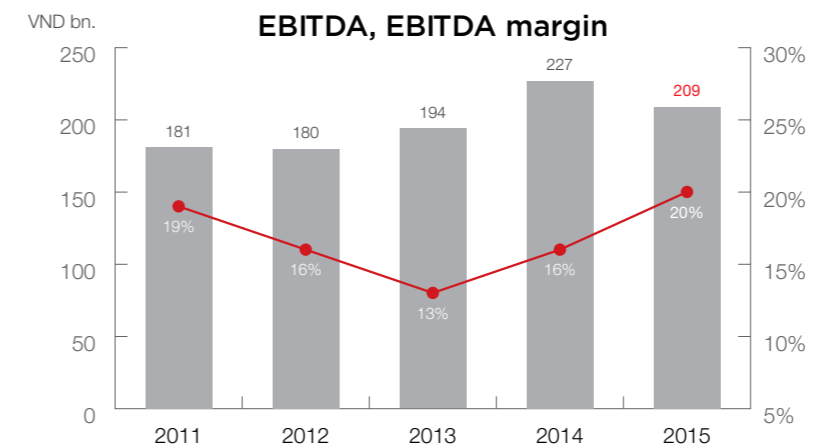
FY 2015
Net sales 29% as compared to same period



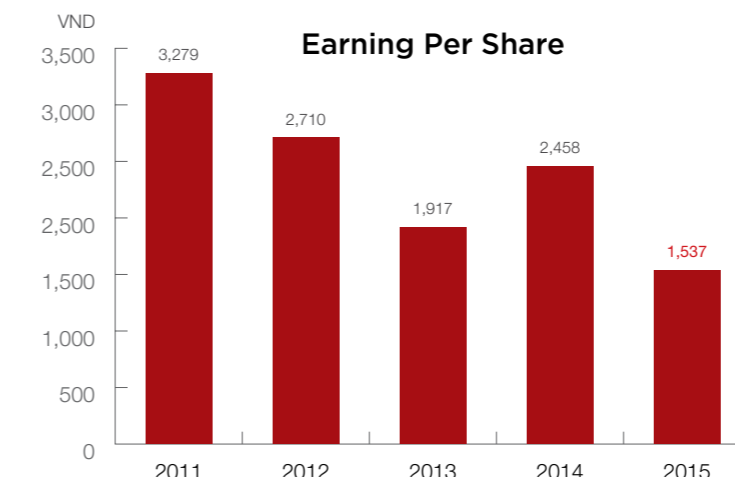
FY 2015
EAT 33% as compared to same period
EAT margin 6.9%



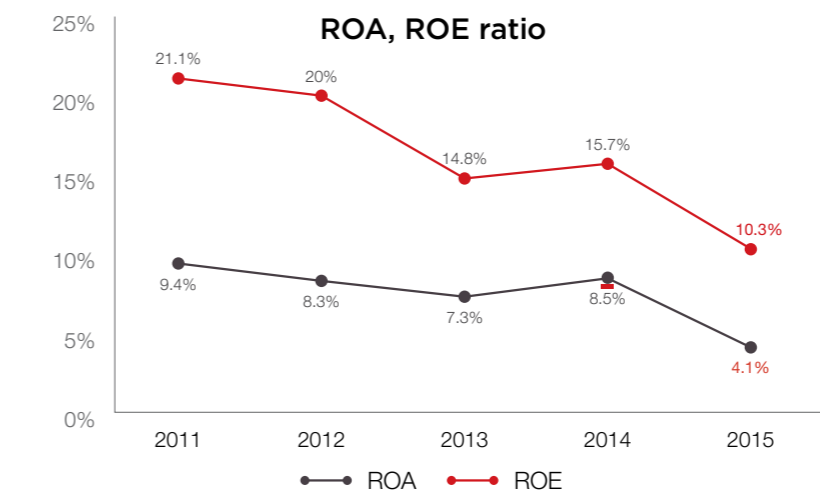
FY 2015
Gross profit 12.2% as compared to same period
Gross profit margin 18%



FY 2015
EBITDA 8.3% as compared to same period
EBITDA margin 20%



FY 2015
Earnings Per Share 37% as compared to same period
 • Earnings per share in FY2015 decreased by 27% due to fall in profit after tax and 10% of increasing chartered capital from owner's equity.



FY 2015
ROA ratio 4.1%
ROE ratio 10.3%

2. DuPont Analysis

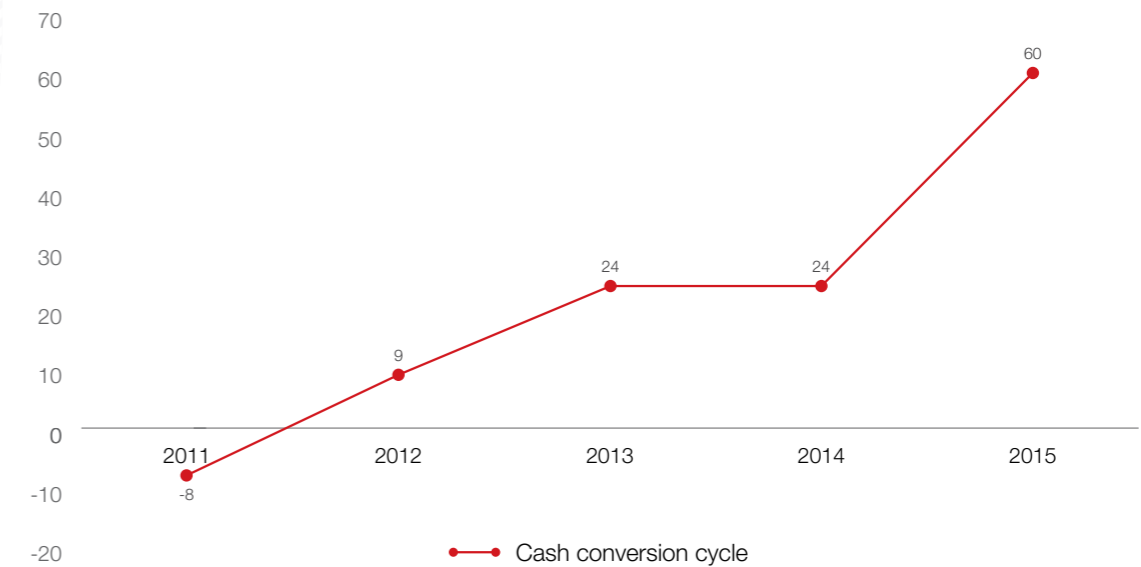
No.	KPIs	2011	2012	2013	2014	2015	Notes
1	EAT/EBT	77.4%	87.0%	78.1%	78.0%	82.3%	Tax burden
2	EBT/EBIT	83%	86%	87%	93%	69%	Interest burden
3	EBIT/Net Sales	13.7%	10.2%	7.5%	10%	12%	Operating profit margin
4	Margin [(1)x(2)x(3)]	8.8%	7.7%	5.1%	7.3%	6.9%	
5	Net Sales/Total Assets	1.07	1.08	1.42	1.17	0.60	Sales to total assets ratio
6	ROA [(4)x(5)]	9.4%	8.3%	7.3%	8.5%	4.1%	Profitability on assets
7	Total Assets/Total Equity	2.24	2.17	2.04	1.84	2.49	Financial leverage
8	ROE [(6)x(7)]	21.1%	19.9%	14.8%	15.7%	10.3%	Profitability on equity

- In 2015, thank to preferential CIT of Trang Bang Factory - the expansion project, the tax burden decreased by 4.3% as compared to 2014.
- Due to rising financial expenses, the EBT/EBIT ratio decreased from 93% (in 2014) to 69% (in 2015).
- Although EBIT/Sales ratio improved from 10% (in 2014) to 12% (in 2015), the profit margin in 2015 only reached 6.9%, a decrease of 0.4% as compared to 2014 due to impact of financial expenses.
- Return on Asset (ROA) in 2015 was 4.1%, a sharp decline of 52% as compared to 2014 due to inefficient utilization of assets and decrease in net profit margin.
- Return on Equity (ROE) achieved 10.3%, a decrease of 34% as compared to 2014. However, as result of higher financial leverage, reduction in ROE was lower than the decrease in ROA.

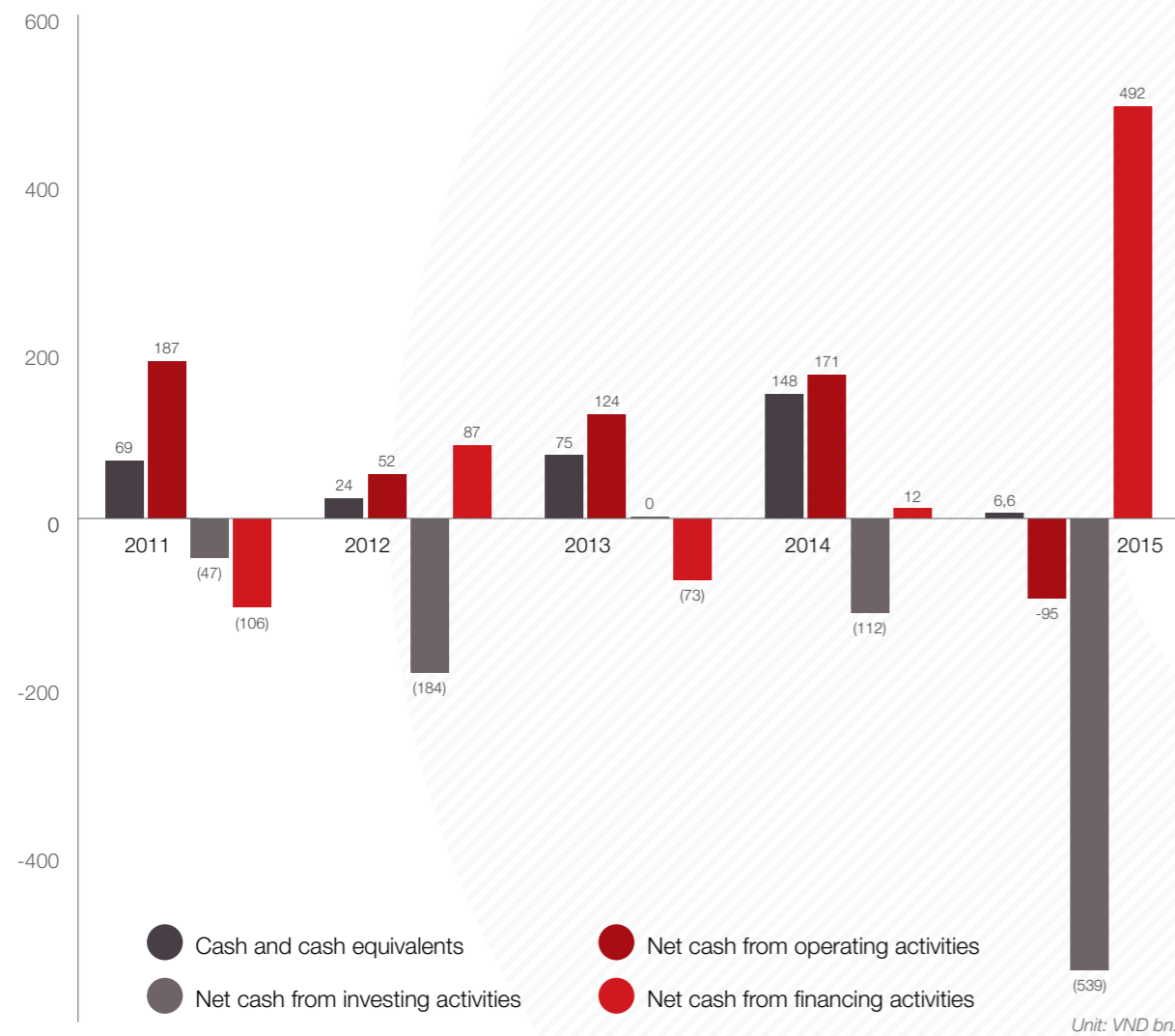
3. Operating performance ratio

	2011	2012	2013	2014	2015
Average number of inventory days	52	67	58	57	116
Average number of receivable days	14	20	22	18	13
Average number of payable days	74	78	56	51	69
Cash conversion cycle	-8	9	24	24	60

- Due to difficulties of fiber market in second half 2015, the inventories rapidly shot up in 2015. Average number of inventory days increased up to 116 days (in 2015) as compared to 57 days (in 2014).
- Average number of receivable days was 13 days (in 2015), a decrease of 05 days as compared to 18 days (in 2014). The reason was that the Company actively collected the debts. Moreover, average number of payable days rose up to 18 days because the Company negotiated to delay the payments to the sellers due to unfavorable business.
- Cash conversion cycle dramatically increased from 24 days (in 2014) to 60 days (in 2015), indicating inefficient utilization of working capital.



4. Cash generating ability



• Due to 29% of decrease in net revenues and increase in inventories, the net cash from operating activities reduced from VND 171 bn. (in 2014) to VND -95 bn. (in 2015).

• Net cash from investing activities was a negative value of VND 539 billion, a considerable increase of 381% as compared to 2014 because the Company invested in facilities, machineries for Trang Bang Factory - the third phase and joint venture in Unitex Corporation.

• As a result, cash and cash equivalents in 2015 were around VND 6.6 billion, a sharp decline as compared to VND 148 billion (in 2014).

	2011	2012	2013	2014	2015
Current ratio	0.94	1.21	1.33	2.25	1.16
Quick ratio	0.48	0.45	0.64	1.36	0.28

5. Analysis of large fluctuations on income and expense items

	2011	2012	2013	2014	2015
Net Sales	100%	100%	100%	100%	100%
Cost of goods sold	81%	84%	87.6%	85.4%	82%
Gross profit	19%	16%	12.4%	14.6%	18%
Financial activities income (not including interest from deposits)	0.3%	0.3%	0.4%	0.2%	1.3%
Financial charges (not including interests)	3.1%	0.1%	0.5%	0.4%	5.1%
Selling expenses	2.1%	2.5%	2.3%	2.2%	2.3%
G&A expenses	3.2%	3.1%	2.3%	2.4%	3.7%
Other income	0.0%	0.0%	0.0%	0.1%	0.1%
Earnings before interest & taxes (EBIT)	13.7%	10.2%	7.5%	10%	12%
Interest expense	1.9%	1.5%	1%	0.5%	0.5%
Profit Before Tax	11.4%	8.8%	6.5%	9.3%	8.4%
Corporate Income Tax	2.6%	1.1%	1.4%	2.0%	1.5%
Profit After Tax	8.8%	7.7%	5.1%	7.3%	6.9%

• Financial expenses/Net sales in 2015 accounted for 5.1%, a sharp increase as compared to 0.4% (in 2014) because STK made provisioning for unrealized foreign exchange losses related to long-term loans in USD currency.

• G&A expense/Net sales in 2015 accounted for 3.7% as compared to 2.4% (in 2014) because STK raised our labor costs by 10% and hired lawyer for anti-dumping case in Turkish market while net sales was not as favorable as previous year.

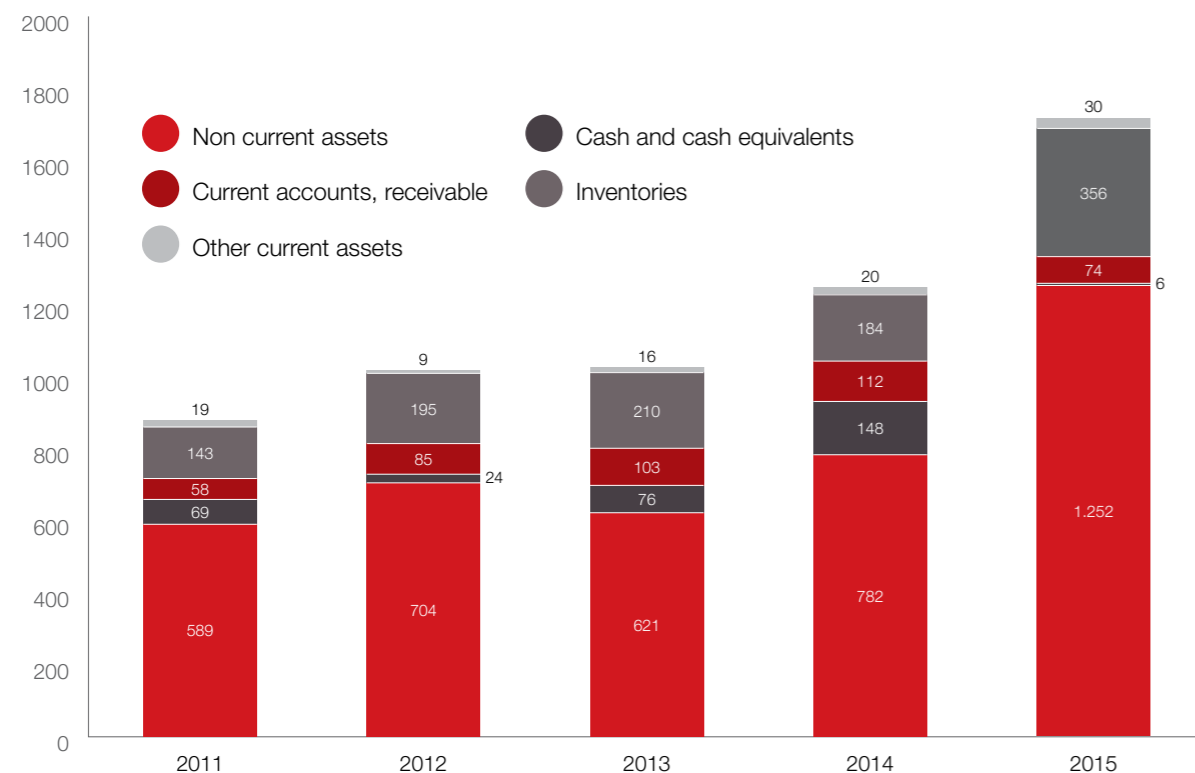
6. Debt paying ability

	2011	2012	2013	2014	2015
Debt-to-equity ratio	0.59	0.67	0.57	0.35	1.18
Interest coverage ratio	7.08	6.25	7.89	19.23	24.39

• Debt-to-equity ratio strongly increased from 0.35 times (in 2014) to 1.18 times (in 2015) because the Company had long-term loan for Trang Bang Factory - the third phase.

• Interest coverage ratio (EBIT/interest expense) increased from 19.23 times (in 2014) to 24.39 times (in 2015), thank to lower borrowing interest rate and STK actively prepaid principles before due date even though the business performance was not as favorable as the last year.

7. Analysis of assets structure



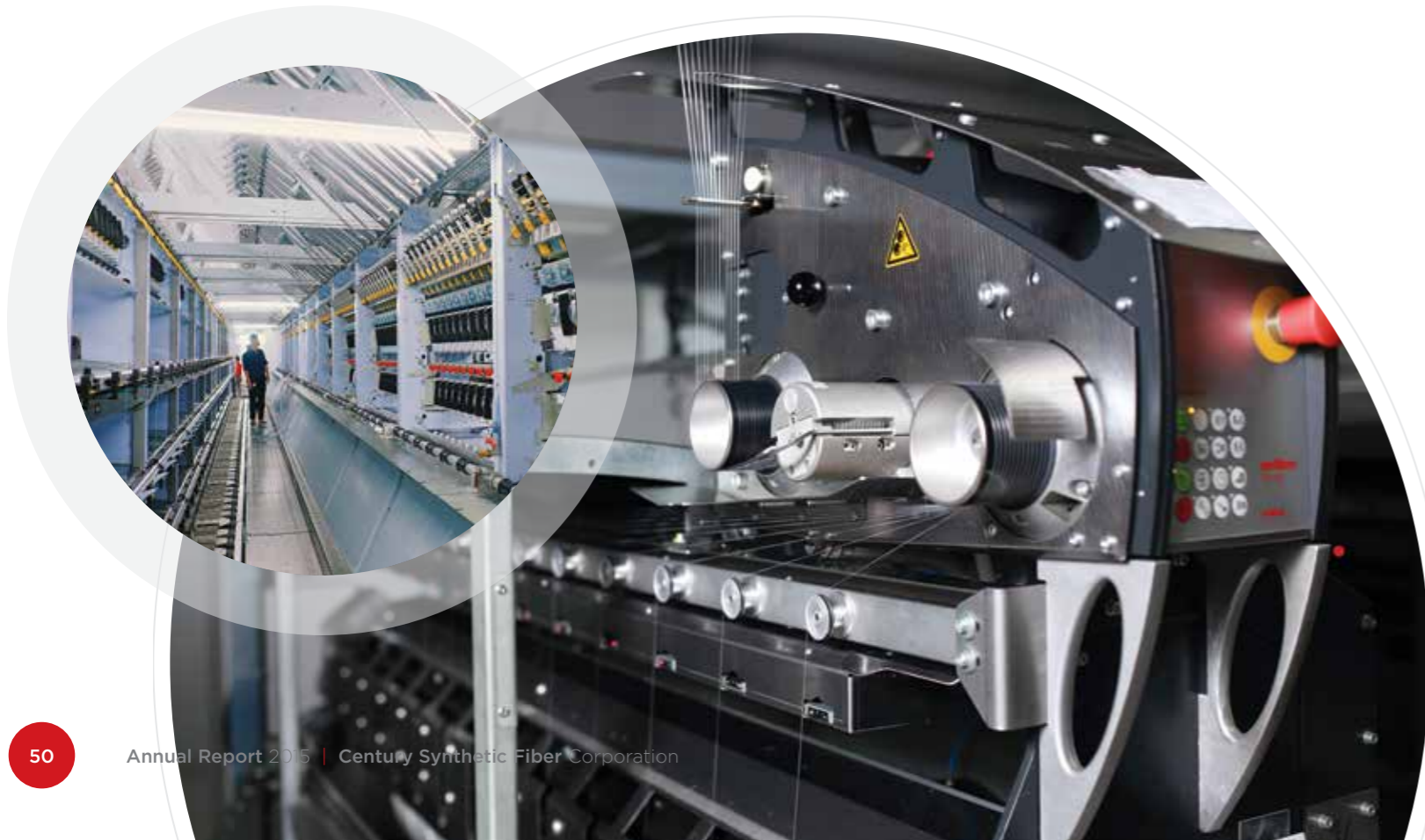
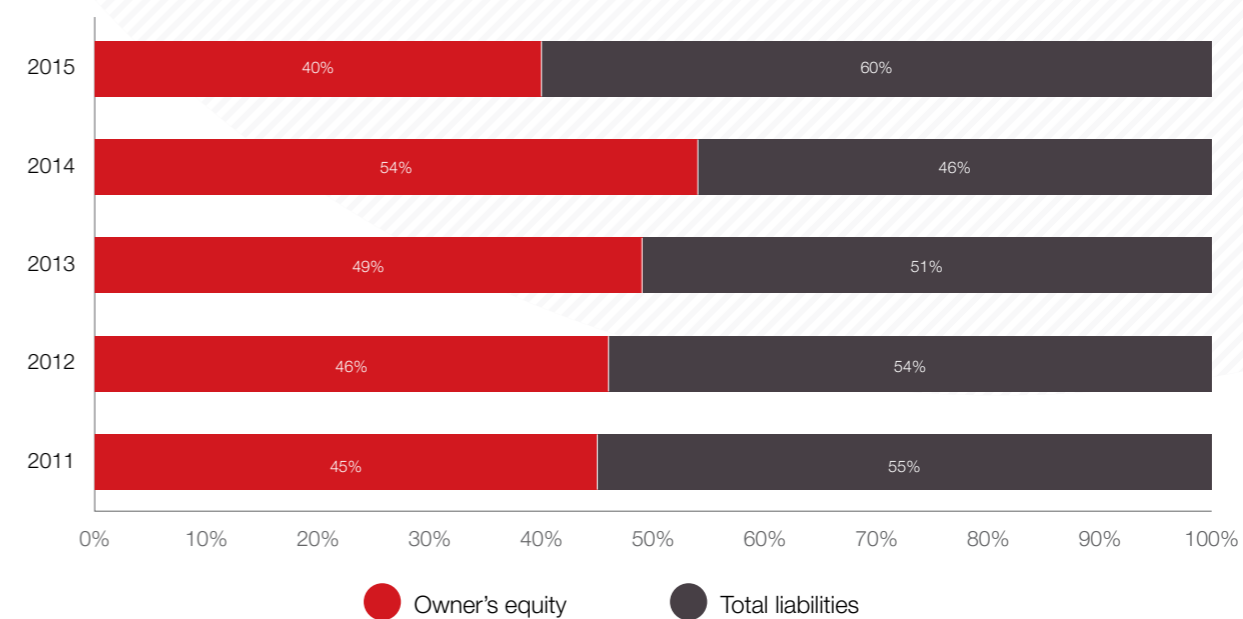
Unit: VND bn.

- In 2015, STK invested in Trang Bang Factory - the third phase leading to sharp increase in total asset by 38% to VND 1,719 billion as compared to VND 1,245 billion (in 2014). However, cash and cash equivalents decreased from 11.9% (in 2014) to 0.4% (in 2015). Furthermore, due to weak demand, ratio of inventories to total assets rose substantially from 14.7% (in 2014) to 20.7% (in 2015).
- Due to the increase in construction in progress of Trang Bang Factory - the third phase, the non-current assets increased considerably by 60% to VND 1,252 billion and ratio of non-current assets over total asset eventually increased by 63% (in 2014) to 73% (in 2015).

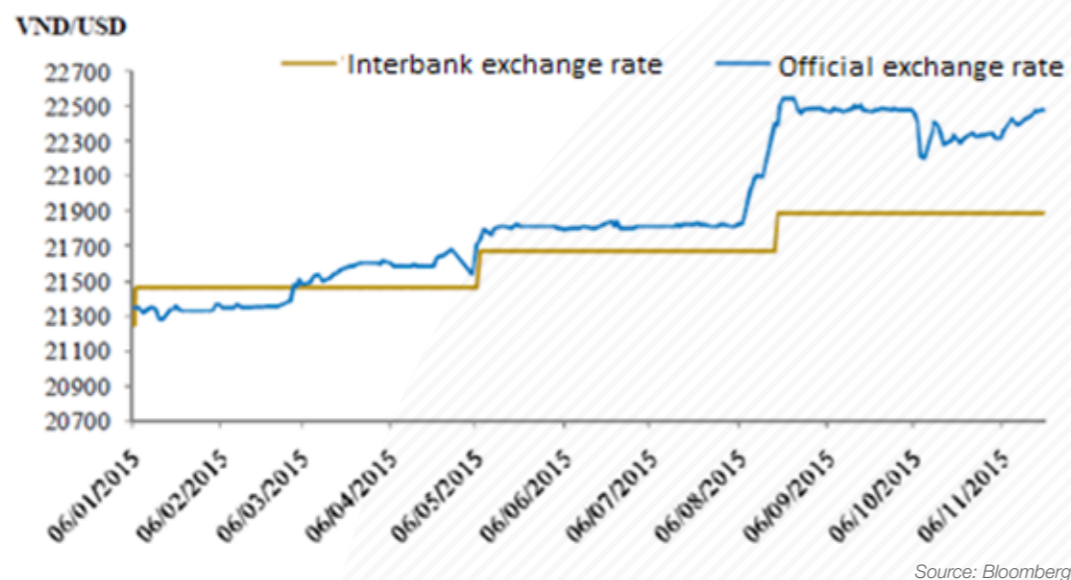
	2011	2012	2013	2014	2015
CURRENT ASSETS					
Cash and cash equivalents	7.9%	2.4%	7.4%	11.9%	0.4%
Current accounts receivable	6.6%	8.3%	9.9%	9.0%	4.3%
Inventories	16.4%	19.1%	20.5%	14.7%	20.7%
Other current assets	2.1%	0.9%	1.6%	1.6%	1.7%
CURRENT ASSETS	33.0%	30.7%	39.4%	37.2%	27.1%
NON CURRENT ASSETS					
Long -term receivable	0.1%	0.1%	0.1%	0.0%	0.0%
Fixed assets	61.4%	64.9%	56.3%	59.8%	68.2%
Long-term investments	0.0%	0.0%	0.0%	0.0%	2.3%
Other long-term assets	5.5%	4.3%	4.2%	3.0%	2.4%
NON CURRENT ASSETS	67.0%	69.3%	60.6%	62.8%	72.9%
TOTAL ASSETS	100%	100%	100%	100%	100%

8. Analysis of capital structure

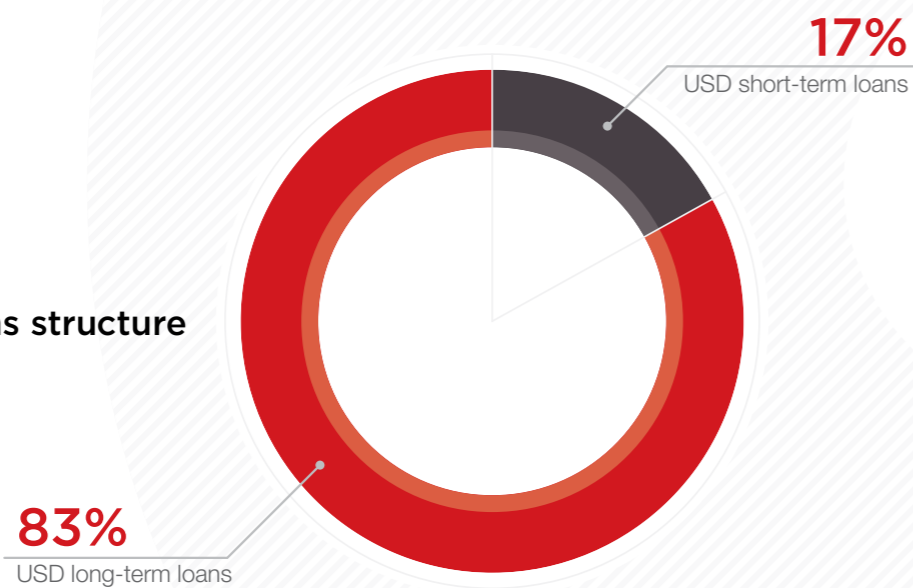
- In 2015, due to the strong increase in total assets, the equity-to-total assets ratio reduced by 14% to 40%.
- The total liabilities also increase from 46% (in 2014) to 60% (in 2015) because STK incurred a long-term loan to finance Trang Bang Factory - the third phase.



9. Analysis of impact of exchange rate



STK's Loans structure



• In 2015, State Bank of Vietnam (SBV) adjusted the average inter-bank exchange rate 3 times, causing VND to devalue against USD by 5.3%. Such significant adjustments strongly affected STK's performance as the Company has to make provisioning for unrealized exchange losses related to USD loans.

	Change in exchange rate	Impact on EBT (VND billion)
This year		
USD	+5.3%	-34.7 ⁽²⁾
Previous year		
USD	+2%	-3.5

² After balancing financial incomes and expenses of exchange rate fluctuation

	FY 2015 (VND bn.)	FY 2014 (VND bn.)	FY 2015 vs. FY 2014 (%)
Financial incomes	13.8	2.1	557%
- Interest income	0.7	0.7	0%
- Realized foreign exchange gains	13.1	1.4	836%
Financial expenses	52.9	12.5	323%
- Unrealized foreign exchange losses	30.8	3.1	894%
- Realized foreign exchange losses	17	1.8	844%
- Interest expense	5.1	7.6	-33%

10. Investment Plan

Capacity (tons)	2014	Q4/2015	Q1/2017
Cu Chi +TB1 + TB2	37,000		
TB3		15,000	
TB4			8,000
Total capacity (tons)	37,000	52,000	60,000

CAPEX (VND bn.)	2014	2015	2016	2017
TB3	115	636		
TB4			274	
Yarn/Dyeing/Knitting	Under feasibility study			

Progress of Trang Bang project - Phase 4:

By 31/12/2015, the Company already signed contracts for machineries and equipments purchase with totally value of USD 10,962,709, fulfilling 91.36% of the budget (USD 12,000,000). Construction progress: 1Q2016 ~ 2Q2016.



PLAN FOR PROFIT DISTRIBUTION IN 2015

BONUS, WELFARE FUND

Year	Beginning balance	Provisioning	Expenditure	Ending balance
2010	186,284,408	4,700,686,009	4,013,463,946	873,506,471
2011	873,506,471	4,949,560,426	(1,644,902,207)	7,467,969,104
2012	7,467,969,104	4,800,000,000	4,490,362,674	7,777,606,430
2013	7,777,606,430	4,380,000,000	9,488,936,508	2,668,669,922

Note: Annually, STK paid the bonus for company's staffs at the rate of 6% of EBT. Since the fiscal year 2014, after BOD promulgated the financial rules, STK has treated bonus and welfare fund as operating costs. Therefore, STK will no longer deduct this fund from Profit After Tax.

EARNING DISTRIBUTION

KPIs	2015 Distributed rate	Amount in VND
Profit After Tax		71,320,629,019
2015 Dividend Payment	5% by cash 10% by shares	23,267,917,500 46,535,835,000
Undistributed income		1,516,876,519



SHAREHOLDERS STRUCTURE

I. SHAREHOLDERS STRUCTURE: 395 shareholders (on 26/02/2016)

1. Number of listed shares: **46,535,835** shares.

2. Shareholders classification:

Loại hình cổ đông	Number of shares	Number of shares can be transferred	Proportion %
I. Inside shareholders	14,542,203	14,542,203	31.25%
1. BOD and management team	14,407,712	14,407,712	30.96%
2. Supervision Committee	103,004	103,004	0.22%
3. Chief Accountant	31,487	31,487	0.07%
4. Authorized spoke person			0.00%
II. Treasury shares			0.00%
III. Other shareholders	31,993,632	31,993,632	68.75%
1. Domestic	24,648,061	24,648,061	52.97%
1.1 Individuals	13,982,107	13,982,107	30.05%
1.2 Organizations	10,665,954	10,665,954	22.92%
- In which: state-owned shareholders			0.00%
2. Foreign	7,345,571	7,345,571	15.78%
2.1 Individuals	89,805	89,805	0.19%
2.2 Organizations	7,255,766	7,255,766	15.59%
Total	46,535,835	46,535,835	100.00%

3. Major shareholders (on 26/02/2016):

Name of shareholders	Type of ownership	Nationality	Number of shares	Proportion (%)
Huong Viet Investment Consultant Corporation	Organization	VN	9,381,534	20.16
Dang Trieu Hoa	Individual	VN	6,469,560	13.09
Dang My Linh	Individual	VN	3,969,076	8.53
Dang Huong Cuong	Individual	VN	3,969,076	8.53
Vietnam Holding Limited	Organization	Cayman Islands	3,545,655	7.62
Total			46,535,835	58.74

4. Issuing shares result: 4,230,499 shares. The ex-rights date to shareholder: 3/11/2015. Listing day of additional shares: 9/12/2015. The total shares have voting rights: 46,535,835 shares

5. Trading treasury shares: 419,234 shares selling at preferential price for STK's staffs: VND 15,000/shares from 01/04/2015 to 14/04/2015.

II. STOCK TRANSACTIONS OF INSIDE SHAREHOLDERS, MAJOR SHAREHOLDERS IN 2015

1. Stock transactions of major shareholders in 2015

S/N	Investors	Date of transaction	Type of investors	Stock ownership before transaction	Stock ownership after transaction	Reason of change
1	SSIAM	04/02/2014	Major shareholders	300,000	2,700,000	Investment
2	Vietnam Holding Limited	06/02/2014	Major shareholders	696,750	3,396,750	Investment
3	SSIAM	09/02/2015	Major shareholders	2,700,000	0	Portfolio restructuring
4	Huong Viet Investment Consultant Corporation	01/12/2015	Major shareholders	7,928,668	8,038,668	Investment
5	Huong Viet Investment Consultant Corporation	17/12/2015	Major shareholders	8,038,668	9,381,534	Investment & receiving dividends by shares

2. Stock transaction of inside shareholders in 2015

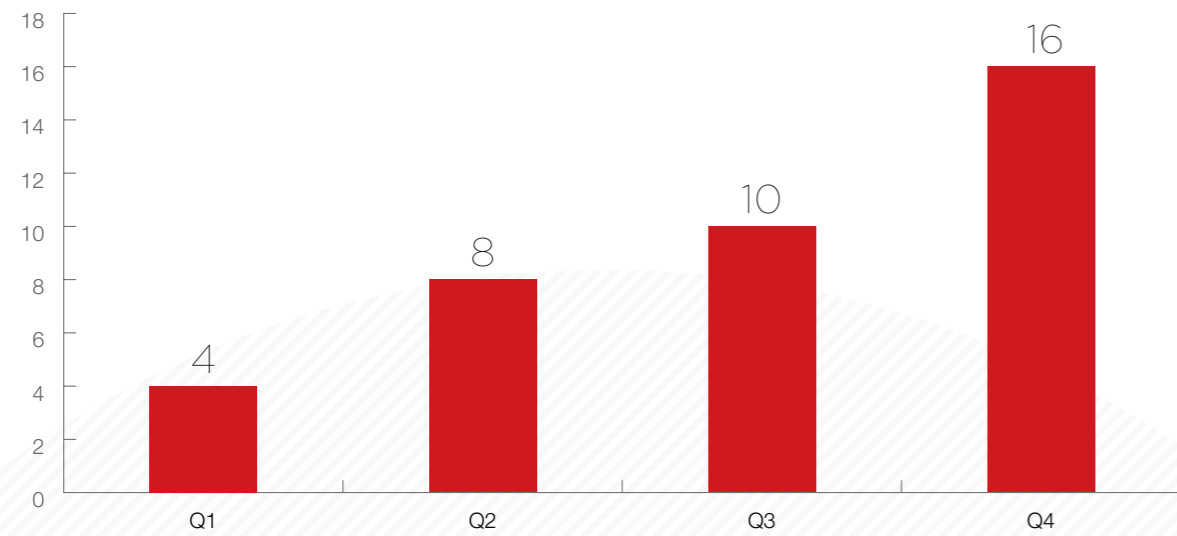
S/N	Investors	Type of investors	Stock ownership as at 01/01/2014	Stock ownership as at 31/12/2014	Reason of change
1	Lu Yen Kun	Production Director	0	55,000	Investment
2	Nguyen Tu Luc	Chief of Supervision Committee	22,656	47,661	Investment
3	Phan Nhu Bich	Chief Accountant	8,625	31,487	Investment

III. INVESTOR RELATION IN 2015

During 2015, STK's Investor Relation Department met over 260 representatives from international, local investors, brokerage firms and financial institutions.



Number of company's meetings



EVENTS PARTICIPATION

VIETNAM ACCESS DAY
(27/03/2015)
hosted by Viet Capital Securities



INVEST ASIAN
(25/05/2015)
hosted by Maybank Kim Eng Securities



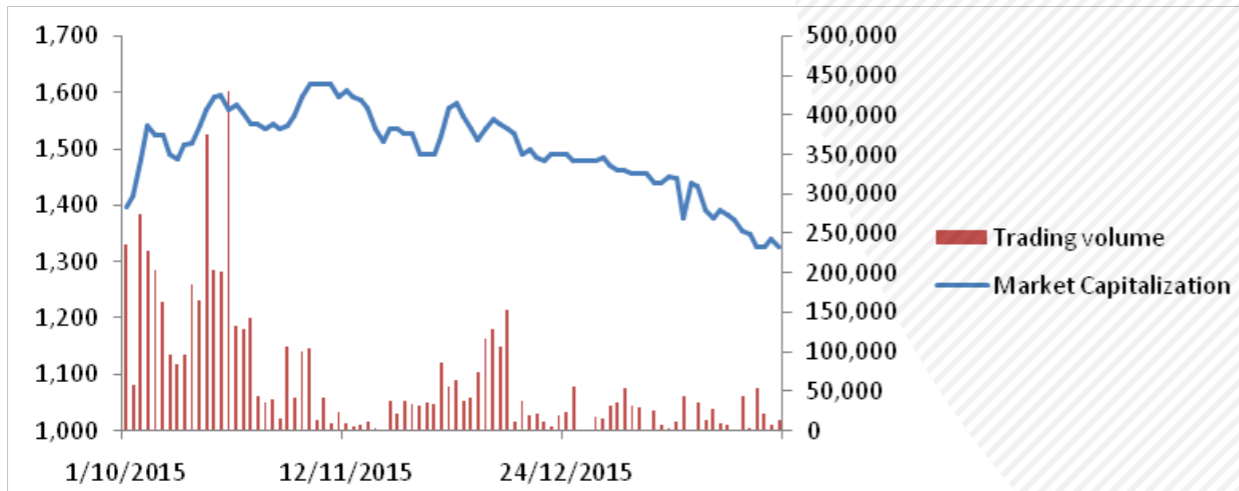
TEXTILE FORUM SUMMIT
(25/06/2015)
hosted by VCOSA



Number of information disclosure in 2015 (as at 31/12/2015): 42 times. Number of warnings & violation: 0 times.
Number of STK's IR bulletin published (as at 31/12/2015): 4 versions .

BUSINESS PLAN FOR 2016

Trade of STK's shares from 30/09/2015 to 28/02/2016



1. BUSINESS PLAN FOR 2016

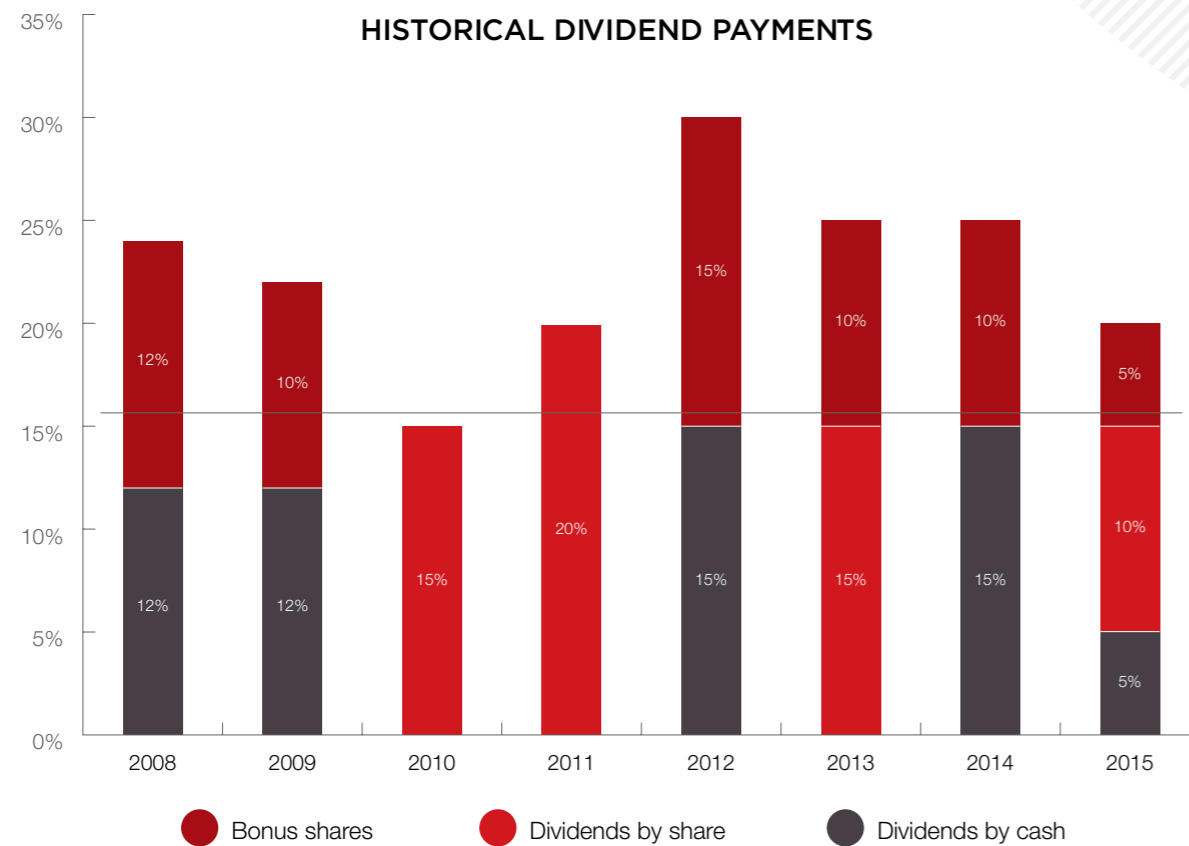
KPIs	Actual FY2015	Plan FY2016	Growth 2016/2015 (%)
Volume (tons)	26,885	45,176	68%
Net Sales (VND billion)	1,035	1,645	59%
Profit before tax (VND billion)	86.6	138.7	60%
CIT (VND billion)	15.3	11.6	(24%)
Net profit after tax (VND billion)	71.3	127.1	78%

2. ASSUMPTIONS UNDERLYING 2016 BUDGET

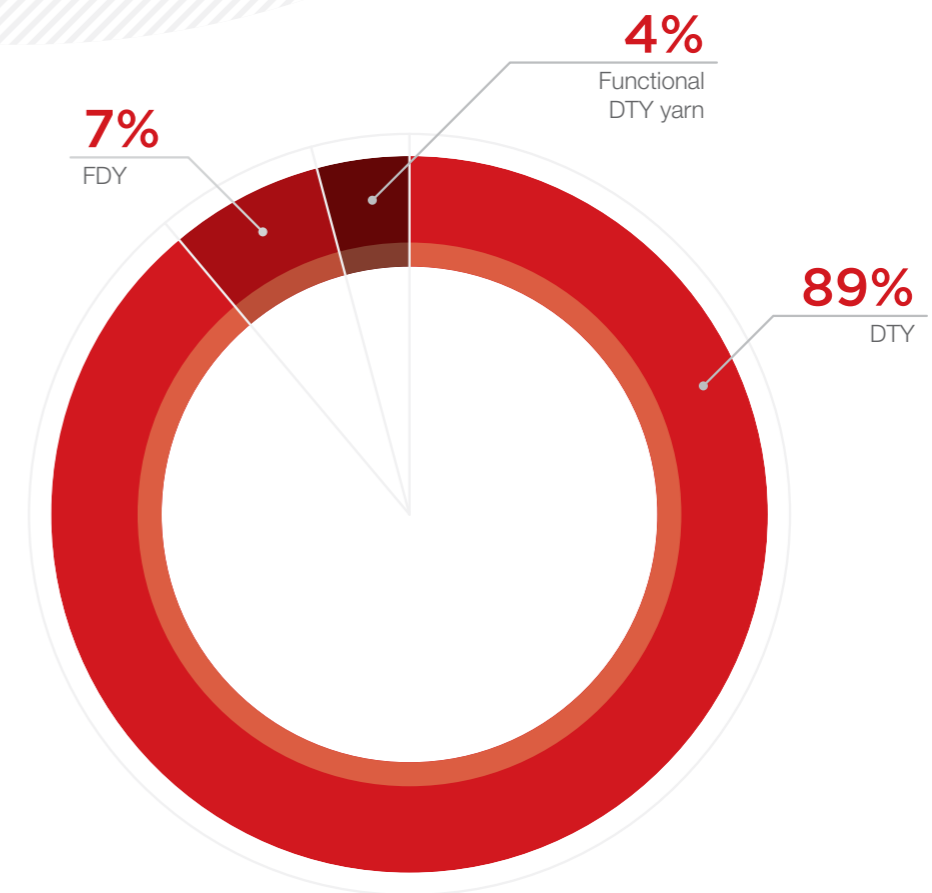
Product mix:

- DTY (88%)
- Functional DTY yarn (4%)
- FDY (7%)

HISTORICAL DIVIDEND PAYMENTS



Note: Dividend was paid by previous year profit (dividend paid in 2015 was financed by profit of fiscal year 2014).



Net sales

- STK expects that supply-demand will be balanced in 2016 because the yarn prices are in recovery trend, and Chinese companies which are facing with huge losses after huge dumping has to cut production output. Besides that, since 1/1/2016, the import tariff of POY, DTY, and FDY will increase from 0% to 3%. The increase of import tariff will reduce the dumping activities of Chinese companies in Vietnam's market.
- For medium and long-term, the relocation trend of textile orders from major markets to Vietnam become obvious. When the textile orders are increasing, the fabric demand and then fiber demand are also increasing, especially when the FTA between Vietnam and Europe (EVFTA) and TPP take effect. The wave of oversea textile companies invested in Vietnam in order to catch up the opportunities from FTAs will gradually grow.
- To follow that trend, Trang Bang Factory - the third phase was officially put into operation with full capacity, raising the Company's total capacity up to 52,000 tons/year. Furthermore, the Company will cooperate with the partner to produce functional yarn such as recycled yarn, dyeing yarn; and will put into operation of Trang Bang Factory - the fourth phase in Q4/2016. Eventually, the Company set the revenue growth rate at 68% as compared to 2015.

Profit After Taxes

- Average selling price is assumed to decrease by 5.5% while PET chip price is forecasted to decrease by 10.6%.
- Some of production costs are expected to increase as compared to 2015: electricity (3%), wage (10%).
- Vietnam Dong will be depreciated against USD by 4% in 2016.
- USD borrowing interest rate related to long-term loans of Trang bang Factory - the third phase & fourth phase is assumed to increase by 1% due to increase in LIBOR (this forecast is based on FED rate which would increase by 0.25% in each quarter of 2016).
- CIT in 2016 is assumed to be 8.4% because the expansion projects of Trang Bang Factory will be benefited from tax incentives under the prevailing tax laws.

3. HIGHLIGHTED ACTIVITIES IN 2016

Sales

- **Markets:** restructures markets and customer portfolio; in which sales team will continuously sells in those markets which requires premium quality such as Thailand, or which offers preferential tariffs through by FTAs with Vietnam such as Korea (the import tariff will reduce from 8% to 0%); or even domestic market to catch up the relocation wave of FDI companies from China to Vietnam, taking advantages of FTAs between Vietnam - EU (EVFTA), Vietnam - Korea (KVFTA), especially TPP.
- **Products:** for existing products, STK will improve the quality (following the AAA standard) in order to enhance the Company's competitiveness as compared to other rivals and to bring added value for STK. Besides that, the Company will diversify products by using its state-of-art technology to produce specialty products such as: recycled yarn, color yarn, and functional yarns (with specific functions: anti-UV, de-humidity, elasticity, hollow yarns).
- **Collect customers' database:** sales team continues to follow the existing customers, and their projects for capacity expansion and products development. The sales team also collects information about new customers who are setting new textile mills in Vietnam.

Production Planning

- To improve products quality by reforming and streamlining production processes in order to ensure the uniformity of input raw materials and stability of machines & equipments with an aim to raise quality standard to AAA standard instead of AA.
- To apply and develop tools (software) to set and simulate scenarios for production planning and sales in order to optimize the production costs and shipment time.
- To cooperate with purchasing department and production department by gradually replacing some imported items by domestic ones in order to reduce the import expenses.
- To maintain the safety level of input materials which is kept at minimum inventories.

Purchasing

- To maintain purchasing schedule based on quarterly forecasts of demand and to find substitute products and new suppliers.
- To cooperate with production department to visit direct suppliers at their factories in order to assess capacity of each supplier.
- To cooperate with factory and warehouse teams in purchasing, importing - exporting tasks in order to ensure timely placement orders, especially to minimize long-term unused inventories.
- To double-check criterion for acceptance of input materials in order to ensure the purchasing products that will be suitable for production.

IT

- To deploy completely internet cable system for the Company.
- To expand POC system and officially apply in production stage since March 2016.
- To re-evaluate SAP in order to anticipate potential risks and optimize the SAP ERP.
- To establish user support team of SAP basing on function on each modules.
- To apply ISO 27001 regulations into business operation.

Accounting - Finance

- To balance the cash flow and to reduce the interest expense by prepaying the principles before due date and refinancing the loan related to Trang Bang Factory - the third phase by cheaper loans from other banks.
- To prepare the internal cash flow from previous projects' depreciation in order to finance Trang Bang Factory - the fourth phase.
- To account for the preferential CIT for: Trang Bang Factory - the first phase & second phase in 2015 and 2016 will reduce by 50% and Trang Bang Factory - the third phase & fourth phase will be entitled to CIT rate of 0% in 2016.

Human Resource

- To schedule detailed training plan in 2016 for both office and production.
- To frequently update, train, and re-evaluate the working skills of office and production staffs.
- To focus on training by opening classes of Lean production, modern management practice: Kaizen.





CORPORATE GOVERNANCE REPORT

1. INFORMATION OF CORPORATE GOVERNANCE

List and ownership proportion of BOD, SC, and Board of Management's shares:

No.	Full name	Position	Ownership	Percentage (%)
I Member of BOD				
1	Dang Trieu Hoa	Chairman cum Managing Director	6,469,560	13.09
2	Dang My Linh	Member	3,969,076	8.53
3	Dang Huong Cuong	Member	3,969,076	8.53
4	Cao Thi Que Anh	Member	0	0
5	Lee Chien Kuan	Member	0	0
6	Thai Tuan Chi	Member	0	0
II Supervision Committee				
1	Nguyen Tu Luc	Chief	47,661	0.1
2	Le Anh Tuan	Member	55,343	0.12
3	Nguyen Thi Ngoc Linh	Member	0	0
III Board of Management				
1	Lu Yen Kun	Production and Technology Director	55,000	0.12
2	Nguyen Phuong Chi	Chief Strategy Officer	0	0
3	Phan Nhu Bich	Deputy CFO	31,487	0.06
4	Bui Tuong Hien	Deputy General Director	0	0

2. ACTIVITIES OF BOARD OF DIRECTORS

Assessment of BOD's activities

- The BOD has complied with the Enterprise Law and Company's charter. The BOD has carried out its functions, including strategy development, setting business direction, supervising the activities of Managing Director and Management Board.
- The composition of BOD was in accordance with Circular 121 whereby 3 out of 6 BOD members were independent ones.

The BOD's meetings were convened and conducted in accordance with the Company's charter. The minutes, Regulations, and decisions of BOD were passed based on the consensus of its members, are kept in accordance with regulations

BOD meetings

- In 2015, BOD has conducted 04 face-to-face meetings and 17 meetings via mailing form to solve matters belonging to the BOD's functions and authority. BOD has issued 30 Minutes and 29 Resolutions. The minutes, resolutions of the BOD were sufficiently sent to BOD members and BOS members. In the BOD's meetings, the Board of Supervision and Board of Management were invited to discuss about strategy, business orientation and direction.

Attendance ratio of BOD's members (Term 2012 - 2017) until 31 December 2015:

No.	Board of Directors	Title	Attendance	Ratio	Notes
1	Dang Trieu Hoa	Chairman	21/21	100%	
2	Dang My Linh	Member	21/21	100%	
2	Dang Huong Cuong	Member	21/21	100%	
4	Cao Thi Que Anh	Independent member	18/21	86%	Become BOD member from 12 January 2015. Authorization to other.
5	Lee Chien Kuan	Independent member	21/21	100%	
6	Thai Tuan Chi	Independent member	19/21	90%	Reason: Business trip

Notes: Madam Cao Thi Que Anh has officially become BOD member from 12 January 2015, replacing Mr. Jean Eric Jacquemin who resigned on 26 December 2014.

- Contents and results of BOD meetings (please read more information in full annual report 2015 at company's website).

The implementation of AGSM 2014's Resolutions

- Resolutions being implemented: new projects (Textile Company, Trang Bang project - Phase 4) are on the progress and strictly follow the proposed schedule during the period 2016 - 2017.

The implementation of AGSM 2015's Resolutions

- Basically, BOD has fully implemented the AGSM 2015's approved resolutions.

Activities of BOD's non-executive members: No

Certificate of training on Corporate Governance

- 4 (out of 6) BOD members and 3 (out of 3) BOS members were granted a certificate of corporate governance by the training centers recognized by Securities Commission State. The Company always facilitated all members of the BOD, BOS and BOM to participate in training courses on corporate governance. However, the training time often coincides with the business travel of the Managing Board members, so some of them could not participate in courses fully. Besides, STK has one BOD member who is a foreigner and the language barrier also affects his completion of the certificate on corporate governance as mentioned above.

- List of members who have the certificate of corporate governance:

1	Dang Trieu Hoa	Chairman
2	Dang My Linh	BOD Member
2	Dang Huong Cuong	BOD Member
4	Cao Thi Que Anh	BOD Member
5	Nguyen Tu Luc	Chief of SC
6	Le Anh Tuan	SC Member
7	Nguyen Thi Ngoc Linh	SC Member

3. THE IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

- All of the rules, regulations and operations of the Company are in compliance with regulations on corporate governance. In 2015, STK has updated the Company Prospectus, promulgated Information Disclosure process, Corporate Governance Rules. The Company also updated its Charter regarding chartered capital in accordance with business certificate No. 14 dated 23 November 2015.
- The Company Charter and Regulations on corporate governance are available on the Company website under the section "Shareholder Relations".

4. REVIEW OF BODS ON THE ACTIVITIES OF THE BOARD OF MANAGEMENT

1. The Boards of Management has carried out its tasks in accordance with the Resolutions of the ASM and the resolutions of the Board of Directors. Since Chairman also concurrently took the position of Managing Director, BOD's resolutions and AGSM's resolutions were quickly and smoothly implemented.
2. As market demand of second half 2015 was weak as compared to the first half as well as the same period last year, the Company only achieved 60 -70% sales of the same period last year. Board of Management made efforts to overcome difficulties in business and production administration, especially when Trang Bang project - Phase 3 has officially operated. However, as the scale of the business is getting bigger, the BOD requested that the Board of Management, in the future, in addition to sales development, should focus on improvement of internal business administration.
3. The Company failed to achieve 2015 business plan. In 2016, BOD requested that the BOM should set specific strategies for sales and product quality improvement in order to lower production cost and enhance the Company's competitiveness.
4. The Board of Management with 3 members, including Managing Director, Chief Strategy Officer in charge of investors relationship and strategy development and Production and Technology Director in charge of manufacturing, research and development. To promote capabilities and share general job responsibilities, in coming time the BOD requests that each Director of the BOM should take initiative in handling of works which are under their authority and should coordinate with each other as well as with other managers more frequently. In 2015, the Director of the BOMD should support the Managing Director to complete the organizational structure and operating procedures of the business units under their responsibility.
5. Succession planning for senior executives and other management levels is a concern of shareholders, investors and partners. Therefore, the Director of the BOM should take initiatives (if the matter is within their authority) or propose to the BOD for approval of training programs for succession planning and attracting talents in order to ensure sustainable development and meet the new development phase of the Company.

5. THE BOARD OF DIRECTORS' PLAN AND ORIENTATION

- Continuing to supervise and direct the activities of the BOM in order to achieve 2016 business plan;
- Going together with Managing Director and Management team in finding business opportunities and developing business strategies for a sustainable development;
- Enhancing internal control system and corporate governance. Implementing internal auditing;
- Setting strategy and policies to improve the quality of human resources;
- Establishing subcommittee (development policy subcommittee, risk management subcommittee, HR and remuneration subcommittee);

6. RAISING CAPITAL PLAN FOR YARN/KNITTING/DYEING UNITEX CORP

- In 2016, STK will cooperate with foreign partner to implement Yarn/Knitting/Dyeing Unitem project at Thanh Thanh Cong Industrial Park. The Company has obtained land use right certificate and business registration of Unitem Corp. on 29 June 2015.
- When STK has detailed implementation plan, the BODs will prepare a written proposal for General Shareholder Meeting to approve share issuance to finance the upcoming projects.

7. WORKING SCHEDULE OF THE BOD IN 2016

1. Quarterly meeting of Q4/2014: middle of Jan 2016.
2. Meeting to discuss the convention and agenda of the ASM 2014: early March 2016 (after getting the audited financial statements).
3. Quarterly meeting of Q1/2015: the last week of April 2016.
4. Quarterly meeting of Q2/2015: the last week of July 2016.
5. Quarterly meeting of Q3/2015: the last week of October 2016.

The above meeting schedule is tentatively set and can be changed upon convocation by the Chairman so as to facilitate participation of all BOD members. In addition, in order ensure the Company's smooth operation; the Board of Directors may hold indirect meetings (unscheduled) by exchanges via email to discuss matters under the BOD's authority.

8. TRANSACTIONS, REMUNERATIONS AND BENEFITS OF BOD, BOS AND BOM

No.	Full name	Title	Remuneration and bonus (excluded income tax)
I Board of Directors			
1	Dang Trieu Hoa	Chairman cum Managing Director	90,000,000
2	Dang My Linh	BOD member	90,000,000
3	Dang Huong Cuong	BOD member	90,000,000
4	Cao Thi Que Anh	BOD member	90,000,000
5	Lee Chien Kuan	BOD member	90,000,000
6	Thai Tuan Chi	BOD member	90,000,000
II Supervision Committee			
1	Nguyen Tu Luc	Chief of SC	32,000,000
2	Le Anh Tuan	Member	32,000,000
3	Nguyen Thi Ngoc Linh	Member	32,000,000
TOTAL			636,000,000

Salary and bonus of the Board of Management

Total before-tax income & social insurance from salary and bonus of the Board of Management in 2015 was VND 3,931,300,740.

SUPERVISING ACTIVITIES OF THE BOARD OF MANAGEMENT

The BODs approved important decisions relating to STK's operation and commended the Managing Director to organize Annual Shareholder Meeting and implement as well as ASM's and BOD's Resolutions in according to Company's Charter and Enterprise Law.

REPORT ON CHANGE IN CHARTERED CAPITAL IN THE FISCAL YEAR 2015

Phát hành cổ phiếu để tăng vốn cổ phần từ nguồn vốn chủ sở hữu

On 26 March 2015, the AGSM passed Resolution NO 02-2015/NQ-ĐHĐCĐ/TK, which approved the new share issuance as follows:

- Number of issued shares: 42,305,336
- Number of new shares to be issued: 4,230,533
- Total value of new issued shares: 42,305,330
- At rate of 10%

The BODs hereby report to shareholders the result of share issuance, which was completed on 05 November 2015 as follows:

- Total shares before issuing: 42,305,336
- Number of issued shares: 4,230,499
- Number of shareholders to receive new shares: 348

Settlement of odd lot shares: number of new shares to be issued would be rounded down. The odd shares (if any) will be cancelled.

- Total number of issued shares as at 05 November 2015 was 46.535.83.

Chartered capital after issuing is VND 465,358,350,000.

PREVENTION OF INTEREST CONFLICT AND TRANSACTIONS WITH RELATED PARTIES

1. Prevention of interest conflict

Members of the BOD, Supervision Committee, Board of Management, and other managers ("Managers") must comply with the Article 33 of STK's charter regarding transparency and must avoid the interest conflict as follows:

1. Managers should not take advantages of company's opportunities for their self-interests. In addition, they should not take advantages of company's information for their self-interests or other organizations.
2. Managers have obligations to disclose to BODs all benefits, which they can get from other economic institutions, transactions or other individuals and which may conflict to company's interest.
3. The Company should not offer loans or guarantee to Managers and their related persons or related institutions in which the Managers have financial interests, unless the loans or the guarantees were approved by the general shareholder meeting.
4. A contract or transaction between the Company and one or several Managers, their related persons or institutions, will be valid in the following circumstances:
 - a. For the contract, which have value of being lower than 20% of total asset in recent financial statements, the key points of that transaction, relationships, and interests, which relate to Managers or member of the BOD, were reported to the BOD or its Committees. In addition, the transaction was approved by majority of the BOD members, who have no relevant interests.
 - b. For the contract which has value of being 20% higher than total asset in recent financial statements, the key points, relationships, and interests relating to Managers, were disclosed to and approved by shareholders who have no relevant interest.
 - c. Such a contract or transaction, which was considered by independent consultant as being fair and reasonable in all aspects in term of shareholders' interests or it was approved by the BOD, or shareholders.

2. Transactions with related parties

Related Parties	Relationship	Type	Value by VND
Unitex Corp.	Related party	Joint-venture	39,992,000,000
P.A.N Pacific Co., Ltd	Related party	Sales of goods	3,342,738,426
Lien An Trading & Investment JSC	Related party	Sales of goods	13,463,070,903

Note: the BOD passed resolutions to approve these transactions.



SUPERVISION COMMITTEE REPORT

1. REPORT OF SUPERVISION COMMITTEE IN 2015 - THE THIRD YEAR OF TENURE II FROM 2013 TO 2018

After AGSM, the SC set its working plan for 2015 year, which assigns the tasks for each SC's member and set target to hold minimum 03 meetings during the year in accordance with the Company's Charter as below (Please read more information in full annual report 2015 at company's website).

2. EVALUATION OF BUSINESS OPERATION AND FINANCIAL PERFORMANCE OF STK

2.1 Business results

KPIs	Budget 2015	Actual 2015	Actual / Budget	
(a)	(1)	(2)	(3) = (2) - (1)	2/1
1. Sale volumes DTY, FDY (Kg)	40,939	26,885	-14,054	66%
2. Revenues	1,695	1,035	-660	61%
3. Profit After Tax	116	71.3	-44.7	61%

2.1 Financial performance

Supervision Committee totally agreed with audited financial report for FY2015 by Ernst & Young Ltd. (Vietnam) with a general conclusion that the audited financial report reflects truly and fairly the Company's financial standings and performance as follows:

- Revenues: VND 1,035,486,717,187
- Cost of goods sold: VND 848,224,232,392
- Profit before tax: VND 86,647,057,959

of which:

- Operating profit: VND 85,905,024,327
- Other incomes: VND 742,033,63
- Profit before tax: VND 71,320,629,019
- Earnings per share (EPS): VND 1,537 VND

3. IMPLEMENTATION OF THE AGSM'S RESOLUTIONS:

TO IMPLEMENT TRANG BANG FACTORY - THE THIRD PHASE & FOURTH PHASES (PROGRESS, CAPITAL DRAWDOWN), TO CHOOSE AUDITING COMPANY, TO PAY DIVIDEND (DATE, RATE OF PAYMENT), TO ISSUE BONUS SHARES IN ORDER TO INCREASE CHARTERED CAPITAL FROM OWNERS' EQUITY.

3.1 Trang Bang Factory - the third phase: By 31 December 2015, the construction of Trang bang Factory - the third phase was completed with the capital expenditure of VND751 billion (USD 34.2 million) exceeding the budget (USD 33.9 million) by USD 0.3 million (1.14%). Certain asset items such as: factory, offices were officially commissioned in October 2015 and officially put into operation in November 2015.

The Company has already signed contracts for machineries and equipments purchase totally valued USD 10.9 million and the tentative installation is Q1 2016 ~ Q2 2016.

3.2 Auditing company: Ernst & Young Ltd.

3.3 Profit distribution: based on 2015 AGSM's resolutions profit after tax of VND 106,106,992,222 was distributed as follows:

- 2014 dividend by cash (at the rate of 15% chartered capital): VND 63,458,004,000.
- Retained earnings: VND 42,648,988,222.

3.4 Dividend and Bonus shares: STK executed in 2015:

- At the rate of 15% chartered capital: to pay dividend by cash from 2014 profit.
- At the rate of 10% chartered capital: to pay bonus share by increasing chartered capital from owners' equity. These additional shares were deposited with VSD and listed on HOSE.

3.5 Listing of STK's shares on Ho Chi Minh Stock Exchange (HOSE) in 2015.

3.6 BOD member resignation and appointment.

4. SUPERVISING ACTIVITIES OF BOD

- Supervision Committee continued to focus on risks management through reviewing the Company's rules and processes in accordance with the prevailing Enterprise Law and the Company's Charter and hence contributed ideas to improve procedures in order to prevent potential risks;
- Members of the Supervision Committee were invited to attend all the meetings of BODs to comprehend the business activities, investment situation and to make recommendations;
- Supervision Committee considered that STK complied with the prevailing accounting rules and standards. Supervision Committee did not receive any claims of shareholders about violation of any BOD members, SC members, and management team.
- Supervision Committee received BOD's reports and after discussions in SC meetings, SC totally agreed with BOD's reports.

5. BOD'S RESOLUTIONS

- To establish Representative Office at 102-104-106 Bau Cat Street, Ward 14, Tan Binh District.
- Progress of Yarn/Knitting/Dyeing Unitex Corp.: STK paid full rental payments and received land use right certificate.
- To change Business Certificate Number 14th edition on 23 November 2015 by HCM Department of Investment & Planning, increasing chartered capital to VND 465,358,350,000.
- To officially list STK's shares (Ticker: STK) at HOSE on 30/09/2015.

6. REMUNERATION FOR SUPERVISION COMMITTEE

Total remuneration for Supervision Committee in the year 2015 was VND 96,000,000, each member received VND 32,000,000.

7. SUPERVISION COMMITTEE'S SUGGESTIONS

Supervision Committee had no suggestions because STK is properly managed according to the prevailing regulations and Supervision Committee considered that there were no problems during its course of supervision

SUSTAINABILITY REPORT 2015

MESSAGE ON SUSTAINABLE DEVELOPMENT

Dear Shareholders, Customers, Partners and Relevant parties,

Sustainable Development Strategy of Century Synthetic Fiber Corporation ("STK") is to balance economic growth with social growth and environmental protection in order to ensure the Company's long-term growth. Besides the goal of economic development such as capital preservation and growth of profitability, STK also sets up the social development goals related to people and communities and protects the environment in order to improve the environment and prevent the exhaustion of the resources.

Therefore, the business operation of STK always adheres to the following principles:

- Encourage the compliance with ethical rules and best practices;
- Provide a safe working environment, health care and promotion opportunities for the employees;
- Encourage cultural diversity and equality in the workplace;
- To reduce the negative impacts on the environment;
- Create the development opportunities for local economic, society and communities.

2015 was a difficult year for fiber industry, in general, and STK, in particular. However, STK is still steadfast to its sustainable development model. We firmly believe that, with all employees' great efforts together with stakeholders' active supports, STK will continue to achieve stable growth in the future.



A. OVERVIEW

2015 is the first year that STK has published the Sustainability Report. To avoid repeating information, STK's Sustainability Report is written along with the Annual Report. With a focus on important topics regarding sustainable development, we hope that the report will provide brief but quality information to shareholders and investors.

The STK sustainability report is constructed based on the Global Reporting Initiative's standard, version G4.

Reporting period:

Be prepared for the fiscal year 2015 from the date 01/01/2015 and ending 31/12/2015).

Reporting cycle:

Annually performed.

Contact address (if any question):

Address: Road No 8, Trang Bang Industrial Zone, Tay Ninh Province, Vietnam.

Email: ir@century.vn

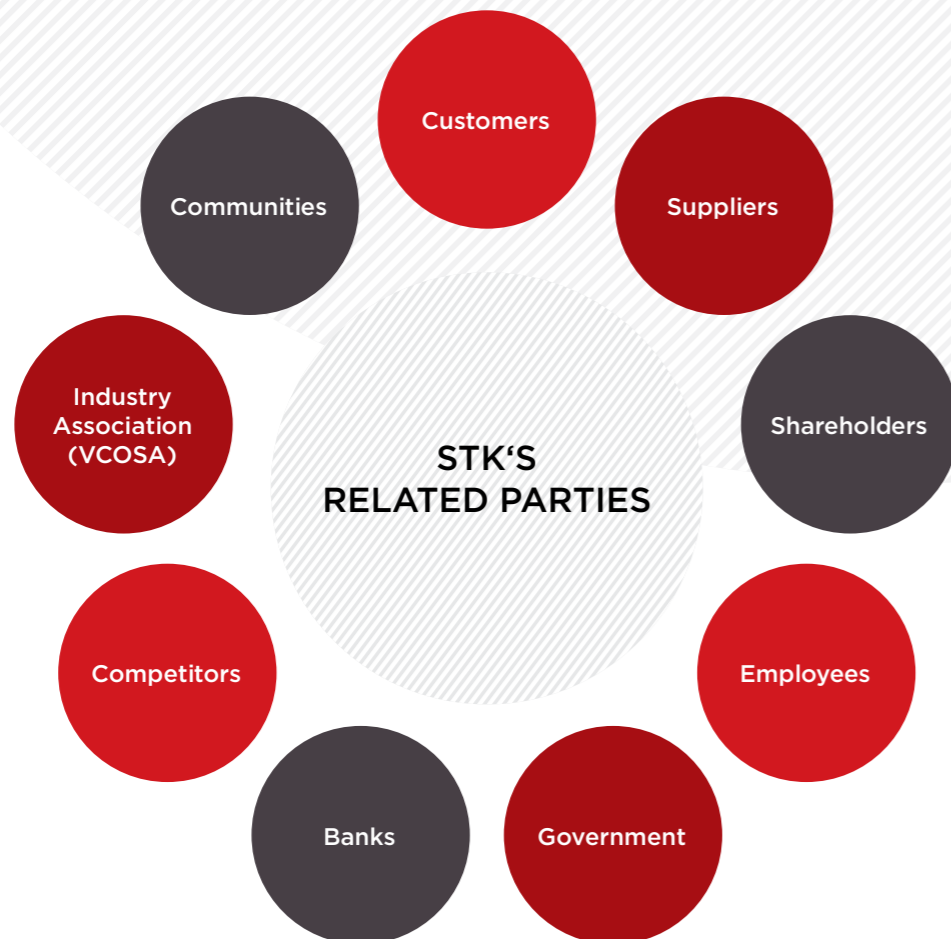
Telephone: (+84.66) 389 9537 (Ext: 113)

Report's scope and boundary:

The report is made in Vietnam regarding activities of Century Synthetic Fiber Corporation in the synthetic fiber industry.

Methods of determining the report content:

The report content is built up based on the major related parties' concerns and the business environment.



Key topics of The Sustainability Report:



Report assurance by third party:

STK adheres to the principles of honesty, accuracy and transparency regarding the disclosure of the data in the reports. Besides, the following data on STK 's operations have been assured by the third party to ensure the accuracy, reliability and comprehensiveness of the statistics:

- Information on waste treatment that been certified by the hazardous waste disposal companies.
- Information on energy saving that been certified by HCMC Energy Conservation Center.
- Information on the result of working environment that been certified by Consultancy Center of Occupational Safety Heath and Environmental Technology.
- Information on the result of environmental inspection that been certified by Center for Environment and Technology Services.
- Financial information that been audited by Ernst & Young.

B. CONTENT

I. TO BECOME A WORLDWIDE LEADING PIONEER IN TEXTILE SECTOR AND DEVELOPING INTO MULTI-BUSINESS FIELDS RELEVANT WITH OUR CORE BUSINESS

An aim to provide high quality products at a competitive prices and outstanding customer services, STK has applied the following solutions:



MODERN FACILITIES

- Machineries are provided by Oerlikon Barmag.
- SAP Business All-in-One.
- Plant Operation Center (POC).

SKILLFUL AND MOTIVATED WORKFORCE

- High standards for recruitment.
- Continuous training.



APPLIED MODERN MANAGEMENT PRACTICES

- ISO 9001 - 2008: To ensure all operations conform to the established procedures and industry standards.
- 5S: Organized a work space for safety, convenience, tidy and removing the unnecessary items in order to increase work productivity, reduce wasted time. 5S is the foundation for applying other modern methods such as Kaizen and LEAN.
- Kaizen: Constantly improve standard operating procedures to enhance the efficiency and product quality.
- Lean production is a systematic method which focus on eliminating waste, maximizing resources, shortening production cycle and increasing the ability to meet the customer 's technical specification.

II. CORPORATE GOVERNANCE

To manage and control the business operation in order to achieve the economic objectives, enhance the trust of the investors, STK always focuses on building the policies, the rules to define the rights and the obligations of related parties as well as the procedures for execution of those rights and obligations, the decision-making process.

Besides STK's Charter, Corporate Governance Rules, Information Disclosure Regulations and Financial Regulations, the Company also issues STK's Code of Conduct.

Ethical values of the Company

STK's member commits:

- Comply with the laws and the constitution of Vietnam.
- Comply with the rules and regulations in accordance with the Charter, Corporate Governance and other regulations issued by the Company.
- Promote principles such as information security, effective management, utilization and protection of the Company's assets.
- Act for the Company's optimum benefit and minimize the conflict of interest with the Company.
- Perform the responsibility towards the society and local communities in which the Company operates.
- Ensure fair and healthy competition, accurately and timely disclosure information to avoid causing damage to the rights and interests of relevant parties.
- Appreciate customers and always provide reasonable and useful solutions to satisfy customers' requirements.
- The employees, a valuable asset should be respected, treated fairly, taken care, trained and developed their abilities.

(Please read more information in full annual report 2015 at company's website)

Code of conduct with related parties

For shareholders:

Shareholder is an important part of the Company. Therefore, the relationship between STK and shareholders is always particularly focused in. STK always aligns the interests of shareholders with its sustainable development. STK commits to:

- Put the interests of the shareholders ahead, avoid the conflict of interests, ensures a safe investment, attractive dividend policy and sustainable returns for shareholders.
- Supply a diversified and effective communication channel. STK always meets requirements on information disclosure such as transparency, accuracy, clear and timely.
- Ensure equal treatment for all shareholders.
- Ensure confidential information of investors, shareholders, unless allowed by information owners or required by the authorities.

For Customers:

All activities of the Company aim to build the customers' strategic confidence, put the prestige and quality of products ahead, and constantly cultivate the relationships with the customers by the after-sales policies, customer care in accordance with the common standards accepted by both parties.

- The Company commits to treat fairly, truthful and respects the customers, builds the relationship based on mutual benefits.
- Aims to build and maintain the customers satisfaction at a high level, establishes a sustainable relationship by offering high quality product at a competitive price, timely and accurate shipment, excellent after sale services.
- Continuously improve and diversify products, offering optimal product selection for customers.
- Protect customer's business information.

For Employees:

Base on STK's value: "Developing together: Century's development is aligned with the prosperity of our partners, our staffs and the community", the employees are the Company's valuable assets. The Company always respects, treats fairly, takes care of the employees, and focuses on training and capacity development.

- The Company offers a competitive remuneration and welfare policies, commits to ensure fully legitimate benefits of employees under "Collective Labour Agreements", Labor Laws and other regulations of the State.
- The Company shall not use child labor, forced labor.
- The Company shall not discriminate against employees.
- The Company ensures the safe working environment, health care and legitimate regulations for the employees. The Company also focuses on training, creating promotion opportunities for employees.
- The Company evaluates the performance efficiency of staffs, encourages feedback, sharing aspirations and opinions from staffs for the development of the Company.

For Suppliers:

- The Company commits to treat all suppliers as equal, cooperate for mutual benefits, avoid the potential conflict of interests with suppliers.
- The company always adheres to the rules on tendering, negotiating and signing of contract.
- Do not share the confidential information of suppliers with their competitors.

For Competitors:

STK aims to improve the image and position of the Company in the industry, compete fairly on the high quality product and reasonable price. The Company always adheres to the following principle of competition:

- Compete fairly, transparently and legally: do not make incorrect or dishonest comments on the competitors' products and services, do not engage in activities to sabotage competitors.
- The Company commits to use the legal methods to collect information about competitors, not use illegal or immoral ways to collect information.



For Governments:

- The Company complies with the law and the constitution of Vietnam.
- Do not carry out negative behaviors to gain privileges and special benefits from the government, state agencies.
- Fulfill tax obligations and contribute to local budgets in accordance with prevailing regulations.

For Media:

- Reputation and prestige of the Company are important assets that all employees have to preserve and promote.
- We coordinate with media to help them understand the company and ensure that all information we provided is transparent, accurate and not misleading.
- Investor Relation is responsible for feedback, providing information on media. Other departments are not allowed to contact or answer any questions related to the Company.

To ensure the interests of shareholders and related parties, STK always complies with the laws, regulations, Corporate Governance Rules and Information Disclosure Regulations. *(Please read more information in full annual report 2015 at company's website).*

III. ENVIRONMENTAL PROTECTION

Environmental protection is one of the most important goals of STK. The Company complies with the regulations of environment protection such as: Environmental Protection Law: 55/2014/QH13, dated 23/06/2014, valid from 01/01/2015; Decree No. 80/2014/NĐ-CP dated 06/8/2014 by government about water irrigation and waste water treatment; Circular No. 12/2011/TT-BTNMT on hazardous waste and other regulations of environmental protection. The Company made a written commitment to protect the environment (for Cu Chi) and prepared the report on environmental impact (Trang Bang Factory), both of which were approved by the Authorities. Besides, the Company implements 5S to preserve the natural, green, clean and beautiful landscape and environment. To ensure that all operations are adhered to the laws, the Company has assigned an employee to be responsible for monitoring the environment and solving the problems timely.

In production, the Company has launched the "Green Production" program with the objective of minimizing environmental pollution and sewages, using recycled raw-materials, reducing the usage of natural resources, minimizing the environmental impacts by production activities.

1. Raw-material

Currently, about 90% raw materials of STK (PET chip, oil) are imported from major countries such as South Korea, Taiwan, Japan and Germany. Remaining small proportion (mainly paper tube and carton) was sourced from China and Vietnam. The quality of the raw-materials is always one of top requirements of the Company for the suppliers.

No	Material	Nation
1	Polyester Chip	Korean, Taiwan, Japan, China.
2	Oil	Taiwan, Japan, Germany
3	Paper tube	China, Vietnam, Taiwan
4	Carton box	Vietnam
5	Other components	Germany, Taiwan, Switzerland, China.

STK sets out three main objectives: (1) reducing the cost of raw-material, (2) using the raw-materials efficiently, (3) using environmentally friendly materials. In 2015, purchasing department is very active in strictly complying with the policy on material supplier selection, expanding network of suppliers, choosing substitute products, negotiating the contracts... to save the product costs, ensure the quality of raw-materials and reduce the proportion of wasted yarn.

The main raw-materials such as PET chip (a derivative of crude oil and gas), spinning oil, coning oil (both types of oils are cellulose based) are environmentally friendly materials so using them in the production process does not pollute the environment. The main suppliers such as Tainan, Kolon, Indorama, Schiller & Schneider, Matsumoto, Takemoto Oil & Fat Company Ltd. are the leading international companies who always comply with regulations on environmental protection.

In order to save the cost of products and use the raw-materials efficiently, STK always sets a norm for using raw-materials and the proportion of wasted yarn. Wasted yarn was sold to West Pacific Co. LTD. and another individual. It will be converted into glue before exporting to China.

In addition, STK pays tax of VND 900/kg for imported oil. The contractor, who bought the empty container of oil, must provide certificate for processing hazardous waste. With the aim of using the environmental friendly raw-materials, the Company has made a trial production of recycled yarn from recycled PET chip (PET chip was recycled from PET bottles), the result is very positive. According to the 2016 plan, the Company will manufacture recycled yarn with expected capacity of 1800 tons per year.

2. Energy

Saving energy is one of major concerns at STK. The Company has actively cooperated with HCMC Energy Conservation Center on energy audit, in order to find out the feasible energy saving plan for business units, hence developing a energy saving plan for 5 years through survey and collecting data. Besides, the Company also sets out the norms of electricity consumption for particular machineries, evaluates the performance by comparing the actual data with the norms, and takes timely measures to improve the energy efficiency.

Some energy saving techniques which have been implemented at CSF during the period 2013-2015 are as follows:

Improvement Solutions	Purpose	Result	Investment cost
Renovate 5 DTY M900 machines from DC motor to AC motor (using new generation inverter)	Improving production efficiency, using SSR to control heating and power-saving inverter.	The amount of electricity consumption saving: 360 kWh/day/2 machines The rate of electricity consumption saving: 2.14% compared with the purpose of using. Saving cost: VND 180,000,000/year	3,000,000,000
Switch off exhausters at extruder area. Open the door to get wind, there are 2 exhaust fans at the end of the room to suck the hot air out.	Switch off electrical equipments while ensuring ambient temperature, enhance longevity of machineries.	The amount of electricity consumption saving: 198.2 kWh/day. The rate of electricity consumption saving: 33%. Saving cost: VND 98,000,000/year	0
Renovate new burner nozzles for DTY machines. New specification is 1.2 mm (Old specification is 1.4 mm)	Saving compressed air in manufacturing DTY. Reducing airflow while ensuring the quality of DTY.	The amount of electricity consumption saving: 1,800 kWh/day. The rate of electricity consumption saving: 18% Saving cost: VND 900,000,000/year	800,000,000
Operate TEG vacuum furnace during off-peak hours.	To take advantage of lower prices during off-peak hours but not affecting production.	Cost saving percentage: 40%. Saving cost: VND 108,000 for each time.	0
Turn off lights alternately surrounding the factories at night.	Saving cost while ensuring brightness for the camera recording and protection of property.	Cost saving percentage: 26%. Saving cost: VND 851,148/month	0

Power-saving solutions in 2016

The Company sets a target to save 2% electricity consumption per day, equivalent to 3000 kWh/day in 2016. This target is based on the principles and specific actions such as investments of modern machineries for Trang Bang 3 and Trang Bang 4, and implementation of advanced power-saving solutions for Trang Bang 1 and Trang Bang 2 (Please read more information in full annual report 2015 at company's website).

3. Water usage

Source of water used at STK is clean and provided by Industrial Zone for production and human usage. The Company controls the water consumption norms. These norms are built at the beginning of the year, based on the production volume, power outage (20 times/ year), maintenance cycles, the procedure for changing the water used of AC reservoirs and cooling towers. This KPI is reported to the production departments and others.

In 2015, the Company implemented some improvement solutions as follows:

- Control water consumption per day and per shift (there are 3 shift per day) by monitoring the water usage per shift.
- When there is a major difference, the Company will investigate the cause in order to resolve it.
- Inform the other departments of the existing water use situation by monthly report.
- Reuse water from air compressors, AC reservoirs (Barnag).
- Adjust the propeller of cooling tower to reduce the evaporation and feed water.
- Coordinate with administration department to build the reservoir in order to contain water from the compressors, dryers for watering plants

	Unit	2013	2014	2015
Water consumption	m ³	145,137	161,901	212,481
Cost	VND	859,030,058	1,095,366,084	1,643,732,100
Rate	m ³ /ton	0.003	0.003	0.004

In 2015, the water consumption increased as compared to 2014. The reasons for this increase were as follows: As Trang Bang 3 plant was assembled with machinery and put into operations, the number of employees increased rapidly in 2015. In 2016, The Company will install the water clock to control the consumption for watering plants, washing vehicles and cafeterias.

In 2016, the Company is expected to launch solutions such as: reuse water of AC reservoirs, to reduce the water level of compressor, and to reduce the water level of air conditioner to save water. The Company is set the target as reducing by 30 m³/day for Trang Bang 1 and 2.

4. Policies against pollution

The Company carries out measures to prevent environmental pollution in accordance with the environmental protection law such as: Environmental monitoring is conducted four times yearly, working environment monitoring report, waste management control, emission monitoring. The Company usually checks the rain-water drainage system and waste water treatment system to ensure the quality of wastewater before discharging to wastewater treatment system of Industrial Zone (Please read more information in full annual report 2015 at company's website).

5. Working environment measurement

To avoid occupational diseases and to ensure employees' health, the Company coordinated with Consultancy Center of Occupational Safety Health and Environmental Technology to conduct measurements of working environment in order to determine the risks, take corrective measure to minimize the impact of these risks in working environment.

- **Measuring method:** The indexes, including microclimate, light, noise, dust, toxicant technical positions are measured by the technical routine method developed by Institute for Occupational and Environmental Health 2002 - Ministry of Health.
- **Applicable standards:**
 - Decision No.3733/2002/QĐ-BYT - Occupational Safety and Health Standards.
 - Vietnam standard 5508:2009 - microclimate in workplace air.

(Please read more information in full annual report 2015 at company's website).

IV. HUMAN RESOURCES DEVELOPMENTS

Target:

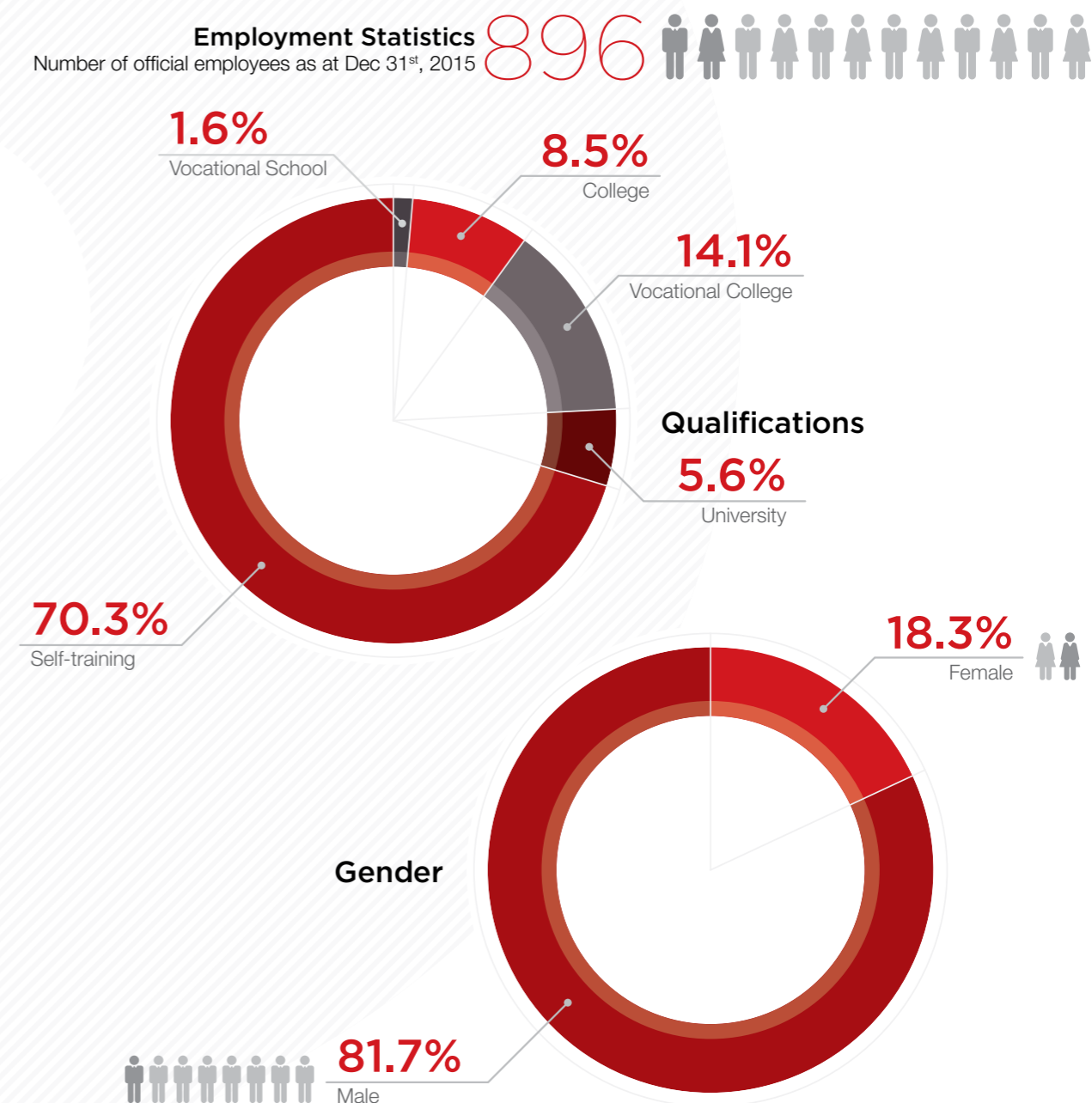
Maintain and enhance the quality of workforce to create a competitive advantage for the corporation.

Solutions and Implementation:

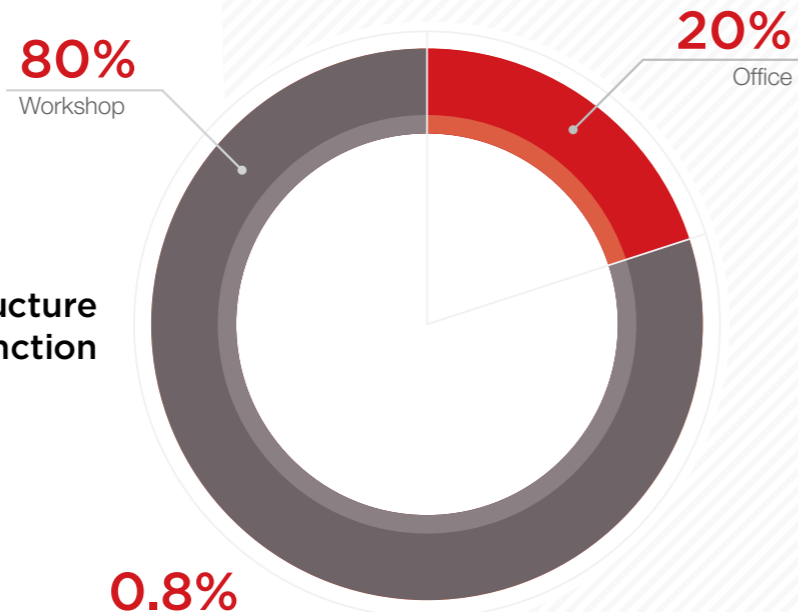
- Recruitment Policy;
- Remuneration policy;
- Training and promotion policy;
- Occupational health and safety policies.

1. RECRUITMENT POLICY

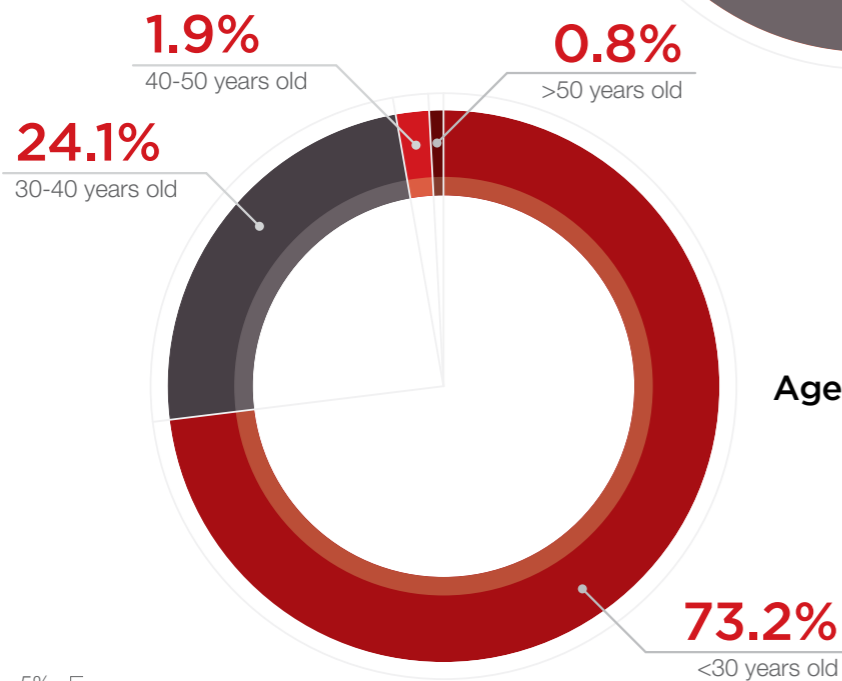
With an aim to build a high quality workforce, STK establishes a high standard for recruitment on education and discipline. Besides, the Company also sets out specific requirements for a particular position (example: the men will be prioritized for the heavy works or shift-work).



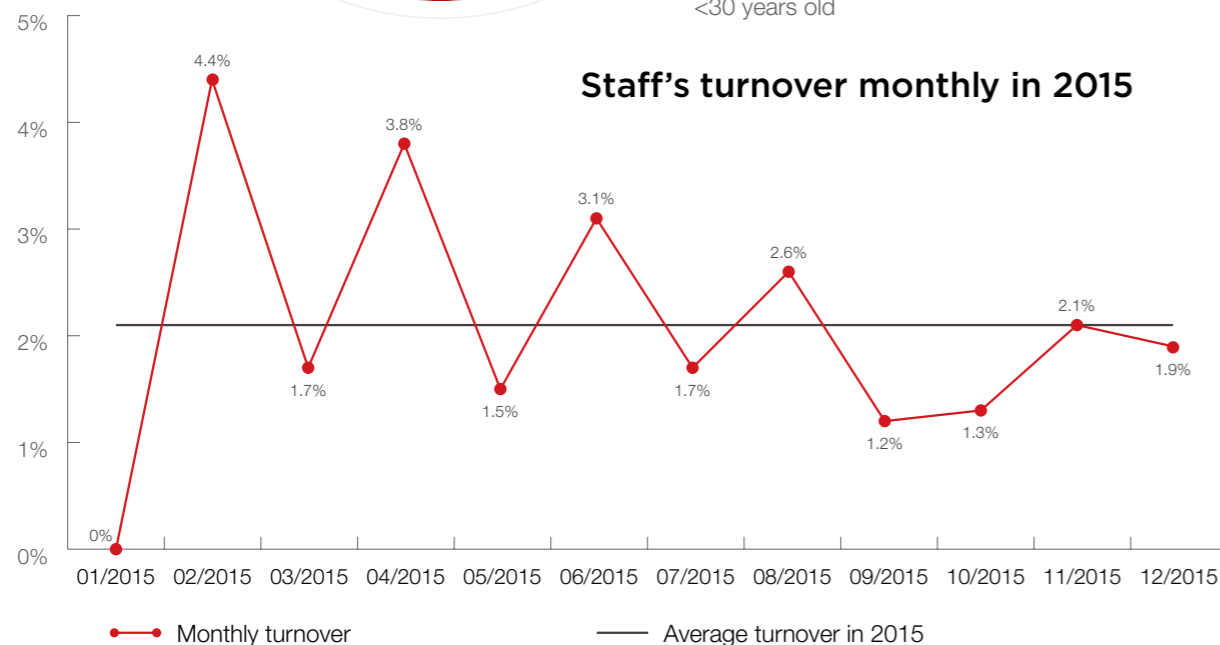
Personnel structure by function



Age structure



Staff's turnover monthly in 2015



2. EMPLOYMENT POLICIES

Most of employees have employment contracts. Depending on type of jobs and profile of each employee, STK will determine whether to apply a term contract or permanent contract for the employee.

Official working time is 8 hours per day and 6 days per week. Office staffs work from 08:00 to 17:00, from Monday to Saturday. Due to nature of production (24 hours per day), the production staffs will work on Sunday, holidays, and TET festival on 03 shifts. The workers will then have compensatory leaves on other days in week.

Basic Salary

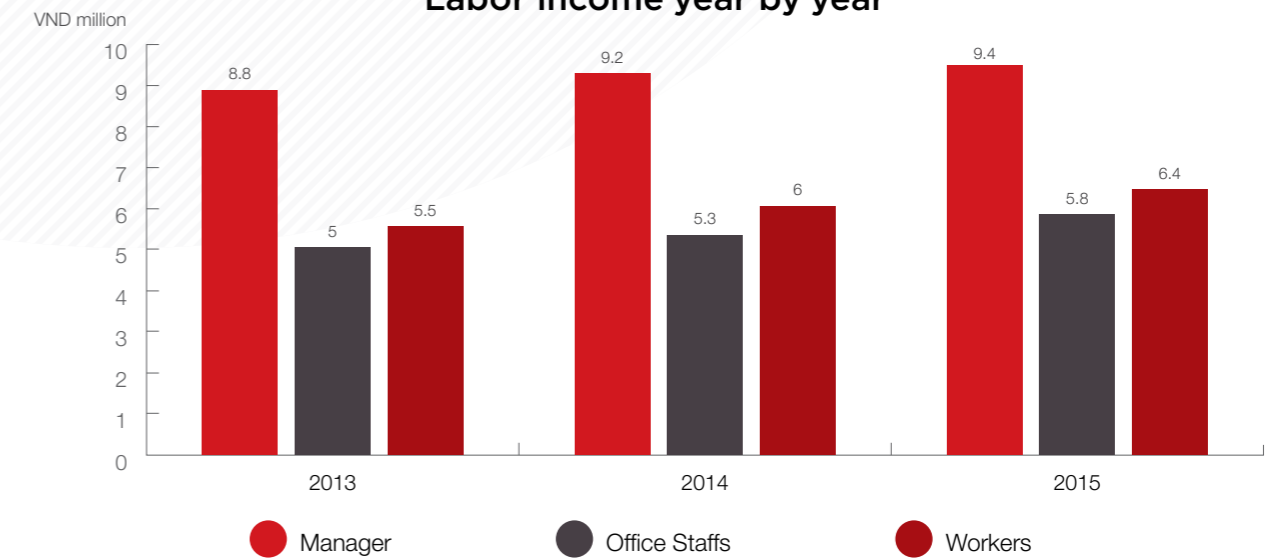
Based on the prevailing minimum salary applicable for the region, STK will adjust the salary formula and scales in accordance with the regulations, no discrimination of genders or regions. The basic salary is used for calculation of social insurance payment. In fact, the average income of particular position is always higher than the registered salary.

In 2015, the Company increased average basic salary by 10% as compared to 2014. In 2016, The Company will increase average salary by 10% for production staffs and adjust the average salary for office staffs based on the performance to maintain the Company's leading position in labor market as compared to its peers and companies in the regions.

Actual salary

<p>Office Staffs</p> <p>Based on nature of each position, STK will determine the salary scales.</p>	<p>Production Staffs</p> <p>Staffs will receive the salary, which is based on productivity. The productivity wages will be adjusted in accordance with STK's business performances from time to time.</p>
--	--

Labor income year by year



Bonus

According to the Company's salary and bonus policy, a staff will receive bonus on monthly basis if that individual achieves business target. There are different types of bonuses as follows:

- Performance bonus.
- Bonus for compliance with working rules.
- Extra performance bonus for production workers.
- Extra performance bonus for sales staffs.
- Extra performance bonus for purchasing staffs .
- Extra performance bonus of stevedoring/ warehouse/ forklift truck driver's positions.
- Bonus on national holidays.

Beside the monthly bonus as mentioned above, at the end of the year, STK will pay bonus to staffs:

- Tet holidays.
- Bonus on annual business performances.

Insurance policies

The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State's regulations. In addition, STK also buys the accident insurance 24/24 for all of staffs.

Welfares

STK provides free accommodation for staffs, whose home is more than 30 kilometers away from the workplace. Besides that, STK also provide free shift meals; allowance for heavy and unsafe work; annual leave; medical check; and other allowances such as night shift, mobile bill and gasoline, etc.

Company's collective labor agreement was made and registered with the Labor Administration Authority in accordance with law. The Company fully implements compulsory insurance schemes (social insurance and health insurance) for its employees on a timely basis to the Vietnam Social Security of Ho Chi Minh city. The proportion of employees who join collective labor agreement and compulsory insurance is 100%.



3. TRAINING AND PROMOTION

The basic content used for annual training: the basic knowledge, culture and products of the Company, ISO/5S/KAIZEN/SAP/POC, occupational safety, professional awareness, developing skill, training programs for shift leaders.

Training form: internal training and external training.

The Company always focuses on training. Besides new employee training programs, the Company also constantly re-trains for existing employees to ensure the skills, comply with standard operating procedure. In 2015, The Company strongly focused on training the shift leaders and existing employees, continuously developed the sharing culture by giving the managers and shift leaders responsibility for training employees, deployed LEAN training courses to apply for working in order to improve the productivity of employees and eliminate unnecessary waste. Thanks to sharing culture and internal training, the Company saved external training expense, reduced the actual training expense as compared to budget.

	2013	2014	2015
Number of training courses	12	29	45
Internal training	0	19	37
External training	12	10	8
Budget for training activities (VND)	361,309,733	465,400,000	809,733,599
Actual training expense (VND)	292,893,279	205,277,007	351,246,171
Rate of actual expense/budget (%)	81%	41%	43%

Promotion policy: STK always encourages and remains fair promotion policy for all employees. Qualified employees can apply for higher position. HR department will coordinate with the manager to monitor, orient and evaluate the candidates' ability for new position. If their skills reach 70% of the standards, they will be trained and placed on probation for 2 or 3 months before being officially appointed to higher position.

Year	2013	2014	2015
Number of employees promoted	14	22	39

4. WORK SAFETY

To avoid labor accidents, the Company trains about safety and hygiene at work for new employees. After that, the Company will periodically re-train for all staffs.

To cope with labor accidents, the Company periodically trains in first-aid procedure and hygiene related epidemic diseases for all departments. When there is an accident or medical emergency, the employees will be gave first aid before being transferred to Company's medical room. Depending on the type of injury/illness, the health officer of the Company will transfer the patients to the appropriate medical center for treatment.

Training about Safety and Hygiene at work	2013	2014	2015
Total trained employees	644	671	889
Safety & Hygiene cost			
Safety technical methods	-	131	135
Hygiene technical methods	-	57	58
Individual protective clothes	125	97	100
Labor healthcare	690	960	1,345
Communication, training	4.95	15.6	24
Others	-	-	-
Number of labor accidents	0	0	0
Total number of cases affected with occupational diseases	0	0	0

5. ACTIVITIES FOR EMPLOYEES' CHILDREN

In order to take care of employees' family, the Company often organizes amusement activities, rewards for employees' children annually. Specifically, the Company gave 348 gifts to the children on International Children Day 2015. Besides, at the end of the academy 2015, the Company also rewarded for nearly 60 children who have good academic results, each reward is worth from VND 500,000 to VND 1,000,000.



V. RESPONSIBLE FOR COMMUNITY - LOCAL REGION

STK often participates in the activities which organized by HEPZA or Industrial Zones Authorities, co-ordinates with local authorities to guarantee the safety, public security and businesses order, creates the jobs for local labors.

The Company contributed to the State budget as following:

Items	2015			
	Beginning balance	Recorded	Paid	Ending balance
CIT	5,294,170,014	16,294,005,240	21,692,943,962	(104,768,708)
VAT	-	5,107,685,617	3,607,679,680	1,500,005,937
Import-Export Tax	2,529,151,028	24,160,524	1,217,277,697	1,336,033,855
PIT	117,671,051	3,364,636,346	3,314,607,234	167,700,163
Other	13,305,600	695,563,200	708,868,800	-



FINANCIAL STATEMENTS

31 December 2015

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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::

Amended BRC No.	Date
4103003288 - 1 st	24 May 2007
4103003288 - 2 nd	12 September 2007
4103003288 - 3 rd	6 August 2008
4103003288 - 4 th	14 March 2009
4103003288 - 5 th	12 November 2009
0302018927 - 6 th	13 January 2010
0302018927 - 7 th	8 October 2010
0302018927 - 8 th	19 October 2011
0302018927 - 9 th	6 July 2012
0302018927 - 10 th	19 July 2013
0302018927 - 11 th	10 July 2014
0302018927 - 12 th	25 July 2014
0302018927 - 13 th	14 January 2015
0302018927 - 14 th	23 November 2015

On 11 June 2015, the Company submitted the initial listing registration documents to the Ho Chi Minh City Stock Exchange.

On 10 September 2015, Ho Chi Minh Stock Exchange (“HOSE”) issued listing registration certificate for the Company through Decision No. 410/QD-SGDHCM dated 10 September 2015. The Board of Directors approved the listing announcement of the Company on Ho Chi Minh Stock Exchange by Meeting Minutes No. 17-2015/BBHHDQT/TK dated 15 September 2015. Accordingly, the first trading date on HOSE was 30 September 2015 and the reference price of the first trading date was VND 29,000 per share. Par value is VND 10,000 per share.

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

Amended Investment Certificate No.	Date
45211000130 - 1 st	17 August 2009
45211000130 - 2 nd	27 May 2010
45211000130 - 3 rd	11 June 2010
45211000130 - 4 th	15 April 2011
45211000130 - 5 th	14 January 2014
45211000130 - 6 th	27 October 2014
0380478317 - 7 th	3 September 2015

The Company has a representative office which is located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, pursuant to Business Registration No. 0302018927-002 issued by the Department of Planning and Investment of Ho Chi Minh City on 30 March 2015.

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

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 ChienKuan	Member	
Mr Thai Tuan Chi	Member	
Ms Cao Thi Que Anh	Member	Appointed on 12 January 2015

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
Ms Nguyen Thi Ngoc Linh	Member
Mr Le Anh Tuan	Member

GENERAL DIRECTOR

General Director during the year and at the date of this report is Mr Dang Trieu Hoa.

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.

REPORT OF THE GENERAL DIRECTOR

The General Director of Century Synthetic Fiber Corporation (“the Company”) is pleased to present his report and the financial statements of the Company for the year ended 31 December 2015.

THE GENERAL DIRECTOR’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The General Director 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, the General Director 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.

The General Director 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. He 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.

The General Director confirmed that he has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY GENERAL DIRECTOR

I, The General Director of the Company, do hereby state that, in my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2015 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.



Dang Trieu Hoa
General Director
9 March 2016

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 9 March 2016 and set out on pages 6 to 35, which comprise the balance sheet as at 31 December 2015, and the income statement and cash flow statement for the year then ended and the notes thereto.

The General Director’s responsibility

The Company’s General Director 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 the General Director 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.

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 2015, 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



Lê Thị Tuyết Mai
Phó Tổng Giám đốc
Deputy General Director
Audit Practicing Registration Certificate
No: 1575-2013-004-1

Ho Chi Minh City, Vietnam
9 March 2016

Ngô Bửu Quốc Đạt
Kiểm toán viên

Auditor
Audit Practicing Registration Certificate
No: 2198-2013-004-1

BALANCE SHEET

as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		466,640,814,091	463,417,444,832
110	I. Cash and cash equivalents	4	6,582,910,835	148,163,520,136
111	1. Cash		6,582,910,835	20,298,520,136
112	2. Cash equivalents		-	127,865,000,000
130	II. Current accounts receivable		74,185,012,876	112,007,195,411
131	1. Short-term trade receivables	5	21,966,528,130	49,526,060,005
132	2. Short-term advances to suppliers	6	5,239,662,073	60,711,348,389
136	3. Other short-term receivables	7	46,820,175,380	1,488,229,552
139	4. Shortage of assets waiting for resolution		158,647,293	281,557,465
140	III. Inventories	8	356,170,304,563	183,506,950,504
141	1. Inventories		358,171,424,639	184,045,418,879
149	2. Provision for obsolete inventories		(2,001,120,076)	(538,468,375)
150	IV. Other current assets		29,702,585,817	19,739,778,781
151	1. Short-term prepaid expenses		3,839,965,800	6,213,378,919
152	2. Value-added tax deductible	17	25,757,851,309	13,526,399,862
153	3. Tax and other receivables from the State	17	104,768,708	-
200	B. NON-CURRENT ASSETS		1,252,417,576,983	781,535,198,363
220	I. Fixed assets		607,359,893,489	498,794,619,117
221	1. Tangible fixed assets	9	603,638,169,048	492,328,571,397
222	Cost		1,066,658,575,562	874,191,340,581
223	Accumulated depreciation		(463,020,406,514)	(381,862,769,184)
227	2. Intangible assets	10	3,721,724,441	6,466,047,720
228	Cost		13,834,916,387	13,834,916,387
229	Accumulated amortisation		(10,113,191,946)	(7,368,868,667)
240	II. Long-term assets in progress		563,438,286,564	245,318,865,542
242	1. Construction in progress	11	563,438,286,564	245,318,865,542
250	III. Other long-term assets		39,992,000,000	-
252	1. Investment in an associate	13	39,992,000,000	-
260	IV. Other long-term assets		41,627,396,930	37,421,713,704
261	1. Long-term prepaid expenses	14	38,760,817,186	35,522,710,260
262	2. Deferred tax assets	26.2	2,866,579,744	1,899,003,444
270	TOTAL ASSETS		1,719,058,391,074	1,244,952,643,195

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		1,029,281,024,074	570,135,332,123
310	I. Current liabilities		401,461,743,884	207,533,888,644
311	1. Short-term trade payables	15	176,315,367,767	143,401,284,862
312	2. Short-term advances from customers	16	8,319,539,830	6,993,191,400
313	3. Statutory obligations	17	3,173,448,409	7,954,297,693
314	4. Payables to employees		9,171,028,452	10,845,779,461
315	5. Short-term accrued expenses	18	8,307,164,948	7,013,230,059
319	6. Other short-term payables		3,697,859,771	3,477,398,912
320	7. Short-term loans	19	189,906,160,985	25,927,315,002
322	8. Bonus and welfare fund		2,571,173,722	1,921,391,255
330	II. Non-current liabilities		627,819,280,190	362,601,443,479
331	1. Long-term trade payables	15	-	155,183,680,160
338	2. Long-term loans	19	627,450,827,440	207,105,841,360
342	3. Long-term provision		368,452,750	311,921,959
400	D. OWNERS' EQUITY		689,777,367,000	674,817,311,072
410	I. Capital	20.1	689,777,367,000	674,817,311,072
411	1. Share capital		465,358,350,000	423,053,360,000
411a	- Shares with voting rights		465,358,350,000	423,053,360,000
412	2. Share premium		35,297,435,379	40,026,904,470
415	3. Treasury shares		-	(11,826,900,000)
418	4. Investment and development fund		1,219,011,000	1,219,011,000
421	5. Undistributed earnings		187,902,570,621	222,344,935,602
421a	- Undistributed earnings up to the end of prior year		116,581,941,602	116,237,943,380
421b	- Undistributed earnings of current year		71,320,629,019	106,106,992,222
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,719,058,391,074	1,244,952,643,195



Preparer
Le Thi Lieu
Ho Chi Minh City, Vietnam
9 March 2016



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa

INCOME STATEMENT

for the year ended 31 December 2015

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	21.1	1,035,486,717,187	1,457,929,229,273
02	2. Deductions	21.1	(50,380,093)	(412,068,800)
10	3. Net revenue from sale of goods	21.1	1,035,436,337,094	1,457,517,160,473
11	4. Cost of goods sold		(848,224,232,392)	(1,244,748,364,250)
20	5. Gross profit from sale of goods		187,212,104,702	212,768,796,223
21	6. Financial income	21.2	13,843,654,980	2,125,649,412
22	7. Financial expenses	22	(52,915,101,730)	(12,542,188,393)
23	In which: Interest expense		(5,123,473,125)	(7,583,538,770)
24	8. Selling expenses	23	(24,084,824,273)	(31,645,142,564)
25	9. General and administration expenses	24	(38,150,809,352)	(35,290,327,400)
30	10. Operating profit		85,905,024,327	135,416,787,278
31	11. Other income		946,353,587	844,878,635
32	12. Other expenses		(204,319,955)	(97,424,148)
40	13. Other profit		742,033,632	747,454,487
50	14. Profit before tax		86,647,057,959	136,164,241,765
51	15. Current corporate income tax expense	26.1	(16,294,005,240)	(30,898,342,161)
52	16. Deferred tax income	26.2	967,576,300	841,092,618
60	17. Net profit after tax		71,320,629,019	106,106,992,222
70	18. Basic earnings per share	28	1,537	2,458
71	19. Diluted earnings per share	28	1,537	2,458

Preparer
Le Thi LieuHo Chi Minh City, Vietnam
9 March 2016Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

CASH FLOW STATEMENT

for the year ended 31 December 2015

VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Profit before tax		86,647,057,959	136,164,241,765
<i>Adjustments for:</i>				
02	Depreciation and amortisation		84,850,311,480	81,873,050,003
03	Provision		1,462,651,701	538,468,375
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	22	30,790,696,756	3,101,124,321
05	Profits from investing activities		(680,652,638)	(879,269,334)
06	Interest expense	22	5,123,473,125	7,583,538,770
08	Operating profit before changes in working capital		208,193,538,383	228,381,153,900
09	Decrease in receivables		24,501,437,098	42,034,799,931
10	(Increase) decrease in inventories		(174,126,005,760)	26,266,384,289
11	Decrease in payables		(113,867,587,557)	(73,606,922,392)
12	Increase in prepaid expenses		(1,604,195,123)	(3,750,991,718)
13	Interest paid		(15,949,238,817)	(7,560,359,902)
14	Corporate income tax paid	26.1	(21,692,943,962)	(34,976,515,619)
15	Other cash inflows from operating activities		216,892,380	104,816,283
16	Other cash outflows for operating activities		(551,137,639)	(5,331,274,230)
20	Net cash from operating activities		(94,879,240,997)	171,561,090,542
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase and construction of fixed assets		(499,758,611,252)	(112,693,964,450)
22	Proceeds from disposals of fixed assets		45,000,000	116,000,000
25	Payments for investment to other entity		(39,992,000,000)	-
27	Interest received		681,123,303	763,269,334
30	Net cash used in investing activities		(539,024,487,949)	(111,814,695,116)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Capital contribution and issuance of shares	20.1	7,339,430,909	70,026,904,470
33	Drawdown of borrowings		824,952,869,244	137,704,306,866
34	Repayment of borrowings		(276,462,602,742)	(175,482,586,944)
35	Payment of finance lease liabilities		-	(19,633,277,448)
36	Dividends paid	20.2	(63,429,461,250)	-
40	Net cash from financing activities		492,400,236,161	12,615,346,944

CASH FLOW STATEMENT [continued]

for the year ended 31 December 2015

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents		(141,503,492,785)	72,361,742,370
60	Cash and cash equivalents at beginning of year		148,163,520,136	75,562,455,154
61	Impact of exchange rate fluctuation		(77,116,516)	239,322,612
70	Cash and cash equivalents at end of year	4	6,582,910,835	148,163,520,136



Preparer
Le Thi Lieu
Ho Chi Minh City, Vietnam
9 March 2016



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2015

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:

Amended BRC No.	Date
4103003288 - 1 st	24 May 2007
4103003288 - 2 nd	12 September 2007
4103003288 - 3 rd	6 August 2008
4103003288 - 4 th	14 March 2009
4103003288 - 5 th	12 November 2009
0302018927 - 6 th	13 January 2010
0302018927 - 7 th	8 October 2010
0302018927 - 8 th	19 October 2011
0302018927 - 9 th	6 July 2012
0302018927 - 10 th	19 July 2013
0302018927 - 11 th	10 July 2014
0302018927 - 12 th	25 July 2014
0302018927 - 13 th	14 January 2015
0302018927 - 14 th	23 November 2015

On 11 June 2015, the Company submitted the initial listing registration documents to the Ho Chi Minh City Stock Exchange.

On 10 September 2015, Ho Chi Minh Stock Exchange ("HOSE") issued listing registration certificate for the Company through Decision No. 410/QD-SGDHCM dated 10 September 2015. The Board of Directors approved the listing announcement of the Company on Ho Chi Minh Stock Exchange by Meeting Minutes No. 17-2015/BBHHDQT/TK dated 15 September 2015. Accordingly, the first trading date on HOSE was 30 September 2015 and the reference price of the first trading date was VND 29,000 per share. Par value is VND 10,000 per share.

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

Amended Investment Certificate No.	Date
45211000130 - 1 st	17 August 2009
45211000130 - 2 nd	27 May 2010
45211000130 - 3 rd	11 June 2010
45211000130 - 4 th	15 April 2011
45211000130 - 5 th	14 January 2014
45211000130 - 6 th	27 October 2014
0380478317 - 7 th	3 September 2015

The Company has a representative office which is located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, pursuant to Business Registration Certificate No. 0302018927-002 issued by the Department of Planning and Investment of Ho Chi Minh City on 30 March 2015.

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

The number of the Company' employees as at 31 December 2015 was 896 (31 December 2014: 733).

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 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 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 Change in accounting policies and disclosures

The accounting policies adopted by the Company in preparation of the financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2014, except for the change in the accounting policy in relation to adoption of Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system as follows:

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system (“Circular 200”) replacing Decision No. 15/2006/QD-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies set out under Circular 200 to the Company’s financial statements are applied on a prospective basis as Circular 200 does not require for retrospective application. The Company also reclassifies certain corresponding figures of prior period following the presentation of the current period’s financial statements in accordance with Circular 200 as disclosed in Note 30.

3.2 Cash and cash equivalents

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

3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials	cost of purchase on a weighted average basis.
Finished goods	cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

3.4 Receivables

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

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

3.5 Fixed assets

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

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.

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 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 Borrowing cost

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial 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 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.

3.9 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, which are carried at cost.

3.10 Investment

Investment in an associate

Investments in associates over which the Company 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 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 in capital of 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 and decreases to the provision balance are recorded as finance expense in the income statement.

3.11 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being 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. 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.

3.13 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates. At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conduct transactions regularly;
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conduct transactions regularly.

All realised and unrealised foreign exchange differences are taken to the income statement.

3.14 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.

Investment and development fund

This fund is set aside for use in the Company'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 balance sheet.

3.15 Treasury shares

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

3.16 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 unless collectability is in doubt.

3.17 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.

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.

4. CASH AND CASH EQUIVALENTS

VND

	Ending balance	Beginning balance
Cash on hand	65,758,843	36,853,724
Cash in banks	6,517,151,992	20,261,666,412
Cash equivalents	-	127,865,000,000
TOTAL	6,582,910,835	148,163,520,136

5. SHORT-TERM TRADE RECEIVABLES

VND

	Ending balance	Beginning balance
Due from other parties	21,453,733,380	48,522,183,372
BIREL Tekstil Sanayi Ve Ticaret Ltd.Sti	6,296,093,867	-
TONG SIANG Co., Ltd	4,420,786,193	3,875,070,260
Y.R.C. Textile Co., Ltd	4,174,941,355	11,423,972,077
GULCEK Tekstil Sanayi Ve Ticaret Ltd.Sti	4,091,666,475	873,416,728
Others	2,470,245,490	32,349,724,307
Due from a related party (Note 27)	512,794,750	1,003,876,633
TOTAL	21,966,528,130	49,526,060,005

6. SHORT-TERM ADVANCE TO SUPPLIERS

VND

	Ending balance	Beginning balance
OERLIKON Textile Far East Ltd	2,167,300,000	45,286,527,960
Indorama Polyester Industries Public Co.,Ltd	1,843,288,650	-
Others	1,229,073,423	15,424,820,429
TOTAL	5,239,662,073	60,711,348,389

7. OTHER SHORT-TERM RECEIVABLES

VND

	Ending balance	Beginning balance
Payment on behalf	45,959,975,781	-
Advance to employees	13,000,000	2,500,000
Other receivables	847,199,599	1,485,729,552
TOTAL	46,820,175,380	1,488,229,552

In which:

Other receivable from a related party (Note 27)	45,959,975,781	-
Other receivables from other parties	860,199,599	1,488,229,552

8. INVENTORIES

VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	247,600,344,694	(2,001,120,076)	97,814,484,052	(538,468,375)
Raw materials	80,139,941,948	-	55,975,288,762	-
Goods in transit	30,431,137,997	-	30,255,646,065	-
TOTAL	358,171,424,639	(2,001,120,076)	184,045,418,879	(538,468,375)

Detail of movements of provision for obsolete inventories:

VND

	Current year	Previous year
Opening balance	(538,468,375)	-
Add: Provision created during the year	(1,825,925,646)	(538,468,375)
Less: Reversal of provision during the year	363,273,945	-
Ending balance	(2,001,120,076)	(538,468,375)

9. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost:					
Beginning balance	150,598,256,568	660,991,507,589	62,315,221,616	286,354,808	874,191,340,581
Newly purchase	-	449,216,000	-	322,727,273	771,943,273
Transfer from construction in progress	118,103,355,022	25,828,983,533	44,031,647,481	4,026,707,351	191,990,693,387
Disposal	(47,401,679)	-	(248,000,000)	-	(295,401,679)
Ending balance	268,654,209,911	687,269,707,122	106,098,869,097	4,635,789,432	1,066,658,575,562
<i>In which:</i>					
Fully depreciated	12,311,542,400	61,187,811,258	2,709,787,475	129,348,192	76,338,489,325
Accumulated depreciation:					
Beginning balance	66,359,007,140	288,907,535,686	26,433,384,907	162,841,451	381,862,769,184
Depreciation for the year	13,133,600,874	59,320,596,053	8,746,543,287	165,746,671	81,366,486,885
Disposal	(6,320,224)	-	(202,529,331)	-	(208,849,555)
Ending balance	79,486,287,790	348,228,131,739	34,977,398,863	328,588,122	463,020,406,514
Net carrying amount:					
Beginning balance	84,239,249,428	372,083,971,903	35,881,836,709	123,513,357	492,328,571,397
Ending balance	189,167,922,121	339,041,575,383	71,121,470,234	4,307,201,310	603,638,169,048
<i>In which:</i>					
Pledged as loan security (Note 19.2)	173,469,851,217	221,847,068,183	56,206,192,363	-	451,523,111,763

10. INTANGIBLE ASSETS

	VND Computer software
Cost:	
Beginning balance and ending balance	13,834,916,387
<i>In which:</i>	
Fully amortised	113,300,000
Accumulated amortisation:	
Beginning balance	7,368,868,667
Amortisation for the year	2,744,323,279
Ending balance	10,113,191,946
Net carrying amount:	
Beginning balance	6,466,047,720
Ending balance	3,721,724,441

11. CONSTRUCTION IN PROGRESS

	Ending balance	Beginning balance
Machinery and equipment	547,549,611,051	244,671,300,236
Capitalized interest expense(Note 12)	11,082,364,971	242,124,306
Testing costs	4,400,869,542	-
Others	405,441,000	405,441,000
TOTAL	563,438,286,564	245,318,865,542
<i>In which:</i>		
Trang Bang phase 3 Project	563,032,845,564	244,913,424,542
Others	405,441,000	405,441,000

As disclosed in Note 19.2, the Company has pledged the machinery and equipment to secure the bank loan facilities.

12. CAPITALIZED BORROWING COSTS

During the year, the Company capitalized borrowing costs amounting to VND 11,082,364,971 (for the year ended 31 December 2014: VND 242,124,306). These costs relate to borrowings taken to finance the construction of phase 3 at the Company's Trang Bang Branch. The capitalized borrowing costs comprise interests only.

13. INVESTMENT IN AN ASSOCIATE

	Ending balance		Beginning balance	
	% of interest	Cost (VND)	% of interest	Cost (VND)
Investment in Unitex Corporation	49.99	39,992,000,000	-	-

Unitex Corporation (“Unitex”) 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. 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 the date of this report, Unitex is in the stage of getting approval for the plan for construction and development.

14. LONG-TERM PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Land rental (land use rights) (*)	28,660,151,098	28,948,319,116
Others	10,100,666,088	6,574,391,144
TOTAL	38,760,817,186	35,522,710,260

(*) As disclosed in Note 19.2, the Company has pledged the land use rights to secure the bank loan facilities.

15. TRADE PAYABLES

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Short-term				
Due to other parties	176,315,367,767	176,315,367,767	143,401,284,862	143,401,284,862
ITOCHU Corporation	67,518,253,320	67,518,253,320	67,560,686,976	67,560,686,976
PT. INDORAMA Polychem Indonesia	42,303,446,834	42,303,446,834	-	-
Tang Nghi Luc Co., Ltd	26,087,871,656	26,087,871,656	-	-
KOLON Global Corporation	15,386,753,900	15,386,753,900	21,774,175,724	21,774,175,724
Others	25,019,042,057	25,019,042,057	54,066,422,162	54,066,422,162
Long-term				
Due to other parties	-	-	155,183,680,160	155,183,680,160
OERLIKON Textile Far East Ltd	-	-	131,599,982,780	131,599,982,780
HONG YAN Engineering Co., Ltd.	-	-	23,583,697,380	23,583,697,380
TOTAL	176,315,367,767	176,315,367,767	298,584,965,022	298,584,965,022

16. SHORT-TERM ADVANCE FROM CUSTOMERS

	VND	
	Ending balance	Beginning balance
Universal Star Corporation	3,004,167,232	-
Huge - Bamboo Enterprise Co., Ltd	2,000,164,416	-
Golden Empire Limited	1,489,204,115	-
Others	1,826,004,067	6,993,191,400
TOTAL	8,319,539,830	6,993,191,400

17. STATUTORY OBLIGATIONS

	VND			
	Beginning balance	Payable for the year	Payment/net-off in the year	Ending balance
Payables				
Corporate income tax (Note 26.1)	5,294,170,014	16,294,005,240	(21,588,175,254)	-
Import and export duties	2,529,151,028	24,160,524	(1,217,277,697)	1,336,033,855
Personal income tax	117,671,051	3,364,636,346	(3,314,607,234)	167,700,163
Value-added tax	-	90,901,355,169	(89,231,640,778)	1,669,714,391
Other	13,305,600	692,563,200	(705,868,800)	-
TOTAL	7,954,297,693	111,276,720,479	(116,057,569,763)	3,173,448,409
Receivables				
Value-added tax deductible	13,526,399,862	85,672,947,252	(73,441,495,805)	25,757,851,309
Corporate income tax (Note 26.1)	-	104,768,708	-	104,768,708
TOTAL	13,526,399,862	85,777,715,960	(73,441,495,805)	25,862,620,017

18. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
Sales commission	5,103,956,311	3,124,592,045
Utility expenses	2,210,854,055	2,322,269,055
Interest expense	692,623,607	436,024,328
Professional services fee	105,725,397	240,220,166
Others	194,005,578	890,124,465
TOTAL	8,307,164,948	7,013,230,059

19. LOANS

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Loans from banks	25,927,315,002	25,927,315,002	346,511,407,744	(233,709,513,942)	144,023,760,985	144,023,760,985
Current portion of long-term loans	-	-	88,635,488,800	(42,753,088,800)	45,882,400,000	45,882,400,000
Long-term						
Loans from banks	207,105,841,360	207,105,841,360	478,441,461,500	(88,635,488,800)	627,450,827,440	627,450,827,440
TOTAL	233,033,156,362	233,033,156,362	913,588,358,044	(365,098,091,542)	817,356,988,425	817,356,988,425

19.1 Short-term loans from banks

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

Bank	Ending balance (VND)	Original amount (USD)	Term and maturity date	Interest rate (p.a)	Description of collateral;
Joint Stock Commercial Bank for Foreign Trade of Vietnam	71,986,140,236	3,196,611	01/01/2016 to 30/06/2016	1.7%	Unsecured
Vietnam Joint Stock Commercial Bank for Industry and Trade	53,901,015,769	2,393,525	02/01/2016 to 23/06/2016	1.7%	Unsecured
Vietnam Commercial Joint Stock Export Import Bank	15,205,500,918	675,215	01/01/2016 to 08/03/2016	1.7%	Unsecured
CTBC Bank Co., Ltd	2,931,104,062	130,158	28/03/2016	1.7%	Unsecured
TOTAL	144,023,760,985	6,395,509			

19.2 Long-term loans from banks

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

Ending balance (VND)	Original amount (USD)	Term and maturity date	Interest rate (p.a)	Description of collateral
Dong A Joint Stock Commercial Bank				
H.0217-13	95,172,267,440	01/03/2012 to 01/03/2019	3.00%	Assets funded by loans including imported machinery and equipment (stage 2). Total assets value is USD 12,100,000.
H.1422-15	12,250,000,000	16/01/2016 to 16/10/2019	2.44%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans.
H.1022-14	7,460,000,000	15/01/2016 to 15/10/2019	2.69%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans.
Vietnam Export and Import Joint Stock Commercial Bank				
3.00%	17,970,960,000	20/07/2012 to 20/04/2018	3.00%	Assets funded by loans including land use right, building and structures, and machineries at Trang Bang, Tay Ninh Province
2.53%	540,480,000,000	28/01/2017 to 28/10/2021	2.53%	
TOTAL	673,333,227,440	29,938,074		

In which:

Current portion	1,970,000
Long-term loans	27,968,074

20. OWNERS' EQUITY

20.1 Increases and decreases in owners' equity

	Share capital	Share premium	Treasury shares	Financial reverse fund	Investment and development fund	Undistributed earnings	Total
Previous year:							
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
Dividend declared	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
Current year:							
Beginning 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
Reclassification (Note 30)	-	-	-	(1,219,011,000)	1,219,011,000	-	-
Increase in capital (**)	42,304,990,000	(242,000,000)	-	-	-	(42,304,990,000)	(242,000,000)
Re-issuance of treasury shares (*)	-	(4,487,469,091)	11,826,900,000	-	-	-	7,339,430,909
Net profit for the year	-	-	-	-	-	71,320,629,019	71,320,629,019
Dividend declared	-	-	-	-	-	(63,458,004,000)	(63,458,004,000)
Ending balance	465,358,350,000	35,297,435,379	-	-	1,219,011,000	187,902,570,621	689,777,367,000

(*) On 17 April 2015, the Company reissued 491,234 treasury shares. This issuance was executed under the Resolution of Board of Directors Meeting No. 01-2015/NQ-HDQT dated 12 January 2015 and No. 06-2015/NQ-HDQT dated 3 March 2015. The result of reissuance was reported to the State Securities Commission ("SSC") on 22 April 2015.

(**) On 11 November 2015, the Company issued 4,230,499 shares to increase share capital from undistributed earnings. This issuance was executed under the Board of Directors Meeting No. 19-2015/BBH-HDQT/TK date 11 November 2015 and approved by the SSC through the Letter No. 6512/UBCK-QLPH dated 15 October 2015. The result of issuance was reported to SSC on 11 November 2015. As at 31 December 2015, the share capital of the Company increased to VND 465,358,350,000 which was approved by the Department of Planning and Investment of Ho Chi Minh City as per the amended Business Certificate dated 23 November 2015.

20.2 Capital transactions with owners and distribution of dividends, profits

VND

	Current year	Previous year
Issued share capital		
Beginning balance	423,053,360,000	315,425,840,000
Share issuance	42,304,990,000	107,627,520,000
Ending balance	465,358,350,000	423,053,360,000
Dividends declared	(63,458,004,000)	(46,576,560,000)
Dividend paid in cash	(63,429,461,250)	-
Stock dividend	-	(46,576,560,000)

20.3 Shares

VND

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	46,535,835	465,358,350,000	42,305,336	423,053,360,000
Issued shares				
<i>Issued and paid-up shares</i>	46,535,835	465,358,350,000	42,305,336	423,053,360,000
Ordinary shares	46,535,835	465,358,350,000	42,305,336	423,053,360,000
Treasury shares				
<i>Held by the Company</i>	-	-	(491,234)	(4,912,340,000)
Ordinary shares	-	-	(491,234)	(4,912,340,000)
Shares in circulation				
Ordinary shares	46,535,835	465,358,350,000	41,814,102	418,141,020,000

21. REVENUE

21.1 Revenue from sale of goods

VND

	Current year	Previous year
Gross revenue	1,035,486,717,187	1,457,929,229,273
Less: Sales returns	(50,380,093)	(412,068,800)
Net revenue	1,035,436,337,094	1,457,517,160,473

21.2 Financial income

VND

	Current year	Previous year
Realised foreign exchange gains	13,162,531,677	1,362,380,078
Interest income	681,123,303	763,269,334
TOTAL	13,843,654,980	2,125,649,412

22. FINANCIAL EXPENSES

VND

	Current year	Previous year
Interest expense	5,123,473,125	7,583,538,770
Realised foreign exchange losses	17,000,931,849	1,857,525,302
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	30,790,696,756	3,101,124,321
TOTAL	52,915,101,730	12,542,188,393

22. SELLING EXPENSES

VND

	Current year	Previous year
Transportation expense	11,288,948,526	18,171,368,705
L/C fee and document	6,278,889,510	8,120,577,474
Commission fee	5,389,705,721	4,055,257,446
Other expenses	1,127,280,516	1,297,938,939
TOTAL	24,084,824,273	31,645,142,564

24. GENERAL AND ADMINISTRATION EXPENSES

VND

	Current year	Previous year
Labour costs	17,800,976,103	15,920,765,416
Expenses for external services	9,897,039,502	8,845,234,819
Depreciation expenses	3,517,094,767	3,311,307,386
Tools and equipment	3,350,865,946	3,726,288,741
Other expenses	3,584,833,034	3,486,731,038
TOTAL	38,150,809,352	35,290,327,400

25. PRODUCTION AND OPERATING COSTS

VND

	Current year	Previous year
Raw materials	733,487,334,581	961,014,354,207
Labour costs	71,730,746,556	67,584,487,809
Depreciation and amortisation (Notes 9 and 10)	81,101,897,351	81,048,824,606
Expenses for external services	163,057,257,927	194,477,621,343
Other expenses	13,847,594,282	7,558,546,249
TOTAL	1,063,224,830,697	1,311,683,834,214

26. CORPORATE INCOME TAX

For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 22% (2014: 22%) of taxable profit.

For the Trang Bang Branch, the Company is in clarification with the local tax authorities on the applicable tax incentives. At the date of these financial statements, the Company has not yet received clear guidance from the local tax authorities regarding this matter. For the year ending 31 December 2015, the Company applies the rate of 10% (a reduction of 50% on applicable CIT rate of 20%) of taxable profit (2014: 22%).

The tax returns filed by the Company 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.

26.1 Current tax

VND

	Current year	Previous year
Current tax expense	16,294,005,240	30,898,342,161
Deferred tax income	(967,576,300)	(841,092,618)
TOTAL	15,326,428,940	30,057,249,543

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:

VND

	Current year	Previous year
Profit before tax	86,647,057,959	136,164,241,765
<i>Adjustments:</i>		
Difference in recognition of exported revenue	(426,216,523)	415,565,922
Change in provision for obsolete inventories	1,462,651,701	538,468,375
Change in accrual for commission expenses	1,941,488,262	1,635,399,473
Change in accrual for severance pay	56,530,791	(41,405,000)
Change in accrual for annual leave	840,427,677	515,254,022
Change in foreign exchange differences	508,301,004	(500,547,635)
Unrealised profit recorded by Branch	9,800,108,173	1,260,413,108
Non-deductible expenses	1,837,495,427	1,360,122,655
Estimated current taxable profit	102,667,844,471	141,347,512,685
Estimated current CIT	15,999,060,511	31,096,452,791
Under (over) CIT accrual for previous year	294,944,729	(198,110,630)
	16,294,005,240	30,898,342,161
CIT payable at beginning of year	5,294,170,014	9,372,343,472
CIT paid during the year	(21,692,943,962)	(34,976,515,619)
CIT (overpaid) payable at end of year	(104,768,708)	5,294,170,014

26.2 Deferred tax

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

VND

	Balance sheet		Income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unrealised profit	1,193,660,139	933,449,502	260,210,637	277,290,884
Accrual for expenses	1,009,941,435	683,808,161	326,133,274	359,787,884
Accrual for annual leave	188,741,787	113,355,884	75,385,903	113,355,884
Accrual for severance pay	73,690,550	68,622,831	5,067,719	(9,109,100)
Provision for obsolete inventory	400,224,015	118,463,043	281,760,972	118,463,043
Difference in recognition of exported revenue	(2,130,120)	91,424,503	(93,554,623)	91,424,503
Foreign exchange differences	2,451,938	(110,120,480)	112,572,418	(110,120,480)
	2,866,579,744	1,899,003,444		
Net deferred tax credit to income statement			967,576,300	841,092,618

27. TRANSACTIONS WITH RELATED PARTIES

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

VND

Related parties	Relationship	Transactions	Current year	Previous year
Unitex Corporation	Related party	Contribution capital	39,992,000,000	-
LIANTEX Co., Ltd.	Related party	Sale of goods	13,463,070,903	6,370,556,492
P.A.N Asia Co., Ltd	Related party	Sale of goods	3,342,738,426	7,345,661,934

Details of remuneration of the Board of Directors and management during the year (an increase of 4 members as compared with previous year) are as below:

VND

	Current year	Previous year
Salaries and related expenses	5,768,479,115	2,154,309,109

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made based on negotiated contract.

Outstanding balances at are unsecured, interest free and will be settled in cash.

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

VND

	Relationship	Transaction	Ending balance	Beginning balance
Trade receivable (Note 5)				
P.A.N Asia Co., Ltd	Related party	Sale of goods	317,116,972	1,003,876,633
LIANTEX Co., Ltd.	Related party	Sale of goods	195,677,778	-
			512,794,750	1,003,876,633
Other short-term receivable (Note 7)				
Unitex Corporation	Associate	Payment on behalf	45,959,975,781	-

28. EARNINGS PER SHARE

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

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

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

VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	71,320,629,019	106,106,992,222
Weighted average number of ordinary shares for basic earnings per shares	46,393,175	43,167,889
Earnings per share (<i>par value of VND 10,000/ share</i>)		
- Basic	1,537	2,458
- Dilution	1,537	2,458

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 2014 was adjusted to reflect the 4,230,499 shares issued in 2015 from undistributed earnings (Note 20.1).

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.

29. 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

	Ending balance	Beginning balance
Less than 1 year	769,410,622	941,631,080
From 1 to 5 years	2,621,642,488	2,019,807,040
More than 5 years	17,283,309,785	16,469,480,859
TOTAL	20,674,362,895	19,430,918,979

30. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the financial statements for the year ended 31 December 2014 have been reclassified to reflect the presentation of the current year's financial statements in accordance with Circular 200. Details are as follows:

VND

	Previous year (previously presented)	Impact of reclassification	Beginning balance (reclassified)
CASH FLOW STATEMENT			
Depreciation and amortisation	81,048,824,606	824,225,397	81,873,050,003
Decrease in receivables	32,728,967,456	9,305,832,475	42,034,799,931
Increase in prepaid expenses	(2,926,766,321)	(824,225,397)	(3,750,991,718)
Other cash inflows from operating activities	208,339,278,655	(208,234,462,372)	104,816,283
Other cash outflows for operating activities	(204,259,904,127)	198,928,629,897	(5,331,274,230)
BALANCE SHEET			
Other receivables	1,485,729,552	2,500,000	1,488,229,552
Shortage of assets waiting for resolution	-	281,557,465	281,557,465
Other current assets	284,057,465	(284,057,465)	-
Other long-term liabilities	311,921,959	(311,921,959)	-
Long-term provision	-	311,921,959	311,921,959
Investment and development fund	-	1,219,011,000	1,219,011,000
Financial reverse fund	1,219,011,000	(1,219,011,000)	-

31. 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.

32. OFF BALANCE SHEET ITEM

	Ending balance	Beginning balance
Foreign currency: United States Dollar (USD)	235,934	855,484

33. 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 Lieu
Ho Chi Minh City, Vietnam
9 March 2016



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa

