

# **Century Synthetic Fiber Corporation**

Interim financial statements

30 June 2016



# Century Synthetic Fiber Corporation

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# Century Synthetic Fiber Corporation

## GENERAL INFORMATION

### THE COMPANY

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

<i>Amended BRC No.</i>	<i>Date</i>
4103003288 – 1 <sup>st</sup>	24 May 2007
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0302018927 – 14 <sup>th</sup>	23 November 2015
0302018927 – 15 <sup>th</sup>	15 June 2016

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:

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0380478317 – 7 <sup>th</sup>	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.

# Century Synthetic Fiber Corporation

## GENERAL INFORMATION (continued)

### BOARD OF DIRECTORS

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

Mr Dang Trieu Hoa	Chairman
Mr Dang Huong Cuong	Member
Ms Dang My Linh	Member
Mr Lee Chien Kuan	Member
Mr Thai Tuan Chi	Member
Ms Cao Thi Que Anh	Member

### BOARD OF SUPERVISION

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

Mr Nguyen Tu Luc	Head
Ms Nguyen Thi Ngoc Linh	Member
Mr Le Anh Tuan	Member

### GENERAL DIRECTOR

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

### LEGAL REPRESENTATIVE

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

### AUDITORS

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



# Century Synthetic Fiber Corporation

## REPORT OF THE GENERAL DIRECTOR

The General Director of Century Synthetic Fiber Corporation ("the Company") is pleased to present his report and the interim financial statements of the Company for the six-month period ended 30 June 2016.

### THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim 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 interim financial statements.

### STATEMENT BY GENERAL DIRECTOR

The General Director of the Company, does hereby state that, in his opinion, the accompanying interim financial statements give a true and fair view of the interim financial position of the Company as at 30 June 2016 and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim financial statements.



Dang Trieu Hoa  
General Director

Ho Chi Minh City, Vietnam

10 August 2016





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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position of the Company as at 30 June 2016, and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of interim financial statements.

### Ernst & Young Vietnam Limited



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Le Vu Trường  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1588-2013-004-1

Ho Chi Minh City, Vietnam

10 August 2016

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INTERIM BALANCE SHEET  
as at 30 June 2016

VND

Code	ASSETS	Notes	30 June 2016	31 December 2015
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>441,789,694,410</b>	<b>466,640,814,091</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>16,809,384,573</b>	<b>6,582,910,835</b>
111	1. Cash		11,809,384,573	6,582,910,835
112	2. Cash equivalents		5,000,000,000	-
<b>130</b>	<b>II. Current accounts receivable</b>		<b>137,300,739,170</b>	<b>74,185,012,876</b>
131	1. Short-term trade receivables	5	89,581,469,849	21,966,528,130
132	2. Short-term advances to suppliers	6	1,045,359,608	5,239,662,073
136	3. Other short-term receivables	7	46,516,391,590	46,820,175,380
139	4. Shortage of assets waiting for resolution		157,518,123	158,647,293
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>264,357,103,523</b>	<b>356,170,304,563</b>
141	1. Inventories		267,072,642,122	358,171,424,639
149	2. Provision for obsolete inventories		(2,715,538,599)	(2,001,120,076)
<b>150</b>	<b>IV. Other current assets</b>		<b>23,322,467,144</b>	<b>29,702,585,817</b>
151	1. Short-term prepaid expenses		5,462,148,121	3,839,965,800
152	2. Value-added tax deductible	17	17,825,347,723	25,757,851,309
153	3. Tax and other receivables from the State	17	34,971,300	104,768,708
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,477,010,440,333</b>	<b>1,252,417,576,983</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>840,450,670,040</b>	<b>607,359,893,489</b>
221	1. Tangible fixed assets	9	838,101,107,239	603,638,169,048
222	Cost		1,354,962,905,026	1,066,658,575,562
223	Accumulated depreciation		(516,861,797,787)	(463,020,406,514)
227	2. Intangible assets	10	2,349,562,801	3,721,724,441
228	Cost		13,834,916,387	13,834,916,387
229	Accumulated amortisation		(11,485,353,586)	(10,113,191,946)
<b>240</b>	<b>II. Long-term asset in progress</b>		<b>556,024,752,629</b>	<b>563,438,286,564</b>
242	1. Construction in progress	11	556,024,752,629	563,438,286,564
<b>250</b>	<b>III. Long-term investment</b>		<b>39,992,000,000</b>	<b>39,992,000,000</b>
252	1. Investment in an associate	13	39,992,000,000	39,992,000,000
<b>260</b>	<b>IV. Other long-term assets</b>		<b>40,543,017,664</b>	<b>41,627,396,930</b>
261	1. Long-term prepaid expenses	14	38,376,122,503	38,760,817,186
262	2. Deferred tax assets	26.2	2,166,895,161	2,866,579,744
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,918,800,134,743</b>	<b>1,719,058,391,074</b>



INTERIM BALANCE SHEET (continued)  
as at 30 June 2016

VND

Code	RESOURCES	Notes	30 June 2016	31 December 2015
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,220,333,604,224</b>	<b>1,029,281,024,074</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>462,362,183,910</b>	<b>401,461,743,884</b>
311	1. Short-term trade payables	15	240,187,142,836	176,315,367,767
312	2. Short-term advances from customers	16	13,023,939,564	8,319,539,830
313	3. Statutory obligations	17	987,788,732	3,173,448,409
314	4. Payables to employees		9,885,761,705	9,171,028,452
315	5. Short-term accrued expenses	18	7,753,720,487	8,307,164,948
319	6. Other short-term payables		3,477,504,938	3,697,859,771
320	7. Short-term loans	19	185,877,049,379	189,906,160,985
322	8. Bonus and welfare funds		1,169,276,269	2,571,173,722
<b>330</b>	<b>II. Non-current liabilities</b>		<b>757,971,420,314</b>	<b>627,819,280,190</b>
338	1. Long-term loans	19	757,563,581,180	627,450,827,440
342	2. Long-term provision		407,839,134	368,452,750
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>698,466,530,519</b>	<b>689,777,367,000</b>
<b>410</b>	<b>I. Capital</b>	<b>20.1</b>	<b>698,466,530,519</b>	<b>689,777,367,000</b>
411	1. Share capital		535,160,240,000	465,358,350,000
411a	- Shares with voting rights		535,160,240,000	465,358,350,000
412	2. Share premium		35,297,435,379	35,297,435,379
418	3. Investment and development fund		1,219,011,000	1,219,011,000
421	4. Undistributed earnings		126,789,844,140	187,902,570,621
421a	- Undistributed earnings up to the end of prior period		94,832,763,121	116,581,941,602
421b	- Undistributed earnings of current period		31,957,081,019	71,320,629,019
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,918,800,134,743</b>	<b>1,719,058,391,074</b>

Preparer  
Le Thi Lieu

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa




10 August 2016

INTERIM INCOME STATEMENT  
for the six-month period ended 30 June 2016

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
01	1. Revenue from sale of goods	21.1	663,689,368,944	630,391,883,876
02	2. Deductions	21.1	(176,144,111)	(46,481,853)
10	3. Net revenue from sale of goods	21.1	663,513,224,833	630,345,402,023
11	4. Cost of goods sold		(595,704,747,659)	(514,160,448,143)
20	5. Gross profit from sale of goods		67,808,477,174	116,184,953,880
21	6. Financial income	21.2	8,956,391,423	7,928,187,380
22	7. Financial expenses	22	(8,783,615,242)	(20,407,123,860)
23	<i>In which: Interest expense</i>		(6,268,558,713)	(2,501,958,765)
25	8. Selling expenses	23	(13,404,903,156)	(14,764,764,130)
26	9. General and administration expenses	24	(20,682,391,330)	(18,816,378,407)
30	10. Operating profit		33,893,958,869	70,124,874,863
31	11. Other income		878,549,307	440,134,484
32	12. Other expenses		(44,528,832)	(68,223,455)
40	13. Other profit		834,020,475	371,911,029
50	14. Profit before tax		34,727,979,344	70,496,785,892
51	15. Current corporate income tax expense	26.1	(2,071,213,742)	(17,138,792,572)
52	16. Deferred tax (expense) income	26.2	(699,684,583)	1,227,813,386
60	17. Net profit after tax		31,957,081,019	54,585,806,706
70	18. Basic earnings per share	28	597	1,023
71	19. Diluted earnings per share	28	597	1,023

  
Preparer  
Le Thi Lieu

  
Chief Accountant  
Phan Nhu Bich



10 August 2016



INTERIM CASH FLOW STATEMENT  
for the six-month period ended 30 June 2016

VND


Code	ITEMS	Notes	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Profit before tax		<b>34,727,979,344</b>	<b>70,496,785,892</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		56,700,895,880	40,499,498,699
03	Provision		714,418,523	245,010,402
04	Foreign exchange (gains) losses arising from revaluation of monetary accounts denominated in foreign currency		(5,797,787,094)	11,270,638,982
05	Profits from investing activities		(654,355,176)	(475,901,974)
06	Interest expense	22	6,268,558,713	2,501,958,765
08	<b>Operating profit before changes in working capital</b>		<b>91,959,710,190</b>	<b>124,537,990,766</b>
09	(Increase) decrease in receivables		(54,417,545,858)	16,381,970,679
10	Decrease (increase) in inventories		91,098,782,517	(37,938,938,818)
11	Increase (decrease) in payables		63,147,350,694	(179,320,581,930)
12	(Increase) decrease in prepaid expenses		(1,591,147,046)	1,030,687,093
13	Interest paid		(11,496,805,460)	(5,172,861,859)
14	Corporate income tax paid	26.1	(1,217,328,650)	(10,664,071,382)
15	Other cash inflows from operating activities		211,486,494	34,664,741,308
16	Other cash outflows for operating activities		(291,341,006)	(34,916,770,011)
20	<b>Net cash from (used in) operating activities</b>		<b>177,403,161,875</b>	<b>(91,397,834,154)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(276,880,270,471)	(442,394,913,795)
22	Proceeds from disposals of fixed assets		454,545,454	-
25	Payments for investment in another entity		-	(7,468,652,342)
27	Interest received	21.2	199,809,722	475,901,974
30	<b>Net cash used in investing activities</b>		<b>(276,225,915,295)</b>	<b>(449,387,664,163)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares	20.1	-	7,339,430,909
33	Drawdown of borrowings	19	443,587,481,245	571,617,542,982
34	Repayment of borrowings	19	(311,464,850,966)	(61,944,980,965)
36	Dividends paid	20.2	(23,093,312,750)	(63,458,004,000)
40	<b>Net cash from financing activities</b>		<b>109,029,317,529</b>	<b>453,553,988,926</b>





INTERIM CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 June 2016

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
50	Net increase (decrease) in cash and cash equivalents for the period		10,206,564,109	(87,231,509,391)
60	Cash and cash equivalents at beginning of period		6,582,910,835	148,163,520,136
61	Impact of exchange rate fluctuation		19,909,629	228,303,784
70	Cash and cash equivalents at end of period		16,809,384,573	61,160,314,529


  
Preparer  
Le Thi Lieu


  
Chief Accountant  
Phan Nhu Bich


  
General Director  
Dang Trieu Hoa

10 August 2016

## NOTES TO THE FINANCIAL STATEMENTS

as at and for the six-month period ended 30 June 2016

**1. CORPORATE INFORMATION**

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

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0302018927 – 15 <sup>th</sup>	15 June 2016

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:

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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 30 June 2016 was 921 (31 December 2015: 896).



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

## 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 Standard No. 27 – Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

### 2.2 *Applied accounting documentation system*

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

### 2.3 *Fiscal year*

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

### 2.4 *Accounting currency*

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Cash and cash equivalents*

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

### 3.2 *Inventories*

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

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

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

**3.2 Inventories (continued)**

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 inventories owned by the Company, based on appropriate evidence of impairment available at the interim balance sheet date.

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

**3.3 Receivables**

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

The provision for doubtful debts represents amounts of outstanding receivables at the interim balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administration expense in the interim income statement.

**3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

**3.5 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation.

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

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

**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 period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

**3.8 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim 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 interim balance sheet date.

**3.10 Investment**

*Investment in an associate*

Investment 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 interim 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 interim income statement.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

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

#### 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 period for all employees who have been in service up for more than 12 months 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. Increase or decrease to the accrued amount other than actual payment to employees will be taken to the interim 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 period, 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; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conduct transactions regularly.

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

#### 3.14 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

##### *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.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

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

**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 periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the interim balance sheet date.

Current income tax is charged or credited to the interim income statement, except when it relates to items recognised directly to equity, in which case the 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 interim balance sheet date between the tax base of assets and liabilities and their carrying amount for interim 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 interim balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each interim balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

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

**3.17 Taxation**

*Deferred tax (continued)*

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

**4. CASH AND CASH EQUIVALENTS**

	VND	
	30 June 2016	31 December 2015
Cash on hand	123,375,894	65,758,843
Cash in banks	11,686,008,679	6,517,151,992
Cash equivalent (*)	5,000,000,000	-
<b>TOTAL</b>	<b><u>16,809,384,573</u></b>	<b><u>6,582,910,835</u></b>

(\*) Cash equivalent represents a short-term deposit at Vietnam Commercial Joint Stock Export Import Bank with original maturity of less than three (3) months and earn interest at the rate of 5.1% per annum.

**5. SHORT-TERM TRADE RECEIVABLES**

	VND	
	30 June 2016	31 December 2015
Due from other parties	64,783,349,395	21,453,733,380
- Y.R.C. Textile Co., Ltd	8,084,112,708	4,174,941,355
- Ecofil Dis Ticaret AS	7,237,101,334	-
- Harput Tekstil San. Ve Tic AS	7,166,686,699	872,835,697
- Gain Lucky Vietnam Co., Ltd	5,579,688,811	-
- Formosa Taffeta Co., Ltd	5,481,426,211	1,555,620,117
- Paarang Co., Ltd	3,709,757,423	697,916,583
- Aslanlar Ar-Ge Hizmetleri Optik	3,416,485,461	821,338,986
- Others	24,108,090,748	13,331,080,642
Due from related parties (Note 27)	24,798,120,454	512,794,750
<b>TOTAL</b>	<b><u>89,581,469,849</u></b>	<b><u>21,966,528,130</u></b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016**6. SHORT-TERM ADVANCE TO SUPPLIERS**

	VND	
	30 June 2016	31 December 2015
OERLIKON Textile Far East Ltd	-	2,167,300,000
Indorama Polyester Industries Public Co.,Ltd	-	1,843,288,650
Others	1,045,359,608	1,229,073,423
<b>TOTAL</b>	<b><u>1,045,359,608</u></b>	<b><u>5,239,662,073</u></b>

**7. OTHER SHORT-TERM RECEIVABLES**

	VND	
	30 June 2016	31 December 2015
Payment on behalf	45,961,835,781	45,959,975,781
Social insurance	527,515,285	512,107,075
Advance to employees	25,746,000	13,000,000
Other receivables	1,294,524	335,092,524
<b>TOTAL</b>	<b><u>46,516,391,590</u></b>	<b><u>46,820,175,380</u></b>
<i>In which:</i>		
<i>Due from a related party (Note 27)</i>	45,961,835,781	45,959,975,781
<i>Due from other parties</i>	554,555,809	860,199,599

**8. INVENTORIES**

	VND			
	30 June 2016		31 December 2015	
	Cost	Provision	Cost	Provision
Finished goods	158,640,844,541	(2,715,538,599)	247,600,344,694	(2,001,120,076)
Raw materials	82,179,111,360	-	80,139,941,948	-
Goods in transit	26,252,686,221	-	30,431,137,997	-
<b>TOTAL</b>	<b><u>267,072,642,122</u></b>	<b><u>(2,715,538,599)</u></b>	<b><u>358,171,424,639</u></b>	<b><u>(2,001,120,076)</u></b>

**Detail of movements of provision for obsolete inventories:**

	VND	
	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
At beginning of period	(2,001,120,076)	(538,468,375)
Add: Provision made during the period	(714,418,523)	(245,010,402)
At end of period	<b><u>(2,715,538,599)</u></b>	<b><u>(783,478,777)</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

### 9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
<b>Cost:</b>					
As at 31 December 2015	268,654,209,911	687,269,707,122	106,098,869,097	4,635,789,432	1,066,658,575,562
Transfer from construction in progress	-	243,185,821,609	46,252,191,414	-	289,438,013,023
Reclassification	-	-	322,727,273	(322,727,273)	-
Disposal	-	-	(1,133,683,559)	-	(1,133,683,559)
As at 30 June 2016	268,654,209,911	930,455,528,731	151,540,104,225	4,313,062,159	1,354,962,905,026
<i>In which:</i>					
Fully depreciated	12,311,542,400	61,090,332,058	3,394,862,021	166,208,678	76,962,945,157
<b>Accumulated depreciation:</b>					
As at 31 December 2015	79,486,287,790	348,228,131,739	34,977,398,863	328,588,122	463,020,406,514
Depreciation for the period	7,930,521,694	38,599,614,968	7,903,716,115	541,222,055	54,975,074,832
Disposal	-	-	(1,133,683,559)	-	(1,133,683,559)
As at 30 June 2016	87,416,809,484	386,827,746,707	41,747,431,419	869,810,177	516,861,797,787
<b>Net carrying amount:</b>					
As at 31 December 2015	189,167,922,121	339,041,575,383	71,121,470,234	4,307,201,310	603,638,169,048
As at 30 June 2016	181,237,400,427	543,627,782,024	109,792,672,806	3,443,251,982	838,101,107,239
<i>In which:</i>					
Pledged as loan security (Note 19.2)	-	205,997,267,367	51,830,581,228	-	257,827,848,595



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016**10. INTANGIBLE ASSETS**

	VND
	<i>Computer software</i>
<b>Cost:</b>	
As at 31 December 2015 and at 30 June 2016	<u>13,834,916,387</u>
<i>In which:</i>	
<i>Fully amortised</i>	113,300,000
<b>Accumulated amortisation:</b>	
As at 31 December 2015	10,113,191,946
Amortisation for the period	<u>1,372,161,640</u>
As at 30 June 2016	<u>11,485,353,586</u>
<b>Net carrying amount:</b>	
As at 31 December 2015	<u>3,721,724,441</u>
As at 30 June 2016	<u>2,349,562,801</u>

**11. CONSTRUCTION IN PROGRESS**

	VND	
	30 June 2016	31 December 2015
Machinery and equipment	523,722,920,916	547,549,611,051
Capitalized interest expense	7,426,734,302	11,082,364,971
Testing costs	24,257,337,583	4,400,869,542
Others	617,759,828	405,441,000
<b>TOTAL</b>	<u><b>556,024,752,629</b></u>	<u><b>563,438,286,564</b></u>
<i>In which:</i>		
<i>Trang Bang Project - phase 3</i>	399,934,924,422	563,032,845,564
<i>Trang Bang Project - phase 4</i>	155,472,068,379	-
<i>Others</i>	617,759,828	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 period, the Company capitalized borrowing costs amounting to VND 5,144,208,617 (for the six-month period ended 30 June 2015: VND 3,800,459,927). 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

### 13. INVESTMENT IN AN ASSOCIATE

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	<i>% of interest</i>	<i>Cost VND</i>	<i>% of interest</i>	<i>Cost VND</i>
Unitex Corporation	<u>49.99</u>	<u>39,992,000,000</u>	<u>49.99</u>	<u>39,992,000,000</u>

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

	<i>VND</i>	
	<i>30 June 2016</i>	<i>31 December 2015</i>
Land rental (land use rights) (*)	28,249,283,205	28,660,151,098
Others	<u>10,126,839,298</u>	<u>10,100,666,088</u>
<b>TOTAL</b>	<b><u>38,376,122,503</u></b>	<b><u>38,760,817,186</u></b>

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

15. SHORT-TERM TRADE PAYABLES

	30 June 2016		31 December 2015		VND
	Amount	Amount payable	Amount	Amount payable	
Tainan Spinning Co., Ltd	129,052,651,200	129,052,651,200	-	-	-
Far Eastern New Century Corporation	37,993,689,665	37,993,689,665	-	-	-
ITOCHU Corporation	30,261,739,320	30,261,739,320	67,518,253,320	67,518,253,320	67,518,253,320
PT. INDORAMA Polyochem Indonesia	19,475,632,000	19,475,632,000	42,303,446,834	42,303,446,834	42,303,446,834
Others	23,403,430,651	23,403,430,651	66,493,667,613	66,493,667,613	66,493,667,613
<b>TOTAL</b>	<b>240,187,142,836</b>	<b>240,187,142,836</b>	<b>176,315,367,767</b>	<b>176,315,367,767</b>	<b>176,315,367,767</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

## 16. SHORT-TERM ADVANCE FROM CUSTOMERS

	VND	
	30 June 2016	31 December 2015
Treasure Star International Limited	3,478,119,550	-
Eclat Fabric Vietnam Company Limited	3,350,789,353	466,637
Golden Empire International Limited	1,347,974,623	1,489,204,115
Others	4,847,056,038	6,829,869,078
<b>TOTAL</b>	<b><u>13,023,939,564</u></b>	<b><u>8,319,539,830</u></b>

## 17. STATUTORY OBLIGATIONS

	VND			
	31 December 2015	Payable for the period	Payment/net-off in the period	30 June 2016
Payables				
Corporate income tax (Note 26.1)	-	1,966,445,034	(1,217,328,650)	749,116,384
Import and export duties	1,336,033,855	467,176,263	(1,669,906,613)	133,303,505
Personal income tax	167,700,163	1,372,173,348	(1,434,504,668)	105,368,843
Value-added tax	1,669,714,391	25,359,658,807	(27,029,373,198)	-
Other	-	347,484,600	347,484,600	-
<b>TOTAL</b>	<b><u>3,173,448,409</u></b>	<b><u>29,512,938,052</u></b>	<b><u>(31,003,628,529)</u></b>	<b><u>987,788,732</u></b>
	31 December 2015	Receivable for the period	Refund in the period	30 June 2016
Receivables				
Value-added tax deductible	25,757,851,309	14,462,263,808	(22,394,767,394)	17,825,347,723
Corporate income tax (Note 26.1)	104,768,708	-	(104,768,708)	-
Other	-	34,971,300	-	34,971,300
<b>TOTAL</b>	<b><u>25,862,620,017</u></b>	<b><u>14,497,235,108</u></b>	<b><u>(22,499,536,102)</u></b>	<b><u>17,860,319,023</u></b>

## 18. SHORT-TERM ACCRUED EXPENSES

	VND	
	30 June 2016	31 December 2015
Sales commission	4,506,070,501	5,103,956,311
Utility expenses	2,384,480,500	2,210,854,055
Interest expense	608,585,477	692,623,607
Professional services fee	85,572,152	105,725,397
Others	169,011,857	194,005,578
<b>TOTAL</b>	<b><u>7,753,720,487</u></b>	<b><u>8,307,164,948</u></b>



# Century Synthetic Fiber Corporation

B09a-DN

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

## 19. LOANS

	31 December 2015		Movement during the period		Foreign exchange losses	30 June 2016	
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount
Short-term							
Loans from banks	144,023,760,985	144,023,760,985	248,666,517,125	(246,773,970,666)	(1,246,660,215)	144,669,647,229	144,669,647,229
Current portion of long-term loans	45,882,400,000	45,882,400,000	-	(4,674,997,850)	-	41,207,402,150	41,207,402,150
	189,906,160,985	189,906,160,985	248,666,517,125	(251,448,968,516)	(1,246,660,215)	185,877,049,379	185,877,049,379
Long-term							
Loans from banks	627,450,827,440	627,450,827,440	194,920,964,120	(60,015,882,450)	(4,792,327,930)	757,563,581,180	757,563,581,180
<b>TOTAL</b>	<b>817,356,988,425</b>	<b>817,356,988,425</b>	<b>443,587,481,245</b>	<b>(311,464,850,966)</b>	<b>(6,038,988,145)</b>	<b>943,440,630,559</b>	<b>943,440,630,559</b>

VND

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016**19. LOANS** (continued)**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:

	<i>30 June 2016</i>	<i>Original amount</i>	<i>Term and maturity date</i>	<i>Interest rate</i>	<i>Description of collateral;</i>
	<i>VND</i>	<i>USD</i>		<i>(p.a)</i>	
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam</b>					
	78,582,647,840	3,517,802	From 13 October 2016 to 21 December 2016	1.7%	Unsecured
<b>Vietnam Commercial Joint Stock Export Import Bank</b>					
	66,086,999,389	2,958,236	From 29 July 2016 to 27 December 2016	1.7%	Unsecured
<b>TOTAL</b>	<b><u>144,669,647,229</u></b>	<b><u>6,476,038</u></b>			



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

## 19. LOANS (continued)

### 19.2 Long-term loans from banks

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

	30 June 2016		Original amount	Term and maturity date	Interest rate (p.a)	Description of collateral
	VND	USD				
<b>Dong A Joint Stock Commercial Bank</b>						
H.1422-15	6,250,000,000	-	-	From 16 July 2015 to 15 October 2019	2.44%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans
H.0217-13	77,209,765,480	3,456,122	3,456,122	From 1 March 2012 to 1 March 2019	2.25%	Assets funded by loans including imported machinery and equipment (stage 2). Total assets value is USD 12,100,000
<b>CTBC Bank Co.,Ltd</b>						
MTVN1078-15	195,475,000,000	8,750,000	8,750,000	From 16 September 2017 to 20 April 2021	2.29%	Assets funded by loans including imported machinery and equipment (stage 4).
<b>Vietnam Commercial Joint Stock Export Import Bank</b>						
200908121	17,827,320,000	798,000	798,000	From 20 July 2012 to 20 April 2018	3%	Assets funded by loans including land use right, building and structures, and machineries at Trang Bang, Tay Ninh Province
201403738	502,008,897,850	22,471,303	22,471,303	From 28 October 2017 to 28 October 2021	2.93%	
<b>TOTAL</b>	<b>798,770,983,330</b>	<b>35,475,425</b>	<b>35,475,425</b>			

In which:

Current portion	41,207,402,150	1,838,698
Long-term loans	757,563,581,180	33,636,727

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for six-month period ended 30 June 2016

## 20. OWNERS' EQUITY

### 20.1 Increases and decreases in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	VND Total
<b>For the six-month period ended 30 June 2015:</b>						
As at 31 December 2014	423,053,360,000	40,026,904,470	(11,826,900,000)	1,219,011,000	222,344,935,602	674,817,311,072
Re-issuance of treasury shares	-	(4,487,469,091)	11,826,900,000	-	-	7,339,430,909
Net profit for the period	-	-	-	-	54,585,806,706	54,585,806,706
Dividend declared	-	-	-	-	(63,458,004,000)	(63,458,004,000)
As at 30 June 2015	423,053,360,000	35,539,435,379	-	1,219,011,000	213,472,738,308	673,284,544,687
<b>For the six-month period ended 30 June 2016:</b>						
As at 31 December 2015	465,358,350,000	35,297,435,379	-	1,219,011,000	187,902,570,621	689,777,367,000
Increase in capital (*)	69,801,890,000	-	-	-	(69,801,890,000)	-
Net profit for the period	-	-	-	-	31,957,081,019	31,957,081,019
Dividend declared	-	-	-	-	(23,267,917,500)	(23,267,917,500)
As at 30 June 2016	535,160,240,000	35,297,435,379	-	1,219,011,000	126,789,844,140	698,466,530,519

(\*) On 7 June 2016, the Company issued 6,980,189 shares to increase share capital from undistributed earnings. This issuance was executed under the Board of Directors Meeting No. 12-2016/BBHHDQ/TK date 7 June 2016. The result of issuance was reported to SSC on 7 June 2016. As at 30 June 2016, the share capital of the Company increased to VND 535,160,240,000 which was approved by the Department of Planning and Investment of Ho Chi Minh City as per the amended Business Certificate dated 15 June 2016.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for six-month period ended 30 June 2016

## 20. OWNERS' EQUITY (continued)

## 20.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
<b>Issued share capital</b>		
Beginning balance	465,358,350,000	423,053,360,000
Share issuance	69,801,890,000	-
Ending balance	<u>535,160,240,000</u>	<u>423,053,360,000</u>
<b>Dividends declared</b>	<b>(93,069,807,500)</b>	<b>(63,458,004,000)</b>
Dividend paid in cash	(23,093,312,750)	(63,458,004,000)
Stock dividend	(69,801,890,000)	-

## 20.3 Shares

	30 June 2016		31 December 2015	
	Quantity	Amount (VND)	Quantity	Amount (VND)
<b>Authorized shares</b>	53,516,024	535,160,240,000	46,535,835	465,358,350,000
<b>Issued shares</b>				
Issued and paid-up shares	53,516,024	535,160,240,000	46,535,835	465,358,350,000
Ordinary shares	53,516,024	535,160,240,000	46,535,835	465,358,350,000
<b>Shares in circulation</b>				
Ordinary shares	53,516,024	535,160,240,000	46,535,835	465,358,350,000

## 21. REVENUES

## 21.1 Revenue from sale of goods

	VND	
	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
<b>Gross revenue</b>	<b>663,689,368,944</b>	<b>630,391,883,876</b>
Less:		
Sales returns	(176,144,111)	(46,481,853)
<b>Net revenue</b>	<u><b>663,513,224,833</b></u>	<u><b>630,345,402,023</b></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for six-month period ended 30 June 2016**21. REVENUES (continued)****21.2 Financial income**

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	5,797,787,094	-
Realised foreign exchange gains	2,958,794,607	7,452,285,406
Interest income	199,809,722	475,901,974
<b>TOTAL</b>	<b><u>8,956,391,423</u></b>	<b><u>7,928,187,380</u></b>

**22. FINANCIAL EXPENSES**

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Interest expense	6,268,558,713	2,501,958,765
Realised foreign exchange losses	2,515,056,529	6,634,526,113
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	-	11,270,638,982
<b>TOTAL</b>	<b><u>8,783,615,242</u></b>	<b><u>20,407,123,860</u></b>

**23. SELLING EXPENSES**

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Transportation expense	6,738,616,367	7,015,969,024
L/C fee and document	3,296,996,500	3,828,999,228
Commission fee	2,576,085,769	3,349,454,321
Other expenses	793,204,520	570,341,557
<b>TOTAL</b>	<b><u>13,404,903,156</u></b>	<b><u>14,764,764,130</u></b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for six-month period ended 30 June 2016

#### 24. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Labour costs	10,196,910,419	8,912,479,133
Expenses for external services	3,961,577,779	4,644,520,835
Depreciation expenses	2,766,471,846	1,729,942,079
Tools and equipment	1,652,844,959	1,720,302,186
Other expenses	2,104,586,327	1,809,134,174
<b>TOTAL</b>	<b><u>20,682,391,330</u></b>	<b><u>18,816,378,407</u></b>

#### 25. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Raw materials	370,759,409,028	366,703,162,491
Labour costs	41,499,829,693	37,880,737,363
Depreciation and amortisation (Notes 9 and 10)	56,347,236,472	40,499,498,699
Expenses for external services	81,909,704,968	99,583,688,493
Other expenses	3,284,113,164	3,074,503,634
<b>TOTAL</b>	<b><u>553,800,293,325</u></b>	<b><u>547,741,590,680</u></b>

#### 26. CORPORATE INCOME TAX

For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 20% (for the six-month period ended 30 June 2015: 22%) of taxable profit.

For the Trang Bang Branch, the Company has received Official Letter No. 6459/BCT-CNNg dated 14 July 2016 from Ministry of Industry and Trade certifying the incentive tax for production projects supporting industrial products. For the six-month period ended 30 June 2016, the Company applies the rate of 5% (a reduction of 50% on applicable CIT rate of 10%) of taxable profit (for the six-month period ended 30 June 2015: 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for six-month period ended 30 June 2016**26. CORPORATE INCOME TAX (continued)****26.1 Current tax**

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Current tax expense	2,071,213,742	17,138,792,572
Deferred tax expense (income)	699,684,583	(1,227,813,386)
<b>TOTAL</b>	<b><u>2,770,898,325</u></b>	<b><u>15,910,979,186</u></b>

The current tax payable is based on taxable profit for the current period. The taxable profit of the Company for the period differs from the profit as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the interim balance sheet date.

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

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
<b>Profit before tax</b>	<b>34,727,979,344</b>	<b>70,496,785,892</b>
<i>Adjustments:</i>		
Difference in recognition of exported revenue	10,650,601	(299,407,016)
Change in provision for obsolete inventories	714,418,523	245,010,402
Change in accrual for commission expenses	(556,637,973)	951,893,205
Change in accrual for severance pay	39,386,384	56,530,791
Change in accrual for annual leave	(421,579,202)	66,285,172
Change in foreign exchange differences	(7,753,369)	(62,954,493)
Unrealised profit recorded by Branch	11,427,375,324	4,623,611,874
Non-deductible expenses	1,039,861,537	898,034,372
<b>Estimated current taxable profit</b>	<b>46,973,701,169</b>	<b>76,975,790,199</b>
<b>Estimated current CIT</b>	<b>2,071,213,742</b>	<b>16,934,673,844</b>
Under (over) CIT accrual for previous period	-	204,118,728
CIT (overpaid) payable at beginning of period	(104,768,708)	5,294,170,014
CIT paid during the period	(1,217,328,650)	(10,664,071,382)
<b>CIT payable at end of period</b>	<b><u>749,116,384</u></b>	<b><u>11,768,891,204</u></b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

## 26. CORPORATE INCOME TAX (continued)

### 26.2 Deferred tax

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

	<i>Interim Balance sheet</i>		<i>Interim Income statement</i>	
	<i>30 June</i>	<i>31 December</i>	<i>For the</i>	<i>For the</i>
	<i>2016</i>	<i>2015</i>	<i>six-month</i>	<i>six-month</i>
			<i>period ended</i>	<i>period ended</i>
			<i>30 June 2016</i>	<i>30 June 2015</i>
<b>Deferred tax assets</b>				
Unrealised profit	531,962,446	1,193,660,139	(661,697,693)	1,017,194,612
Accrual for expenses	898,613,841	1,009,941,435	(111,327,594)	209,416,505
Accrual for annual leave	111,643,327	188,741,787	(77,098,460)	14,582,739
Accrual for severance pay	81,567,827	73,690,550	7,877,277	12,436,774
Provision for obsolete inventory	543,107,720	400,224,015	142,883,705	53,902,288
Difference in recognition of exported revenue	-	(2,130,120)	2,130,120	(65,869,544)
Unrealised foreign exchange gain	-	2,451,938	(2,451,938)	(13,849,988)
	<b>2,166,895,161</b>	<b>2,866,579,744</b>		
<b>Net deferred tax (expenses) credit to income statement</b>			<b>(699,684,583)</b>	<b>1,227,813,386</b>

## 27. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Unitex Corporation	Related party	Contribution capital	-	7,468,652,342
LIANTEX Co., Ltd.	Related party	Sale of goods	55,642,094,123	1,564,591,376
		Advance	-	225,330,382
P.A.N Asia Co., Ltd	Related party	Sale of goods	22,914,325,039	1,887,702,090

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

**27. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Salaries and related expenses	<u>2,283,206,016</u>	<u>2,094,638,160</u>

*Terms and conditions of transactions with related parties*

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

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

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

			VND	
	<i>Relationship</i>	<i>Transaction</i>	<i>30 June 2016</i>	<i>31 December 2015</i>
<b><i>Trade receivable (Note 5)</i></b>				
P.A.N Asia Co., Ltd	Related party	Sale of goods	22,931,806,485	317,116,972
LIANTEX Co., Ltd.	Related party	Sale of goods	1,866,313,969	195,677,778
			<u>24,798,120,454</u>	<u>512,794,750</u>
<b><i>Other short-term receivable (Note 7)</i></b>				
Unitex Corporation	Associate	Payment on behalf	<u>45,961,835,781</u>	<u>45,959,975,781</u>

**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.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

**28. EARNINGS PER SHARE (continued)**

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

	VND	
	<i>For the six-month period ended 30 June 2016</i>	<i>For the six-month period ended 30 June 2015</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	31,957,081,019	54,585,806,706
Weighted average number of ordinary shares for basic earnings per shares	<u>53,516,024</u>	<u>53,373,364</u>
Earnings per share (par value of VND 10,000/share)		
- Basic	597	1,023
- Dilution	597	1,023

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 2015 was adjusted to reflect the 6,980,189 shares issued in 2016 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 interim financial statements.

**29. OPERATING LEASE COMMITMENT**

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 30 June 2016 under the operating lease agreements is as follows:

	VND	
	<i>30 June 2016</i>	<i>31 December 2015</i>
Less than 1 year	2,957,132,876	769,410,622
From 1 to 5 years	8,591,531,506	2,621,642,488
More than 5 years	<u>74,180,939,013</u>	<u>17,283,309,785</u>
<b>TOTAL</b>	<b><u>85,729,603,395</u></b>	<b><u>20,674,362,895</u></b>

**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 General Director believes presentation of segment information is not required.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2016

**32. OFF BALANCE SHEET ITEM**

30 June 2016 31 December 2015

Foreign currency:		
United States Dollar (USD)	492,650	235,934

**33. EVENTS AFTER THE INTERIM BALANCE SHEET DATE**

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

  
\_\_\_\_\_  
Preparer  
Le Thi Lieu

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

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

10 August 2016