

Century Synthetic Fiber Corporation

Interim consolidated financial statements

30 June 2018



Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 16th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 9 August 2017.

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

The Company has two investment projects comprising:

- The factory to manufacture synthetic yarn that currently operates based on Investment Certificate No. 41221000029 issued by the Ho Chi Minh City Export Processing and Industrial Zones Authority on 19 July 2007. The project's duration will end on 31 December 2048.
- The factory to manufacture POY, DTY, FDY synthetic yarn – Trang Bang Branch that currently operates based on the 11th amended Investment Registration Certificate No. 0380478317 issued by the Tay Ninh Economics Zones Authority on 4 December 2017. The project's duration is 44 years starting from 26 June 2009.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam.

The Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam.

The Company has one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

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

BOARD OF DIRECTORS

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

Mr Dang Trieu Hoa	Chairman	
Mr Dang Huong Cuong	Member	
Ms Dang My Linh	Member	
Ms Cao Thi Que Anh	Member	
Mr Chen Che Jen	Member	appointed on 17 April 2018
Mr Vo Quang Long	Member	appointed on 17 April 2018
Ms Nguyen Quoc Huong	Member	appointed on 17 April 2018
Mr Lee Chien Kuan	Member	resigned on 17 April 2018
Mr Thai Tuan Chi	Member	resigned on 17 April 2018

BOARD OF SUPERVISION

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

Mr Nguyen Tu Luc	Head	
Ms Hoang Nu Mong Tuyen	Member	appointed on 17 April 2018
Ms Dinh Ngoc Hoa	Member	appointed on 17 April 2018
Ms Nguyen Thi Ngoc Linh	Member	resigned on 17 April 2018
Mr Le Anh Tuan	Member	resigned on 17 April 2018

Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

Mr Dang Trieu Hoa	General Director
Mr Lu Yen Ku	Production Manager
Ms Nguyen Phuong Chi	Chief Strategic Officer
Mr Phan Nhu Bich	Chief Financial Officer

LEGAL REPRESENTATIVE

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

AUDITORS

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

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation ("the Company") is pleased to present this report and the interim consolidated financial statements of the Company and its subsidiary ("the Group") for the six-month period ended 30 June 2018.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

STATEMENT BY MANAGEMENT

Management of the Company, does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2018 and of the interim results of its consolidated operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

For and on behalf of management: *Rich*



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

14 August 2018



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Reference: 60867230/20263243/LR-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 14 August 2018 and set out on pages 6 to 34, which comprise the interim consolidated balance sheet as at 30 June 2018, and the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 June 2018, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

Ernst & Young Vietnam Limited



Tran Nam Dung
Deputy General Director
Audit Practicing Registration Certificate
No. 3021-2014-004-1

Ho Chi Minh City, Vietnam

14 August 2018

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2018


VND

Code	ASSETS	Notes	30 June 2018	31 December 2017
100	A. CURRENT ASSETS		831,994,113,330	613,147,941,188
110	I. Cash and cash equivalents	4	261,457,395,140	116,615,724,965
111	1. Cash		12,077,395,140	10,315,724,965
112	2. Cash equivalents		249,380,000,000	106,300,000,000
130	II. Current accounts receivable		75,858,503,993	62,927,402,010
131	1. Short-term trade receivables	5	57,916,078,439	56,914,886,934
132	2. Short-term advances to suppliers	6	17,171,890,016	4,592,640,316
136	3. Other short-term receivables	7	770,535,538	1,418,803,381
139	4. Shortage of assets waiting for resolution		-	1,071,379
140	III. Inventories	8	453,992,036,522	399,379,313,955
141	1. Inventories		454,583,231,600	401,784,875,885
149	2. Provision for obsolete inventories		(591,195,078)	(2,405,561,930)
150	IV. Other current assets		40,686,177,675	34,225,500,258
151	1. Short-term prepaid expenses	13	5,391,731,166	5,184,408,462
152	2. Value-added tax deductible	16	34,329,451,708	27,898,416,731
153	3. Tax and other receivables from the State	16	964,994,801	1,142,675,065
200	B. NON-CURRENT ASSETS		1,272,569,912,078	1,365,394,787,520
220	I. Fixed assets		1,135,052,485,030	1,207,760,772,930
221	1. Tangible fixed assets	9	1,134,538,212,142	1,207,027,542,005
222	Cost		1,935,996,380,548	1,936,273,688,548
223	Accumulated depreciation		(801,458,168,406)	(729,246,146,543)
227	2. Intangible assets	10	514,272,888	733,230,925
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(13,871,025,317)	(13,652,067,280)
240	II. Long-term asset in progress		7,355,004,411	1,613,449,895
242	1. Construction in progress	11	7,355,004,411	1,613,449,895
250	III. Long-term investment		2,174,999,307	27,050,400,000
252	1. Investment in an associate	12	2,174,999,307	27,050,400,000
260	IV. Other long-term assets		127,987,423,330	128,970,164,695
261	1. Long-term prepaid expenses	13	125,203,381,959	125,699,633,023
262	2. Deferred tax assets	26.2	2,784,041,371	3,270,531,672
270	TOTAL ASSETS		2,104,564,025,408	1,978,542,728,708


INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2018

VND

Code	RESOURCES	Notes	30 June 2018	31 December 2017
300	C. LIABILITIES		1,289,456,151,462	1,199,891,718,708
310	I. Current liabilities		899,472,345,054	732,355,214,479
311	1. Short-term trade payables	14	379,306,954,467	307,455,221,651
312	2. Short-term advances from customers	15	25,668,129,950	39,684,873,401
313	3. Statutory obligations	16	23,478,489,285	6,186,423,340
314	4. Payables to employees		22,135,954,490	23,825,789,965
315	5. Short-term accrued expenses	17	5,544,885,350	8,748,411,266
319	6. Other short-term payables	18	51,236,973,900	3,695,538,774
320	7. Short-term loans	19	390,433,295,387	341,027,532,282
322	8. Bonus and welfare funds		1,667,662,225	1,731,423,800
330	II. Non-current liabilities		389,983,806,408	467,536,504,229
338	1. Long-term loans	19	389,503,649,908	467,173,155,962
342	2. Long-term provision		480,156,500	363,348,267
400	D. OWNERS' EQUITY		815,107,873,946	778,651,010,000
410	I. Capital	20.1	815,107,873,946	778,651,010,000
411	1. Share capital		599,377,980,000	599,377,980,000
411a	- Shares with voting rights		599,377,980,000	599,377,980,000
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		179,213,447,567	142,756,583,621
421a	- Undistributed earnings by the end of prior periods		94,806,345,221	43,159,309,038
421b	- Undistributed earnings of current period		84,407,102,346	99,597,274,583
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,104,564,025,408	1,978,542,728,708


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa




14 August 2018


INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 31 December 2017

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
01	1. Revenue from sale of goods	21.1	1,192,338,415,053	918,116,756,494
02	2. Deductions	21.1	(353,886,264)	(410,931,196)
10	3. Net revenue from sale of goods	21.1	1,191,984,528,789	917,705,825,298
11	4. Cost of goods sold		(1,029,599,774,372)	(814,500,517,406)
20	5. Gross profit from sale of goods		162,384,754,417	103,205,307,892
21	6. Finance income	21.2	3,478,843,882	4,245,622,479
22	7. Finance expenses	22	(25,036,747,142)	(14,925,825,476)
23	<i>In which: Interest expenses</i>		(13,162,005,068)	(13,288,939,089)
24	8. Shares of loss in an associate		(211,800,693)	-
25	9. Selling expenses	23	(17,509,958,258)	(14,491,275,335)
26	10. General and administrative expenses	24	(27,041,714,422)	(23,893,137,719)
30	11. Operating profit		96,063,377,784	54,140,691,841
31	12. Other income		659,437,131	482,137,872
32	13. Other expenses		(123,285,786)	(167,769,682)
40	14. Other profit		536,151,345	314,368,190
50	15. Accounting profit before tax		96,599,529,129	54,455,060,031
51	16. Current corporate income tax expense	26.1	(11,705,936,482)	(5,295,199,564)
52	17. Deferred tax expense	26.2	(486,490,301)	(72,847,907)
60	18. Net profit after tax		84,407,102,346	49,087,012,560
70	19. Basic earnings per share	28	1,408	819
71	20. Diluted earnings per share	28	1,408	819


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

14 August 2018

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2018


VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		96,599,529,129	54,455,060,031
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		72,638,293,533	73,875,537,279
03	(Reversal of provisions) provisions		(1,814,366,852)	355,607,316
04	Foreign exchange loss (gain) arising from revaluation of monetary accounts denominated in foreign currency		7,714,892,355	(483,574,072)
05	Profits from investing activities		(2,094,001,058)	(2,464,617,372)
06	Interest expenses	22	13,162,005,068	13,288,939,089
08	Operating profit before changes in working capital		186,206,352,175	139,026,952,271
09	Increase in receivables		(17,892,332,827)	(63,104,423,287)
10	Increase in inventories		(52,798,355,715)	(22,694,137,226)
11	Increase in payables		105,179,488,421	52,820,881,250
12	Decrease in prepaid expenses		288,928,360	2,482,504,151
13	Interest paid		(13,842,825,188)	(13,447,725,008)
14	Corporate income tax paid		(3,006,349,138)	(58,302,045)
15	Other cash inflows from operating activities		353,240,255	178,416,225
16	Other cash outflows for operating activities		(755,824,765)	(460,785,617)
20	Net cash from operating activities		203,732,321,578	94,743,380,714
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(48,763,520,012)	(4,603,176,389)
24	Collection from investment in another entity		24,663,600,000	-
25	Payments for investment in another entity		-	(27,050,400,000)
27	Interest received		1,865,746,708	2,122,767,852
30	Net cash used in investing activities		(22,234,173,304)	(29,530,808,537)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		674,395,322,489	533,446,005,599
34	Repayment of borrowings		(711,067,797,793)	(525,855,563,434)
36	Dividends paid	20.2	-	(1,045,000)
40	Net cash (used in) from financing activities		(36,672,475,304)	7,589,397,165

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2018

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
50	Net increase in cash and cash equivalents for the period		144,825,672,970	72,801,969,342
60	Cash and cash equivalents at the beginning of the period		116,615,724,965	86,637,311,128
61	Impact of exchange rate fluctuation		15,997,205	4,129,425
70	Cash and cash equivalents at end of the period	4	261,457,395,140	159,443,409,895


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich




General Director
Dang Trieu Hoa

14 August 2018

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2018 and for the six-month period ended

1. CORPORATE INFORMATION

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 16th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 9 August 2017.

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

The Company has two investment projects comprising:

- The factory to manufacture synthetic yarn that currently operates based on Investment Certificate No. 41221000029 issued by the Ho Chi Minh City Export Processing and Industrial Zones Authority on 19 July 2007. The project's duration will be end on 31 December 2048.
- The factory to manufacture POY, DTY, FDY synthetic yarn – Trang Bang Branch that currently operates based on the 11th amended Investment Registration Certificate No. 0380478317 issued by the Tay Ninh Economics Zones Authority on 4 December 2017. The project's duration is 44 years starting from 26 June 2009.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam.

The Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam.

The Company has one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

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

The number employees of the Company and its subsidiary ("the Group") as at 30 June 2018 was 1,076 (31 December 2017: 1,085).

Corporate structure

As at 30 June 2018, the Company has a subsidiary as follows:

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

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

As at 30 June 2018, the Company holds 100% ownership and voting rights at Unitex.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

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

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiary for the six-month period ended 30 June 2018.

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

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

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement and within equity in the interim consolidated balance sheet.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Inventories*

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

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

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

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

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

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

3.3 *Receivables*

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 *Depreciation and amortisation*

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

Buildings 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 the Group incurs in connection with the borrowing of funds.

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

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

3.8 *Prepaid expenses*

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

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Cidico Corporation on 3 July 2000 for a period of 50 years and Tay Ninh Industrial Park Infrastructure Development Joint Stock Company on 21 July 2009 for a period of 45 years. Such prepaid rental is recognised as a long-term prepaid expense for allocation to the interim consolidated 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.

3.10 *Business combinations and goodwill*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Investment*

Investment in an associate

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

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

Provision for diminution in value of an investment

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

3.12 *Payables and accruals*

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

3.13 *Accrual for severance pay*

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

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

3.14 *Foreign currency transactions*

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

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Appropriation of net profit*

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

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

Investment and development fund

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

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits and presented as a liability on the interim consolidated balance sheet.

3.16 *Revenue recognition*

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

Sale of goods

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

Interest

Revenue is recognised as the interest accrues unless collectability is in doubt.

3.17 *Taxation*

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current income tax assets against current income tax liabilities and when the Group intend to settle its current income tax assets and liabilities on a net basis.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

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 interim consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current income tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 *Earnings per share*

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.19 Segment information**

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

3.20 Related parties

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

4. CASH AND CASH EQUIVALENTS

	VND	
	30 June 2018	31 December 2017
Cash on hand	82,056,768	21,191,594
Cash in banks	11,995,338,372	10,294,533,371
Cash equivalents (*)	249,380,000,000	106,300,000,000
TOTAL	<u>261,457,395,140</u>	<u>116,615,724,965</u>

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

5. SHORT-TERM TRADE RECEIVABLES

	VND	
	30 June 2018	31 December 2017
Due from other parties	56,877,949,898	53,995,517,033
- Tong Siang Co., Ltd.	7,963,925,072	729,994,129
- Formosa Taffeta Dong Nai Company Limited	7,854,218,565	3,590,107,335
- Gain Lucky Vietnam Limited	7,156,123,569	12,760,392,958
- Formosa Taffeta Viet Nam Co., Ltd.	6,313,106,954	5,675,943,099
- Unifi Textiles (Suzhou) Co., Ltd	6,162,793,241	2,213,562,389
- Far Eastern Polytex (Viet Nam) Limited	5,627,682,306	3,442,526,435
- Others	15,800,100,191	25,582,990,688
Due from related parties (Note 27)	1,038,128,541	2,919,369,901
TOTAL	<u>57,916,078,439</u>	<u>56,914,886,934</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

6. SHORT-TERM ADVANCE TO SUPPLIERS

	VND	
	30 June 2018	31 December 2017
Hong Yan Engineering Co., Ltd	5,267,000,000	-
Oerlikon Barmag Zweigniederlassung	4,666,964,334	-
Starlinger & Co. Gesellschaft m.b.H	3,690,810,000	3,690,810,000
Tam Son Mechanical Equipment Industry Co., Ltd	376,000,000	376,000,000
Others	3,171,115,682	525,830,316
TOTAL	<u>17,171,890,016</u>	<u>4,592,640,316</u>

7. OTHER SHORT-TERM RECEIVABLES

	VND	
	30 June 2018	31 December 2017
Social insurance	-	1,371,988,301
Other receivables	770,535,538	46,815,080
TOTAL	<u>770,535,538</u>	<u>1,418,803,381</u>
<i>In which:</i>		
<i>Due from other parties</i>	770,535,538	1,418,803,381
<i>Due from a related party (Note 27)</i>	-	-

8. INVENTORIES

	VND			
	30 June 2018		31 December 2017	
	Cost	Provision	Cost	Provision
Finished goods	218,447,150,721	(591,195,078)	227,824,914,132	(2,405,561,930)
Raw materials	154,668,848,925	-	125,701,412,789	-
Goods in transit	81,467,231,954	-	46,984,650,564	-
Goods on consignment	-	-	1,273,898,400	-
TOTAL	<u>454,583,231,600</u>	<u>(591,195,078)</u>	<u>401,784,875,885</u>	<u>(2,405,561,930)</u>

Detail of movements of provision for obsolete inventories:

	VND	
	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
Beginning balance	(2,405,561,930)	(1,573,899,125)
Add: Provision made during the period	-	(355,607,316)
Less: Revert provision made during the period	1,814,366,852	-
Ending balance	<u>(591,195,078)</u>	<u>(1,929,506,441)</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
					VND
Cost:					
As at 31 December 2017	270,581,433,202	1,486,837,001,617	174,063,527,649	4,791,726,080	1,936,273,688,548
Newly purchase	-	-	94,000,000	-	94,000,000
Disposal	-	-	(371,308,000)	-	(371,308,000)
As at 30 June 2018	270,581,433,202	1,486,837,001,617	173,786,219,649	4,791,726,080	1,935,996,380,548
<i>In which:</i>					
Fully depreciated	28,495,410,884	91,548,601,556	21,396,752,786	166,208,678	141,606,973,904
Accumulated depreciation:					
As at 31 December 2017	(108,526,041,594)	(547,206,238,010)	(70,961,127,861)	(2,552,739,078)	(729,246,146,543)
Depreciation for the period	(7,052,210,576)	(55,420,274,475)	(9,362,758,679)	(584,091,766)	(72,419,335,496)
Disposal	-	-	207,313,633	-	207,313,633
As at 30 June 2018	(115,578,252,170)	(602,626,512,485)	(80,116,572,907)	(3,136,830,844)	(801,458,168,406)
Net carrying amount:					
As at 31 December 2017	162,055,391,608	939,630,763,607	103,102,399,788	2,238,987,002	1,207,027,542,005
As at 30 June 2018	155,003,181,032	884,210,489,132	93,669,646,742	1,654,895,236	1,134,538,212,142
<i>In which:</i>					
Pledged as loan security (Note 19.2)	101,830,267,565	358,257,401,091	68,922,030,942	1,730,256,266	530,739,955,864

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended**10. INTANGIBLE ASSETS**

	VND
	<i>Computer software</i>
Cost:	
As at 30 June 2018 and 31 December 2017	<u>14,385,298,205</u>
<i>In which:</i>	
Fully amortised	113,300,000
Accumulated amortisation:	
As at 31 December 2017	(13,652,067,280)
Amortisation for the period	<u>(218,958,037)</u>
As at 30 June 2018	<u>(13,871,025,317)</u>
Net carrying amount:	
As at 31 December 2017	<u>733,230,925</u>
As at 30 June 2018	<u>514,272,888</u>

11. CONSTRUCTION IN PROGRESS

	VND	
	30 June 2018	31 December 2017
Machinery and equipment - Trang Bang 5 project	5,601,402,453	206,488,895
Unitex factory project	692,800,000	692,800,000
Capitalised interest expenses - Trang Bang 5 project	346,640,958	-
Others	<u>714,161,000</u>	<u>714,161,000</u>
TOTAL	<u>7,355,004,411</u>	<u>1,613,449,895</u>

12. INVESTMENT IN AN ASSOCIATE

	<u>30 June 2018</u>		<u>31 December 2017</u>	
	% of interest	Cost VND	% of interest	Cost VND
E.DYE Vietnam Joint Stock Company	36.00	<u>2,174,999,307</u>	36.00	<u>27,050,400,000</u>
TOTAL		<u>2,174,999,307</u>		<u>27,050,400,000</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended**12. INVESTMENT IN AN ASSOCIATE (continued)**

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

During the period, the shareholders of E.DYE agreed to reimburse correspondingly actual contributed capital to execute colour yarn project. Accordingly, the Company received an amount of VND 24,663,600,000.

13. PREPAID EXPENSES

	VND	
	30 June 2018	31 December 2017
Short-term	5,391,731,166	5,184,408,462
Tools and supplies	2,770,264,091	3,125,693,176
Car rental	89,576,000	358,304,000
Others	2,531,891,075	1,700,411,286
Long-term	125,203,381,959	125,699,633,023
Land rental (land use rights) (*)	116,798,952,458	116,996,400,501
Others	8,404,429,501	8,703,232,522
TOTAL	<u>130,595,113,125</u>	<u>130,884,041,485</u>

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

14. SHORT-TERM TRADE PAYABLES

	VND	
	30 June 2018	31 December 2017
Tainan Spinning Co., Ltd	282,121,383,260	140,857,284,610
Indorama Polychem Indonesia	-	109,598,268,000
Far Eastern New Century Corporation	-	27,068,894,065
Others	97,185,571,207	29,930,774,976
TOTAL	<u>379,306,954,467</u>	<u>307,455,221,651</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

15. SHORT-TERM ADVANCE FROM CUSTOMERS

	VND	
	30 June 2018	31 December 2017
Nam Phuong Textile and Dyeing Co., Ltd	4,344,239,472	10,622,780,129
Treasure Star International Limited	5,326,032,364	6,434,026,383
Eclat Fabric Vietnam Company Limited	5,022,995,914	4,508,343,878
Universal Star Corporation	-	2,073,597,673
Others	10,974,862,200	16,046,125,338
TOTAL	<u>25,668,129,950</u>	<u>39,684,873,401</u>

16. STATUTORY OBLIGATIONS

	VND			
	31 December 2017	Payable for the period	Payment/net-off in the period	30 June 2018
Payables				
Corporate income tax	3,026,909,150	11,575,952,680	(3,006,349,138)	11,596,512,692
Import and export duties	3,142,436,921	5,519,711,415	(5,843,870,339)	2,818,277,997
Personal income tax	17,077,269	2,178,793,419	(523,794,067)	1,672,076,621
Value-added tax	-	62,059,236,281	(54,667,614,306)	7,391,621,975
TOTAL	<u>6,186,423,340</u>	<u>81,333,693,795</u>	<u>(64,041,627,850)</u>	<u>23,478,489,285</u>
	31 December 2017	Receivable for the period	Net-off in the period	30 June 2018
Receivables				
Value-added tax deductible	27,898,416,731	33,897,624,442	(27,466,589,465)	34,329,451,708
Corporate income tax	1,093,090,319	-	(129,983,803)	963,106,516
Personal income tax	4,132,185	-	(4,132,185)	-
Other	45,452,561	1,888,285	(45,452,561)	1,888,285
TOTAL	<u>29,041,091,796</u>	<u>33,899,512,727</u>	<u>(27,646,158,014)</u>	<u>35,294,446,509</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

17. SHORT-TERM ACCRUED EXPENSES

	<i>VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Utility expenses	2,467,655,806	5,243,126,003
Sales commission	1,957,694,257	2,033,163,242
Interest expense	958,035,287	1,292,214,449
Others	161,500,000	179,907,572
TOTAL	<u>5,544,885,350</u>	<u>8,748,411,266</u>

18. SHORT-TERM OTHER PAYABLES

	<i>VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Dividends	46,649,846,065	346,226,145
Social insurance	2,764,454,724	2,150,454,078
Others	1,822,673,111	1,198,858,551
TOTAL	<u>51,236,973,900</u>	<u>3,695,538,774</u>

Century Synthetic Fiber Corporation

B09a-DN/HN

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

19. LOANS

	31 December 2017	Movement during the period		Foreign exchange difference	30 June 2018
		Increase	Decrease		
Short-term					VND
Loans from banks (Note 19.1)	180,335,015,691	666,862,827,171	(584,586,004,362)	2,617,240,615	265,229,079,115
Current portion of long-term loans (Note 19.2)	160,692,516,591	89,995,247,229	(126,481,793,431)	998,245,883	125,204,216,272
	341,027,532,282	756,858,074,400	(711,067,797,793)	3,615,486,498	390,433,295,387
Long-term					
Loans from banks (Note 19.2)	467,173,155,962	7,532,495,318	(89,995,247,229)	4,793,245,857	389,503,649,908
TOTAL	808,200,688,244	764,390,569,718	(801,063,045,022)	8,408,732,355	779,936,945,295

19.1 Short-term loans from banks

The Group obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 2% to 3% (on foreign currency) and from 4% to 4.2% (on these denomination in VND). Details are as follows:

Banks	30 June 2018		Original amount	Term and maturity date
	VND	USD		
CTBC Bank Co., Ltd	20,657,722,045		4,336,944	From 11 July 2018 to 26 July 2018
Joint Stock Commercial Bank for Foreign Trade of Vietnam	99,446,125,920		4,322,455	From 31 August 2018 to 28 September 2018
Vietnam Joint Stock Commercial Bank for Industry and Trade	99,113,893,150		489,060	From 4 August 2018 to 1 October 2018
Vietnam Export Import Commercial Joint Stock Bank	11,214,145,800		1,517,540	30 September 2018
Orient Commercial Joint Stock Bank	34,797,192,200			From 30 July 2018 to 2 September 2018
TOTAL	265,229,079,115		10,665,999	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

19. LOANS (continued)

19.2 Long-term loans from banks

Long-term loans from banks bear interest rates from 2.25% to 4% (on foreign currency) and from 4% to 5.5% (VND). Details of the long-term loans from banks are as follows:

Banks	30 June 2018		Term and maturity date	Description of collateral
	VND	Original amount USD		
CTBC Bank Co., Ltd	147,134,166,972	6,416,667	From 1 September 2018 to 1 March 2021	Assets funded by loans including land use right, building and structures, and machineries and equipment (Trang Bang project - 4 th stage)
Vietnam Commercial Joint Stock Export Import Bank	338,179,138,110	14,748,327	From 20 July 2018 to 20 October 2021	Assets funded by loans including land use right, building and structures, and machinery at Trang Bang Branch, Tay Ninh Province
Dong A Joint Stock Commercial Bank	8,624,477,460	376,122	1 March 2019	Assets funded by loans including imported machinery and equipment (Trang Bang project - 2 nd stage)
TOTAL	514,707,866,180	21,541,116		

In which:

Current portion	125,204,216,272	5,460,280
Long-term loans	389,503,649,908	16,080,836

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

20. OWNERS' EQUITY

20.1 Increases and decreases in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total	VND
For the six-month period ended 30 June 2017:						
As at 31 December 2016	535,160,240,000	35,297,435,379	1,219,011,000	123,431,856,238		695,108,542,617
Net profit for the period	-	-	-	49,087,012,560		49,087,012,560
Dividend declared	-	-	-	(16,054,807,200)		(16,054,807,200)
As at 30 June 2017	535,160,240,000	35,297,435,379	1,219,011,000	156,464,061,598		728,140,747,977
For the six-month period ended 30 June 2018:						
As at 31 December 2017	599,377,980,000	35,297,435,379	1,219,011,000	142,756,583,621		778,651,010,000
Net profit for the period	-	-	-	84,407,102,346		84,407,102,346
Dividend declared (*)	-	-	-	(47,950,238,400)		(47,950,238,400)
As at 30 June 2018	599,377,980,000	35,297,435,379	1,219,011,000	179,213,447,567		815,107,873,946

(*) The Shareholder Resolution dated 17 April 2018, the Board of Director Resolution No. 08/2018/NQHDQT dated 23 May 2018 approved the dividend by cash of 8% par value of share (VND 800/share).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends, profits

	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
		VND
Issued share capital		
Beginning and ending balances	599,377,980,000	535,160,240,000
Dividends declared	(47,950,238,400)	(80,274,027,200)
Dividend paid in cash	-	(1,045,000)
Stock dividend	-	-

20.3 Shares

	<u>30 June 2018</u>		<u>31 December 2017</u>	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	59,937,798	599,377,980,000	59,937,798	599,377,980,000
Issued shares				
<i>Issued and paid-up shares</i>	59,937,798	599,377,980,000	59,937,798	599,377,980,000
Ordinary shares	59,937,798	599,377,980,000	59,937,798	599,377,980,000
Shares in circulation				
Ordinary shares	59,937,798	599,377,980,000	59,937,798	599,377,980,000

21. REVENUES

21.1 Revenue from sale of goods

	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
		VND
Gross revenue	1,192,338,415,053	918,116,756,494
Less:		
Sales returns	(348,271,704)	(410,931,196)
Trade discount	(5,614,560)	-
Net revenue	1,191,984,528,789	917,705,825,298

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

21. REVENUES (continued)

21.2 Finance income

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Interest income	2,469,796,118	2,464,617,372
Foreign exchange gains	1,009,047,764	1,297,431,035
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	-	483,574,072
TOTAL	<u>3,478,843,882</u>	<u>4,245,622,479</u>

22. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Interest expense	13,162,005,068	13,288,939,089
Foreign exchange losses	4,159,849,719	1,636,886,387
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	7,714,892,355	-
TOTAL	<u>25,036,747,142</u>	<u>14,925,825,476</u>

23. SELLING EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Transportation expense	8,482,862,509	7,322,640,424
Letter of credit (L/C) and documentary fee	4,879,553,646	3,691,167,223
Commission fee	2,982,402,841	1,977,954,257
Other expenses	1,165,139,262	1,499,513,431
TOTAL	<u>17,509,958,258</u>	<u>14,491,275,335</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

24. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Labour costs	13,028,765,039	10,013,047,581
Expenses for external services	5,879,518,853	6,810,121,393
Stationery and other tools costs	2,505,457,995	2,632,714,905
Depreciation and amortisation expenses	1,930,403,615	2,131,877,609
Other expenses	3,697,568,920	2,305,376,231
TOTAL	<u>27,041,714,422</u>	<u>23,893,137,719</u>

25. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Raw materials	753,727,925,903	611,498,363,302
Expenses for external services	144,800,084,517	119,783,216,274
Depreciation and amortisation (Notes 9 and 10)	72,638,293,533	73,875,537,279
Labour costs	73,380,208,273	54,800,487,397
Other expenses	29,604,934,826	5,640,989,563
TOTAL	<u>1,074,151,447,052</u>	<u>865,598,593,815</u>

26. CORPORATE INCOME TAX

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

- For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 20% of taxable profit.
- For Trang Bang Branch, the Company received Trang Bang's amended Investment Certificate issued by the Tay Ninh Province Industrial Zone Administration on 6 September 2016. Accordingly, the Company have enjoyed tax incentive (tax rate by 10%) for fifteen (15) years from prior year (year 2016). The Company is entitled to an exemption from CIT for four (4) years commencing from the first year in which a taxable profit is earned, and a 50% reduction for the following nine (9) years.
- For Unitex, the applicable statutory CIT rate is 20% of taxable profit. Unitex is entitled to an exemption from CIT for two (2) years commencing from the first year which a taxable profit is earned, and a 50% reduction for the following four (4) years.

The tax returns filed by the Group are subject to examination by the tax authorities. Therefore, the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

26. CORPORATE INCOME TAX (continued)

26.1 Current CIT

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Current tax expenses	11,342,254,472	5,031,865,750
Adjustment for under accrual of CIT from prior years	<u>363,682,010</u>	<u>263,333,814</u>
Current CIT	11,705,936,482	5,295,199,564
Deferred tax (income) expense	<u>486,490,301</u>	<u>72,847,907</u>
TOTAL	<u>12,192,426,783</u>	<u>5,368,047,471</u>

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

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

	VND	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Accounting profit before tax	<u>96,599,529,129</u>	<u>54,455,060,031</u>
At the applicable CIT rate for the Group	15,903,546,863	8,101,207,835
<i>Adjustments:</i>		
Non-deductible expenses	245,218,881	242,629,246
Tax incentive at Trang Bang branch	(4,320,020,971)	(3,168,012,689)
Adjustment for over accrual of tax from prior years	363,682,010	263,333,814
Impact on deferred tax due to change in tax rate	<u>-</u>	<u>(71,110,735)</u>
CIT expense	<u>12,192,426,783</u>	<u>5,368,047,471</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

26. CORPORATE INCOME TAX (continued)

26.2 *Deferred tax*

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

	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>		VND
	<i>30 June 2018</i>	<i>31 December 2017</i>	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>	
<i>Deferred tax assets</i>					
Accrued expenses	382,892,963	401,876,509	(18,983,546)	(57,262,834)	
Accrued salaries and bonus	2,250,676,386	2,306,301,659	(55,625,273)	(105,362,551)	
Accrual for severance pay	74,655,700	73,994,250	661,450	(2,128,100)	
Provision for obsolete inventory	118,239,016	481,112,386	(362,873,370)	71,121,463	
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	(42,422,694)	7,246,868	(49,669,562)	20,784,115	
	<u>2,784,041,371</u>	<u>3,270,531,672</u>			
<i>Net deferred tax expenses to interim consolidated income statement</i>			<u>(486,490,301)</u>	<u>(72,847,907)</u>	

27. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	VND	
			<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
E.DYE Vietnam Joint Stock Company	Associate	Capital contribution	-	27,050,400,000
		Capital withdrawal	24,663,600,000	-
Liantex Co., Ltd.	Related party	Sale of goods	-	13,463,070,903
P.A.N Asia Co., Ltd	Related party	Sale of goods	18,090,201,335	3,342,738,426

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

27. TRANSACTIONS WITH RELATED PARTIES (continued)

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

		VND	
<i>Relationship</i>	<i>Transaction</i>	<i>30 June 2018</i>	<i>31 December 2017</i>
Trade receivable (Note 5)			
P.A.N Asia Co., Ltd	Related party Sale of goods	<u>1,038,128,541</u>	<u>2,919,369,901</u>

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

		VND	
		<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Management		1,905,303,217	1,871,266,816
Board of Directors		318,000,000	317,166,667
Board of Supervision		305,021,545	81,473,214
TOTAL		<u>2,528,324,762</u>	<u>2,269,906,697</u>

28. EARNINGS PER SHARE

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

		VND	
		<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution		84,407,102,346	49,087,012,560
Weighted average number of ordinary shares for basic earnings per share		59,937,798	59,937,798
Earnings per share (par value of VND 10,000/share)			
- Basic		1,408	819
- Diluted		1,408	819

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period ended

29. OPERATING LEASE COMMITMENT

The Group leases assets under operating lease arrangements. The minimum lease commitment as at 30 June 2018 under the operating lease agreements is as follows:


	VND	
	30 June 2018	31 December 2017
Less than 1 year	694,770,000	857,580,000
From 1 to 5 years	1,362,000,000	1,362,000,000
More than 5 years	10,243,375,000	10,413,625,000
TOTAL	<u>12,300,145,000</u>	<u>12,633,205,000</u>

30. OFF BALANCE SHEET ITEM

	30 June 2018	31 December 2017
Foreign currency:		
United States Dollar (USD)	<u>298,350</u>	<u>208,537</u>

31. EVENTS AFTER THE INTERIM CONSOLIDATED BALANCE SHEET DATE

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


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu



14 August 2018