

Century Synthetic Fiber Corporation

Financial statements

31 December 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 st	24 May 2007
4103003288 – 2 nd	12 September 2007
4103003288 – 3 rd	6 August 2008
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4103003288 – 5 th	12 November 2009
0302018927 – 6 th	13 January 2010
0302018927 – 7 th	8 October 2010
0302018927 – 8 th	19 October 2011
0302018927 – 9 th	6 July 2012
0302018927 – 10 th	19 July 2013
0302018927 – 11 th	10 July 2014
0302018927 – 12 th	25 July 2014
0302018927 – 13 th	14 January 2015
0302018927 – 14 th	23 November 2015
0302018927 – 15 th	15 June 2016

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'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:

<i>Amended Investment Certificate No.</i>	<i>Date</i>
45211000130 – 1 st	17 August 2009
45211000130 – 2 nd	27 May 2010
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0380478317 – 7 th	3 September 2015
0380478317 – 8 th	6 September 2016
0380478317 – 9 th	9 December 2016

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 year and at the date of this report are:

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

BOARD OF SUPERVISION

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

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

MANAGEMENT

Members of the Management during the year 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 year and at the date of this report is Mr Dang Trieu Hoa.

AUDITORS

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

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 December 2016.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. 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.

Management confirmed that he has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY GENERAL DIRECTOR

Management of the Company, does hereby state that, in his opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

10 March 2017

Reference: 60867230/18591238

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 10 March 2017 and set out on pages 6 to 32, which comprise the balance sheet as at 31 December 2016, and the income statement and the cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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



Building a better
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Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2016, and of the results of its operation and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

Ernst & Young Vietnam Limited



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

Nguyen Phan Anh Quoc
Auditor
Audit Practicing Registration Certificate
No. 2759-2014-004-1

Ho Chi Minh City, Vietnam

10 March 2017

BALANCE SHEET
as at 31 December 2016


VND


Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		593,657,811,816	466,640,814,091
110	I. Cash and cash equivalents	4	86,637,311,128	6,582,910,835
111	1. Cash		9,884,712,462	6,582,910,835
112	2. Cash equivalents		76,752,598,666	-
130	II. Current accounts receivable		84,741,864,840	74,185,012,876
131	1. Short-term trade receivables	5	36,719,143,552	21,966,528,130
132	2. Short-term advances to suppliers	6	1,289,186,094	5,239,662,073
136	3. Other short-term receivables	7	46,576,017,071	46,820,175,380
139	4. Shortage of assets waiting for resolution		157,518,123	158,647,293
140	III. Inventories	8	402,420,168,845	356,170,304,563
141	1. Inventories		403,994,067,970	358,171,424,639
149	2. Provision for obsolete inventories		(1,573,899,125)	(2,001,120,076)
150	IV. Other current assets		19,858,467,003	29,702,585,817
151	1. Short-term prepaid expenses		4,074,684,623	3,839,965,800
152	2. Value-added tax deductible	17	14,521,690,334	25,757,851,309
153	3. Tax and other receivables from the State	17	1,262,092,046	104,768,708
200	B. NON-CURRENT ASSETS		1,430,895,124,879	1,252,417,576,983
220	I. Fixed assets		1,349,914,446,050	607,359,893,489
221	1. Tangible fixed assets	9	1,348,937,044,886	603,638,169,048
222	Cost		1,931,172,253,031	1,066,658,575,562
223	Accumulated depreciation		(582,235,208,145)	(463,020,406,514)
227	2. Intangible assets	10	977,401,164	3,721,724,441
228	Cost		13,834,916,387	13,834,916,387
229	Accumulated amortisation		(12,857,515,223)	(10,113,191,946)
240	II. Long-term asset in progress		1,270,570,841	563,438,286,564
242	1. Construction in progress	11	1,270,570,841	563,438,286,564
250	III. Long-term investment		39,992,000,000	39,992,000,000
252	1. Investment in an associate	13	39,992,000,000	39,992,000,000
260	IV. Other long-term assets		39,718,107,988	41,627,396,930
261	1. Long-term prepaid expenses	14	38,860,691,933	38,760,817,186
262	2. Deferred tax assets	26.2	857,416,055	2,866,579,744
270	TOTAL ASSETS		2,024,552,936,695	1,719,058,391,074

BALANCE SHEET (continued)
as at 31 December 2016

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		1,329,444,394,078	1,029,281,024,074
310	I. Current liabilities		677,575,039,500	401,461,743,884
311	1. Short-term trade payables	15	251,139,261,848	176,315,367,767
312	2. Short-term advances from customers	16	11,844,476,440	8,319,539,830
313	3. Statutory obligations	17	833,892,156	3,173,448,409
314	4. Payables to employees		11,319,155,059	9,171,028,452
315	5. Short-term accrued expenses	18	6,268,721,972	8,307,164,948
319	6. Other short-term payables		4,225,136,422	3,697,859,771
320	7. Short-term loans	19	390,503,012,476	189,906,160,985
322	8. Bonus and welfare funds		1,441,383,127	2,571,173,722
330	II. Non-current liabilities		651,869,354,578	627,819,280,190
338	1. Long-term loans	19	651,520,236,400	627,450,827,440
342	2. Long-term provision		349,118,178	368,452,750
400	D. OWNERS' EQUITY		695,108,542,617	689,777,367,000
410	I. Capital	20.1	695,108,542,617	689,777,367,000
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		123,431,856,238	187,902,570,621
421a	- Undistributed earnings up to the end of prior year-end		94,832,763,121	116,581,941,602
421b	- Undistributed earnings of current year		28,599,093,117	71,320,629,019
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,024,552,936,695	1,719,058,391,074


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

10 March 2017

INCOME STATEMENT
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	21.1	1,379,413,135,868	1,035,486,717,187
02	2. Deductions	21.1	(21,128,320,643)	(50,380,093)
10	3. Net revenue from sale of goods	21.1	1,358,284,815,225	1,035,436,337,094
11	4. Cost of goods sold		(1,229,541,663,657)	(848,224,232,392)
20	5. Gross profit from sale of goods		128,743,151,568	187,212,104,702
21	6. Finance income	21.2	836,897,162	13,843,654,980
22	7. Finance expenses	22	(29,522,120,130)	(52,915,101,730)
23	<i>In which: Interest expense</i>		(16,375,957,696)	(5,123,473,125)
25	8. Selling expenses	23	(25,486,719,366)	(24,084,824,273)
26	9. General and administrative expenses	24	(45,153,648,459)	(38,150,809,352)
30	10. Operating profit		29,417,560,775	85,905,024,327
31	11. Other income		1,523,601,310	946,353,587
32	12. Other expenses		(272,899,967)	(204,319,955)
40	13. Other profit		1,250,701,343	742,033,632
50	14. Accounting profit before tax		30,668,262,118	86,647,057,959
51	15. Current corporate income tax expense	26.1	(60,005,312)	(16,294,005,240)
52	16. Deferred tax (expense) income	26.2	(2,009,163,689)	967,576,300
60	17. Net profit after tax		28,599,093,117	71,320,629,019
70	18. Basic earnings per share	28	534	1,336
71	19. Diluted earnings per share	28	534	1,336

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa



10 March 2017

CASH FLOW STATEMENT
for the year ended 31 December 2016


VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		30,668,262,118	86,647,057,959
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		123,092,808,467	84,850,311,480
03	(Revert of provision) provision		(427,220,951)	1,462,651,701
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	22	10,086,549,611	30,790,696,756
05	Profits from investing activities		(1,107,374,420)	(680,652,638)
06	Interest expense	22	16,375,957,696	5,123,473,125
08	Operating profit before changes in working capital		178,688,982,521	208,193,538,383
09	Decrease in receivables		1,519,572,619	24,501,437,098
10	Increase in inventories		(45,822,643,331)	(174,126,005,760)
11	Increase (decrease) in payables		93,613,692,052	(113,867,587,557)
12	Increase in prepaid expenses		(334,593,570)	(1,604,195,123)
13	Interest paid		(22,548,507,208)	(15,949,238,817)
14	Corporate income tax paid		(1,217,328,650)	(21,692,943,962)
15	Other cash inflows from operating activities		286,213,439	216,892,380
16	Other cash outflows for operating activities		(1,981,677,313)	(551,137,639)
20	Net cash from (used in) operating activities		202,203,710,559	(94,879,240,997)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(296,844,759,707)	(499,758,611,252)
22	Proceeds from disposals of fixed assets		454,545,454	45,000,000
25	Payments for investment in another entity		-	(39,992,000,000)
27	Interest received		652,828,966	681,123,303
30	Net cash used in investing activities		(295,737,385,287)	(539,024,487,949)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	20.1	-	7,339,430,909
33	Drawdown of borrowings		973,722,643,159	824,952,869,244
34	Repayment of borrowings		(777,200,193,466)	(276,462,602,742)
36	Dividends paid	20.2	(23,093,312,750)	(63,429,461,250)
40	Net cash from financing activities		173,429,136,943	492,400,236,161

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash and cash equivalents for the year		79,895,462,215	(141,503,492,785)
60	Cash and cash equivalents at beginning of year		6,582,910,835	148,163,520,136
61	Impact of exchange rate fluctuation		158,938,078	(77,116,516)
70	Cash and cash equivalents at end of year	4	86,637,311,128	6,582,910,835



Preparer
Phan Thanh Phu



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa

10 March 2017

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 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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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 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.

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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 31 December 2016 was 989 (31 December 2015: 896).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 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 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 financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *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 year ended 31 December 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 of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Company, 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 income statement.

3.3 Receivables

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

The provision for doubtful debts represents 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 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 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 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 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 Income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 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 year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

3.8 *Prepaid expenses*

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

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

3.9 *Construction in process*

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

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 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 income statement.

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

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

Transactions in currencies other than the Company'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 Company 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 year, balances of monetary items denominated in foreign currencies are translated at the buying transfer exchange rate announced by the commercial bank where the Company most frequently conducts its transactions.

All exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at period-end are taken to the 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 year ended 31 December 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 years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Taxation (continued)***Deferred tax (continued)*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to 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	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	96,921,894	65,758,843
Cash in banks	9,787,790,568	6,517,151,992
Cash equivalent (*)	76,752,598,666	-
TOTAL	<u>86,637,311,128</u>	<u>6,582,910,835</u>

(*) Cash equivalent represents short-term deposits at Vietnam Commercial Joint Stock Export Import Bank with original maturity of less than three (3) months and earn interest at the rate from 4.5% to 5.1% per annum.

5. SHORT-TERM TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from other parties	29,266,060,386	21,453,733,380
- Gain Lucky Vietnam Co., Ltd	4,991,453,917	-
- Jatec Co., Ltd	4,984,735,593	-
- Formosa Taffeta Co., Ltd	3,567,572,124	1,555,620,117
- Y.R.C. Textile Co., Ltd	-	4,174,941,355
- Others	15,722,298,752	15,723,171,908
Due from related parties (Note 27)	7,453,083,166	512,794,750
TOTAL	<u>36,719,143,552</u>	<u>21,966,528,130</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

6. SHORT-TERM ADVANCE TO SUPPLIERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
OERLIKON Textile Far East Ltd	-	2,167,300,000
Indorama Polyester Industries Public Co., Ltd.	-	1,843,288,650
Others	1,289,186,094	1,229,073,423
TOTAL	<u>1,289,186,094</u>	<u>5,239,662,073</u>

7. OTHER SHORT-TERM RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payment on behalf	45,961,835,781	45,959,975,781
Social insurance	482,462,489	512,107,075
Advance to employees	-	13,000,000
Other receivables	131,718,801	335,092,524
TOTAL	<u>46,576,017,071</u>	<u>46,820,175,380</u>
<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>	614,181,290	860,199,599

8. INVENTORIES

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Finished goods	261,341,902,253	(1,573,899,125)	247,600,344,694	(2,001,120,076)
Raw materials	103,625,705,123	-	80,139,941,948	-
Goods in transit	34,986,551,496	-	30,431,137,997	-
Goods on consignment	4,039,909,098	-	-	-
TOTAL	<u>403,994,067,970</u>	<u>(1,573,899,125)</u>	<u>358,171,424,639</u>	<u>(2,001,120,076)</u>

Detail of movements of provision for obsolete inventories:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(2,001,120,076)	(538,468,375)
Add: Provision made during the year	-	(1,825,925,646)
Less: Revert provision made during the year	427,220,951	363,273,945
Ending balance	<u>(1,573,899,125)</u>	<u>(2,001,120,076)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
Cost:					
Beginning balance	268,654,209,911	687,269,707,122	106,098,869,097	4,635,789,432	1,066,658,575,562
Newly purchase	-	3,842,586,544	427,729,427	-	4,270,315,971
Transfer from construction in progress	-	792,550,495,725	68,347,885,411	478,663,921	861,377,045,057
Reclassification	-	-	322,727,273	(322,727,273)	-
Disposal	-	-	(1,133,683,559)	-	(1,133,683,559)
Ending balance	268,654,209,911	1,483,662,789,391	174,063,527,649	4,791,726,080	1,931,172,253,031
<i>In which:</i>					
Fully depreciated	26,353,938,287	68,030,012,323	15,625,926,864	166,208,678	110,176,086,152
Accumulated depreciation:					
Beginning balance	(79,486,287,790)	(348,228,131,739)	(34,977,398,863)	(328,588,122)	(463,020,406,514)
Depreciation for the year	(14,993,959,708)	(86,452,265,353)	(17,846,292,704)	(1,055,967,425)	(120,348,485,190)
Disposal	-	-	1,133,683,559	-	1,133,683,559
Ending balance	(94,480,247,498)	(434,680,397,092)	(51,690,008,008)	(1,384,555,547)	(582,235,208,145)
Net carrying amount:					
Beginning balance	189,167,922,121	339,041,575,383	71,121,470,234	4,307,201,310	603,638,169,048
Ending balance	174,173,962,413	1,048,982,392,299	122,373,519,641	3,407,170,533	1,348,937,044,886
<i>In which:</i>					
Pledged as loan security (Note 19.2)	81,837,017,390	477,673,453,305	72,015,952,919	3,725,727,724	635,252,151,338

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016**10. INTANGIBLE ASSETS**

	VND
	<i>Computer software</i>
Cost:	
Beginning and ending balances	<u>13,834,916,387</u>
<i>In which:</i>	
Fully amortised	113,300,000
Accumulated amortisation:	
Beginning balance	(10,113,191,946)
Amortisation for the year	<u>(2,744,323,277)</u>
Ending balance	<u>(12,857,515,223)</u>
Net carrying amount:	
Beginning balance	<u>3,721,724,441</u>
Ending balance	<u>977,401,164</u>

11. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Machinery and equipment	487,397,986	547,549,611,051
Capitalized interest expense	-	11,082,364,971
Testing costs	-	4,400,869,542
Others	<u>783,172,855</u>	<u>405,441,000</u>
TOTAL	<u>1,270,570,841</u>	<u>563,438,286,564</u>
<i>In which:</i>		
Trang Bang Project - phase 3	-	563,032,845,564
Others	<u>1,270,570,841</u>	<u>405,441,000</u>

12. CAPITALIZED BORROWING COSTS

During the year, the Company capitalized borrowing costs amounting to VND 6,634,885,598 (for the year ended 31 December 2015: VND 11,082,364,971). These costs relate to the loans taken to finance the construction of phase 3 and phase 4 at Trang Bang branch.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016**13. INVESTMENT IN AN ASSOCIATE**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Cost VND</i>	<i>% of interest</i>	<i>Cost VND</i>
Unitex Corporation	49.99	39,992,000,000	49.99	39,992,000,000

Unitex Corporation ("Unitex") is a shareholding company established in Vietnam pursuant to the Investment Certificate No. 452033000336 issued by the Management Board of Tay Ninh Economic Zone on 29 June 2015. The principal activities per Investment Certificate of Unitex are to manufacture fibers and fabrics. The registered head office of Unitex is located at A17.1, C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam.

As at the balance sheet date, Unitex is in the stage of getting approval for the plan for construction and development.

14. LONG-TERM PREPAID EXPENSES

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land rental (land use rights) (*)	27,854,506,567	28,660,151,098
Others	11,006,185,366	10,100,666,088
TOTAL	38,860,691,933	38,760,817,186

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

15. SHORT-TERM TRADE PAYABLES

	<i>VND</i>			
	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>Amount</i>	<i>Amount payable</i>	<i>Amount</i>	<i>Amount payable</i>
Tainan Spinning Co., Ltd	108,482,214,080	108,482,214,080	-	-
PT. INDORAMA Polychem Indonesia	69,814,612,400	69,814,612,400	42,303,446,834	42,303,446,834
Far Eastern New Century Corporation	32,533,466,305	32,533,466,305	-	-
ITOCHU Corporation	-	-	67,518,253,320	67,518,253,320
Others	40,308,969,063	40,308,969,063	66,493,667,613	66,493,667,613
TOTAL	251,139,261,848	251,139,261,848	176,315,367,767	176,315,367,767

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016**16. SHORT-TERM ADVANCE FROM CUSTOMERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Universal Star Corporation	4,681,361,757	-
Eclat Fabric Vietnam Company Limited	2,196,150,454	466,637
Treasure Star International Limited	1,825,014,922	-
Golden Empire International Limited	700,777,270	1,489,204,115
Others	2,441,172,037	6,829,869,078
TOTAL	<u>11,844,476,440</u>	<u>8,319,539,830</u>

17. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Payable for the year</i>	<i>Payment/net-off in the year</i>	<i>Ending balance</i>
Payables				
Corporate income tax	-	60,005,312	(60,005,312)	-
Import and export duties	1,336,033,855	694,839,251	(1,906,999,047)	123,874,059
Personal income tax	167,700,163	2,037,537,547	(1,934,459,171)	270,778,539
Value-added tax	1,669,714,391	55,540,686,629	(56,771,161,462)	439,239,558
Other	-	942,632,400	(942,632,400)	-
TOTAL	<u>3,173,448,409</u>	<u>59,275,701,139</u>	<u>(61,615,257,392)</u>	<u>833,892,156</u>
	<i>Beginning balance</i>	<i>Receivable for the year</i>	<i>Refund in the year</i>	<i>Ending balance</i>
Receivables				
Value-added tax deductible	25,757,851,309	22,072,414,174	(33,308,575,149)	14,521,690,334
Corporate income tax (Note 26.1)	104,768,708	1,157,323,338	-	1,262,092,046
Other	-	34,971,300	(34,971,300)	-
TOTAL	<u>25,862,620,017</u>	<u>23,264,708,812</u>	<u>(33,343,546,449)</u>	<u>15,783,782,380</u>

18. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Utility expenses	2,970,867,032	2,210,854,055
Sales commission	1,982,783,992	5,103,956,311
Interest expense	1,154,959,693	692,623,607
Others	160,111,255	299,730,975
TOTAL	<u>6,268,721,972</u>	<u>8,307,164,948</u>

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

19. LOANS

	Beginning balance		Movement during the year		Foreign exchange losses	Ending balance		VND
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount	
Short-term Loans from banks	144,023,760,985	144,023,760,985	778,801,679,039	(627,872,634,705)	3,447,340,657	298,400,145,976	298,400,145,976	
Current portion of long-term loans	45,882,400,000	45,882,400,000	133,585,108,150	(86,973,893,325)	(390,748,325)	92,102,866,500	92,102,866,500	
	189,906,160,985	189,906,160,985	912,386,787,189	(714,846,528,030)	3,056,592,332	390,503,012,476	390,503,012,476	
Long-term Loans from banks	627,450,827,440	627,450,827,440	194,920,964,120	(195,938,773,586)	25,087,218,426	651,520,236,400	651,520,236,400	
TOTAL	817,356,988,425	817,356,988,425	1,107,307,751,309	(910,785,301,616)	28,143,810,758	1,042,023,248,876	1,042,023,248,876	

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:

	Ending balance	Original amount	Term and maturity date	Interest rate
	VND	USD		(p.a)
Vietnam Commercial Joist Stock Export Import Bank	168,529,975,600	7,424,228	From 8 February 2017 to 27 June 2017	1.7%
Joint Stock Commercial Bank for Foreign Trade of Vietnam	66,842,939,376	2,944,623	From 4 January 2017 to 19 June 2017	1.7%
Vietnam Joint Stock Commercial Bank for Industry and Trade	63,027,231,000	2,776,530	From 15 January 2017 to 19 June 2017	1.7%
TOTAL	298,400,145,976	13,145,381		

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

19. LOANS (continued)

19.2 Long-term loans from banks

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

	Ending balance		Original amount	Term and maturity date	Interest rate (p.a)	Description of collateral
	VND	USD				
Dong A Joint Stock Commercial Bank						
H.0217-13	60,974,969,400	2,686,122		From 3 January 2017 to 3 January 2019	2.25%	Assets funded by loans including imported machinery and equipment (Trang Bang project - 2 nd stage). Total assets value is USD 12,100,000
CTBC Bank Co., Ltd						
MTVN1078-15	198,625,000,000	8,750,000		From 1 January 2017 to 1 March 2021	2.29%	Assets funded by loans including imported machinery and equipment (Trang Bang project – 4 th stage).
Vietnam Commercial Joist Stock Export Import Bank						
201403738	484,023,133,500	21,322,605		From 20 January 2017 to 20 October 2021	2.93%	Assets funded by loans including land use right, building and structures, and machineries at Trang Bang Branch, Tay Ninh Province

TOTAL **743,623,102,900** **32,758,727**

In which:

Current portion	92,102,866,500	4,057,395
Long-term loans	651,520,236,400	28,701,332

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

20. OWNERS' EQUITY

20.1 Increases and decreases in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total	VND
Previous year:							
Beginning balance	423,053,360,000	40,026,904,470	(11,826,900,000)	1,219,011,000	222,344,935,602	674,817,311,072	
Increase in capital	42,304,990,000	(242,000,000)	-	-	(42,304,990,000)	(242,000,000)	
Re-issuance of treasury shares	-	(4,487,469,091)	11,826,900,000	-	-	7,339,430,909	
Net profit for the year	-	-	-	-	71,320,629,019	71,320,629,019	
Dividend declared	-	-	-	-	(63,458,004,000)	(63,458,004,000)	
Ending balance	465,358,350,000	35,297,435,379	-	1,219,011,000	187,902,570,621	689,777,367,000	
Current year:							
Beginning balance	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 year	-	-	-	-	28,599,093,117	28,599,093,117	
Dividend declared	-	-	-	-	(23,267,917,500)	(23,267,917,500)	
Ending balance	535,160,240,000	35,297,435,379	-	1,219,011,000	123,431,856,238	695,108,542,617	

(*) On 7 June 2016, the Company issued 6,980,189 ordinary shares to existing shareholders to pay dividend and increase its 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 31 December 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 15th amended Business Certificate dated 15 June 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Issued share capital		
Beginning balance	465,358,350,000	423,053,360,000
Share issuance	69,801,890,000	42,304,990,000
Ending balance	<u>535,160,240,000</u>	<u>465,358,350,000</u>
Dividends declared		
Dividend paid in cash	(93,069,807,500)	(63,458,004,000)
Stock dividend	(23,093,312,750)	(63,429,461,250)
	(69,801,890,000)	-

20.3 Shares

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	53,516,024	535,160,240,000	46,535,835	465,358,350,000
Issued shares				
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
Shares in circulation				
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	
	Current year	Previous year
Gross revenue	1,379,413,135,868	1,035,486,717,187
Less:		
Sales returns	(21,128,320,643)	(50,380,093)
Net revenue	<u>1,358,284,815,225</u>	<u>1,035,436,337,094</u>

21.2 Finance income

	VND	
	Current year	Previous year
Interest income	652,828,966	681,123,303
Foreign exchange gains	184,068,196	13,162,531,677
TOTAL	<u>836,897,162</u>	<u>13,843,654,980</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

22. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	16,375,957,696	5,123,473,125
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	10,086,549,611	30,790,696,756
Foreign exchange losses	3,059,612,823	17,000,931,849
TOTAL	<u>29,522,120,130</u>	<u>52,915,101,730</u>

23. SELLING EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Transportation expense	13,060,068,912	11,288,948,526
Letter of credit (LC) fee and documents	5,618,197,173	6,278,889,510
Commission fee	4,984,358,206	5,389,705,721
Other expenses	1,824,095,075	1,127,280,516
TOTAL	<u>25,486,719,366</u>	<u>24,084,824,273</u>

24. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	20,071,295,386	17,800,976,103
Expenses for external services	11,119,215,073	9,897,039,502
Depreciation expenses	5,557,254,898	3,517,094,767
Tools and equipment	4,008,415,559	3,350,865,946
Other expenses	4,397,467,543	3,584,833,034
TOTAL	<u>45,153,648,459</u>	<u>38,150,809,352</u>

25. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	859,359,407,673	733,487,334,581
Labour costs	86,969,683,783	71,730,746,556
Depreciation and amortisation (Notes 9 and 10)	123,092,808,467	81,101,897,351
Expenses for external services	205,695,292,662	163,057,257,927
Other expenses	25,064,838,897	13,847,594,282
TOTAL	<u>1,300,182,031,482</u>	<u>1,063,224,830,697</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

26. CORPORATE INCOME TAX

For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 20% (for the year ended 31 December 2015: 22%) of taxable profit.

For the Trang Bang Branch, the Company received Trang Bang's amended Investment Certification issued by the Tay Ninh Province Industrial Zone Administration on 6 September 2016. Accordingly, the Company have been tax incentive (tax rate by 10%) for fifteen (15) years from current 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.

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

26.1 Current tax

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	60,005,312	16,294,005,240
Deferred tax expense (income)	2,009,163,689	(967,576,300)
TOTAL	<u>2,069,169,001</u>	<u>15,326,428,940</u>

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

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	30,668,262,118	86,647,057,959
At the applicable CIT rate for the Company	2,533,442,847	20,132,643,370
<i>Adjustments</i>		
Non-deductible expenses	357,515,375	406,454,653
Tax incentive at Trang Bang branch	(2,005,859,893)	(5,465,819,847)
Impact on deferred tax due to change in tax rate	1,184,070,672	253,150,764
CIT expense	<u>2,069,169,001</u>	<u>15,326,428,940</u>

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

	<i>Balance sheet</i>		<i>Income statement</i>		VND
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>	
Deferred tax assets					
Unrealised profit	-	1,193,660,139	(1,193,660,139)	260,210,637	
Accrued expenses	393,956,539	1,009,941,435	(615,984,896)	326,133,274	
Accrual for annual leave	105,362,551	188,741,787	(83,379,236)	75,385,903	
Accrual for severance pay	69,823,636	73,690,550	(3,866,914)	5,067,719	
Provision for obsolete inventory	314,779,825	400,224,015	(85,444,190)	281,760,972	
Difference in recognition of exported revenue	-	(2,130,120)	2,130,120	(93,554,623)	
Foreign exchange losses (gains) arising from revaluation of monetary accounts denominated in foreign currency	(26,506,496)	2,451,938	(28,958,434)	112,572,418	
	857,416,055	2,866,579,744			
Net deferred tax (expenses) credit to income statement			(2,009,163,689)	967,576,300	

27. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Unitex Corporation	Related party	Contribution capital	-	39,992,000,000
LIANTEX Co., Ltd.	Related party	Sale of goods	98,856,751,422	13,463,070,903
P.A.N Asia Co., Ltd	Related party	Sale of goods	4,065,122,685	3,342,738,426

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016**27. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

			VND	
	<i>Relationship</i>	<i>Transaction</i>	<i>Ending balance</i>	<i>Beginning balance</i>
<i>Trade receivable (Note 5)</i>				
LIANTEX Co., Ltd.	Related party	Sale of goods	6,530,959,455	195,677,778
P.A.N Asia Co., Ltd	Related party	Sale of goods	922,123,711	317,116,972
			<u>7,453,083,166</u>	<u>512,794,750</u>
<i>Other short-term receivable (Note 7)</i>				
Unitex Corporation	Associate	Payment on behalf	<u>45,961,835,781</u>	<u>45,959,975,781</u>

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Salaries and related expenses	<u>4,229,746,411</u>	<u>5,768,479,115</u>

Terms and conditions of transactions with related parties:

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

Outstanding balances at 31 December 2016 are unsecured, interest free and will be settled in cash.

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 year ended 31 December 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>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	28,599,093,117	71,320,629,019
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	534	1,336
- Dilution	534	1,336

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 financial statements.

29. OPERATING LEASE COMMITMENT

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 31 December 2016 under the operating lease agreements is as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	1,160,930,000	769,410,622
From 1 to 5 years	1,362,000,000	2,621,642,488
More than 5 years	<u>10,754,125,000</u>	<u>17,283,309,785</u>
TOTAL	<u>13,277,055,000</u>	<u>20,674,362,895</u>

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 year ended 31 December 2016

32. OFF BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currency:		
United States Dollar (USD)	332,765	235,934

33. EVENTS AFTER THE BALANCE SHEET DATE

There has not been no matter or circumstance after the balance sheet date which would require adjustments or disclosure to be made in the financial statements of the Company.



Preparer
Phan Thanh Phu



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa

10 March 2017