

# **Century Synthetic Fiber Corporation**

Separate financial statements

For the year ended 31 December 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 16<sup>th</sup> 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 current principal activities of the Company during the year are to manufacture synthetic yarn and knitting.

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

### BOARD OF DIRECTORS

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

Mr Dang Trieu Hoa	General Director
Mr Nguyen Thai Hung	General Manager
Ms Nguyen Phuong Chi	Chief Strategic Officer
Mr Phan Nhu Bich	Chief Financial Officer

### 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 this report and the separate financial statements of the Company for the year ended 31 December 2018.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its separate operations and its separate cash flows for the year. In preparing those separate 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 separate financial statements; and
- prepare the separate 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 separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It 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 it has complied with the above requirements in preparing the accompanying separate financial statements.

### STATEMENT BY MANAGEMENT

Management of the Company, does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2018 and of the separate results of its operations and its separate 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 the separate financial statements.

The Company has its subsidiary as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 dated 16 March 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiary.

For and on behalf of management: 

  
Dang Trieu Hoa  
General Director

Ho Chi Minh City, Vietnam

16 March 2019

Reference: 60867230/20263243

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying separate financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 16 March 2019 and set out on pages 5 to 34, which comprise the separate balance sheet as at 31 December 2018, and the separate income statement and the separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, 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 separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 separate financial statements.

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

### **Opinion**

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2018, and of the results of its separate operation and its separate 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 separate financial statements.

### **Emphasis of matter**

We draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements. We have audited these consolidated financial statements and our auditors' report dated 16 March 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.



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Tran Nam Dung  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 3021-2019-004-1



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Tu Thai Son  
Auditor  
Audit Practicing Registration Certificate  
No. 1543-2018-004-1

Ho Chi Minh City, Vietnam

16 March 2019

SEPARATE BALANCE SHEET  
as at 31 December 2018

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>803,077,736,053</b>	<b>611,894,918,963</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>153,023,136,643</b>	<b>116,546,806,032</b>
111	1. Cash		20,523,136,643	10,246,806,032
112	2. Cash equivalents		132,500,000,000	106,300,000,000
<b>120</b>	<b>II. Short-term investment</b>		<b>45,000,000,000</b>	-
123	1. Held- to-maturity investment	5	45,000,000,000	-
<b>130</b>	<b>III. Current accounts receivable</b>		<b>72,086,923,323</b>	<b>69,617,117,791</b>
131	1. Short-term trade receivables	6	58,695,785,076	56,914,886,934
132	2. Short-term advances to suppliers	7	5,137,275,770	4,592,640,316
136	3. Other short-term receivables	8	8,253,862,477	8,108,519,162
139	4. Shortage of assets waiting for resolution		-	1,071,379
<b>140</b>	<b>IV. Inventories</b>		<b>509,769,177,869</b>	<b>399,379,313,955</b>
141	1. Inventories	9	541,173,285,220	401,784,875,885
149	2. Provision for obsolete inventories	9	(31,404,107,351)	(2,405,561,930)
<b>150</b>	<b>V. Other current assets</b>		<b>23,198,498,218</b>	<b>26,351,681,185</b>
151	1. Short-term prepaid expenses	14	7,246,898,222	5,184,408,462
152	2. Value-added tax deductible	17	15,677,025,900	20,024,597,658
153	3. Tax and other receivables from the State	17	274,574,096	1,142,675,065
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,316,394,122,751</b>	<b>1,366,666,842,985</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>1,178,792,442,927</b>	<b>1,207,760,772,930</b>
221	1. Tangible fixed assets	10	1,178,357,295,893	1,207,027,542,005
222	Cost		2,049,933,670,971	1,936,273,688,548
223	Accumulated depreciation		(871,576,375,078)	(729,246,146,543)
227	2. Intangible assets	11	435,147,034	733,230,925
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(13,950,151,171)	(13,652,067,280)
<b>240</b>	<b>II. Long-term asset in progress</b>		<b>969,683,372</b>	<b>920,649,895</b>
242	1. Construction in progress	12	969,683,372	920,649,895
<b>250</b>	<b>III. Long-term investments</b>	<b>13</b>	<b>81,884,588,394</b>	<b>107,050,400,000</b>
251	1. Investment in a subsidiary	13.1	80,000,000,000	80,000,000,000
252	2. Investment in an associate	13.2	2,386,800,000	27,050,400,000
254	3. Provision for diminution in value of long-term investments		(502,211,606)	-
<b>260</b>	<b>IV. Other long-term assets</b>		<b>54,747,408,058</b>	<b>50,935,020,160</b>
261	1. Long-term prepaid expenses	14	47,128,176,114	47,664,488,488
262	2. Deferred tax assets	27.3	7,619,231,944	3,270,531,672
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,119,471,858,804</b>	<b>1,978,561,761,948</b>



SEPARATE BALANCE SHEET (continued)  
as at 31 December 2018

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,210,381,370,769</b>	<b>1,199,891,718,708</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>862,133,399,464</b>	<b>732,355,214,479</b>
311	1. Short-term trade payables	15	331,972,930,617	307,455,221,651
312	2. Short-term advances from customers	16	29,144,341,774	39,684,873,401
313	3. Statutory obligations	17	34,120,205,203	6,186,423,340
314	4. Payables to employees		25,979,917,686	23,825,789,965
315	5. Short-term accrued expenses	18	7,079,641,862	8,748,411,266
319	6. Other short-term payables	19	5,179,574,379	3,695,538,774
320	7. Short-term loans	20	426,713,696,161	341,027,532,282
322	8. Bonus and welfare funds		1,943,091,782	1,731,423,800
<b>330</b>	<b>II. Non-current liabilities</b>		<b>348,247,971,305</b>	<b>467,536,504,229</b>
338	1. Long-term loans	20	347,818,799,805	467,173,155,962
342	2. Long-term provision		429,171,500	363,348,267
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>909,090,488,035</b>	<b>778,670,043,240</b>
<b>410</b>	<b>I. Capital</b>	<b>21.1</b>	<b>909,090,488,035</b>	<b>778,670,043,240</b>
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		273,196,061,656	142,775,616,861
421a	- Undistributed earnings by the end of prior years		94,825,378,461	43,159,309,038
421b	- Undistributed earnings of current year		178,370,683,195	99,616,307,823
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,119,471,858,804</b>	<b>1,978,561,761,948</b>

Preparer  
Phan Thanh Phu

Chief Accountant  
Phan Nhu Bich




16 March 2019

SEPARATE INCOME STATEMENT  
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	22.1	2,408,319,231,223	2,008,604,207,131
02	2. Deductions	22.1	(615,863,551)	(19,550,988,418)
10	3. Net revenue from sale of goods	22.1	2,407,703,367,672	1,989,053,218,713
11	4. Cost of goods sold		(2,072,793,297,772)	(1,772,497,810,804)
20	5. Gross profit from sale of goods		334,910,069,900	216,555,407,909
21	6. Finance income	22.2	11,092,577,114	8,019,159,617
22	7. Finance expenses	23	(53,909,948,976)	(29,770,129,745)
23	<i>In which: Interest expense</i>		(29,036,662,759)	(27,469,431,784)
25	8. Selling expenses	24	(33,495,298,086)	(31,716,965,079)
26	9. General and administrative expenses	25	(56,234,808,411)	(58,658,950,149)
30	10. Operating profit		202,362,591,541	104,428,522,553
31	11. Other income		1,352,482,359	1,037,122,440
32	12. Other expenses		(4,427,719,810)	(465,117,216)
40	13. Other (loss) profit		(3,075,237,451)	572,005,224
50	14. Accounting profit before tax		199,287,354,090	105,000,527,777
51	15. Current corporate income tax expense	27.1	(25,265,371,167)	(7,797,335,571)
52	16. Deferred tax income	27.3	4,348,700,272	2,413,115,617
60	17. Net profit after tax		178,370,683,195	99,616,307,823

  
Preparer  
Phan Thanh Phu

  
Chief Accountant  
Phan Nhu Bich

  
General Director  
Dang Trieu Hoa

16 March 2019

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Accounting profit before tax</b>		<b>199,287,354,090</b>	<b>105,000,527,777</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	143,017,657,234	147,805,490,455
03	Provisions		29,500,757,027	831,662,805
04	Foreign exchange loss (gain) arising from revaluation of monetary accounts denominated in foreign currency		7,038,326,662	(948,230,039)
05	Profits from investing activities		(7,786,812,236)	(5,197,807,556)
06	Interest expense	23	29,036,662,759	27,469,431,784
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>400,093,945,536</b>	<b>274,961,075,226</b>
09	(Increase) decrease in receivables		(4,641,503,985)	7,333,687,305
10	(Increase) decrease in inventories		(139,388,409,335)	2,209,192,085
11	Increase in payables		49,826,856,298	103,374,330,997
12	Increase in prepaid expenses		(1,526,177,386)	(9,913,520,394)
13	Interest paid		(28,976,003,536)	(27,332,177,028)
14	Corporate income tax paid		(13,548,589,783)	(4,601,424,693)
15	Other cash inflows from operating activities		657,643,325	178,416,225
16	Other cash outflows for operating activities		(445,975,343)	(460,785,617)
<b>20</b>	<b>Net cash from operating activities</b>		<b>262,051,785,791</b>	<b>345,748,794,106</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(114,262,355,080)	(5,301,896,389)
22	Proceeds from disposals of fixed assets and other long-term assets		50,000,000	-
23	Loans to other entities and payments for purchase of debt instruments of other entities		(45,000,000,000)	-
25	Payment for investment in another entity		-	(67,058,400,000)
26	Collection from investment in another entity		24,663,600,000	-
27	Interest received		7,567,344,698	5,156,027,000
<b>30</b>	<b>Net cash used in investing activities</b>		<b>(126,981,410,382)</b>	<b>(67,204,269,389)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		1,376,905,717,790	954,340,729,582
34	Repayment of borrowings		(1,427,323,460,551)	(1,187,062,923,255)
36	Dividends paid	21.2	(48,237,928,680)	(15,911,728,555)
<b>40</b>	<b>Net cash used in financing activities</b>		<b>(98,655,671,441)</b>	<b>(248,633,922,228)</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
50	<b>Net increase in cash and cash equivalents for the year</b>		<b>36,414,703,968</b>	<b>29,910,602,489</b>
60	<b>Cash and cash equivalents at the beginning of the year</b>		<b>116,546,806,032</b>	<b>86,637,311,128</b>
61	Impact of exchange rate fluctuation		61,626,643	(1,107,585)
70	<b>Cash and cash equivalents at end of the year</b>	<b>4</b>	<b>153,023,136,643</b>	<b>116,546,806,032</b>


Preparer  
Phan Thanh Phu

Chief Accountant  
Phan Nhu BichGeneral Director  
Dang Trieu Hoa

16 March 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2018

## 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 16<sup>th</sup> 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 current principal activities of the Company during the year are to manufacture synthetic yarn and knitting.

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

The number of the Company' employees as at 31 December 2018 was 1,027 (31 December 2017: 1,085).

## 2. BASIS OF PREPARATION

### 2.1 *Purpose of preparing the separate financial statements*

The Company has its subsidiary as disclosed in Note 12.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 dated 16 March 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiary.

### 2.2 *Accounting standards and system*

The separate financial statements of the Company expressed in Vietnam dong ("VND"), are prepared in accordance with the 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 separate 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**2. BASIS OF PREPARATION** (continued)**2.3 Applied accounting documentation system**

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

**2.4 Fiscal year**

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

**2.5 Accounting currency**

The separate 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.

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

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

**Provision for obsolete inventories**

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods owned by the 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 separate income statement.

**3.3 Receivables**

Receivables are presented in the separate 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 separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

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

**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 separate 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 separate 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 separate 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 separate income statement.

**3.6 Depreciation and amortisation**

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

Buildings, structures	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 separate 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 following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement:

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

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

#### 3.8 *Prepaid expenses* (continued)

##### *Prepaid land rental*

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Cidico Corporation on 3 July 2000 for a period of 50 years and Tay Ninh Industrial Park Infrastructure Development Joint Stock Company on 21 July 2009 for a period of 45 years, and on 31 October 2017 to 14 July 2053.

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

#### 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 *Investments*

##### *Investments in a subsidiary*

Investments in a subsidiary over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the separate 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.

##### *Investment in an associate*

Investment in an associate 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 separate 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 separate income statement.

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

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

#### 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.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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 year following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employees will be taken to the separate 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 200/2014/TT-BTC dated 22 December 2014 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 transfer exchange rate announced by the commercial bank where the Company most frequently conducts its transactions. This transfer exchange rate is the buying transfer exchange rate of the commercial bank.

All exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the separate 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 separate balance sheet.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

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

#### 3.15 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.

#### 3.16 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 separate 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 consolidated 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:

- ▶ where 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; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

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

**3.16 Taxation (continued)**

*Deferred tax (continued)*

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.

Deferred tax is charged or credited to the 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 off-set 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 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.

**3.17 Related parties**

Parties are considered to be related parties of the Company 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 Company 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**

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	286,520,068	21,191,594
Cash in banks	20,236,616,575	10,225,614,438
Cash equivalents (*)	<u>132,500,000,000</u>	<u>106,300,000,000</u>
<b>TOTAL</b>	<b><u>153,023,136,643</u></b>	<b><u>116,546,806,032</u></b>

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

**5. HELD-TO-MATURITY INVESTMENT**

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

**6. SHORT-TERM TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from customers	57,067,512,272	53,995,517,033
- <i>Formosa Taffeta Dong Nai Company Limited</i>	25,524,664,217	3,590,107,335
- <i>Gain Lucky Vietnam Co., Ltd.</i>	8,888,941,108	12,760,392,958
- <i>Formosa Taffeta Viet Nam Co., Ltd.</i>	11,775,055,458	5,675,943,099
- <i>Far Eastern Polytex (Vietnam) Limited</i>	6,537,251,261	3,442,526,435
- <i>Y.R.C Textile Co., Ltd</i>	-	8,388,896,476
- <i>Jatec Co., Ltd</i>	-	3,794,453,619
- <i>Others</i>	4,341,600,228	16,343,197,111
Trade receivables from a related party (Note 28)	1,628,272,804	2,919,369,901
<b>TOTAL</b>	<b><u>58,695,785,076</u></b>	<b><u>56,914,886,934</u></b>

**7. SHORT-TERM ADVANCE TO SUPPLIERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Oerlikon Barmag Zweigniederlassung	1,076,772,110	-
New Taiwan Filters Corp	2,388,597,150	-
Starlinger & Co. Gesellschaft m.b.H	-	3,690,810,000
Tam Son Mechanical Equipment Industry Co., Ltd	-	376,000,000
Other suppliers	1,671,906,510	525,830,316
<b>TOTAL</b>	<b><u>5,137,275,770</u></b>	<b><u>4,592,640,316</u></b>

**8. OTHER SHORT-TERM RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payment on behalf	6,690,065,781	6,689,715,781
Social insurance	1,066,067,138	1,371,988,301
Other receivables	497,729,558	46,815,080
<b>TOTAL</b>	<b><u>8,253,862,477</u></b>	<b><u>8,108,519,162</u></b>
<i>In which:</i>		
<i>Due from a related party (Note 28)</i>	6,690,065,781	6,689,715,781
<i>Due from other parties</i>	1,563,796,696	1,418,803,381

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

**9. INVENTORIES**

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Finished goods	337,108,080,072	(26,667,659,161)	227,824,914,132	(2,405,561,930)
Raw materials	161,164,425,068	(4,736,448,190)	125,701,412,789	-
Goods in transit	42,900,780,080	-	46,984,650,564	-
Goods on consignment	-	-	1,273,898,400	-
<b>TOTAL</b>	<b><u>541,173,285,220</u></b>	<b><u>(31,404,107,351)</u></b>	<b><u>401,784,875,885</u></b>	<b><u>(2,405,561,930)</u></b>

*Detail of movements of provision for obsolete inventories:*

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(2,405,561,930)	(1,573,899,125)
Add: Provision made during the year	(28,998,545,421)	(831,662,805)
Less: Revert provision made during the year	-	-
Ending balance	<b><u>(31,404,107,351)</u></b>	<b><u>(2,405,561,930)</u></b>

# Century Synthetic Fiber Corporation

B09-DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 10. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
<b>Cost:</b>					
Beginning balance	270,581,433,202	1,486,837,001,617	174,063,527,649	4,791,726,080	1,936,273,688,548
Newly purchase	-	-	184,000,000	-	184,000,000
Transfer from construction in progress	32,380,712,710	72,062,665,682	9,585,943,211	-	114,029,321,603
Disposal	-	(182,031,180)	(371,308,000)	-	(553,339,180)
Ending balance	302,962,145,912	1,558,717,636,119	183,462,162,860	4,791,726,080	2,049,933,670,971
<i>In which:</i>					
Fully depreciated	65,148,031,929	83,373,827,799	6,147,032,338	129,348,192	154,798,240,258
<b>Accumulated depreciation:</b>					
Beginning balance	(108,526,041,581)	(547,206,238,014)	(70,961,127,864)	(2,552,739,084)	(729,246,146,543)
Depreciation for the year	(12,477,949,922)	(110,563,914,148)	(18,546,742,422)	(1,130,966,851)	(142,719,573,343)
Disposal	-	182,031,180	207,313,628	-	389,344,808
Ending balance	(121,003,991,503)	(657,588,120,982)	(89,300,556,658)	(3,683,705,935)	(871,576,375,078)
<b>Net carrying amount:</b>					
Beginning balance	162,055,391,621	939,630,763,603	103,102,399,785	2,238,986,996	1,207,027,542,005
Ending balance	181,958,154,409	901,129,515,137	94,161,606,202	1,108,020,145	1,178,357,295,893
<i>In which:</i>					
Pledged as loan security (Note 20.2)	115,470,232,805	658,708,535,716	111,648,192,817	4,505,371,271	890,332,332,609

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 11. INTANGIBLE ASSETS

	VND
	<i>Computer software</i>
<b>Cost:</b>	
Beginning and ending balances	<u>14,385,298,205</u>
<i>In which:</i>	
Fully amortised	12,958,664,674
<b>Accumulated amortisation:</b>	
Beginning balance	(13,652,067,280)
Amortisation for the year	<u>(298,083,891)</u>
Ending balance	<u>(13,950,151,171)</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>733,230,925</u>
Ending balance	<u>435,147,034</u>

## 12. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Machinery and equipment	255,522,372	206,488,895
Others	<u>714,161,000</u>	<u>714,161,000</u>
<b>TOTAL</b>	<b><u>969,683,372</u></b>	<b><u>920,649,895</u></b>

## 13. LONG-TERM FINANCIAL INVESTMENTS

	VND			
	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Investment in a subsidiary (Note 13.1)	80,000,000,000	-	80,000,000,000	-
Investment in an associate (Note 13.2)	<u>2,386,800,000</u>	<u>(502,211,606)</u>	<u>27,050,400,000</u>	-
<b>TOTAL</b>	<b><u>82,386,800,000</u></b>	<b><u>(502,211,606)</u></b>	<b><u>107,050,400,000</u></b>	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

### 13. LONG-TERM FINANCIAL INVESTMENT (continued)

#### 13.1 Investment in subsidiary

	<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 Limited Liability Company	100	<u>80,000,000,000</u>	100	<u>80,000,000,000</u>
<b>TOTAL</b>		<b><u>80,000,000,000</u></b>		<b><u>80,000,000,000</u></b>

Unitex Limited Liability Company ("Unitex") 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 Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam.

As at balance sheet date, the Company holds 100% ownership and voting rights at Unitex.

#### 13.2 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>
E.DYE Vietnam Joint Stock Company	35.44	<u>2,386,800,000</u>	35.44	<u>27,050,400,000</u>
<b>TOTAL</b>		<b><u>2,386,800,000</u></b>		<b><u>27,050,400,000</u></b>

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 as per Investment Registration Certificate ("IRC") of E.DYE are to import, export, and distribute 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.

During the year, the shareholders of E.DYE agreed to reimburse correspondingly actual contributed capital to execute colour yarn projects, and other activities as stated at IRC are still applicable. Accordingly, the Company received an amount of VND 24,663,600,000, and remains the same ownership and voting rights at E.DYE (35.44%).



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

**14. PREPAID EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>7,246,898,222</b>	<b>5,184,408,462</b>
Tools and supplies	5,935,758,152	3,125,693,176
Car rental	340,000,000	358,304,000
Others	971,140,070	1,700,411,286
<b>Long-term</b>	<b>47,128,176,114</b>	<b>47,664,488,488</b>
Land rental (land use rights) (*)	39,044,124,772	38,961,255,966
Tools and supplies	6,298,401,384	8,357,235,339
Others	1,785,649,958	345,997,183
<b>TOTAL</b>	<b><u>54,375,074,336</u></b>	<b><u>52,848,896,950</u></b>

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

**15. SHORT-TERM TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tainan Spinning Co., Ltd	227,122,876,440	140,857,284,610
Unifi Textile(Suzhou) Co., Ltd	46,734,000,000	5,735,510,000
Indorama Polychem Indonesia	-	109,598,268,000
Far Eastern New Century Corporation	-	27,068,894,065
Others	58,116,054,177	24,195,264,976
<b>TOTAL</b>	<b><u>331,972,930,617</u></b>	<b><u>307,455,221,651</u></b>

**16. SHORT-TERM ADVANCE FROM CUSTOMERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from customers	29,025,011,686	39,684,873,401
<i>Treasure Star International Limited</i>	9,090,907,079	6,434,026,383
<i>Nam Phuong Textile and Dyeing Co., Ltd</i>	4,433,232,651	10,622,780,129
<i>Jatec Co., Ltd,</i>	5,092,796,500	-
<i>Eclat Fabric Vietnam Company Limited</i>	-	4,508,343,878
<i>Universal Star Corporation</i>	-	2,073,597,673
Others	10,408,075,456	16,046,125,338
Advances from a related party (Note 28)	119,330,088	-
<b>TOTAL</b>	<b><u>29,144,341,774</u></b>	<b><u>39,684,873,401</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 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>
<b>Payables</b>				
Corporate income tax	3,026,909,150	24,358,031,857	(13,548,589,783)	13,836,351,224
Import and export duties	3,142,436,921	22,806,125,102	(12,420,919,780)	13,527,642,243
Personal income tax	17,077,269	2,998,645,092	(2,706,729,451)	308,992,910
Value-added tax	-	101,469,161,355	(95,041,421,366)	6,427,739,989
Others	-	1,276,186,183	(1,256,707,346)	19,478,837
<b>TOTAL</b>	<b><u>6,186,423,340</u></b>	<b><u>152,908,149,589</u></b>	<b><u>(124,974,367,726)</u></b>	<b><u>34,120,205,203</u></b>
	<i>Beginning balance</i>	<i>Receivable for the year</i>	<i>Net-off in the year</i>	<i>Ending balance</i>
<b>Receivables</b>				
Value-added tax deductible	20,024,597,658	47,238,493,882	(51,586,065,640)	15,677,025,900
Corporate income tax	1,093,090,319	62,804,611	(907,339,310)	248,555,620
Personal income tax	4,132,185	-	(4,132,185)	-
Others	45,452,561	374,295,369	(393,729,454)	26,018,476
<b>TOTAL</b>	<b><u>21,167,272,723</u></b>	<b><u>47,675,593,862</u></b>	<b><u>(52,891,266,589)</u></b>	<b><u>15,951,599,996</u></b>

## 18. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Utility expenses	3,078,386,834	5,243,126,003
Sales commission	1,853,557,723	2,033,163,242
Interest expense	2,032,697,305	1,292,214,449
Others	115,000,000	179,907,572
<b>TOTAL</b>	<b><u>7,079,641,862</u></b>	<b><u>8,748,411,266</u></b>

## 19. SHORT-TERM OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Dividends	58,535,865	346,226,145
Social insurance	3,027,530,711	2,150,454,078
Others	2,093,507,803	1,198,858,551
<b>TOTAL</b>	<b><u>5,179,574,379</u></b>	<b><u>3,695,538,774</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 20. LOANS

	Beginning balance	Movement during the year		Foreign exchange difference	Ending balance
		Increase	Decrease		
<b>Short-term</b>					VND
Loans from banks (Note 20.1)	180,335,015,691	1,294,127,165,029	(1,199,302,588,188)	5,355,995,460	280,515,587,992
Current portion of long-term loans (Note 20.2)	160,692,516,591	172,622,213,514	(228,020,872,363)	40,904,250,427	146,198,108,169
	341,027,532,282	1,466,749,378,543	(1,427,323,460,551)	46,260,245,887	426,713,696,161
<b>Long-term</b>					
Loans from banks (Note 20.2)	467,173,155,962	82,778,552,761	(172,622,213,514)	(29,510,695,404)	347,818,799,805
<b>TOTAL</b>	<b>808,200,688,244</b>	<b>1,549,527,931,304</b>	<b>(1,599,945,674,065)</b>	<b>16,749,550,483</b>	<b>774,532,495,966</b>

### 20.1 Short-term loans from banks

The Company obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 2.9% to 3.5% (foreign currency). Details are as follows:

Banks	Ending balance		Original amount	Term and maturity date
	VND	USD		
Joint Stock Commercial Bank for Foreign Trade of Vietnam	41,463,178,400	1,789,520	1,789,520	From 19 March 2019 to 27 March 2019
Vietnam Export Import Commercial Joint Stock Bank	92,481,896,500	3,991,450	3,991,450	From 29 March 2019 to 20 April 2019
Orient Commercial Joint Stock Bank	146,570,513,092	6,325,875	6,325,875	From 28 March 2019 to 6 June 2019
<b>TOTAL</b>	<b>280,515,587,992</b>	<b>12,106,845</b>	<b>12,106,845</b>	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

20. **LOANS** (continued)

20.2 **Long-term loans from banks**

Long-term loans from banks bear interest rates from 2.29% to 5.2% (on foreign currency). Details of the long-term loans from banks are as follows:

Banks	Ending balance		Original amount	Term and maturity date	Description of collateral
	VND	USD			
CTBC Bank Co., Ltd	179,507,992,026		7,747,432	From 5 June 2019 to 5 December 2022	Assets funded by loans including all imported machinery and equipment (Note 10) (Trang Bang project - 4th stage)
Vietnam Commercial Joint Stock Export Import Bank	305,794,161,330		13,197,849	From 20 July 2019 to 5 December 2022	Assets funded by loans including prepaid land rental (Note 14) and imported machinery and equipment (Note 10) at Trang Bang project, Tay Ninh
Dong A Joint Stock Commercial Bank	8,714,754,618		376,122	From 3 January 2019	Assets funded by loans including all imported machinery and equipment (Note 10) (Trang Bang project - 2 <sup>th</sup> stage)
<b>TOTAL</b>	<b>494,016,907,974</b>		<b>21,321,403</b>		
<i>In which:</i>					
Current portion	146,198,108,169		6,309,802		
Long-term loans	347,818,799,805		15,011,601		

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 21. OWNERS' EQUITY

### 21.1 *Increases and decreases in owners' equity*

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total	VND
<b>Previous year:</b>						
Beginning balance	535,160,240,000	35,297,435,379	1,219,011,000	123,431,856,238		695,108,542,617
Increase in capital	64,217,740,000	-	-	(64,217,740,000)		-
Net profit for the year	-	-	-	99,616,307,823		99,616,307,823
Dividend declared	-	-	-	(16,054,807,200)		(16,054,807,200)
Ending balance	599,377,980,000	35,297,435,379	1,219,011,000	142,775,616,861		778,670,043,240
<b>Current year:</b>						
Beginning balance	599,377,980,000	35,297,435,379	1,219,011,000	142,775,616,861		778,670,043,240
Net profit for the year	-	-	-	178,370,683,195		178,370,683,195
Dividend declared (*)	-	-	-	(47,950,238,400)		(47,950,238,400)
Ending balance	599,377,980,000	35,297,435,379	1,219,011,000	273,196,061,656		909,090,488,035

(\*) According to the Annual Meeting of Shareholder Resolution No. 01-2018/NQ-DHDCD/TK dated 17 April 2018, the dividend by cash of 8% par value of share (equivalent to VND 800/share) and stock dividend at the rate of 7% of charter capital (equivalent to VND 41,956,458,600) was approved.

As at 31 December 2018, the Company completed the payment of cash dividends. Up to the date of these separate financial statements, the Company is in the process of issuing ordinary shares to existing shareholders to pay dividend and increase its share capital from undistributed earnings.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**21. OWNERS' EQUITY** (continued)**21.2 Capital transactions with owners and distribution of dividends, profits**

	VND	
	Current year	Previous year
<b>Issued share capital</b>		
Beginning balance	599,377,980,000	535,160,240,000
Share issuance	-	64,217,740,000
Ending balance	<u>599,377,980,000</u>	<u>599,377,980,000</u>
<b>Dividends declared</b>	<b>(47,950,238,400)</b>	<b>(80,272,547,200)</b>
<i>Dividend paid in cash</i>	(48,237,928,680)	(15,911,728,555)
<i>Stock dividend</i>	-	(64,217,740,000)

**21.3 Shares**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Quantity	Amount (VND)	Quantity	Amount (VND)
<b>Authorized shares</b>	<b>59,937,798</b>	<b>599,377,980,000</b>	<b>59,937,798</b>	<b>599,377,980,000</b>
<b>Issued shares</b>				
<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
<b>Shares in circulation</b>				
Ordinary shares	59,937,798	599,377,980,000	59,937,798	599,377,980,000

**22. REVENUES****22.1 Revenue from sale of goods**

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>2,408,319,231,223</b>	<b>2,008,604,207,131</b>
Less:		
Sales returns	(610,248,991)	(19,178,795,586)
Trade discount	(5,614,560)	(372,192,832)
<b>Net revenue</b>	<u><b>2,407,703,367,672</b></u>	<u><b>1,989,053,218,713</b></u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**22. REVENUES (continued)****22.2 Finance income**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest income	7,900,806,608	5,197,807,556
Foreign exchange gains	3,191,770,506	2,821,352,061
<b>TOTAL</b>	<b><u>11,092,577,114</u></b>	<b><u>8,019,159,617</u></b>

**23. FINANCE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	29,036,662,759	27,469,431,784
Foreign exchange losses	24,371,074,611	2,300,697,961
Provision for diminution in value of long-term investments	502,211,606	-
<b>TOTAL</b>	<b><u>53,909,948,976</u></b>	<b><u>29,770,129,745</u></b>

**24. SELLING EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Transportation expense	17,140,619,021	16,297,673,130
Letter of credit (L/C) and documentary fee	8,632,350,141	7,958,454,845
Commission fee	5,146,879,241	4,973,842,492
Other expenses	2,575,449,683	2,486,994,612
<b>TOTAL</b>	<b><u>33,495,298,086</u></b>	<b><u>31,716,965,079</u></b>

**25. GENERAL AND ADMINISTRATION EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	28,816,407,362	30,034,011,704
Expenses for external services	12,100,894,347	13,890,516,389
Stationery and other tools costs	5,066,773,515	5,335,100,608
Depreciation and amortisation expenses (Notes 10 and 11)	3,416,801,592	4,107,944,097
Other expenses	6,833,931,595	5,291,377,351
<b>TOTAL</b>	<b><u>56,234,808,411</u></b>	<b><u>58,658,950,149</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**26. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	1,528,342,410,706	1,277,702,888,743
Expenses for external services	285,345,126,623	261,930,669,527
Depreciation and amortisation (Notes 10 and 11)	143,017,657,234	147,805,490,455
Labour costs	146,511,203,483	127,112,507,371
Other expenses	59,307,006,223	48,322,169,936
<b>TOTAL</b>	<b><u>2,162,523,404,269</u></b>	<b><u>1,862,873,726,032</u></b>

**27. CORPORATE INCOME TAX**

Corporation income tax ("CIT") applied for the Company 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 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 separate financial statements could change at a later date upon final determination by the tax authorities.

**27.1 CIT expense**

	VND	
	<i>Current year</i>	<i>Previous year</i>
CIT expense of current year	24,299,230,212	7,845,003,744
Adjustment for under (over) accrual of CIT from prior years	966,140,955	(47,668,173)
Current CIT expense	25,265,371,167	7,797,335,571
Deferred tax income	(4,348,700,272)	(2,413,115,617)
<b>TOTAL</b>	<b><u>20,916,670,895</u></b>	<b><u>5,384,219,954</u></b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**27. CORPORATE INCOME TAX (continued)****27.2 Current CIT**

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Accounting profit before tax</b>	<b><u>199,287,354,090</u></b>	<b><u>105,000,527,777</u></b>
At the applicable CIT rate for the Company	42,032,435,248	13,105,008,570
<i>Adjustments:</i>		
Non-deductible expenses	286,303,797	322,294,968
Tax incentive at Trang Bang branch	(22,368,209,105)	(7,995,415,411)
Adjustment for under (over) accrual of tax from prior years	966,140,955	(47,668,173)
<b>CIT expense</b>	<b><u>20,916,670,895</u></b>	<b><u>5,384,219,954</u></b>

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 separate 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.

**27.3 Deferred tax**

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

	VND			
	<u>Separate balance sheet</u>		<u>Separate income statement</u>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax assets</b>				
Accrued expenses	362,412,806	401,876,509	(39,463,703)	7,919,970
Accrued salaries and bonus	3,443,358,935	2,306,301,659	1,137,057,276	2,200,939,108
Accrual for severance pay	69,150,200	73,994,250	(4,844,050)	4,170,614
Provision for obsolete inventory	1,009,306,806	481,112,386	528,194,420	166,332,561
Provision for import duties	2,733,745,103	-	2,733,745,103	-
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	1,258,094	7,246,868	(5,988,774)	33,753,364
	<b><u>7,619,231,944</u></b>	<b><u>3,270,531,672</u></b>		
<b>Net deferred tax income to separate income statement</b>			<b><u>4,348,700,272</u></b>	<b><u>2,413,115,617</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**28. 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>
E.DYE Vietnam Joint Stock Company	Associate	Capital contribution	-	27,050,400,000
		Capital withdrawal	24,663,600,000	-
Liantex Co., Ltd.	Related party due to a BOD member of the Company investing therein	Sale of goods	12,427,881,727	48,958,162,296
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein	Sale of goods	30,213,644,533	22,617,112,045
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Company investing therein	Sale of goods	21,005,627,131	44,861,718,821

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>
<b>Trade receivables (Note 6)</b>				
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein	Sales of goods	<u>1,628,272,804</u>	<u>2,919,369,901</u>
<b>Other short-term receivables (Note 8)</b>				
Unitex Limited Liability Company	Subsidiary	Payment on behalf	<u>6,690,065,781</u>	<u>6,689,715,781</u>
<b>Short-term advances from customers (Note 16)</b>				
Liantex	Related party due to a BOD member of the Company investing therein	Advance	<u>119,330,088</u>	<u>-</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

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

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

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Management	3,802,428,850	3,197,975,348
Board of Directors	540,000,000	540,000,000
Board of Supervision	144,000,000	96,000,000
<b>TOTAL</b>	<b><u>4,486,428,850</u></b>	<b><u>3,833,975,348</u></b>

**29. OPERATING LEASE COMMITMENT**

The Company leases assets under operating lease arrangements. The lease commitment as at 31 December 2018 under the operating lease agreements is as follows:

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	231,960,000	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
<b>TOTAL</b>	<b><u>11,837,335,000</u></b>	<b><u>12,633,205,000</u></b>

**30. OFF BALANCE SHEET ITEM**

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currency:		
United States Dollar (USD)	<u>568,969</u>	<u>208,537</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018**31. EVENTS AFTER THE BALANCE SHEET DATE**

According to Resolution No. 04-2019/NQHDQT dated 7 January 2019, the Board of Directors of the Company decided to approve the record date of shareholder list to pay dividend for 2017 by shares at 7% of charter capital, to exercise the right to purchase shares for existing shareholders at 10% of charter capital, and to issue 600,000 shares to employees under ESOP.

Except the event as mentioned above, there has been no significant matter or circumstance after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements of the Company.

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

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

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

16 March 2019