

# **Century Synthetic Fiber Corporation**

Financial statements

31 December 2015

# Century Synthetic Fiber Corporation

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# Century Synthetic Fiber Corporation

## GENERAL INFORMATION

### THE COMPANY

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

<i>Amended BRC No.</i>	<i>Date</i>
4103003288 – 1 <sup>st</sup>	24 May 2007
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0302018927 – 12 <sup>th</sup>	25 July 2014
0302018927 – 13 <sup>th</sup>	14 January 2015
0302018927 – 14 <sup>th</sup>	23 November 2015

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

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

The Company's registered head office is located at North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam.

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

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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 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	appointed on 12 January 2015

### BOARD OF SUPERVISION

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

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

### GENERAL DIRECTOR

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

### LEGAL REPRESENTATIVE

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

### AUDITORS

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

# Century Synthetic Fiber Corporation

## REPORT OF THE GENERAL DIRECTOR

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

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

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

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

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

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

### STATEMENT BY GENERAL DIRECTOR

I, The General Director of the Company, do hereby state that, in my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2015 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

  
Dang Trieu Hoa  
General Director

9 March 2016



Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

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ey.com

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Reference: 60867230/17793503

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 9 March 2016 and set out on pages 6 to 35, which comprise the balance sheet as at 31 December 2015, and the income statement and cash flow statement for the year then ended and the notes thereto.

### ***The General Director's responsibility***

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

### ***Auditors' responsibility***

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

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

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



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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 2015, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

**Ernst & Young Vietnam Limited**



  
Le Thi Tuyet Mai  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1575-2013-004-1



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Ngo Bui Quoc Dat  
Auditor  
Audit Practicing Registration Certificate  
No. 2198-2013-004-1

Ho Chi Minh City, Vietnam

9 March 2016

BALANCE SHEET  
as at 31 December 2015

VND

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



BALANCE SHEET (continued)  
as at 31 December 2015

VND

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

Preparer  
Le Thi Lieu

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa



9 March 2016

INCOME STATEMENT  
for the year ended 31 December 2015

VND

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



Preparer  
Le Thi Lieu



Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa

9 March 2016

CASH FLOW STATEMENT  
for the year ended 31 December 2015

VND

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

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2015

VND

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


Preparer  
Le Thi Lieu

Chief Accountant  
Phan Nhu BichGeneral Director  
Dang Trieu Hoa

9 March 2016

NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2015

**1. CORPORATE INFORMATION**

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards ("VAS") issued by the Ministry of Finance as per:

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

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

### 2.2 *Applied accounting documentation system*

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

### 2.3 *Fiscal year*

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

### 2.4 *Accounting currency*

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Change in accounting policies and disclosures*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

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

**3.2 Cash and cash equivalents**

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

**3.3 Inventories**

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

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

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

*Provision for obsolete inventories*

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

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

**3.4 Receivables**

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

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

**3.5 Fixed assets**

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

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the income statement as incurred.

When fixed assets are sold or retired, their cost and accumulated depreciation/amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

**3.6 Depreciation and amortisation**

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

Buildings and structures	4 - 25 years
Machinery and equipment	2 - 15 years
Means of transportation	4 - 10 years
Office equipment	3 - 5 years
Computer software	4 - 5 years

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

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

**3.7 Borrowing cost**

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

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

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

**3.8 Prepaid expenses**

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

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

**3.9 Construction in process**

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

**3.10 Investment**

*Investment in an associate*

Investments in associates over which the Company has significant influence are carried at cost.

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

*Provision for diminution in value of an investment*

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

**3.11 Payables and accruals**

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015**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 being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount will be taken to the income statement.

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

**3.13 Foreign currency transactions**

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

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

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

**3.14 Appropriation of net profit**

Net profit after tax (excluding unrealised exchange gains as at the balance sheet date) is available for appropriation to shareholders after approval in the shareholders' meeting and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

*Investment and development fund*

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

*Bonus and welfare fund*

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

**3.15 Treasury shares**

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

**3.16 Revenue recognition**

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

*Sale of goods*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

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

**3.16 Revenue recognition (continued)**

*Interest*

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

**3.17 Taxation**

*Current income tax*

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

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

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

*Deferred tax*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015**4. CASH AND CASH EQUIVALENTS**

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

**5. SHORT-TERM TRADE RECEIVABLES**

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

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

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

**7. OTHER SHORT-TERM RECEIVABLES**

	VND	
	Ending balance	Beginning balance
Payment on behalf	45,959,975,781	-
Advance to employees	13,000,000	2,500,000
Other receivables	847,199,599	1,485,729,552
<b>TOTAL</b>	<b><u>46,820,175,380</u></b>	<b><u>1,488,229,552</u></b>
<i>In which:</i>		
<i>Other receivable from a related party (Note 27)</i>	45,959,975,781	-
<i>Other receivables from other parties</i>	860,199,599	1,488,229,552

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

## 8. INVENTORIES

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

*Detail of movements of provision for obsolete inventories:*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

### 9. TANGIBLE FIXED ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015**10. INTANGIBLE ASSETS**

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

**11. CONSTRUCTION IN PROGRESS**

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

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

**12. CAPITALIZED BORROWING COSTS**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

### 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>
Investment in Unitex Corporation	<u>49.99</u>	<u>39,992,000,000</u>	-	-

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

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

### 14. LONG-TERM PREPAID EXPENSES

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

### 15. TRADE PAYABLES

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

## 16. SHORT-TERM ADVANCE FROM CUSTOMERS

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

## 17. STATUTORY OBLIGATIONS

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

## 18. SHORT-TERM ACCRUED EXPENSES

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

Century Synthetic Fiber Corporation

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

19. LOANS

	Beginning balance		Movement during the year		Foreign exchange losses	Ending balance	
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount
Short-term							VND
Loans from banks	25,927,315,002	25,927,315,002	346,511,407,744	(233,709,513,942)	5,294,552,181	144,023,760,985	144,023,760,985
Current portion of long-term loans	-	-	88,635,488,800	(42,753,088,800)	-	45,882,400,000	45,882,400,000
	<u>25,927,315,002</u>	<u>25,927,315,002</u>	<u>435,146,896,544</u>	<u>(276,462,602,742)</u>	<u>5,294,552,181</u>	<u>189,906,160,985</u>	<u>189,906,160,985</u>
Long-term							
Loans from banks	207,105,841,360	207,105,841,360	478,441,461,500	(88,635,488,800)	30,539,013,380	627,450,827,440	627,450,827,440
<b>TOTAL</b>	<b><u>233,033,156,362</u></b>	<b><u>233,033,156,362</u></b>	<b><u>913,588,358,044</u></b>	<b><u>(365,098,091,542)</u></b>	<b><u>35,833,565,561</u></b>	<b><u>817,356,988,425</u></b>	<b><u>817,356,988,425</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

**19. LOANS (continued)**

**19.1 Short-term loans from banks**

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

Bank	Ending balance VND	Original amount USD	Term and maturity date	Interest rate (p.a)	Description of collateral;
Joint Stock Commercial Bank for Foreign Trade of Vietnam	71,986,140,236	3,196,611	From 1 January 2016 to 30 June 2016	1.7%	Unsecured
Vietnam Joint Stock Commercial Bank for Industry and Trade	53,901,015,769	2,393,525	From 2 January 2016 to 23 June 2016	1.7%	Unsecured
Vietnam Commercial Joint Stock Export Import Bank	15,205,500,918	675,215	From 1 January 2016 to 8 March 2016	1.7%	Unsecured
CTBC Bank Co., Ltd	2,931,104,062	130,158	28 March 2016	1.7%	Unsecured
<b>TOTAL</b>	<b>144,023,760,985</b>	<b>6,395,509</b>			

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

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				
<b>Dong A Joint Stock Commercial Bank</b>						
H.0217-13	95,172,267,440	4,226,122	4,226,122	From 1 March 2012 to 1 March 2019	3.00%	Assets funded by loans including imported machinery and equipment (stage 2). Total assets value is USD 12,100,000
H.1422-15	12,250,000,000	562,314	562,314	From 16 January 2016 to 16 October 2019	2.44%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans
H.1022-14	7,460,000,000	351,638	351,638	From 15 January 2016 to 15 October 2019	2.69%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans
<b>Vietnam Export and Import Joint Stock Commercial Bank</b>						
200908121	17,970,960,000	798,000	798,000	From 20 July 2012 to 20 April 2018	3.00%	Assets funded by loans including land use right, building and structures, and machineries at Trang Bang, Tay Ninh Province
201403738	540,480,000,000	24,000,000	24,000,000	From 28 January 2017 to 28 October 2021	2.53%	
<b>TOTAL</b>	<b>673,333,227,440</b>	<b>29,938,074</b>	<b>29,938,074</b>			

In which:

Current portion	45,882,400,000	1,970,000
Long-term loans	627,450,827,440	27,968,074

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2015

**20. OWNERS' EQUITY**

**20.1 Increases and decreases in owners' equity**

	Share capital	Share premium	Treasury shares	Financial reverse fund	Investment and development fund	Undistributed earnings	VND Total
<b>Previous year:</b>							
Beginning balance	315,425,840,000	-	(11,826,900,000)	1,219,011,000	-	198,245,463,380	503,063,414,380
Issuance of shares	30,000,000,000	40,026,904,470	-	-	-	-	70,026,904,470
Increase in capital	31,050,960,000	-	-	-	-	(31,050,960,000)	-
Profit appropriation	-	-	-	-	-	(4,380,000,000)	(4,380,000,000)
Net profit for the year	-	-	-	-	-	106,106,992,222	106,106,992,222
Dividend declared	46,576,560,000	-	-	-	-	(46,576,560,000)	-
Ending balance	423,053,360,000	40,026,904,470	(11,826,900,000)	1,219,011,000	-	222,344,935,602	674,817,311,072
<b>Current year:</b>							
Beginning balance	423,053,360,000	40,026,904,470	(11,826,900,000)	1,219,011,000	-	222,344,935,602	674,817,311,072
Reclassification (Note 30)	-	-	-	(1,219,011,000)	1,219,011,000	-	-
Increase in capital (**)	42,304,990,000	(242,000,000)	-	-	-	(42,304,990,000)	(242,000,000)
Re-issuance of treasury shares (*)	-	(4,487,469,091)	11,826,900,000	-	-	-	7,339,430,909
Net profit for the year	-	-	-	-	-	71,320,629,019	71,320,629,019
Dividend declared	-	-	-	-	-	(63,458,004,000)	(63,458,004,000)
Ending balance	465,358,350,000	35,297,435,379	-	-	1,219,011,000	187,902,570,621	689,777,367,000

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2015**20. OWNERS' EQUITY (continued)****20.1 Increases and decreases in owners' equity (continued)**

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

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

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

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

**20.3 Shares**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2015**21. REVENUE****21.1 Revenue from sale of goods**

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

**21.2 Financial income**

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

**22. FINANCIAL EXPENSES**

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

**23. SELLING EXPENSES**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2015**24. GENERAL AND ADMINISTRATION EXPENSES**

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

**25. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	808,732,277,598	1,250,245,790,516
Labour costs	81,515,665,748	68,000,297,476
Depreciation and amortisation (Notes 9 and 10)	84,110,810,164	81,048,824,606
Expenses for external services	212,341,888,701	174,900,283,553
Other expenses	34,165,321,109	38,591,799,451
<b>TOTAL</b>	<b><u>1,220,865,963,320</u></b>	<b><u>1,612,786,995,602</u></b>

**26. CORPORATE INCOME TAX**

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

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

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

**26.1 Current tax**

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2015**26. CORPORATE INCOME TAX (continued)****26.1 Current tax (continued)**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2015

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

## 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	13,463,070,903	6,370,556,492
P.A.N Asia Co., Ltd	Related party	Sale of goods	3,342,738,426	7,345,661,934

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

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and related expenses	<u>5,768,479,115</u>	<u>2,154,309,109</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015**27. TRANSACTIONS WITH RELATED PARTIES (continued)***Terms and conditions of transactions with related parties*

The sales to and purchases from related parties are made based on negotiated contract. Outstanding balances at are unsecured, interest free and will be settled in cash.

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

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

**28. EARNINGS PER SHARE**

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

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

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

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

The weighted average number of ordinary shares takes into account the treasury shares, issued share and the share dividend used during the year. The weighted average number of shares for the year ended 31 December 2014 was adjusted to reflect the 4,230,499 shares issued in 2015 from undistributed earnings (Note 20.1).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015**29. COMMITMENTS***Operating lease commitment*

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 31 December 2014 under the operating lease agreements is as follows:

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

**30. RECLASSIFICATION OF CORRESPONDING FIGURES**

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

	VND		
	<i>Beginning balance (previously presented)</i>	<i>Impact of reclassification</i>	<i>Beginning balance (reclassified)</i>
<b>BALANCE SHEET</b>			
Other receivables	1,485,729,552	2,500,000	1,488,229,552
Shortage of assets waiting for resolution	-	281,557,465	281,557,465
Other current assets	284,057,465	(284,057,465)	-
Other long-term liabilities	311,921,959	(311,921,959)	-
Long-term provision	-	311,921,959	311,921,959
Investment and development fund	-	1,219,011,000	1,219,011,000
Financial reverse fund	1,219,011,000	(1,219,011,000)	-

**31. SEGMENT INFORMATION**

The Company's main activities are to manufacture synthetic yarn and knitting and its revenue is mainly from these activities. In addition, the Company's operation and branch which are generating revenue are located in Vietnam. Therefore, the Company's management believes presentation of segment information is not required.

**32. OFF BALANCE SHEET ITEM**

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

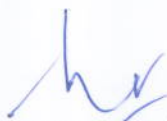
NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

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

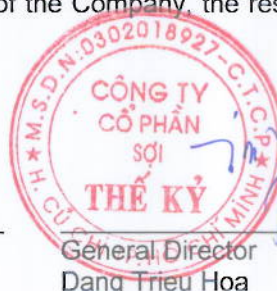
There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.



Preparer  
Le Thi Lieu



Chief Accountant  
Phan Nhu Bich



General Director  
Dang Trieu Hoa

9 March 2016