

Century Synthetic Fiber Corporation

Interim financial statements

30 June 2017

Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

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

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

The Company has two investment projects comprising:

- The factory to manufacture synthetic yarn that currently operates based on Investment Certificate No. 41221000029 issued by the Ho Chi Minh City Export Processing and Industrial Zones Authority on 19 July 2017. The project's duration will be end on 31 December 2048.
- The factory to manufacture POY, DTY, FDY synthetic yarn – Trang Bang Branch that currently operates based on the 9nd amended Investment Registration Certificate No. 0380478317 issued by the Tay Ninh Economics Zones Authority on 9 December 2016. The project's duration is 44 years starting from 26 June 2009.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. The Company's factory is located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam, the Company's representative office is 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 period and at the date of this report are:

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

BOARD OF SUPERVISION

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

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

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

AUDITORS

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

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation ("the Company") is pleased to present this report and the interim financial statements of the Company for the six-month period ended 30 June 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management of the Company, do hereby state that, in its opinion, the accompanying interim financial statements give a true and fair view of the interim financial position of the Company as at 30 June 2017 and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.

For and on behalf of management: *Rich*



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

14 August 2017



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Reference: 60867230/19357103/LR

REPORT ON REVIEW INTERIM FINANCIAL STATEMENTS

To: The Shareholders of Century Synthetic Fiber Corporation

We have reviewed the accompanying interim financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 14 August 2017 and set out on pages 5 to 34, which comprise the interim balance sheet as at 30 June 2017, and the interim income statement and the interim cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position of the Company as at 30 June 2017, and of the interim results of its operations and its interim cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.



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

Ho Chi Minh City, Vietnam

14 August 2017

INTERIM BALANCE SHEET
as at 30 June 2017


VND


Code	ASSETS	Notes	30 June 2017	31 December 2016
100	A. CURRENT ASSETS		753,875,682,063	593,657,811,816
110	I. Cash and cash equivalents	4	159,443,409,895	86,637,311,128
111	1. Cash		8,885,403,296	9,884,712,462
112	2. Cash equivalents		150,558,006,599	76,752,598,666
130	II. Current accounts receivable		139,661,444,530	84,741,864,840
131	1. Short-term trade receivables	5	90,445,149,479	36,719,143,552
132	2. Short-term advances to suppliers	6	647,926,738	1,289,186,094
136	3. Other short-term receivables	7	48,410,850,163	46,576,017,071
139	4. Shortage of assets waiting for resolution		157,518,150	157,518,123
140	III. Inventories	8	424,758,698,755	402,420,168,845
141	1. Inventories		426,688,205,196	403,994,067,970
149	2. Provision for obsolete inventories		(1,929,506,441)	(1,573,899,125)
150	IV. Other current assets		30,012,128,883	19,858,467,003
151	1. Short-term prepaid expenses		5,600,193,573	4,074,684,623
152	2. Value-added tax deductible	17	23,295,573,593	14,521,690,334
153	3. Tax and other receivables from the State	17	1,116,361,717	1,262,092,046
200	B. NON-CURRENT ASSETS		1,384,592,302,981	1,430,895,124,879
220	I. Fixed assets		1,281,140,344,288	1,349,914,446,050
221	1. Tangible fixed assets	9	1,280,615,968,872	1,348,937,044,886
222	Cost		1,936,273,688,548	1,931,172,253,031
223	Accumulated depreciation		(655,657,719,676)	(582,235,208,145)
227	2. Intangible assets	10	524,375,416	977,401,164
228	Cost		13,834,916,387	13,834,916,387
229	Accumulated amortisation		(13,310,540,971)	(12,857,515,223)
240	II. Long-term asset in progress		772,311,713	1,270,570,841
242	1. Construction in progress	11	772,311,713	1,270,570,841
250	III. Long-term investment		67,042,400,000	39,992,000,000
252	1. Investment in associates	13	67,042,400,000	39,992,000,000
260	IV. Other long-term assets		35,637,246,980	39,718,107,988
261	1. Long-term prepaid expenses	14	34,852,678,832	38,860,691,933
262	2. Deferred tax assets	27.2	784,568,148	857,416,055
270	TOTAL ASSETS		2,138,467,985,044	2,024,552,936,695

INTERIM BALANCE SHEET (continued)
as at 30 June 2017

VND

Code	RESOURCES	Notes	30 June 2017	31 December 2016
300	C. LIABILITIES		1,410,327,237,067	1,329,444,394,078
310	I. Current liabilities		857,312,208,100	677,575,039,500
311	1. Short-term trade payables	15	292,006,891,426	251,139,261,848
312	2. Short-term advances from customers	16	15,345,751,316	11,844,476,440
313	3. Statutory obligations	17	15,445,159,583	833,892,156
314	4. Payables to employees		9,087,707,114	11,319,155,059
315	5. Short-term accrued expenses	18	7,040,867,190	6,268,721,972
319	6. Other short-term payables	19	20,384,734,825	4,225,136,422
320	7. Short-term loans	20	496,439,207,016	390,503,012,476
322	8. Bonus and welfare funds		1,561,889,630	1,441,383,127
330	II. Non-current liabilities		553,015,028,967	651,869,354,578
338	1. Long-term loans	20	552,758,623,080	651,520,236,400
342	2. Long-term provision		256,405,887	349,118,178
400	D. OWNERS' EQUITY		728,140,747,977	695,108,542,617
410	I. Capital	21.1	728,140,747,977	695,108,542,617
411	1. Share capital		535,160,240,000	535,160,240,000
411a	- Shares with voting rights		535,160,240,000	535,160,240,000
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		156,464,061,598	123,431,856,238
421a	- Undistributed earnings up to the end of prior period		107,377,049,038	94,832,763,121
421b	- Undistributed earnings of current period		49,087,012,560	28,599,093,117
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,138,467,985,044	2,024,552,936,695


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa





14 August 2017


INTERIM INCOME STATEMENT
for the six-month period ended 30 June 2017

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
01	1. Revenue from sale of goods	22.1	918,116,756,494	663,689,368,944
02	2. Deductions	22.1	(410,931,196)	(176,144,111)
10	3. Net revenue from sale of goods	22.1	917,705,825,298	663,513,224,833
11	4. Cost of goods sold		(814,500,517,406)	(595,704,747,659)
20	5. Gross profit from sale of goods		103,205,307,892	67,808,477,174
21	6. Finance income	22.2	4,245,622,479	8,956,391,423
22	7. Finance expenses	23	(14,925,825,476)	(8,783,615,242)
23	In which: Interest expense		(13,288,939,089)	(6,268,558,713)
25	8. Selling expenses	24	(14,491,275,335)	(13,404,903,156)
26	9. General and administrative expenses	25	(23,893,137,719)	(20,682,391,330)
30	10. Operating profit		54,140,691,841	33,893,958,869
31	11. Other income		482,137,872	878,549,307
32	12. Other expenses		(167,769,682)	(44,528,832)
40	13. Other profit		314,368,190	834,020,475
50	14. Accounting profit before tax		54,455,060,031	34,727,979,344
51	15. Current corporate income tax expense	27.1	(5,295,199,564)	(2,071,213,742)
52	16. Deferred tax expense	27.2	(72,847,907)	(699,684,583)
60	17. Net profit after tax		49,087,012,560	31,957,081,019
70	18. Basic earnings per share	29	819	533
71	19. Diluted earnings per share	29	819	533


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

14 August 2017

INTERIM CASH FLOW STATEMENT
for the six-month period ended 30 June 2017


VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		54,455,060,031	34,727,979,344
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		73,875,537,279	56,700,895,880
03	Provision		355,607,316	714,418,523
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	22.2	(483,574,072)	(5,797,787,094)
05	Profits from investing activities		(2,464,617,372)	(654,355,176)
06	Interest expense	23	13,288,939,089	6,268,558,713
08	Operating profit before changes in working capital		139,026,952,271	91,959,710,190
09	Increase in receivables		(63,104,423,287)	(54,417,545,858)
10	(Increase) decrease in inventories		(22,694,137,226)	91,098,782,517
11	Increase in payables		52,820,881,250	63,147,350,694
12	Decrease (increase) in prepaid expenses		2,482,504,151	(1,591,147,046)
13	Interest paid		(13,447,725,008)	(11,496,805,460)
14	Corporate income tax paid		(58,302,045)	(1,217,328,650)
15	Other cash inflows from operating activities		178,416,225	211,486,494
16	Other cash outflows for operating activities		(460,785,617)	(291,341,006)
20	Net cash from operating activities		94,743,380,714	177,403,161,875
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(4,603,176,389)	(276,880,270,471)
22	Proceeds from disposals of fixed assets		-	454,545,454
25	Payments for investment in another entity		(27,050,400,000)	-
27	Interest received		2,122,767,852	199,809,722
30	Net cash used in investing activities		(29,530,808,537)	(276,225,915,295)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		533,446,005,599	443,587,481,245
34	Repayment of borrowings		(525,855,563,434)	(311,464,850,966)
36	Dividends paid	21.2	(1,045,000)	(23,093,312,750)
40	Net cash from financing activities		7,589,397,165	109,029,317,529

INTERIM CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2017

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
50	Net increase in cash and cash equivalents for the period		72,801,969,342	10,206,564,109
60	Cash and cash equivalents at beginning of period		86,637,311,128	6,582,910,835
61	Impact of exchange rate fluctuation		4,129,425	19,909,629
70	Cash and cash equivalents at end of period	4	159,443,409,895	16,809,384,573


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



14 August 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS
as at 30 June 2017 and for the six-month period then ended

1. CORPORATE INFORMATION

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

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The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. The Company's factory is located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam. The Company's representative office is 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 30 June 2017 was 1,042 (31 December 2016: 989).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

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

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

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

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

Provision for obsolete inventories

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

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

3.3 Receivables

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

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 interim income statement as incurred.

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

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 *Depreciation and amortisation*

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

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

3.7 *Borrowing cost*

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

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

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

3.8 *Prepaid expenses*

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Construction in process

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

3.10 Investment

Investment in an associate

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

Distributions from accumulated net profits of an associate arising subsequent to the date of acquisition are recognised in the 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 interim balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the interim 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.

3.12 Accrual for severance pay

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

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

3.13 Foreign currency transactions

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

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

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 interim balance sheet.

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

Current income tax is charged or credited to the 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the interim 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 interim balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each interim balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	30 June 2017	31 December 2016
Cash on hand	193,667,772	96,921,894
Cash in banks	8,691,735,524	9,787,790,568
Cash equivalent (*)	150,558,006,599	76,752,598,666
TOTAL	159,443,409,895	86,637,311,128

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

5. SHORT-TERM TRADE RECEIVABLES

	VND	
	30 June 2017	31 December 2016
Due from other parties	69,463,993,083	29,266,060,386
- Gain Lucky Vietnam Co., Ltd	16,735,074,643	4,991,453,917
- Y.R.C. Textile Co., Ltd	10,806,382,953	-
- Jatec Co., Ltd	8,118,332,579	4,984,735,593
- Others	33,804,202,908	19,289,870,876
Due from related parties (Note 28)	20,981,156,396	7,453,083,166
TOTAL	90,445,149,479	36,719,143,552

6. SHORT-TERM ADVANCE TO SUPPLIERS

	VND	
	30 June 2017	31 December 2016
Tam Son Mechanical Equipment Industry Co., Ltd	376,000,000	376,000,000
Long Full Chemical Co., Ltd.	125,948,160	-
Wu Tung Co., Ltd	119,094,300	-
Others	26,884,278	913,186,094
TOTAL	647,926,738	1,289,186,094

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

7. OTHER SHORT-TERM RECEIVABLES

	VND	
	30 June 2017	31 December 2016
Payment on behalf	46,696,835,781	45,961,835,781
Social insurance	1,365,756,338	482,462,489
Other receivables	348,258,044	131,718,801
TOTAL	48,410,850,163	46,576,017,071
<i>In which:</i>		
<i>Due from a related party (Note 28)</i>	46,696,835,781	45,961,835,781
<i>Due from other parties</i>	1,714,014,382	614,181,290

8. INVENTORIES

	VND			
	30 June 2017		31 December 2016	
	Cost	Provision	Cost	Provision
Finished goods	258,082,757,640	(1,929,506,441)	261,341,902,253	(1,573,899,125)
Raw materials	135,033,403,524	-	103,625,705,123	-
Goods in transit	33,572,044,032	-	34,986,551,496	-
Goods on consignment	-	-	4,039,909,098	-
TOTAL	426,688,205,196	(1,929,506,441)	403,994,067,970	(1,573,899,125)

Detail of movements of provision for obsolete inventories:

	VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
At beginning balance	(1,573,899,125)	(2,001,120,076)
Add: Provision made during the period	(355,607,316)	(714,418,523)
At end of period	(1,929,506,441)	(2,715,538,599)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
Cost:					
As at 31 December 2016	268,654,209,911	1,483,662,789,391	174,063,527,649	4,791,726,080	1,931,172,253,031
Newly purchase	1,927,223,291	2,751,473,897	-	-	4,678,697,188
Transfer from construction in progress	-	422,738,329	-	-	422,738,329
As at 30 June 2017	270,581,433,202	1,486,837,001,617	174,063,527,649	4,791,726,080	1,936,273,688,548
<i>In which:</i>					
Fully depreciated	28,495,410,884	68,030,012,323	14,593,313,159	166,208,678	111,284,945,044
Accumulated depreciation:					
As at 31 December 2016	(94,480,247,498)	(434,680,397,092)	(51,690,008,008)	(1,384,555,547)	(582,235,208,145)
Depreciation for the period	(6,993,583,522)	(56,208,148,171)	(9,636,688,065)	(584,091,773)	(73,422,511,531)
As at 30 June 2017	(101,473,831,020)	(490,888,545,263)	(61,326,696,073)	(1,968,647,320)	(655,657,719,676)
Net carrying amount:					
As at 31 December 2016	174,173,962,413	1,048,982,392,299	122,373,519,641	3,407,170,533	1,348,937,044,886
As at 30 June 2017	169,107,602,182	995,948,456,354	112,736,831,576	2,823,078,760	1,280,615,968,872
<i>In which:</i>					
Pledged as loan security (Note 20.2)	107,211,612,296	878,321,217,454	110,818,228,126	2,809,970,571	1,099,161,028,447

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

10. INTANGIBLE ASSETS

	VND
	<i>Computer software</i>
Cost:	
As at 31 December 2016 and at 30 June 2017	<u>13,834,916,387</u>
<i>In which:</i>	
Fully amortised	113,300,000
Accumulated amortisation:	
As at 31 December 2016	(12,857,515,223)
Amortisation for the year	<u>(453,025,748)</u>
As at 30 June 2017	<u>(13,310,540,971)</u>
Net carrying amount:	
As at 31 December 2016	<u>977,401,164</u>
As at 30 June 2017	<u>524,375,416</u>

11. CONSTRUCTION IN PROGRESS

	VND	
	30 June 2017	31 December 2016
Machinery and equipment	206,488,895	487,397,986
Others	565,822,818	783,172,855
TOTAL	<u>772,311,713</u>	<u>1,270,570,841</u>

12. CAPITALIZED BORROWING COSTS

During the year, the Company did not capitalize borrowing costs (for the six-month period ended 30 June 2016: VND 5,144,208,617). These costs relate to the loans taken to finance the construction of phase 3 and phase 4 at Trang Bang branch.

13. INVESTMENT IN ASSOCIATES

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	% of <i>interest</i>	<i>Cost</i> VND	% of <i>interest</i>	<i>Cost</i> VND
Unitex Corporation	49.99	39,992,000,000	49.99	39,992,000,000
E.DYE Vietnam Joint Stock Company	36.00	<u>27,050,400,000</u>	-	<u>-</u>
TOTAL		<u>67,042,400,000</u>		<u>39,992,000,000</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

13. INVESTMENT IN ASSOCIATES (continued)

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 interim balance sheet date, Unitex is in the stage of obtaining approval for the plan for construction and development.

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

14. LONG-TERM PREPAID EXPENSES

	VND	
	30 June 2017	31 December 2016
Land rental (land use rights) (*)	27,426,841,823	27,854,506,567
Others	7,425,837,009	11,006,185,366
TOTAL	34,852,678,832	38,860,691,933

(*) 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			
	30 June 2017		31 December 2016	
	Amount	Amount payable	Amount	Amount payable
Tainan Spinning Co., Ltd	119,431,541,388	119,431,541,388	108,482,214,080	108,482,214,080
PT. INDORAMA				
Polychem Indonesia	63,020,670,000	63,020,670,000	69,814,612,400	69,814,612,400
Far Eastern New Century Corporation	41,753,928,665	41,753,928,665	32,533,466,305	32,533,466,305
ITOCHU Corporation	30,378,316,000	30,378,316,000	-	-
Others	37,422,435,373	37,422,435,373	40,308,969,063	40,308,969,063
TOTAL	292,006,891,426	292,006,891,426	251,139,261,848	251,139,261,848

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

16. SHORT-TERM ADVANCE FROM CUSTOMERS

	VND	
	30 June 2017	31 December 2016
Universal Star Corporation	-	4,681,361,757
Eclat Fabric Vietnam Company Limited	2,895,110,314	2,196,150,454
Treasure Star International Limited	1,653,917,481	1,825,014,922
Daluen Vietnam Co., Ltd	1,616,348,069	-
Khang Viet Production, Trading and Services Co., Ltd	1,934,846,992	-
Nam Phuong Textile and Dyeing Co., Ltd	2,902,468,721	-
Others	4,343,059,739	3,141,949,307
TOTAL	<u>15,345,751,316</u>	<u>11,844,476,440</u>

17. STATUTORY OBLIGATIONS

	VND			
	31 December 2016	Payable for the period	Payment/net-off in the period	30 June 2017
Payables				
Corporate income tax	-	5,088,167,189	-	5,088,167,189
Import and export duties	123,874,059	13,501,351,308	(10,382,446,254)	3,242,779,113
Personal income tax	270,778,539	687,837,934	(819,996,914)	138,619,559
Value-added tax	439,239,558	73,814,429,009	(67,278,074,845)	6,975,593,722
Other	-	498,944,400	(498,944,400)	-
TOTAL	<u>833,892,156</u>	<u>93,590,729,840</u>	<u>(78,979,462,413)</u>	<u>15,445,159,583</u>
	31 December 2016	Receivable for the period	Refund in the period	30 June 2017
Receivables				
Value-added tax deductible	14,521,690,334	184,915,193,086	(176,141,333,827)	23,295,549,593
Corporate income tax	1,262,092,046	58,302,045	(207,032,374)	1,113,361,717
Other	-	3,000,000	-	3,000,000
TOTAL	<u>15,783,782,380</u>	<u>184,976,495,131</u>	<u>(176,348,366,201)</u>	<u>24,411,911,310</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

18. SHORT-TERM ACCRUED EXPENSES

	VND	
	30 June 2017	31 December 2016
Utility expenses	2,796,310,362	2,970,867,032
Sales commission	1,709,674,187	1,982,783,992
Interest expense	996,173,774	1,154,959,693
Professional service expense	179,907,572	121,287,570
Others	<u>1,358,801,295</u>	<u>38,823,685</u>
TOTAL	<u>7,040,867,190</u>	<u>6,268,721,972</u>

19. SHORT-TERM OTHER PAYABLES

	VND	
	30 June 2017	31 December 2016
Dividends	16,256,909,700	203,147,500
Social insurance	2,063,397,044	740,231,074
Others	<u>2,064,428,081</u>	<u>3,281,757,848</u>
TOTAL	<u>20,384,734,825</u>	<u>4,225,136,422</u>

Century Synthetic Fiber Corporation

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS

	31 December 2016		Movement during the period		Foreign exchange losses	30 June 2017	
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount
Short-term Loans from banks	298,400,145,976	298,400,145,976	533,446,005,599	(476,826,538,294)	(23,002,540)	354,996,610,741	354,996,610,741
Current portion of long-term loans	92,102,866,500	92,102,866,500	98,230,954,590	(49,029,025,140)	137,800,325	141,442,596,275	141,442,596,275
	390,503,012,476	390,503,012,476	631,676,960,189	(525,855,563,434)	114,797,785	496,439,207,016	496,439,207,016
Long-term Loans from banks	651,520,236,400	651,520,236,400	-	(98,230,954,590)	(530,658,730)	552,758,623,080	552,758,623,080
TOTAL	1,042,023,248,876	1,042,023,248,876	631,676,960,189	(624,086,518,024)	(415,860,945)	1,049,197,830,096	1,049,197,830,096

VND

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS (continued)

20.1 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:

Banks	Ending balance VND	Original amount USD	Term and maturity date	Interest rate (%/p.a)
Vietnam Joint Stock Commercial Bank for Industry and Trade	193,574,062,500	8,531,250	From 7 August 2017 to 8 December 2017	2.2
Vietnam Export Import Commercial Joint Stock Bank	123,426,702,240	5,439,696	From 7 August 2017 to 26 December 2017	1.7
Orient Commercial Joint Stock Bank	30,452,249,000	1,342,100	From 19 December 2017 to 26 December 2017	1.7
CTBC Bank Co., Ltd	7,543,597,001	-	From 21 September 2017 to 25 September 2017	4.8
TOTAL	354,996,610,741	15,313,046		

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS (continued)

20.2 Long-term loans from banks

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

Banks	Ending balance	Original amount		Term and maturity date	Interest rate (%p.a)	Description of collateral
		VND	USD			
Dong A Joint Stock Commercial Bank	52,212,458,180	2,301,122		From 3 July 2017 to 3 January 2019	2.25	Assets funded by loans including imported machineries and equipment (Trang Bang project - 2 nd stage). Total assets value is USD 12,100,000
CTBC Bank Co., Ltd	198,537,500,000	8,750,000		From 1 September 2017 to 1 March 2021	2.29	Assets funded by loans including imported machineries and equipment (Trang Bang project – 4 th stage)
Vietnam Commercial Joint Stock Export Import Bank	443,451,261,175	19,543,908		From 20 July 2017 to 20 October 2021	2.93	Assets funded by loans including land use right, building and structures, and machineries at Trang Bang Branch, Tay Ninh Province
TOTAL	694,201,219,355	30,595,030				
<i>In which:</i>						
Current portion	141,442,596,275	6,233,698				
Long-term loans	552,758,623,080	24,361,332				

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

21. OWNERS' EQUITY

21.1 *Increases and decreases in owners' equity*

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total	VND
For the six-month period ended 30 June 2016:						
As at 31 December 2015	465,358,350,000	35,297,435,379	1,219,011,000	187,902,570,621	689,777,367,000	
Increase in capital	69,801,890,000	-	-	(69,801,890,000)	-	
Net profit for the period	-	-	-	31,957,081,019	31,957,081,019	
Dividend declared	-	-	-	(23,267,917,500)	(23,267,917,500)	
As at 30 June 2016	535,160,240,000	35,297,435,379	1,219,011,000	126,789,844,140	698,466,530,519	
For the six-month period ended 30 June 2017:						
As at 31 December 2016	535,160,240,000	35,297,435,379	1,219,011,000	123,431,856,238	695,108,542,617	
Net profit for the year	-	-	-	49,087,012,560	49,087,012,560	
Dividend declared (*)	-	-	-	(16,054,807,200)	(16,054,807,200)	
As at 30 June 2017	535,160,240,000	35,297,435,379	1,219,011,000	156,464,061,598	728,140,747,977	

(*) According to the Shareholder Resolution dated 28 March 2017, and the Board of Director Resolutions No. 05/2017/NQHDQT, 06/2017/NQHDQT dated 19 June 2017 and 26 June 2017, approving the dividend by cash of 3% par value of share (equivalent to VND 300/share) and stock dividend at the rate of 12% of share capital (equivalent to VND 64,219,220,000).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Issued share capital		
Beginning balance	535,160,240,000	465,358,350,000
Share issuance	-	69,801,890,000
Ending balance	<u>535,160,240,000</u>	<u>535,160,240,000</u>
Dividends declared	(80,274,027,200)	(93,069,807,500)
Dividend paid in cash	(1,045,000)	(23,093,312,750)
Stock dividend	-	(69,801,890,000)

21.3 Shares

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	53,516,024	535,160,240,000	53,516,024	535,160,240,000
Issued shares				
Issued and paid-up shares	53,516,024	535,160,240,000	53,516,024	535,160,240,000
Ordinary shares	53,516,024	535,160,240,000	53,516,024	535,160,240,000
Shares in circulation				
Ordinary shares	53,516,024	535,160,240,000	53,516,024	535,160,240,000

22. REVENUES

22.1 Revenue from sale of goods

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Gross revenue	918,116,756,494	663,689,368,944
Less:		
Sales returns	(410,931,196)	(176,144,111)
Net revenue	<u>917,705,825,298</u>	<u>663,513,224,833</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended**22. REVENUES** (continued)**22.2 Finance income**

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	483,574,072	5,797,787,094
Interest income	2,464,617,372	199,809,722
Foreign exchange gains	1,297,431,035	2,958,794,607
TOTAL	<u>4,245,622,479</u>	<u>8,956,391,423</u>

23. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Interest expense	13,288,939,089	6,268,558,713
Foreign exchange losses	1,636,886,387	2,515,056,529
TOTAL	<u>14,925,825,476</u>	<u>8,783,615,242</u>

24. SELLING EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Transportation expense	7,322,640,424	6,738,616,367
Letter of credit (LC) fee and documents	3,691,167,223	3,296,996,500
Commission fee	1,977,954,257	2,576,085,769
Other expenses	1,499,513,431	793,204,520
TOTAL	<u>14,491,275,335</u>	<u>13,404,903,156</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

25. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Labour costs	10,013,047,581	10,196,910,419
Expenses for external services	6,810,121,393	3,961,577,779
Stationary and other tools costs	2,632,714,905	1,652,844,959
Depreciation and amortisation expenses	2,131,877,609	2,766,471,846
Other expenses	2,305,376,231	2,104,586,327
TOTAL	<u>23,893,137,719</u>	<u>20,682,391,330</u>

26. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Raw materials	611,498,363,302	370,759,409,028
Expenses for external services	119,783,216,274	81,909,704,968
Depreciation and amortisation (Notes 9 and 10)	73,875,537,279	56,347,236,472
Labour costs	54,800,487,397	41,499,829,693
Other expenses	5,640,989,563	3,284,113,164
TOTAL	<u>865,598,593,815</u>	<u>553,800,293,325</u>

27. CORPORATE INCOME TAX

For Cu Chi Operation, the applicable statutory corporate income tax ("CIT) rate is 20% (for the six-month period ended 30 June 2016: 20%) of taxable profit.

For the Trang Bang Branch, the Company received Trang Bang's amended Investment Certification issued by the Tay Ninh Province Industrial Zone Administration on 6 September 2016. Accordingly, the Company have been tax incentive (tax rate by 10%) for fifteen (15) years from prior year (year 2016). The Company is entitled to an exemption from CIT for four (4) years commencing from the first year in which a taxable profit is earned, and a 50% reduction for the following nine (9) years.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

27. CORPORATE INCOME TAX (continued)

27.1 Current CIT

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
CIT expense of current period	5,031,865,750	2,071,213,742
Adjustment for under accrual of CIT from prior periods	<u>263,333,814</u>	-
Current CIT	5,295,199,564	2,071,213,742
Deferred tax expense	<u>72,847,907</u>	<u>699,684,583</u>
TOTAL	<u>5,368,047,471</u>	<u>2,770,898,325</u>

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

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

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Accounting profit before tax	<u>54,455,060,031</u>	<u>34,727,979,344</u>
At the applicable CIT rate for the Company	8,101,207,835	1,241,434,747
<i>Adjustments:</i>		
Non-deductible expenses	242,629,246	195,248,570
Tax incentive at Trang Bang branch	(3,168,012,689)	(3,363,385,216)
Tax loss of Cu Chi Operation	-	4,018,661,255
Adjustment for under accrual of tax from prior periods	263,333,814	-
Others	<u>(71,110,735)</u>	<u>678,938,969</u>
CIT expense	<u>5,368,047,471</u>	<u>2,770,898,325</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

27. CORPORATE INCOME TAX (continued)

27.2 Deferred tax

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

	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
				VND
Deferred tax assets				
Unrealised profit	-	-	-	(661,697,693)
Accrued expenses	336,693,705	393,956,539	(57,262,834)	(111,327,594)
Accrual for annual leave	-	105,362,551	(105,362,551)	(77,098,460)
Accrual for severance pay	67,695,536	69,823,636	(2,128,100)	7,877,277
Provision for obsolete inventory	385,901,288	314,779,825	71,121,463	142,883,705
Difference in recognition of exported revenue	-	-	-	2,130,120
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	(5,722,381)	(26,506,496)	20,784,115	(2,451,938)
	784,568,148	857,416,055		
Net deferred tax expenses to income statement			(72,847,907)	(699,684,583)

28. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
E.DYE Vietnam Joint Stock Company	Associate	Capital contribution	27,050,400,000	-
LIANTEX Co., Ltd.	Related party	Sale of goods	13,463,070,903	55,642,094,123
P.A.N Asia Co., Ltd	Related party	Sale of goods	3,342,738,426	22,914,325,039

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued)

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

			VND	
	<i>Relationship</i>	<i>Transaction</i>	<i>30 June 2017</i>	<i>31 December 2016</i>
<i>Trade receivable (Note 5)</i>				
LIANTEX Co., Ltd.	Related party	Sale of goods	19,753,350,619	6,530,959,455
P.A.N Asia Co., Ltd	Related party	Sale of goods	1,227,805,777	922,123,711
			<u>20,981,156,396</u>	<u>7,453,083,166</u>
<i>Other short-term receivable (Note 7)</i>				
Unitex Corporation	Associate	Payment on behalf	<u>46,696,835,781</u>	<u>45,961,835,781</u>

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

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Salaries and related expenses	<u>1,871,266,816</u>	<u>2,283,206,016</u>

29. EARNINGS PER SHARE

Basic earnings per share amount are calculated by dividing net profit for the period 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 period.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

29. EARNINGS PER SHARE (continued)

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

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016 (as restated)</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	49,087,012,560	31,957,081,019
Weighted average number of ordinary shares for basic earnings per shares (*)	<u>59,937,946</u>	<u>59,937,946</u>
Earnings per share (par value of VND 10,000/share)		
- Basic	819	533
- Diluted	819	533

(*) The weighted average number of ordinary shares in the current period and previous period has been adjusted for the additional of 6,421,922 shares issued as stock dividend to the existing shareholders from undistributed earnings in accordance to the Shareholder Resolution dated 28 March 2017 and the Board of Director Resolution No 06/2017/NQHDQT dated 26 June 2017 approved the stock dividend at the rate of 12% share capital (VND 64,219,220,000) (Note 21.1).

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

30. OPERATING LEASE COMMITMENT

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 30 June 2017 under the operating lease agreements is as follows:

	VND	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Less than 1 year	771,170,000	1,160,930,000
From 1 to 5 years	1,362,000,000	1,362,000,000
More than 5 years	<u>10,583,875,000</u>	<u>10,754,125,000</u>
TOTAL	<u>12,717,045,000</u>	<u>13,277,055,000</u>

31. SEGMENT INFORMATION

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

32. OFF BALANCE SHEET ITEM

30 June 2017 31 December 2016

Foreign currency:		
United States Dollar (USD)	184,711	332,765

33. EVENTS AFTER THE INTERIM BALANCE SHEET DATE

On 31 July 2017, the Company issued 6,421,774 ordinary shares to existing shareholders to pay dividend and increase its share capital from undistributed earnings. This issuance was executed under the Shareholder Resolution dated 28 March 2017 and the Board of Directors Resolution No. 06/2017/NQHDQT date 26 June 2017. The result of issuance was reported to State Securities Commission of Vietnam on 31 July 2017. As at the reporting date, the share capital of the Company increased to VND 599,377,980,000 which was approved by the Department of Planning and Investment of Ho Chi Minh City as per the 16th amended Business Certificate dated 9 August 2017.

Except for the above event, there is no significant matter or circumstance that has arisen since the interim balance sheet date which requires adjustments or disclosure in the interim financial statements of the Company.

		
Preparer Phan Thanh Phu	Chief Accountant Phan Nhu Bich	General Director Dang Trieu Hoa

14 August 2017