

Century Synthetic Fiber Corporation

Interim consolidated financial statements

For the six-month period ended 30 June 2023



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 21st Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2023.

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

The current principal activity of the Group is to manufacture synthetic yarn and knitting.

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

BOARD OF DIRECTORS

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

Ms Dang My Linh	Chairwoman
Mr Dang Trieu Hoa	Vice Chairman
Mr Dang Huong Cuong	Member
Ms Cao Thi Que Anh	Member
Mr Chen Che Jen	Member
Mr Vo Quang Long	Member
Mr Nguyen Quoc Huong	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 Ha Kiet Tran	Member	appointed on 30 March 2023
Ms Hoang Nu Mong Tuyen	Member	resigned on 30 March 2023
Ms Dinh Ngoc Hoa	Member	

MANAGEMENT

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

Mr Dang Trieu Hoa	General Director
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.

AUDITOR

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

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation (“the Company”) is pleased to present this report and the interim consolidated financial statements of the Company and its subsidiary (“the Group”) for the six-month period ended 30 June 2023.

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

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

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

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

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

STATEMENT BY MANAGEMENT

Management, does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2023, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

For and on behalf of the management:



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

28 August 2023

Reference: 11659174/66901459/LR-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Century Synthetic Fiber Corporation

We have reviewed the accompanying interim consolidated financial statements of Century Synthetic Fiber Corporation (“the Company”) and its subsidiary (collectively referred to as “the Group”) as prepared on 28 August 2023 and set out on pages 5 to 33, which comprise the interim consolidated balance sheet as at 30 June 2023, and the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management’s responsibility

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

Auditors’ responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 June 2023, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

Ernst & Young Vietnam Limited



Maria Cristina M. Calimbas
Deputy General Director
Audit Practicing Registration Certificate
No. 1073-2023-004-1

Ho Chi Minh City, Vietnam

28 August 2023

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2023

VND

Code	ASSETS	Notes	30 June 2023	31 December 2022
100	A. CURRENT ASSETS		1,363,385,474,924	1,199,951,103,248
110	I. Cash and cash equivalents	4	227,985,216,086	235,284,187,347
111	1. Cash		18,974,459,862	20,784,187,347
112	2. Cash equivalents		209,010,756,224	214,500,000,000
120	II. Short-term investment		51,955,342,466	180,000,000,000
123	1. Held-to-maturity investment	5	51,955,342,466	180,000,000,000
130	III. Current accounts receivable		459,799,178,477	225,986,702,005
131	1. Short-term trade receivables	6.1	130,336,061,075	69,400,071,855
132	2. Short-term advances to suppliers	6.2	323,167,302,783	151,583,002,310
135	3. Short-term loan receivable	7	3,471,000,000	3,471,000,000
136	4. Other short-term receivables		2,824,814,619	1,532,627,840
140	IV. Inventories	8	503,596,628,241	466,136,524,256
141	1. Inventories		510,805,049,165	472,682,334,984
149	2. Provision for obsolete inventories		(7,208,420,924)	(6,545,810,728)
150	V. Other current assets		120,049,109,654	92,543,689,640
151	1. Short-term prepaid expenses	13	4,524,672,470	3,067,765,320
152	2. Value-added tax deductible	16	110,248,697,826	84,182,005,136
153	3. Tax receivable from the State	16	5,275,739,358	5,293,919,184
200	B. NON-CURRENT ASSETS		920,763,049,231	925,081,840,609
220	I. Fixed assets		687,680,606,145	730,566,913,801
221	1. Tangible fixed assets	9	687,680,606,145	730,566,913,801
222	Cost		2,091,278,447,857	2,088,323,320,799
223	Accumulated depreciation		(1,403,597,841,712)	(1,357,756,406,998)
227	2. Intangible asset	10	-	-
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,385,298,205)	(14,385,298,205)
240	II. Long-term asset in progress		81,032,368,728	40,942,507,371
242	1. Construction in progress	11	81,032,368,728	40,942,507,371
250	III. Long-term investment		13,800,000,000	13,800,000,000
253	1. Investment in another entity	12	13,800,000,000	13,800,000,000
260	IV. Other long-term assets		138,250,074,358	139,772,419,437
261	1. Long-term prepaid expenses	13	135,395,513,313	136,348,216,385
262	2. Deferred tax assets	26.3	2,854,561,045	3,424,203,052
270	TOTAL ASSETS		2,284,148,524,155	2,125,032,943,857

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2023

VND

Code	RESOURCES	Notes	30 June 2023	31 December 2022
300	C. LIABILITIES		703,942,153,944	583,942,885,374
310	I. Current liabilities		703,639,402,612	583,671,887,207
311	1. Short-term trade payables	14	277,925,646,684	219,788,323,822
312	2. Short-term advances from customers	15	12,965,038,072	8,783,975,931
313	3. Statutory obligations	16	10,487,446,024	3,568,641,115
314	4. Payable to employees		22,648,509,225	24,626,980,550
315	5. Short-term accrued expenses	17	7,481,413,469	6,447,916,477
319	6. Other short-term payables	18	7,341,849,408	6,659,866,578
320	7. Short-term loans	19	357,746,717,198	308,095,357,806
322	8. Bonus and welfare funds	3.15	7,042,782,532	5,700,824,928
330	II. Non-current liability		302,751,332	270,998,167
342	1. Long-term provision		302,751,332	270,998,167
400	D. OWNERS' EQUITY		1,580,206,370,211	1,541,090,058,483
410	I. Capital	20.1	1,580,206,370,211	1,541,090,058,483
411	1. Share capital		843,638,250,000	843,638,250,000
411a	- Shares with voting rights		843,638,250,000	843,638,250,000
412	2. Share premium		40,824,578,872	40,824,578,872
415	3. Treasury shares		(42,410,550,000)	(42,410,550,000)
418	4. Investment and development fund		1,219,011,000	1,219,011,000
421	5. Undistributed earnings		736,935,080,339	697,818,768,611
421a	- Undistributed earnings at the end of prior year		697,818,768,611	455,544,390,374
421b	- Earnings of current period		39,116,311,728	242,274,378,237
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,284,148,524,155	2,125,032,943,857

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

28 August 2023

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2023

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
01	1. Revenue from sale of goods	21.1	695,195,639,493	1,171,030,545,410
02	2. Deductions	21.1	-	(1,419,571,506)
10	3. Net revenue from sale of goods	21.1	695,195,639,493	1,169,610,973,904
11	4. Cost of goods sold	25	(617,056,784,503)	(952,578,978,943)
20	5. Gross profit from sale of goods		78,138,854,990	217,031,994,961
21	6. Finance income	21.2	21,108,929,371	10,305,558,288
22	7. Finance expenses	22	(24,115,435,503)	(20,088,262,831)
23	<i>In which: Interest expense</i>		(8,609,376,624)	(2,838,336,489)
25	8. Selling expenses	23, 25	(7,151,298,335)	(11,263,045,264)
26	9. General and administrative expenses	24, 25	(30,708,780,326)	(31,077,307,483)
30	10. Operating profit		37,272,270,197	164,908,937,671
31	11. Other income		1,626,402,208	258,417,971
32	12. Other expenses		(48,019,264)	(1,197,898)
40	13. Other profit		1,578,382,944	257,220,073
50	14. Accounting profit before tax		38,850,653,141	165,166,157,744
51	15. Current corporate income tax income (expense)	26.1	835,300,594	(15,687,386,495)
52	16. Deferred tax expense	26.3	(569,642,007)	(2,129,290,512)
60	17. Net profit after tax		39,116,311,728	147,349,480,737
61	18. Net profit after tax attributable to shareholders of the parent		39,116,311,728	147,349,480,737
70	19. Basic earnings per share	28	416	1,775
71	20. Diluted earnings per share	28	416	1,775


Preparer
Nguyen Thi Hong Tham


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

28 August 2023

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2023

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		38,850,653,141	165,166,157,744
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	9, 10	45,841,434,714	55,121,440,479
03	Provision (reversal of provision)		662,610,196	(7,406,071,183)
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		4,032,036,751	7,965,308,036
05	Profits from investing activities	21.2	(7,523,304,748)	(7,470,498,061)
06	Interest expense	22	8,609,376,624	2,838,336,489
08	Operating profit before changes in working capital		90,472,806,678	216,214,673,504
09	Increase in receivables		(86,971,904,130)	(23,016,729,137)
10	(Increase) decrease in inventories		(38,122,714,181)	2,643,766,688
11	Increase in payables		68,110,492,924	31,051,688,219
12	(Increase) decrease in prepaid expenses		(504,204,078)	5,926,101,320
14	Interest paid		(8,314,225,761)	(2,787,213,149)
15	Corporate income tax paid		(59,110,914)	(6,816,861,344)
16	Other cash outflows for operating activities		-	(1,836,441,341)
20	Net cash flows from operating activities		24,611,140,538	221,378,984,760
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(216,161,092,167)	(11,473,378,287)
23	Paymout for bank term deposit		(1,955,342,466)	-
24	Proceeds from bank term deposit		130,000,000,000	-
27	Interest received		7,792,057,124	7,310,262,999
30	Net cash flows used in investing activities		(80,324,377,509)	(4,163,115,288)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2023 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 21st Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2023.

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

The current principal activity of the Group is to manufacture synthetic yarn and knitting.

The Company’s normal course of business cycle is 12 months.

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

The number employees of the Company and its subsidiary (“the Group”) as at 30 June 2023 was 883 (31 December 2022: 882).

Corporate structure

As at 30 June 2023, the Company has a subsidiary as follows:

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

The principal activity per Investment Certificate of Unitex is 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 Commune, Tay Ninh Province, Vietnam.

As at 30 June 2023, the Company holds 100% ownership and voting rights of Unitex.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

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

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiary for the six-month period ended 30 June 2023.

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

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of not more 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 measured at historical cost. The cost of inventories comprises cost of purchase and conversion (including raw materials, direct labor cost, other directly related costs, and manufacturing general overheads allocated based on the normal operating capacity) incurred in bringing the inventories to their present location and condition.

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 finished goods on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods owned by the Group, 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 consolidated income statement. When inventories are expired, obsolescence, damage or become useless, the difference between the provision previously made and the historical cost of inventories are included in the interim consolidated income statement.

3.3 *Receivables*

Receivables are presented in the interim consolidated financial statements at the carrying amounts due from customers and other debtors, after 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 interim balance sheet date. Increases or decreases to the provision balance are recorded as general and administrative expense in the interim consolidated income statement. When bad debts are determined as unrecoverable and accountant writes off those bad debts, the differences between the provision for doubtful receivables previously made and historical cost of receivables are included in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 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 consolidated income statement as incurred.

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

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 *Depreciation and amortisation*

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

Buildings, structures	4 – 25 years
Machinery, equipment	2 – 15 years
Means of transportations	4 – 10 years
Office equipment	3 – 5 years
Computer software	4 – 5 years

3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds and are recorded as expense during the period in which they are incurred.

3.8 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense and are amortised to the interim consolidated income statement:

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

Prepaid land rental

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Construction in progress

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 Business combinations and goodwill

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

3.11 Investments

Investment in associates

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the interim consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The interim consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the interim consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends/profit sharing received or receivable from associates reduces the carrying amount of the investment.

The interim financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investment in other entity

Investment in other entity is stated at acquisition cost.

Held-to-maturity investment

Held-to-maturity investment is stated at acquisition cost. After initial recognition, held-to-maturity investment is measured at recoverable amount. Any impairment loss incurred is recognised as finance expense in the interim consolidated income statement and deducted against the value of such investments.

Provision for diminution in value of investments

Provision for investments is made when there are reliable evidences of the diminution in value of the investments at the interim balance sheet date.

Increases and decreases to the provision balance are recorded as finance expense in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Payables and accruals*

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

3.13 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to the interim balance sheet date at the rate of one-half of the average monthly salary for each period of service up to 31 December 2008 in accordance with the Labour Code, 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 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 employee will be taken to the interim consolidated income statement.

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

3.14 *Foreign currency transactions*

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

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

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

All foreign exchange differences incurred are taken to the interim consolidated income statement.

3.15 *Appropriation of net profit*

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

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

Investment and development fund

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

Bonus and welfare fund

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition

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

Sale of goods

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

Interest

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

3.17 Taxation

Current income tax

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

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends 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 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:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 *Earnings per share*

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

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

3.19 *Segment information*

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

3.20 *Related parties*

Parties are considered to be related parties of the Group if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

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as at 30 June 2023 and for the six-month period then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	30 June 2023	31 December 2022
Cash on hand	14,078,989	16,586,058
Cash in banks	18,960,380,873	20,767,601,289
Time deposits at banks	<u>209,010,756,224</u>	<u>214,500,000,000</u>
TOTAL	<u>227,985,216,086</u>	<u>235,284,187,347</u>

Time deposits at banks have original maturities of less than three (3) months and market rate interest.

5. HELD-TO-MATURITY INVESTMENT

The balance represents bank deposit at Oriental Joint Stock Bank – Tan Binh Branch (“OCB”) with original maturity of six (6) months and market rate interest in accordance with Deposit Contract No. 379/2022/HDTG/UNITEX-OCB dated 31 October 2022. The deposit, with an automatic renewable term, is mortgaged as collateral for loans at OCB in accordance with Mortgage Contract No. 0297/2022/BD dated 2 November 2022.

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1. Short-term trade receivables

	VND	
	30 June 2023	31 December 2022
Unifi Asia Pacific (Hong Kong)	52,624,772,368	21,883,037,796
Phong Phu Coats Co., Ltd.	16,984,656,242	9,602,862,329
Chori Osaka Ltd Ptd	13,730,093,390	8,798,473,838
Thai Toray Synthetics Co., Ltd.	7,323,733,538	8,902,945,036
Nam Phuong Textile and Dyeing Co., Ltd.	2,380,435,200	7,331,860,800
Others	<u>37,292,370,337</u>	<u>12,880,892,056</u>
TOTAL	<u>130,336,061,075</u>	<u>69,400,071,855</u>

6.2. Short-term advances to suppliers

	VND	
	30 June 2023	31 December 2022
Vietnam Giza Engineering and Construction Joint Stock Company	173,033,603,752	-
Multicom Machinery Taiwan Ltd.	149,091,159,230	149,091,159,230
VBS Technology Co., Ltd.	-	880,000,000
Truong Hai Investment and Development Co., Ltd.	-	346,500,000
Oerlikon Barmag Zweigniederlassung	-	277,735,068
Zhangjiagang Shuoxiang Internationa	-	222,402,560
Others	<u>1,042,539,801</u>	<u>765,205,452</u>
TOTAL	<u>323,167,302,783</u>	<u>151,583,002,310</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7. SHORT-TERM LOAN RECEIVABLE

The balance represents interest-free loan to Dintsun Vietnam Company Limited ("Dintsun") under Capital Contribution Agreement No DTVN – 2019001 dated 12 December 2019 to raise capital for Soc Trang Industrial Zone Project.

8. INVENTORIES

	VND			
	<u>30 June 2023</u>		<u>31 December 2022</u>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Finished goods	338,020,104,769	(2,667,768,732)	283,606,536,566	(3,112,425,296)
Raw materials	155,894,826,532	(4,540,652,192)	165,479,464,761	(3,433,385,432)
Goods in transit	16,890,117,864	-	23,596,333,657	-
TOTAL	<u>510,805,049,165</u>	<u>(7,208,420,924)</u>	<u>472,682,334,984</u>	<u>(6,545,810,728)</u>

Movements of provision for obsolete inventories are as follows:

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
As at 1 January	(6,545,810,728)	(19,415,255,996)
Add: Provision during the period	(4,569,664,212)	(1,786,035,196)
Less: Reversal of provision	3,907,054,016	9,192,106,379
As at 30 June	<u>(7,208,420,924)</u>	<u>(12,009,184,813)</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery, equipment	Means of transportations	Office equipment	VND Total
Cost:					
As at 31 December 2022	304,608,626,458	1,592,121,478,104	186,801,490,157	4,791,726,080	2,088,323,320,799
New purchases	-	897,627,058	2,057,500,000	-	2,955,127,058
As at 30 June 2023	304,608,626,458	1,593,019,105,162	188,858,990,157	4,791,726,080	2,091,278,447,857
<i>In which:</i>					
Fully depreciated	88,291,213,410	570,109,047,670	101,158,012,334	3,838,565,694	763,396,839,108
Accumulated depreciation:					
As at 31 December 2022	(160,147,413,483)	(1,033,583,954,846)	(159,353,174,127)	(4,671,864,542)	(1,357,756,406,998)
Depreciation for the period	(6,693,926,088)	(30,358,197,386)	(8,729,380,470)	(59,930,770)	(45,841,434,714)
As at 30 June 2023	(166,841,339,571)	(1,063,942,152,232)	(168,082,554,597)	(4,731,795,312)	(1,403,597,841,712)
Net carrying amount:					
As at 31 December 2022	144,461,212,975	558,537,523,258	27,448,316,030	119,861,538	730,566,913,801
As at 30 June 2023	137,767,286,887	529,076,952,930	20,776,435,560	59,930,768	687,680,606,145

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

10. INTANGIBLE ASSET

	VND
	<i>Computer software</i>
Cost:	
As at 31 December 2022 and 30 June 2023	<u>14,385,298,205</u>
<i>In which:</i>	
<i>Fully amortised</i>	14,385,298,205
Accumulated amortisation:	
As at 31 December 2022	(14,385,298,205)
Amortisation for the period	<u>-</u>
As at 30 June 2023	<u>(14,385,298,205)</u>
Net carrying amount:	
As at 31 December 2022	<u>-</u>
As at 30 June 2023	<u>-</u>

11. CONSTRUCTION IN PROGRESS

	VND	
	30 June 2023	31 December 2022
Unitex factory project	60,559,348,132	29,973,680,699
Machinery and equipment	<u>20,473,020,596</u>	<u>10,968,826,672</u>
TOTAL	<u>81,032,368,728</u>	<u>40,942,507,371</u>

12. INVESTMENT IN OTHER ENTITY

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	% of interest	Cost	% of interest	Cost
		VND		VND
Dintsun	5	<u>13,800,000,000</u>	5	<u>13,800,000,000</u>

Dintsun is a limited company established pursuant to Enterprise Registration Certificate ("ERC") No. 2200764052 issued by the Department of Planning and Investment of Ho Chi Minh City on 29 May 2019. Its principal activity is to invest in business infrastructure. The registered head office of Dintsun is located at Xay Da B Hamlet, Ho Dac Kien Commune, Chau Thanh District, Soc Trang Province, Vietnam.

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13. PREPAID EXPENSES

	VND	
	30 June 2023	31 December 2022
Short-term	4,524,672,470	3,067,765,320
Insurance expense	3,651,358,884	1,250,123,438
Tools and supplies in use	458,732,756	944,488,607
Car rental	80,000,000	320,000,000
Others	334,580,830	553,153,275
Long-term	135,395,513,313	136,348,216,385
Land rental	112,056,832,548	112,833,871,240
Tools and supplies in use	17,003,020,669	19,921,580,213
Others	6,335,660,096	3,592,764,932
TOTAL	<u>139,920,185,783</u>	<u>139,415,981,705</u>

14. SHORT-TERM TRADE PAYABLES

	VND	
	30 June 2023	31 December 2022
Tainan Spinning Co., Ltd.	112,075,429,200	105,308,480,400
Unifi Textile (Suzhou) Co., Ltd.	87,398,829,000	53,768,088,000
Chori Co., Ltd.	45,738,392,700	30,323,800,800
Others	32,712,995,784	30,387,954,622
TOTAL	<u>277,925,646,684</u>	<u>219,788,323,822</u>

15. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	30 June 2023	31 December 2022
Hung Yen Knitting & Dyeing Co., Ltd.	5,522,366,850	-
Chori Vietnam Co., Ltd.	2,611,752,479	993,910,234
Treasure Star International Limited	397,228,450	417,331,620
Lear Corporation – Kenansville	-	3,681,251,674
Others	4,433,690,293	3,691,482,403
TOTAL	<u>12,965,038,072</u>	<u>8,783,975,931</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. STATUTORY OBLIGATIONS

				VND
	31 December 2022	Increase during period	Decrease during period	30 June 2023
Payables				
Value-added tax	2,304,704,502	133,003,029,832	(125,277,258,743)	10,030,475,591
Personal income tax	488,764,403	1,642,163,207	(1,698,400,563)	432,527,047
Corporate income tax	775,172,210	483,278,580	(1,258,450,790)	-
Others	-	313,462,606	(289,019,220)	24,443,386
TOTAL	<u>3,568,641,115</u>	<u>135,441,934,225</u>	<u>(128,523,129,316)</u>	<u>10,487,446,024</u>
Receivables				
Corporate income tax	5,080,546,040	602,517,878	(483,278,580)	5,199,785,338
Value-added tax deductible	84,182,005,136	246,847,881,213	(220,781,188,523)	110,248,697,826
Others	213,373,144	8,254,926,571	(8,392,345,695)	75,954,020
TOTAL	<u>89,475,924,320</u>	<u>255,705,325,662</u>	<u>(229,656,812,798)</u>	<u>115,524,437,184</u>

17. SHORT-TERM ACCRUED EXPENSES

	VND	
	30 June 2023	31 December 2022
Utilities	6,199,532,503	4,913,918,642
Sales commission	747,783,518	753,799,125
Interest expense	534,097,448	780,198,710
TOTAL	<u>7,481,413,469</u>	<u>6,447,916,477</u>

18. SHORT-TERM OTHER PAYABLES

	VND	
	30 June 2023	31 December 2022
Social insurance	1,956,921,919	843,221,735
Dividends	327,500,530	327,500,530
Others	5,057,426,959	5,489,144,313
TOTAL	<u>7,341,849,408</u>	<u>6,659,866,578</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

19. SHORT-TERM LOANS

	Movements during the period		Revaluation due to foreign exchange difference
	Increase	Decrease	
	31 December 2022		30 June 2023
Loans from banks	308,095,357,806	475,251,985,946 (426,010,388,404)	357,746,717,198

VND

The Group obtained unsecured loans from banks to finance its working capital requirements at interest rates ranging from 2.7% to 5.5% per annum. Further details are as follows:

Bank	30 June 2023	Original amount	Maturity date
	VND	USD	
Vietnam Export Import Bank – Ho Chi Minh Branch	191,661,874,826	8,185,431	26 November 2023
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	159,668,689,360	6,819,077	29 March 2024
Orient Commercial Joint Stock Bank – Tan Binh Branch	3,238,762,800	138,320	5 September 2023
CTBC Bank Co., Ltd – Ho Chi Minh Branch	3,177,390,212	135,699	11 August 2023
TOTAL	357,746,717,198	15,278,527	

Century Synthetic Fiber Corporation

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

20. OWNERS' EQUITY

20.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	VND Total
For the six-month period ended 30 June 2022:						
As at 31 December 2021	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	557,822,331,374	1,258,993,431,246
Net profit for the period	-	-	-	-	147,349,480,737	147,349,480,737
Dividends declared	-	-	-	-	(102,277,941,000)	(102,277,941,000)
As at 30 June 2022	<u>707,269,440,000</u>	<u>35,093,198,872</u>	<u>(42,410,550,000)</u>	<u>1,219,011,000</u>	<u>602,893,871,111</u>	<u>1,304,064,970,983</u>
For the six-month period ended 30 June 2023:						
As at 31 December 2022	843,638,250,000	40,824,578,872	(42,410,550,000)	1,219,011,000	697,818,768,611	1,541,090,058,483
Net profit for the period	-	-	-	-	39,116,311,728	39,116,311,728
As at 30 June 2023	<u>843,638,250,000</u>	<u>40,824,578,872</u>	<u>(42,410,550,000)</u>	<u>1,219,011,000</u>	<u>736,935,080,339</u>	<u>1,580,206,370,211</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2022</i>
Issued share capital		
As at 1 January and 30 June	<u>843,638,250,000</u>	<u>707,269,440,000</u>
Dividends declared and paid in cash	-	(102,277,941,000)

20.3 Shares

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	<i>Quantity</i>	<i>Amount (VND)</i>	<i>Quantity</i>	<i>Amount (VND)</i>
Authorized shares	84,363,825	843,638,250,000	84,363,825	843,638,250,000
Issued shares				
Issued and paid-up ordinary shares	84,363,825	843,638,250,000	84,363,825	843,638,250,000
Treasury shares				
Ordinary shares	(2,541,650)	(42,410,550,000)	(2,541,650)	(42,410,550,000)
Shares in circulation				
Ordinary shares	81,822,175	801,227,700,000	81,822,175	801,227,700,000

Par value of outstanding shares: 10,000 VND per share.

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as at 30 June 2023 and for the six-month period then ended

21. REVENUES

21.1 Revenue from sale of goods

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Gross revenue	695,195,639,493	1,171,030,545,410
Less:		
<i>Sales returns</i>	-	(1,419,571,506)
Net revenue	<u>695,195,639,493</u>	<u>1,169,610,973,904</u>

21.2 Finance income

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Foreign exchange gains	13,585,624,623	2,835,060,227
Interest income	7,523,304,748	7,470,498,061
TOTAL	<u>21,108,929,371</u>	<u>10,305,558,288</u>

22. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Foreign exchange losses	15,506,058,879	17,249,926,342
Interest expense	8,609,376,624	2,838,336,489
TOTAL	<u>24,115,435,503</u>	<u>20,088,262,831</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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23. SELLING EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Transportation	2,232,699,774	5,667,164,046
Letter of credit and documentary fees	2,351,099,948	2,865,716,981
Commission fee	315,309,481	1,482,349,147
Others	<u>2,252,189,132</u>	<u>1,247,815,090</u>
TOTAL	<u>7,151,298,335</u>	<u>11,263,045,264</u>

24. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Labour costs	16,242,349,955	15,303,167,729
External services	5,922,001,649	6,783,001,076
Stationery and other tools costs	4,677,287,924	4,940,871,868
Depreciation and amortisation	745,971,675	792,004,622
Others	<u>3,121,169,123</u>	<u>3,258,262,188</u>
TOTAL	<u>30,708,780,326</u>	<u>31,077,307,483</u>

25. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Raw materials	440,596,218,975	702,393,814,191
External services	95,174,940,923	134,953,814,575
Depreciation and amortisation (Notes 8 and 9)	45,841,434,714	55,121,440,479
Labour costs	55,315,682,917	76,943,014,493
Others	<u>17,988,585,635</u>	<u>25,507,247,952</u>
TOTAL	<u>654,916,863,164</u>	<u>994,919,331,690</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

26. CORPORATE INCOME TAX

The applicable corporate income tax ("CIT") rates to the Company are as follows:

- For the Cu Chi Operation, the CIT rate is 20% of taxable profit.
- For the Trang Bang Branch, the CIT is applied according to product type, as follows:

Income from FDY and DTY products onwards was CIT-exempt for four years (2011 – 2014), and is subject to 50% deduction in the following nine years (2015 – 2023). The applicable rate is 10% for 15 years from 2011.

Income from FDY and DTY products of expansion projects was CIT-exempt for four years (2016 – 2019), and is subject to 50% deduction in the following nine years (2020 – 2028). The applicable rate is 10% for 15 years from 2016.

Income from POY products at stage 3 was CIT-exempt for two years (2016 – 2017), and is subject to 50% deduction in the following four years (2018 – 2021). The applicable rate is 10% for 15 years from 2016.

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

26.1 CIT expense

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Current tax expense	2,379,972,663	15,482,367,080
(Over)-under accrual of CIT from prior years	(3,215,273,257)	205,019,415
Deferred tax expense	569,642,007	2,129,290,512
TOTAL	<u>(265,658,587)</u>	<u>17,816,677,007</u>

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

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Accounting profit before tax	<u>38,850,653,135</u>	<u>165,166,157,744</u>
At the applicable CIT rate for the Group	7,770,130,627	33,033,231,549
<i>Adjustments:</i>		
Non-deductible expenses	119,861,031	176,077,109
Tax incentive for the Trang Bang branch	(8,848,844,014)	(14,719,736,136)
(Over)-under accrual of tax from prior periods	(3,215,273,257)	205,019,415
Unrealised profit	3,113,877,856	(877,914,930)
Unrecognised deferred tax assets on tax loss carried forward	794,589,170	-
CIT expense	<u>(265,658,587)</u>	<u>17,816,677,007</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

26. CORPORATE INCOME TAX (continued)

26.2 Current tax

The current tax payable is based on taxable income for the current period. The taxable income of the parent company and its subsidiaries for the period differs from the profit as reported in the interim consolidated 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 parent company and its subsidiaries' liability for current tax is calculated using tax rates that have been enacted at the interim consolidated balance sheet date.

26.3 Deferred tax

The deferred tax asset items recognised by the Group, and the movements thereon, are as follows:

	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>		VND
	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>	
Deferred tax assets					
Accrued expenses	1,769,940,758	2,361,618,377	(591,677,619)	(674,784,818)	
Provision for obsolete inventories	1,010,802,860	950,483,191	60,319,669	(1,411,074,513)	
Accrual for severance pay	50,424,291	45,501,252	4,923,039	979,667	
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	23,393,136	66,600,232	(43,207,096)	(44,410,848)	
	2,854,561,045	3,424,203,052			
Net deferred tax charged to interim consolidated income statement			(569,642,007)	(2,129,290,512)	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

27. RELATED PARTY DISCLOSURES

The related parties that have a controlling relationship with the Company as at 30 June 2023 are as follows:

<i>Related party</i>	<i>Relationship</i>
Hung Loi Service Trading Investment Co., Ltd.	Related party due to a BOD member of the Group invested therein
P.A.N Asia Co., Ltd.	Related party due to a BOD member of the Company invested therein

Details of remuneration of the Board of Directors (“BOD”), Board of Supervision (“BOS”) and management are as below:

<i>Individual</i>	<i>Position</i>	<i>VND</i>	
		<u>Remuneration</u>	
		<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
Ms Dang My Linh	Chairwoman of BOD	75,000,000	75,000,000
Mr Dang Trieu Hoa	Vice Chairman of BOD cum General Director	758,800,000	702,100,000
Mr Dang Huong Cuong	Member of BOD	75,000,000	75,000,000
Mr Chen Che Jen	Member of BOD	112,500,000	112,500,000
Ms Cao Thi Que Anh	Member of BOD	75,000,000	112,500,000
Mr Vo Quang Long	Member of BOD	75,000,000	75,000,000
Mr Nguyen Quoc Huong	Member of BOD	112,500,000	112,500,000
Mr Nguyen Tu Luc	Head of BOS	30,000,000	30,000,000
Ms Dinh Ngoc Hoa	Member of BOS	137,748,325	182,977,212
Ms Ha Kiet Tran	Member of BOS from 30 March 2023	30,000,000	-
Ms Hoang Nu Mong Tuyen	Member of BOS up to 30 March 2023	-	30,000,000
Ms Nguyen Phuong Chi	Chief Strategic Officer	700,603,506	752,658,623
Mr Phan Nhu Bich	Chief Financial Officer cum Chief Accountant	403,572,451	431,347,852
TOTAL		<u>2,585,724,282</u>	<u>2,691,583,687</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

28. EARNINGS PER SHARE

The income and share data used in the basic and diluted earnings per share computation are as follows:

	VND	
	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022 (As restated)</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	39,116,311,722	147,349,480,737
Weighted average number of ordinary shares for basic earnings per share (i)	94,095,274	83,000,043
Basic and diluted earnings per share (par value of VND 10,000/share)	416	1,775

(i) The weighted average number of shares in circulation for the six-month periods ended 30 June 2023 and 30 June 2022 were adjusted to reflect the issuance of 12,273,099 shares from undistributed earnings to pay dividends for 2022 on 25 July 2023 (Note 31).

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

29. OPERATING LEASE COMMITMENT

The Group leases assets under an operating lease arrangement with future minimum lease commitments due as follows:

	VND	
	<i>30 June 2023</i>	<i>31 December 2022</i>
Less than 1 year	2,248,830,235	2,623,630,235
From 1 to 5 years	2,291,796,338	3,162,596,338
More than 5 years	8,836,857,879	9,029,789,752
TOTAL	<u>13,377,484,452</u>	<u>14,816,016,325</u>

30. OFF INTERIM CONSOLIDATED BALANCE SHEET ITEM

	<i>30 June 2023</i>	<i>31 December 2022</i>
Foreign currency: United States Dollar (USD)	<u>98,068</u>	<u>112,156</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

31. EVENT AFTER THE INTERIM BALANCE SHEET DATE

In accordance with the Resolution of Shareholders 02-2023/NQ-DHDCD dated 30 March 2023 and the Resolution of the Board of Directors 20-2023/NQ-HDQT dated 19 June 2023, approving the issuance plan of bonus shares to existing shareholders at the ratio of 100:15 from undistributed earnings to pay dividends for 2022, the Company additionally completed issuance of 12,273,099 shares on 14 January 2020. The Company's registered charter capital has been increased from VND 843,638,250,000 to VND 966,369,240,000. The increase in charter capital was approved by the Department of Planning and Investment of Ho Chi Minh City via the issuance of the 21st amended Enterprise Registration Certificate No. 0302018927 on 14 August 2023.

Except for the above event, there is no material matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the accompanying consolidated interim financial statements of the Group.



Preparer
Nguyen Thi Hong Tham

Ho Chi Minh City, Vietnam

28 August 2023



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa