



**TNG INVESTMENT AND TRADING JOINT STOCK
COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2018



TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

No. 434/1 Bac Kan Street, Hoang Van Thu District,
Thai Nguyen City, Thai Nguyen Province, Vietnam

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TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

No. 434/1 Bac Kan Street, Hoang Van Thu District,
Thai Nguyen City, Thai Nguyen Province, Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of TNG Investment and Trading Joint Stock Company (the "Company") presents this report together with the Company's interim financial statements for the 6-month period ended 30 June 2018.

BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the period and to the date of this report are as follows:

Board of Management

Mr. Nguyen Van Thoi	Chairman
Mr. Nguyen Duc Manh	Member
Mr. Rusdy Pranata	Member
Mr. Nguyen Van Duc	Member
Ms. Do Thi Ha	Member
Ms. Ha Thi Tuyet	Member
Mr. Le Quang Vinh	Member

Board of Directors

Mr. Nguyen Van Thoi	General Director
Mr. Nguyen Duc Manh	Deputy General Director
Mr. Tran Minh Hieu	Deputy General Director
Ms. Luong Thi Thuy Ha	Deputy General Director
Ms. Doan Thi Thu	Deputy General Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2018, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the interim financial statements so as to minimize errors and frauds.

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

No. 434/1 Bac Kan Street, Hoang Van Thu District,
Thai Nguyen City, Thai Nguyen Province, Vietnam

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the interim financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these interim financial statements.

For and on behalf of the Board of Directors,

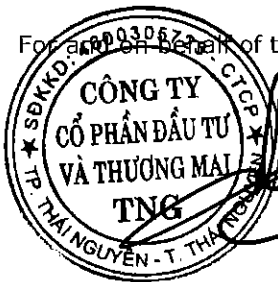


Luong Thi Thuy Ha
Deputy General Director

Thai Nguyen, 11 August 2018

The Board of Management approved the accompanying interim financial statements, which present fairly, in all material respects, the financial position of the Company as at 30 June 2018, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

For and on behalf of the Board of Management,



Nguyen Van Thoi
Chairman

Thai Nguyen, 11 August 2018

No.: 222 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To: The Shareholders
The Board of Management and Board of Directors
TNG Investment and Trading Joint Stock Company**

We have reviewed the accompanying interim financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 11 August 2018 as set out from page 05 to page 29, which comprise the interim balance sheet as at 30 June 2018, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the interim financial statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting and for such internal control as management determines is necessary to enable the preparation of 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 accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial statements 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 present fairly, in all material respects, the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS (Continued)

Emphasis of Matter

We would like to draw readers' attention to Note 2 of the Notes to the interim financial statements. The accompanying interim financial statements are prepared on the going concern basis. As at 31 December 2016 and 30 June 2018, the deficiency in the Company's working capital might affect the Company's ability to continue as a going concern. The Board of Directors' plans concerning this matter are also presented in Note 2. The accompanying interim financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified in respect of this matter.



Tran Thi Thuy Ngoc

Deputy General Director

Audit Practising Registration Certificate

No. 0031-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

11 August 2018

Hanoi, S.R. Vietnam

INTERIM BALANCE SHEET

As at 30 June 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,728,401,797,893	1,110,697,005,651
I. Cash	110		11,535,621,548	10,283,349,259
1. Cash	111	4	11,535,621,548	10,283,349,259
II. Short-term receivables	130		714,623,104,341	432,387,513,494
1. Short-term trade receivables	131	5	695,683,093,472	405,986,523,142
2. Short-term advances to suppliers	132		4,362,060,874	4,554,689,242
3. Other short-term receivables	136	6	19,723,885,966	26,992,237,081
4. Provision for short-term doubtful debts	137	7	(5,145,935,971)	(5,145,935,971)
III. Inventories	140	8	941,962,655,773	611,110,170,108
1. Inventories	141		946,737,167,787	616,509,903,586
2. Provision for devaluation of inventories	149		(4,774,512,014)	(5,399,733,478)
IV. Other short-term assets	150		60,280,416,231	56,915,972,790
1. Short-term prepayments	151	9	22,396,094,547	20,890,658,695
2. Value added tax deductibles	152		37,884,321,684	36,025,314,095
B. NON-CURRENT ASSETS	200		1,149,849,643,242	1,114,992,625,228
I. Long-term receivables	210		7,754,791,830	6,672,589,930
1. Long-term loans receivable	215		-	542,390,000
2. Other long-term receivables	216	6	7,754,791,830	6,130,199,930
II. Fixed assets	220		936,746,631,449	909,349,386,788
1. Tangible fixed assets	221	10	922,343,853,159	897,980,451,382
- Cost	222		1,446,365,922,076	1,386,187,307,926
- Accumulated depreciation	223		(524,022,068,917)	(488,206,856,544)
2. Intangible assets	227	11	14,402,778,290	11,368,935,406
- Cost	228		27,207,178,261	23,193,818,261
- Accumulated amortisation	229		(12,804,399,971)	(11,824,882,855)
III. Long-term assets in progress	240		131,481,313,066	122,954,031,628
1. Construction in progress	242	12	131,481,313,066	122,954,031,628
IV. Long-term financial investments	250		-	-
1. Investments in joint-ventures, associates	252	13	771,150,000	771,150,000
2. Provision for impairment of long-term financial investments	254		(771,150,000)	(771,150,000)
V. Other long-term assets	260		73,866,906,897	76,016,616,882
1. Long-term prepayments	261	9	73,866,906,897	76,016,616,882
TOTAL ASSETS (270=100+200)	270		2,878,251,441,135	2,225,689,630,879

The accompanying notes are an integral part of these interim financial statements

INTERIM BALANCE SHEET (Continued)

As at 30 June 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		2,197,289,779,422	1,596,422,283,808
I. Current liabilities	310		1,942,442,782,102	1,320,951,685,906
1. Short-term trade payables	311	14	364,644,624,992	175,287,129,041
2. Short-term advances from customers	312		3,157,847,590	4,361,436,454
3. Taxes and amounts payable to the State budget	313	15	10,141,333,208	9,329,511,058
4. Payables to employees	314		40,275,388,222	32,780,283,826
5. Short-term accrued expenses	315		13,938,767,258	15,533,916,276
6. Other current payables	319	16	22,855,516,212	4,929,005,267
7. Short-term loans	320	17	1,475,372,893,206	1,074,965,291,436
8. Bonus and welfare funds	322		12,056,411,414	3,765,112,548
II. Long-term liabilities	330		254,846,997,320	275,470,597,902
1. Long-term loans	338	18	254,846,997,320	275,470,597,902
D. EQUITY	400		680,961,661,713	629,267,347,071
I. Owners' equity	410	19	680,961,661,713	629,267,347,071
1. Owners' contributed capital	411		411,172,910,000	411,172,910,000
2. Share premium	412		30,560,475,123	30,575,475,123
3. Other owners' capital	414		55,419,591	55,419,591
4. Investment and development fund	418		56,825,661,884	50,955,069,016
5. Other reserves	420		32,988,054,755	21,486,544,468
6. Retained earnings	421		149,359,140,360	115,021,928,873
- Retained earnings accumulated to the prior year end	421a		82,241,408,001	6,826,000
- Retained earnings of the current period	421b		67,117,732,359	115,015,102,873
TOTAL RESOURCES (440=300+400)	440		2,878,251,441,135	2,225,689,630,879

Thiep

Thu Ha



Tran Thi Hiep
Preparer

Tran Thi Thu Ha
Chief Accountant

Luong Thi Thuy Ha
Deputy General Director

11 August 2018

The accompanying notes are an integral part of these interim financial statements

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**FORM B 02a-DN**

No. 434/1 Bac Kan Street, Hoang Van Thu District,

Issued under Circular No. 200/2014/TT-BTC

Thai Nguyen City, Thai Nguyen Province, Vietnam dated 22 December 2014 of the Ministry of Finance

INTERIM INCOME STATEMENT

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	22	1,486,568,680,958	998,843,353,792
2. Deductions	02	22	-	-
3. Net revenue from goods sold and services rendered (10=01-02)	10	22	1,486,568,680,958	998,843,353,792
4. Cost of sales	11	23	1,237,297,231,800	823,870,587,257
5. Gross profit from goods sold and services rendered (20=10-11)	20		249,271,449,158	174,972,766,535
6. Financial income	21	25	8,907,362,141	9,323,652,439
7. Financial expenses	22	26	60,860,411,593	45,199,800,968
- In which: Interest expense	23		42,010,736,246	33,959,870,089
8. Selling expenses	25		43,997,420,825	24,532,418,271
9. General and administration expenses	26		72,182,125,318	64,355,917,827
10. Operating profit (30 = 20+(21-22)-(25+26))	30		81,138,853,563	50,208,281,908
11. Other income	31		202,938,202	536,035,084
12. Other expenses	32		2,373,070,710	1,431,618,519
13. Loss from other activities (40=31-32)	40		(2,170,132,508)	(895,583,435)
14. Accounting profit before tax (50=30+40)	50		78,968,721,055	49,312,698,473
15. Current corporate income tax expense	51	28	11,850,988,696	7,638,518,787
16. Net profit after corporate income tax (60=50-51)	60		67,117,732,359	41,674,179,686
17. Basic earnings per share	70	29		826

Tran Thi Hiep
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy General Director
11 August 2018

The accompanying notes are an integral part of these interim financial statements

INTERIM CASH FLOW STATEMENT

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	78,968,721,055	49,312,698,473
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	55,060,498,568	49,331,767,329
Provisions	03	(625,221,464)	-
Foreign exchange loss arising from translating foreign currency items	04	8,537,419,621	2,494,196,645
Loss from investing activities	05	1,897,908,298	1,038,675,775
Interest expense	06	42,010,736,246	33,959,870,089
3. Operating profit before movements in working capital	08	185,850,062,324	136,137,208,311
Increase, decrease in receivables	09	(290,454,409,377)	(148,756,991,355)
Increase, decrease in inventories	10	(330,227,264,201)	(258,372,175,801)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	196,870,838,662	94,759,046,943
Increase, decrease in prepaid expenses	12	644,274,133	(9,473,486,029)
Interest paid	14	(42,091,175,052)	(34,287,534,050)
Corporate income tax paid	15	(12,035,398,083)	(4,937,888,689)
Other cash inflows	16	10,337,321,804	2,547,859,582
Other cash outflows	17	(3,222,672,800)	(882,770,982)
Net cash (used in) operating activities	20	(284,328,422,590)	(223,266,732,070)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(86,267,022,013)	(73,446,780,043)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	1,024,072,728	829,450,000
3. Interest earned, dividends and profits received	27	5,669,552	101,965,646
Net cash (used in) investing activities	30	(85,237,279,733)	(72,515,364,397)

The accompanying notes are an integral part of these interim financial statements

INTERIM CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,527,456,793,994	1,105,093,433,815
2. Repayment of borrowings	34	(1,156,638,819,382)	(813,348,153,245)
Net cash generated by financing activities	40	370,817,974,612	291,745,280,570
Net increase/(decrease) in cash (50=20+30+40)	50	1,252,272,289	(4,036,815,897)
Cash at the beginning of the period	60	10,283,349,259	11,782,348,123
Cash at the end of the period (70=50+60)	70	11,535,621,548	7,745,532,226

Tran Thi Hiep
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy General Director

11 August 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

1. GENERAL INFORMATION**Structure of ownership**

TNG Investment and Trading Joint Stock Company (the "Company") was a State-owned enterprise established under Decision No. 448/QD-UB of the People's Committee of Bac Thai Province (currently known as Thai Nguyen Province) dated 12 November 1979. The Company was equitized and transformed into a joint stock company under Decision No. 3744/QD-UB dated 16 December 2002 of the People's Committee of Thai Nguyen Province. Since 01 January 2003, the Company has officially been transformed into a joint stock company under Business License No. 1703000036 issued by the Authority for Planning and Investment of Thai Nguyen Province on 02 January 2003. According to the amended Business Registration Certificate No. 4600305723 amended by the Authority for Planning and Investment of Thai Nguyen Province dated 27 July 2018, the authorized charter capital of the Company is VND 493,401,800,000. The Company's shares are listed on Hanoi Stock Exchange (HNX) with the stock code of TNG.

The Company's total number of employees of as at 30 June 2018 was 12,850 (as at 31 December 2017: 11,110).

Operating industry and principal activities

The Company's operating industry and principal activities are to manufacture and sale of garments including:

- Producing wrinkled paper, wrinkled cardboard, paper and cardboard packaging (producing paper packaging);
- Manufacturing plastic products (plastic for plastic bags production, plastic raincoats and garment materials and accessories);
- Wholesale fabrics, ready-made garments, shoes;
- Retailing of garments, footwear, leather goods and imitation leather in specialized stores;
- Printing (directly on sewing fabric, plastic, carton paper packaging, PE bag)
- Textile products completion (printing on silk – including thermal printing – on the cloth)
- Real estate business, land use rights of owners, users or renters;
- Making cloth (except animal's skin and fur) - Main sector;
- Manufacture of wearing apparel, crocheted knitting;
- Vocational education (vocational industrial sewing training);
- Manufacture of ready-made garments (except cloth);
- Laundry, cleaning textiles and animal's fur products. Details: Industrial laundry of garments.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

The Company's structure includes 01 headquarter and 14 branches. The Company's headquarter is located at No. 434/1 Bac Kan Street, Hoang Van Thu District, Thai Nguyen City.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying interim financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

The accompanying interim financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

The accompanying interim financial statements have been prepared assuming that the Company will continue as a going concern. As at 30 June 2018, the Company's current liabilities exceeded its current assets by VND 214,040,984,209 (as at 31 December 2017: VND 210,254,680,255) because the Company has used working capital to invest in fixed assets. The Company's liquidity depends on continuous obtainment of loans from banks, additional share issuance plan and future profitable operation. To ensure the going-concern operation of the Company, the Board of Directors prudently assessed and proposed the plan for 12 months under Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 as below:

- Continue to implement strict management method, develop appropriate business plan, and plan to use the profits from business operation to pay for the debts. The business plan for 2018 of the Company is VND 127 billion of profits after taxes, and the business results of the first 6 months of 2018 met 51% of profit plan of 2018. The Board of Directors assess that the Company is in the process of business plan implemented for 2018.
- The Company has plan to increase the capital by: Issuing stocks under Employee stock ownership plan of 5%; and Issuing stocks for current stockholders for the rate of 10%; and Issuing 10,000,000 stocks for strategic partner; and/or Issuing convertible bonds with total value of VND 200,000,000,000.

Accordingly, the Board of Directors assessed that the preparation of these interim financial statements on the going concern basis was appropriate.

Accounting period

The Company's financial year begins on 01 January and ends on 31 December.

The interim financial statements were prepared for the 6-month period ended 30 June 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these interim financial statements, are as follows:

Estimates

The preparation of interim financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the operating period. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Cash

Cash comprises cash on hand and bank demand deposits.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in associates are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the interim income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Provisions for impairment of investments in associates are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Current period</u> (Years)
Buildings and structures	4 - 40
Machinery and equipment	3 - 20
Motor vehicles	6 - 10
Office equipment	3 - 9
Others	5 - 7

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the interim income statement.

Intangible assets and amortisation

Land use rights

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Land use rights are allocated over the land - use period.

Other intangible assets

Intangible assets represent computer software that is stated at cost less accumulated amortisation.

Inventory, payroll, production management and accounting management software are amortised using the straight-line method over the duration of 6 years.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments include expenses which are paid to acquire the land use right, goodwill arising from merging TNG Fashion Joint Stock Company into the Company, and other types of prepayments.

The expenses prepaid to acquire the land use right are allocated to the interim income statement using straight-line method over the lease term.

Goodwill arising from merging TNG Fashion Joint Stock Company into the Company represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or at the date-of acquisition. The goodwill is allocated to the interim income statement using straight-line method for the period of 3 years.

Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance premium incurred during the operating stage of the Company which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the interim income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in the period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the interim income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No.16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months. Other borrowing costs are recognized in the interim income statement when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 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 never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	1,727,876,580	781,735,297
Bank demand deposits (i)	9,807,744,968	9,501,613,962
	<u>11,535,621,548</u>	<u>10,283,349,259</u>

(i) Include the balance of cash in bank which has been used as collateral for short-term loans as stated in Note 17.

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Desipro Pte. Ltd. (Promiles SNC)	318,566,027,279	181,806,723,004
The Children's Place., Ltd.	252,776,391,225	58,625,272,761
Other customers	124,340,674,968	165,554,527,377
	<u>695,683,093,472</u>	<u>405,986,523,142</u>

6. OTHER RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Short-term		
Receivables from insurance agency	-	4,057,087,879
Advances to employees	3,066,866,477	1,066,864,525
Short-term mortgages, and deposits.	735,633,514	9,402,278,570
Land rental fee deductible	5,973,431,741	6,494,648,749
Others	9,947,954,234	5,971,357,358
	19,723,885,966	26,992,237,081
b) Long-term		
Long-term mortgages, deposits and collateral	7,754,791,830	6,130,199,930
	7,754,791,830	6,130,199,930

7. BAD DEBTS

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Recoverable	Cost	Recoverable
	VND	amount VND	VND	amount VND
Debt receivables and loans past due	5,145,935,971	-	5,145,935,971	-
The Children's Place - Disney Store	1,476,984,012	-	1,476,984,012	-
Gama OB	1,103,895,250	-	1,103,895,250	-
Steve & Berrys	653,562,659	-	653,562,659	-
Buda Bean	599,415,428	-	599,415,428	-
Resources Vietnam Corporation	593,781,199	-	593,781,199	-
Others	718,297,423	-	718,297,423	-

8. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	4,001,476,705	-	4,099,742,037	-
Raw materials	366,893,249,137	-	178,833,596,589	-
Tools and supplies	5,644,268,070	-	2,922,715,012	-
Work in progress	78,765,608,083	-	51,566,818,957	-
Finished goods	489,586,076,628	(4,774,512,014)	377,234,204,714	(5,399,733,478)
Merchandise	864,133,511	-	27,944,557	-
Consignment goods	982,355,653	-	1,824,881,720	-
Total	946,737,167,787	(4,774,512,014)	616,509,903,586	(5,399,733,478)

As at 30 June 2018, as presented in Note 17, the Company has used rotating goods with the minimum value of VND 55 billion as collateral for loans obtained from commercial banks (as at 31 December 2017: VND 55 billion).

(*) The balance of Work in progress at 30 June 2018 includes the work in progress related to the construction for sale of TNG Social Housing Project with the amount of VND 31,355,444,154.

9. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) Short-term		
Tools and supplies	17,433,544,138	15,252,863,306
Property insurance premium	703,692,776	1,829,883,258
Other short-term prepaid expenses	4,258,857,633	3,807,912,131
	<u>22,396,094,547</u>	<u>20,890,658,695</u>
b) Long-term		
Cost of acquiring land use right and assets on land (i)	19,910,947,235	20,122,765,823
Tools and supplies issued for consumption	24,443,984,618	23,753,038,281
Goodwill (ii)	6,185,591,796	8,951,081,472
Repair costs of fixed assets	17,131,600,409	16,190,892,850
Other long-term prepaid expenses	6,194,782,839	6,998,838,456
	<u>73,866,906,897</u>	<u>76,016,616,882</u>

(i) The cost of acquiring land use right and assets on land pertain to land plots for the Company has been granted certificates of ownership in 2016 with land rental being paid on an annual basis thereof.

(ii) Goodwill arising from merging of TNG Fashion Joint Stock Company into the Company in 2016.

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10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
Opening balance	664,438,409,541	706,336,175,527	9,320,442,670	4,505,966,051	1,586,314,137	1,386,187,307,926
Transfer from construction in progress	1,010,851,364	56,078,415,085	-	-	-	57,089,266,449
Purchases	1,887,307,075	21,955,869,847	175,729,845	-	263,860,591	24,282,767,358
Disposals	-	(21,193,419,657)	-	-	-	(21,193,419,657)
Closing balance	667,336,567,980	763,177,040,802	9,496,172,515	4,505,966,051	1,850,174,728	1,446,365,922,076
ACCUMULATED DEPRECIATION						
Opening balance	143,831,729,987	337,106,788,496	3,315,025,299	3,225,539,317	727,773,445	488,206,856,544
Charge for the period	15,288,457,143	37,932,607,434	477,097,628	258,442,343	124,376,904	54,080,981,452
Disposals	-	(18,265,769,079)	-	-	-	(18,265,769,079)
Closing balance	159,120,187,130	356,773,626,851	3,792,122,927	3,483,981,660	852,150,349	524,022,068,917
NET BOOK VALUE						
Opening balance	520,606,679,554	369,229,387,031	6,005,417,371	1,280,426,734	858,540,692	897,980,451,382
Closing balance	508,216,380,850	406,403,413,951	5,704,049,588	1,021,984,391	998,024,379	922,343,853,159

As presented in Notes 17 and 18, the Company has mortgaged its machinery, equipment, motor vehicles, buildings and structures to secure its loans obtained from commercial banks and financial institutions.

The cost of the Company's tangible fixed assets includes VND 159,589,867,748 (as at 31 December 2017: VND 120,982,629,067) of tangible fixed assets which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
COST			
Opening balance	7,739,710,249	15,454,108,012	23,193,818,261
Additions	-	4,013,360,000	4,013,360,000
Closing balance	7,739,710,249	19,467,468,012	27,207,178,261
ACCUMULATED AMORTISATION			
Opening balance	1,069,141,515	10,755,741,340	11,824,882,855
Charge for the period	70,516,326	909,000,790	979,517,116
Closing balance	1,139,657,841	11,664,742,130	12,804,399,971
NET BOOK VALUE			
Opening balance	6,670,568,734	4,698,366,672	11,368,935,406
Closing balance	6,600,052,408	7,802,725,882	14,402,778,290

The Company has used the land use rights to secure for the loans from banks as presented in Note 18.

12. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Long-term construction in progress	131,481,313,066	122,954,031,628
- Acquisition	8,709,122,891	8,232,477,735
- Construction in progress	122,772,190,175	114,721,553,893
<u>In which:</u>		
- TNG Phu Luong Factory	42,907,394,290	42,574,555,051
- TNG Song Cong Factory	13,855,283,533	13,753,961,762
- Phu Binh Project	17,749,063,222	17,749,063,222
- TNG Dai Tu Factory	10,613,222,520	10,485,842,193
- TNG Social housing project	26,820,174,204	19,374,461,059
- Viet Thai Factory Project	9,379,286,230	9,379,286,230
- Minh Cau Trade Center	1,147,308,921	1,147,308,921
- Machinery, equipment investment	8,709,122,891	8,232,477,735
- Others	300,457,255	257,075,455
Total	131,481,313,066	122,954,031,628

13. INVESTMENTS IN JOINT-VENTURES, ASSOCIATES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Bac Thai Electric Construction Joint Stock Company	771,150,000	(771,150,000)	771,150,000	(771,150,000)
	771,150,000	(771,150,000)	771,150,000	(771,150,000)

The Board of Directors assesses that the loss on the Company's investment in this associate corresponding to the ownership interest rate is exactly equal to the value of the investments. Therefore, the Board of Directors decided to make full provision for the investment in this investee.

Details of the Company's associate as at 30 June 2018 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activities
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric construction

14. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
YKK Vietnam Company Limited	66,455,384,163	14,192,167,349
Others	298,189,240,829	161,094,961,692
	364,644,624,992	175,287,129,041

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

Items	Opening balance	Movement in the period		Closing balance
		Amount payable	Amount paid	
	VND	VND	VND	VND
VAT	-	13,003,274,313	13,003,274,313	-
Import duty	-	4,787,970,571	4,742,625,278	45,345,293
Corporate income tax	8,815,398,083	11,850,988,696	12,035,398,083	8,630,988,696
Land rental fees	-	2,126,464,009	1,307,389,143	819,074,866
Personal income tax	508,478,369	2,959,258,463	2,973,537,823	494,199,009
Others	5,634,606	457,035,389	310,944,651	151,725,344
Total	9,329,511,058	35,184,991,441	34,373,169,291	10,141,333,208

16. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Payable to insurance agency	5,658,374,812	-
Investment received for TNG Social Housing Project	10,685,100,111	-
Others	6,512,041,289	4,929,005,267
	22,855,516,212	4,929,005,267

17. SHORT-TERM LOANS

Items	Opening balance		Movement in the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans	956,531,251,176	956,531,251,176	1,404,260,847,129	1,012,178,608,434	1,348,613,489,871	1,348,613,489,871
Current portion of long-term loans	118,434,040,260	118,434,040,260	76,538,593,851	68,213,230,776	126,759,403,335	126,759,403,335
Total	1,074,965,291,436	1,074,965,291,436	1,480,799,440,980	1,080,391,839,210	1,475,372,893,206	1,475,372,893,206

Details of short-term loans are as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Short-term loans	1,348,613,489,871	956,531,251,176
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (i)	405,128,093,938	313,279,130,977
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (ii)	872,518,180,074	594,134,384,133
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	50,103,252,963	48,658,436,066
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iv)	19,979,662,896	-
Others (v)	884,300,000	459,300,000
Current portion of long-term loans	126,759,403,335	118,434,040,260
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	19,126,902,823	18,111,447,518
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	74,313,203,817	69,266,320,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	-	5,812,300,000
Military Commercial Joint Stock Bank - Thai Nguyen Branch	33,319,296,695	25,243,972,742
	1,475,372,893,206	1,074,965,291,436

- (i) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 01 September 2017 with the credit limit of VND 400 billion (including loans in VND and USD). The loan bears interest rates of 6.7% per annum for VND loans and 3% per annum for USD loans and to be adjusted on a monthly basis. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the land of the Company; 4 automatic embroidery machines; buildings and structures attached to land in Zone B - Song Cong Industrial Zone, rotating inventories and rights on receivables arising from economic contracts of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.

- (ii) Short-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 05 October 2017, amended by Document for amending credit contract dated 13 April 2018 with the credit limit of VND 900 billion (including loans in VND and foreign currencies equivalent, the balance of L/C less mortgage and guarantee balances). Interest rates are determined in each disbursement. The loans are secured by the Company's collateral and pledged assets of the borrower; the total deposit account balance for business operation of the Company in VND and foreign currency at the bank and other credit institutions.
- (iii) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 29 September 2017 with the credit limit of VND 200 billion. Applicable interest rate is specified for each disbursement.
- (iv) Short-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 18 June 2018 with the credit limit of VND 20 billion. Interest rates are 7.2% at the date of contract and determined by notice from the lender for each disbursement. The loans are secured by the additional machinery and equipment invested in Cotton Factory, Packaging Factory and Phu Binh 3 Garment Factory in 2013.
- (v) Other short-term loans from the Company's employees with repayment periods not exceeding 12 months.

18. LONG-TERM LOANS

Items	Opening balance		During the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term loans	393,904,638,162	393,904,638,162	132,388,771,688	144,687,009,195	381,606,400,655	381,606,400,655
Total	393,904,638,162	393,904,638,162	132,388,771,688	144,687,009,195	381,606,400,655	381,606,400,655

Details of long-term loans are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	86,544,856,851	95,515,795,813
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	211,107,762,280	234,471,902,420
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	83,953,781,524	58,104,639,929
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	-	5,812,300,000
	<u>381,606,400,655</u>	<u>393,904,638,162</u>

- (i) Long-term loan from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include:

- The loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include loans under the Credit Contract dated 23 February 2011, the Credit Contract dated 04 December 2015 and documents for amending credit contract with total credit limit of VND 323 billion for construction of the Company's TNG Fashion Center. The loan in VND bears interest rates of 10.4% per annum and of 6.5% per annum for USD loans (floating interest rate adjusted on a semi-annual basis). The Company has pledged its machinery, equipment, motor vehicles, buildings and structures, and assets formed from the project to secure the loans.

- A loan obtained from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under the Credit Contract dated 03 April 2017 with the total credit limit of VND 32,681,000,000 for investment in Cotton Factory Project of TNG Investment and Trading Joint Stock Company. The loan term is 84 months from the next date after the date on which the Bank disburses the first loan to the borrower. The floating interest rate is adjusted every 6 months with current interest rates for loans in VND of 11.5% per annum and for loans in USD of 6.8% per annum. The loan is secured by all assets formed from the investment in the Cotton Factory Project of TNG Investment and Trading Joint Stock Company and all secured measures signed between the borrower (the guarantor) and the Bank, including this credit contract.

(ii) Long-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch include:

- Loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under valid credit Contracts with total credit limit of VND 283 billion. The loans are used to make payment for machines and equipment imported for cotton production lines of garment factories located in Zone B, Song Cong Industrial Zone, investment in the Project for production and capacity improvement of TNG Dai Tu Garment Factory, and for investment in the Company's project on equipment system upgrade and construction. The interest rate is 10.5% to 11.5% per annum for loans in VND and 4.5% to 6% per annum for loans in USD (This is the floating rate adjusted on a monthly basis). Loans is secured by the cotton production line installed at Cotton Branch located in Zone B, Song Cong Industrial Zone and assets formed from the loans.

- Loans under valid credit contracts in 2017 with the total credit limit of VND 20 billion. These loans are used to cover the compensation costs of the project "Renovation of equipment systems and investment in constructions in progress of the Company". The loan interest rate is specified in each debenture. The loan term is 60 months from the next date after the date on which the lender grants the first disbursement. The loans are secured by Asset Mortgage Contract No. 300065363/HDTC2017/01/TNG signed between Vietnam Joint Stock Commercial Bank of Industry and Trade - Thai Nguyen Branch and TNG Investment and Trading Joint Stock Company in June 2017.

(iii) Loans from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under valid credit contracts with the total credit limit of USD 3,324,900 and VND 19,612,742,199. The loans are used to make L/C payment under the contract to import garment machinery, equipment and payment for purchases of local goods. The floating interest rate, date of interest rate adjustment, and period of interest calculation are determined in each debenture. These loans are secured by all assets formed from the loans including garment machinery and equipment specified by each purchasing contract.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	126,759,403,335	118,434,040,260
In the second year	107,285,156,570	95,765,195,752
In the third to the fifth years inclusive	147,561,840,750	179,705,402,150
	<u>381,606,400,655</u>	<u>393,904,638,162</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	126,759,403,335	118,434,040,260
Amount due for settlement after 12 months	<u>254,846,997,320</u>	<u>275,470,597,902</u>

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19. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Other owners' capital	Investment and development Funds	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
<i>For the 6-month period ended 30 June 2017</i>							
Prior period's opening balance	342,649,780,000	30,674,475,123	55,419,591	48,980,965,015	17,564,975,246	81,183,791,445	521,109,406,420
Profit for the period	-	-	-	-	-	41,674,179,686	41,674,179,686
Fund distributions from 2016 profit	-	-	-	1,974,104,001	3,921,569,222	(9,812,565,445)	(3,916,892,222)
Dividend payment of 2016 by share issuance	-	(35,000,000)	-	-	-	-	(35,000,000)
Remuneration to the Board of Management and Supervisory Board	-	-	-	-	-	(2,841,270,000)	(2,841,270,000)
Prior period's closing balance	342,649,780,000	30,639,475,123	55,419,591	50,955,069,016	21,486,544,468	110,204,135,686	555,990,423,884
<i>For the 6-month period ended 30 June 2018</i>							
Current period's opening balance	411,172,910,000	30,575,475,123	55,419,591	50,955,069,016	21,486,544,468	115,021,928,873	629,267,347,071
Profit for the period	-	-	-	-	-	67,117,732,359	67,117,732,359
Fund distributions from 2017 profit (i)	-	-	-	5,870,592,868	11,501,510,287	(28,873,613,442)	(11,501,510,287)
Dividend payment of 2017 by share issuance (ii)	-	(15,000,000)	-	-	-	-	(15,000,000)
Remuneration to the Board of Management and Supervisory Board	-	-	-	-	-	(3,906,907,430)	(3,906,907,430)
Current period's closing balance	411,172,910,000	30,560,475,123	55,419,591	56,825,661,884	32,988,054,755	149,359,140,360	680,961,661,713

- (i) According to Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 ("Resolution No. 781") passed by 2018 Annual General Meeting of Shareholders, the Company made profit distributions to investment and development fund, other reserves, bonus and welfare fund with the respective amounts of VND 5,870,592,868, VND 11,501,510,287 and VND 11,501,510,287.
- (i) Represent expenses related to share issuance for 2017's dividend payment according to Resolution No. 781 dated 22 April 2017.

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of common shares issued to the public	41,117,291	41,117,291
+ <i>Common shares</i>	41,117,291	41,117,291
Number of common shares in circulation (*)	41,117,291	41,117,291
+ <i>Common shares</i>	41,117,291	41,117,291

A common share has par value of VND 10,000.

(*) Included 2,395,946 common shares subject to transfer restriction as at 30 June 2018.

Dividends

According to Resolution No. 781 dated 22 April 2018, the Company's General Meeting of Shareholders has approved dividend payment of 2017 by shares (20%) with the amount of VND 82,234,582,000. As presented in Note 32 - Subsequent event, the Company is completing necessary procedures to list the shares issued from dividend payment to the stock exchange. Accordingly, the Company did not increase the charter capital in corresponding to the shares above.

20. OFF BALANCE SHEET ITEMS

Foreign currencies:

	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar (USD)	339,981	329,719

21. BUSINESS AND GEOGRAPHICAL SEGMENTS

Geographical segments

The Company does not have any operations outside the territory of Vietnam; manufacturing and business activities of the Company are mainly carried out at No. 434/1, Bac Kan Street, Hoang Van Thu District, Thai Nguyen City, Thai Nguyen Province.

Business segments

During the period, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, the Company does not present reports by business segments. Revenue and cost of sales have been detailed by revenue, cost of goods sold and services rendered in Note 22 and Note 23.

22. REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u> VND	<u>Prior period</u> VND
Sales of goods	771,812,767,485	618,293,296,496
Sales of processing services	649,731,028,565	334,718,831,389
Sales of fashion products	65,024,884,908	45,831,225,907
	<u>1,486,568,680,958</u>	<u>998,843,353,792</u>
Deductions		
Sales rebates	-	-
Net revenue from goods sold and services rendered	<u>1,486,568,680,958</u>	<u>998,843,353,792</u>

23. COST OF SALES

	<u>Current period</u> VND	<u>Prior period</u> VND
Cost of goods sold	642,393,326,934	518,090,244,023
Cost of processing services	540,782,550,686	276,084,332,078
Cost of fashion products	54,121,354,180	29,696,011,156
	<u>1,237,297,231,800</u>	<u>823,870,587,257</u>

24. PRODUCTION COST BY NATURE

	<u>Current period</u> VND	<u>Prior period</u> VND
Raw materials and consumables	641,449,764,092	438,160,254,564
Labour	562,576,019,943	389,845,612,283
Depreciation and amortisation	55,045,193,064	49,331,767,329
Out-sourced services	75,979,022,047	57,601,729,499
Other monetary expenses	86,786,901,689	55,641,224,057
	<u>1,421,836,900,835</u>	<u>990,580,587,732</u>

25. FINANCIAL INCOME

	<u>Current period</u> VND	<u>Prior period</u> VND
Bank and loan interests	5,669,552	101,965,646
Foreign exchange gain	8,901,692,589	9,221,686,793
	<u>8,907,362,141</u>	<u>9,323,652,439</u>

26. FINANCIAL EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
Interest expense	42,010,736,246	33,959,870,089
Foreign exchange loss	18,849,675,347	11,239,930,879
	<u>60,860,411,593</u>	<u>45,199,800,968</u>

27. SELLING AND GENERAL AND ADMINISTRATION EXPENSE

	<u>Current period</u> VND	<u>Prior period</u> VND
General and administrative expenses		
Management labour cost	40,898,824,765	39,550,524,447
Raw materials and consumables	2,355,897,315	2,782,027,799
Depreciation and amortisation	3,668,974,981	4,281,662,622
Out-sourced expense	4,554,262,612	4,702,204,586
Other monetary expenses	20,704,165,645	13,039,498,373
	72,182,125,318	64,355,917,827
Selling expenses		
Labour	7,546,193,903	4,315,464,047
Raw materials and consumables	5,345,712,000	2,534,054,039
Transportation	4,522,947,143	2,284,964,234
Ex-import expense	6,527,523,383	2,298,942,918
Other selling expenses	20,055,044,396	13,098,993,034
	43,997,420,825	24,532,418,271

28. CURRENT CORPORATE INCOME TAX EXPENSE

Current corporate income tax expense was computed as follows:

	<u>Current period</u> VND	<u>Prior period</u> VND
Profit before tax	78,968,721,055	49,312,698,473
Adjustments for taxable profit	426,640,237	483,332,144
<u>Add back</u> : Non-deductible expenses	426,640,237	483,332,144
Taxable profit	79,395,361,292	49,796,030,617
Tax rate	0%, 15% and 20%	0%, 15% and 20%
Corporate income tax	11,850,988,696	7,638,518,787
Current corporate income tax	11,850,988,696	7,638,518,787

29. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share as at 30 June 2018 is based on profit attributable to ordinary equity holders and weighted average number of ordinary shares in circulation in the period. Details are as below:

	<u>Current period</u>	<u>Prior period</u> Restated (*)
Net profit after corporate income tax (VND)	67,117,732,359	41,674,179,686
<i>Distribution to bonus and welfare fund under Resolution of General Meeting of Shareholders and the Board of Management (VND)</i>	-	(7,704,208,859)
Profit attributable to ordinary equity holders (VND)	67,117,732,359	33,969,970,828
Weighted average number of ordinary shares in circulation in the period (shares)	41,117,291	41,117,291
Basic earnings per share (VND/Share)	1,632	826

According to Resolution No. 781/2018/NQ-DHDCD ("Resolution No. 781") dated 22 April 2018 of 2018 Annual General Meeting of Shareholders and Resolution No. 897/NQ/TNG-HDQT dated 10 May 2018 of the Board of Management, the Company will pay dividends for the year 2017 to its existing shareholders at the ratio of 10:2 with the additional number of shares issued of 8,223,458 shares. According to assessment of the Board of Directors, at the issuance date of the interim financial statements, the Company has not completed yet the procedures to listing these shares issued on stock exchange. Therefore, the the weighted average of ordinary shares in circulation in the period does not include the amount of these shares.

(*) Basic earnings per share for the 6-month period ended 30 June 2017 was restated due to the following reasons:

- Effects of distribution to Bonus and welfare funds in accordance with Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014.

- Changes in the weighted average number of shares in circulation as dividend payment by share for the year 2018 has been completed in the last 6 months of 2017, in details:

	<u>Reported amount</u>	<u>Adjustment to reported amount</u>	<u>Restated amount</u>
	VND	VND	VND
Net profit after corporate income tax	41,674,179,686	-	41,674,179,686
Distribution to bonus and welfare funds	-	(7,704,208,859)	(7,704,208,859)
Profit attribute to ordinary equity holders	41,674,179,686	(7,704,208,859)	33,969,970,828
Average ordinary shares in circulation	34,264,978	6,852,313	41,117,291
Basic earning per share	1,216		826

30. RELATED PARTY TRANSACTIONS AND BALANCES

During the period, the Company entered into the following significant transactions with its related parties:

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Remuneration to the Board of Directors, Board of Management and Supervisory Board		
Salary, bonus and other benefits in kind	3,993,990,785	2,241,354,452

31. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the period exclude an amount of VND 41,900,219,865 (the 6-month period ended 30 June 2017 was VND 17,060,824,813), representing an addition in fixed assets and construction in progress during the period that has not yet been paid. Therefore, changes in accounts payable have been adjusted by the same amount.

32. SUBSEQUENT EVENT

According to Resolution No. 781/2018/NQ-DHDCD ("Resolution No. 781") dated 22 April 2018 of 2018 Annual General Meeting of Shareholders and Resolution No. 897/NQ/TNG-HDQT dated 10 May 2018 of the Board of Management, the Company will pay dividends for the year 2017 to its existing shareholders at the ratio of 10:2 with the additional number of shares issued of 8,223,458 shares. On 02 July 2018, the Company has successfully issued 8,222,889 shares according to Report No. 1461/CV/CBTT on results of share issuance for 2017 dividend payment. On 04 July 2017, the State Securities Commission confirmed its receipt of the Company's share issuance report through Official Letter No. 4150/UBCK-QLCB. On 27 July 2018, the Company's Business Registration Certificate was amended with the total charter capital of VND 493,401,800,000. The Company is completing necessary procedures to list the shares issued from dividend payment to the stock exchange .



Tran Thi Hiep
Preparer



Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy General Director

11 August 2018