

SEPARATE FINANCIAL STATEMENTS

SECOND QUARTER 2018

For the fiscal year 31 December 2018

20 JULY 2018

SEPARATE BALANCE SHEET

As at 30 June 2018

FORM B 01a-DN

*(Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)*

Unit: VND

ASSETS	Code	Note	30/06/2018	31/12/2017
A. CURRENT ASSETS	100		1,749,535,216,168	1,588,881,254,406
I. Cash and cash equivalents	110	5	109,930,255,232	114,174,050,010
1. Cash	111		18,930,255,232	50,174,050,010
2. Cash equivalents	112		91,000,000,000	64,000,000,000
II. Short-term Financial investments	120		192,760,000,000	141,995,000,000
1.. Held-to-maturity investment	123		192,760,000,000	141,995,000,000
III. Short-term receivables	130		315,370,328,141	484,553,385,737
1. Short-term trade receivables	131	6	271,884,969,901	431,318,889,550
2.Short-term advances to suppliers	132		18,971,851,739	17,304,219,207
3. Short-term loan receivables	135	7	1,850,301,999	1,850,301,999
4. Other short-term receivables	136	8	19,750,041,496	21,511,707,975
5. Provisions for short-term doubtful debts	137		(6,549,873,034)	(5,883,665,034)
6. Shortage assets waiting for solution	139		9,463,036,040	18,451,932,040
IV. Inventories	140	9	1,096,468,370,751	804,153,865,650
1. Inventories	141		1,112,532,581,655	822,631,699,001
2. Provisions for Inventories (*)	149		(16,064,210,904)	(18,477,833,351)
V. Other short- term assets	150		35,006,262,044	44,004,953,009
1. Short-term prepayments	151		6,108,577,936	6,331,340,269
2. Value added tax deductibles	152		28,897,684,108	37,673,612,740

SEPARATE BALANCE SHEET (Continued)

As at 30 June 2018

FORM B 01a-DN

*(Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)*

Unit: VND

ASSETS	Code	<u>30/06/2018</u>	<u>31/12/2017</u>
B. NON - CURRENT ASSETS	200	1,280,540,622,721	1,417,857,265,004
I. Long-term accounts receivable	210		
II. Fixed assets	220	949,921,045,414	1,018,504,690,637
1. Tangible fixed assets	221 10	626,289,514,892	656,866,982,123
- Cost	222	1,238,131,990,233	1,300,492,955,160
- Accumulated depreciation (*)	223	(611,842,475,341)	(643,625,973,037)
2. Financial lease assets	224 11	247,349,774,276	283,613,765,781
- Cost	225	294,957,169,377	319,980,461,459
- Accumulated depreciation (*)	226	(47,607,395,101)	(36,366,695,678)
3. Intangible fixed assets	227 12	76,281,756,246	78,023,942,733
- Cost	228	101,539,313,868	102,551,418,630
- Accumulated depreciation (*)	229	(25,257,557,622)	(24,527,475,897)
III. Investment property	230 13	4,809,754,502	4,870,592,078
- Cost	231	4,880,731,674	4,880,731,674
- Accumulated depreciation (*)	232	(70,977,172)	(10,139,596)
IV. Long-term assets in progress	240	12,659,570,498	2,077,562,684
1. Construction-in-progress	242 14	12,659,570,498	2,077,562,684
V. Long-term financial investments	250 15	196,201,934,965	269,609,226,521
1. Investments in subsidiaries	251	181,283,463,900	181,283,463,900
2. Investments in associates	252	10,365,000,000	92,337,112,000
3. Equity investments in other entities	253	5,827,050,000	5,827,050,000
4. Provisions for impairment of long-term financial investments	254	(1,273,578,935)	(9,838,399,379)
VI. Other long-term assets	260	116,948,317,342	122,795,193,084
1. Long-term prepayments	261 16	111,720,739,493	115,362,811,907
2. Deferred tax asset	262	5,227,577,849	7,432,381,177
TOTAL ASSETS (270 = 100 + 200)	270	<u>3,030,075,838,889</u>	<u>3,006,738,519,410</u>

SEPARATE BALANCE SHEET (Continued)

As at 30 June 2018

FORM B 01a-DN

*(Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)*

Unit: VND

RESOURCES	Code	<u>30/06/2018</u>	<u>31/12/2017</u>
C. LIABILITIES	300	1,924,559,281,383	1,954,554,864,009
I. Current liabilities	310	1,616,371,935,033	1,617,262,464,806
1. Short-term trade payables	311 17	325,262,208,529	289,706,658,935
2. Short-term advances from customers	312	92,078,712,073	154,961,862,656
3. Taxes and amounts payable to the State Budget	313 18	12,411,748,579	10,286,992,027
4. Payable to employees	314	69,073,655,861	101,617,269,774
5. Short term accrued expenses	315	3,611,011,198	12,699,977,913
6. Other current payables	319 19	39,430,699,507	14,192,633,149
7. Short-term loans and obligations under finance leases	320 20	988,449,911,365	968,875,818,425
8. Bonus and welfare funds	322	86,053,987,921	64,921,251,927
II. Long-term liabilities	330	308,187,346,350	337,292,399,203
1. Other long-term payables	337 22	19,015,340,090	19,045,340,090
2. Long-term loans and obligations under finance leases	338 21	265,354,415,760	293,549,046,976
3. Provisions for long-term accounts payable	342 23	23,817,590,500	24,698,012,137

SEPARATE BALANCE SHEET (Continued)


As at 30 June 2018

FORM B 01a-DN

*(Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)*

Unit: VND

RESOURCES	Code	30/06/2018	31/12/2017
D. EQUITY	400	1,105,516,557,506	1,052,183,655,401
I. Owner's equity	410 24	1,105,516,557,506	1,052,183,655,401
1. Owner's contributed capital	411	542,300,550,000	516,538,290,000
- Common stock	411a	542,300,550,000	516,538,290,000
2. Share premiums	412	22,720,075,000	22,720,075,000
3. Treasury shares	415	(5,939,990,000)	(5,939,990,000)
4. Investment and development fund	418	258,564,785,003	198,032,191,493
5. Other reserves	420	42,740,843,324	33,152,526,267
6. Retained earnings	421	245,130,294,179	287,680,562,641
- Retained earnings accumulated to the prior year end	421a	137,255,751,404	83,066,179,479
- Retained earnings of the current period year end	421b	107,874,542,775	204,614,383,162
TOTAL RESOURCES (430 = 300 + 400)	440	3,030,075,838,889	3,006,738,519,410



Pham Thi Thanh Thuy
 Preparer



Nguyen Minh Hao
 Chief Accountant




Kim Bo Hyul
 General Manager
 20 July 2018

SEPARATE INCOME STATEMENT
Second Quarter 2018

FORM B 02a-DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)
 Unit: VND

Items	Code	Note	Second Quarter		Total from first month to the end this month	
			Current year	Previous year	Current year	Previous year
1. Gross revenue from goods sold and services rendered	1		790,859,312,695	761,477,006,896	1,631,022,535,768	1,528,132,106,082
2. Deductions	2		-	232,299,033	32,864,000	611,586,992
3. Net revenue from goods sold and services rendered (10 = 01 - 02)	10	26	790,859,312,695	761,244,707,863	1,630,989,671,768	1,527,520,519,090
4. Costs of goods sold and services rendered	11	27	649,008,714,528	635,307,548,586	1,344,555,831,967	1,269,320,091,552
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		141,850,598,167	125,937,159,277	286,433,839,801	258,200,427,538
6. Financial income	21	29	6,513,049,630	7,453,219,510	10,955,449,453	16,571,398,929
7. Financial expenses	22	30	10,974,140,233	24,888,728,947	29,522,018,427	53,896,967,089
- in which: loan interest expenses	23		12,283,530,922	7,746,632,952	23,990,349,139	14,421,249,124
8. Selling expenses	24		34,760,005,226	26,567,937,263	63,520,013,040	49,531,075,848
9. General and administrative expenses	25		35,237,612,311	31,792,686,774	68,471,391,947	64,219,238,617
10. Net operating profit/(loss) {30 = 20 + (21 - 22) - (24 + 25)}	30		67,391,890,027	50,141,025,803	135,875,865,840	107,124,544,913
11. Other income	31	31	259,488,744	62,515,540,623	475,827,606	64,633,303,381
12. Other expenses	32	32	(4,916,613)	29,399,263,965	6,396,216,263	30,248,228,723
13. Other profit/(loss) (40 = 31 - 32)	40		264,405,357	33,116,276,658	(5,920,388,657)	34,385,074,658
14. Profit/(loss) before tax (50 = 30 + 40)	50		67,656,295,384	83,257,302,461	129,955,477,183	141,509,619,571
15. Current corporate income tax expense	51		7,416,294,720	14,077,821,889	19,876,131,080	23,327,805,824
16. Deferred corporate income tax	52		2,204,803,328	51,366,961	2,204,803,328	51,366,961
17. Net Profit/(loss) after tax	60		58,035,197,336	69,128,113,611	107,874,542,775	118,130,446,786


Pham Thi Thanh Thuy
 Preparer


Nguyen Minh Hao
 Chief Accountant


Kim Bo Hyul
 General Manager
 20 July 2018

SEPARATE CASH FLOW STATEMENT

For the year ended 30 June 2018

FORM B 03a-DN

*(Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)
 Unit: VND*

Items	Codes	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
I. CASH FLOWS FROM OPERATING ACTIVITIES	01		
<i>1. Profit before tax</i>		129,955,477,183	141,509,619,571
<i>2. Adjustments for:</i>			
- Depreciation and amortisation of fixed assets and investment properties	02	50,883,313,818	48,176,880,282
- Provisions/ Reversal	03	(10,312,234,891)	32,436,776,275
- Foreign exchange (gain)/loss arising from translating foreign currency items	04	8,682,599,540	2,500,706,081
- Gains/losses from investing activities	05	1,236,140,615	(6,325,928,283)
- Interest expenses	06	23,990,349,139	14,421,249,124
- Other adjusted	07	-	
<i>3. Operating profit before changes of working capital</i>	08	204,435,645,404	232,719,303,050
-(Increase)/decrease in receivables	09	159,190,091,592	(183,322,611,896)
-(Increase)/decrease in inventories	10	(289,900,882,654)	(100,021,589,416)
- Increase/(decrease) in accounts payable	11	(21,961,598,127)	35,155,992,680
-(Increase)/decrease of prepaid expenses	12	3,864,834,747	23,964,809,733
- Interest paid	14	(24,139,185,823)	(13,865,942,717)
- Corporate income tax paid	15	(18,602,522,357)	(24,984,698,669)
- Other cash inflows	16	17,210,000	34,290,000
- Other cash outflows	17	(12,721,832,865)	(5,430,619,783)
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	181,759,917	(35,751,067,018)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Amount payable for purchases and constructions of fixed assets and other long-term assets	21	(20,941,255,609)	(33,310,630,446)
2. Amount receivable from liquidation, transfer fixed and long-term assets	22	4,948,986,577	1,888,484,846
3. Amount payable for loan. Buying debit tools from other entities	23	(50,000,000,000)	(134,000,000,000)
4 Take back loan, sell debt tools of other Unit	24	-	25,000,000,000
5. Amount payable for investment, capital contribution to other entities	25	-	-
6. Amount withdraw from investment, capital contribution to other entities	26	100,191,540,000	-
7. Interest earned, dividends and profits received	27	5,616,508,485	3,241,835,012
<i>Net cash flows from investing activities</i>	30	39,815,779,453	(137,180,310,588)

SEPARATE CASH FLOW STATEMENT (continued)

For the year ended 30 June 2018

FORM B 03a-DN

(Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)

Unit: VND

Items	Codes	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,406,972,109,899	1,364,400,568,679
2. Repayment of borrowings	34	(1,402,426,219,808)	(1,133,057,489,296)
3. Repayment of obligations under finance leases	35	(23,027,914,969)	(19,359,178,586)
4. Dividends, benefits paid to the owners	36	(25,786,264,900)	(8,207,199,550)
<i>Net cash flows from financing activities</i>	40	(44,268,289,778)	203,776,701,247
Net cash flows during the year	50	(4,270,750,408)	30,845,323,641
Cash and cash equivalents at the beginning of the period	60	114,174,050,010	75,132,422,118
Effects of changes in foreign exchange rates	61	26,955,630	2,204,820
Cash and cash equivalents at the end of the period	70	109,930,255,232	105,979,950,579



Pham Thi Thanh Thuy
Preparer



Nguyen Minh Hao
Chief Accountant



Kim Bo Hyul
General Manager
20 July 2018

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FORM B 09a-DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. GENERAL INFORMATION

Structure of ownership

Thanh Cong Textile Garment Investment Trading Joint Stock Company (the “Company”) was incorporated in Vietnam as a joint stock company under Business Registration Certificate No. 4103004932 dated 23 June 2006 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended. According to 19th amended Business Registration Certificate No. 0301446221 dated 18 June 2018 issued by the Department of Planning and Investment of Ho Chi Minh City, the Company's share capital is VND 542,300,550,000. The Company's main shareholder is E-land Asia Holdings Pte Ltd, incorporated in Singapore.

Principal activities

The principal activities of the Company are manufacture and garment trading, details are as follows:

- Manufacture and trade cotton, fiber, garment products, footwear, machinery and equipment, spare parts, raw materials, chemicals (excluding strong toxic chemicals), dye, packing for garment and textile industry;
- Trade cold equipment, air-conditioners, radios and televisions, building materials, and transport vehicles;
- Provide services of installation and repairs for machinery and equipment;
- Trade road transport and merchandise transport;
- Trade real estates, commercial centres;
- Lease office buildings, factories, freight yard, machinery and equipment;
- Act as a commercial brokerage;
- Act as an agent for goods trading and goods consignment;
- Invest, build, trade, assemble, repair, prepare overall estimates for civil/industrial construction works, infrastructure of industrial parks and tourist area;
- Short-term accommodation services;
- Restaurant and foods services;
- Retails of beverage in the specialised shops;
- Retails of foods in the specialised shops;
- Trade of real estate, land use rights owned or leased; and
- Other retails.

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 at 30 June 2018:

The Company has four subsidiaries:

- Thanh Cong Medical Center Joint Stock Company
- Thanh Quang Corporation
- TC Tower Company Limited
- TC Eland One Member Limited Company

The Company has two associates:

- Thanh Phuc Investment Construction Corporation
- Vung Tau Golf Tourism Joint Stock Company

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate 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 financial reporting.

The accompanying separate 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 separate financial statements were prepared to present the separate financial position of the Company as at 30 June 2018, and the related separate statements of income and cash flows for the 6 month period ended 30 June 2018. Consequently, the Company did not consolidate the investments in subsidiaries and associates in these separate financial statements. The accounting policies applied to these investments of the Company are described in details in Note 4 as follows.

Accounting period

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC (“Circular 53”) amending and supplementing certain articles of Circular 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. Accordingly, the Company has applied Circular 53 in the preparation and presentation of the Company’s separate financial statements for the Company’s accounting period from 01 January 2018 to 30 June 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Directors 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 separate financial statements and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the Board of Directors’ best knowledge, actual results may differ from those estimates.

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, trade and other receivables, investments and deposits.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise obligations under finance leases, borrowings, trade and other payables and accrued expenses.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial investments

Loan receivables

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

Investments in subsidiaries, associates

Investment in subsidiaries

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

Investments in subsidiaries, joint ventures and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries, joint ventures and associates are made in accordance with the prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment. Provision for impairment is made in accordance with the 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 more, 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 book value higher than net realisable value 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>Years</u>
Buildings and structures	10 - 50
Machinery and equipment	7 - 15
Motor vehicles	10
Office equipment	7 - 15
Others	7 - 22

Intangible assets and amortisation

Intangible assets represent land use rights, patents and software. Intangible assets are stated at cost less accumulated amortisation and are amortised on the straight-line basis over their estimated useful lives. Definite land use rights are carried at cost and amortised on the straight-line basis over the duration of the right to use the land from 15-50 years. Indefinite land use rights are carried at cost and not amortised. Patents and software are amortised on the straight-line basis over their estimate useful lives from 4-10 years.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Assets held by the Company under finance leases are machinery and equipment which were depreciated over the period of 10-15 years.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes not yet determined, 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.

Investment property

Investment properties, which are composed of buildings and structures and land use rights held by the Company to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties. No depreciation is recorded for investment properties held for capital appreciation.

Buildings and structures are depreciated using the straight-line method over their estimated useful lives of 50 years. Definite land use rights are amortised using the straight-line method over number of years in accordance with the terms indicated in each land use right certificate. Land use rights which are granted for an indefinite term are carried at cost and not amortised.

Long-term prepayments

Long-term prepayments comprise prepaid land rentals at Nhi Xuan Industrial Zone – Hoc Mon District, Ho Chi Minh City and Trang Bang Industrial Zone – Tay Ninh Province and other prepayments (allocated within 3 years). Prepaid land rentals are charged to income statement using the straight-line method over the lease term from 45 to 58 years.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

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 each 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.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, 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 income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

Borrowing costs

Borrowing costs are recognised in the income statement in the year 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.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the separate income statement.

Tax

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 net profit as reported in the separate 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.

In year 2018, the Company is obliged to pay CIT at the rate of 20% for business activities .

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the 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 current tax payable and deferred tax 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.

Appropriation of funds and dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's separate financial statements in the year in which the dividends are approved by the Company's shareholders.

Net profit after tax is available for appropriation to shareholders after approval by the shareholders at the Annual General Shareholders' Meeting, and after making appropriation to funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

Treasury shares

Treasury shares are shares issued and bought-back by the Company, but they are not cancelled and shall be re-issued in the period which complies with law on securities. Treasury shares are hold by the Company will have no dividend, no right for election or join to share assets when the Company is dissolved. When distributing dividend for shares, treasury shares hold by the Company shall be considered as not yet sold.

Value of treasury shares is reflected as prices actually bought-back including buying-back prices and expenses directly related to buying-back of shares, such as expenses of transaction, information.

5. CASH AND CASH EQUIVALENTS

	<u>30/06/2018</u>	<u>31/12/2017</u>
Cash on hand	678,994,142	397,742,458
Demand deposits	18,251,261,090	49,776,307,552
Cash equivalents	91,000,000,000	64,000,000,000
Total	<u>109,930,255,232</u>	<u>114,174,050,010</u>

6. SHORT-TERM TRADE RECEIVABLES

	<u>30/06/2018</u>	<u>31/12/2017</u>
a. Short-term trade receivables		
Eddie Bauer LLC	66,721,560,294	44,227,196,348
Kmart Corporation	14,131,116,282	46,909,497,334
b. Related parties		
Eland Vietnam Co., Ltd.	3,526,441	204,880,344
Eland World LTD	50,724,666,852	169,592,155,100
Eland Retail LTD	6,629,475,230	10,353,767,960
E-Land Asia Holding Pte.Ltd	574,835,892	35,906,254,964
Thanh Cong Medical Center JSC	68,013,380	56,773,860
c. Third parties	<u>133,031,775,530</u>	<u>124,068,363,640</u>
Total	<u>271,884,969,901</u>	<u>431,318,889,550</u>

7. SHORT-TERM LOAN RECEIVABLES

Short-term loan receivables represent a loan to third party in 2006. The investment has been fully provided as at 30 June 2018 according to the Company's accounting policy.

8. OTHER SHORT-TERM RECEIVABLES

	<u>30/06/2018</u>	<u>31/12/2017</u>
Advance to employees	65,872,335	
Deposits and mortgagers	4,685,248,621	1,924,436,324
TC Tower Limited Company (*)	9,973,060,520	9,970,060,520
Thanh Quang Coporation		4,887,038,554
Other receivables	<u>5,025,860,020</u>	<u>4,730,172,577</u>
Total	<u>19,750,041,496</u>	<u>21,511,707,975</u>

(*) Other short-term receivables from TC Tower Limited Company ("TC Tower"), the Company's subsidiary, represent the amount that the Company paid on behalf of TC Tower relating to operation expenses.

9. INVENTORIES

	<u>30/06/2018</u>		<u>31/12/2017</u>	
	<u>Cost</u>	<u>Provision</u>	<u>Cost</u>	<u>Provision</u>
Good in transit	95,259,968,499		27,132,157,352	
Raw materials	279,194,563,799		181,976,111,248	
Tools and supplies	3,418,502,945		1,563,059,357	
Work in progress	321,054,666,070		232,718,112,757	
Finished goods	385,249,838,579	(16,064,210,904)	356,244,242,396	(18,477,833,351)
Merchandise	157,393,487		171,340,997	
Good on consignment	<u>28,197,648,276</u>		<u>22,826,674,894</u>	
Total	<u>1,112,532,581,655</u>	<u>(16,064,210,904)</u>	<u>822,631,699,001</u>	<u>(18,477,833,351)</u>

**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY
NOTES TO THE SEPARATE FINANCIAL STATEMENTS 2nd Quarter 2018 (Continued)**

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10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
COST						
As at 01/01/2018	393,274,800,874	709,167,092,491	24,846,704,965	20,731,907,311	152,472,449,519	1,300,492,955,160
Additions	-	548,580,000	2,807,075,090	155,004,000		3,510,659,090
Transfer from construction in progress	2,041,187,229	3,231,697,312		166,581,405	1,358,322,759	6,797,788,705
Transfer from finance lease assets		25,035,592,082				25,035,592,082
Disposals		(84,793,070,794)	(2,051,300,754)	(385,000,000)	(9,939,877,256)	(97,169,248,804)
Other	(490,000,000)			(45,756,000)		(535,756,000)
As at 30/06/2018	394,825,988,103	653,189,891,091	25,602,479,301	20,622,736,716	143,890,895,022	1,238,131,990,233
ACCUMULATED DEPRECIATION						
As at 01/01/2018	120,273,787,203	397,145,337,538	13,071,866,972	7,528,209,357	105,606,771,967	643,625,973,037
Charge for the period	4,294,136,211	20,600,346,698	1,156,901,578	1,217,211,654	3,685,051,511	30,953,647,652
Transfer from finance lease assets		6,847,442,680				6,847,442,680
Disposals		(58,125,557,216)	(1,752,923,277)	(159,850,495)	(9,024,482,040)	(69,062,813,028)
Other	(490,000,000)			(31,775,000)		(521,775,000)
As at 30/06/2018	124,077,923,414	366,467,569,700	12,475,845,273	8,553,795,516	100,267,341,438	611,842,475,341
NET BOOK VALUE						
As at 01/01/2018	273,001,013,671	312,021,754,953	11,774,837,993	13,203,697,954	46,865,677,552	656,866,982,123
As at 30/06/2018	270,748,064,689	286,722,321,391	13,126,634,028	12,068,941,200	43,623,553,584	626,289,514,892

The cost of the Company's tangible fixed assets include VND 318 billion of assets which have been fully depreciated but which are still in use (31 December 2017: VND 332 billion).

11. FINANCE LEASE ASSETS

	Machinery and equipment
COST	
As at 01/01/2018	319,980,461,459
Additions	12,300,000
Transfer to tangible fixed assets	(25,035,592,082)
As at 30/06/2018	<u>294,957,169,377</u>
ACCUMULATED DEPRECIATION	
As at 01/01/2018	36,366,695,678
Charge for the period	18,088,142,103
Transfer to tangible fixed assets	(6,847,442,680)
As at 30/06/2018	<u>47,607,395,101</u>
NET BOOK VALUE	
As at 01/01/2018	283,613,765,781
As at 30/06/2018	<u>247,349,774,276</u>

12. INTANGIBLE ASSETS

	Land use rights	Patents	Software	Total
COST				
As at 01/01/2018	74,334,416,604	5,352,549,047	22,864,452,979	102,551,418,630
Additions			38,500,000	38,500,000
Disposals			(1,050,604,762)	(1,050,604,762)
As at 30/06/2018	<u>74,334,416,604</u>	<u>5,352,549,047</u>	<u>21,852,348,217</u>	<u>101,539,313,868</u>
ACCUMULATED DEPRECIATION				
As at 01/01/2018	11,028,792,874	4,709,291,020	8,789,392,003	24,527,475,897
Charge for the period	223,031,235	241,221,762	1,316,433,490	1,780,686,487
Disposals	-	-	(1,050,604,762)	(1,050,604,762)
As at 30/06/2018	<u>11,251,824,109</u>	<u>4,950,512,782</u>	<u>9,055,220,731</u>	<u>25,257,557,622</u>
NET BOOK VALUE				
As at 01/01/2018	63,305,623,730	643,258,027	14,075,060,976	78,023,942,733
As at 30/06/2018	<u>63,082,592,495</u>	<u>402,036,265</u>	<u>12,797,127,486</u>	<u>76,281,756,246</u>

13. INVESTMENT PROPERTY

	Buildings and structures
COST	
As at 01/01/2018	4,880,731,674
As at 30/06/2018	<u>4,880,731,674</u>
ACCUMULATED DEPRECIATION	
As at 01/01/2018	10,139,596
Charge for the period	60,837,576
As at 30/06/2018	<u>70,977,172</u>
NET BOOK VALUE	
As at 01/01/2018	4,870,592,078
As at 30/06/2018	<u>4,809,754,502</u>

14. CONSTRUCTION IN PROGRESS

	<u>30/06/2018</u>	<u>31/12/2017</u>
As at 01 January	2,077,562,684	23,831,402,422
Additions	18,289,026,519	90,336,032,955
Transfer to finance lease assets		(25,717,110,817)
Other transfers	(909,230,000)	(9,765,305,169)
Transfer to tangible fixed assets	(6,797,788,705)	(66,976,976,529)
Transfer to intangible assets		(9,630,480,178)
As at 30 June/31 December	<u>12,659,570,498</u>	<u>2,077,562,684</u>

As at the balance sheet date, construction in progress comprises the following major projects:

	<u>30/06/2018</u>	<u>31/12/2017</u>
Purchase of machinery, building	12,181,661,407	1,599,653,593
Others	477,909,091	477,909,091
Total	<u>12,659,570,498</u>	<u>2,077,562,684</u>

15. LONG-TERM FINANCIAL INVESTMENTS

Investments in subsidiaries

	30/06/2018		31/12/2017	
	Amount	Proportion of ownership interest	Amount	Proportion of ownership interest
Thanh Cong Medical Center JSC (*)	14,055,000,000	70.94%	14,055,000,000	70.94%
Thanh Quang Coporation (**)	36,908,463,900	97.50%	36,908,463,900	97.50%
TC Eland One Member Limited Company (***)	3,000,000,000	100.00%	3,000,000,000	100.00%
TC Tower Company Limited (****)	127,320,000,000	85.33%	127,320,000,000	85.33%
Total	181,283,463,900		181,283,463,900	

Investments in associates

	30/06/2018		31/12/2017	
	Amount	Proportion of ownership interest	Amount	Proportion of ownership interest
Thanh Phuc Corporation	1,665,000,000	23.79%	1,665,000,000	23.79%
Vung Tau Goft tourism JSC	8,700,000,000	30.00%	8,700,000,000	30.00%
Thanh Cong Securities JSC		24.75%	81,972,112,000	24.75%
Total	10,365,000,000		92,337,112,000	

Other Long term investments

	30/06/2018	31/12/2017
Viet Thang Textile JSC	125,000,000	125,000,000
Thang Loi Textile and Garment JSC	1,576,000,000	1,576,000,000
Hue Textile and Garment JSC	793,000,000	793,000,000
SY Vina JSC	883,450,000	883,450,000
Vietcombank	2,449,600,000	2,449,600,000
Total	5,827,050,000	5,827,050,000

(*) Thanh Cong Medical Center JSC (“Thanh Cong Medical Center”) was established in Vietnam under Business Registration Certificate No. 0305253809 dated 5 October 2007 issued by the Department of Planning and Investment of Ho Chi Minh City. As at the date of this report, the Company has fully contributed to Thanh Cong Medical Center.

(**) Thanh Quang Corporation (“Thanh Quang”) was established in Vietnam under Business Registration Certificate No. 5003000203 dated 25 May 2007 issued by the Department of Planning and Investment of Long An Province. As at the date of this report, Thanh Quang has not started its business activities.

(***) TC Eland One Member Company Limited (“TC Eland”) was established in Vietnam under Enterprise Registration Certificate No. 0313392612 dated 28 August 2015 issued by Development and Planning Investment Department of Ho Chi Minh City. The subsidiary’s registered capital is VND 6,450,000,000. As at the date of this report, the Company has contributed to TC Eland with an amount of VND 3,000,000,000.

(****) TC Tower Company Limited (“TC Tower”) was established in Vietnam under Investment Certificate No. 411022000794 dated 31 October 2014 issued by People’s Committee of Ho Chi Minh City. The subsidiary’s registered charter capital is VND 159,150,000,000. As at the date of this report, the Company has contributed capital land use rights to TC Tower with the amount of VND 127.320.000.000

16. LONG-TERM PREPAYMENTS

	<u>30/06/2018</u>	<u>31/12/2017</u>
As at 01 January	115,362,811,907	67,463,333,618
Additions	571,236,631	75,341,725,474
Disposal land lease right		(22,953,336,251)
Allocated to expenses during to period	(4,213,309,045)	(4,488,910,934)
As at 30 June/31 December	<u>111,720,739,493</u>	<u>115,362,811,907</u>

Details of long-term prepayments are as follows:

	<u>30/06/2018</u>	<u>31/12/2017</u>
Tools and supplies	7,510,726,201	9,882,993,393
Land rental	104,173,608,734	105,441,113,961
Other	36,404,558	38,704,553
Total	<u>111,720,739,493</u>	<u>115,362,811,907</u>

17. SHORT-TERM TRADE PAYABLES

	<u>30/06/2018</u>	<u>31/12/2017</u>
a. Short term trade payables		
Tianweini (Shanghai) Trade Co.LTD	20,123,858,310	29,667,773,387
b. Related parties		
Eland International Fashion (Shanghai) Co LTD	7,252,038,479	5,006,533,007
Eland World LTD	1,804,462,110	1,371,352,465
Wish Trading (Shanghai) Co.LTD	209,344,412	834,172,841
SY Vina JSC	530,454,114	
Eland Viet Nam	9,285,993,280	7,069,569,052
Savimex JSC	1,032,164,273	2,014,307,826
Thanh Cong Medical Center JSC	508,965,368	13,435,000
TC Eland One Member Limited Company	675,641,774	675,641,774
b. Third parties	<u>283,839,286,409</u>	<u>243,053,873,583</u>
Total	<u>325,262,208,529</u>	<u>289,706,658,935</u>

18. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>30/06/2018</u>	<u>31/12/2017</u>
Coprporate income tax	11,254,176,824	9,980,568,101
Personal income tax	1,157,571,755	306,423,926
Total	<u>12,411,748,579</u>	<u>10,286,992,027</u>

19. OTHER CURRENT PAYABLES

	<u>30/06/2018</u>	<u>31/12/2017</u>
Social, Health, unemployment insurance	114,720,023	476,349,521
Union fee	2,128,226,282	1,579,363,800
Dividends payable	124,802,985	132,338,470
TC Eland One Member Limited Company	5,397,859,538	
Other payable	31,665,090,679	12,004,581,358
Total	<u>39,430,699,507</u>	<u>14,192,633,149</u>

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20. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	31/12/2017		In the period		30/06/2018	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	Short-term loans	890,884,247,011	890,884,247,011	1,416,781,771,754	1,381,083,558,265	926,582,460,500
- Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") - Ho Chi Minh City Branch	380,488,131,315	380,488,131,315	688,076,929,727	609,773,687,287	458,791,373,755	458,791,373,755
- Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") - Hoc Mon Branch	246,107,694,537	246,107,694,537	263,533,741,020	288,722,071,214	220,919,364,343	220,919,364,343
- Vietnam International Commercial Joint Stock Bank ("VIB") - FDI Branch	12,523,147,105	12,523,147,105		12,523,147,105		
- Bank SinoPac – Ho Chi Minh City Branch			23,437,750,040	14,041,655,425	9,396,094,615	9,396,094,615
- Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank") - Ho Chi Minh City Branch	251,765,274,054	251,765,274,054	441,733,350,967	456,022,997,234	237,475,627,787	237,475,627,787
Current portion of long -term loans	34,917,654,982	34,917,654,982	9,692,924,813	22,848,619,992	21,761,959,803	21,761,959,803
Current portion of long -term obligations under finance leases	43,073,916,432	43,073,916,432	20,074,744,862	23,043,170,232	40,105,491,062	40,105,491,062
Total	968,875,818,425	968,875,818,425	1,446,549,441,429	1,426,975,348,489	988,449,911,365	988,449,911,365

21. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	31/12/2017		In the period		30/06/2018	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
Vietcombank Leasing Co., Ltd.	100,697,502,122	100,697,502,122	846,581,239	20,056,517,577	81,487,565,784	81,487,565,784
- Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") - Ho Chi Minh City Branch	136,202,000,000	136,202,000,000		2,000,000,000	134,202,000,000	134,202,000,000
- Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") - Hoc Mon Branch	56,649,544,854	56,649,544,854	646,829,599	7,631,524,477	49,664,849,976	49,664,849,976
Total	293,549,046,976	293,549,046,976	1,493,410,838	29,688,042,054	265,354,415,760	265,354,415,760

22. OTHER LONG-TERM PAYABLES

Other long-term payables mainly represent the amount payable to the State Treasury for the increasing amount when valuing a number of land lots which were granted to the Company or leased when it was equitised in 2004. In accordance with the asset valuation report for equitisation dated 28 September 2005 of Auditing and Consulting Vietnam Joint Stock Company, among the land lots, there were 5 land lots with the total area of 36,716 m² revalued. The amount will be paid once the Company completes the transfer of title of the land use rights to the Company's name and deposits received from customers

23. LONG-TERM PROVISIONS

Long-term provisions represent the severance allowance accrued in accordance with the Company's policies.

24. OWNERS' EQUITY

	<u>30/06/2018</u>	<u>31/12/2017</u>
Eland Asia Holding Pte.LTD	234,510,540,000	223,343,380,000
Others	307,790,010,000	293,194,910,000
Share premiums	22,720,075,000	22,720,075,000
Treasury shares	<u>(5,939,990,000)</u>	<u>(5,939,990,000)</u>
Total	<u>559,080,635,000</u>	<u>533,318,375,000</u>

The list of main shareholders have been fixed as at 22 May 2018 by Ho Chi Minh Stock Exchange ("HOSE")

Shares

	<u>30/06/2018</u>	<u>31/12/2017</u>
Number of shares issued to public	54,230,055	51,653,829
Number of treasury shares	100,450	100,450
Number or outstanding shares in circulation	54,129,605	51,553,379

The Company has one class of ordinary share which carry no right to receive any fixed dividend with the par value of VND 10,000/share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to have one vote per share at the Company's shareholders' meetings.

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Movement in owners' equity:

	Owner's contributed capital	Share premium	Treasury shares	Investment and development fund	Other reserves	Retained earnings	Total
As at 01/01/2017	491,999,510,000	22,720,075,000	(5,939,990,000)	171,151,233,610	27,438,003,113	176,179,237,324	883,548,069,047
Addition	24,538,780,000					24,538,780,000	24,538,780,000
Profit for the period						204,614,383,162	204,614,383,162
Fund appropriation				26,880,957,883	5,714,523,154	(44,024,527,345)	(11,429,046,308)
Dividend declared						(49,088,530,500)	(49,088,530,500)
As at 31/12/2017	516,538,290,000	22,720,075,000	(5,939,990,000)	198,032,191,493	33,152,526,267	287,680,562,641	1,052,183,655,401
As at 01/01/2018	516,538,290,000	22,720,075,000	(5,939,990,000)	198,032,191,493	33,152,526,267	287,680,562,641	1,052,183,655,401
Addition	25,762,260,000					25,762,260,000	25,762,260,000
Profit for the period						107,874,542,775	107,874,542,775
Fund appropriation				60,532,593,510	9,588,317,057	(98,885,861,737)	(28,764,951,170)
Dividend declared						(51,538,949,500)	(51,538,949,500)
As at 31/03/2018	542,300,550,000	22,720,075,000	(5,939,990,000)	258,564,785,003	42,740,843,324	245,130,294,179	1,105,516,557,506

25. SEGMENT REPORTING

The Company selected geographical segments as a reportable segment because the risk and economic benefits of the Company differ in each geographical segment.

The business segment report includes items directly attributable to a segment as well as for segments on reasonable basis. Unallocated items include financial income, financial expenses, selling expenses, general and administration expenses, profit from other activities, and corporate income tax. The income statement of business segment report during the period is as follows:

Geographical segments

As stated the segment information about geographical segments, segment revenue depends on geographic location of clients in Vietnam (“Domestic”) or in other countries other than Vietnam (“Export”). The Company does not prepare the segment report for items in the balance sheet due to insufficient basis for separation.

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Domestic		
Revenue	141,574,164,898	107,793,244,880
Cost of goods sold	<u>116,710,959,220</u>	<u>89,572,696,242</u>
Gross profit	<u>24,863,205,678</u>	<u>18,220,548,638</u>
Export		
Revenue	1,489,415,506,870	1,419,727,274,210
Cost of goods sold	<u>1,227,844,872,747</u>	<u>1,179,747,395,310</u>
Gross profit	<u>261,570,634,123</u>	<u>239,979,878,900</u>

Business segments

The separate financial statements have not presented business segments because the Company’s all operations focus on manufacturing, trading of garment and textile products.

26. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Revenue	<u>1,631,022,535,768</u>	<u>1,528,132,106,082</u>
<i>Export</i>	1,448,250,020,805	1,392,340,890,607
<i>Domestic</i>	128,789,135,322	92,927,377,500
<i>Processing fees</i>	51,746,672,651	39,761,387,212
<i>Others</i>	2,236,706,990	3,102,450,763
Deductions	(32,864,000)	(611,586,992)
<i>Sales discounts</i>		
<i>Sales returns</i>	<u>(32,864,000)</u>	<u>(611,586,992)</u>
Net sales	<u>1,630,989,671,768</u>	<u>1,527,520,519,090</u>

27. COST OF GOODS SOLD AND SERVICES RENDERED

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Raw materials	841,098,594,524	824,188,063,264
Labour costs	306,791,569,828	271,001,937,469
Depreciation and amortisation	19,520,845,746	20,545,371,703
Out-sourced services	176,685,874,840	153,091,245,949
Others	<u>458,947,029</u>	<u>493,473,167</u>
Total	<u>1,344,555,831,967</u>	<u>1,269,320,091,552</u>

28. PRODUCTION COST BY NATURE

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Raw materials	740,840,061,231	734,385,006,176
Labour cost	398,017,218,402	313,185,955,256
Depreciation and amortisation	50,883,313,818	48,176,880,282
Out-sourced services	290,176,043,048	288,729,009,410
Other	68,616,681,663	57,292,341,378
Total	<u>1,548,533,318,162</u>	<u>1,441,769,192,502</u>

29. FINANCIAL INCOME

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Bank and loan interest	4,777,155,807	2,942,765,139
Dividend income	1,180,870,000	1,588,215,000
Realised foreign exchange gain	4,997,423,646	12,040,418,790
Total	<u>10,955,449,453</u>	<u>16,571,398,929</u>

30. FINANCIAL EXPENSES

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Interest expense	23,990,349,139	14,421,249,124
(Reversal)/made provision for financial investments	(8,564,820,444)	28,780,969,630
Other	1,919,211,825	
Unrealised foreign exchange loss	8,682,599,540	2,500,706,081
Realised foreign exchange loss	3,494,678,367	8,194,042,254
Total	<u>29,522,018,427</u>	<u>53,896,967,089</u>

31. OTHER INCOME

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Proceed from disposals for fixed assets		1,794,948,144
Proceed from sales of material, supplies	262,300,242	684,913,896
Others	213,527,364	62,153,441,341
Total	<u>475,827,606</u>	<u>64,633,303,381</u>

32. OTHER EXPENSES

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Net book value of fixed assets disposals	6,129,269,764	
Expenses for sales for material, supplies	189,105,765	663,147,060
Other	77,840,734	29,585,081,663
Total	<u>6,396,216,263</u>	<u>30,248,228,723</u>

33. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 20 and 21, offset by cash and cash equivalents) and equity attributable to shareholders (comprising owners' contributed capital, share premium, treasury shares, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	<u>30/06/2018</u>	<u>31/12/2017</u>
Borrowings	1,253,804,327,125	1,262,424,865,401
Less: cash and cash equivalents	109,930,255,232	114,174,050,010
Net debt	1,143,874,071,893	1,148,250,815,391
Equity	<u>1,105,516,557,506</u>	<u>1,052,183,655,401</u>
Net debt to equity ratio	<u>1.03</u>	<u>1.09</u>

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets and financial liabilities are disclosed in Note 4.

Categories of financial instruments

	<u>Carrying amount</u>	
	<u>30/06/2018</u>	<u>31/12/2017</u>
Financial assets		
Cash and cash equivalent	109,930,255,232	114,174,050,010
Held-to-maturity investment	192,760,000,000	141,995,000,000
Trade and other receivables	286,935,440,362	448,797,234,490
Investments	4,738,550,000	4,738,550,000
Total	<u>594,364,245,594</u>	<u>709,704,834,500</u>
Financial liabilities		
Obligations under finance leases	121,593,056,846	143,771,418,554
Borrowings	1,132,211,270,279	1,118,653,446,847
Trade and other payables	364,692,908,036	303,899,292,084
Accrued expenses	3,611,011,198	12,699,977,913
Total	<u>1,622,108,246,359</u>	<u>1,579,024,135,398</u>

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and share price risk), credit risk and liquidity risk.

Market risk

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period/year are as follows:

	Liabilities		Asset	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	VND	VND	VND	VND
United States Dollar (USD)	1,191,391,097,461	1,152,279,966,352	344,884,188,658	504,166,574,048
Euro (EUR)	561,107,863		5,161,302	5,383,588
Japanese Yen (JPY)			19,724,668	19,300,501
Total	1,191,952,205,324	1,152,279,966,352	344,909,074,628	504,191,258,137

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar and Euro.

The following table details the Company's sensitivity to a 5% increase and decrease in Vietnam Dong against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Directors and represents the Board of Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. For a 5% increase/decrease in the following foreign currencies USD against Vietnam Dong, the profit before tax for the period would increase/(decrease) VND 42,325,345,440 (6 months 2017: VND 37,960,546,842)

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the 6-month period ended 30 June 2018 would have decreased/increased by VND 11,322,112,703 (the 6 month period ended 30 June 2017: VND 11,493,900,503).

Share price risk management

Shares held by the Company are affected by market risks arising from the uncertainty about future prices of such shares. The Company manages this risk exposure by setting up investment limits. The Company's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc. The Company assesses the share price risk to be immaterial.

The Company is also exposed to equity price risks arising from investments in subsidiaries and associates. The Company's Board of Management assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Company does not have intention to trade these investments in the foreseeable future.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

30/06/2018	Less than 1 year	Over 1 year	Total
Cash and cash equivalents	109,930,255,232		109,930,255,232
Held-to-maturity investment	192,760,000,000		192,760,000,000
Trade and other receivables	286,935,440,362		286,935,440,362
Investments		4,738,550,000	4,738,550,000
Total	589,625,695,594	4,738,550,000	594,364,245,594
Obligations under finance leases	40,105,491,062	81,487,565,784	121,593,056,846
Borrowings	948,344,420,303	183,866,849,976	1,132,211,270,279
Trade and other payables	364,692,908,036		364,692,908,036
Accrued expenses	3,611,011,198		3,611,011,198
Total	1,356,753,830,599	265,354,415,760	1,622,108,246,359
Net liquidity gap	(767,128,135,005)	(260,615,865,760)	(1,027,744,000,765)

31/12/2017	Less than 1 year	Over 1 year	Total
Cash and cash equivalents	114,174,050,010		114,174,050,010
Held-to-maturity investment	141,995,000,000		141,995,000,000
Trade and other receivables	448,797,234,490		448,797,234,490
Investments		4,738,550,000	4,738,550,000
Total	704,966,284,500	4,738,550,000	709,704,834,500

Obligations under finance leases	43,073,916,432	100,697,502,122	143,771,418,554
Borrowings	925,801,901,993	192,851,544,854	1,118,653,446,847
Trade and other payables	303,899,292,084		303,899,292,084
Accrued expenses	12,699,977,913		12,699,977,913
Total	<u>1,285,475,088,422</u>	<u>293,549,046,976</u>	<u>1,579,024,135,398</u>
Net liquidity gap	<u>(580,508,803,922)</u>	<u>(288,810,496,976)</u>	<u>(869,319,300,898)</u>

Regardless of the existing net liquidity gap, the Board of Directors believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due by internally generated cash flows and maintaining minimum credit lines available.

34. OTHER INFORMATIONS:

Profit after tax in second quarter 2018 decreased 16% compared to second quarter 2017 due to below reasons:

Ratio selling and administrative expenses/ Net revenue in second quarter 2018: 9% increased 1% compared to the same period 2017 (year 2017: 8%).

The Company gained from disposal of land facility usage rights of Xuyen A industrial Park in Long An is 26,9 billion VND in the second quarter 2017. So profit after tax in second quarter 2017 higher than second quarter 2018.

35. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Name</u>	<u>Relationship</u>
Eland Asia Holdings Pte Ltd	Main shareholder
Thanh Cong Medical Center JSC	Subsidiary
TC Tower Limited Company	Subsidiary
Thanh Quang Corporation	Subsidiary
TC Eland One Member Limited Company	Subsidiary
Eland World Limited	Company in Eland Group
Eland International Fashion (Shanghai) Co., Ltd	Company in Eland Group
Eland Fashion (Shanghai) Co., Ltd	Company in Eland Group
Eland Fashion Hong Kong Limited - Taiwan Branch	Company in Eland Group
Eland Asia Holding Pte.Ltd - Hong Kong Branch	Company in Eland Group
Eland Fashion Hong Kong Limited	Company in Eland Group
Eland Retail Limited	Company in Eland Group
Eland Viet Nam Co., Ltd	Company in Eland Group
S.Y VINA Joint Stock Company	Company in Eland Group
Savimex Corporation	Company in Eland Group
Wish Trading (Shanghai) Co., Ltd	Company in Eland Group
Wish Fashion (Shanghai) Co., Ltd	Company in Eland Group
Eland Fashion India PVT.Ltd	Company in Eland Group

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

	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Sales		
Thanh Cong Medical Center JSC	324,779,946	332,732,840
TC Eland One Member Limited Company		65,028,171
Eland Fashion Sanghai Co.LTD		2,121,871,917
Eland Fashion Hong Kong Limited		8,717,068,753
Eland International Fashion Shanghai Co.LTD		6,199,501,456
Eland Viet Nam Ltd	1,075,290,374	1,413,394,428
Eland World LTD	280,377,615,842	278,807,977,163
Eland retail LTD	89,926,732,014	15,223,265,882
E-Land Asia Holding Pte.Ltd	54,429,851,630	48,081,878,181
Eland Fashion Hong Kong Limited - Taiwan Branch		4,500,249,110
S.Y Vina Coporation		267,508,301
Savimex Coporation		9,772,750
Total	426,134,269,806	365,740,248,952
	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Purchases		
Thanh Cong Medical Center JSC	1,183,184,317	786,136,405
TC Eland One Member Limited Company	-	11,209,072
Eland International Fashion Shanghai Co.LTD	8,646,250,680	10,029,045,111
Eland Viet Nam Ltd	13,947,810,705	-
Eland World LTD	412,004,750	2,629,988,420
Wish Trading Shanghai Co.LTD	1,100,831,659	896,680,538
Savimex Coporation	3,465,892,064	812,977,557
S.Y Vina Coporation	482,231,013	1,582,965,247
Eland Fashion India Private Limited	2,695,712,649	1,686,161,300
Total	31,933,917,837	18,435,163,650
	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 31/03/2017
Sales fixed assets		
Thanh Quang Corporation	796,005,583	
	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Loan interest		
E-Land Asia Holding Pte.Ltd		433,562,683
	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Dividends declared to		
E-Land Asia Holding Pte.Ltd	22,334,329,000	21,270,799,000
	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Dividends declared by		
Thanh Cong Medical Center JSC	862,120,000	615,800,000

Significant related party balances as at the balance sheet date were as follows:

Trade receivables	30/06/2018	31/12/2017
Eland Viet Nam Ltd	3,526,441	204,880,344
Eland World LTD	50,724,666,852	169,592,155,100
Eland Retail LTD	6,629,475,230	10,353,767,960
E-Land Asia Holding Pte.Ltd	574,835,892	35,906,254,964
Thanh Cong Medical Center JSC	68,013,380	56,773,860
Total	58,000,517,795	216,113,832,228

Other receivables	30/06/2018	31/12/2017
TC Tower Company Limited	9,973,060,520	9,970,060,520
Thanh Quang Coporation		4,887,038,554
Total	9,973,060,520	14,857,099,074

Trade payables	30/06/2018	31/12/2017
Eland International Fashion (Shanghai) Co LTD	7,252,038,479	5,006,533,007
Eland World LTD	1,804,462,110	1,371,352,465
Wish Trading (Shanghai) Co.LTD	209,344,412	834,172,841
S.Y Vina Coporation	530,454,114	
Eland Viet Nam	9,285,993,280	7,069,569,052
Savimex Corporation	1,032,164,273	2,014,307,826
Thanh Cong Medical Center JSC	508,965,368	13,435,000
TC Eland One Member Limited Company	675,641,774	675,641,774
Total	21,299,063,810	16,985,011,965

Loan interest payable	30/06/2018	31/12/2017
E-Land Asia holdings Pte Ltd		7,902,543,679

Other short term payables

	30/06/2018	31/12/2017
TC Eland One Member Limited Company	339,359,338	



Pham Thi Thanh Thuy
Preparer



Nguyen Minh Hao
Chief Accountant




Kim Bo Hyul
General Manager
20 July 2018