

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY
36 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER 2018

For the fiscal year 31 December 2018

20 JULY 2018

CONSOLIDATED BALANCE SHEET
As at 30 June 2018

FORM B 01a-DN/HN
(Issued under Circular No. 202/2014/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		1,834,993,896,161	1,606,527,187,010
I. Cash and cash equivalents	110	5	181,235,287,661	130,484,287,864
1. Cash	111		24,535,287,661	60,784,287,864
2. Cash equivalents	112		156,700,000,000	69,700,000,000
II. Short-term financial investments	120		201,890,000,000	151,125,000,000
1. Held-to-maturity investment	123		201,890,000,000	151,125,000,000
III. Short-term receivables	130		318,298,562,951	475,027,821,634
1. Short-term trade receivable	131	6	284,049,212,540	434,092,110,737
2. Short-term advances to suppliers	132		18,991,073,339	18,268,669,208
3. Short-term loan receivables	135	7	1,850,301,999	1,850,301,999
4. Other short-term receivable	136	8	10,494,812,067	6,780,733,184
5. Provisions for short-term doubtful debts	137		(6,549,873,034)	(4,415,925,534)
6. Deficits in assets waiting solution	139		9,463,036,040	18,451,932,040
IV. Inventories	140	9	1,098,333,422,222	805,789,570,715
1. Inventories	141		1,114,397,633,126	824,267,404,066
2. Provisions for devaluation of inventories	149		(16,064,210,904)	(18,477,833,351)
V. Other short-term assets	150		35,236,623,327	44,100,506,797
1. Short-term prepayments	151		6,338,939,219	6,355,212,835
2. Value added tax deductibles	152		28,897,684,108	37,673,612,740
3. Taxes and other accounts receivable from the State	153			71,681,222

CONSOLIDATED BALANCE SHEET (Continued)
As at 30 June 2018

FORM B 01a-DN/HN
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dated 22 December 2014 of the Ministry of Finance)
 Unit: VND

ASSETS	CODE	NOTE	30/06/2018	31/12/2017
B - NON - CURRENT ASSETS	200		1,231,440,750,172	1,428,854,529,837
I. Long-term receivables	210		5,000,000	5,000,000
1. Other long-term receivables	216		5,000,000	5,000,000
II. Fixed assets	220		1,069,117,007,856	1,184,941,150,517
1. Tangible fixed assets	221	10	630,909,558,526	677,043,927,517
<i>Cost</i>	222		1,255,582,551,922	1,336,752,438,749
<i>Accumulated depreciation</i>	223		(624,672,993,396)	(659,708,511,232)
2. Finance lease assets	224	11	247,349,774,276	283,613,765,781
<i>Cost</i>	225		294,957,169,377	319,980,461,459
<i>Accumulated depreciation</i>	226		(47,607,395,101)	(36,366,695,678)
3. Intangible assets	227	12	190,857,675,054	224,283,457,219
<i>Cost</i>	228		216,303,932,676	248,999,633,116
<i>Accumulated depreciation</i>	229		(25,446,257,622)	(24,716,175,897)
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		22,447,552,083	11,865,544,269
1. Long-term work in process	241		9,787,981,585	9,787,981,585
2. Long term construction-in-progress	242	14	12,659,570,498	2,077,562,684
V. Long-term financial investments	250		15,103,550,000	101,395,112,432
1. Investments in associates	252	15	10,365,000,000	96,656,562,432
2. Equity investments in other entities	253	16	5,827,050,000	5,827,050,000
3. Provisions for impairment of long-term financial investments	254		(1,088,500,000)	(1,088,500,000)
VI. Other long-term assets	260		119,957,885,731	125,777,130,541
1. Long-term prepayments	261	17	112,181,491,644	115,795,933,126
2. Deferred tax assets	262		7,776,394,087	9,981,197,415
TOTAL ASSETS	270		3,066,434,646,333	3,035,381,716,847

CONSOLIDATED BALANCE SHEET (Continued)
 As at 30 June 2018

FORM B 01a-DN/HN
 (Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)
 Unit: VND

RESOURCES	Code	Note	30/06/2018	31/12/2017
C - LIABILITIES	300		1,933,707,226,662	1,963,763,452,884
I. Current liabilities	310		1,625,516,380,312	1,626,471,053,681
1. Short-term trade payables	311	18	328,602,703,248	292,080,698,232
2. Short-term advances from customers	312		92,080,542,073	159,981,822,556
3. Taxes and amounts payables to the State Budget	313	19	22,612,610,257	11,143,624,996
4. Payables to employees	314		69,222,605,857	102,321,638,321
5. Short term accrued expenses	315	20	3,639,448,198	12,699,977,913
6. Other current payables	319	21	34,158,411,456	14,276,795,179
7. Short-term loans and obligations under finance leases	320	22	988,449,911,365	968,875,818,425
8. Bonus and welfare funds	322		86,750,147,858	65,090,678,059
II. Long-term liabilities	330		308,190,846,350	337,292,399,203
1. Other long-term payables	337	24	19,018,840,090	19,045,340,090
2. Long-term loans and obligations under finance leases	338	23	265,354,415,760	293,549,046,976
3. Long-term provisions	342	25	23,817,590,500	24,698,012,137

CONSOLIDATED BALANCE SHEET (Continued)
 As at 30 June 2018

FORM B 01a-DN/HN
 (Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)
 Unit: VND

RESOURCES	Code	Note	30/06/2018	31/12/2017
D - OWNER'S EQUITY	400		1,132,727,419,671	1,071,618,263,963
I. Owner's equity	410	26	1,132,727,419,671	1,071,618,263,963
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 premium	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		259,454,164,692	198,272,573,290
5. Other reserves	420		42,848,776,237	33,152,526,267
6. Retained earnings	421		263,524,672,522	299,078,734,166
- Retained earnings accumulated to the prior year end	421a		147,357,327,564	107,312,393,032
- Retained earnings of the current period end	421b		116,167,344,958	191,766,341,134
7. Non-controlling Interest	429		7,819,171,220	7,796,055,240
TOTAL RESOURCES	440		3,066,434,646,333	3,035,381,716,847



Pham Thi Thanh Thuy
 Preparer



Nguyen Minh Hao
 Chief Accountant



Kim Bo Hyul
 General Manager
 20 July 2018


CONSOLIDATED INCOME STATEMENT

Second Quarter 2018


FORM B 02a-DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)*
 Unit: VND

ITEMS	Code	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	01	799,999,459,647	771,953,058,690	1,648,406,253,007	1,548,035,723,839
2. Deductions	03	-	232,299,033	32,864,000	611,586,992
3. Net revenue from goods sold and services rendered	10	799,999,459,647	771,720,759,657	1,648,373,389,007	1,547,424,136,847
4. Costs of goods sold and services rendered	11	655,471,820,133	649,066,371,419	1,357,048,988,305	1,294,170,124,761
5. Gross profit from goods sold and services rendered	20	144,527,639,514	122,654,388,238	291,324,400,702	253,254,012,086
6. Financial income	21	7,228,374,736	6,224,205,991	12,099,181,916	15,425,004,561
7. Financial expenses	22	24,800,542,475	10,442,423,492	43,348,420,669	33,175,361,466
<i>In which: Loan interest expenses</i>	23	<i>12,283,530,922</i>	<i>11,873,721,808</i>	<i>23,990,349,139</i>	<i>22,628,801,976</i>
8. Gain (loss) from associates	24	454,457,356	(4,839,446,510)	942,131,366	(6,218,192,475)
9. Selling expenses	25	35,368,265,206	26,641,832,029	64,709,581,543	49,691,967,421
10. General and administration expenses	26	36,858,122,135	35,190,841,420	73,310,940,918	71,890,636,766
11. Operating profit/ (loss)	30	55,183,541,790	51,764,050,778	122,996,770,854	107,702,858,519
12. Other income	31	27,229,649,554	62,535,269,032	27,459,269,311	64,670,274,355
13. Other expense	32	(6,134,186,377)	29,399,263,966	291,719,226	30,289,031,850
14. Profit/ (loss) from other activities	40	33,363,835,931	33,136,005,066	27,167,550,085	34,381,242,505
15. Profit/(loss) before tax	50	88,547,377,721	84,900,055,844	150,164,320,939	142,084,101,024
16. Current corporate income tax expense	51	18,653,055,660	14,237,718,435	31,194,907,428	23,607,185,067
17. Deferred corporate income tax	52	2,204,803,328	51,366,961	2,204,803,328	51,366,961
18. Profit/ (loss) after tax	60	67,689,518,733	70,610,970,448	116,764,610,183	118,425,548,996
<i>19.1. Profit after tax of the company's shareholders</i>	<i>61</i>	<i>67,185,762,573</i>	<i>70,486,292,228</i>	<i>116,167,344,958</i>	<i>118,162,424,178</i>
<i>19.2. Interest of minority shareholders</i>	<i>62</i>	<i>503,756,160</i>	<i>124,678,220</i>	<i>597,265,225</i>	<i>263,124,818</i>
20. Earning per share	70			1,824	2,046
21. Diluted earning per share	71			1,824	2,046


Pham Thi Thanh Thuy
 Preparer


Nguyen Minh Hao
 Chief Accountant


Kim Bo Hyul
 General Manager
 20 July 2018

The notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2018

FORM B 03a-DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)*


Unit: VND

ITEMS	Code	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
I. Cash flows from operating activities			
1. <i>Profit before tax</i>	01	150,164,320,939	142,084,101,024
2. <i>Adjustments for:</i>			
Depreciation of amortisation of fixed assets and investment properties	02	51,436,363,140	52,069,866,343
Provisions/(Reversal)	03	(279,674,947)	3,085,313,195
Foreign exchange (gain)/loss arising from translating foreign currency items	04	8,682,599,540	2,500,706,081
(Gain)/ loss from investing activities	05	(30,425,361,717)	1,247,713,560
Interest expenses	06	23,990,349,139	22,628,801,976
3. <i>Operating profit before changes of working capital</i>	08	203,568,596,094	223,616,502,179
(Increase)/decrease in receivables	9	156,169,206,530	(174,837,379,874)
(Increase)/decrease in inventories	10	(290,130,229,060)	(98,992,052,603)
Increase/(decrease) in accounts payable	11	(25,563,239,759)	38,286,353,013
(Increase)/decrease of prepaid expenses	12	3,630,715,098	26,279,936,168
Interest paid	14	(24,139,185,823)	(22,093,335,592)
Corporate income tax paid	15	(25,763,442,736)	(25,416,097,461)
Other cash inflows	16	17,210,000	34,290,000
Other cash outflows	17	(12,955,832,865)	(5,430,619,783)
<i>Net cash flows from operating activities</i>	20	<u>(15,166,202,521)</u>	<u>(38,552,403,953)</u>
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(22,161,393,609)	(33,389,730,113)
2. Proceeds from sale, disposal of fixed and long-term assets	22	76,265,326,125	1,888,484,846
3. Cash outflow for lending, buying debt instruments of other entities	23	(50,000,000,000)	(78,630,000,000)
4. Cash recovered from lending	24		25,000,000,000
5. Investments in other entities	25		
6. Cash recovered from investment, capital contribution in other entities	26	100,191,540,000	
7. Interest earned, dividends and profits received	27	6,245,383,950	2,821,538,470
<i>Net cash flows from investing activities</i>	30	<u>110,540,856,466</u>	<u>(82,309,706,797)</u>

CONSOLIDATED CASH FLOW STATEMENT (Continued)
 For the year ended 30 June 2018

FORM B 03a-DN/HN
 (Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)
 Unit: VND

ITEMS	Code	From 01/01/2018	From 01/01/2017
		to 30/06/2018	to 30/06/2017
III. Cash flows from financing activities			
1. Proceeds from borrowings	33	1,406,972,109,899	1,398,876,608,566
2. Repayment of borrowings	34	(1,402,426,219,808)	(1,221,308,554,262)
3. Repayment of obligations under finance leases	35	(23,027,914,969)	(19,359,178,586)
4. Dividends, benefits paid to the owners	36	(26,168,584,900)	(8,393,519,550)
<i>Net cash flows from financing activities</i>	40	(44,650,609,778)	149,815,356,168
Net cash flows during the year	50	50,724,044,167	28,953,245,418
Cash and cash equivalents at the beginning of the period	60	130,484,287,864	96,377,125,372
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	181,235,287,661	125,332,575,610




Pham Thi Thanh Thuy
 Preparer



Nguyen Minh Hao
 Chief Accountant





Kim Bo Hyul
 General Manager
 20 July 2018

NOTES TO THE CONSOLIDATED 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 consolidated 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

Details of Thanh Cong Textile Garment Investment Trading Joint Stock Company's subsidiaries and associates as at 30 June 2018 are as follows:

Subsidiaries

<u>Name of subsidiaries</u>	<u>Place of incorporation (or registered place) and operation</u>	<u>Proportion of ownership (%)</u>	<u>Charter capital as at 30/06/2018 (VND)</u>	<u>Principal activities</u>
Thanh Cong Medical Center Joint Stock Company (“Thanh Cong Medical Center”)	Tan Phu District, Ho Chi Minh City	70.94	21,700,000,000	Medical servicing and trading medicines and medical equipment
Thanh Quang Corporation (“Thanh Quang”)	Tan Phu District, Ho Chi Minh City	98,56	38.195.950.000	Infrastructures, manufacturing and trading fabric
TC Tower Company Limited	Tan Phu District, Ho Chi Minh City	85.33	127,320,000,000	Trading real estate
TC Eland One Member Limited Company (“TC Eland”)	District 1, Ho Chi Minh City	100	3,000,000,000	Trading garment and textile products

Associates

<u>Name of associates</u>	<u>Place of incorporation (or registered place) and operation</u>	<u>Proportion of ownership (%)</u>	<u>Charter capital as at 30/06/2018 (VND)</u>	<u>Principal activities</u>
Thanh Phuc Investment Construction Corporation (“Thanh Phuc”)	Tan Phu District, Ho Chi Minh City	23.79	7,000,000,000	Constructing and managing projects
Vung Tau Golf Tourism Joint Stock Company (“Golf Vung Tau”)	Ba Ria, Vung Tau City	30.00	29,000,000,000	Providing tourism and entertainment services

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated 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 consolidated 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.

Financial year

The Group’s financial year begins on 01 January and ends on 31 December. The consolidated financial statements are prepared for the period from 01 January to 30 June 2018.

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 consolidated financial statements for the Company’s 6 month period ended 30 June 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period, though these accounting estimates are based on the Board of Directors’ best knowledge, actual results may differ from those estimates.

Basic of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to the end of each reporting period. 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.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (presented in Note 28) and the non-controlling’s interests of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders’ proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

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 Group 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 Group comprise obligations under finance leases, borrowings, trade and other payables and short-term 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.

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 values 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 cost of purchased tangible fixed assets comprises their purchase prices and any directly attributable costs of bringing the assets to its working condition and location for its 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 Group 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 Group's general policy on borrowing costs.

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

Assets held by the Group under finance leases are machinery and equipment which 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, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Group'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 Group 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, Trang Bang Industrial Zone - Tay Ninh Province and Hoa Phu Industrial Zone - Vinh Long 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.

Revenue recognition

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

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group 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 Group; 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 Group;
- (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 Group'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 consolidated 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 consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard "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.

All other borrowing costs are recognised in the consolidated income statement when incurred.

Payable provisions

Payable provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group 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.

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 consolidated financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the 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 consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) 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 consolidated 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 taxation authority and the Group 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 and its subsidiaries' shareholders is recognised as a liability in the Company and its subsidiaries' financial statements in the year in which the dividends are approved by the Company and its subsidiaries' 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 and its subsidiaries' 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 held by the Company will have no dividend, no right for election or participating in share assets when the Company is dissolved. When distributing dividend for shares, treasury shares held 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	830,532,827	571,540,680
Demand deposits	23,704,754,834	60,212,747,184
Cash equivalents	<u>156,700,000,000</u>	<u>69,700,000,000</u>
Total	<u><u>181,235,287,661</u></u>	<u><u>130,484,287,864</u></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 Viet Nam Ltd	79,340,441	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
c. Other	<u>145,188,217,549</u>	<u>126,898,358,687</u>
Total	<u><u>284,049,212,540</u></u>	<u><u>434,092,110,737</u></u>

7. SHORT-TERM LOAN RECEIVABLES

Short-term loan receivables comprise 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	120,002,335	
Deposits and mortgages	4,685,248,621	2,026,960,324
Other receivables	<u>5,689,561,111</u>	<u>4,753,772,860</u>
Total	<u><u>10,494,812,067</u></u>	<u><u>6,780,733,184</u></u>

9. INVENTORIES

	30/06/2018		31/12/2017	
	<u>Cost</u>	<u>Provision</u>	<u>Cost</u>	<u>Provision</u>
Goods in transit	95,259,968,499		27,132,157,352	
Raw materials	279,639,400,087		182,445,063,938	
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	1,577,608,670		1,338,093,372	
Goods on consignment	<u>28,197,648,276</u>		<u>22,826,674,894</u>	
Total	<u><u>1,114,397,633,126</u></u>	<u><u>(16,064,210,904)</u></u>	<u><u>824,267,404,066</u></u>	<u><u>(18,477,833,351)</u></u>

10. TANGIBLE FIXED ASSETS

	Buidings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
COST						
As at 01/01/2018	417,080,220,974	716,736,252,403	26,038,706,895	24,424,808,958	152,472,449,519	1,336,752,438,749
Additions	-	1,908,580,000	2,807,075,090	155,004,000	-	4,870,659,090
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	(20,029,059,900)	(84,793,070,794)	(2,051,300,754)	(385,000,000)	(9,939,877,256)	(117,198,308,704)
Others	(425,925,000)	276,299,708	-	(525,992,708)	-	(675,618,000)
As at 30/06/2018	398,666,423,303	662,395,350,711	26,794,481,231	23,835,401,655	143,890,895,022	1,255,582,551,922
ACCUMULATED DEPRECIATION						
As at 01/01/2018	125,623,035,790	403,320,073,390	14,132,485,214	11,026,144,871	105,606,771,967	659,708,511,232
Charge for the period	4,379,399,081	20,968,546,678	1,206,318,343	1,267,381,361	3,685,051,511	31,506,696,974
Transfer from finance lease assets	-	6,847,442,680	-	-	-	6,847,442,680
Disposals	(3,805,069,462)	(58,125,557,216)	(1,752,923,277)	(159,850,495)	(9,024,482,040)	(72,867,882,490)
Others	(475,550,073)	430,186,743	-	(476,411,670)	-	(521,775,000)
As at 30/06/2018	125,721,815,336	373,440,692,275	13,585,880,280	11,657,264,067	100,267,341,438	624,672,993,396
NET BOOK VALUE						
As at 01/01/2018	291,457,185,184	313,416,179,013	11,906,221,681	13,398,664,087	46,865,677,552	677,043,927,517
As at 30/06/2018	272,944,607,967	288,954,658,436	13,208,600,951	12,178,137,588	43,623,553,584	630,909,558,526

11. FINANCE LEASE ASSETS

	Machinery and equipment
COST	
As at 01/01/2018	319,980,461,459
Other	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	220,593,931,090	5,352,549,047	23,053,152,979	248,999,633,116
Additions			38,500,000	38,500,000
Disposals	(31,683,595,678)		(1,050,604,762)	(32,734,200,440)
As at 30/06/2018	<u>188,910,335,412</u>	<u>5,352,549,047</u>	<u>22,041,048,217</u>	<u>216,303,932,676</u>
ACCUMULATED DEPRECIATION				
As at 01/01/2018	11,028,792,874	4,709,291,020	8,978,092,003	24,716,175,897
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>9,243,920,731</u>	<u>25,446,257,622</u>
NET BOOK VALUE				
As at 01/01/2018	209,565,138,216	643,258,027	14,075,060,976	224,283,457,219
As at 30/06/2018	<u>177,658,511,303</u>	<u>402,036,265</u>	<u>12,797,127,486</u>	<u>190,857,675,054</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>
NAT 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	90,827,556,428
Transfer to finance lease assets		(25,717,110,817)
Other transfer	(909,230,000)	(9,765,305,169)
Transfer to tangible fixed assets	(6,797,788,705)	(67,468,500,002)
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 and 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. INVESTMENTS IN ASSOCIATES

	<u>30/06/2018</u>	<u>31/12/2017</u>
Cost of investments in associates	10,365,000,000	92,337,112,000
Share of post-acquisition profits, net off dividends received	<u>10,365,000,000</u>	<u>4,319,450,432</u>
	10,365,000,000	96,656,562,432
Goodwill		6,384,523,879
Company's share of associates' net assets	<u>10,365,000,000</u>	<u>90,272,038,553</u>
Total assets	36,000,000,000	360,304,523,003
Total liabilities		1,509,389,874
Net assets	<u>36,000,000,000</u>	<u>358,795,133,129</u>
Company's share of associates' net assets	<u>10,365,000,000</u>	<u>90,272,038,553</u>
	From 01/01/2018 to 30/06/2018	From 01/01/2017 to 30/06/2017
Net profit	<u>3,805,865,229</u>	<u>(25,186,733,062)</u>
Company's share of associates' net profit	<u>942,131,366</u>	<u>(6,218,192,475)</u>

16. EQUITY INVESTMENTS IN OTHER ENTITIES

	<u>30/06/2018</u>	<u>31/12/2017</u>
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	<u>2,449,600,000</u>	<u>2,449,600,000</u>
Total	<u>5,827,050,000</u>	<u>5,827,050,000</u>

17. LONG-TERM PREPAYMENTS

	<u>30/06/2018</u>	<u>31/12/2017</u>
As at 01 January	115,795,933,126	141,918,475,336
Additions	858,145,257	9,956,507,804
Cost of land rental right transferred		(22,953,336,251)
Allocated to expenses during to period	(4,387,584,626)	(13,302,959,503)
Others	<u>(85,002,113)</u>	<u>177,245,740</u>
As at 30 June/31 December	<u>112,181,491,644</u>	<u>115,795,933,126</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 expenses	104,173,608,734	105,441,113,961
Other	<u>497,156,709</u>	<u>471,825,772</u>
Total	<u>112,181,491,644</u>	<u>115,795,933,126</u>

18. 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 Corporation	530,454,114	
Eland Viet Nam Co.LTD	9,285,993,280	7,069,569,052
Savimex Corporation	1,033,814,273	2,014,307,826
Thanh Cong Securities JSC		115,818,024
c. Other	<u>288,362,738,270</u>	<u>246,001,171,630</u>
Total	<u><u>328,602,703,248</u></u>	<u><u>292,080,698,232</u></u>

19. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>30/06/2018</u>	<u>31/12/2017</u>
Corporate income tax	15,936,248,625	10,504,783,933
Personal income tax	1,172,145,817	425,055,286
Value added tax	<u>5,504,215,815</u>	<u>213,785,777</u>
Total	<u><u>22,612,610,257</u></u>	<u><u>11,143,624,996</u></u>

20. SHORT-TERM ACCRUED EXPENSES

	<u>30/06/2018</u>	<u>31/12/2017</u>
Audits fees	224,400,000	134,640,000
Commission	595,621,932	785,826,861
Other accrued	1,834,043,625	2,742,748,048
Interest expenses	<u>985,382,641</u>	<u>9,036,763,004</u>
Total	<u><u>3,639,448,198</u></u>	<u><u>12,699,977,913</u></u>

21. 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	2,157,583,662	1,604,839,830
Dividends payable	154,242,985	191,018,470
Other payables	<u>31,731,864,786</u>	<u>12,004,587,358</u>
Total	<u><u>34,158,411,456</u></u>	<u><u>14,276,795,179</u></u>

22. 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

23. 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

24. 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

25. LONG-TERM PROVISIONS

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

26. OWNERS' EQUITY

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

	<u>30/06/2018</u>	<u>31/12/2017</u>
Vốn góp của E-Land Holdings Pte.LTD	234,510,540,000	223,343,380,000
Vốn góp của các cổ đông khác	307,790,010,000	293,194,910,000
Thặng dư vốn cổ phần	22,720,075,000	22,720,075,000
Cổ phiếu quỹ	(5,939,990,000)	(5,939,990,000)
Cộng	<u>559,080,635,000</u>	<u>533,318,375,000</u>

Shares

	<u>30/06/2018</u>	<u>31/12/2017</u>
Số lượng cổ phiếu đã phát hành	54,230,055	51,653,829
Số lượng cổ phiếu quỹ	100,450	100,450
Số lượng cổ phiếu đang lưu hành	54,129,605	51,553,379

The Company has one class of ordinary share which carries 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.

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

FORM B 09a-DN/HN

Movement in owners' equity:							
	Owner's contributed capital	Share premium	Treasury shares	Investment and development fund	Retained earnings	Other reserves	Total
As at 01/01/2017	<u>491,999,510,000</u>	<u>22,720,075,000</u>	<u>(5,939,990,000)</u>	<u>171,151,233,610</u>	<u>200,906,214,470</u>	<u>27,438,003,113</u>	<u>908,275,046,193</u>
Addition	24,538,780,000						24,538,780,000
Profit for the period					191,766,341,134		191,766,341,134
Fund appropriation				27,121,339,680	(44,505,290,938)	5,714,523,154	(11,669,428,104)
Dividend declared					(49,088,530,500)		(49,088,530,500)
As at 31/12/2017	<u>516,538,290,000</u>	<u>22,720,075,000</u>	<u>(5,939,990,000)</u>	<u>198,272,573,290</u>	<u>299,078,734,166</u>	<u>33,152,526,267</u>	<u>1,063,822,208,723</u>
As at 01/01/2018	<u>516,538,290,000</u>	<u>22,720,075,000</u>	<u>(5,939,990,000)</u>	<u>198,272,573,290</u>	<u>299,078,734,166</u>	<u>33,152,526,267</u>	<u>1,063,822,208,723</u>
Addition	25,762,260,000						25,762,260,000
Profit for the period					116,167,344,958		116,167,344,958
Dividend declared					(51,538,949,500)		(51,538,949,500)
Fund appropriation				61,181,591,402	(100,182,457,102)	9,696,249,970	(29,304,615,730)
As at 30/06/2018	<u>542,300,550,000</u>	<u>22,720,075,000</u>	<u>(5,939,990,000)</u>	<u>259,454,164,692</u>	<u>263,524,672,522</u>	<u>42,848,776,237</u>	<u>1,124,908,248,451</u>

27. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segment

The business segment report includes items directly attributable to a segment as well as 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 business segment report during the period is as follows:

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Garment and textile		
Revenue	1,628,752,964,778	1,527,550,513,288
Cost of goods sold	<u>1,344,433,547,274</u>	<u>1,281,728,787,915</u>
Gross profit	<u>284,319,417,504</u>	<u>245,821,725,373</u>
Healthcare services		
Revenue	17,708,497,185	17,103,905,636
Cost of goods sold	<u>12,156,494,002</u>	<u>11,947,863,679</u>
Gross profit	<u>5,552,003,183</u>	<u>5,156,041,957</u>
Other		
Revenue	1,911,927,044	2,769,717,923
Cost of goods sold	<u>458,947,029</u>	<u>493,473,167</u>
Gross profit	<u>1,452,980,015</u>	<u>2,276,244,756</u>

Geographical segments

Geographical segment report depends on geographic location of customers in Vietnam ("Domestic") or in countries other than Vietnam ("Export"). The Group does not prepare the segment report for items in the consolidated balance sheet due to insufficient basis for separation.

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Domestic		
Revenue	158,957,882,137	127,696,862,637
Cost of goods sold	<u>129,204,115,558</u>	<u>114,422,729,451</u>
Gross profit	<u>29,753,766,579</u>	<u>13,274,133,186</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>

28. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Revenue	1,648,406,253,007	1,548,035,723,839
Export	1,448,250,020,805	1,392,340,890,607
Domestic	128,789,135,322	96,059,822,461
Processing fees	51,746,672,651	39,761,387,212
Others	19,620,424,229	19,873,623,559
Deductions	(32,864,000)	(611,586,992)
Sales returns	(32,864,000)	(611,586,992)
Net sales	<u>1,648,373,389,007</u>	<u>1,547,424,136,847</u>

29. COST OF GOODS SOLD AND SERVICES RENDERED

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Raw materials	848,453,431,209	832,222,378,524
Labour costs	312,714,188,237	285,863,248,085
Depreciation and amortisation	19,520,845,746	21,027,771,195
Out-sourced services	175,901,576,084	154,563,253,790
Others	458,947,029	493,473,167
Total	<u>1,357,048,988,305</u>	<u>1,294,170,124,761</u>

30. PRODUCTION COST BY NATURE

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Raw materials	748,194,897,916	742,573,055,153
Labour costs	406,106,663,407	332,074,679,070
Depreciation and amortisation	51,436,363,140	52,069,866,343
Out-sourced services	289,640,991,062	280,906,173,220
Others	70,208,936,949	67,256,211,793
Total	<u>1,565,587,852,474</u>	<u>1,474,879,985,579</u>

31. FINANCIAL INCOME

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Bank and loan interest	6,783,008,270	3,140,835,771
Dividend income	318,750,000	243,750,000
Realised foreign exchange gain	4,997,423,646	12,040,418,790
Total	<u>12,099,181,916</u>	<u>15,425,004,561</u>

32. FINANCIAL EXPENSES

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Interest expense	23,990,349,139	22,628,801,976
(Reversal)/made provision for financial investments		(154,113,450)
Other financial expenses	7,180,793,623	
Unrealised foreign exchange loss	8,682,599,540	2,500,706,081
Realised foreign exchange loss	<u>3,494,678,367</u>	<u>8,199,966,859</u>
Total	<u>43,348,420,669</u>	<u>33,175,361,466</u>

33. OTHER INCOME

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Proceed from disposals for fixed assets	26,941,138,537	1,794,948,144
Proceed from sales of material, supplies	262,300,242	684,913,896
Others	<u>255,830,532</u>	<u>62,190,412,315</u>
Total	<u>27,459,269,311</u>	<u>64,670,274,355</u>

34. OTHER EXPENSES

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Expenses for sales for material, supplies	189,105,765	663,147,060
Other	<u>102,613,461</u>	<u>29,625,884,790</u>
Total	<u>291,719,226</u>	<u>30,289,031,850</u>

35. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the data as below and the certain reclassification has been made to the prior year's figures in accordance with the guidance of Circular 200 to enhance their comparability with the current year's presentation:

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Profit for the period attributable to equity holders of the Company	116,167,344,958	118,162,424,178
Less: appropriation of bonus and welfare fund	17,425,101,744	17,724,363,627
Earnings for the purposes of basic earnings per share	98,742,243,214	100,438,060,551
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>54,129,605</u>	<u>49,099,501</u>
Earnings per share	<u>1,824</u>	<u>2,046</u>

36. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Group consists of net debt (borrowings as disclosed in Note 22 and 23, offset by cash and cash equivalents), and equity attributable to shareholders (comprising owners' contributed capital, share premium, treasury shares, funds and retained earnings).

Gearing ratio

The gearing ratio of the Group 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	181,235,287,661	130,484,287,864
Net debt	1,072,569,039,464	1,131,940,577,537
Equity	<u>1,132,727,419,671</u>	<u>1,071,618,263,963</u>
Net debt to equity ratio	<u>0.95</u>	<u>1.06</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	181,235,287,661	130,484,287,864
Held-to-maturity investment	201,890,000,000	151,125,000,000
Trade and other receivables	299,312,489,612	456,764,152,426
Investments	<u>4,738,550,000</u>	<u>4,738,550,000</u>
Total	<u>687,176,327,273</u>	<u>743,111,990,290</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	362,761,114,704	306,357,493,411
Accrued expenses	<u>3,639,448,198</u>	<u>12,699,977,913</u>
Total	<u>1,620,204,890,027</u>	<u>1,581,482,336,725</u>

The Group 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 210/2009/TT-BTC issued by the Ministry of Finance on 6 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 Group has set up risk management system to identify and assess the risks exposed by the Group 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 Group's operations.

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

Market risk

Foreign currency risk management

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

The carrying amounts of the Group'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 Group is mainly exposed to United States Dollar and Euro.

The following table details the Group'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 Board of Directors' and represents 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 against Vietnam Dong, the profit before tax for the period would decrease/increase VND 42.325.345.440 (6 months 2017: VND 37.960.546.842)

Interest rate risk management

The Group has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Group 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 12.895.920.503).

Share price risk management

Shares held by the Group are affected by market risks arising from the uncertainty about future prices of such shares. The Group manages this risk exposure by setting up investment limits. The Group's

Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc. The Group assesses the share price risk to be immaterial.

The Group is also exposed to equity price risks arising from investments in subsidiaries and associates. The Group'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 Group does not have intention to trade these investments in the foreseeable future.

Commodity price risk management

The Group purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Group is exposed to the risk of changes in selling prices of materials, commodities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group 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 Group believes can generate within that period. The Group policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash, borrowing and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Group'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 Group can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group'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	181,235,287,661		181,235,287,661
Held-to-maturity investment	201,890,000,000		201,890,000,000
Trade and other receivables	299,312,489,612		299,312,489,612
Investments		4,738,550,000	4,738,550,000
Total	682,437,777,273	4,738,550,000	687,176,327,273
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	362,761,114,704		362,761,114,704
Accrued expenses	3,639,448,198		3,639,448,198
Total	1,354,850,474,267	265,354,415,760	1,620,204,890,027
Net liquidity gap	(672,412,696,994)	(260,615,865,760)	(933,028,562,754)

31/12/2017	Less than 1 year	Over 1 year	Total
Cash and cash equivalents	130,484,287,864		130,484,287,864
Held-to-maturity investment	151,125,000,000		151,125,000,000
Trade and other receivables	456,759,152,426	5,000,000	456,764,152,426
Investments		4,738,550,000	4,738,550,000
Total	738,368,440,290	4,743,550,000	743,111,990,290
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	306,357,493,411		306,357,493,411
Accrued expenses	12,699,977,913		12,699,977,913
Total	1,287,933,289,749	293,549,046,976	1,581,482,336,725
Net liquidity gap	(549,564,849,459)	(288,805,496,976)	(838,370,346,435)

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

37. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Name</u>	<u>Relationship</u>
Eland Asia Holdings Pte Ltd	Main shareholder
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 Group entered into the following significant transactions with its related parties:

	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Sales		
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	1,352,036,374	1,770,008,428
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 Corporation		9,772,750
Total	<u>426,086,235,860</u>	<u>365,699,101,941</u>
Purchases	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
Eland International Fashion Shanghai Co.LTD	8,646,250,680	10,029,045,111
Eland Viet Nam Co.LTD	13,947,810,705	60,927,882
Eland World LTD	412,004,750	2,629,988,420
Wish Trading Shanghai Co.LTD	1,100,831,659	896,680,538
Savimex Corporation	3,537,142,064	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	<u>30,821,983,520</u>	<u>17,698,746,055</u>
Loan interest	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
E-Land Asia Holding Pte.Ltd		433,562,683
Dividends declared to	<u>From 01/01/2018 to 30/06/2018</u>	<u>From 01/01/2017 to 30/06/2017</u>
E-Land Asia Holding Pte.Ltd	22,334,329,000	21,270,799,000

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

Trade receivables	<u>30/06/2018</u>	<u>31/12/2017</u>
Eland Viet Nam Ltd	79,340,441	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	<u>574,835,892</u>	<u>35,906,254,964</u>
Total	<u>58,008,318,415</u>	<u>216,057,058,368</u>
Trade payables	<u>30/06/2018</u>	<u>31/12/2017</u>
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 Co.LTD	9,285,993,280	7,069,569,052
Savimex Corporation	1,033,814,273	2,014,307,826
Thanh Cong Securities JSC		<u>115,818,024</u>
Total	<u>20,116,106,668</u>	<u>16,411,753,215</u>
Loan interest payable	<u>30/06/2018</u>	<u>31/12/2017</u>
E-Land Asia holdings Pte Ltd		7,902,543,679



Pham Thi Thanh Thuy
Preparer



Nguyen Minh Hao
Chief Accountant



Kim Bo Hyul
General Manager
20 July 2018