

**THANH CONG TEXTILE GARMENT INVESTMENT  
TRADING JOINT STOCK COMPANY**

*(Incorporated in Socialist Republic of Vietnam)*

**REVIEWED INTERIM SEPARATE  
FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 2019**

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### **STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS**

The Board of Executive Officers of Thanh Cong Textile Garment Investment Trading Joint Stock Company (the "Company") presents this report together with the Company's interim separate financial statements for the 6-month period ended 30 June 2019.

#### **BOARD OF DIRECTORS, AUDIT COMMITTEE AND BOARD OF EXECUTIVE OFFICERS**

The members of the Board of Directors, Audit Committee and the Board of Executive Officers of the Company who held office during the period and to the date of this report are as follows:

##### **Board of Directors**

Ms. Phan Thi Hue	Chairwoman
Mr. Tran Nhu Tung	Vice Chairman
Ms. Nguyen Minh Hao	Member
Mr. Kim Dong Ju	Member
Mr. Lee Eun Hong	Member
Mr. Kim Soung Gyu	Member
Mr. Uong Tien Thinh	Member (appointed on 12 April 2019)
Ms. Ngo Thi Hong Thu	Member (appointed on 12 April 2019)

##### **Audit committee**

Mr. Uong Tien Thinh	Head of Audit committee (appointed on 29 May 2019)
Mr. Kim Dong Ju	Head of Audit committee (resigned on 29 May 2019)
Ms. Ngo Thi Hong Thu	Member (appointed on 29 May 2019)
Ms. Phan Thi Hue	Member

##### **Board of Executive Officers**

Mr. Lee Eun Hong	Chief Executive Officer
Ms. Nguyen Minh Hao	Chief Finance Officer/Chief Accountant
Mr. Nguyen Huu Tuan	Chief Human Resources Officer
Mr. Tran Nhu Tung	Chief Property and Investment Officer

#### **THE BOARD OF EXECUTIVE OFFICERS'S STATEMENT OF RESPONSIBILITY**

The Board of Executive Officers of the Company is responsible for preparing the interim separate financial statements which give a true and fair view of the separate financial position of the Company as at 30 June 2019, and its separate financial performance and its separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim separate financial reporting. In preparing these interim separate financial statements, the Board of Executive Officers is required to:

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

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

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

For and on behalf of the Board of Executive Officers,



**Lee Eun Hong**  
**Chief Executive Officer**  
13 August 2019

No. 0155 /VN1A-HC-BC

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**To: The Shareholders, Board of Directors, Audit Committee and The Board of Executive Officers of Thanh Cong Textile Garment Investment Trading Joint Stock Company**

We have reviewed the accompanying interim separate financial statements of Thanh Cong Textile Garment Investment Trading Joint Stock Company (the "Company"), prepared on 13 August 2019 as set out from page 3 to page 35, which comprise the interim separate balance sheet as at 30 June 2019, the interim separate income statement and interim separate cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Board of Executive Officers' Responsibility for the Interim Separate Financial Statements**

The Board of Executive Officers is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim separate financial reporting, and for such internal control as the Board of Executive Officers determines is necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 June 2019, and of its separate financial performance and its separate cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim separate financial reporting.



**Bui Van Trinh**  
**Audit Partner**  
Audit Practising Registration Certificate  
No. 1808-2018-001-1  
**BRANCH OF DELOITTE VIETNAM COMPANY LIMITED**  
13 August 2019  
Ho Chi Minh City, Vietnam

**INTERIM SEPARATE BALANCE SHEET**

As at 30 June 2019

Unit: VND

<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,724,686,553,144</b>	<b>1,831,353,865,381</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>178,530,233,782</b>	<b>164,540,076,349</b>
1. Cash	111		47,530,233,782	45,540,076,349
2. Cash equivalents	112		131,000,000,000	119,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>193,660,000,000</b>	<b>193,435,000,000</b>
1. Held-to-maturity investments	123	5	193,660,000,000	193,435,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>275,221,718,673</b>	<b>282,481,068,047</b>
1. Short-term trade receivables	131	6	332,763,101,774	325,388,681,061
2. Short-term advances to suppliers	132		2,671,339,561	18,362,376,818
3. Short-term loan receivables	135	7	1,850,301,999	1,850,301,999
4. Other short-term receivables	136	8	16,864,064,131	15,137,101,688
5. Provision for short-term doubtful debts	137	9	(85,933,374,832)	(85,220,429,559)
6. Deficits in assets awaiting solution	139	10	7,006,286,040	6,963,036,040
<b>IV. Inventories</b>	<b>140</b>	<b>11</b>	<b>1,025,825,067,850</b>	<b>1,134,731,544,336</b>
1. Inventories	141		1,047,476,667,610	1,155,338,367,981
2. Provision for devaluation of inventories	149		(21,651,599,760)	(20,606,823,645)
<b>V. Other short-term assets</b>	<b>150</b>		<b>51,449,532,839</b>	<b>56,166,176,649</b>
1. Short-term prepayments	151		5,625,760,942	3,760,022,501
2. Value added tax deductibles	152		45,823,771,897	52,406,154,148
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,327,065,119,371</b>	<b>1,372,069,816,667</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>1,002,507,392,946</b>	<b>988,154,490,573</b>
1. Tangible fixed assets	221	12	670,311,060,599	682,314,768,335
- Cost	222		1,258,597,488,391	1,236,025,001,961
- Accumulated depreciation	223		(588,286,427,792)	(553,710,233,626)
2. Finance lease assets	224	13	259,864,473,545	231,878,254,353
- Cost	225		340,141,118,999	293,496,808,807
- Accumulated depreciation	226		(80,276,645,454)	(61,618,554,454)
3. Intangible assets	227	14	72,331,858,802	73,961,467,885
- Cost	228		100,488,709,105	101,539,313,868
- Accumulated depreciation	229		(28,156,850,303)	(27,577,845,983)
<b>II. Investment property</b>	<b>230</b>	<b>15</b>	<b>4,688,079,350</b>	<b>4,748,916,926</b>
- Cost	231		4,880,731,674	4,880,731,674
- Accumulated depreciation	232		(192,652,324)	(131,814,748)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>17,246,728,567</b>	<b>29,206,467,311</b>
1. Long-term construction in progress	242	16	17,246,728,567	29,206,467,311
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>17</b>	<b>180,740,731,752</b>	<b>216,520,611,365</b>
1. Investments in subsidiaries	251		141,375,000,000	178,283,463,900
2. Investments in associates	252		34,832,907,960	34,832,907,960
3. Equity investments in other entities	253		5,827,050,000	5,827,050,000
4. Provision for impairment of long-term financial investments	254		(1,294,226,208)	(2,422,810,495)
<b>V. Other long-term assets</b>	<b>260</b>		<b>121,882,186,756</b>	<b>133,439,330,492</b>
1. Long-term prepayments	261	18	105,600,514,264	110,942,233,091
2. Deferred tax assets	262	19	16,281,672,492	22,497,097,401
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>3,051,751,672,515</b>	<b>3,203,423,682,048</b>

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

**INTERIM SEPARATE BALANCE SHEET (Continued)**

As at 30 June 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,814,640,386,224</b>	<b>1,982,419,359,341</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,587,048,167,795</b>	<b>1,712,582,142,517</b>
1. Short-term trade payables	311	20	293,405,034,757	294,338,251,768
2. Short-term advances from customers	312	21	141,172,887,547	176,610,245,095
3. Taxes and amounts payable to the State budget	313	22	9,113,222,431	22,992,884,873
4. Payables to employees	314		81,104,045,677	92,404,192,748
5. Short-term accrued expenses	315		3,742,798,738	4,331,038,944
6. Other current payables	319	23	56,164,256,406	35,813,344,218
7. Short-term loans and obligations under finance leases	320	24	930,143,305,428	1,007,707,771,514
8. Bonus and welfare funds	322		72,202,616,811	78,384,413,357
<b>II. Long-term liabilities</b>	<b>330</b>		<b>227,592,218,429</b>	<b>269,837,216,824</b>
1. Other long-term payables	337	25	18,223,328,080	19,035,287,090
2. Long-term loans and obligations under finance leases	338	26	179,126,436,420	222,135,578,026
3. Long-term provisions	342	27	30,242,453,929	28,666,351,708
<b>D. EQUITY</b>	<b>400</b>		<b>1,237,111,286,291</b>	<b>1,221,004,322,707</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>28</b>	<b>1,237,111,286,291</b>	<b>1,221,004,322,707</b>
1. Owners' contributed capital	411		542,300,550,000	542,300,550,000
- Ordinary shares carrying voting rights	411a		542,300,550,000	542,300,550,000
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		337,305,606,369	258,564,785,003
5. Other reserves	420		55,697,449,031	42,740,843,324
6. Retained earnings	421		285,027,595,891	360,618,059,380
- Retained earnings accumulated to the prior year end	421a		165,117,382,685	137,255,751,404
- Retained earnings of the current period	421b		119,910,213,206	223,362,307,976
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>3,051,751,672,515</b>	<b>3,203,423,682,048</b>

  
Pham Thi Thanh Thuy  
Preparer

  
Nguyen Minh Hao  
Chief Accountant

  
Lee Eun Hong  
Chief Executive Officer  
13 August 2019



**INTERIM SEPARATE INCOME STATEMENT**  
For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>		<b>1,751,265,339,479</b>	<b>1,631,022,535,768</b>
2. Deductions	02		80,880,200	32,864,000
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>	<b>31</b>	<b>1,751,184,459,279</b>	<b>1,630,989,671,768</b>
4. Cost of sales	11	32	1,482,968,659,536	1,344,555,831,967
<b>5. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>268,215,799,743</b>	<b>286,433,839,801</b>
6. Financial income	21	34	39,125,337,577	10,955,449,453
7. Financial expenses	22	35	34,686,737,098	29,522,018,427
- In which: Interest expense	23		27,070,765,410	23,990,349,139
8. Selling expenses	25	36	60,025,608,309	63,520,013,040
9. General and administration expenses	26	36	70,507,211,299	68,471,391,947
<b>10. Operating profit (30=20+(21-22)-(25+26))</b>	<b>30</b>		<b>142,121,580,614</b>	<b>135,875,865,840</b>
11. Other income	31	37	2,895,328,920	475,827,606
12. Other expenses	32	38	502,148,201	6,396,216,263
<b>13. Profit/(loss) from other activities (40=31-32)</b>	<b>40</b>		<b>2,393,180,719</b>	<b>(5,920,388,657)</b>
<b>14. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>144,514,761,333</b>	<b>129,955,477,183</b>
15. Current corporate income tax expense	51	39	18,389,123,218	19,876,131,080
16. Deferred corporate tax expense	52	39	6,215,424,909	2,204,803,328
<b>17. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>119,910,213,206</b>	<b>107,874,542,775</b>

  
Pham Thi Thanh Thuy  
Preparer

  
Nguyen Minh Hao  
Chief Accountant

  
Lee Eun Hong  
Chief Executive Officer  
13 August 2019



**INTERIM SEPARATE CASH FLOW STATEMENT**  
For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>144,514,761,333</b>	<b>129,955,477,183</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets and investment properties	02	56,065,030,776	50,883,313,818
Provisions/(Reversal)	03	629,137,101	(10,312,234,891)
Foreign exchange loss arising from translating foreign currency items	04	3,192,885,237	8,682,599,540
Gain/(loss) from investing activities	05	(31,918,498,381)	1,938,055,957
Interest expense	06	27,070,765,410	23,990,349,139
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>199,554,081,476</b>	<b>205,137,560,746</b>
Changes in receivables	09	13,097,352,581	159,190,091,592
Changes in inventories	10	107,861,700,371	(289,900,882,654)
Changes in payables	11	(17,379,123,351)	(19,896,462,137)
Changes in prepaid expenses	12	3,475,980,386	4,773,834,747
Interest paid	14	(27,614,587,769)	(32,041,729,502)
Corporate income tax paid	15	(32,792,206,290)	(18,602,522,357)
Other cash inflows	16	143,067,941	17,210,000
Other cash outflows	17	(45,194,681,609)	(7,649,425,176)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>201,151,583,736</b>	<b>1,027,675,259</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets	21	(60,939,790,592)	(21,850,255,609)
2. Proceeds from sale, disposal of fixed assets	22	21,000,000	5,012,071,235
3. Cash outflow for held-to-maturity investments	23	-	(50,000,000,000)
4. Cash recovered from equity investments in other entities	26	16,944,478,945	100,191,540,000
5. Interest, dividends and profits received	27	31,536,793,406	5,616,508,485
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(12,410,518,241)</b>	<b>38,969,864,111</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	1,259,724,178,938	1,406,972,109,899
2. Repayment of borrowings	34	(1,384,656,682,116)	(1,402,426,219,808)
3. Repayment of obligations under finance leases	35	(22,714,746,040)	(23,027,914,969)
4. Dividends paid	36	(27,060,682,350)	(25,786,264,900)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(174,707,931,568)</b>	<b>(44,268,289,778)</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>14,033,133,927</b>	<b>(4,270,750,408)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>164,540,076,349</b>	<b>114,174,050,010</b>
Effects of changes in foreign exchange rates	61	(42,976,494)	26,955,630
<b>Cash and cash equivalents at the end of the period (70=50+60+61)</b>	<b>70</b>	<b>178,530,233,782</b>	<b>109,930,255,232</b>

  
Pham Thi Thanh Thuy  
Preparer

  
Nguyen Minh Hao  
Chief Accountant

  
Lee Eun Hong  
Chief Executive Officer  
13 August 2019





**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

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 the nineteenth 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.

The number of the Company's employees as at 30 June 2019 was 7,309 (as at 31 December 2018: 7,330).

The Company's head office is located in Tan Binh Industrial Park. Some factories and branches of the Company are located in Hoc Mon District, Tay Ninh District and Vinh Long Province.

The shares of the Company are listed on Ho Chi Minh Stock Exchange ("HOSE") with the stock symbol of TCM.

**Principal activities**

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

- Manufacturing and trading cotton, fiber, garment products, footwear, machinery and equipment, spare parts, raw materials, chemicals (excluding strong toxic chemicals), dye, packing for garment and textile industry;
- Trading cold equipment, air-conditioners, radios and televisions, building materials, and transport vehicles;
- Providing services of installation and repairs for machinery and equipment;
- Trading road transport and merchandise transport;
- Trading real estates, commercial centres;
- Office buildings, factories, freight yard, machinery and equipment for lease;
- Acting as a commercial brokerage;
- Acting as an agent for goods trading and goods consignment;
- Investment, building, trading, assembly, repair, budgeting 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;
- Trading 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.

**Special events during the period**

According to Resolution of the Annual Shareholders' Meeting of 2019 No. 01/2019/NQ-ĐHĐCĐ dated 12 April 2019, the Company's shareholders approved the dividend payment of 2018 with an amount of VND 64,933,432,500, equal to 12% of the charter capital. In particular, the dividend in cash with the amount of VND 27,064,802,500 (5% of the charter capital) was paid in March and the remaining amount will be paid by shares with the amount of VND 37,868,630,000 (7% of the charter capital). On 24 April 2019, the Board of Directors approved the plan of issuing shares to pay dividend according to Resolution No. 6A/2019/NQ-HĐQT. The issuance ratio is 100:7. The par value is VND 10,000 per share. The quantity of issued shares is 3,786,863 shares. As at the date of the interim separate financial statements, the issuance have been completed. The shares issued were officially listed and traded from 16 July 2019.



**The Company's structure**

Details of the Company's subsidiaries/associates as at 30 June 2019 are as follows:

Name	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activities
<b>Subsidiaries</b>				
Thanh Cong Medical Center Joint Stock Company	Tan Phu District, Ho Chi Minh City	70.94	70.94	Medical services and trading medical products and medical equipment
TC Tower Company Limited	Tan Phu District, Ho Chi Minh City	85.33	85.33	Trading real estates
<b>Associates</b>				
Thanh Phuc Investment Construction Corporation	Tan Phu District, Ho Chi Minh City	23.79	23.79	Constructing and managing projects
Vung Tau Golf Tourism Joint Stock Company	Ba Ria, Vung Tau City	30.00	30.00	Providing tourism and entertainment services
Savimex Corporation	District 1, Ho Chi Minh City	20.42	20.42	Manufacturing and trading in wood processing, import and export, construction and interior decoration

As at the date of this report, TC Tower Company Limited, Thanh Phuc Investment Construction Corporation and Vung Tau Golf Tourism Joint Stock Company have not started its business activities.

**Disclosure of information comparability in the interim separate financial statements**

The comparative figures of the interim separate balance sheet are the figures of the Company's audited separate financial statements for the year ended 31 December 2018. The comparative figures of the interim separate income statement and interim separate cash flow statement are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2018.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying interim 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 interim separate financial reporting.

The interim separate financial statements were prepared to present the separate financial position of the Company as at 30 June 2019, and the related separate financial performance and cash flows for the 6-month period ended 30 June 2019. Consequently, the Company did not consolidate the investments in subsidiaries and associates in these interim separate financial statements. The accounting policies applied to these investments of the Company are described in details in Note 3 as below.

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

### **Financial year**

The Company's financial year begins on 01 January and ends on 31 December. The interim separate statements are prepared for the period from 01 January to 30 June annually.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Estimates**

The preparation of interim separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim separate financial reporting requires the Board of Executive Officers to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim 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 Executive Officers' 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, held-to-maturity investments, trade and other receivables, and investments.

*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***

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**

##### ***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits held to maturity to earn periodic interest.

##### ***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 and 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.



Investments in subsidiaries and associates are carried in the interim separate balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associates are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

**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. Provisions for impairment of investments in other entities are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

**Receivables**

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

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

**Inventories**

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

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

**Tangible fixed assets and depreciation**

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

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

	<u>Years</u>
Buildings and structures	5 - 50
Machinery and equipment	3.5 - 23
Motor vehicles	6 - 10
Office equipment	3 - 15
Others	4 - 25

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

### **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 3 to 8 years.

### **Leases**

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 interim separate 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 year from 7 to 10 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 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 from 34 to 50 years.

### **Long-term prepayments**

Long-term prepayments comprise prepaid land rentals in Nhi Xuan Industrial Zone – Hoc Mon District, Ho Chi Minh City and Trang Bang Industrial Zone – Tay Ninh Province, Hoa Phu Industrial Zone – Vinh Long Province, tools and equipment which are not eligible for fixed assets recognition and other prepayments. Prepaid land rentals are charged to the interim separate income statement using the straight-line method over the lease term from 45 to 58 years. Tools and and equipment and other long-term prepayments are allocated within 3 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 Executive Officers' best estimate of the expenditure required to settle the obligation as at the interim separate 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**

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

### **Borrowing costs**

Borrowing costs are recognised in the income statement in the period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No.16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

### **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 interim 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 profit before tax as reported in the interim 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.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim separate 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 interim separate financial statements in the period 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 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.

**4. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	684,918,375	1,055,752,859
Bank demand deposits	46,845,315,407	44,484,323,490
Cash equivalents	<u>131,000,000,000</u>	<u>119,000,000,000</u>
	<b><u>178,530,233,782</u></b>	<b><u>164,540,076,349</u></b>

Cash equivalents represent time deposits in the banks with an original maturity term of three months.

**5. HELD-TO-MATURITY INVESTMENTS**

Held-to-maturity investments represent time deposit with a maturity term of six months.

**6. SHORT-TERM TRADE RECEIVABLES**

	Closing balance	Opening balance
	VND	VND
a. Receivables from third parties		
- SEARS - SEARS, ROEBUCK and CO	64,067,351,772	63,860,415,884
- Eddie Bauer LLC	47,488,709,241	79,567,606,504
- Eddie Bauer GMBH	260,152,933	997,407,853
- Eddie Bauer Japan.INC	1,167,578,226	-
- Kmart Corporation	37,204,104,286	37,083,935,994
- Others	104,540,590,749	59,000,832,251
	<b>254,728,487,207</b>	<b>240,510,198,486</b>
b. Receivables from related parties (Note 42)	78,034,614,567	84,878,482,575
	<b>332,763,101,774</b>	<b>325,388,681,061</b>

**7. SHORT-TERM LOAN RECEIVABLES**

Short-term loan receivables represents a loan to third party from 2006. The short-term loan receivables has been fully made provision as at 30 June 2019 and as at 31 December 2018 according to the Company's accounting policy.

**8. OTHER SHORT-TERM RECEIVABLES**

	Closing balance	Opening balance
	VND	VND
Advances to employees	1,069,700,625	-
Deposits and mortgages	1,029,367,490	249,462,500
Receivable for dividends	2,810,565,000	2,810,565,000
Eland World LTD	-	241,114,426
TC Tower Company Limited – on behalf payment	9,978,972,520	9,973,060,520
Other receivables	1,975,458,496	1,862,899,242
	<b>16,864,064,131</b>	<b>15,137,101,688</b>

**9. PROVISIONS FOR SHORT-TERM DOUBTFUL DEBTS**

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Sears, Roebuck and Co	64,067,351,772	(46,870,487,190)	63,860,415,884	(46,719,096,728)
Kmart Corporation	37,204,104,286	(32,054,996,608)	37,083,935,994	(31,951,459,797)
Thanh Chi Corporation	2,810,565,000	(2,591,965,500)	2,810,565,000	(2,133,947,500)
Others	4,415,925,534	(4,415,925,534)	4,415,925,534	(4,415,925,534)
	<b>108,497,946,592</b>	<b>(85,933,374,832)</b>	<b>108,170,842,412</b>	<b>(85,220,429,559)</b>

**10. DEFICITS IN ASSETS AWAITING SOLUTION**

Deficits in assets awaiting solution are mainly the value of lost property in a warehouse fire in September 2017. On 19 July 2019, the Company worked with the insurance company to determine the remaining compensated amount of VND 8,582,835,001.



11. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	29,997,150,744	-	36,155,442,313	-
Raw materials	196,938,672,040	-	234,089,073,078	-
Tools and supplies	3,462,938,251	-	3,087,529,501	-
Work in progress	272,944,553,056	-	211,435,272,430	-
Finished goods	530,590,799,255	(21,651,599,760)	627,790,144,829	(20,606,823,645)
Merchandise	183,563,933	-	704,302,091	-
Goods on consignment	13,358,990,331	-	42,076,603,739	-
	<b>1,047,476,667,610</b>	<b>(21,651,599,760)</b>	<b>1,155,338,367,981</b>	<b>(20,606,823,645)</b>

Movement of provision for devaluation of inventories during the period/year as follows:

	Current period VND	Prior year VND
Opening balance	20,606,823,645	18,477,833,351
Provision	1,044,776,115	2,128,990,294
<b>Closing balance</b>	<b>21,651,599,760</b>	<b>20,606,823,645</b>

As noted in Note 24, the Company has pledged a part of its inventories to secure banking facilities granted to the Company.



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12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
<b>COST</b>						
Opening balance	444,444,491,394	607,011,131,634	25,354,840,901	21,891,402,864	137,323,135,168	1,236,025,001,961
Additions	-	300,800,000	404,595,000	371,832,273	-	1,077,227,273
Transfer from construction in progress	14,690,908,717	3,831,923,425	115,380,071	-	3,997,345,895	22,635,558,108
Disposals	-	(760,563,951)	-	-	(379,735,000)	(1,140,298,951)
<b>Closing balance</b>	<b>459,135,400,111</b>	<b>610,383,291,108</b>	<b>25,874,815,972</b>	<b>22,263,235,137</b>	<b>140,940,746,063</b>	<b>1,258,597,488,391</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	128,959,665,182	318,576,926,292	13,446,460,197	9,808,371,676	82,918,810,279	553,710,233,626
Charge for the period	5,472,544,445	23,105,160,755	1,258,256,349	1,325,850,289	4,554,681,279	35,716,493,117
Disposals	-	(760,563,951)	-	-	(379,735,000)	(1,140,298,951)
<b>Closing balance</b>	<b>134,432,209,627</b>	<b>340,921,523,096</b>	<b>14,704,716,546</b>	<b>11,134,221,965</b>	<b>87,093,756,558</b>	<b>588,286,427,792</b>
<b>NET BOOK VALUE</b>						
Opening balance	315,484,826,212	288,434,205,342	11,908,380,704	12,083,031,188	54,404,324,889	682,314,768,335
<b>Closing balance</b>	<b>324,703,190,484</b>	<b>269,461,768,012</b>	<b>11,170,099,426</b>	<b>11,129,013,172</b>	<b>53,846,989,505</b>	<b>670,311,060,599</b>

As noted further in Note 24 and 26, the Company has pledged its buildings and machinery, equipment which have a carrying value of approximately VND 277.8 billion as at 30 June 2019 (31 December 2018: VND 276 billion) to secure banking facilities granted to the Company.

The cost of the Company's tangible fixed assets includes VND 236 billion of assets which have been fully depreciated but are still in use (31 December 2018: VND 228 billion).



13. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Machinery, equipment VND
<b>COST</b>	
Opening balance	293,496,808,807
Transfer from construction in progress	46,644,310,192
<b>Closing balance</b>	<b>340,141,118,999</b>
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	61,618,554,454
Charge for the period	18,658,091,000
<b>Closing balance</b>	<b>80,276,645,454</b>
<b>NET BOOK VALUE</b>	
<b>Opening balance</b>	<b>231,878,254,353</b>
<b>Closing balance</b>	<b>259,864,473,545</b>

14. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Patents VND	Software VND	Total VND
<b>COST</b>				
Opening balance	74,334,416,604	5,352,549,047	21,852,348,217	101,539,313,868
Disposals	-	-	(1,050,604,763)	(1,050,604,763)
<b>Closing balance</b>	<b>74,334,416,604</b>	<b>5,352,549,047</b>	<b>20,801,743,454</b>	<b>100,488,709,105</b>
<b>ACCUMULATED AMORTISATION</b>				
Opening balance	11,474,855,344	5,191,734,541	10,911,256,098	27,577,845,983
Charge for the period	217,376,020	160,814,506	1,251,418,557	1,629,609,083
Disposals	-	-	(1,050,604,763)	(1,050,604,763)
<b>Closing balance</b>	<b>11,692,231,364</b>	<b>5,352,549,047</b>	<b>11,112,069,892</b>	<b>28,156,850,303</b>
<b>NET BOOK VALUE</b>				
<b>Opening balance</b>	<b>62,859,561,260</b>	<b>160,814,506</b>	<b>10,941,092,119</b>	<b>73,961,467,885</b>
<b>Closing balance</b>	<b>62,642,185,240</b>	<b>-</b>	<b>9,689,673,562</b>	<b>72,331,858,802</b>

As noted further in Note 24 and 26, the Company has pledged land use rights with a carrying value of approximately VND 8.4 billion as at 30 June 2019 (31 December 2018: VND 8.5 billion) to secure banking facilities granted to the Company.

The cost of the Company's intangible assets includes VND 9.1 billion of assets which have been fully depreciated but are still in use as at 30 June 2019 (31 December 2018: VND 7.5 billion).

15. INCREASES, DECREASES IN INVESTMENT PROPERTY

	Buildings for lease VND
<b>COST</b>	
Opening balance & closing balance	4,880,731,674
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	131,814,748
Charge for the period	60,837,576
<b>Closing balance</b>	<b>192,652,324</b>
<b>NET BOOK VALUE</b>	
<b>Opening balance</b>	<b>4,748,916,926</b>
<b>Closing balance</b>	<b>4,688,079,350</b>

As noted further in Note 24 and 26, the Company has pledged investment property with a carrying value of approximately VND 4.7 billion as at 30 June 2019 (31 December 2018: VND 4.7 billion) to secure banking facilities granted to the Company.

According to VAS No. 05 – “Investment Properties”, fair value of investment property as at 30 June 2019 is required to be disclosed. However, the Company could not determine the fair value as at 30 June 2019, therefore, no information about the fair value is disclosed in the notes to the interim separate financial statements. In order to determine the fair value, the Company would require an independent consultancy company to perform the valuation. At present, the Company has not found a suitable consultancy company yet.

16. CONSTRUCTION IN PROGRESS

	Current period VND	Prior year VND
Opening balance	29,206,467,311	2,077,562,684
Additions	61,545,553,447	132,255,948,203
Transfer to tangible fixed assets	(22,635,558,108)	(86,739,381,992)
Transfer to finance lease assets	(46,644,310,192)	(10,253,108,877)
Other transfers	(4,225,423,891)	(8,134,552,707)
<b>Closing balance</b>	<b>17,246,728,567</b>	<b>29,206,467,311</b>

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

	Closing balance VND	Opening balance VND
Building and structures	-	8,590,936,402
Acquisition of machinery, equipment	16,716,499,643	19,661,914,894
Others	530,228,924	953,616,015
	<b>17,246,728,567</b>	<b>29,206,467,311</b>

17. LONG-TERM FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
<b>Investments in subsidiaries</b>	<b>141,375,000,000</b>	<b>(205,726,208)</b>	<b>178,283,463,900</b>	<b>(185,078,935)</b>
Thanh Cong Medical Center JSC	14,055,000,000	-	14,055,000,000	-
Thanh Quang Corporation (*)	-	-	36,908,463,900	-
TC Tower Company Limited	127,320,000,000	(205,726,208)	127,320,000,000	(185,078,935)
<b>Investments in associates</b>	<b>34,832,907,960</b>	<b>-</b>	<b>34,832,907,960</b>	<b>(1,149,231,560)</b>
Thanh Phuc Investment Construction Corporation	1,665,000,000	-	1,665,000,000	-
Vung Tau Gofit Tourism JSC	8,700,000,000	-	8,700,000,000	-
Savimex Corporation	24,467,907,960	-	24,467,907,960	(1,149,231,560)
<b>Other long-term investments</b>	<b>5,827,050,000</b>	<b>(1,088,500,000)</b>	<b>5,827,050,000</b>	<b>(1,088,500,000)</b>
Viet Thang Textile Joint Stock Company	125,000,000	-	125,000,000	-
Thang Loi Textile and Garment Company	1,576,000,000	(1,088,500,000)	1,576,000,000	(1,088,500,000)
Hue Textile Garment Company	793,000,000	-	793,000,000	-
SY Vina Joint Stock Company	883,450,000	-	883,450,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,449,600,000	-	2,449,600,000	-
	<b>182,034,957,960</b>	<b>(1,294,226,208)</b>	<b>218,943,421,860</b>	<b>(2,422,810,495)</b>

(\*) According to the Decision No. 9A/2018/QĐ-HĐQT dated 12 September 2018, the Board of Directors approved the divestment at Thanh Quang Corporation. On 19 March 2019, the Company completed the dissolution of Thanh Quang Corporation.

The Company has not determined fair value of its financial investments as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value of these financial investments.

18. LONG-TERM PREPAYMENTS

	Current period VND	Prior year VND
Opening balance	110,942,233,091	115,362,811,907
Additions during the period/year	1,402,087,726	12,562,325,160
Allocated to expenses during the period/year	(6,743,806,553)	(10,349,906,856)
Cost of land rental transferred	-	(6,632,997,120)
<b>Closing balance</b>	<b>105,600,514,264</b>	<b>110,942,233,091</b>

Details of long-term prepayments are as follows:

	Closing balance VND	Opening balance VND
Land rental expenses	96,543,322,214	97,878,794,258
Others	9,057,192,050	13,063,438,833
	<b>105,600,514,264</b>	<b>110,942,233,091</b>

As noted further in Note 24 and 26, the Company has pledged its land use rights in Vinh Long garment factory with the net book value as at 30 June 2019 of VND 63 billion (as at 31 December 2018: VND 63.7 billion) to secure loans granted by the banks.

**19. DEFERRED TAX ASSETS**

Deferred tax assets

	Closing balance	Opening balance
	VND	VND
- Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
- Deferred tax assets related to provisions and accrued expenses	16,639,982,978	22,788,666,892
- Amount offset against deferred tax liabilities	(358,310,486)	(291,569,491)
<b>Deferred tax assets</b>	<b>16,281,672,492</b>	<b>22,497,097,401</b>

Deferred tax liabilities

	Closing balance	Opening balance
	VND	VND
- Corporate income tax rates used for determination of value of deferred tax liabilities	20%	20%
- Deferred tax liabilities arising from accrued interest income	358,310,486	291,569,491
- Amount offset against deferred tax assets	(358,310,486)	(291,569,491)
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>

**20. SHORT-TERM TRADE PAYABLES**

	Closing balance	Opening balance
	VND	VND
a. Payables to third parties		
Tianweini (Shanghai) Trade Co., Ltd.	22,265,280,942	10,215,493,592
Kyung-In Synthetic Corporation	11,078,399,200	21,236,209,125
Others	243,055,631,004	207,760,378,143
	<b>276,399,311,146</b>	<b>239,212,080,860</b>
b. Payables to related parties (Note 42)	17,005,723,611	55,126,170,908
	<b>293,405,034,757</b>	<b>294,338,251,768</b>

The Company is able to pay all trade payables when they fall due.

**21. SHORT-TERM ADVANCES FROM CUSTOMERS**

	Closing balance	Opening balance
	VND	VND
Factoring	96,502,450,880	142,427,947,680
Others	44,670,436,667	34,182,297,415
	<b>141,172,887,547</b>	<b>176,610,245,095</b>

Factoring represents its receivables which are sold to commercial joint stock banks at a certain discount rate upon factoring.

**22. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	Opening balance	Payable during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Corporate income tax	21,708,190,490	18,389,123,218	32,792,206,290	7,305,107,418
Personal income tax	1,269,915,436	15,180,267,270	14,642,067,693	1,808,115,013
Value-added tax	-	59,862,015	59,862,015	-
Withholding tax	14,778,947	132,074,031	146,852,978	-
Other taxes	-	406,772,103	406,772,103	-
	<b>22,992,884,873</b>	<b>34,168,098,637</b>	<b>48,047,761,079</b>	<b>9,113,222,431</b>

**23. OTHER CURRENT PAYABLES**

	Closing balance	Opening balance
	VND	VND
Social, Health, Unemployment Insurance and Union fee	2,567,935,340	2,498,055,040
Dividends payable	37,997,553,135	124,802,985
Thanh Quang Corporation - borrowing	-	19,963,984,955
Short-term deposits received	10,689,353,455	10,037,876,750
Other payables	4,909,414,476	3,188,624,488
	<b>56,164,256,406</b>	<b>35,813,344,218</b>

**24. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Closing balance	In the period		Opening balance
	Amount/Amount able to be paid off	Increases	Decreases	Amount/Amount able to be paid off
	VND	VND	VND	VND
<b>Short-term loans</b>	<b>833,395,820,298</b>	<b>1,263,839,513,649</b>	<b>1,344,361,223,507</b>	<b>913,917,530,156</b>
<i>SinoPac Ho Chi Minh</i>	-	-	37,979,446,318	37,979,446,318
<i>Vietcombank Ho Chi Minh</i>	310,610,230,923	537,290,949,279	618,941,628,955	392,260,910,599
<i>BIDV Hoc Mon</i>	216,432,713,385	352,731,111,844	414,614,664,822	278,316,266,363
<i>Vietinbank Ho Chi Minh</i>	306,352,875,990	356,403,254,212	150,608,373,775	100,557,995,553
<i>MB Bank - Saigon North Branch</i>	-	17,414,198,314	122,217,109,637	104,802,911,323
<b>Current portion</b>	<b>96,747,485,130</b>	<b>67,869,509,625</b>	<b>64,912,265,853</b>	<b>93,790,241,358</b>
- Current portion of long-term loans	48,857,907,652	41,229,373,756	42,178,533,896	49,807,067,792
- Current portion of long-term obligations under finance leases	47,889,577,478	26,640,135,869	22,733,731,957	43,983,173,566
	<b>930,143,305,428</b>	<b>1,331,709,023,274</b>	<b>1,409,273,489,360</b>	<b>1,007,707,771,514</b>

The Company has short-term credit facilities from local banks to finance its working capital requirements, details are as follows:

Lenders	Credit limit	Credit term	Secured by
JSC Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch ("Vietcombank Ho Chi Minh")	VND 600,000,000,000	1 year	Fixed assets
Bank for Investment and Development of Vietnam JSC - Hoc Mon Branch ("BIDV Hoc Mon")	VND 600,000,000,000	1 year	Inventories and fixed assets
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh City Branch ("Vietinbank Ho Chi Minh")	VND 400,000,000,000	1 year	Inventories

The interest rates of short-term loans are determined based on the banks' interest rates upon each each period and specified on each debit note.

25. OTHER LONG-TERM PAYABLES

	Closing balance	Opening balance
	VND	VND
Payable due to equitisation	17,876,000,000	17,876,000,000
Long-term deposits received	347,328,080	1,159,287,090
	<b>18,223,328,080</b>	<b>19,035,287,090</b>

Payables due to equitisation mainly represents the amount payable to the State Treasury for the increasing amount when valuing a number of land lots 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 m<sup>2</sup> revalued. The amount will be paid once the Company completes the transfer of title of the land use rights to the Company's name.

26. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Closing balance	In the period		Opening balance
	Amount/Amount able to be paid off	Increases	Decreases	Amount/Amount able to be paid off
	VND	VND	VND	VND
<b>Long-term loans</b>	<b>102,098,637,642</b>	<b>113,930,146</b>	<b>41,178,533,896</b>	<b>143,163,241,392</b>
<i>Vietcombank Ho Chi Minh</i>	67,102,000,000	-	33,550,000,000	100,652,000,000
<i>BIDV Hoc Mon</i>	34,996,637,642	113,930,146	7,628,533,896	42,511,241,392
<b>Long-term obligations under finance leases</b>	<b>77,027,798,778</b>	<b>24,547,419,704</b>	<b>26,491,957,560</b>	<b>78,972,336,634</b>
<i>Vietcombank Leasing Co., Ltd.</i>	77,027,798,778	24,547,419,704	26,491,957,560	78,972,336,634
	<b>179,126,436,420</b>	<b>24,661,349,850</b>	<b>67,670,491,456</b>	<b>222,135,578,026</b>

The long-term loans are obtained by the Company from local banks and shareholders, details are as follows:

Lenders	Contract No.	Credit limit	Credit term
Vietcombank Ho Chi Minh	0008/DTDA/15CD	VND 140,202,000,000	6 years
BIDV Hoc Mon	01/2016/93435/HĐTD	VND 83,231,000,000	7 years
	01/2017/93435/HĐTD	USD 2,497,500	5 years
Vietcombank Leasing Co., Ltd.	72.15.04/CTTC	USD 275,200	5 years
	72.16.01/CTTC	USD 382,400	5 years
	72.16.02/CTTC	USD 239,760	5 years
	72.16.03/CTTC	JPY 49,880,000	5 years
	72.16.04/CTTC	USD 510,400	5 years
	72.16.05/CTTC	USD 348,000	5 years
	72.16.06/CTTC	USD 112,480	5 years
	72.16.08/CTTC	CHF 72,000	5 years
	86.17.03/CTTC	VND 60,000,000,000	4 years
	72.16.10/CTTC	USD 313,968	5 years
	72.16.11/CTTC	USD 1,138,564	5 years
	72.16.12/CTTC	USD 523,200	5 years
	86.17.04/CTTC	USD 413,800	5 years
	86.17.07/CTTC	USD 240,000	2 years
	67.18.14/CTTC	USD 332,000	5 years
	86.18.02/CTTC	JPY 64,898,400	5 years
67.18.15/CTTC	JPY 101,032,000	5 years	
67.19.03/CTTC	USD 126,800	5 years	
67.19.02/CTTC	USD 336,400	5 years	

These loans are secured by fixed assets formed from loans. Interest rates of long-term loans and financial leases are determined by the 6-month Libor rate or the 12-month saving rate plus a fixed interest rate margin for each loan agreement.



Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	48,857,907,652	49,807,067,792
In the second year	82,409,907,652	82,357,067,792
In the third to fifth year inclusive	19,688,729,990	60,806,173,600
	<b>150,956,545,294</b>	<b>192,970,309,184</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	48,857,907,652	49,807,067,792
<b>Amount due for settlement after 12 months</b>	<b>102,098,637,642</b>	<b>143,163,241,392</b>

Long-term obligations under finance leases represent machinery leased from Vietcombank Leasing Co., Ltd.

Details of obligations under finance lease are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
<b>Amounts payable under finance leases</b>	<b>135,710,062,661</b>	<b>134,180,063,066</b>	<b>124,917,376,256</b>	<b>122,955,510,200</b>
Within one year	54,008,971,994	50,216,095,800	47,889,577,478	43,983,173,566
In the second to fifth year inclusive	81,701,090,667	83,963,967,266	77,027,798,778	78,972,336,634
Less: Future finance charges	10,792,686,405	11,224,553,036	-	-
<b>Present value of lease obligations</b>	<b>124,917,376,256</b>	<b>122,955,510,030</b>	<b>124,917,376,256</b>	<b>122,955,510,200</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)			47,889,577,478	43,983,173,566
<b>Amount due for settlement after 12 months</b>			<b>77,027,798,778</b>	<b>78,972,336,634</b>

## 27. LONG-TERM PROVISIONS

Long-term provisions represent the severance allowance accrued in accordance with prevailing regulations.

## 28. OWNERS' EQUITY

The list of major shareholders who are holding 5% of shares or more and other shareholders have been fixed as at 29 May 2019 and 27 February 2019 by Ho Chi Minh Stock Exchange ("HOSE") as follows:

	As at 29/5/2019			As at 27/2/2019		
	Shares	%	VND	Shares	%	VND
E-Land Asia Holdings Pte Ltd	23,451,054	43.24	234,510,540,000	23,451,054	43.24	234,510,540,000
Others	30,678,551	56.57	306,785,510,000	30,678,551	56.57	306,785,510,000
Treasury shares	100,450	0.19	1,004,500,000	100,450	0.19	1,004,500,000
	<b>54,230,055</b>	<b>100</b>	<b>542,300,550,000</b>	<b>54,230,055</b>	<b>100</b>	<b>542,300,550,000</b>

**Shares**

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares authorised to issue	54,230,055	54,230,055
Number of treasury shares	100,450	100,450
Number of shares outstanding and fully paid	<u>54,129,605</u>	<u>54,129,605</u>

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 per 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. All shares have the same right to inherit the Company's net assets.



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Movement in owners' equity:

	Owners' contributed capital		Share premium	Treasury shares		Investment and development fund		Other reserves		Retained earnings		Total	
	VND	VND		VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
<b>For the 6-month period ended 30 June 2018</b>													
Opening balance	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						
Capital increase	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)						
<b>Closing balance</b>	<b>542,300,550,000</b>	<b>22,720,075,000</b>	<b>(5,939,990,000)</b>	<b>258,564,785,003</b>	<b>42,740,843,324</b>	<b>245,130,294,179</b>	<b>1,105,516,557,506</b>						
<b>For the 6-month period ended 30 June 2019</b>													
Opening balance	542,300,550,000	22,720,075,000	(5,939,990,000)	258,564,785,003	42,740,843,324	360,618,059,380	1,221,004,322,707						
Profit for the period	-	-	-	-	-	119,910,213,206	119,910,213,206						
Fund appropriation (ii)	-	-	-	78,740,821,366	12,956,605,707	(130,567,244,195)	(38,869,817,122)						
Dividend declared (ii)	-	-	-	-	-	(64,933,432,500)	(64,933,432,500)						
<b>Closing balance</b>	<b>542,300,550,000</b>	<b>22,720,075,000</b>	<b>(5,939,990,000)</b>	<b>337,305,606,369</b>	<b>55,697,449,031</b>	<b>285,027,595,891</b>	<b>1,237,111,286,291</b>						

(i) According to the 2019 Annual General Shareholders' Resolution No. 01/2019/NQ-DHCD dated on 12 April 2019, the Company's shareholders approved the plan of appropriation for the investment and development fund, bonus and welfare fund, and other reserves at the ratio of 45%, 15% and 5% of profit after tax of 2018, respectively.

(ii) According to Annual General Shareholders' Resolution No. 01/2019/NQ-DHCD dated on 12 April 2019, the Company's shareholders approved to pay dividend of 2018 at the payout ratio of 5% in cash and 7% by bonus shares.

According to Decision No.242/QĐ-SGDHCM dated 4 July 2019, the Ho Chi Minh Stock Exchange approved the additional issuance of 3,786,863 additional shares. The number of additional shares has been officially listed since 8 July 2019.

According to Decision No. 2A/2018/QĐ-HĐQT dated 24 January 2019, the Board of Directors decided to pay the first dividend of 2018 at the rate of 5% of par value in cash on 19 March 2019.

29. OFF BALANCE SHEET ITEM

Operating lease assets

	As at 30/6/2019	As at 31/12/2018
	VND	VND
Minimum lease payment in the future under non-cancellable operating lease under the following terms:		
- Within one year	7,541,083,272	7,672,354,627
- In the second to fifth years inclusive	8,484,396,925	12,158,604,604
- After five years	42,961,004,240	48,943,265,805
	<b>58,986,484,437</b>	<b>68,774,225,036</b>

Foreign currencies:

	Closing balance	Opening balance
	VND	VND
United States Dollar (USD)	817,246	1,523,874
Japanese Yen (JPY)	94,257	94,983
Euro (EUR)	183	188

30. 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 interim separate balance sheet due to insufficient basis for separation.

	Current period	Prior period
	VND	VND
<b>Domestic</b>		
Revenue	170,433,490,973	141,574,164,898
Cost of goods sold	144,329,470,439	116,710,959,220
<b>Gross profit</b>	<b>26,104,020,534</b>	<b>24,863,205,678</b>
<b>Export</b>		
Revenue	1,580,750,968,306	1,489,415,506,870
Cost of goods sold	1,338,639,189,097	1,227,844,872,747
<b>Gross profit</b>	<b>242,111,779,209</b>	<b>261,570,634,123</b>

Business segments

The interim separate financial statements do not present business segments because the Company's operations mainly focus on manufacturing, trading of garment and textile products.



**31. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED**

	Current period	Prior period
	VND	VND
<b>Sales of merchandise and services</b>		
Garment and textile products	1,679,953,106,981	1,577,039,156,127
Processing fees	68,831,183,929	51,746,672,651
Others	2,481,048,569	2,236,706,990
	<b>1,751,265,339,479</b>	<b>1,631,022,535,768</b>
<i>In which:</i>		
Revenue from related parties (Note 42)	428,057,406,512	426,134,269,806
<b>Deductions</b>		
Sales returns and rebates	(80,880,200)	(32,864,000)
	<b>1,751,184,459,279</b>	<b>1,630,989,671,768</b>

**32. COST OF GOODS SOLD AND SERVICES RENDERED**

	Current period	Prior period
	VND	VND
Raw materials	904,816,315,061	841,098,594,524
Labour costs	367,142,094,470	306,791,569,828
Depreciation and amortisation	22,580,323,782	19,520,845,746
Overheads	187,930,388,871	176,685,874,840
Others	499,537,352	458,947,029
	<b>1,482,968,659,536</b>	<b>1,344,555,831,967</b>

**33. OPERATING COSTS BY NATURE**

	Current period	Prior period
	VND	VND
Raw materials	716,695,425,561	740,840,061,231
Labour costs	469,633,357,071	398,017,218,402
Depreciation and amortisation	56,065,030,776	50,883,313,818
Outsourced services	235,443,785,411	290,176,043,048
Others	56,738,900,810	68,616,681,663
	<b>1,534,576,499,629</b>	<b>1,548,533,318,162</b>

**34. FINANCIAL INCOME**

	Current period	Prior period
	VND	VND
Bank and loan interest	7,718,735,221	4,777,155,807
Dividend income	23,441,277,060	1,180,870,000
Gain from disposal of financial investments	737,486,100	-
Foreign exchange gain	7,227,839,196	4,997,423,646
	<b>39,125,337,577</b>	<b>10,955,449,453</b>

**35. FINANCIAL EXPENSES**

	Current period	Prior period
	VND	VND
Interest expense	27,070,765,410	23,990,349,139
Reversal for financial investments	(1,128,584,287)	(8,564,820,444)
Foreign exchange loss	8,744,555,975	12,177,277,907
Others	-	1,919,211,825
	<b>34,686,737,098</b>	<b>29,522,018,427</b>

**36. SELLING, GENERAL AND ADMINISTRATION EXPENSES**

	Current period VND	Prior period VND
<b>Selling expenses</b>		
Materials	159,159,864	258,676,690
Labour cost	33,236,981,515	26,736,534,019
Depreciation and amortisation	321,570,384	184,953,575
Out-sourced services	13,079,532,903	16,165,570,134
Other expenses	13,228,363,643	20,174,278,622
	<b>60,025,608,309</b>	<b>63,520,013,040</b>
<b>Administrative expenses</b>		
Office equipments	1,430,705,848	2,208,374,061
Labour cost	39,090,670,982	36,488,949,296
Depreciation and amortisation	3,000,406,235	2,927,626,587
Provision for doubtful debts	712,945,273	666,208,000
Out-sourced expenses	6,547,007,364	6,698,228,154
Other expenses	19,725,475,597	19,482,005,849
	<b>70,507,211,299</b>	<b>68,471,391,947</b>

**37. OTHER INCOME**

	Current period VND	Prior period VND
Gain from disposals of fixed assets	21,000,000	-
Proceeds from sales of materials	30,278,182	262,300,242
Others	2,844,050,738	213,527,364
	<b>2,895,328,920</b>	<b>475,827,606</b>

**38. OTHER EXPENSES**

	Current period VND	Prior period VND
Loss from disposals of fixed assets	-	6,129,269,764
Costs for sales of materials	24,222,449	189,105,765
Others	477,925,752	77,840,734
	<b>502,148,201</b>	<b>6,396,216,263</b>

**39. CURRENT CORPORATE INCOME TAX EXPENSE**

	Current period VND	Prior period VND
<b>Current corporate income tax expenses</b>		
- Corporate income tax based on taxable income in the current period	18,450,700,218	23,714,013,185
- Adjustments for corporate income tax expenses in previous periods to the current period	(61,577,000)	(3,837,882,105)
<b>Total current corporate income tax expenses</b>	<b>18,389,123,218</b>	<b>19,876,131,080</b>



Detail of corporate income tax based on taxable income in the current period is as follows:

	Current period	Prior period
	VND	VND
Profit before tax	144,514,761,333	129,955,477,183
Adjustment for taxable income	(52,261,260,242)	(11,385,411,260)
- Increase assessable income	9,959,421,293	6,361,364,821
- Decrease assessable income	(62,220,681,535)	(17,746,776,081)
Taxable income	92,253,501,091	118,570,065,923
Applicable tax rate	20%	20%
<b>Corporate income tax based on taxable income in the current period</b>	<b>18,450,700,218</b>	<b>23,714,013,185</b>
	Current period	Prior period
	VND	VND
Taxable temporary differences	6,215,424,909	2,204,803,328
<b>Deferred corporate income tax expense</b>	<b>6,215,424,909</b>	<b>2,204,803,328</b>

The Company is obliged to pay corporate income tax ("CIT") at the rate of 20% on taxable income.

#### 40. COMMITMENTS

##### Operating lease commitment

	Current period	Prior period
	VND	VND
Minimum lease payments under operating leases recognised in interim separate income statement	4,665,998,790	4,733,942,946

Operating lease payments represent total rentals payable by the Company for land lease and management fee in Tan Binh Industrial Zone, Tan Phu District - Ho Chi Minh City, Trang Bang Industrial Zone - Tay Ninh Province and Hoa Phu Industrial Zone - Vinh Long Province. The contract terms and rental charges are determined per each specific contract.

##### Capital commitment

As at 30 June 2019 and 31 December 2018, the Company has following capital commitment:

	As at 30/6/2019	As at 31/12/2018
	VND	VND
Buildings	-	5,168,154,133
Machinery and equipment	11,114,206,236	29,325,837,202
Others	1,021,491,076	414,293,076
	<b>12,135,697,312</b>	<b>34,908,284,411</b>

#### 41. 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 24 and 26, 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:

	Closing balance	Opening balance
	VND	VND
Borrowings	1,109,269,741,848	1,229,843,349,540
Less: Cash and cash equivalents	(178,530,233,782)	(164,540,076,349)
Net debt	930,739,508,066	1,065,303,273,191
Equity	1,237,111,286,291	1,221,004,322,707
<b>Net debt to equity ratio</b>	<b>0.75</b>	<b>0.87</b>

**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 3.

**Categories of financial instruments**

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	178,530,233,782	164,540,076,349
Held-to-maturity investments	193,660,000,000	193,435,000,000
Trade and other receivables	271,480,678,487	264,118,691,229
Investments	4,738,550,000	4,738,550,000
	<b>648,409,462,269</b>	<b>626,832,317,578</b>
<b>Financial liabilities</b>		
Obligations under finance leases	124,917,376,256	122,955,510,200
Borrowings	984,352,365,592	1,106,887,839,340
Trade and other payables	349,569,291,163	330,151,595,986
Accrued expenses	3,742,798,738	4,331,038,944
	<b>1,462,581,831,749</b>	<b>1,564,325,984,470</b>

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 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 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**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of active market for the trading activities of financial instruments.

*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:

	Asset		Liabilities	
	Closing balance VND	Opening balance VND	Closing balance VND	Opening balance VND
United States Dollar (USD)	410,003,566,453	419,574,674,083	1,054,150,772,089	1,141,148,795,300
Euro (EUR)	4,812,637	4,965,658	-	362,820,800
Japanese Yen (JPY)	19,939,126	19,723,220	-	-
	<b>410,028,318,216</b>	<b>419,599,362,961</b>	<b>1,054,150,772,089</b>	<b>1,141,511,616,100</b>

#### *Foreign currency sensitivity analysis*

The Company is mainly exposed to United States Dollar.

The following table details the Company's sensitivity to a 3% increase and decrease in Vietnam Dong against United States Dollar. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Board of Executive Officers' 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 3% change in foreign currency rates. For a 3% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax for the period would decrease/increase by the same amount as follows:

	Current period VND	Prior period VND
United States Dollar (USD)	19,324,416,169	25,395,207,264

Applying the same analysis to Japanese Yen and Euro, the increase/decrease in these foreign currencies would not have material effect to the profit before tax of the Company during the period.

#### *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 analysing 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 2019 would have decreased/(increased) by VND 9,843,523,656 (for the 6-month period ended 30 June 2018: VND 11,322,112,703).

#### *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 Directors 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 other entities. The Company's Board of Directors assesses and approves decisions on investments in other entities such as operating industry, investees, etc. Investments in other entities 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 a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company and arises principally from the Company's trade receivables, demand deposits and time deposits. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. In terms of trade receivables, the Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across geographical areas. In terms of cash, the Company manages its exposure to this credit risk by only entering into transactions with banks that have high credit ratings or reputation.



**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.

<b>Closing balance</b>	Less than 1 year	Over 1 year	Total
	VND	VND	VND
Cash and cash equivalents	178,530,233,782	-	178,530,233,782
Held-to-maturity investments	193,660,000,000	-	193,660,000,000
Trade and other receivables	271,480,678,487	-	271,480,678,487
Investments	-	4,738,550,000	4,738,550,000
	<b>643,670,912,269</b>	<b>4,738,550,000</b>	<b>648,409,462,269</b>
Obligations under finance leases	47,889,577,478	77,027,798,778	124,917,376,256
Borrowings	882,253,727,950	102,098,637,642	984,352,365,592
Trade and other payables	349,569,291,163	-	349,569,291,163
Accrued expenses	3,742,798,738	-	3,742,798,738
	<b>1,283,455,395,329</b>	<b>179,126,436,420</b>	<b>1,462,581,831,749</b>
<b>Net liquidity gap</b>	<b>(639,784,483,060)</b>	<b>(174,387,886,420)</b>	<b>(814,172,369,480)</b>
<b>Opening balance</b>	Less than 1 year	Over 1 year	Total
	VND	VND	VND
Cash and cash equivalents	164,540,076,349	-	164,540,076,349
Held-to-maturity investments	193,435,000,000	-	193,435,000,000
Trade and other receivables	264,118,691,229	-	264,118,691,229
Investments	-	4,738,550,000	4,738,550,000
	<b>622,093,767,578</b>	<b>4,738,550,000</b>	<b>626,832,317,578</b>
Obligations under finance leases	43,983,173,566	78,972,336,634	122,955,510,200
Borrowings	963,724,597,948	143,163,241,392	1,106,887,839,340
Trade and other payables	330,151,595,986	-	330,151,595,986
Accrued expenses	4,331,038,944	-	4,331,038,944
	<b>1,342,190,406,444</b>	<b>222,135,578,026</b>	<b>1,564,325,984,470</b>
<b>Net liquidity gap</b>	<b>(720,096,638,866)</b>	<b>(217,397,028,026)</b>	<b>(937,493,666,892)</b>

Regardless of the existing net liquidity gap, the Board of Executive Officers 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. Undrawn facilities are disclosed in Note 24 and 26.

**42. RELATED PARTY TRANSACTIONS AND BALANCES**

List of related parties:

<u>Name</u>	<u>Relationship</u>
E-land Asia Holdings Pte Ltd	Major shareholder
Thanh Cong Medical Center JSC	Subsidiary
Thanh Quang Corporation (divested from 19 March 2019)	Subsidiary
TC Eland One Member Limited Company	Subsidiary
Savimex Corporation	Associate
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
E-land Asia Holding Pte.Ltd - Hong Kong Branch	Company in Eland Group
Eland Retail Limited	Company in Eland Group
Eland Fashion India PVT.Ltd	Company in Eland Group
Eland Human Resource Development center	Company in Eland Group
Eland Viet Nam Co., Ltd	Company in Eland Group
S.Y VINA Joint Stock Company	Company in Eland Group
Wish Trading (Shanghai) Co., Ltd	Company in Eland Group

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
<b>Sales</b>		
Eland World Limited	291,091,771,826	280,377,615,842
Eland Vietnam Co., Ltd.	120,401,477	1,075,290,374
Eland Asia Holding Pte.Ltd - Hong Kong Branch	45,863,245,117	54,429,851,630
Eland Retail Limited	90,344,328,684	89,926,732,014
Savimex Corporation	7,500,000	-
S.Y VINA Joint Stock Company	224,787,200	-
Thanh Cong Medical Center JSC	405,372,208	324,779,946
	<b><u>428,057,406,512</u></b>	<b><u>426,134,269,806</u></b>
<b>Purchases</b>		
Eland World Limited	-	412,004,750
Eland International Fashion (Shanghai) Co., Ltd	7,148,173,190	8,646,250,680
Eland Vietnam Co., Ltd.	-	13,947,810,705
Eland Fashion India PVT.Ltd	5,326,453,858	2,695,712,649
Eland Human Resource Development center	26,788,227	-
Savimex Corporation	929,346,484	3,465,892,064
S.Y VINA Joint Stock Company	9,852,344,688	482,231,013
Thanh Cong Medical Center JSC	1,564,561,041	1,183,184,317
Wish Trading (Shanghai) Co., Ltd	1,105,654,234	1,100,831,659
	<b><u>25,953,321,722</u></b>	<b><u>31,933,917,837</u></b>
<b>Proceeds from sale, disposal of fixed assets</b>		
Thanh Quang Corporation	-	796,005,583
	-	<b><u>796,005,583</u></b>
<b>Dividends declared to</b>		
E-land Asia Holdings Pte Ltd	<b><u>28,141,264,800</u></b>	<b><u>22,334,329,000</u></b>
<b>Dividends declared by</b>		
Savimex Corporation	1,355,737,000	-
Thanh Cong Medical Center JSC	908,305,000	862,120,000
Thanh Quang Corporation	20,933,485,060	-
	<b><u>23,197,527,060</u></b>	<b><u>862,120,000</u></b>

Remuneration paid to the Company's Board of Directors, Audit Committee and the Chief Executive Officer during the period was as follows:

	Current period	Prior period
	VND	VND
Salaries and benefits in kind	<u>6,333,548,482</u>	<u>7,674,507,065</u>

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

	Closing balance	Opening balance
	VND	VND
<b>Short-term trade receivables</b>		
Eland World Limited	60,856,291,413	48,014,387,219
Eland Retail Limited	5,541,833,111	623,686,001
Eland Vietnam Co., Ltd.	3,928,005	3,201,403
Eland Asia Holding Pte.Ltd - Hong Kong Branch	11,551,219,731	35,735,070,619
Savimex Corporation	-	433,030,400
Thanh Cong Medical Center JSC	81,342,307	69,106,933
	<u><b>78,034,614,567</b></u>	<u><b>84,878,482,575</b></u>
<b>Other short-term receivables</b>		
Eland World Limited	-	241,114,426
TC Tower Limited	9,978,972,520	9,973,060,520
	<u><b>9,978,972,520</b></u>	<u><b>10,214,174,946</b></u>
<b>Short-term trade payables</b>		
Eland International Fashion (Shanghai) Co., Ltd	6,582,181,702	5,940,745,248
Eland Vietnam Co., Ltd.	6,647,573,275	46,860,798,065
Savimex Corporation	380,118,020	450,312,989
S.Y VINA Joint Stock Company	2,310,654,585	1,759,535,099
Thanh Cong Medical Center JSC	750,403,848	-
Wish Trading (Shanghai) Co.LTD	334,792,181	114,779,507
	<u><b>17,005,723,611</b></u>	<u><b>55,126,170,908</b></u>
<b>Advance to suppliers</b>		
Eland Fashion India PVT.Ltd	-	1,739,694,500
<b>Other short-term payables</b>		
Thanh Quang Corporation	-	19,963,984,955



**43. SUPPLEMENTAL NON-CASH DISCLOSURES STATED IN THE INTERIM SEPARATE CASH FLOW STATEMENT**

Cash inflows from interest received during the period excluded an amount of VND 1,791,552,430, representing the uncollected interest income as at 30 June 2019. However, the interest income received during the period included interest income earned from the prior year but received in this period with an amount of VND 1,457,847,455. Consequently, changes in receivables have been adjusted by the same amounts.

Cash outflows for acquisition and construction of fixed assets and other long-term assets excluded an amount of VND 9,806,060,000 (2018: VND 44,848,375,191), representing an addition in fixed assets and other long-term assets during the year that has not been paid. However, cash outflows for acquisition and construction of fixed assets and other long-term assets during the period included VND 36,625,757,691, representing the payables related to purchase of fixed assets and other long-term assets that has not yet been paid in the prior year. Consequently, changes in payables have been adjusted by the same amounts.

Cash outflows for acquisition and construction of fixed assets and other non current assets excluded an amount of VND 24,277,263,928 (2018: VND 21,193,285,010), representing an addition in fixed assets from finance leases.

Cash outflows for interests paid during the period excluded an amount of VND 1,081,384,100, representing the accrued interest expenses as at 30 June 2019. However, the interest paid during the period included interest expenses payable from the prior year but paid in this current period with an amount of VND 1,625,206,459. Consequently, changes in payables have been adjusted by the same amounts.

Dividends paid during the period excluded an amount of VND 128,923,135, representing dividends declared that have not yet been paid (2018: VND 124,802,985) and an amount of VND 37,868,630,000 (2018: VND 25,762,260,000) representing dividends declared that have been paid in shares. Consequently, changes in payables have been adjusted by the same amount. In addition, capital contributions during the period did not present this non-cash item.

Cash recovered from equity investments in other entities excluded an amount of VND 19,963,984,955 (2018: Nil), representing the amount offset with the other payables to Thanh Quang Corporation. Consequently, changes in payables have been adjusted by the same amounts.



**Pham Thi Thanh Thuy**  
Preparer



**Nguyen Minh Hao**  
Chief Accountant



**Lee Eun Hong**  
Chief Executive Officer  
13 August 2019