

**TNG INVESTMENT AND TRADING  
JOINT STOCK COMPANY**  
*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

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



**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**

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

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## TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

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

### STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS

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

#### THE BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS

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

##### Board of Directors

Mr. Nguyen Van Thoi	Chairman	
Mr. Nguyen Duc Manh	Member	
Mr. Le Quang Vinh	Member	
Mr. Nguyen Van Duc	Member	
Ms. Do Thi Ha	Member	
Ms. Luong Thi Thuy Ha	Member	(Appointed on 21 April 2019)
Mr. Nguyen Manh Linh	Member	(Appointed on 21 April 2019)
Ms. Dinh Le Hang	Member	(Appointed on 21 April 2019)
Mr. Kim Hwan Kyoon	Member	(Appointed on 21 April 2019)
Ms. Ha Thi Tuyet	Member	(Resigned on 21 April 2019)
Mr. Rusdy Pranata	Member	(Resigned on 21 April 2019)

##### Board of Executive Officers

Mr. Nguyen Van Thoi	Chief Executive Officer	
Mr. Nguyen Duc Manh	Deputy Chief Executive Officer	
Mr. Tran Minh Hieu	Deputy Chief Executive Officer	
Ms. Luong Thi Thuy Ha	Deputy Chief Executive Officer	
Ms. Doan Thi Thu	Deputy Chief Executive Officer	
Mr. Luu Duc Huy	Deputy Chief Executive Officer	(Appointed on 11 January 2019)

#### BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY

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



**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**

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

**STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (Continued)**

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 consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated 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 consolidated financial statements.

For and on behalf of the Board of Executive Officers,

**Luong Thi Thuy Ha**  
**Deputy Chief Executive Officer**

*Thai Nguyen, 13 August 2019*

The Board of Directors approved the accompanying interim consolidated financial statements, which present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting.

For and on behalf of the Board of Directors,



**Nguyen Van Thoi**  
**Chairman**

*Thai Nguyen, 13 August 2019*



No.: 0257 /VN1A-HN-BC

## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 13 August 2019 as set out from page 05 to page 31, which comprise the interim consolidated balance sheet as at 30 June 2019, the interim consolidated income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

### ***The Board of Executive Officers' Responsibility for the interim consolidated financial statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express a conclusion on the accompanying interim consolidated 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 consolidated 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 consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting.

## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### **Emphasis of Matter**

As presented in Note 1 of Notes to interim consolidated financial statements, 2019 is the first year the Company has prepared the consolidated financial statements, the comparative figures in the interim consolidated balance sheet and related notes are the figures of the Holding Company's audited financial statements for the year ended 31 December 2018, and the comparative figures in the interim consolidated income statements and the interim consolidated cash flow statement and related notes are the figures of the Holding Company's reviewed interim financial statements for the 6-month period ended 30 June 2018. The comparative figures are presented for reference purpose, not for comparison purpose.

Our conclusion is not modified in respect of this matter.



**Vu Duc Nguyen**

**Deputy General Director**

Audit Practising Registration Certificate

No. 0764-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

13 August 2019

Hanoi, S.R. Vietnam

**INTERIM CONSOLIDATED 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>1,983,797,447,536</b>	<b>1,374,586,811,751</b>
<b>I. Cash</b>	<b>110</b>		<b>32,190,715,789</b>	<b>12,701,137,291</b>
1. Cash	111	4	32,190,715,789	12,701,137,291
<b>II. Short-term receivables</b>	<b>130</b>		<b>677,617,074,101</b>	<b>478,042,278,651</b>
1. Short-term trade receivables	131	5	609,370,284,129	455,673,608,806
2. Short-term advances to suppliers	132		3,902,896,979	5,888,734,884
3. Other short-term receivables	136	6	69,489,828,964	21,625,870,932
4. Provision for short-term doubtful debts	137	7	(5,145,935,971)	(5,145,935,971)
<b>III. Inventories</b>	<b>140</b>	<b>8</b>	<b>1,182,408,314,439</b>	<b>822,431,006,423</b>
1. Inventories	141		1,187,817,652,060	828,074,058,827
2. Provision for devaluation of inventories	149		(5,409,337,621)	(5,643,052,404)
<b>IV. Other short-term assets</b>	<b>150</b>		<b>91,581,343,207</b>	<b>61,412,389,386</b>
1. Short-term prepayments	151	9	28,810,239,655	22,546,133,628
2. Value added tax deductibles	152		62,771,103,552	38,866,255,758
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,268,952,835,369</b>	<b>1,220,848,391,443</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>17,629,743,657</b>	<b>18,829,818,987</b>
1. Other long-term receivables	216	6	17,629,743,657	18,829,818,987
<b>II. Fixed assets</b>	<b>220</b>		<b>991,969,948,928</b>	<b>979,180,489,301</b>
1. Tangible fixed assets	221	10	969,044,390,672	957,762,517,201
- Cost	222		1,608,703,722,355	1,537,420,060,468
- Accumulated depreciation	223		(639,659,331,683)	(579,657,543,267)
2. Intangible assets	227	11	22,925,558,256	21,417,972,100
- Cost	228		38,230,138,412	35,365,206,274
- Accumulated amortisation	229		(15,304,580,156)	(13,947,234,174)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>171,787,161,054</b>	<b>131,895,136,874</b>
1. Long-term construction in progress	242	12	171,787,161,054	131,895,136,874
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>13</b>	<b>-</b>	<b>-</b>
1. Investments in associates	252		771,150,000	771,150,000
2. Provision for impairment of long-term financial investments	254		(771,150,000)	(771,150,000)
<b>V. Other long-term assets</b>	<b>260</b>		<b>87,565,981,730</b>	<b>90,942,946,281</b>
1. Long-term prepayments	261	9	87,565,981,730	90,942,946,281
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>3,252,750,282,905</b>	<b>2,595,435,203,194</b>

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

**INTERIM CONSOLIDATED 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>2,358,089,818,073</b>	<b>1,801,370,803,699</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,989,684,866,962</b>	<b>1,372,729,685,399</b>
1. Short-term trade payables	311	14	307,053,101,741	219,466,182,042
2. Short-term advances from customers	312		1,566,712,670	1,975,497,747
3. Taxes and amounts payable to the State budget	313	15	24,036,637,191	16,450,848,035
4. Payables to employees	314		51,092,069,847	49,937,186,172
5. Short-term accrued expenses	315	16	12,941,562,028	25,218,209,079
6. Other current payables	319	17	25,136,382,639	19,393,601,950
7. Short-term loans	320	18	1,554,041,416,360	1,030,865,689,212
8. Bonus and welfare funds	322		13,816,984,486	9,422,471,162
<b>II. Long-term liabilities</b>	<b>330</b>		<b>368,404,951,111</b>	<b>428,641,118,300</b>
1. Long-term loans	338	19	168,404,951,111	228,641,118,300
2. Convertible bonds	339	20	200,000,000,000	200,000,000,000
<b>D. EQUITY</b>	<b>400</b>		<b>894,660,464,832</b>	<b>794,064,399,495</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>21</b>	<b>894,660,464,832</b>	<b>794,064,399,495</b>
1. Owner's contributed capital	411		621,679,980,000	493,401,800,000
2. Share premium	412		30,520,475,123	30,520,475,123
3. Other owner's capital	414		55,419,591	55,419,591
4. Investment and development fund	418		107,333,985,855	56,825,661,884
5. Other reserves	420		42,001,078,262	32,988,054,755
6. Retained earnings	421		93,069,526,001	180,272,988,142
- Retained earnings accumulated to the prior year end	421a		18,806,001	12,518,001
- Retained earnings of the current period	421b		93,050,720,000	180,260,470,141
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>3,252,750,282,905</b>	<b>2,595,435,203,194</b>

*[Signature]*

Tran Thi Hiep  
Preparer

*[Signature]*

Tran Thi Thu Ha  
Chief Accountant



Luong Thi Thuy Ha  
Deputy Chief Executive Officer

13 August 2019



## INTERIM CONSOLIDATED 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>24</b>	<b>2,041,367,140,954</b>	<b>1,486,568,680,958</b>
<b>2. Net revenue from goods sold and services rendered (10=01)</b>	<b>10</b>		<b>2,041,367,140,954</b>	<b>1,486,568,680,958</b>
3. Cost of sales	11	25	1,694,266,132,411	1,237,297,231,800
<b>4. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>347,101,008,543</b>	<b>249,271,449,158</b>
5. Financial income	21	27	5,890,179,679	8,907,362,141
6. Financial expenses	22	28	65,661,543,888	60,860,411,593
- In which: Interest expense	23		47,917,577,331	42,010,736,246
7. Selling expenses	25	29	57,626,800,584	43,997,420,825
8. General and administration expenses	26	29	107,847,555,616	72,182,125,318
<b>9. Operating profit (30=20+(21-22)-(25+26))</b>	<b>30</b>		<b>121,855,288,134</b>	<b>81,138,853,563</b>
10. Other income	31		125,024,026	202,938,202
11. Other expenses	32		1,780,162,291	2,373,070,710
<b>12. Losses from other activities (40=31-32)</b>	<b>40</b>		<b>(1,655,138,265)</b>	<b>(2,170,132,508)</b>
<b>13. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>120,200,149,869</b>	<b>78,968,721,055</b>
14. Current corporate income tax expense	51	30	27,149,429,869	11,850,988,696
<b>15. Net profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>93,050,720,000</b>	<b>67,117,732,359</b>
16. Basic earnings per share	70	31	1,518	1,312
17. Diluted earnings per share	71	31	1,282	1,312

Tran Thi Hiep  
Preparer

Tran Thi Thu Ha  
Chief Accountant



Luong Thi Thuy Ha  
Deputy Chief Executive Officer

13 August 2019

## INTERIM CONSOLIDATED 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>			
1. Profit before tax	01	120,200,149,869	78,968,721,055
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	60,861,192,879	55,060,498,568
Provisions	03	(233,714,783)	(625,221,464)
Foreign exchange losses arising from translating foreign currency items	04	5,274,408,648	8,537,419,621
(Gain)/loss from investing activities	05	(32,420,208)	1,897,908,298
Interest expense	06	47,917,577,331	42,010,736,246
3. Operating profit before movements in working capital	08	233,987,193,736	185,850,062,324
Changes in receivables	09	(222,758,194,296)	(290,454,409,377)
Changes in inventories	10	(359,743,593,233)	(330,227,264,201)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	41,211,613,030	196,870,838,662
Changes in prepaid expenses	12	(2,887,141,476)	644,274,133
Interest paid	14	(47,624,012,048)	(42,091,175,052)
Corporate income tax paid	15	(20,756,549,178)	(12,035,398,083)
Other cash inflows	16	-	10,337,321,804
Other cash outflows	17	(2,179,763,447)	(3,222,672,800)
<b>Net cash used in operating activities</b>	<b>20</b>	<b>(380,750,446,912)</b>	<b>(284,328,422,590)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(86,064,794,721)	(86,267,022,013)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	25,000,000	1,024,072,728
3. Interest earned, dividends and profits received	27	12,322,172	5,669,552
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(86,027,472,549)</b>	<b>(85,237,279,733)</b>

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

**INTERIM CASH FLOW STATEMENT (Continued)**

For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	24,670,090,000	-
2. Proceeds from borrowings	33	2,077,481,042,461	1,527,456,793,994
3. Repayment of borrowings	34	(1,615,823,736,107)	(1,156,638,819,382)
<b>Net cash generated by financing activities</b>	<b>40</b>	<b>486,327,396,354</b>	<b>370,817,974,612</b>
<b>Net increases in cash (50=20+30+40)</b>	<b>50</b>	<b>19,549,476,893</b>	<b>1,252,272,289</b>
<b>Cash at the beginning of the period</b>	<b>60</b>	<b>12,701,137,291</b>	<b>10,283,349,259</b>
Effects of changes in foreign exchange rates	61	(59,898,395)	-
<b>Cash at the end of the period (70=50+60+61)</b>	<b>70</b>	<b>32,190,715,789</b>	<b>11,535,621,548</b>



Tran Thi Hiep  
Preparer



Tran Thi Thu Ha  
Chief Accountant



Luong Thi Thuy Ha  
Deputy Chief Executive Officer

13 August 2019

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION****Structure of ownership**

TNG Investment and Trading Joint Stock Company (the "Company") was a State-owned enterprise established under Decision No. 448/QĐ-UB of the People's Committee of Bac Thai Province (currently known as Thai Nguyen Province) dated 12 November 1979. The Company was equitized and transformed into a joint stock company under Decision No. 3744/QĐ-UB dated 16 December 2002 of the People's Committee of Thai Nguyen Province. Since 01 January 2003, the Company has officially been transformed into a joint stock company under Business License No. 1703000036 issued by the Department of Planning and Investment of Thai Nguyen Province on 02 January 2003. According to the amended Business Registration Certificate No. 4600305723 issued by the Department of Planning and Investment of Thai Nguyen Province dated 04 July 2019, the authorized charter capital of the Company is VND 621,679,980,000. The Company's shares are listed on Hanoi Stock Exchange (HNX) with the stock code of TNG.

The Company's total number of employees of as at 30 June 2019 was 15,682 (as at 31 December 2018: 14,056).

**Operating industry and principal activities**

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

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

**Normal production and business cycle**

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

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

2019 is the first year the Company have prepared the consolidated financial statements, the comparative figures in the interim consolidated balance sheet and related notes are the figures of the Holding Company's audited financial statements for the year ended 31 December 2018, and the comparative figures in the interim consolidated income statement and the interim consolidated cash flow statement and related notes are the figures of the Holding Company's reviewed interim financial statements for the 6-month period ended 30 June 2018. The comparative figures are presented for reference purpose, not for comparison purpose.

**The Company's structure**

The Company's structure includes 01 headquarters and 15 dependent branches, of which, the Company's headquarters is located at No. 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City.

At 30 June 2019, the Company has 02 subsidiaries and 02 associates. General information about subsidiaries and associates is as follows:

<b>Name of Company</b>	<b>Place of incorporation and operation</b>	<b>Proportion of ownership interest (%)</b>	<b>Proportion of voting power held (%)</b>	<b>Principal activity</b>
<b>Subsidiaries</b>				
TNG Fashion Company Limited	Thai Nguyen	100	100	Fashion business
TNG Eco Green Company Limited	Thai Nguyen	100	100	Real estates
<b>Associates</b>				
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric Construction
TNG Yen Binh Golf Company Limited	Thai Nguyen	49	49	Golf course business

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**Accounting convention for interim financial statements**

The accompanying interim 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 interim consolidated financial reporting.

The accompanying interim 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.

**Accounting period**

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

These interim consolidated financial statements were prepared for the 6-month period ended 30 June 2019.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

### **Basis of consolidation**

The interim consolidated financial statements incorporate the interim financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 30 June each year. 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.

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 consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share 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.

### **Cash**

Cash comprises cash on hand and bank demand deposits.

### **Investments in associates**

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

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

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

### **Receivables**

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

Provision for doubtful debts is made for receivables that are overdue for six months or 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. Inventories are accounted for under a perpetual system. 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 interim balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

**Intangible assets and amortisation**

**Land use rights**

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

**Other intangible assets**

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

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

**Construction in progress**

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

**Prepayments**

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

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

Goodwill arising from acquisition represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and recognised contingent liabilities. The goodwill is allocated to interim consolidated income statement using straight-line method for the period of 3 years since the date of acquisition.

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

#### **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's best estimate of the expenditure required to settle the obligation as at the interim consolidated balance sheet date.

#### **Convertible bonds**

A convertible bond is a bond that can be converted into common stock of the same issuer under conditions specified in the issuance plan.

Costs relating to the issue of convertible bonds are amortised over the lives of the convertible bonds using the straight-line method and are recorded in the financial expenses. Periodically, costs relating to the issue of convertible bonds are recorded in the financial expenses in line with recognition of convertible bonds' interest expense.

#### **Revenue recognition**

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

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

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in the period by reference to the percentage of completion of the transaction at the consolidated 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 consolidated balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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



### **Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the interim 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 consolidated income statement.

### **Borrowing costs**

Borrowing costs are recognised in the interim 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, borrowing costs are capitalised even when the construction period is under 12 months. Other borrowing costs are recognized in the interim consolidated income statement when incurred.

### **Taxation**

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim 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. As at 30 June 2019, the Company did not have any material temporary difference between carrying amounts of assets and liabilities in the interim balance sheet and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

4. CASH

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	856,242,981	601,453,628
Bank demand deposits	31,334,472,808	12,099,683,663
	<u><b>32,190,715,789</b></u>	<u><b>12,701,137,291</b></u>

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Desipro Pte. Ltd. (Promiles SNC)	181,826,397,428	124,414,265,176
The Children's Place Services Company, LLC	114,892,171,645	57,227,423,199
Moose International Inc.	48,489,389,619	40,022,947,413
Others	264,162,325,437	234,008,973,018
	<u><b>609,370,284,129</b></u>	<u><b>455,673,608,806</b></u>

6. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Current</b>		
- Prepayment for employees	41,984,701,164	-
- Advance for site clearance compensation	16,816,083,422	10,000,000,000
- Receivables from insurance agency (i)	5,255,071,066	5,017,522,128
- Other receivables	5,433,973,312	6,608,348,804
	<u><b>69,489,828,964</b></u>	<u><b>21,625,870,932</b></u>
<b>b. Non-current</b>		
- Land rentals deductible	10,680,826,157	10,680,826,157
- Deposits	6,948,917,500	8,148,992,830
	<u><b>17,629,743,657</b></u>	<u><b>18,829,818,987</b></u>

(i) Represent the Company's advance to insurance agency for employees' social insurance contributions on behalf of the employees.

7. BAD DEBTS

	<u>Closing balance</u>			<u>Opening balance</u>		
	Cost	Recoverable amount	Overdue days	Cost	Recoverable amount	Overdue days
	VND			VND		
The Children's Place - Disney Store	1,476,984,012		- > 6 years	1,476,984,012		- > 5 years
Gama OB	1,103,895,250		- > 6 years	1,103,895,250		- > 5 years
Steve & Berrys	653,562,659		- > 6 years	653,562,659		- > 5 years
Buda Bean	599,415,428		- > 6 years	599,415,428		- > 5 years
Resources Vietnam Corporation	593,781,199		- > 6 years	593,781,199		- > 5 years
Others	718,297,423		- > 5 years	718,297,423		- > 4 years
	<u><b>5,145,935,971</b></u>	-		<u><b>5,145,935,971</b></u>	-	

As at 30 June 2019, the Company made provision for bad debts in accordance with regulation in Circular 228/2009/TT-BTC dated 07 December 2009 by Ministry of Finance. The recoverable amount of the bad debts are stated at historical cost less provision.

8. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision VND	Cost	Provision VND
Goods in transit	17,483,533,261	-	18,821,271,270	-
Raw materials	423,313,675,504	-	259,193,190,322	-
Tools and supplies	5,084,525,927	-	4,236,966,104	-
Work in progress	207,038,957,526	-	116,198,514,769	-
Finished goods	534,895,299,792	(5,409,337,621)	428,913,539,777	(5,643,052,404)
Merchandise	1,660,050	-	-	-
Goods on consignment	-	-	710,576,585	-
	<b>1,187,817,652,060</b>	<b>(5,409,337,621)</b>	<b>828,074,058,827</b>	<b>(5,643,052,404)</b>

During the period, the Company reverse provision for devaluation of inventories with the amount of VND 233,714,783 (prior period: VND 625,221,464).

As at 30 June 2019, as presented in Note 18, the Company used rotating goods with the minimum value of VND 390 billion as collaterals for the loans obtained from commercial banks (as at 31 December 2018: VND 390 billion).

9. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
<b>a. Current</b>		
- Tools and dies issued for consumption	15,565,405,624	10,759,089,201
- Assets insurance purchase expenses	516,534,784	1,321,992,660
- Others	12,728,299,247	10,465,051,767
	<b>28,810,239,655</b>	<b>22,546,133,628</b>
<b>b. Non-current</b>		
- Tools and dies issued for consumption	29,915,384,821	36,524,716,702
- Cost of acquiring land use rights and assets on land	19,487,310,059	19,699,128,647
- Cost for repairs of fixed assets	6,957,856,418	6,785,509,818
- Goodwill	654,612,444	3,420,102,120
- Others	30,550,817,988	24,513,488,994
	<b>87,565,981,730</b>	<b>90,942,946,281</b>

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**10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS**

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Others VND	Total VND
<b>COST</b>						
Opening balance	687,089,560,356	834,478,186,818	4,505,966,051	9,496,172,515	1,850,174,728	1,537,420,060,468
Additions	896,102,845	21,759,936,334	-	-	-	22,656,039,179
Transfer from construction in progress	20,289,534,246	27,862,621,893	-	-	-	48,152,156,139
Other increases	-	551,101,958	-	-	-	551,101,958
Disposals	-	(75,635,389)	-	-	-	(75,635,389)
Closing balance	708,275,197,447	884,576,211,614	4,505,966,051	9,496,172,515	1,850,174,728	1,608,703,722,355
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	174,739,834,187	395,978,149,279	3,693,303,231	4,271,488,037	974,768,533	579,657,543,267
Charge for the period	15,969,522,090	42,783,623,425	479,365,110	166,291,074	122,618,184	59,521,419,883
Other increases	-	551,101,958	-	-	-	551,101,958
Disposals	-	(70,733,425)	-	-	-	(70,733,425)
Others	-	-	-	-	-	-
Closing balance	190,709,356,277	439,242,141,237	4,172,668,341	4,437,779,111	1,097,386,717	639,659,331,683
<b>NET BOOK VALUE</b>						
Opening balance	<u>512,349,726,169</u>	<u>438,500,037,539</u>	<u>812,662,820</u>	<u>5,224,684,478</u>	<u>875,406,195</u>	<u>957,762,517,201</u>
Closing balance	<u>517,565,841,170</u>	<u>445,334,070,377</u>	<u>333,297,710</u>	<u>5,058,393,404</u>	<u>752,788,011</u>	<u>969,044,390,672</u>

As presented in Notes 18 and 19, the Company has mortgaged its machinery, equipment, motor vehicles, buildings and structures to secure its loans obtained from commercial banks and financial institutions.

As at 30 June 2019, the cost of the Company's tangible fixed assets includes VND 194,305,217,905 (as at 31 December 2018: VND 190,269,310,322) of tangible fixed assets which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
<b>COST</b>			
Opening balance	14,640,818,790	20,724,387,484	35,365,206,274
Additions	<u>2,143,431,587</u>	<u>721,500,551</u>	<u>2,864,932,138</u>
Closing balance	<u>16,784,250,377</u>	<u>21,445,888,035</u>	<u>38,230,138,412</u>
<b>ACCUMULATED AMORTIZATION</b>			
Opening balance	1,247,276,901	12,699,957,273	13,947,234,174
Charge for the period	<u>216,139,495</u>	<u>1,141,206,487</u>	<u>1,357,345,982</u>
Closing balance	<u>1,463,416,396</u>	<u>13,841,163,760</u>	<u>15,304,580,156</u>
<b>NET BOOK VALUE</b>			
<b>Opening balance</b>	<u><b>13,393,541,889</b></u>	<u><b>8,024,430,211</b></u>	<u><b>21,417,972,100</b></u>
<b>Closing balance</b>	<u><b>15,320,833,981</b></u>	<u><b>7,604,724,275</b></u>	<u><b>22,925,558,256</b></u>

The Company has used the land use rights to secure for the loans obtained from banks as presented in Note 19.

12. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
<b>Long-term construction in progress</b>		
- Acquisition	6,959,700,107	6,959,700,107
- Construction	164,827,460,947	124,935,436,767
<b>In which:</b>		
- TNG Village Project	43,764,769,564	34,408,824,327
- TNG Phu Luong Factory	43,209,978,800	43,185,505,800
- Song Cong Auxiliary Home	20,788,119,736	384,218,554
- Phu Binh Project	20,141,747,060	19,817,371,129
- TNG Dong Hy Factory	18,925,302,280	6,529,418,491
- TNG Song Cong Factory	10,292,379,467	7,925,589,148
- Viet Thai Factory Project	7,057,512,479	9,379,286,230
- TNG Dai Tu Factory	1,957,648,181	350,000,000
- Minh Cau Trading Center	1,147,308,921	1,147,308,921
- Investments in machinery and equipment	921,788,819	6,959,700,107
- TNG Fashion Center Project	206,625,455	206,625,455
- Others	<u>3,373,980,292</u>	<u>1,601,288,712</u>
	<u><b>171,787,161,054</b></u>	<u><b>131,895,136,874</b></u>

As presented in Notes 19, the Company has mortgaged its assets formed from the loans for Projects to secure its loans obtained from commercial banks and financial institutions.

13. INVESTMENTS IN ASSOCIATES

	Opening balance		Closing balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Bac Thai Electric Construction Joint Stock Company (ii)	771,150,000	(771,150,000)	771,150,000	(771,150,000)
TNG Yen Binh Golf Company Limited (i)	-	-	-	-
	<b>771,150,000</b>	<b>(771,150,000)</b>	<b>771,150,000</b>	<b>(771,150,000)</b>

(i) Details of the Company's capital commitments to associates as at 30 June 2019 are as follows:

Name of associates	Charter capital under business registration certificate	Proportion of ownership interest under business registration certificate (%)	Capital contribution as at 30 June 2019 (VND)	Remaining capital commitment (VND)
TNG Yen Binh Golf Company Limited	300,000,000,000	49	-	147,000,000,000

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

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

14. SHORT-TERM TRADE PAYABLES

	Amount	Closing balance		Opening balance	
		Amount able to be paid off	Amount	Amount able to be paid off	
		VND		VND	
YKK Vietnam Company Limited	41,640,853,529	41,640,853,529	27,355,908,436	27,355,908,436	
Coats Phong Phu Company Limited	13,683,367,475	13,683,367,475	5,956,067,038	5,956,067,038	
VietHan TLP Production and Trading Joint Stock Company	13,111,054,834	13,111,054,834	3,702,091,690	3,702,091,690	
Others	238,617,825,903	238,617,825,903	182,452,114,878	182,452,114,878	
	<b>307,053,101,741</b>	<b>307,053,101,741</b>	<b>219,466,182,042</b>	<b>219,466,182,042</b>	

15. 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	14,956,549,178	27,149,429,869	20,756,549,178	21,349,429,869
Personal income tax	1,343,209,746	6,091,486,444	6,164,761,723	1,269,934,467
Others	151,089,111	8,572,622,833	7,306,439,089	1,417,272,855
	<b>16,450,848,035</b>	<b>41,813,539,146</b>	<b>34,227,749,990</b>	<b>24,036,637,191</b>

16. SHORT-TERM ACCRUED EXPENSE

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Outsourced processing expense	2,652,524,640	-
Transportation expense	2,462,277,966	831,218,458
Accruals for interest expenses	1,844,064,251	1,550,498,968
Accruals for salary and leave	-	20,443,403,057
Other accruals	5,982,695,171	2,393,088,596
	<u><b>12,941,562,028</b></u>	<u><b>25,218,209,079</b></u>

17. OTHER CURRENT PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investment received for TNG Village Project	13,742,923,111	13,655,748,111
Union fee	2,707,666,066	-
Others	8,685,793,462	5,737,853,839
	<u><b>25,136,382,639</b></u>	<u><b>19,393,601,950</b></u>

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18. SHORT-TERM LOANS

	Opening balance		In the period		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
		VND		VND		VND
Short-term loans	885,923,478,927	885,923,478,927	2,055,961,805,316	1,544,451,315,093	1,397,433,969,150	1,397,433,969,150
Current portion of long-term loans	144,942,210,285	144,942,210,285	86,836,367,914	75,171,130,989	156,607,447,210	156,607,447,210
	<b>1,030,865,689,212</b>	<b>1,030,865,689,212</b>	<b>2,142,798,173,230</b>	<b>1,619,622,446,082</b>	<b>1,554,041,416,360</b>	<b>1,554,041,416,360</b>

Details of short-term loans are as follows:

**Short-term loans**

	Closing balance	Opening balance
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	1,397,433,969,150	885,923,478,927
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	735,190,890,085	538,069,479,257
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iii)	486,013,536,203	329,920,509,390
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	94,433,602,846	17,383,440,280
Others (v)	81,248,890,016	-
	547,050,000	550,050,000

**Current portion of long-term loans**

	Closing balance	Opening balance
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	156,607,447,210	144,942,210,285
Military Commercial Joint Stock Bank - Thai Nguyen Branch	100,891,702,075	87,350,712,000
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	33,248,123,225	36,185,231,810
	22,467,621,910	21,406,266,475
	<b>1,554,041,416,360</b>	<b>1,030,865,689,212</b>

(i) Loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 02 October 2018 with the credit limit of VND 900 billion (including loans in VND and foreign currencies equivalent, the balance of L/C less mortgage and guarantee balances), interest rates are determined in respect of each disbursement. The loans are secured by the Company's collaterals and pledged assets of the Company.

(ii) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 04 September 2018 with the credit limit of VND 500 billion (including loans in VND and USD). The loan bears interest of 6.7% per annum as at contract signing date for loans in VND and 4.1% per annum for loans in USD and to be determined in respect of each disbursement after contract signing date. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the Company's land; 04 automatic embroidery machines; buildings and structures attached to the land in Zone B - Song Cong Industrial Zone, moving inventories and receivables arising from the economic contract of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.



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(iii) Short-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 09 April 2019 with the credit limit of VND 100 billion. Interest rates are determined by notice from the lender for each disbursement. The loans are secured by the machinery and equipment from the Project for additional investment in machinery and equipment for TNG Phu Binh Factory and TNG Song Cong Factory, machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTCTN dated 18 June 2018, assets formed from the loans and equity capital from the Project for machinery and equipment investment in 2019 under Collateral Contract No. 86/19/HDTCTN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTCTN dated 09 April 2019.

(iv) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 29 September 2017 with the credit limit of VND 200 billion. Applicable interest rate is specified for each disbursement.

(v) Other short-term loans from the Company's employees with repayment periods not exceeding 12 months.

**19. LONG-TERM LOANS**

	Opening balance		In the period		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
		VND		VND		VND
Long-term loans	373,583,328,585	373,583,328,585	113,488,389,856	162,059,320,120	325,012,398,321	325,012,398,321
	<b>373,583,328,585</b>	<b>373,583,328,585</b>	<b>113,488,389,856</b>	<b>162,059,320,120</b>	<b>325,012,398,321</b>	<b>325,012,398,321</b>

**In which:**

- Amount due for settlement within 12 months
- Amount due for settlement after 12 months

156,607,447,210

168,404,951,111

Details of long-term loans are as follows:

	Closing balance	Opening balance
	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (i)	137,390,208,836	183,853,393,859
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (ii)	98,067,790,047	104,980,862,635
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	67,078,575,936	84,749,072,091
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iv)	22,475,823,502	-
	<b>325,012,398,321</b>	<b>373,583,328,585</b>

**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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- (i) Long-term loans from Commercial Joint Stock Vietnam Bank for Industry and Trade - Thai Nguyen Branch include:
- Loans under valid credit contracts with total credit limit of VND 223 billion for payment of machines and equipment imported for cotton production lines of garment factories located in Zone B, Song Cong Industrial Zone, investment in the Project for production and capacity improvement of TNG Dai Tu Factory, and for investment in the Company's project on equipment system upgrade and construction. The current interest rate is 10.5% to 11.5% per annum for loans in VND and 4.5% to 7.5% per annum for loans in USD (floating rate adjusted on a monthly basis). Loans are secured by the cotton production line installed at Cotton Branch located in Zone B, Song Cong Industrial Zone and assets formed from therefrom.
  - Loans under Credit contract No. 300065363/2017-HDCVNT/NHCT220-TNG dated 27 July 2017 with the total credit limit of VND 33 billion, used to cover the financing costs of the Machinery Investment Project Phase II of 2017. The loan term is 60 months from the next day after the day on which the lender grants the first disbursement. The current interest rate is 9.5% per annum for loans in VND and 6.5% per annum for loans in USD. The loans are secured by assets formed therefrom.
- (ii) Long-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include:
- Loans under Credit Contract No. 02/2015/469075/HDTD dated 04 December 2015 and amended documents, with total credit limit of VND 112.75 billion for construction of the Company's TNG Fashion Center. The loan term is 84 months from the next day after the day on which the Bank disburses the first loan to the Company. The loans in VND bear interest rates of 11% per annum and of 6.8% per annum for the loans in USD (floating interest rate adjusted on a semi-annual basis). The Company has pledged its machinery, equipment, motor vehicles, buildings and structures, and assets formed from the project to secure the loans.
  - Loans under the Credit Contract No. 01/2017/469075/HDTD dated 03 April 2017 with the total credit limit of VND 32,681,000,000 for investment in Cotton Factory Project of the Company. The loan term is 84 months from the next day after the day on which the Bank disburses the first loan to the Company. The floating interest rate is adjusted every 6 months with current interest rates for loans in VND of 11.5% per annum and for loans in USD of 6.8% per annum. The loan is secured by all assets formed from the investment in the Cotton Factory Project of the Company and all guarantee measures signed between the Company and the Bank, including this credit contract.
  - Loans under credit contract No. 02/2018/46975/HDTD dated 10 September 2018 with the total credit limit of USD 1,327,591 and VND 3,92 billion used to conduct Machinery and equipment investment Project in the last 6 months of 2018 of the Company. The loan term is 60 months from the next day after the day on which the Bank disburses the first loan to the Company. The loans in VND bear interest rates of 11.5% per annum and of 7.2% per annum for loans in USD. The loans are secured by all assets formed from the Company's Machinery and equipment investment Project in the last 6 months of 2018.
  - Loans under credit contract No. 02/2019/469075/HDTD dated 10 June 2019 with the total credit limit of VND 187,667,000,000 for investment in TNG Dong Hy Garment Factory. The loan term is 84 months from the next day after the day on which the Bank disburses the first loan to the Company. The loans in VND bear interest rates of 11.5% per annum and of 7.0% per annum for loans in USD. The loans are secured by all assets formed from Dong Hy Garment Factory Project of the Company.
- (iii) Loans from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under valid credit contracts with the total credit limit of USD 3,324,900 and VND 19,612,742,199. The loans are used to make L/C payment under the contract to import garment machinery, equipment and payment for purchases of local goods. The floating interest rate, date of interest rate adjustment, and period of interest calculation are determined in each debenture. These loans are secured by all assets formed from the loans including garment machinery and equipment specified by each purchasing contract.

**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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(iv) Medium and long-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract No. 94/19/HDTC/TN dated 09 April 2019 with the total credit limit of VND 130 billion for investment in fixed assets. The loan term is 48 months from the first disbursement. Interest rates are determined by notice from the lender for each disbursement. The loans are secured by the machinery and equipment from the Project for additional investment in machinery and equipment for TNG Phu Binh Factory and TNG Song Cong Factory, and the Project for machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTC/TN dated 18 June 2018, assets formed from the loans and equity capital from the Project for machinery and equipment investment in 2019 under Collateral Contract No. 86/19/HDTC/TN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTC/TN dated 09 April 2019.

**Long-term loans are repayable as follows:**

	Closing balance	Opening balance
	VND	VND
On demand or within one year	156,607,447,210	144,942,210,285
In the second year	58,692,340,337	117,058,559,462
In the third to fifth year inclusive	109,712,610,774	111,582,558,838
	<b>325,012,398,321</b>	<b>373,583,328,585</b>
Less: Amount due for settlement within 12 months (shown under short-term loans)	156,607,447,210	144,942,210,285
<b>Amount due for settlement after 12 months</b>	<b>168,404,951,111</b>	<b>228,641,118,300</b>

**20. CONVERTIBLE BONDS**

	Closing balance		Opening balance	
	Amount	Interest rate	Amount	Interest rate
	VND	%/Year	VND	%/Year
Convertible bonds	200,000,000,000	4.80	200,000,000,000	4.80
	<b>200,000,000,000</b>		<b>200,000,000,000</b>	
				3

The convertible bonds were issued on 12 December 2018 with the total number of 200 and nominal value of VND 1 billion each. The bonds have a term of 3 years with interest rate of 4.8% per annum at the issuance date which can be adjusted based on the exchange rate of each period, interest payment period of every 3 months and principal is repaid at the maturity date.

From one year after the issuance date to 2 months before the maturity date, Bond holders have the rights to convert the entire or part of the issued bonds into the Company's shares with conversion price of the convertible bonds at the issuance date of VND 13,800 per share, which can be adjusted under contract scheme. The shares issued for conversion are the Company's common share and will be additionally listed after conversion. Bond holders have the rights to request the Company to early redeem part or the entire issued bonds and the largest shareholder of the Company has the right to re-purchase 10% of bonds under the contract term.

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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21. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capital	Share premium	Other owner's capital	Investment and development fund	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
<i>For the 6-month period ended 30 June 2018</i>							
Opening balance	411,172,910,000	30,575,475,123	55,419,591	50,955,069,016	21,486,544,468	115,021,928,873	629,267,347,071
Profit for the period	-	-	-	-	-	67,117,732,359	67,117,732,359
Fund distributed	-	-	-	5,870,592,868	11,501,510,287	(28,873,613,442)	(11,501,510,287)
from 2017 profit	-	-	-	-	-	-	(15,000,000)
Share dividend of 2017 declared	-	(15,000,000)	-	-	-	-	(15,000,000)
Remuneration of the Board of Directors and Supervisory Board	-	-	-	-	-	(3,906,907,430)	(3,906,907,430)
<b>Closing balance</b>	<b>411,172,910,000</b>	<b>30,560,475,123</b>	<b>55,419,591</b>	<b>56,825,661,884</b>	<b>32,988,054,755</b>	<b>149,359,140,360</b>	<b>680,961,661,713</b>
<i>For the 6-month period ended 30 June 2019</i>							
Opening balance	493,401,800,000	30,520,475,123	55,419,591	56,825,661,884	32,988,054,755	180,272,988,142	794,064,399,495
Profit for the period	-	-	-	-	-	93,050,720,000	93,050,720,000
Fund distributed	-	-	-	50,508,323,971	9,013,023,507	(68,534,370,985)	(9,013,023,507)
from 2018 profit (i)	-	-	-	-	-	-	-
EOSP share issuance in 2018 (ii)	24,670,090,000	-	-	-	-	-	24,670,090,000
Share dividend of 2018 declared (ii)	103,608,090,000	-	-	-	-	(103,608,090,000)	-
Remuneration of the Board of Directors and Supervisory Board (i)	-	-	-	-	-	(8,111,721,156)	(8,111,721,156)
<b>Closing balance</b>	<b>621,679,980,000</b>	<b>30,520,475,123</b>	<b>55,419,591</b>	<b>107,333,985,855</b>	<b>42,001,078,262</b>	<b>93,069,526,001</b>	<b>894,660,464,832</b>

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- (i) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the Company made profit distribution to investment and development fund, reserves for working capital, bonus and welfare funds and remuneration for the Board of Directors and Supervisory Board with the amounts of VND 50,508,323,971, VND 9,013,023,507, VND 9,013,023,507 and VND 8,111,621,156 respectively.
- (ii) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the Company made share dividend payment of 2018 to current shareholders at the ratio of 10:2 with additional issuance of 10,360,809 shares and issued shares under 2018 Employee Stock Ownership Program (ESOP) with total shares issued are 2,467,090 shares. On 04 July 2019, the Company revised its Business Registration Certificate with the charter capital of VND 621,679,980,000.

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares issued to the public	62,167,998	49,340,180
<i>Ordinary shares</i>	62,167,998	49,340,180
Number of outstanding shares in circulation (*)	62,167,998	49,340,180
<i>Ordinary shares</i>	62,167,998	49,340,180

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

(\*) Including 4,693,909 common shares subject to transfer restriction as at 30 June 2019.

**22. OFF BALANCE SHEET ITEMS**

**Foreign currencies:**

	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar (USD)	1,185,021	400,911

**23. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Geographical segments**

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

**Business segments**

During the period, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, the Company does not present reports by business segments. Revenue and cost of sales have been detailed by revenue, cost of goods sold and services rendered in Note 24 and Note 25.

24. REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Sales of goods	1,277,867,429,649	771,812,767,485
Sales of processing services	672,321,865,362	649,731,028,565
Sales of fashion products	91,177,845,943	65,024,884,908
	<u><b>2,041,367,140,954</b></u>	<u><b>1,486,568,680,958</b></u>

25. COST OF SALES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Cost of goods sold	1,068,742,706,182	642,393,326,934
Cost of processing services	579,934,503,258	540,782,550,686
Cost of fashion products	45,588,922,972	54,121,354,180
	<u><b>1,694,266,132,411</b></u>	<u><b>1,237,297,231,800</b></u>

26. PRODUCTION COST BY NATURE

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Raw materials and consumables	709,718,047,333	641,449,764,092
Labour	1,066,586,250,755	562,576,019,943
Depreciation and amortisation	60,861,192,879	55,045,193,064
Out-sourced services	102,123,671,314	75,979,022,047
Other monetary expenses	117,273,529,102	86,786,901,689
	<u><b>2,056,562,691,383</b></u>	<u><b>1,421,836,900,835</b></u>

27. FINANCIAL INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Bank and loan interest	12,322,172	5,669,552
Foreign exchange gain	5,877,857,507	8,901,692,589
	<u><b>5,890,179,679</b></u>	<u><b>8,907,362,141</b></u>

28. FINANCIAL EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Interest expense	47,917,577,331	42,010,736,246
Foreign exchange loss	9,454,592,720	16,277,883,143
Other financial expenses	8,289,373,837	2,571,792,204
	<u><b>65,661,543,888</b></u>	<u><b>60,860,411,593</b></u>

29. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
<b>General and administration expenses arising in the period</b>		
Management labour cost	60,844,330,721	40,898,824,765
Raw materials and consumables	2,316,839,109	2,355,897,315
Depreciation and amortisation	3,746,514,471	3,668,974,981
Out-sourced expense	4,847,886,421	4,554,262,612
Other monetary expenses	36,091,984,894	20,704,165,645
	<b><u>107,847,555,616</u></b>	<b><u>72,182,125,318</u></b>
<b>Selling expenses arising in the period</b>		
Labour	10,315,146,702	7,546,193,903
Raw materials and consumables	6,048,648,031	5,345,712,000
Transportation	4,522,947,143	4,522,947,143
Ex-import expense	6,527,523,383	6,527,523,383
Other selling expenses	30,212,535,325	20,055,044,396
	<b><u>57,626,800,584</u></b>	<b><u>43,997,420,825</u></b>

30. CURRENT CORPORATE INCOME TAX EXPENSE

	<u>Current period</u> VND	<u>Prior period</u> VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current period	21,286,543,040	11,850,988,696
Adjustments for corporate income tax expense in previous periods to the current period (i)	5,862,886,829	-
<b>Total current corporate income tax expense</b>	<b><u>27,149,429,869</u></b>	<b><u>11,850,988,696</u></b>

(i) In the period, the Company recorded and declared additional corporate income tax expense arising from 2016 to 2018 of TNG Dai Tu branch.

Current corporate income tax expense in the period was computed as follows:

	<u>Current period</u> VND	<u>Prior period</u> VND
<b>Profit before tax</b>	<b>120,200,149,869</b>	<b>78,968,721,055</b>
<b>Adjustments for taxable profit</b>	<b>545,895,301</b>	<b>426,640,237</b>
<u>Add back</u> : Non-deductible expenses	545,895,301	426,640,237
<b>Taxable profit</b>	<b>120,746,045,170</b>	<b>79,395,361,292</b>
Tax rate	0%, 15% and 20%	0%, 15% and 20%
<b>Current corporate income tax</b>	<b><u>21,286,543,040</u></b>	<b><u>11,850,988,696</u></b>

31. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share as at 30 June 2019 is based on profit attributable to ordinary shareholders and weighted average number of ordinary shares in circulation in the period, as follows:

	<u>Current period</u>	<u>Prior period</u>
	VND	(Restated) (ii) VND
<b>Accounting profit after corporate income tax</b>	<b>93,050,720,000</b>	<b>67,117,732,359</b>
Appropriation to bonus and welfare funds (i)	-	(8,562,372,332)
<b>Profit or loss attributable to ordinary shareholders</b>	<b>93,050,720,000</b>	<b>58,555,360,027</b>
Average ordinary shares in circulation for the period	61,295,685	44,625,787
<b>Basic earnings per share</b>	<b><u>1,518</u></b>	<b><u>1,312</u></b>

(i) As at 30 June 2019, the Company had not estimated reliably the amount of profit appropriation to bonus and welfare funds. If the Company recorded the appropriate amount of bonus and welfare funds, and Remuneration of the Board of Directors and Supervisory Board profits to calculate the basic earnings per share would be reduced, respectively.

(ii) The earnings per share ratio of 2018 was restated mainly due to the effects from profits distributed to bonus and welfare funds, remuneration for Board of Directors and Supervisory Board in compliance with Circular No. 200/2014/TT-BTC issued on 22 December 2014 by Ministry of Finance, and from the payment of 2018 dividends by share issuance in 2019, as follows:

	<u>Reported amount</u>	<u>Adjustment from</u>	<u>Restated amount</u>
	VND	reported amount	VND
<b>Net profit after corporate income tax</b>	<b>67,117,732,359</b>	-	<b>67,117,732,359</b>
Appropriation to bonus and welfare funds, remuneration of the Board of Directors and Supervisory Board,	-	(8,562,372,332)	(8,562,372,332)
<b>Profit attributable to ordinary shareholders</b>	<b>67,117,732,359</b>	<b>(8,562,372,332)</b>	<b>58,555,360,027</b>
Average ordinary shares in circulation for the period	34,264,978	10,360,809	44,625,787
<b>Basic earning per share</b>	<b><u>1,959</u></b>		<b><u>1,312</u></b>



**Diluted earnings per share**

The calculation of the diluted earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Profit for the period attributable to ordinary shareholders of the Company	93,050,720,000	58,555,360,027
Effect of dilutive potential ordinary shares (Convertible bonds)	4,089,141,678	-
<b>Earnings for the purposes of calculating diluted earnings per share</b>	<b>97,139,861,678</b>	<b>58,555,360,027</b>
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	61,295,685	44,625,787
Effect of dilutive potential ordinary shares (Convertible bonds)	14,492,753	-
<b>Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share</b>	<b>75,788,438</b>	<b>44,625,787</b>
<b>Diluted earning per share</b>	<b>1,282</b>	<b>1,312</b>

**32. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Remuneration of the Board of Executive Officers and Board of Directors	7,393,982,726	3,993,990,785
	<b>7,393,982,726</b>	<b>3,993,990,785</b>

**33. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**Supplemental non-cash disclosures**

Cash outflows for purchases of fixed assets and construction in progress during the period exclude an amount of VND 48,981,603,753 (the 6-month period ended 30 June 2018 was VND 41,900,219,865), representing an addition in fixed assets and construction in progress during the period that has not yet been paid. Therefore, changes in accounts payable have been adjusted by the same amount.

  
 Tran Thi Hiep  
 Preparer

  
 Tran Thi Thu Ha  
 Chief Accountant

  
 Luong Thi Thuy Ha  
 Deputy Chief Executive Officer

13 August 2019