

Everpia Joint Stock Company

Separate financial statements

For the year ended 31 December 2018



Everpia Joint Stock Company

CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of management	3
Independent auditors' report	4 - 5
Separate balance sheet	6 - 8
Separate income statement	9
Separate cash flow statement	10 - 11
Notes to the separate financial statements	12 - 45

Everpia Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Everpia Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent Amended Investment Certificates, with the latest, being the 19th Amended Investment Certificate, granted on 7 November 2018.

The shares of the Company have been officially listed on the Ho Chi Minh City Stock Exchange from 17 December 2010 under Decision No. 247/2010/QĐ-SGDHCM by the Director of the Ho Chi Minh City Stock Exchange dated 30 November 2010.

The principal activities of the Company following the Investment Certificate are to produce, import, distribute (wholesale or retail), consultancy, technology transfer and export non-knitting cloth, filter cloth, wool, blanket, mattresses, bedding, padding, pillow, knapsacks, valise, bags, underclothes and other garment products; import, distribute (wholesale or retail) and export furniture goods, kitchen and office facilities; and trading of real estate under the form of house and infrastructure leasing.

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and seven branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai, Binh Duong, Da Nang and Khanh Hoa.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr Lee Jae Eun	Chairman	
Mr Cho Yong Hwan	Member	
Ms Le Thi Thu Hien	Member	
Mr Yu Sung Dae	Member	
Mr Park Sung Jin	Member	
Mr Le Kha Tuyen	Member	appointed on 20 April 2018
Ms Nguyen Le Hoang Yen	Member	appointed on 20 August 2018
Mr Nguyen Khac Hung	Member	resigned on 16 April 2018

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr Truong Tuan Nghia	Head of Board of Supervision	
Mr Ko Tae Yeon	Member	appointed on 20 April 2018
Mr Nguyen Dac Huong	Member	appointed on 20 August 2018
Mr Kim Kyoung Rok	Member	resigned on 17 April 2018
Mr Choi Hyung Joon	Member	resigned on 20 August 2018

Everpia Joint Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the management during the year and at the date of this report are:

Mr Lee Jae Eun	General Director
Mr Cho Yong Hwan	Deputy General Director
Mr Yu Sung Dae	Deputy General Director
Mr Lim Jin Taek	Ho Chi Minh City Branch Director
Mr Park Sung Jin	Dong Nai Branch Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Lee Jae Eun, Chairman of the Board of Directors cum General Director of the Company.

AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited.

Everpia Joint Stock Company

REPORT OF MANAGEMENT

Management of Everpia Joint Stock Company ("the Company") is pleased to present this report and the separate financial statements of the Company for the year ended 31 December 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of its separate results of operations and its separate cash flows for the year. In preparing these separate financial statements, management 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 standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2018 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

The separate financial statements should be read in conjunction with the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 to obtain full information on the consolidated financial position of the Company and its subsidiary as at 31 December 2018, the consolidated results of operations and consolidated cash flows for the year then ended.

For and on behalf of management:



Lee Jae Eun
General Director

Hanoi, Vietnam

29 March 2019

Reference: 61110609/20160065-311218

INDEPENDENT AUDITORS' REPORT

To: The shareholders of Everpia Joint Stock Company

We have audited the accompanying separate financial statements of Everpia Joint Stock Company ("the Company") as prepared on 29 March 2019 and set out on pages 6 to 45, which comprise the separate balance sheet as at 31 December 2018, and the separate income statement and separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2018, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of separate financial statements.



Emphasis of matter

We draw attention to Note 2.1 to the separate financial statements. The Company has prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements. We have audited those consolidated financial statements and our auditors' report dated 30 March 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited



Nguyen Thai Thanh
Deputy General Director
Audit Practising Registration
Certificate No. 0402-2018-004-1



Nguyen Manh Hung
Auditor
Audit Practising Registration
Certificate No. 2401-2018-004-1

Hanoi, Vietnam

30 March 2019

SEPARATE BALANCE SHEET
as at 31 December 2018

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,170,402,259,798	962,881,893,680
110	I. Cash and cash equivalents	4	56,240,642,185	126,055,923,872
111	1. Cash		38,840,642,185	35,075,093,872
112	2. Cash equivalents		17,400,000,000	90,980,830,000
120	II. Short-term investments		452,548,500,000	187,860,000,000
123	1. Held-to-maturity investments	5	452,548,500,000	187,860,000,000
130	III. Current accounts receivables		239,569,580,845	244,506,753,228
131	1. Short-term trade receivables	6.1	227,611,563,628	218,195,874,396
132	2. Short-term advances to suppliers	6.2	25,442,860,902	9,241,051,435
135	3. Short-term loan receivables	7	-	60,773,000,000
136	4. Other short-term receivables	8	21,983,210,878	9,554,592,897
137	5. Provision for doubtful short-term receivables	6.1, 6.2, 7, 8	(35,468,054,563)	(53,257,765,500)
140	IV. Inventories	10	403,861,648,525	395,864,891,161
141	1. Inventories		419,949,878,914	406,623,565,922
149	2. Provision for obsolete inventories		(16,088,230,389)	(10,758,674,761)
150	V. Other current assets		18,181,888,243	8,594,325,419
151	1. Short-term prepaid expenses	16	10,461,302,311	8,164,772,429
152	2. Value-added tax deductible		7,570,585,932	279,552,990
153	3. Tax and other receivables from the State		150,000,000	150,000,000

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		334,921,831,991	330,146,022,315
210	I. Long-term receivables	8	2,365,523,158	2,106,486,456
216	1. Other long-term receivables		3,690,411,833	3,431,375,131
219	2. Provision for doubtful long-term receivables		(1,324,888,675)	(1,324,888,675)
220	II. Fixed assets		273,125,440,183	274,771,355,590
221	1. Tangible fixed assets	11	265,794,612,166	266,371,606,845
222	Cost		571,332,073,478	530,905,577,919
223	Accumulated depreciation		(305,537,461,312)	(264,533,971,074)
224	2. Finance lease assets	12	-	71,919,283
225	Cost		-	113,556,756
226	Accumulated depreciation		-	(41,637,473)
227	3. Intangible fixed assets	13	7,330,828,017	8,327,829,462
228	Cost		40,548,062,876	39,451,177,876
229	Accumulated amortization		(33,217,234,859)	(31,123,348,414)
250	III. Long-term investments		25,348,200,000	25,348,200,000
251	1. Investments in subsidiary	14	22,710,000,000	22,710,000,000
252	2. Investments in associate	14	11,590,390,000	11,590,390,000
253	3. Investment in other entity	15	2,638,200,000	2,638,200,000
254	4. Provision for long-term investments	14	(11,590,390,000)	(11,590,390,000)
260	IV. Other long-term assets		34,082,668,650	27,919,980,269
261	1. Long-term prepaid expenses	16	17,003,502,987	14,476,024,569
262	2. Deferred tax assets	30.3	17,079,165,663	13,443,955,700
270	TOTAL ASSETS		1,505,324,091,789	1,293,027,915,995

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		583,621,423,780	367,895,608,558
310	I. Current liabilities		219,741,793,817	173,262,860,433
311	1. Short-term trade payables	17.1	79,741,683,361	58,527,572,865
312	2. Short-term advances from customers	17.2	21,403,410,987	8,994,409,919
313	3. Statutory obligations	18	23,015,809,543	18,235,508,528
314	4. Payables to employees		17,007,943,807	13,915,634,048
315	5. Short-term accrued expenses	19	3,312,520,102	12,809,520,898
319	6. Other short-term payables	20	6,158,581,355	5,575,156,215
320	7. Short-term borrowings and finance lease obligations	21.1	69,101,844,662	55,205,057,960
330	II. Non-current liabilities		363,879,629,963	194,632,748,125
337	1. Other long-term liabilities	20	15,588,964,872	14,593,920,027
338	2. Long-term borrowings and finance lease obligations	21.1	113,516,165,091	179,951,919,582
339	3. Convertible bonds	21.2	234,774,500,000	-
343	4. Scientific and technological development fund	22	-	86,908,516
400	D. OWNERS' EQUITY	23	921,702,668,009	925,132,307,437
410	I. Capital		921,702,668,009	925,132,307,437
411	1. Share capital	23.3	419,797,730,000	419,797,730,000
411a	- Shares with voting rights		419,797,730,000	419,797,730,000
411b	- Preference share		-	-
412	2. Share premium	23.2	203,072,724,247	203,072,724,247
415	3. Treasury shares	23.2	(76,000,000,000)	(49,000,000,000)
420	4. Other funds belonging to owners' equity	23.5	734,156,888	13,373,212,886
421	5. Undistributed earnings		374,098,056,874	337,888,640,304
421a	- Undistributed earnings up to the end of prior year		295,537,175,749	292,369,758,040
421b	- Undistributed earnings of current year		78,560,881,125	45,518,882,264
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,505,324,091,789	1,293,027,915,995


Nguyen Bao Ngoc
Preparer


Yu Sung Dae
Deputy General Director
In charge of Finance


CÔNG TY
CỔ PHẦN
EVERPIA
HÀ NỘI
Lê Jae Eun
General Director

Hanoi, Vietnam

29 March 2019

SEPARATE INCOME STATEMENT
for the year ended 31 December 2018

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	25.1	1,181,625,140,719	997,654,216,003
02	2. Deductions	25.1	(2,201,416,707)	(3,465,659,352)
10	3. Net revenue from sale of goods and rendering of services	25.1	1,179,423,724,012	994,188,556,651
11	4. Cost of goods sold and services rendered	26	(821,437,710,706)	(668,930,322,598)
20	5. Gross profit from sale of goods and rendering of services		357,986,013,306	325,258,234,053
21	6. Finance income	25.2	28,825,475,608	12,652,637,853
22	7. Finance expenses	27	(25,796,464,430)	(23,324,676,543)
23	- In which: Interest expenses		(16,466,684,069)	(7,920,513,791)
25	8. Selling expenses	28	(159,880,317,003)	(122,962,817,158)
26	9. General and administrative expenses	28	(104,307,993,823)	(133,752,371,453)
30	10. Operating profit		96,826,713,658	57,871,006,752
31	11. Other income		1,326,775,440	549,676,287
32	12. Other expenses		(95,847,918)	(570,674,656)
40	13. Other profit/(loss)		1,230,927,522	(20,998,369)
50	14. Accounting profit before tax		98,057,641,180	57,850,008,383
51	15. Current corporate income tax expenses	30.1	(23,131,970,018)	(21,656,292,114)
52	16. Deferred tax income	30.3	3,635,209,963	9,325,165,995
60	17. Net profit after tax		78,560,881,125	45,518,882,264



 Nguyen Bao Ngoc
 Preparer



 Yu Sung Dae
 Deputy General Director
 In charge of Finance



 Lee Jae Eun
 General Director

Hanoi, Vietnam

29 March 2019

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2018

Currency: VND


Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		98,057,641,180	57,850,008,383
	<i>Adjustments for:</i>			
02	Depreciation and amortization of fixed assets and finance leases assets		44,479,888,042	39,914,573,473
03	Provisions		19,147,213,846	52,088,605,228
04	Foreign exchange loss arisen from revaluation of monetary accounts denominated in foreign currency		539,077,308	246,407,100
05	Profits from investing activities		(21,077,913,094)	(8,327,392,437)
06	Interest expenses	27	16,466,684,069	7,920,513,791
08	Operating profit before changes in working capital		157,612,591,351	149,692,715,538
09	Increase in receivables		(52,554,738,614)	(24,990,008,149)
10	Decrease in inventories		6,260,669,221	874,968,898
11	Increase in payables		19,177,925,434	40,911,090,213
12	Increase in prepaid expenses		(1,533,801,366)	(4,317,435,935)
14	Interest paid		(14,753,572,027)	(4,245,161,265)
15	Corporate income tax paid	18	(20,571,815,592)	(29,882,615,153)
17	Other cash outflows from operating activities		(15,271,919,569)	(4,607,153,187)
20	Net cash flows from operating activities		78,365,338,838	123,436,400,960
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(23,344,107,853)	(30,402,275,479)
22	Proceeds from disposals of fixed assets and other long-term assets		743,122,598	176,854,545
23	Loans to other entities, short term investment		(648,229,326,666)	(187,860,000,000)
24	Collections from borrowers, short-term investments		383,540,826,666	73,140,000,000
25	Payments for investments in other entity		-	(22,710,000,000)
27	Interest and dividends received		21,003,052,638	3,115,785,452
30	Net cash flows used in investing activities		(266,286,432,617)	(164,539,635,482)

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2018

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
32	Capital redemption		(27,000,000,000)	(49,000,000,000)
33	Drawdown of borrowings		425,576,155,084	271,536,356,044
34	Repayment of borrowings		(245,831,656,490)	(92,138,933,362)
35	Repayment of principal of finance lease liabilities		(25,728,214)	(34,078,570)
36	Dividends paid to shareholders		(39,805,509,500)	(41,920,159,250)
40	Net cash flows from financing activities		112,913,260,880	88,443,184,862
50	Net (decrease)/increase in cash for the year		(75,007,832,899)	47,339,950,340
60	Cash and cash equivalents at the beginning of the year	4	126,055,923,872	78,546,140,339
61	Impact of exchange rate fluctuation		5,192,551,212	169,833,193
70	Cash and cash equivalents at the end of the year	4	56,240,642,185	126,055,923,872


Nguyen Bao Ngoc
Preparer


Yu Sung Dae
Deputy General Director
In charge of Finance


Lee Jae Eun
General Director



Hanoi, Vietnam

29 March 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2018 and for the year then ended

1. CORPORATE INFORMATION

Everpia Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent Amended Investment Certificates, with the latest, being the 19th Amended Investment Certificate, granted on 7 November 2018.

The shares of the Company have been officially listed on the Ho Chi Minh City Stock Exchange from 17 December 2010 under Decision No. 247/2010/QD-SGDHCM by the Director of the Ho Chi Minh City Stock Exchange dated 30 November 2010.

The principal activities of the Company following Investment Certificates are to produce, import, distribute (wholesale or retail) consultancy, technology transfer and export non-knitting cloth, filter cloth, wool, blanket, mattresses, bedding, padding, pillow, knapsacks, valise, bags, underclothes and other garment products; import, distribute (wholesale or retail) and export furniture goods, kitchen and office facilities; and trading of real estate under the form of house and infrastructure leasing.

The Company's normal course of business cycle is 12 months.

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and seven branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai, Binh Duong, Da Nang and Khanh Hoa.

The number of the Company's employees as at 31 December 2018 is 1,591 (31 December 2017: 1,295).

Company structure

Details of the subsidiary and the percentage of the Company's voting and interests in its subsidiary as at 31 December 2018 are as follows:

Everpia Korea Joint Stock Company

This subsidiary company is a joint stock company established under Investment Certificate No. 201600179 issued by the Ministry of Planning and Investment of Vietnam on 1 August 2016. Everpia Korea Joint Stock Company is located at 18 104 Gil Samsung-ro, Kangnam Gu, Seoul, Korea. The principal activities of Everpia Korea are trading of bed sheets, pillows, mattresses, consultancy, technology transfer and perform the right to import and export follow the Korean law.

As at 31 December 2018, the Company is registered to hold 100% shares and voting rights in this subsidiary. At the date of this report, the Company contributed USD 1,500,000 (VND 34,285,000,000), equivalent to 100% charter capital to this subsidiary.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

2. BASIS OF PREPARATION

2.1 *Purpose of preparing the separate financial statements*

Everpia Joint Stock Company has subsidiary as presented in Note 1 and Note 14.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2012/TT-BTC on disclosure of information on the securities market. The Company is also required under this Circular to prepare the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018. The Company had completed the consolidated financial statements on 29 March 2019.

Users of these separate financial statements should read them together with the said consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 in order to obtain full information on the consolidated financial position, the consolidated results of operations and the consolidated cash flows of the Company and its subsidiary.

2.2. *Accounting standards and system*

The separate financial statements of the Company, which are expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying separate financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.3 *Applied accounting documentation system*

The Company's applied accounting documentation system is computerised based.

2.4 *Fiscal year*

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

2.5 *Accounting currency*

The separate financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2017.

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of not more than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") represents the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Materials, merchandise	- cost of purchase on a weighted average cost basis.
Finished goods, work in progress	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold and services rendered account in the separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Receivables

Receivables are presented in the separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Site restoration costs are recognized as part of the cost of building, structures using discounted cash flow of the future cash flow to settle the site restoration obligation at the end of the factory area rental period.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

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

Assets held under finance leases are capitalised in the separate balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the separate income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the separate income statement on a straight-line basis over the term of the lease.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the separate income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

Trade mark, distribution channels

Trade mark and distribution channels are recognised as intangible fixed assets at purchase price as indicated in the purchase contract.

3.7 *Depreciation and amortization*

Depreciation of tangible fixed assets, finance lease and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings, structures	25 - 46 years
Machinery and equipment	6 - 15 years
Office equipment	6 - 8 years
Motor vehicles	9 - 10 years
Others tangible fixed assets	4 - 10 years
Trade mark	20 years
Distribution channels	15 years
Computer software	4 years
Other intangible fixed assets	4 years
Site restoration cost	5 years

3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortized over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Investments*

Investment in subsidiary

Investments in subsidiary over which the Company has control are carried at cost in separate balance sheet.

Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in associates

Investments in associates over which the Company has significant influence are carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in other entity

Investments in other entity are stated at their acquisition costs.

Provision for investments in other entity

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases in the provision balance are recorded as finance expense in the separate income statement.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expense in the separated income statement and deducted against the value of such investments.

3.11 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 *Scientific and technological development fund*

Scientific and technological development fund is appropriated for scientific and technological activities of the Company in accordance with Circular No. 15/2011/TT-BTC dated 09 February 2011 issued by the Ministry of Finance. The annually appropriated amount is approved by the Management based on the annual budget proposed for scientific and technological activities and will not exceed 10% of taxable income. The appropriated amount is charged to the separate income statement for the year.

The amount appropriated to scientific and technological development fund is eligible for corporate income tax deduction. For the subsequent 5 years from the year the fund is appropriated, if scientific and technological development fund is unused or used less than 70% or used for improper purposes, the Company will have to pay the corporate income tax on the balance of the fund which is unused, or used less than 70%, or used for improper purposes, as well as the interest arising from such tax amount.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Convertible bond*

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or other financial assets) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are amortised during the lifetime of the bond. At initial recognition, issuance costs are deducted from the liability component of the bond.

3.14 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been more than 12 months in service up to the end of the accounting period at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each accounting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the separate income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.15 *Provisions*

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for site restoration costs

The Company records a provision for site restoration costs in relation to the land on which the Company's buildings and structures are located. Site restoration costs are provided at the estimated costs to settle the obligation and are recognized as part of the cost of the buildings and structures, which will be amortized over the lease term of the land on which the buildings and structures are located. The estimated costs of site restoration liability are reviewed periodically and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the banks designated for capital contribution; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the separate balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the separate income statement.

3.17 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Company's own equity instruments.

3.18 *Appropriation of net profits*

Net profit after tax (excluding negative good will arising from bargain purchase) is available for appropriation to shareholders after approval in the annual shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and approved at the annual shareholders' meeting.

Other fund belonging to owners' equity

This fund is set aside for other purposes of the Company's operation following the resolution of the annual shareholders' meeting. According to resolution of shareholders' meeting, the Board of Directors and Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

3.19 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Revenue recognition (continued)

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognized when services are completed.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

3.20 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the separate balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiary and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.20 Taxation (continued)***Deferred tax (continued)*

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiary, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each separate balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are reassessed at each separate balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Company intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.21 Segment information

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

3.22 Related parties

Parties are considered to be related parties of the Company if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	1,647,250,291	125,729,566
Cash at banks	37,193,391,894	34,949,364,306
Cash equivalents (*)	17,400,000,000	90,980,830,000
	<u>56,240,642,185</u>	<u>126,055,923,872</u>

(*) Cash equivalents represent bank deposits with terms of 1 months, which earn interest rates 5% per annum (2017: bank deposits with terms from 1 to 3 months, which earn interest ranging from 4.2% to 6% per annum).

5. HELD-TO-MATURITY INVESTMENTS

	<i>Currency: VND</i>			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Term deposits	452,548,500,000	452,548,500,000	187,860,000,000	187,860,000,000
	<u>452,548,500,000</u>	<u>452,548,500,000</u>	<u>187,860,000,000</u>	<u>187,860,000,000</u>

Held-to-maturity investments represent deposits with terms from 6 months to 1 year, which earn the interest rates ranging from 6.2% to 7.2% per annum (2017: deposits with terms of 6 months to 1 year, which earn interest ranging from 5.3% to 6.5% per annum).

6. SHORT-TERM TRADE RECEIVABLES AND SHORT-TERM ADVANCE TO SUPPLIERS

6.1 Short-term trade receivables

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from customers	227,611,563,628	217,468,161,219
<i>Petit Elin Co., Ltd.</i>	17,167,570,420	1,533,757,440
<i>Everpia Cambodia Co., Ltd.</i>	10,077,275,617	15,426,086,160
<i>TCK Textiles Korea Inc</i>	9,554,393,020	-
<i>Imarket Vietnam Co., Ltd.</i>	-	12,280,000,000
<i>Aeon Vietnam Co., Ltd - Long Bien branch</i>	-	8,843,728,976
<i>Global Garment Sourcing Co., Ltd.</i>	1,077,839,640	6,563,563,820
<i>Welcron Global Vietnam JSC</i>	5,714,641,335	6,272,624,590
<i>AG - NGUYEN TRAI 404</i>	5,542,156,405	1,514,257,702
<i>Hoa Binh Co., Ltd.</i>	4,554,735,851	-
<i>The Garden Co., Ltd</i>	4,526,516,768	-
<i>GDB - Lan Phat Company</i>	3,947,203,796	1,883,957,795
<i>GDB-THANH HOA</i>	3,728,085,206	1,760,462,195
<i>Indochina Investment JSC</i>	-	3,873,319,811
<i>Other trade receivables</i>	161,721,145,570	157,516,402,730
Trade receivables from related parties (Note 31)	-	727,713,177
	<u>227,611,563,628</u>	<u>218,195,874,396</u>
Provision for doubtful debts	(22,763,610,516)	(21,949,361,190)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

6. SHORT-TERM TRADE RECEIVABLES AND SHORT-TERM ADVANCE TO SUPPLIERS
(continued)

6.2. Short-term advances to suppliers

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Shenzhen East Pacific International Freight Forwarders Co., Ltd.	-	1,830,925,551
Nguyen Hoai Thanh	4,000,000,000	-
ZIOVI design Co.	3,837,900,000	-
Tongxiang Huibo Import & Export Co., Ltd	2,576,974,638	-
Advance to other suppliers	15,027,986,264	7,410,125,884
	25,442,860,902	9,241,051,435
Provision for doubtful advances to suppliers	(696,080,000)	(696,080,000)

7. SHORT-TERM LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans to related parties (Note 31)	-	60,773,000,000
	-	60,773,000,000
Provision for doubtful short-term loan receivables	-	(25,365,588,640)

8. OTHER RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Shortage of assets awaiting resolution	10,958,487,655	-
Interest income from term deposits and loan	8,038,129,905	8,356,777,708
Advance to employees	1,287,327,303	924,516,884
Refundable import tax	408,563,638	61,166,173
Refundable Value Added Tax	1,168,513,803	-
Other short-term receivables	122,188,574	212,132,132
	21,983,210,878	9,554,592,897
Provision for doubtful other short-term receivables	(12,008,364,047)	(5,246,735,670)
<i>In which:</i>		
<i>Other short-term receivables from related parties (Note 31)</i>	-	5,246,735,670
<i>Other short-term receivables</i>	21,983,210,878	4,307,857,227
Long-term		
Rental of machinery	893,491,200	893,491,200
Fabric loan	252,051,882	252,051,882
Receivable from employees	98,599,640	98,599,640
Long-term deposit	2,365,523,158	2,106,486,456
Other long-term receivables	80,745,953	80,745,953
	3,690,411,833	3,431,375,131
Provision for doubtful other long-term receivables	(1,324,888,675)	(1,324,888,675)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

9. OVERDUE DEBTS

Currency: VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Recoverable amount</i>	<i>Cost</i>	<i>Recoverable amount</i>
Everpia Cambodia Co., Ltd	10,077,275,599	2,336,945,334	15,426,086,160	5,474,463,373
Texpia Joint Stock Company	-	-	66,019,735,670	35,407,411,360
Others	57,489,870,447	28,437,257,474	24,236,570,612	10,217,863,534
	67,567,146,046	30,774,202,808	105,682,392,442	51,099,738,267

10. INVENTORIES

Currency: VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Goods in transit	6,121,493,812	-	13,112,559,991	-
Materials	231,446,359,852	(9,252,711,215)	235,024,197,350	(6,431,220,743)
Finished goods	179,605,691,714	(6,835,519,174)	153,281,165,757	(3,042,652,257)
Merchandise	2,776,333,536	-	5,205,642,824	(1,284,801,761)
	419,949,878,914	(16,088,230,389)	406,623,565,922	(10,758,674,761)

Movements of provision for obsolete inventories:

Currency: VND

	<i>Current year</i>	<i>Previous year</i>
Beginning balance	10,758,674,761	4,233,125,999
Add: Provision made during the year	12,308,720,319	9,594,318,575
Less: Reversal of provision during the year	(6,979,164,691)	(3,068,769,813)
Ending balance	16,088,230,389	10,758,674,761

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

11. TANGIBLE FIXED ASSETS

Currency: VND

Cost:	Buildings and structures	Machinery and equipment	Office equipment	Motor Vehicle	Others	Total
Beginning balance	196,628,049,412	262,566,359,566	13,646,730,827	38,501,244,456	19,563,193,658	530,905,577,919
- Newly purchased	385,252,720	35,047,201,536	263,028,869	6,504,775,605	-	42,200,258,730
- Disposals	(186,752,720)	(1,105,158,418)	-	(481,852,033)	-	(1,773,763,171)
Ending balance	196,826,549,412	296,508,402,684	13,909,759,696	44,524,168,028	19,563,193,658	571,332,073,478
<i>In which:</i>						
Fully depreciated	20,371,429,571	83,557,500,731	7,561,915,994	4,896,226,535	4,230,505,520	120,617,578,351
Fixed assets used as loan and bond collateral (Note 21.1)	195,220,167,614	165,373,614,672	71,331,818	5,670,290,909	7,422,892,658	373,758,297,671
Accumulated depreciation:						
Beginning balance	57,815,709,698	165,195,055,043	11,714,288,710	17,125,199,945	12,683,717,678	264,533,971,074
- Decrease for the year	12,751,440,474	21,807,640,088	1,141,704,085	4,993,289,631	1,733,564,792	42,427,639,070
- Disposals	(5,187,576)	(937,109,223)	-	(481,852,033)	-	(1,424,148,832)
Ending balance	70,561,962,596	186,065,585,908	12,855,992,795	21,636,637,543	14,417,282,470	305,537,461,312
Net carrying amount:						
Beginning balance	138,812,339,714	97,371,304,523	1,932,442,117	21,376,044,511	6,879,475,980	266,371,606,845
Ending balance	126,264,586,816	110,442,816,776	1,053,766,901	22,887,530,485	5,145,911,188	265,794,612,166

NOTES TO SEPARATE THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

12. FINANCE LEASES ASSETS

	<i>Currency: VND</i>
	<i>Office equipment</i>
Cost:	
Beginning balance	113,556,756
Deduction	<u>(113,556,756)</u>
Ending balance	<u>-</u>
Accumulated depreciation:	
Beginning balance	41,637,473
Deduction for the year	<u>(41,637,473)</u>
Ending balance	<u>-</u>
Net carrying amount:	
Beginning balance	<u>71,919,283</u>
Ending balance	<u>-</u>

This is the photocopier leased from Chailease International Finance Lease Company Limited according to Contract No. B140301607, dated 24 March 2014 with a term of 48 months, which bear interest rate at 1.83% per month. As at 31 December 2018, this Finance Lease contract has expired, and the Company have purchased this asset.

NOTES TO SEPARATE THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

13. INTANGIBLE FIXED ASSETS

Currency: VND

	Trade mark	Distribution channels	Computer software	Others	Total
Cost:					
Beginning balance	23,494,500,000	7,831,500,000	7,438,284,189	686,893,687	39,451,177,876
Newly purchase	1,071,885,000	-	25,000,000	-	1,096,885,000
Ending balance	24,566,385,000	7,831,500,000	7,463,284,189	686,893,687	40,548,062,876
<i>In which:</i>					
<i>Fully amortized</i>	-	7,831,500,000	266,973,710	686,893,687	8,785,367,397
Accumulated amortization:					
Beginning balance	17,363,259,873	7,831,500,000	5,241,694,854	686,893,687	31,123,348,414
Amortization for the year	1,285,797,191	-	808,089,254	-	2,093,886,445
Ending balance	18,649,057,064	7,831,500,000	6,049,784,108	686,893,687	33,217,234,859
Net carrying amount:					
Beginning balance	6,131,240,127	-	2,196,589,335	-	8,327,829,462
Ending balance	5,917,327,936	-	1,413,500,081	-	7,330,828,017

NOTES TO SEPARATE THE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

14. LONG-TERM INVESTMENTS

Currency: VND

	Ending balance		Beginning balance		Fair value
	Cost	Provision	Cost	Provision	
Investment in subsidiary	22,710,000,000	-	22,710,000,000	-	
- Everpia Korea JSC	22,710,000,000	-	22,710,000,000	-	(*)
Investment in associate	11,590,390,000	(11,590,390,000)	11,590,390,000	(11,590,390,000)	(*)
	34,300,390,000	(11,590,390,000)	34,300,390,000	(11,590,390,000)	

(*) Shares of this subsidiary are not listed on the stock market, as the sequences, the Management is unable to assess the fair value of this investment

14.1 Investments in subsidiary

Detailed information on subsidiary as at 31 December 2018 is disclosed in Note 1.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments in associate

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Ownership (%)</i>	<i>Voting right (%)</i>	<i>Ownership (%)</i>	<i>Voting right (%)</i>
Texpia Joint Stock Company	44%	44%	44%	44%

Texpia Joint Stock Company is a joint stock company established under the Investment Certificate No. 472033001056 issued by the Management Board of Dong Nai Industrial Zone on 16 October 2013 and the Amended Investment Certificates, with the latest being the latest being the 6th No. 472033001056 issued on 2 June 2017. Texpia Joint Stock Company is located in Nhon Trach Textile Industrial Zone, Nhon Trach district, Bien Hoa city, Dong Nai province. The principal activities of Texpia Joint Stock Company are to produce and process all kinds of cleaners and garment fabrics. As at 2 April 2018, the Company has completely purchased assets and liabilities of this associate. The associate has is on the process of closing its business.

15. INVESTMENT IN OTHER ENTITY

Investment in other entity represents the investment in the shares of Bac Ninh Pharmaceutical Joint Stock Company, with 172,000 shares at the cost of VND 2,638,200,000. The Company is unable to assess the fair value of this investment due to these shares are not listed in the stock exchange.

16. PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Prepaid rentals	330,000,000	605,000,000
Tools and spare parts	533,150,507	164,379,593
Fire insurance	572,741,238	449,309,413
Advertisement	6,985,919,358	5,757,580,362
Others	2,039,491,208	1,188,503,061
	10,461,302,311	8,164,772,429
Long-term		
Prepaid rentals (*)	6,802,315,625	7,076,234,375
Showroom furniture	3,317,136,477	4,244,622,230
Tools and spare parts	5,772,213,179	2,278,825,990
Others	1,111,837,706	876,341,974
	17,003,502,987	14,476,024,569

(*) Prepaid rentals represent the payment for the long-term lease of commercial area at Keangnam Building, Pham Hung street, Hanoi for a period of 45 years commencing from 2012. Prepaid rentals are allocated to the separate income statement on a straight-line basis over 32 years from 2012, which corresponds to the remaining period of the Company's Investment Certificate.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

17. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

17.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Short-term trade payables	66,654,551,783	66,654,551,783	44,182,953,726	44,182,953,726
- EP International Company Limited	186,752,809	186,752,809	2,869,397,818	2,869,397,818
- BCH Corporation	1,805,704,130	1,805,704,130	-	-
- SL Company Ltd.	5,697,835,909	5,697,835,909	-	-
- Payables to other suppliers	58,964,258,935	58,964,258,935	41,313,555,908	41,313,555,908
Short term trade payable to related party (Note 31)	13,087,131,578	13,087,131,578	14,344,619,139	14,344,619,139
	79,741,683,361	79,741,683,361	58,527,572,865	58,527,572,865

17.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Ba- Pho Hue -289B	2,000,000,000	-
Vietnam Construction and Manpower JSC	1,491,800,139	-
Syrena Phu Quoc Joint Stock Company	-	3,430,856,814
Hoa Binh Co., Ltd	-	1,350,515,149
Others	17,911,610,848	4,213,037,956
TOTAL	21,403,410,987	8,994,409,919

18. STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Payable in the year	Payment in the year	Ending balance
Payables				
Value added tax	3,163,977,423	35,300,634,410	33,810,835,335	4,653,776,498
Import duties	-	599,549,481	499,737,749	99,811,732
Corporate income tax (Note 30)	14,210,375,784	23,131,970,018	20,571,815,592	16,770,530,210
Personal income tax	861,155,321	12,633,128,026	12,384,695,083	1,109,588,264
Other taxes	-	1,904,250,017	1,522,147,178	382,102,839
	18,235,508,528	73,569,531,952	68,789,230,937	23,015,809,543

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended**19. SHORT-TERM ACCRUED EXPENSE**

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advertising expense	-	9,794,812,433
Other short-term accrued expenses	3,312,520,102	3,014,708,465
	3,312,520,102	12,809,520,898
<i>In which:</i>		
<i>Accrual to related parties (Note 31)</i>	-	7,900,885,160
<i>Accrual to other parties</i>	3,312,520,102	4,908,635,738

20. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Accrued interest	5,674,873,817	3,961,761,775
Coupon payables	17,272,727	1,228,693,181
Trade union fee	220,617,848	33,978,810
Social insurance	122,556,446	132,306,545
Other short-term payables	123,260,517	218,415,904
	6,158,581,355	5,575,156,215
Long-term		
Provision for severance allowances	12,709,150,558	11,714,105,713
Provision for site restoration	2,762,996,314	2,762,996,314
Other long-term payables	116,818,000	116,818,000
	15,588,964,872	14,593,920,027

Everpia Joint Stock Company

B09-DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

21. BORROWINGS, FINANCE LEASES AND CONVERTIBLE BONDS

21.1 Borrowings and finance lease

Currency: VND

	Beginning balance		Movement during the year		Foreign exchange difference	Ending balance	
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount
Short-term							
Borrowings from banks (Note 21.1.1)	38,681,935,275	38,681,935,275	190,801,655,084	(179,334,262,019)	2,149,959,353	52,299,287,693	52,299,287,693
Current portion of finance lease	25,728,214	25,728,214	-	(25,728,214)	-	-	-
Current portion of long-term borrowings (Note 21.1.2)	16,497,394,471	16,497,394,471	16,497,394,471	(16,497,394,471)	305,162,498	16,802,556,969	16,802,556,969
	55,205,057,960	55,205,057,960	207,299,049,555	(195,857,384,704)	2,455,121,851	69,101,844,662	69,101,844,662
Long-term							
Bond (Note 21.1.3)	150,000,000,000	150,000,000,000	-	(50,000,000,000)	-	100,000,000,000	100,000,000,000
Borrowings from banks (Note 21.1.2)	29,951,919,582	29,951,919,582	-	(16,497,394,471)	61,639,980	13,516,165,091	13,516,165,091
	179,951,919,582	179,951,919,582	-	(66,497,394,471)	61,639,980	113,516,165,091	113,516,165,091
	235,156,977,542	235,156,977,542	207,299,049,555	(262,354,779,175)	2,516,761,831	182,618,009,753	182,618,009,753

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

21. BORROWINGS, FINANCE LEASES AND CONVERTIBLE BONDS (continued)

21.1 Borrowings and finance lease (continued)

21.1.1 Short – term borrowings from banks

Details of the short-term borrowings from banks are as follows:

Bank	31 December 2018		Principal payment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	6,070,934,307	USD 261,172	Interest payment shall be paid on 26 th each month and principal paid in full on 25 January 2019	2.90%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	8,202,176,772	USD 352,858	Interest payment shall be paid on 26 th each month and principal paid in full on 30 January 2019	2.90%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	5,703,002,684	USD 245,343	Interest payment shall be paid on 26 th each month and principal paid in full on 22 February 2019	3.10%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	4,547,433,297	USD 195,631	Interest payment shall be paid on 26 th each month and principal paid in full on 29 April 2019	3.40%	Machineries and equipment of the Company Hung Yen factory
Woori Bank Vietnam	8,630,698,845	USD 371,133	Interest payment shall be paid on 30 th each month and principal paid in full on 18 May 2019	3.70%	Guaranteed letter of Mr Lee Jae Eun
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,677,855,946	USD 72,181	Interest payment shall be paid on 26 th each month and principal paid in full on 22 February 2019	3.10%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	4,049,072,817	USD 174,191	Interest payment shall be paid on 26 th each month and principal paid in full on 24 April 2019	3.40%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	5,713,573,348	USD 245,798	Interest payment shall be paid on 26 th each month and principal paid in full on 29 April 2019	3.40%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,531,359,114	USD 108,899	Interest payment shall be paid on 26 th each month and principal paid in full on 2 May 2019	3.40%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,845,442,070	USD 122,411	Interest payment shall be paid on 26 th each month and principal paid in full on 12 May 2019	3.40%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,327,738,493	USD 100,139	Interest payment shall be paid on 26 th each month and principal paid in full on 20 May 2019	3.40%	Machineries and equipment of the Company Hung Yen factory
	52,299,287,693				

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

21. BORROWINGS, FINANCE LEASES AND CONVERTIBLE BONDS (continued)

21.1 Borrowings and finance lease (continued)

21.1.2 Long-term borrowings from banks

Details of the long-term borrowings from banks are as follows:

Bank	31 December 2018		Principal payment term	Interest rate per annum	Description of collateral
	VND equivalent	Original currency			
Shinhan One Member Limited Liability Bank of Vietnam	18,515,561,840	USD 797,397	5 years since loan drawdown date. Final principal repayment is on 11 June 2020. Interest payment paid on 28 th of each month.	Libor 3 months+ 2.7% per annum	Machinery and equipment was funded including funded crane systems and power supply systems; factory, office and related buildings; fixed assets on the ground in Bien Hoa 1 Industrial Zone, Dong Nai
Shinhan One Member Limited Liability Bank of Vietnam	9,257,705,920	VND 9,257,705,920	5 years since loan drawdown date. Final principal repayment is on 24 November 2020. Interest payment paid on 28 th of each month.	Fixed interest rate of 7 % per annum for first 3 years then interest rate is MFC 6 months + 2% per annum	
Shinhan One Member Limited Liability Bank of Vietnam	2,545,454,300	VND 2,545,454,300	5 years since loan drawdown date. Final principal repayment is on 30 November 2021. Interest payment paid on 28 th of each month.	MFC 6 months+ 1.3% per annum	Car is bought from this loan

30,318,722,060

In which:

Current portion 16,802,556,969
Long-term portion 13,516,165,091

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

21. BORROWINGS, FINANCE LEASES AND CONVERTIBLE BONDS (continued)

21.1 Borrowings and finance lease (continued)

21.1.3 Bond

	<i>Ending balance</i>			<i>Beginning balance</i>		
	<i>Value (VND)</i>	<i>Interest (% p.a)</i>	<i>Term and maturity</i>	<i>Value (VND)</i>	<i>Interest (% p.a)</i>	<i>Term and maturity</i>
Issued at par value (*)	100,000,000,000	8.1%	Final settlement is on 30 August 2022	150,000,000,000	7.5%	Final settlement is on 30 August 2022
TOTAL	<u>100,000,000,000</u>			<u>150,000,000,000</u>		

Under the bond trading contract No. 01/2017/EVE-BVB between the Company and Joint Stock Commercial Bank for Foreign Trade of Viet Nam – Hung Yen Branch dated 25 August 2017, the Company has issued 150 non-convertible bonds with total par value of VND 150 billion. Term of interest payment term is every 6 months from the date of bond issuance. On 13 September 2018, the Company had repurchased 50 bonds, equivalent to VND 50 billion.

Securities for this bond conclude:

- ▶ Assets attached to land of Hung Yen factory in Tan Quang commune, Van Lam district, Hung Yen province;
- ▶ Assets attached to land of factory in Duong Xa commune, Gia Lam district, Hanoi;
- ▶ Machineries and equipment of the Company in Hanoi and Hung Yen factories;
- ▶ Other fixed assets financed by bond issuance plan in 2017.

21.2 Convertible bonds

Convertible bonds amounting to USD 10,100,000 were issued on 6 September 2018 ("Issuance date") with a term of 5 years. The bonds are unsecured and bear interest rate of 1%/annum.

Management assesses that there is no equity component in these convertible bonds (since there is not known fixed number of shares to be converted) and as a result, has recognised the entire convertible bonds as long-term debts.

Following the term of these convertible bonds, the bondholders have the right to convert the bonds to ordinary shares of the Company at adjustable reducing prices no less than 70% of the first conversion price, starting at 1 year from Issuance date to 1 month before the maturity date. Balance of these bonds as at 31 December 2018 is following:

	<i>Movement during the year</i>				<i>Ending balance</i>
	<i>Beginning balance</i>	<i>New issuance</i>	<i>Converted to shares</i>	<i>Due but not yet converted</i>	
Value	-	234,774,500,000	-	-	234,774,500,000

Currency: VND

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

21. BORROWINGS, FINANCE LEASES AND CONVERTIBLE BONDS (continued)

21.1 Convertible bonds (continued)

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Value of convertible bond	234,774,500,000	-
Equity component	-	-
Liability component at initial recognition	<u>234,774,500,000</u>	<u>-</u>
Add: Accumulated amortisation of discount	-	-
Beginning balance	-	-
Amortisation for the year	-	-
Ending balance	<u>-</u>	<u>-</u>
Liability component at end of the year	<u>234,774,500,000</u>	<u>-</u>

22. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUNDS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	86,908,516	1,531,146,836
<i>Addition:</i>	-	-
Allocated from undistributed earnings	-	-
<i>Deduction:</i>	-	-
Utilised during the year	<u>(86,908,516)</u>	<u>(1,444,238,320)</u>
Ending balance	<u>-</u>	<u>86,908,516</u>

Everpia Joint Stock Company

B09-DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

23. OWNERS' EQUITY

23.1 Increase and decrease in owners' equity

Currency: VND

	Contributed charter capital	Share premium	Treasury shares	Other fund belonging to owners' equity	Retained earnings	Total
Previous year						
Beginning balance	419,797,730,000	203,072,724,247	-	12,055,386,440	338,770,658,603	973,696,499,290
- Profit for the year	-	-	-	-	45,518,882,264	45,518,882,264
- Purchase of treasury shares	-	-	(49,000,000,000)	-	-	(49,000,000,000)
- Appropriation to reserve	-	-	-	4,480,741,313	(4,480,741,313)	-
- Dividends declared/paid	-	-	-	-	(41,920,159,250)	(41,920,159,250)
- Utilisation of fund	-	-	-	(3,162,914,867)	-	(3,162,914,867)
Ending balance	419,797,730,000	203,072,724,247	(49,000,000,000)	13,373,212,886	337,888,640,304	925,132,307,437
Current year						
Beginning balance	419,797,730,000	203,072,724,247	(49,000,000,000)	13,373,212,886	337,888,640,304	925,132,307,437
- Profit for the year	-	-	-	-	78,560,881,125	78,560,881,125
- Purchase of treasury shares	-	-	(27,000,000,000)	-	-	(27,000,000,000)
- Appropriation to reserve	-	-	-	2,545,955,055	(2,545,955,055)	-
- Dividends declared/paid (*)	-	-	-	-	(39,805,509,500)	(39,805,509,500)
- Utilisation of fund	-	-	-	(15,185,011,053)	-	(15,185,011,053)
Ending balance	419,797,730,000	203,072,724,247	(76,000,000,000)	734,156,888	374,098,056,874	921,702,668,009

(*) According to the resolution of the Annual Meeting of Shareholders No. 01/DHDCD2018/NQ dated 20 April 2018, the Company paid dividends by cash for 2017: 10% of par value (VND 1,000 per share) and made appropriation to reserve from undistributed retained earnings.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

23. OWNERS' EQUITY (continued)

23.2 Contributed charter capital

	Currency: VND			
	Ending balance		Beginning balance	
	Total	Ordinary shares	Total	Ordinary shares
Share capital	419,797,730,000	419,797,730,000	419,797,730,000	419,797,730,000
Share premium	203,072,724,247	203,072,724,247	203,072,724,247	203,072,724,247
Treasury shares (*)	(76,000,000,000)	(76,000,000,000)	(49,000,000,000)	(49,000,000,000)
	546,870,454,247	546,870,454,247	573,870,454,247	573,870,454,247

(*) In November and December 2018, the Company bought 1,500,000 treasury shares at average price of VND 17,800 per share.

23.3 Capital transactions with owners and distribution of dividends, profits

	Currency: VND	
	Current year	Previous year
Contributed capital		
Beginning balance	419,797,730,000	419,797,730,000
Increase in the year	-	-
Decrease in the year	-	-
Ending balance	419,797,730,000	419,797,730,000

23.4 Dividends

	Current year	Previous year
Dividends declared during the year	39,805,509,500	41,920,159,250
<i>Dividends on ordinary shares</i>		
Dividends for 2017: VND 1,000 per share	39,805,509,500	-
Dividends for 2016: VND 1,000 per share	-	41,920,159,250
Dividends declared after the date of reporting period and not yet recognized as liability as at 31 December	-	-

23.5 Shares

	Ending balance Shares	Beginning balance Shares
Issued shares	41,979,773	41,979,773
Issued and paid-up shares	41,979,773	41,979,773
<i>Ordinary shares</i>	41,979,773	41,979,773
<i>Preferred shares</i>	-	-
Treasury shares	(3,931,800)	(2,431,800)
<i>Ordinary shares</i>	(3,931,800)	(2,431,800)
<i>Preferred shares</i>	-	-
Shares in circulation	38,047,973	39,547,973
<i>Ordinary shares</i>	38,047,973	39,547,973
<i>Preference shares</i>	-	-

The par value of share in circulation during the year is VND10,000/share (2017: VND10,000/share).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

23. OWNERS' EQUITY (continued)

23.6 Other fund belonging to owners' equity

Other fund belonging to owners' equity is set up according to the Resolution of the General Shareholders 01/DHDCD2018/NQ dated 20 April 2018 with the amount of 5% of Profit after tax presented in the consolidated financial statements for the year ended 31 December 2017. According to this Resolution, the Board of Directors and Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

24. OFF BALANCE SHEET ITEMS

	<i>Ending balance</i>	<i>Beginning balance</i>
Other receivables from Texpia JSC	30,160,675,690	-
Provision for other receivables from Texpia JSC	(30,160,675,690)	-
Foreign currency		
- United State dollar ("USD")	314,053.77	259,481
- Euro (EUR)	146,406.10	-

25. REVENUE

25.1 Revenue from sale of goods and rendering of services

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gross revenue	1,181,625,140,719	997,654,216,003
<i>In which</i>		
<i>Sales of bedding products</i>	715,711,178,679	671,777,572,255
<i>Sales of padding products</i>	281,839,902,083	231,005,866,122
<i>Sales of quilting products</i>	49,362,682,157	54,555,363,670
<i>Other sales</i>	42,743,655,087	36,758,315,862
<i>Scrap sales</i>	588,214,272	455,622,892
<i>Rendering of services</i>	-	3,101,475,202
<i>Sales of cleaner</i>	91,379,508,441	
Revenue deductions	(2,201,416,707)	(3,465,659,352)
<i>Sales return</i>	(2,201,416,707)	(2,971,198,134)
<i>Trade discount</i>	-	(494,461,218)
Net revenue	1,179,423,724,012	994,188,556,651
<i>In which:</i>		
<i>Sales of bedding products</i>	713,509,761,972	668,311,912,903
<i>Sales of padding products</i>	281,839,902,083	231,005,866,122
<i>Sales of quilting products</i>	49,362,682,157	54,555,363,670
<i>Other sales</i>	42,743,655,087	36,758,315,862
<i>Scrap sales</i>	588,214,272	455,622,892
<i>Rendering of services</i>	-	3,101,475,202
<i>Sales of cleaner</i>	91,379,508,441	-
<i>In which:</i>		
<i>Sales of goods and rendering of services to related parties (Note 31)</i>	94,122,630	5,947,655,487
<i>Sales of goods and rendering of services to others</i>	1,179,329,601,382	988,240,901,164

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

25. REVENUE (continued)

25.2 Finance income

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income	20,478,004,835	8,577,318,030
Foreign exchange gain	8,141,070,773	3,851,719,823
Dividend received	206,400,000	223,600,000
	<u>28,825,475,608</u>	<u>12,652,637,853</u>

26. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of bedding products sold	508,412,878,274	485,354,708,843
Cost of padding products sold	186,830,182,625	105,965,890,332
Cost of quilting products sold	23,141,423,151	38,927,392,125
Cost of cleaner products sold	77,920,054,647	-
Cost of other goods sold and other services rendered	25,133,172,009	34,438,549,123
Adjustment to depreciation of assets to be relocated	-	4,243,782,175
	<u>821,437,710,706</u>	<u>668,930,322,598</u>

27. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	16,466,684,069	7,920,513,791
Foreign exchange losses	9,149,898,070	3,804,748,716
Other finance expenses	179,882,291	11,599,414,036
	<u>25,796,464,430</u>	<u>23,324,676,543</u>

28. SELLING AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses		
- Raw materials	10,056,678,605	4,816,696,228
- Labour costs	58,302,883,432	38,313,524,041
- Depreciation and amortization	2,184,245,295	2,828,177,642
- External services	42,097,802,963	31,605,900,951
- Advertising expenses	33,499,627,091	34,566,481,987
- Others	13,739,079,617	10,832,036,309
	<u>159,880,317,003</u>	<u>122,962,817,158</u>
General and administrative expenses		
- Labour costs	54,373,542,148	58,763,630,924
- Depreciation and amortization	9,485,090,737	8,230,390,460
- External services	13,564,050,099	15,599,497,079
- Others	26,885,310,839	51,158,852,990
	<u>104,307,993,823</u>	<u>133,752,371,453</u>
	<u>264,188,310,826</u>	<u>256,715,188,611</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

29. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Materials	706,986,950,172	522,006,551,307
Labour costs	220,108,454,744	188,480,792,119
Depreciation and amortization	44,479,888,042	39,914,573,473
Expenses for external services	64,973,501,576	54,378,299,619
Other expenses	76,356,286,415	96,659,474,494
	<u>1,111,950,547,489</u>	<u>901,439,691,012</u>

30. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") applicable to the Company is 20% of taxable profits for the year ended 31 December 2018.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the separate financial statements could change at a later date upon final determination by the tax authorities.

30.1 *CIT expenses*

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	23,131,970,018	21,656,292,114
Deferred tax income	(3,635,209,963)	(9,325,165,995)
	<u>19,496,760,055</u>	<u>12,331,126,119</u>

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Profit before tax	98,057,641,180	57,850,008,383
At CIT rate of 20%	19,611,528,236	11,570,001,677
<i>Adjustments to increase:</i>	<i>542,280,729</i>	<i>805,844,442</i>
Expenses not eligible for CIT deduction	542,280,729	805,844,442
<i>Adjustments to decrease:</i>	<i>(657,048,910)</i>	<i>(44,720,000)</i>
Dividend received	(41,280,000)	(44,720,000)
Other adjustments	(615,768,910)	-
CIT expense	<u>19,496,760,055</u>	<u>12,331,126,119</u>

30.2 *Current tax*

The current tax payable is based on taxable profit for the current year. The taxable profit of the Company for the year differs from the profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

30. CORPORATE INCOME TAX (continued)

30.3 *Deferred tax*

The following are the deferred tax assets and deferred tax liabilities recognised by the Company, and the movements thereon, during the current and previous years.

	<u>Separate balance sheet</u>		<u>Separate income statement</u>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<i>Deferred tax assets</i>				
Unearned revenue	3,454,545	245,738,636	(242,284,091)	127,970,454
Sale deduction not yet issued invoices	560,508,983	98,892,244	461,616,739	(747,807,722)
Provision for obsolete inventories	3,217,646,078	2,151,734,952	1,065,911,126	1,305,109,752
Provision for doubtful debts	11,233,263,492	8,661,228,543	2,572,034,949	6,784,620,918
Accrual for severance pay	2,541,830,112	2,342,821,143	199,008,969	1,638,287,187
Allocation expense of site restoration provision	165,779,778	110,519,852	55,259,926	110,519,852
	<u>17,722,482,988</u>	<u>13,610,935,370</u>	<u>4,111,547,618</u>	<u>9,218,700,441</u>
<i>Deferred tax liabilities</i>				
Unrealised foreign exchange gain of cash and trade receivables	(643,317,325)	(166,979,670)	(476,337,655)	106,465,554
	<u>(643,317,325)</u>	<u>(166,979,670)</u>	<u>(476,337,655)</u>	<u>106,465,554</u>
<i>Net deferred tax assets</i>	<u>17,079,165,663</u>	<u>13,443,955,700</u>		
<i>Net deferred tax credit to separate income statement</i>			<u>3,635,209,963</u>	<u>9,325,165,995</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

31. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the year were as follows:

				<i>Currency: VND</i>	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>	
Texpia Joint Stock Company	Associate	Loans	-	1,500,000,000	
		Collection of loans	-	1,500,000,000	
		Processing revenue	-	1,168,155,045	
		Loan interest	-	3,697,024,170	
		Services revenue	-	2,699,524,473	
		Purchase of goods	-	1,990,950,060	
		Purchase of computer	-	18,639,508	
		Purchase of raw material	-	156,971,015	
		Sale of goods	-	70,620,870	
		Purchase of fixed assets	60,740,395,370	-	
		Everpia Korea JSC	Subsidiary	Purchase of raw material	230,530,532,725
Capital contribution	-			22,710,000,000	
Purchase of service	18,474,057,019			7,489,350,000	
Sale of goods	94,122,630			63,532,000	
Purchase of tools	7,740,725,456			-	

The terms and conditions of transactions with related parties

The sales and purchases transactions with related parties shall comply with the prices and the terms prevailing in the market.

Except the short-term loan receivables presented in note 7, outstanding balances at 31 December 2018 is unsecured, interest-free and will be settled in cash. For the year ended on 31 December 2018, the Company has no provision for doubtful loan receivable and interest receivable relating to amounts owed by related parties (31 December 2017: VND 30,612,324,310). This assessment is done for each year through examining the financial position of the related party and the relevant markets in which it operates.

Amounts due to and due from related parties at the balance sheet dates were as follows:

				<i>Currency: VND</i>	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>	
Short-term trade receivable (Note 6.1)					
Texpia Joint Stock Company	Associate	Processing	-	59,113,327	
		Rendering of services	-	648,087,098	
		Sale of goods	-	20,512,752	
			-	727,713,177	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

31. TRANSACTIONS WITH RELATED PARTIES (continued)

The terms and conditions of transactions with related parties (continued)

			<i>Currency: VND</i>	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>
<i>Other short-term receivable (Note 8)</i>				
Texpia Joint Stock Company	Associate	Loan interest	-	5,246,735,670
			<u>-</u>	<u>5,246,735,670</u>
<i>Short-term loan receivables (Note 7)</i>				
Texpia Joint Stock Company	Associate	Loan	-	60,773,000,000
			<u>-</u>	<u>60,773,000,000</u>
<i>Short-term trade payables (Note 17.1)</i>				
Everpia Korea JSC	Subsidiary	Purchase of raw material	13,087,131,578	12,240,837,723
Texpia Joint Stock Company	Associate	Purchase of goods	-	2,103,781,416
			<u>13,087,131,578</u>	<u>14,344,619,139</u>
<i>Short-term accruals (Note 19)</i>				
Everpia Korea JSC	Subsidiary	Advertising expense	-	7,900,885,160
			<u>-</u>	<u>7,900,885,160</u>

Transactions with other related parties

Remuneration to members of the Board of Directors and Management

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	19,208,354,476	17,299,909,671

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

32. CONTINGENT LIABILITIES AND COMMITMENTS

Operating lease commitment

At the balance sheet date, future lease payments under product showroom lease contracts are presented as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>Currency: VND</i>
Up to 1 year	5,897,179,200	-
From 1-5 years	15,881,372,727	-
TOTAL	21,778,551,927	-



In 2018, the Company received Official Letter No. 2180/TCT-CS dated 4 June 2018 of General Department of Taxation sent to Hanoi City Tax Department to provide guidance to the Company regarding provision for overseas investment. Accordingly, the provision made in previous years with total amount of VND 10,444,000,000 in relation to the Company's investment in Everpia Cambodia Co., Ltd. (a subsidiary of the Company in Cambodia until 31 March 2017) is not treated as deductible expenses for CIT calculation. After that, the Company sent letters to Hanoi Tax Department and the Ministry of Finance asking for clarification on how the above provision can be utilised in the context that the overseas investment was liquidated in 2017. At the date of this report, the Company has not yet received guidance from the authorities regarding this issue.

33. SEGMENT INFORMATION

The principal activities of the Company is manufacturing and trading of products of blankets, sheets, pillows, mattress and duvet. Revenue from sale of blankets, sheets, pillows, mattresses and cotton accounted for 95.96% of total revenue in the year. Besides, the production and business activities of the Company are mainly carried out in the territory of Vietnam. Therefore, the Company has only one business segment and one geographic segment. Accordingly, the Company does not disclose business segment and geographic segment.

34. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the separate balance sheet date that requires adjustment or disclosure in the separate financial statements of the Company.

		
_____ Nguyen Bao Ngoc Preparer	_____ Yu Sung Dae Deputy General Director In charge of Finance	_____ Lee Jae Eun General Director



Hanoi, Vietnam

29 March 2019