

Everpia Joint Stock Company

Interim consolidated financial statements

For the six-month period ended 30 June 2019



Everpia Joint Stock Company

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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 Registration 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 according to Investment Certificate are to produce, import, distribute (wholesale or retail) consultancy, technology transfer and export non-knitting cloth, filter cloth, wool, blanket, bedding, padding, pillow, mattresses, 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, Hoa Binh, Ho Chi Minh City, Dong Nai, Binh Duong, Da Nang and Khanh Hoa.

BOARD OF DIRECTORS

Members of the Board of Directors during the period 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
Ms Nguyen Le Hoang Yen	Member

BOARD OF SUPERVISION

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

Mr Truong Tuan Nghia	Head of Board of Supervision
Mr Ko Tae Yeon	Member
Mr Nguyen Dac Huong	Member

Everpia Joint Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the management during the period 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 period 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 interim consolidated financial statements of the Company and its subsidiary for the six-month period ended 30 June 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Company and its subsidiary and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim consolidated 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 interim consolidated financial statements; and
- ▶ prepare the interim consolidated 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 interim consolidated financial position of the Company and its subsidiary 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 its subsidiary 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 interim consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Company and its subsidiary as at 30 June 2019, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

For and on behalf of management:



Lee Jae Eun
General Director

Hanoi, Vietnam

26 August 2019

Reference: 61110609/21043398-HN/LR

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The shareholders of Everpia Joint Stock Company

We have reviewed the accompanying interim consolidated financial statements of Everpia Joint Stock Company ("the Company") and its subsidiary, as prepared on 26 August 2019 and set out on pages 6 to 49 which comprise the interim consolidated balance sheet as at 30 June 2019, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information 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.

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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 give a true and fair view, in all material respects, of the interim consolidated financial position of the Company and its subsidiary as at 30 June 2019, and of its interim consolidated results of operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

Ernst & Young Vietnam Limited



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

Hanoi, Vietnam

26 August 2019



Everpia Joint Stock Company

B01a-DN/HN

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2019

Currency: VND

Code	ASSETS	Notes	30 June 2019	31 December 2018
100	A. CURRENT ASSETS		1,169,764,184,632	1,176,271,684,040
110	I. Cash and cash equivalents	4	50,097,803,876	64,671,862,409
111	1. Cash		39,305,803,876	47,271,862,409
112	2. Cash equivalents		10,792,000,000	17,400,000,000
120	II. Short-term investments		465,701,000,000	452,548,500,000
123	1. Held-to-maturity investments	5	465,701,000,000	452,548,500,000
130	III. Current accounts receivables		201,128,106,976	239,769,555,933
131	1. Short-term trade receivables	6.1	180,859,503,488	227,811,538,716
132	2. Short-term advances to suppliers	6.2	26,881,629,908	25,442,860,902
136	3. Other short-term receivables	7	28,590,810,522	21,983,210,878
137	4. Provision for doubtful debts	6.1, 6.2, 7, 8	(35,203,836,942)	(35,468,054,563)
140	IV. Inventories	9	433,733,983,845	400,852,915,732
141	1. Inventories		442,186,509,710	416,941,146,121
149	2. Provision for obsolete inventories		(8,452,525,865)	(16,088,230,389)
150	V. Other current assets		19,103,289,935	18,428,849,966
151	1. Short-term prepaid expenses	14	6,571,750,347	10,461,302,311
152	2. Value-added tax deductible		12,381,298,046	7,817,204,083
153	3. Tax and other receivables from the State		150,241,542	150,343,572

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2019

Currency: VND

Code	ASSETS	Notes	30 June 2019	31 December 2018
200	B. NON-CURRENT ASSETS		316,343,100,107	313,841,264,239
210	I. Long-term receivables		2,685,671,675	3,190,217,098
216	1. Other long-term receivables	7	4,010,560,350	4,515,105,773
219	2. Provision for doubtful long-term receivables	7	(1,324,888,675)	(1,324,888,675)
220	II. Fixed assets		258,839,984,945	273,930,178,491
221	1. Tangible fixed assets	10	251,872,842,293	265,794,612,166
222	Cost		579,126,248,118	571,332,073,478
223	Accumulated depreciation		(327,253,405,825)	(305,537,461,312)
227	2. Intangible fixed assets	11	6,967,142,652	8,135,566,325
228	Cost		41,293,994,903	41,352,801,184
229	Accumulated amortisation		(34,326,852,251)	(33,217,234,859)
250	III. Long-term investments		8,308,200,000	2,638,200,000
252	1. Investments in subsidiary	12	-	-
253	2. Investment in other entity	13	8,308,200,000	2,638,200,000
260	IV. Other long-term assets		46,509,243,487	34,082,668,650
261	1. Long-term prepaid expenses	14	29,917,914,268	17,003,502,987
262	2. Deferred tax assets	29.3	16,591,329,219	17,079,165,663
270	TOTAL ASSETS		1,486,107,284,739	1,490,112,948,279

Everpia Joint Stock Company

B01a-DN/HH

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2019

Currency: VND

Code	RESOURCES	Notes	30 June 2019	31 December 2018
300	C. LIABILITIES		607,658,476,834	581,127,785,435
310	I. Current liabilities		250,058,083,534	215,547,039,933
311	1. Short-term trade payables	15.1	69,264,635,026	74,085,389,244
312	2. Short-term advances from customers	15.2	10,520,782,679	21,403,410,987
313	3. Statutory obligations	16	4,221,660,933	23,080,448,344
314	4. Payables to employees		17,831,460,365	18,136,048,383
315	5. Short-term accrued expenses	17	4,581,644,132	3,312,520,102
319	6. Other short-term payables	18	7,054,070,425	6,427,378,211
320	7. Short-term borrowings	19	136,583,829,974	69,101,844,662
330	II. Non-current liabilities		357,600,393,300	365,580,745,502
337	1. Other long-term liabilities	18	18,612,690,541	17,290,080,411
338	2. Long-term borrowings	19	106,105,690,259	113,516,165,091
339	3. Convertible bonds	20	232,882,012,500	234,774,500,000
400	D. OWNERS' EQUITY		878,448,807,905	908,985,162,844
410	I. Capital	21	878,448,807,905	908,985,162,844
411	1. Share capital	21.3	419,797,730,000	419,797,730,000
411a	- Ordinary shares with voting rights		419,797,730,000	419,797,730,000
411b	- Preference shares		-	-
412	2. Share premium	21.2	203,072,724,247	203,072,724,247
415	3. Treasury shares	21.2	(76,000,000,000)	(76,000,000,000)
417	4. Foreign exchange differences reserve		(2,769,182,206)	(1,490,120,168)
420	5. Other fund belonging to owners' equity	21.6	2,890,663,801	329,683,203
421	6. Undistributed earnings		331,456,872,063	363,275,145,562
421a	- Undistributed earnings by the end of prior period		321,455,241,580	287,062,750,906
421b	- Undistributed earnings of current period		10,001,630,483	76,212,394,656
429	7. Non-controlling interests		-	-
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,486,107,284,739	1,490,112,948,279

Nguyen Bao Ngoc

Preparer
Nguyen Bao Ngoc

Yu Sung Dae

Deputy General Director
In charge of Finance
Yu Sung Dae

Lee Jae Eun

General Director
Lee Jae Eun


Hanoi, Vietnam

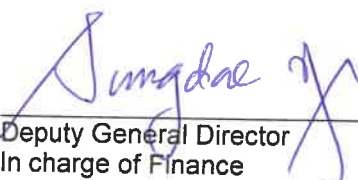
26 August 2019

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2019

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
01	1. Revenue from sale of goods	23.1	430,375,909,903	503,393,943,598
02	2. Deductions	23.1	(2,281,060,154)	(1,295,435,332)
10	3. Net revenue from sale of goods	23.1	428,094,849,749	502,098,508,266
11	4. Cost of goods sold	24	(291,375,115,592)	(341,160,658,114)
20	5. Gross profit from sale of goods		136,719,734,157	160,937,850,152
21	6. Finance income	23.2	19,745,857,257	12,611,419,448
22	7. Finance expenses	26	(8,787,162,642)	(10,251,323,810)
23	<i>In which: Interest expenses</i>		(4,670,028,922)	(8,309,469,719)
25	8. Selling expenses	25	(85,336,273,178)	(73,026,705,861)
26	9. General and administrative expenses	25	(47,363,214,103)	(49,312,819,120)
30	10. Operating profit		14,978,941,491	40,958,420,809
31	11. Other income	27	99,169,493	840,403,065
32	12. Other expenses	27	(575,798,319)	(19,189,911)
40	13. Other (loss)/profit		(476,628,826)	821,213,154
50	14. Accounting profit before tax		14,502,312,665	41,779,633,963
51	15. Current corporate income tax expense	29.1	(2,594,187,672)	(2,842,617,259)
52	16. Deferred tax expense	29.3	(1,906,494,510)	(5,782,690,851)
60	17. Net profit after tax		10,001,630,483	33,154,325,853
61	18. Net profit after tax attributable to shareholders of the parent		10,001,630,483	33,154,325,853
62	19. Net profit after tax attributable to non-controlling interests		-	-
70	20. Basic earnings per share	31	263	838


Preparer
Nguyen Bao Ngoc


Deputy General Director
In charge of Finance
Yu Sung Dae


General Director
Lee Jae Eun

Hanoi, Vietnam

26 August 2019

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2019


Currency: VND

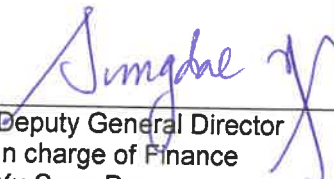
Code	ITEMS	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		14,502,312,665	41,779,633,963
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets		22,825,561,905	21,304,584,169
03	(Reversal of provisions)/provisions		(6,577,312,015)	1,601,812,372
04	Foreign exchange (gains)/losses arisen from revaluation of monetary accounts denominated in foreign currency		(1,040,518,960)	968,322,441
05	Profits from investing activities		(16,644,377,275)	(8,832,793,438)
06	Interest expenses	26	4,670,028,922	8,309,469,719
08	Operating profit before changes in working capital		17,735,695,242	65,131,029,226
09	Decrease/(increase) in receivables		38,628,915,381	(26,784,772,069)
10	Increase in inventories		(25,245,363,589)	(36,824,977,597)
11	Decrease in payables		(21,978,371,678)	(3,732,084,595)
12	(Increase)/decrease in prepaid expenses		(9,024,859,317)	2,609,808,041
14	Interest paid		(4,857,574,243)	(8,330,280,003)
15	Corporate income tax paid	16	(17,111,275,411)	(14,803,222,577)
17	Other cash outflows for operating activities		(1,249,639,134)	(11,225,649,588)
20	Net cash flows used in operating activities		(23,102,472,749)	(33,960,149,162)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets		(7,099,850,188)	(18,314,383,310)
22	Proceeds from disposals of fixed assets		-	181,601,099
23	Payments for short-term investments		(391,371,000,000)	(57,820,826,666)
24	Collections from short-term investments		372,548,500,000	-
27	Interest and dividends received		13,076,194,796	9,563,324,900
30	Net cash flows used in investing activities		(12,846,155,392)	(66,390,283,977)

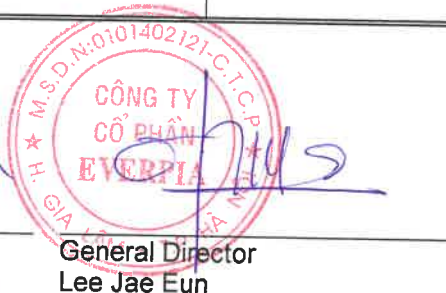
INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2019

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		130,603,511,541	131,391,607,916
34	Repayment of borrowings		(70,947,571,669)	(46,804,639,635)
35	Repayment of principal of finance lease liabilities		-	(25,728,214)
36	Dividends paid to equity holders		(38,009,284,250)	(39,778,676,750)
40	Net cash flows from financing activities		21,646,655,622	44,782,563,317
50	Net decrease in cash for the period		(14,301,972,519)	(55,567,869,822)
60	Cash and cash equivalents at beginning of the period		64,671,862,409	131,586,803,113
61	Impact of exchange rate fluctuation		(272,086,014)	(545,693,775)
70	Cash and cash equivalents at end of the period	4	50,097,803,876	75,473,239,516


Preparer
Nguyen Bao Ngoc


Deputy General Director
In charge of Finance
Yu Sung Dae


General Director
Lee Jae Eun

Hanoi, Vietnam

26 August 2019

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2019 and for the six-month period 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 Registration 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.

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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, Hoa Binh, Ho Chi Minh City, Dong Nai, Binh Duong, Da Nang and Khanh Hoa.

The number of the Company's employees of the Company and its subsidiary as at 30 June 2019 is 1,499 (31 December 2018: 1,599).

Company structure

Details of the subsidiary and the percentage of the Company's voting right and interests in its subsidiary as at 30 June 2019 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 bedding, pillows, mattresses, consultancy and technology transfer and perform the right to import and export follow the Korean law.

As at 30 June 2019, 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 (equivalent to VND 34,285,000,000), equivalent to 100% charter capital to this subsidiary.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The interim consolidated financial statements of the Company and its subsidiary, which are expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and other 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 interim consolidated 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.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

2.5 *Basis of consolidation*

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiary for the six-month period ended 30 June 2019.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

The interim financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company interim balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.5 Basis of consolidation (continued)

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the interim consolidated income statement and within equity in the interim consolidated balance sheet.

Impact of change in the ownership interest of subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiary in preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2018 and the interim consolidated financial statements for the six-month period ended 30 June 2018.

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 represents the estimated selling price in the ordinary course of the business, 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 and 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 interim consolidated balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Receivables*

Receivables are presented in the interim consolidated 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 interim consolidated 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 recognised 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 interim consolidated 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 interim consolidated 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.

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

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 and improvements are added to the carrying amount of the assets and other expenditures are charged to the interim consolidated 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 interim consolidated 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation 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	5 - 15 years
Office equipment	6 - 8 years
Motor vehicles	9 - 10 years
Others tangible fixed assets	4 - 20 years
Trade mark	6 -16 years
Distribution channels	15 years
Computer software	4 years
Other intangible fixed assets	4 years
Site restoration cost	10 years
Domain website	20 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 period 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 capitalised 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 interim consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the interim consolidated income statement:

- ▶ Prepaid rental;
- ▶ Tools and consumables with large value issued into production and can be used for more than one year;
- ▶ Etc.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Mr. Nguyen Hoai Thanh on 22 February 2019 for a period of 50 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the interim separate income statement over the remaining lease period.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the interim consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiary. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.11 *Investments*

Investments in associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence that is neither subsidiary nor joint ventures. The Company generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the interim consolidated balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The interim consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit/(loss) of the associates is presented on face of the interim consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Investments in other entity

Investments in other entity are stated at their acquisition costs.

Provision for diminution in value of investments

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 interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Investments (continued)

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 expense in the interim consolidated financial statements and deducted against the value of such investments.

3.12 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.

3.13 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 interim consolidated income statement.

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 and its subsidiary will have to pay the corporate income tax on the balance of the fund which is unused, or un-used less than 70%, or used for improper purposes, as well as the interest arising from such tax amount.

3.14 Accrual for severance pay

The Company

The severance pay to employee by the Company is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to balance sheet date 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 interim consolidated 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.

The subsidiary

The severance allowance payable to all employees employed by the subsidiary is calculated at the rate of one month's salary for each year of service in the Company up to balance sheet date in accordance with the law of the country of residence.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 current estimated costs to settle the obligation and are recognised as part of the cost of the buildings and structures, which will be amortised 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.

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;
- ▶ 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 period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

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

All foreign exchange differences incurred during the period and arisen from the translation of monetary accounts denominated in foreign currency at interim consolidated balance sheet date are taken to the interim consolidated income statement.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Foreign exchange differences arising from conversion of reporting currency of foreign subsidiaries

The conversion of reporting currency of subsidiary from oversea for accounting purpose is according to the following principles:

- ▶ Transactions resulting in assets are converted at the buying exchange rates of the commercial banks;
- ▶ Transactions resulting in liabilities are converted at the selling exchange rates of the commercial banks;
- ▶ Net assets of subsidiary hold by the parent company are converted at the exchange rate recorded in accounting book at the date of acquisition.
- ▶ Undistributed earnings incurred after acquisition date are converted with reference to respective items of income and expenses of the income statement.
- ▶ Items of income statement and cash flow statement are converted at the actual exchange rates available at the transaction dates. In case the average exchange rate of the reporting period is approximately equal to the actual exchange rate (variance not over +/- 1%), the average exchange rate of the reporting period is used.

All foreign exchange differences incurred from the conversion of reporting currency are recorded separately in owner's equity until disposal of investment in foreign independent operation.

3.18 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval in the annual shareholders' meeting, and after making appropriation to reserve funds in accordance with the Charter of the Company and its subsidiary and Vietnam's regulatory requirements.

The Company and its subsidiary maintain the following reserve funds which are appropriated from the Company and its subsidiary'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 decision at the annual shareholders' meeting. According to resolution of shareholders' meeting, the Board of Director and Board of Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and its subsidiary 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:

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 entitlement of Company and its subsidiary 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 periods 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 interim consolidated balance sheet date.

Current income tax is charged or credited to the interim consolidated 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 and its subsidiary to set off current tax assets against current tax liabilities and when the Company and its subsidiary intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Taxation* (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the interim consolidated 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, associate, 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.

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 utilised.

The carrying amount of deferred tax assets is reviewed at each interim consolidated 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 interim consolidated 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 period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim consolidated balance sheet date.

Deferred tax is charged or credited to the interim consolidated 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 and its subsidiary 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 period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Segment information

A segment is a component determined separately by the Company and its subsidiary which are 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.

Business segment of the Company and its subsidiary is derived mainly from sales of textile products. Management defines the geographical segments to be based on the location of the assets of Company and its subsidiary.

3.22 Related parties

Parties are considered to be related parties of the Company and its subsidiary if one party has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and its subsidiary 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.

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Cash on hand	265,794,975	1,655,082,090
Cash at banks	39,040,008,901	45,616,780,319
Cash equivalents (*)	10,792,000,000	17,400,000,000
	<u>50,097,803,876</u>	<u>64,671,862,409</u>

(*) As at 30 June 2019, cash equivalents include bank deposits with terms from 1 month to 3 months which earn interest rate from 5% to 5.1% per annum (31 December 2018: interest rate of 5% per annum).

5. HELD-TO-MATURITY INVESTMENTS

	<i>Currency: VND</i>			
	<i>30 June 2019</i>		<i>31 December 2018</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Term deposits	465,701,000,000	465,701,000,000	452,548,500,000	452,548,500,000
	<u>465,701,000,000</u>	<u>465,701,000,000</u>	<u>452,548,500,000</u>	<u>452,548,500,000</u>

As at 30 June 2019, held-to-maturity investments include bank deposits with terms from 6 months to 1 year with interest rate from 6.8% to 7.5% per annum (31 December 2018: interest rate from 6.2% to 7.2% per annum).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

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

6.1 Short-term trade receivables

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Everpia Cambodia Co., Ltd.	10,679,225,063	10,077,275,617
Welcron Global Vietnam JSC	6,160,997,936	5,714,641,335
Global Garment Sourcing Co., Ltd.	3,643,002,007	1,077,839,640
Hoa Binh Co., Ltd.	2,554,735,851	4,554,735,851
Xuan Khieu Service and Trading JSC	1,695,561,124	5,542,156,405
Lan Phat Dat Private Enterprise	334,862,422	3,947,203,796
Petit Elin Co., Ltd.	321,577,536	17,167,570,420
Mr. Hoang Thanh Van	23,942,188	3,728,085,206
TCK Textiles Korea Inc	-	9,554,393,020
The Garden Co., Ltd	-	4,526,516,768
Other trade receivables	<u>155,445,599,361</u>	<u>161,921,120,658</u>
	<u>180,859,503,488</u>	<u>227,811,538,716</u>
Provision for doubtful debts	(23,054,764,325)	(22,763,610,516)

6.2 Short-term advances to suppliers

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Jiangsu Goldsun Textile Trade Co., Ltd.	6,003,143,438	253,240,320
Zhejiang Yuehe Industry Corporation Ltd.	3,424,448,736	-
V.F.B., Trading JSC	2,976,000,000	-
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	<u>14,478,037,734</u>	<u>14,774,745,944</u>
	<u>26,881,629,908</u>	<u>25,442,860,902</u>
Provision for doubtful advances to suppliers	(696,080,000)	(696,080,000)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

7. OTHER RECEIVABLES

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Short-term		
Shortage of assets awaiting resolution	11,630,179,185	11,336,798,621
Interest income from term deposits	11,581,797,808	8,013,615,329
Advance to employees	1,634,057,531	933,530,414
Refundable import tax	408,564,138	408,564,138
Refundable Value Added Tax	1,168,241,076	1,168,513,803
Other short-term receivables	2,167,970,784	122,188,573
	<u>28,590,810,522</u>	<u>21,983,210,878</u>
Provision for doubtful other short-term receivables	(11,452,992,617)	(12,008,364,047)
Long-term		
Long-term deposit	2,685,671,675	2,773,323,158
Rental of machinery	893,491,200	893,491,200
Fabric loan	252,051,882	252,051,882
Receivables from employees	98,599,640	98,599,640
Other long-term receivables	80,745,953	497,639,893
	<u>4,010,560,350</u>	<u>4,515,105,773</u>
Provision for doubtful other long-term receivables	(1,324,888,675)	(1,324,888,675)

8. OVERDUE DEBTS

	<i>Currency: VND</i>			
	<i>30 June 2019</i>		<i>31 December 2018</i>	
	<i>Cost</i>	<i>Recoverable amount</i>	<i>Cost</i>	<i>Recoverable amount</i>
Everpia Cambodia Co., Ltd.	10,679,225,063	755,134,237	10,233,915,802	309,824,975
Others	68,854,138,117	42,249,503,326	57,333,230,244	30,464,377,833
	<u>79,533,363,180</u>	<u>43,004,637,563</u>	<u>67,567,146,046</u>	<u>30,774,202,808</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

9. INVENTORIES

Currency: VND

	30 June 2019		31 December 2018	
	Cost	Provision	Cost	Provision
Goods in transit	6,970,848,967	-	6,121,493,812	-
Raw materials	228,631,417,076	(4,432,673,110)	225,633,236,231	(9,252,711,215)
Finished goods	200,943,809,927	(4,019,852,755)	182,410,082,542	(6,835,519,174)
Merchandise	5,640,433,740	-	2,776,333,536	-
	442,186,509,710	(8,452,525,865)	416,941,146,121	(16,088,230,389)

Movements of provision for obsolete inventories:

Currency: VND

	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
Beginning balance	16,088,230,389	10,758,674,761
Add: Provision made during the period	1,748,416,404	942,636,343
Less: Utilisation and reversal of provision during the period	(9,384,120,928)	-
Ending balance	8,452,525,865	11,701,311,104

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

10. TANGIBLE FIXED ASSETS

Cost:	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicle	Others	Total
	Currency: VND					
As at 31 December 2018	196,826,549,412	296,508,402,684	13,909,759,696	44,524,168,028	19,563,193,658	571,332,073,478
New purchase	-	5,239,846,094	1,500,000,000	833,730,364	220,598,182	7,794,174,640
Reclassification	-	885,227,456	-	-	(885,227,456)	-
As at 30 June 2019	196,826,549,412	302,633,476,234	15,409,759,696	45,357,898,392	18,898,564,384	579,126,248,118
<i>In which:</i>						
Fully depreciated	20,703,762,726	83,904,635,725	7,561,915,994	5,803,083,677	3,926,370,526	121,899,768,648
Fixed assets used as loan and bond collateral (Note 19.1, 19.2, 19.3 and 20)	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:						
As at 31 December 2018	70,561,962,596	186,065,585,908	12,855,992,795	21,636,637,543	14,417,282,470	305,537,461,312
Depreciation for the period	7,080,356,863	11,587,836,058	217,469,888	1,970,959,815	859,321,889	21,715,944,513
Reclassification	-	706,427,021	-	-	(706,427,021)	-
As at 30 June 2019	77,642,319,459	198,359,848,987	13,073,462,683	23,607,597,358	14,570,177,338	327,253,405,825
Net carrying amount:						
As at 31 December 2018	126,264,586,816	110,442,816,776	1,053,766,901	22,887,530,485	5,145,911,188	265,794,612,166
As at 30 June 2019	119,184,229,953	104,273,627,247	2,336,297,013	21,750,301,034	4,328,387,046	251,872,842,293

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period ended

11. INTANGIBLE FIXED ASSETS

	Trade mark	Distribution channels	Computer software	Others	Total
Cost:					
As at 31 December 2018	24,566,385,000	7,831,500,000	7,463,284,189	1,491,631,995	41,352,801,184
Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	(58,806,281)	(58,806,281)
As at 30 June 2019	24,566,385,000	7,831,500,000	7,463,284,189	1,432,825,714	41,293,994,903
<i>In which:</i>					
<i>Fully amortised</i>	-	7,831,500,000	266,973,710	686,893,687	8,785,367,397
Accumulated amortisation:					
As at 31 December 2018	18,649,057,064	7,831,500,000	6,049,784,108	686,893,687	33,217,234,859
Amortisation for the period	702,447,762	-	407,169,630	-	1,109,617,392
As at 30 June 2019	19,351,504,826	7,831,500,000	6,456,953,738	686,893,687	34,326,852,251
Net carrying amount:					
As at 31 December 2018	5,917,327,936	-	1,413,500,081	804,738,308	8,135,566,325
As at 30 June 2019	5,214,880,174	-	1,006,330,451	745,932,027	6,967,142,652

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period ended

12. LONG-TERM INVESTMENTS

	30 June 2019			31 December 2018			Currency: VND
	Cost	Provision	Fair value	Cost	Provision	Fair value	
Investment in associate	11,590,390,000	(11,590,390,000)		11,590,390,000	(11,590,390,000)		
	11,590,390,000	(11,590,390,000)		11,590,390,000	(11,590,390,000)		
	30 June 2019			31 December 2018			
Texpia Joint Stock Company	Ownership (%)	Voting right (%)		Ownership (%)	Voting right (%)		
	44%	44%		44%	44%		
	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. As at the date of this report, this associate has sent a notice to the governing agencies regarding its dissolution. Therefore, the Company did not assess the fair value of the investment in this associate as at 30 June 2019.

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as at 30 June 2019 and for the six-month period then ended

13. INVESTMENT IN OTHER ENTITY

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Bac Ninh Pharmaceutical JSC (*)	2,638,200,000	2,638,200,000
Kalon Investment Asset Co., Ltd. (**)	5,670,000,000	-
	<u>8,308,200,000</u>	<u>2,638,200,000</u>

(*) The investment in shares of Bac Ninh Pharmaceutical Joint Stock Company, with 172,000 shares at the cost of VND 2,638,200,000.

(**) Investment in other entity represents the investment in the shares Kalon Investment Asset Co., Ltd. with 30,000 shares at the cost of KRW 300,000,000.

As at 30 June 2019, the Company is unable to assess the fair value of these investments due to these shares are not listed in any stock exchange.

14. PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Short-term		
Prepaid rentals	2,751,689,079	330,000,000
Advertisement	1,277,367,457	6,985,919,358
Fire insurance	537,365,991	572,741,238
Tools and spare parts	79,789,486	533,150,507
Others	1,925,538,334	2,039,491,208
	<u>6,571,750,347</u>	<u>10,461,302,311</u>
Long-term		
Showroom furniture	9,786,548,188	5,772,213,179
Land rental prepaid (*)	7,997,324,416	-
Prepaid rentals (**)	6,665,356,250	6,802,315,625
Tools and spare parts	4,813,414,573	3,317,136,477
Others	655,270,841	1,111,837,706
	<u>29,917,914,268</u>	<u>17,003,502,987</u>

(*) Land rental prepaid in Nha Trang in 50 years from 2019 to use as premises and office.

(**) Prepaid rentals at Keangnam Landmark, Pham Hung street, Hanoi in 45 years from 2012. It was allocated to interim consolidated income statement under straight – line basis over 32 years from 2012, in consistent with remaining operational period of the Company its under Investment Certificate.

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15. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

	Currency: VND			
	30 June 2019		31 December 2018	
	Balance	Payable amount	Balance	Payable amount
Short-term trade payables				
- SL Company Ltd.	8,017,364,879	8,017,364,879	5,697,835,909	5,697,835,909
- BCH Corporation	1,805,704,130	1,805,704,130	1,805,704,130	1,805,704,130
- EP International Company Limited	-	-	186,752,809	186,752,809
- Payables to other suppliers	<u>59,441,566,017</u>	<u>59,441,566,017</u>	<u>66,395,096,396</u>	<u>66,395,096,396</u>
	<u>69,264,635,026</u>	<u>69,264,635,026</u>	<u>74,085,389,244</u>	<u>74,085,389,244</u>

15.2 Short-term advances from customers

	Currency: VND	
	30 June 2019	31 December 2018
	Petit Elin Co., Ltd.	2,486,363,884
Ms. Sung Hee Nam	2,200,000,000	-
Mr. Bui Minh Khuong	-	2,000,000,000
Vietnam Construction and Manpower JSC	-	1,491,800,139
Others	<u>5,834,418,795</u>	<u>12,406,085,998</u>
	<u>10,520,782,679</u>	<u>21,403,410,987</u>

16. STATUTORY OBLIGATIONS

	Currency: VND			
	31 December 2018	Payable during the period	Payment during the period	30 June 2019
Payables				
Value added tax	4,653,776,498	6,600,217,476	11,010,048,173	243,945,801
Import and export duties	99,811,732	305,098,106	305,098,106	99,811,732
Corporate income tax (Note 29)	16,770,530,210	2,594,187,672	17,111,275,411	2,253,442,471
Personal income tax	1,174,227,065	7,513,000,021	7,099,369,458	1,587,857,628
Other taxes	<u>382,102,839</u>	<u>191,233,916</u>	<u>536,733,454</u>	<u>36,603,301</u>
	<u>23,080,448,344</u>	<u>17,203,737,191</u>	<u>36,062,524,602</u>	<u>4,221,660,933</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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17. SHORT-TERM ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Advertising costs	1,259,520,191	425,933,240
Import and export fee	817,214,624	510,000,000
Commission fee	706,907,394	647,917,582
Rental fee	665,000,000	607,340,194
Professional fee	408,181,812	366,181,812
Others	724,820,111	755,147,274
	<u>4,581,644,132</u>	<u>3,312,520,102</u>

18. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Short-term		
Accrued interest	3,629,328,496	3,816,873,817
Coupon payables	258,068,181	17,272,727
Social insurance	277,572,712	122,556,446
Trade union fee	532,887,576	220,617,848
Other short-term payables	2,356,213,460	2,250,057,373
	<u>7,054,070,425</u>	<u>6,427,378,211</u>
Long-term		
Provision for severance allowances	15,732,876,227	12,709,150,558
Provision for site restoration	2,762,996,314	2,762,996,314
Other long-term payables	116,818,000	1,817,933,539
	<u>18,612,690,541</u>	<u>17,290,080,411</u>

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19. BORROWINGS AND BONDS

	31 December 2018		Movement during the period			30 June 2019	
	Balance	Payable amount	Increase	Decrease	Foreign exchange difference	Balance	Payable amount
Short-term							
Borrowings from banks (Note 19.1)	52,299,287,693	52,299,287,693	130,603,511,541	(59,598,948,012)	357,673,698	123,661,524,920	123,661,524,920
Current portion of long-term borrowings (Note 19.2)	16,802,556,969	16,802,556,969	7,431,582,497	(11,348,623,657)	36,789,245	12,922,305,054	12,922,305,054
	69,101,844,662	69,101,844,662	138,035,094,038	(70,947,571,669)	394,462,943	136,583,829,974	136,583,829,974
Long-term							
Bond (Note 19.3)	100,000,000,000	100,000,000,000	-	-	-	100,000,000,000	100,000,000,000
Borrowings from banks (Note 19.2)	13,516,165,091	13,516,165,091	-	(7,431,582,497)	21,107,665	6,105,690,259	6,105,690,259
	113,516,165,091	113,516,165,091	-	(7,431,582,497)	21,107,665	106,105,690,259	106,105,690,259
	182,618,009,753	182,618,009,753	138,035,094,038	(78,379,154,166)	415,570,608	242,689,520,233	242,689,520,233

19. BORROWINGS AND BONDS (continued)

19.1 Short-term borrowings from banks

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

Bank	30 June 2019		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	734,124,000	USD 31,440	Interest payment shall be paid on 26th each month and principal paid in full on 25 Jul 2019	3.6%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,426,124,600	USD 61,076	Interest payment shall be paid on 26th each month and principal paid in full on 18 August 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,320,509,048	USD 56,552.85	Interest payment shall be paid on 26th each month and principal paid in full on 5 October 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	784,093,000	USD 33,580	Interest payment shall be paid on 26th each month and principal paid in full on 22 October 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Shinhan One Member Limited Liability Bank of Vietnam	7,530,680,955	VND 7,530,680,955	Interest payment shall be paid on 28th each month and principal paid in full on 3 September 2019	6.5%	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 and Guarantee letter of Mr. Lee Jae Eun - the General Director of the Company

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as at 30 June 2019 and for the six-month period then ended

19. BORROWINGS AND BONDS (continued)

19.1 Short-term borrowings from banks (continued)

Details of short-term borrowings from banks are as follows: (continued)

Bank	30 June 2019		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Shinhan One Member Limited Liability Bank of Vietnam	8,112,468,175	VND 8,112,468,175	Interest payment shall be paid on 28th each month and principal paid in full on 7 October 2019	6.5%	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 and Guaranteed letter of Mr Lee Jae Eun - the General Director of the Company
Shinhan One Member Limited Liability Bank of Vietnam	10,368,542,517	VND 10,368,542,517	Interest payment shall be paid on 28th each month and principal paid in full on 6 November 2019	6.4%	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 and Guaranteed letter of Mr Lee Jae Eun - the General Director of the Company
Shinhan One Member Limited Liability Bank of Vietnam	9,853,357,162	VND 9,853,357,162	Interest payment shall be paid on 28th each month and principal paid in full on 7 December 2019	6.5%	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 and Guaranteed letter of Mr Lee Jae Eun - the General Director of the Company
Joint Stock Commercial Bank for Foreign Trade of Vietnam	7,740,053,330	USD 331,479.8	Interest payment shall be paid on 26th each month and principal paid in full on 25 July 2019	3.6%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	7,771,682,306	USD 332,834.36	Interest payment shall be paid on 26th each month and principal paid in full on 18 August 2019	3.4%	Machineries and equipment of the Company Hung Yen factory

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19. BORROWINGS AND BONDS (continued)

19.1 Short-term borrowings from banks (continued)

Details of short-term borrowings from banks are as follows: (continued)

Bank	30 June 2019		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,353,580,587	USD 57,969.19	Interest payment shall be paid on 26th each month and principal paid in full on 20 August 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,772,922,712	USD 118,754.72	Interest payment shall be paid on 26th each month and principal paid in full on 12 September 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,235,261,700	USD 52,902	Interest payment shall be paid on 26th each month and principal paid in full on 18 September 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,503,329,450	USD 107,208.97	Interest payment shall be paid on 26th each month and principal paid in full on 23 September 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	3,124,155,047	USD 133,796.79	Interest payment shall be paid on 26th each month and principal paid in full on 30 September 2019	3.6%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,882,546,116	USD 80,622.96	Interest payment shall be paid on 26th each month and principal paid in full on 30 September 2019	3.4%	Machineries and equipment of the Company Hung Yen factory

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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19. BORROWINGS AND BONDS (continued)

19.1 Short-term borrowings from banks (continued)

Details of short-term borrowings from banks are as follows: (continued)

Bank	30 June 2019		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	4,738,280,775	USD 202,924.23	Interest payment shall be paid on 26th each month and principal paid in full on 6 October 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,004,058,873	USD 43,000.38	Interest payment shall be paid on 26th each month and principal paid in full on 20 October 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	9,146,551,088	USD 391,715.25	Interest payment shall be paid on 26th each month and principal paid in full on 23 October 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	819,515,884	USD 35,097.04	Interest payment shall be paid on 26th each month and principal paid in full on 31 October 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	3,440,110,668	USD 147,328.08	Interest payment shall be paid on 26th each month and principal paid in full on 12 November 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	18,855,764,557	USD 807,527.39	Interest payment shall be paid on 26th each month and principal paid in full on 25 November 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
Joint Stock Commercial Bank for Foreign Trade of Vietnam	5,266,632,195	USD 225,551.7	Interest payment shall be paid on 26th each month and principal paid in full on 3 December 2019	3.4%	Machineries and equipment of the Company Hung Yen factory

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19. BORROWINGS AND BONDS (continued)

19.1 Short-term borrowings from banks (continued)

Details of short-term borrowings from banks are as follows: (continued)

Bank	30 June 2019		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	11,877,180,175	USD 508,658.68	Interest payment shall be paid on 26th each month and principal paid in full on 22 December 2019	3.4%	Machineries and equipment of the Company Hung Yen factory
	<u>123,661,524,920</u>				

19.2 Long-term borrowings from banks

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

Bank	30 June 2019		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Shinhan One Member Limited Bank of Vietnam	12,084,715,873	USD 517,546.75	4-5 years since loan drawdown date. Principal is paid quarterly. Final principal repayment is on 28 July 2022. Interest payment shall be paid on 28th each month.	4.81-5.05%/year	Machinery and equipment was funded by the loans including 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 Bank of Vietnam	6,943,279,440	VND 6,943,279,440	4-5 years since loan drawdown date. Principal is paid quarterly. Final principal repayment is on 30 November 2021. Interest payment shall be paid on 28th each month.	7-7.05%/year	Machinery and equipment was funded by the loans including crane systems and power supply systems; factory, office and related buildings; fixed assets on the ground in Bien Hoa 1 Industrial Zone, Dong Nai.
	<u>19,027,995,313</u>				

In which:

Current portion	12,922,305,054
Non-current portion	6,105,690,259

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as at 30 June 2019 and for the six-month period then ended

19. BORROWINGS AND BONDS (continued)

19.3 Bond

	30 June 2019			31 December 2018		
	Value (VND)	Interest (% p.a)	Term and maturity	Value (VND)	Interest (% p.a)	Term and maturity
Issued at par value	100,000,000,000	8.1%	Final settlement is on 30 August 2022	100,000,000,000	8.1%	Final settlement is on 30 August 2022
	<u>100,000,000,000</u>			<u>100,000,000,000</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 bond with total par value of VND 150 billion, interest payment period is 6 months from the issue date.

Securities for this bond comprise of:

- ▶ 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; and
- ▶ Other fixed assets financed by bond issuance plan in 2017.

20. 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 30 June 2019 is following:

Currency: USD

Value	31 December 2018	Movement during the period			30 June 2019
		New issuance	Converted to shares	Due but not yet converted	
	10,100,000	-	-	-	10,100,000

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20. CONVERTIBLE BONDS (continued)

	<i>Currency: VND</i>	
	<i>For the six month period ended 30 June 2019</i>	<i>For the six month period ended 30 June 2018</i>
Value of convertible bond	234,774,500,000	-
Equity component	-	-
Liability component at initial recognition	<u>234,774,500,000</u>	-
Add: Accumulated amortisation of discount		
Beginning balance	-	-
Amortisation for the period	354,358,500	-
Ending balance	<u>354,358,500</u>	-
Add: Loss from foreign exchange difference	706,141,500	-
Other adjustment	<u>(2,952,987,500)</u>	-
Liability component at end of the period	<u><u>232,882,012,500</u></u>	-

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as at 30 June 2019 and for the six-month period then ended

21. OWNERS' EQUITY

21.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Other funds belonging to owners' equity	Foreign exchange differences reserve	Undistributed earnings	Total
For the six-month period ended 30 June 2018							
As at 31 December 2017	419,797,730,000	203,072,724,247	(49,000,000,000)	12,968,739,200	268,875,989	329,414,215,460	916,522,284,896
- Profit for the period	-	-	-	-	-	33,154,325,853	33,154,325,853
- Appropriation to reserve	-	-	-	2,509,555,053	-	(2,509,555,053)	-
- Dividends declared	-	-	-	-	-	(39,778,676,750)	(39,778,676,750)
- Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	-	-	-	-
- Other decreases	-	-	-	(11,138,741,072)	(1,104,177,110)	-	(1,104,177,110)
As at 30 June 2018	419,797,730,000	203,072,724,247	(49,000,000,000)	4,339,553,181	(835,301,121)	320,280,309,510	897,655,015,817
For the six-month period ended 30 June 2019							
As at 31 December 2018	419,797,730,000	203,072,724,247	(76,000,000,000)	329,683,203	(1,490,120,168)	363,275,145,562	908,985,162,844
- Profit for the period	-	-	-	-	-	10,001,630,483	10,001,630,483
- Appropriation to reserve	-	-	-	3,810,619,732	-	(3,810,619,732)	-
- Dividends declared (*)	-	-	-	-	-	(38,009,284,250)	(38,009,284,250)
- Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	-	-	-	-
- Other decreases	-	-	-	(1,249,639,134)	(1,279,062,038)	-	(1,279,062,038)
As at 30 June 2019	419,797,730,000	203,072,724,247	(76,000,000,000)	2,890,663,801	(2,769,182,206)	331,456,872,063	878,448,807,905

(*) According to the resolution of the Annual Meeting of Shareholders No. 01/DHDCD2019/NQ dated 19 April 2019, the Company declared dividends by cash for 2018: 10% of par value (VND 1,000 per share).

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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21. OWNERS' EQUITY (continued)

21.2 Share capital

	Currency: VND			
	30 June 2019		31 December 2018	
	Total	Ordinary shares	Total	Ordinary shares
Contributed 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)	(76,000,000,000)	(76,000,000,000)
	546,870,454,247	546,870,454,247	546,870,454,247	546,870,454,247

21.3 Capital transactions with owners and distribution of dividends, profits

	Currency: VND	
	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
Contributed capital		
Beginning balance	419,797,730,000	419,797,730,000
Ending balance	419,797,730,000	419,797,730,000

21.4 Dividends

	Currency: VND	
	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
Dividends declared and paid during the period		
<i>Dividends on ordinary shares</i>		
Dividends for 2018: VND 1,000 per share (2017: VND 1,000 per share)	38,009,284,250	39,778,676,750
Dividends declared after the date of reporting period and not yet recognised as liability as at 30 June 2019	-	-

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21. OWNERS' EQUITY (continued)

21.5 Shares

	<i>Quantity</i>	
	<i>30 June 2019</i>	<i>31 December 2018</i>
Registered shares	41,979,773	41,979,773
Issued shares	41,979,773	41,979,773
Ordinary shares	41,979,773	41,979,773
Preference shares	-	-
Treasury shares	(3,931,800)	(3,931,800)
Ordinary shares	(3,931,800)	(3,931,800)
Preference shares	-	-
Shares in circulation	38,047,973	38,047,973
Ordinary shares	38,047,973	38,047,973
Preference shares	-	-

The par value of share in circulation during the period is VND 10,000/share (2018: VND 10,000/share).

21.6 Other funds belonging to owners' equity

Other fund belonging to owners' equity is set up according to the Resolution of the General Shareholders No. 01/DHDCD2019/NQ dated 19 April 2019 with the amount of 5% of profit after tax presented in the consolidated financial statements for the year ended December 2018. According to this Resolution, the Board of Director and Board of Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

22. OFF BALANCE SHEET ITEMS

	<i>30 June 2019</i>	<i>31 December 2018</i>
Other receivables from Texpia JSC	30,160,675,690	30,160,675,690
Provision for other receivables from Texpia JSC	(30,160,675,690)	(30,160,675,690)
Foreign currency		
- United State dollar ("USD")	429,128.08	671,508
- Euro (EUR)	183,248.83	146,406.10
- KRW	6,125,294.00	394,100

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

23. REVENUE**23.1 Revenue from sale of goods**

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Gross revenue	430,375,909,903	503,393,943,598
<i>In which:</i>		
Sales of bedding, mattress products	212,714,692,664	256,178,887,479
Sales of padding products	143,579,689,668	149,352,630,649
Sales of cleaners	34,255,304,238	39,973,426,516
Sales of quilting products	24,382,114,843	31,383,263,743
Sales of other goods	14,942,142,977	25,687,029,123
Sales of scraps	501,965,513	818,706,088
Less		
Trade discount	-	(1,295,435,332)
Goods returned	(2,281,060,154)	-
Net revenue	428,094,849,749	502,098,508,266
<i>In which:</i>		
Sales of bedding, mattress products	210,433,632,510	254,883,452,147
Sales of padding products	143,579,689,668	149,352,630,649
Sales of cleaners	34,255,304,238	39,973,426,516
Sales of quilting products	24,382,114,843	31,383,263,743
Sales of other goods	14,942,142,977	25,687,029,123
Sales of scraps	501,965,513	818,706,088
<i>In which:</i>		
Sales to others	428,094,849,749	502,098,508,266

23.2 Finance income

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Interest income	16,437,977,275	8,458,253,340
Foreign exchange gains	3,099,626,197	3,939,745,328
Dividend earned	206,400,000	206,400,000
Others	1,853,785	7,020,780
	19,745,857,257	12,611,419,448

24. COST OF GOODS SOLD

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Cost of bedding, mattress products	158,160,739,620	191,438,237,724
Cost of padding products	73,003,529,412	80,780,419,698
Cost of cleaner	30,640,921,627	31,741,545,587
Cost of quilting products	20,196,917,900	22,214,037,468
Other cost of sales	9,373,007,033	14,986,417,637
	291,375,115,592	341,160,658,114

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Selling expenses		
- Labour costs	38,213,103,793	29,120,951,251
- Expenses for external services	22,063,740,054	17,641,515,070
- Advertising expense	12,694,442,171	12,375,269,054
- Depreciation and amortisation	1,182,366,034	1,022,471,781
- Others	11,182,621,126	12,866,498,705
	85,336,273,178	73,026,705,861
General and administrative expenses		
- Labour costs	30,913,568,513	31,572,176,227
- Expenses for external services	8,189,878,505	8,256,824,412
- Depreciation and amortisation	4,545,490,116	5,053,031,214
- Others	3,714,276,969	4,430,787,267
	47,363,214,103	49,312,819,120

26. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Interest expenses	4,670,028,922	8,309,469,719
Foreign exchange losses	4,117,133,720	1,941,854,091
	8,787,162,642	10,251,323,810

27. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Other income		
Gain from golf-card selling	-	595,525,000
Others	99,169,493	244,878,065
	99,169,493	840,403,065
Other expenses		
Compensation for NG finished goods	508,135,447	-
Others	67,662,872	19,189,911
	575,798,319	19,189,911
NET OTHER (LOSS)/PROFIT	(476,628,826)	821,213,154

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

28. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Materials	244,404,776,448	314,763,184,432
Labour costs	119,259,996,063	108,847,798,272
Expenses for external services	39,200,316,429	30,562,841,239
Depreciation and amortisation	22,825,561,905	21,304,584,169
Other expenses	16,917,679,413	23,229,750,370
	<u>442,608,330,258</u>	<u>498,708,158,482</u>

29. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") applicable to the Company is 20% of taxable income for the six-month period ended 30 June 2019.

Everpia Korea Co., Ltd. has obligation of CIT payment in accordance with local regulation at 10% of taxable income for the six-month period ended 30 June 2019.

The tax returns filed by the Company and its subsidiary 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 interim consolidated financial statements could change at a later date upon final determination by the tax authorities.

29.1 Current CIT expenses

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Current CIT expenses	2,594,187,672	2,842,617,259
Deferred tax expenses	1,906,494,510	5,782,690,851
	<u>4,500,682,182</u>	<u>8,625,308,110</u>

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

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Profit before tax	14,502,312,665	41,779,633,963
At CIT rate of 20%	2,900,462,533	8,355,926,793
<i>Adjustments to increase:</i>		
Expenses not eligible for CIT deduction	545,432,726	308,484,557
Loss of subsidiary	267,778,970	2,176,760
Difference in CIT tax rate of subsidiary	267,778,970	-
Other adjustments	560,508,983	-
<i>Adjustments to decrease:</i>		
Dividend received	(41,280,000)	(41,280,000)
Estimated current CIT expenses	<u>4,500,682,182</u>	<u>8,625,308,110</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

29. CORPORATE INCOME TAX (continued)

29.2 Current CIT

The current CIT payable is based on taxable profit for the current period. The taxable income of the Company and its subsidiary for the period differs from the profit 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 not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the interim separate balance sheet date.

29.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognised by the Company and its subsidiary, and the movements thereon, during the current and previous periods:

Currency: VND

	Interim consolidated balance sheet		Interim consolidated income statement	
	30 June 2019	31 December 2018	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
Deferred tax assets				
Unearned revenue	1,780,909	3,454,545	(1,673,636)	(104,814,091)
Provision for obsolete inventories	1,690,505,173	3,217,646,078	(1,527,140,905)	188,527,269
Provision for doubtful debts	11,180,419,968	11,233,263,492	(52,843,524)	(5,975,724,852)
Accrual for severance pay	2,695,111,326	2,541,830,112	153,281,214	(236,647)
Other adjustments	1,358,131,486	560,508,983	(621,035,563)	123,364,137
Allocation expense of site restoration provision	193,409,741	165,779,778	27,629,963	55,259,926
	17,119,358,603	17,722,482,988	(2,021,782,451)	(5,713,624,258)
Deferred tax liabilities				
Unrealised foreign exchange gain of cash and trade receivables	(528,029,384)	(643,317,325)	115,287,941	(69,066,593)
	(528,029,384)	(643,317,325)	115,287,941	(69,066,593)
Net deferred tax assets	16,591,329,219	17,079,165,663		
Net deferred tax charge to interim consolidated income statement			(1,906,494,510)	(5,782,690,851)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

30. TRANSACTIONS WITH RELATED PARTIES

Transactions with other related parties

Remuneration to members of the Board of Directors and management:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Salaries and bonus	<u>10,539,350,306</u>	<u>10,580,569,588</u>
	<u>10,539,350,306</u>	<u>10,580,569,588</u>

31. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic earnings per share computations:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2019</i>	<i>For the six-month period ended 30 June 2018</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	10,001,630,483	33,154,325,853
Effect of dilution	-	-
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	<u>10,001,630,483</u>	<u>33,154,325,853</u>
Weighted average number of ordinary shares for basic earnings per share	<u>38,047,973</u>	<u>39,547,973</u>
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>38,047,973</u>	<u>39,547,973</u>
Basic earnings per share	263	838
Diluted earnings per share	263	838

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

32. CONTINGENT LIABILITES AND COMMITMENTS

Operating lease commitment

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

	Currency: VND	
	30 June 2019	31 December 2018
Up to 1 year	12,308,738,420	5,897,179,200
From 1-5 years	30,059,964,324	15,881,372,727
TOTAL	42,368,702,744	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 and its subsidiary are manufacturing and trading of products of blankets, sheets, pillows, mattress and duvet. Revenue from sale of blankets, sheets, pillows, mattresses and cotton accounted for 99.82% of total revenue in the period. Besides, the production and business activities of the Company and its subsidiary are mainly carried out in the territory of Vietnam. Therefore, the Company and its subsidiary have only one business segment and one geographic segment. Accordingly, the Company and its subsidiary do 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 interim consolidated balance sheet date that requires adjustment or disclosure in the interim consolidated financial statements of the Company and its subsidiary.


Preparer
Nguyen Bao Ngoc


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In charge of Finance
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General Director
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Hanoi, Vietnam

26 August 2019