

Everpia Joint Stock Company

Interim separate financial statements

For the six-month period ended 30 June 2020



Everpia Joint Stock Company

CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of management	3
Report on review of interim separate financial statements	4 - 5
Interim separate balance sheet	6 - 8
Interim separate income statement	9
Interim separate cash flow statement	10 - 11
Notes to the interim separate financial statements	12 - 46

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 20th Amended Investment Registration Certificate received on 2 June 2020.

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 under its Investment Registration 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 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 Cho Yong Hwan	Chairman	Appointed on 25 April 2020
Mr Lee Jae Eun	Chairman	Resigned on 25 April 2020
Mr Lee Jae Eun	Member	Appointed on 25 April 2020
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 in charge of Ho Chi Minh City Branch
Mr Yu Sung Dae	Deputy General Director
Mr Lim Jin Teak	Ho Chi Minh City Branch Director Resigned on 1 Jan 2020
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, 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 separate financial statements of the Company for the six-month period ended 30 June 2020.

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

Management is responsible for the interim separate financial statements of each financial period which give a true and fair view of the interim separate financial position of the Company and of the interim separate results of its operations and its interim separate cash flows for the period. In preparing those interim separate financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements 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 separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Company as at 30 June 2020, and of the interim separate results of its operations and its interim separate 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 separate financial statements.

The Company has a subsidiary as disclosed in the interim separate financial statements. The Company prepared these interim separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information in the securities market. In addition, as required by these regulations, the Company has also prepared the interim consolidated financial statements of the Company and its subsidiary for the six-month period ended 30 June 2020 dated 25 August 2020.

Users of the interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Company and its subsidiary.

For and on behalf of management:


Lee Jae Eun
General Director

Hanoi, Vietnam

25 August 2020

Reference: 61110609/21584118-LR

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The shareholders of Everpia Joint Stock Company

We have reviewed the accompanying interim separate financial statements of Everpia Joint Stock Company ("the Company"), as prepared on 25 August 2020 and set out on pages 6 to 46 which comprise the interim separate balance sheet as at 30 June 2020, the interim separate income statement and the interim separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of interim separate 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 separate 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Company as at 30 June 2020, and of its interim separate results of operations and its interim separate 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 separate financial statements.

Ernst & Young Vietnam Limited



Le Duc Truong
Deputy General Director
Audit Practising Registration
Certificate No. 0816-2018-004-1

Hanoi, Vietnam

25 August 2020

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2020

Currency: VND

Code	ASSETS	Notes	30 June 2020	31 December 2019
100	A. CURRENT ASSETS		1,176,717,992,164	1,226,554,261,472
110	I. Cash and cash equivalents	4	37,499,653,191	63,866,279,854
111	1. Cash		19,978,231,490	32,748,769,854
112	2. Cash equivalents		17,521,421,701	31,117,510,000
120	II. Short-term investments		573,204,000,000	550,773,000,000
121	1. Held-for-trading securities		25,000,000,000	37,000,000,000
123	2. Held-to-maturity investments	5	548,204,000,000	513,773,000,000
130	III. Current accounts receivables		167,696,309,228	205,677,673,372
131	1. Short-term trade receivables	6.1	169,749,097,901	198,016,217,470
132	2. Short-term advances to suppliers	6.2	13,032,377,522	20,739,245,864
136	3. Other short-term receivables	7	30,155,595,141	25,728,033,186
137	4. Provision for doubtful debts		(45,240,761,336)	(38,805,823,148)
140	IV. Inventories	9	391,522,930,126	401,229,061,424
141	1. Inventories		409,108,091,737	416,319,312,174
149	2. Provision for obsolete inventories		(17,585,161,611)	(15,090,250,750)
150	V. Other current assets		6,795,099,619	5,008,246,822
151	1. Short-term prepaid expenses	13	3,558,321,616	3,778,973,934
152	2. Value-added tax deductible		3,086,778,003	1,079,272,888
153	3. Tax and other receivables from the State		150,000,000	150,000,000

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2020


Currency: VND

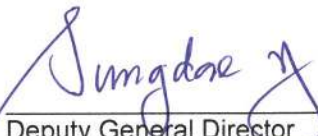
Code	ASSETS	Notes	30 June 2020	31 December 2019
200	B. NON-CURRENT ASSETS		306,781,519,171	330,725,099,351
210	I. Long-term receivables	7	3,545,101,054	2,499,508,575
216	1. Other long-term receivables		4,869,989,729	3,824,397,250
219	2. Provision for doubtful long-term receivables		(1,324,888,675)	(1,324,888,675)
220	II. Fixed assets		222,840,195,616	243,717,078,327
221	1. Tangible fixed assets	10	218,683,257,268	238,535,047,589
222	Cost		583,454,917,062	584,850,873,428
223	Accumulated depreciation		(364,771,659,794)	(346,315,825,839)
227	2. Intangible fixed assets	11	4,156,938,348	5,182,030,738
228	Cost		40,548,062,876	40,548,062,876
229	Accumulated amortisation		(36,391,124,528)	(35,366,032,138)
250	III. Long-term investments	12	31,923,200,000	36,923,200,000
251	1. Investments in subsidiaries		34,285,000,000	34,285,000,000
252	2. Investments in associates		11,590,390,000	11,590,390,000
253	3. Investment in other entities		2,638,200,000	2,638,200,000
254	4. Provision for long-term investments		(16,590,390,000)	(11,590,390,000)
260	IV. Other long-term assets		48,473,022,501	47,585,312,449
261	1. Long-term prepaid expenses	13	28,181,757,108	29,538,937,630
262	2. Deferred tax assets	28.3	20,291,265,393	18,046,374,819
270	TOTAL ASSETS		1,483,499,511,335	1,557,279,360,823


INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2020

Currency: VND

Code	RESOURCES	Notes	30 June 2020	31 December 2019
300	C. LIABILITIES		566,381,609,819	599,049,070,552
310	I. Current liabilities		214,240,849,806	247,910,826,374
311	1. Short-term trade payables	14.1	43,365,259,598	55,319,656,401
312	2. Short-term advances from customers	14.2	14,169,456,407	22,728,254,237
313	3. Statutory obligations	15	9,548,747,861	15,237,624,381
314	4. Payables to employees		15,133,377,770	20,439,611,981
315	5. Short-term accrued expenses	16	1,593,326,954	3,471,829,165
319	6. Other short-term payables	17	6,427,076,713	6,351,380,058
320	7. Short-term borrowings	18	124,003,604,503	124,362,470,151
330	II. Non-current liabilities		352,140,760,013	351,138,244,178
337	1. Other long-term liabilities	17	17,840,349,337	17,296,157,068
338	2. Long-term borrowings	18	101,214,681,176	101,817,716,110
339	3. Convertible bonds	19	233,085,729,500	232,024,371,000
400	D. OWNERS' EQUITY		917,117,901,516	958,230,290,271
410	I. Capital	20	917,117,901,516	958,230,290,271
411	1. Share capital	20.3	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	20.2	203,072,724,247	203,072,724,247
415	3. Treasury shares		(76,000,000,000)	(76,000,000,000)
420	4. Other fund belonging to owners' equity	20.6	3,692,977,307	1,912,789,888
421	5. Undistributed earnings	20.1	366,554,469,962	409,447,046,136
421a	- Undistributed earnings up to the end of prior year		371,609,457,042	332,248,655,392
421b	- Undistributed (loss)/earnings of current period		(5,054,987,080)	77,198,390,744
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,483,499,511,335	1,557,279,360,823


Preparer
Accounting manager
Nguyen Bao Ngoc


Deputy General Director
In charge of Finance
Yu Sung Dae


General Director
Lee Jae Eun




Hanoi, Vietnam

25 August 2020

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2020

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
01	1. Revenue from sale of goods and rendering of services	22.1	383,744,541,248	430,095,721,867
02	2. Deductions	22.1	(349,953,836)	(2,281,060,154)
10	3. Net revenue from sale of goods and rendering of services	22.1	383,394,587,412	427,814,661,713
11	4. Cost of goods sold and services rendered	23	(285,426,169,271)	(300,856,116,458)
20	5. Gross profit from sale of goods and rendering of services		97,968,418,141	126,958,545,255
21	6. Finance income	22.2	24,844,274,915	18,217,612,609
22	7. Finance expenses	25	(15,556,016,897)	(7,817,578,083)
23	- In which: Interest expenses		(8,067,325,700)	(4,670,028,922)
25	8. Selling expenses	24	(64,736,536,377)	(78,022,019,989)
26	9. General and administrative expenses	24	(46,582,840,841)	(41,982,461,501)
30	10. Operating (loss)/profit		(4,062,701,059)	17,354,098,291
31	11. Other income	26	376,953,151	99,169,493
32	12. Other expenses	26	(975,016,681)	(575,798,319)
40	13. Other loss	26	(598,063,530)	(476,628,826)
50	14. Accounting (loss)/profit before tax		(4,660,764,589)	16,877,469,465
51	15. Current corporate income tax expense	28.1	(2,639,113,065)	(2,594,187,672)
52	16. Deferred tax income/(expense)	28.3	2,244,890,574	(1,845,967,930)
60	17. Net (loss)/profit after tax		(5,054,987,080)	12,437,313,863


Preparer
Accounting manager
Nguyen Bao Ngoc


Deputy General Director
In charge of Finance
Yu Sung Dae


General Director
Lee Jae Eun



Hanoi, Vietnam

25 August 2020

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 30 June 2020

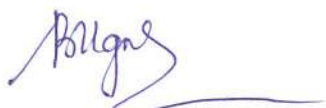
Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	(Loss)/profit before tax		(4,660,764,589)	16,877,469,465
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortisation of intangible fixed assets		22,731,912,528	22,825,561,905
03	Provisions/(reversal of provisions)		14,474,041,318	(7,133,516,073)
04	Foreign exchange gains arisen from restranlation of monetary accounts denominated in foreign currency		(2,130,882,083)	(740,705,973)
05	Profits from investing activities		(21,044,116,296)	(16,642,677,604)
06	Interest expenses and bond issuance expenses	25	8,421,684,200	4,670,028,922
08	Operating profit before changes in working capital		17,791,875,078	19,856,160,642
09	Decrease in receivables		32,850,172,276	40,909,388,248
10	Decrease/(increase) in inventories		7,211,220,437	(27,562,279,298)
11	Decrease in payables		(23,835,272,246)	(15,284,462,398)
12	Decrease/(increase) in prepaid expenses		1,577,832,840	(9,024,859,317)
13	Decrease in held-for-trading securities		12,000,000,000	-
14	Interest paid		(7,985,617,486)	(4,857,574,243)
15	Corporate income tax paid	15	(12,145,954,782)	(17,111,275,411)
17	Other cash outflows for operating activities		(1,814,225,974)	(1,092,665,386)
20	Net cash flows from/(used in) operating activities		25,650,030,143	(14,167,567,163)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets		(1,855,029,817)	(7,099,850,188)
22	Proceeds from disposals of fixed assets		27,483,636	-
23	Payments for short-term investments		(470,784,000,000)	(385,701,000,000)
24	Collections from short-term investments		436,353,000,000	372,548,500,000
25	Payments for investments in other entities		-	(11,575,000,000)
27	Interest and dividends received		17,401,925,855	13,074,495,125
30	Net cash flows used in investing activities		(18,856,620,326)	(18,752,855,063)

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2020

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		127,051,216,108	130,603,511,541
34	Repayment of borrowings		(128,178,961,464)	(70,947,571,669)
36	Dividends paid to shareholders		(34,022,914,604)	(38,009,284,250)
40	Net cash flows (used in)/from financing activities		(35,150,659,960)	21,646,655,622
50	Net decrease in cash for the period		(28,357,250,143)	(11,273,766,604)
60	Cash and cash equivalents at beginning of the period		63,866,279,854	56,240,642,185
61	Impact of exchange rate fluctuation		1,990,623,480	1,006,976,021
70	Cash and cash equivalents at end of the period	4	37,499,653,191	45,973,851,602



Preparer
Accounting manager
Nguyen Bao Ngoc



Deputy General Director
In charge of Finance
Yu Sung Dae



General Director
Lee Jae Eun

Hanoi, Vietnam

25 August 2020

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at 30 June 2020 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 20th Amended Investment Registration Certificate, received on 2 June 2020.

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 under its Investment Registration 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'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 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 as at 30 June 2020 is 1,360 (31 December 2019: 1,466).

Seasonality of interim separate operations

Due to the seasonal nature of the bedding, padding and quilting business, higher revenues and operating profits are usually expected in the second half of the year rather than in the first half.

Company structure

The Company has a subsidiary which is Everpia Korea Joint Stock Company.

This subsidiary 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 Samsung-ro, 104-Gil, Gangnam-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 following the Korean law.

As at 30 June 2020 the Company is registered to hold 100% shares and voting rights in this subsidiary. At the date of this report, the Company has contributed USD 1,500,000 (equivalent to VND 34,285,000,000), equivalent to 100% charter capital to this subsidiary.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

2. BASIS OF PREPARATION

2.1. Purpose of preparing the interim separate financial statements

Everpia Joint Stock Company has a subsidiary as presented in Note 1 and Note 12.1. The Company prepared these interim separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. The Company is also required under this circular to prepare the interim consolidated financial statements for the six-month period ended 30 June 2020. The Company has issued these interim consolidated financial statements on 25 August 2020.

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Company and its subsidiary for the six-month period ended 30 June 2020 in order to obtain full information on the interim consolidated financial position, the interim consolidated results of operations and the interim consolidated cash flows of the Company and its subsidiary.

2.2. Accounting standards and system

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

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

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

2.3 Applied accounting documentation system

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

2.4 Fiscal year

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

2.5 Accounting currency

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 separate balance sheet date.

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

3.3 *Receivables*

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 separate income statement as incurred.

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

3.5 *Leased assets*

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

Rentals under operating leases are charged to the interim separate 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 separate income statement as incurred.

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

Trade mark, distribution channels

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 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

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 capitalised 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 separate 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 separate income statement:

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

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.

3.10 Investments

Investment in subsidiary

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Investments* (continued)

Investments in associate

Investments in associate over which the Company has significant influence are carried at cost in interim separate balance sheet.

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

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Held-to-maturity investments

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

Provision for diminution in value investments

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

Increases and decreases to the provision balance are recorded as finance expense in the interim separate income statement.

3.11 *Payables and accruals*

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

3.12 *Accrual for severance pay*

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 the 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 separate income statement.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Provisions

General

Provisions are recognized 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.

3.14 Convertible bond

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

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

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

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

3.15 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; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the 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 conducts transactions regularly; and
- ▶ Monetary liabilities are revaluated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred are taken to the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 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 Company's Charter and Vietnam's regulatory requirements.

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

Other fund belonging to owners' equity

This fund is set aside for other purposes of the Company's operation following the 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.

3.17 Revenue recognition

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

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 recognised when services are completed.

Interest

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

Dividends

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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 separate balance sheet date.

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the interim separate 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 subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation (continued)

Deferred tax (continued)

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 separate balance sheet date.

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

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

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

3.19 Segment information

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

Company's business segment is derived mainly from sales of blankets, sheets, pillows, mattress and padding. Management defines the Company's geographical segments to be based on the location of the Company's assets.

3.20 Related parties

Parties are considered to be related parties of the Company 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 group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>30 June 2020</i>	<i>31 December 2019</i>
Cash on hand	302,091,728	230,549,272
Cash at banks	19,676,139,762	32,518,220,582
Cash equivalents (*)	17,521,421,701	31,117,510,000
	<u>37,499,653,191</u>	<u>63,866,279,854</u>

(*) As at 30 June 2020, cash equivalents represent bank deposits with terms from 1 month to 3 months which earn interest at rates from 4.8% to 5.0% per annum (31 December 2019: interest rates from 4.8% to 5.3% per annum).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

5. HELD-TO-MATURITY INVESTMENTS

5.1 Held-for-trading securities

Currency: VND

	30 June 2020			31 December 2019		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Bond (i)	25,000,000,000	25,000,000,000	-	37,000,000,000	37,000,000,000	-
	25,000,000,000	25,000,000,000	-	37,000,000,000	37,000,000,000	-

(i) Details for bond investment are as follows:

Issuer	30 June 2020 (VND)	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Sunshine Group JSC	5,000,000,000	3 years, interest receivable on annual basis. Principal is due on 24 October 2021.	11.5%	(*)
Mirae Asset Securites (Vietnam) LLC	20,000,000,000	1 year, interest receivable on annual basis. Principal is due on 12 May 2021.	7.8%	(*)
	25,000,000,000			

(*) This bond is secured by shares held by the issuers or third parties.

The Company classified these bonds as held-for-trading securities (short-term) based on its plan approved by the management to divest before maturity date.

5.2 Held-to-maturity investments

Currency: VND

	30 June 2020		31 December 2019	
	Cost	Carrying value	Cost	Carrying value
Term deposits	548,204,000,000	548,204,000,000	513,773,000,000	513,773,000,000
	548,204,000,000	548,204,000,000	513,773,000,000	513,773,000,000

Held-to-maturity investments represent bank deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 6.9% to 7.5% per annum (31 December 2019: 6.9% to 7.8% per annum).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 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 2020</i>	<i>31 December 2019</i>
Everpia Cambodia Co., Ltd.	10,233,915,821	10,233,915,821
Apparel Tech Co., Ltd	8,534,699,122	4,296,032,397
Welcron Global Vietnam JSC	3,357,470,887	7,920,504,029
TCK Textiles Korea Inc	1,917,080,113	5,217,958,034
Petit Elin Co., Ltd.	1,549,735,549	2,004,916,324
Hoa Binh Co., Ltd.	554,735,851	1,354,735,851
Lan Phat Dat Private Enterprise	338,626,810	5,103,144,400
Other trade receivables	143,262,833,748	161,885,010,614
	<u>169,749,097,901</u>	<u>198,016,217,470</u>
Provision for doubtful debts	(33,091,688,719)	(26,656,750,531)

6.2 Short-term advances to suppliers

	<i>Currency: VND</i>	
	<i>30 June 2020</i>	<i>31 December 2019</i>
Tongxiang Huibo Import & Export Co., Ltd.	1,530,044,174	1,994,810,051
Guoxin Infu Co., Ltd.	397,781,671	3,669,311,846
V.F.B., Trading JSC	-	2,046,200,000
Ms. Nguyen Thi Thu Hien	-	467,000,000
Advance to other suppliers	11,104,551,677	12,561,923,967
	<u>13,032,377,522</u>	<u>20,739,245,864</u>
Provision for doubtful advances to suppliers	(696,080,000)	(696,080,000)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

7. OTHER RECEIVABLES

	<i>Currency: VND</i>	
	<i>30 June 2020</i>	<i>31 December 2019</i>
Short-term		
Interest income from term deposits	14,787,289,589	11,101,662,575
Shortage of assets awaiting resolution	11,349,845,417	11,349,845,417
Advance to employees	1,571,475,317	1,500,713,577
Other short-term receivables	2,446,984,818	1,775,811,617
	<u>30,155,595,141</u>	<u>25,728,033,186</u>
Provision for doubtful other short-term receivables	(11,452,992,617)	(11,452,992,617)
Long-term		
Long-term deposit	3,545,101,054	2,499,508,575
Rental of machinery	893,491,200	893,491,200
Other long-term receivables	431,397,475	431,397,475
	<u>4,869,989,729</u>	<u>3,824,397,250</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 2020</i>		<i>31 December 2019</i>	
	<i>Cost</i>	<i>Recoverable amount</i>	<i>Cost</i>	<i>Recoverable amount</i>
Everpia Cambodia Co., Ltd	10,233,915,821	-	10,233,915,821	-
Others	73,213,014,165	36,881,279,975	72,911,179,663	43,014,383,661
	<u>83,446,929,986</u>	<u>36,881,279,975</u>	<u>83,145,095,484</u>	<u>43,014,383,661</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

9. INVENTORIES

Currency: VND

	<i>30 June 2020</i>		<i>31 December 2019</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Goods in transit	2,695,548,010	-	4,669,132,759	-
Raw materials	218,716,032,116	(8,205,693,246)	218,634,160,109	(6,298,321,177)
Finished goods	181,328,437,309	(9,379,468,365)	188,398,142,438	(8,791,929,573)
Merchandise	6,368,074,302	-	4,617,876,868	-
	409,108,091,737	(17,585,161,611)	416,319,312,174	(15,090,250,750)

Movements of provision for obsolete inventories:

Currency: VND

	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Beginning balance	15,090,250,750	16,088,230,389
Add: Provision made during the period	4,760,714,411	1,748,416,404
Less: Utilisation and reversal of provision during the period	(2,265,803,550)	(9,384,120,928)
Ending balance	17,585,161,611	8,452,525,865

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicle	Others	Total
Cost:						
As at 31 December 2019	197,286,321,894	308,891,750,474	15,409,759,696	43,958,155,871	19,304,885,493	584,850,873,428
New purchase	-	1,855,029,817	-	-	-	1,855,029,817
Disposal	-	(2,213,130,225)	(1,037,855,958)	-	-	(3,250,986,183)
As at 30 June 2020	197,286,321,894	308,533,650,066	14,371,903,738	43,958,155,871	19,304,885,493	583,454,917,062
<i>In which:</i>						
Fully depreciated	20,703,762,726	91,316,152,486	6,692,190,945	8,051,619,715	4,142,579,882	130,906,305,754
Fixed assets used as loan and bond collaterals (Notes 18.1, 18.2, 18.3, 19)	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 2019	83,822,731,751	209,675,923,905	13,568,803,547	23,784,078,652	15,464,287,984	346,315,825,839
Depreciation for the period	6,744,869,632	11,427,764,374	488,147,047	2,159,506,560	886,532,525	21,706,820,138
Disposal	-	(2,213,130,225)	(1,037,855,958)	-	-	(3,250,986,183)
As at 30 June 2020	90,567,601,383	218,890,558,054	13,019,094,636	25,943,585,212	16,350,820,509	364,771,659,794
Net carrying amount:						
As at 31 December 2019	113,463,590,143	99,215,826,569	1,840,956,149	20,174,077,219	3,840,597,509	238,535,047,589
As at 30 June 2020	106,718,720,511	89,643,092,012	1,352,809,102	18,014,570,659	2,954,064,984	218,683,257,268

NOTES TO THE INTERIM SEPARATE THE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

11. INTANGIBLE FIXED ASSETS

Currency: VND

	Trade mark	Distribution channels	Computer software	Others	Total
Cost:					
As at 31 December 2019	24,566,385,000	7,831,500,000	7,463,284,189	686,893,687	40,548,062,876
As at 30 June 2020	24,566,385,000	7,831,500,000	7,463,284,189	686,893,687	40,548,062,876
<i>In which:</i>					
Fully amortised	-	7,831,500,000	943,173,710	686,893,687	9,461,567,397
Accumulated amortisation:					
As at 31 December 2019	20,053,952,589	7,831,500,000	6,793,685,862	686,893,687	35,366,032,138
Amortisation for the period	702,447,762	-	322,644,628	-	1,025,092,390
As at 30 June 2020	20,756,400,351	7,831,500,000	7,116,330,490	686,893,687	36,391,124,528
Net carrying amount:					
As at 31 December 2019	4,512,432,411	-	669,598,327	-	5,182,030,738
As at 30 June 2020	3,809,984,649	-	346,953,699	-	4,156,938,348

NOTES TO THE INTERIM SEPARATE THE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

12. LONG-TERM INVESTMENTS

Currency: VND

	30 June 2020			31 December 2019		
	Cost	Provision	Fair value (*)	Cost	Provision	Fair value (*)
Investment in subsidiary (Note 1)	34,285,000,000	(5,000,000,000)	-	34,285,000,000	-	-
Investment in associate (Note 12.1)	11,590,390,000	(11,590,390,000)	-	11,590,390,000	(11,590,390,000)	-
Investment in other entity (Note 12.2)	2,638,200,000	-	-	-	-	-
	48,513,590,000	(16,590,390,000)	-	45,875,390,000	(11,590,390,000)	-

(*) Shares of these companies are not listed on the stock market. Management assesses the fair value of this investment equivalent to its book value.

12.1 Investments in associate

	30 June 2020		31 December 2019	
	Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)
Texpia Joint Stock Company	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 6th Amendment 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 purchased all assets and liabilities of this associate. As at the date of this report, Texpia Joint Stock Company completed tax finalization and other procedures with Management Board of Dong Nai Industrial Zone and this associate is working with other governing agencies regarding procedure to dissolve its business.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

12. LONG-TERM INVESTMENTS (continued)

12.2. Investment in other entity

Investment in other entity represents the investment in shares of Bac Ninh Pharmaceutical Joint Stock Company, with 172,000 shares at the cost of VND 2,638,200,000.

13. PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>30 June 2020</i>	<i>31 December 2019</i>
Short-term		
Prepaid rentals	2,048,186,662	2,032,931,066
Fire insurance	472,218,749	524,178,034
Tools and spare parts	436,714,752	79,961,670
Others	601,201,453	1,141,903,164
	<u>3,558,321,616</u>	<u>3,778,973,934</u>
Long-term		
Prepaid rentals	10,770,990,995	7,457,229,502
Land rental prepaid	7,670,921,020	7,834,113,718
Showroom furniture	5,410,437,549	8,307,721,984
Tools and spare parts	3,574,826,545	4,684,793,086
Others	754,580,999	1,255,079,340
	<u>28,181,757,108</u>	<u>29,538,937,630</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

14. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

14.1 Short-term trade payables

	Currency: VND			
	30 June 2020		31 December 2019	
	Balance	Payable amount	Balance	Payable amount
Short-term trade payables	36,001,940,676	36,001,940,676	46,109,863,768	46,109,863,768
- BCH Corporation	1,805,704,130	1,805,704,130	1,805,704,130	1,805,704,130
- Tongxiang Huibo Import & Export Co., Ltd	3,625,315,870	3,625,315,870	3,595,598,581	3,595,598,581
- Guangzhou Yaohuang Trade Co., Ltd.	-	-	381,886,798	381,886,798
- Payables to other suppliers	30,570,920,676	30,570,920,676	40,326,674,259	40,326,674,259
Payables to related parties (Note 29)	7,363,318,922	7,363,318,922	9,209,792,633	9,209,792,633
	43,365,259,598	43,365,259,598	55,319,656,401	55,319,656,401

14.2 Short-term advances from customers

	Currency: VND	
	30 June 2020	31 December 2019
Petit Elin Co., Ltd.	2,190,430,793	3,082,449,753
Hai An Import Export and Trading Investment JSC	1,682,897,491	-
Hoang Thien Duc Trading Co., Ltd.	-	2,226,645,432
Others	10,296,128,123	17,419,159,052
	14,169,456,407	22,728,254,237

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

15. STATUTORY OBLIGATIONS

Currency: VND

	<i>31 December 2019</i>	<i>Payable during the period</i>	<i>Payment during the period</i>	<i>30 June 2020</i>
Payables				
Value added tax	1,054,461,972	7,299,157,566	(4,197,797,851)	4,155,821,687
Import and export duties	100,387,092	805,421,242	(805,996,602)	99,811,732
Corporate income tax (<i>Note 28</i>)	12,733,763,620	2,639,113,065	(12,145,954,782)	3,226,921,903
Personal income tax	1,309,481,904	7,301,367,496	(6,644,634,225)	1,966,215,175
Other taxes	39,529,793	343,075,090	(282,627,519)	99,977,364
	15,237,624,381	18,388,134,459	(24,077,010,979)	9,548,747,861

16. SHORT-TERM ACCRUED EXPENSES

Currency: VND

	<i>30 June 2020</i>	<i>31 December 2019</i>
Rental fee	463,564,443	432,467,114
Import and export fee	355,600,000	554,000,000
Commission fee	308,770,833	76,902,531
Professional fee	210,000,000	168,000,000
Advertising costs	-	2,087,303,764
Others	255,391,678	153,155,756
	1,593,326,954	3,471,829,165

17. OTHER PAYABLES

Currency: VND

	<i>30 June 2020</i>	<i>31 December 2019</i>
Short-term		
Accrued interest	3,816,614,191	3,734,905,977
Trade union fee	351,115,197	195,284,061
Social insurance	61,856,674	137,715,936
Coupon payables	-	35,000,000
Other short-term payables	2,197,490,651	2,248,474,084
	6,427,076,713	6,351,380,058
Long-term		
Provision for severance allowances	14,960,535,023	14,416,342,754
Provision for site restoration	2,762,996,314	2,762,996,314
Other long-term payables	116,818,000	116,818,000
	17,840,349,337	17,296,157,068

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

18. LOANS AND FINANCE LEASES

	31 December 2019		Movement during the period			30 June 2020	
	Balance	Payable amount	Increase	Decrease	Foreign exchange difference	Balance	Payable amount
Short-term							
Borrowings from banks (Note 18.1)	114,482,203,065	114,482,203,065	127,051,216,108	(121,161,564,196)	102,641,869	120,474,496,847	120,474,496,847
Current portion of long-term borrowings (Note 18.2)	9,880,267,086	9,880,267,086	634,635,956	(7,017,397,268)	31,601,882	3,529,107,656	3,529,107,656
	124,362,470,151	124,362,470,151	127,685,852,064	(128,178,961,464)	134,243,751	124,003,604,503	124,003,604,503
Long-term							
Bond (Note 18.3)	100,000,000,000	100,000,000,000	-	-	-	100,000,000,000	100,000,000,000
Borrowings from banks (Note 18.2)	1,817,716,110	1,817,716,110	-	(634,635,956)	31,601,022	1,214,681,176	1,214,681,176
	101,817,716,110	101,817,716,110	-	(634,635,956)	31,601,022	101,214,681,176	101,214,681,176
	226,180,186,261	226,180,186,261	127,685,852,064	(128,813,597,420)	165,844,773	225,218,285,679	225,218,285,679

Currency: VND

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

18. LOANS AND FINANCE LEASES (continued)

18.1 Short-term borrowings from banks

Bank	30 June 2020		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	65,176,019,144	USD 2,796,254	Interest is payable on 26th each month and latest indenture payable in full on 21 December 20.	1.41% - 2.4%	Machineries and equipment of the Hung Yen factory and receivables.
Joint Stock Commercial Bank for Foreign Trade of Vietnam	7,543,175,673	VND 7,543,175,673	Interest is payable on 26th each month and principal payable in full on 7 October 20.	5.5%	Machineries and equipment of the Hung Yen factory and receivables.
Shinhan One Member Limited Liability Bank of Vietnam	47,755,302,030	VND 47,755,302,030	Interest payment is payable on 26th each month and latest indenture is payable in full on 9 August 20.	6.18% - 6.52%	Machinery and equipment funded by the loan; 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.
	120,474,496,847				

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

18. LOANS AND FINANCE LEASES (continued)

18.2 Long-term borrowings from banks

Bank	30 June 2020		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Shinhan One Member Limited Bank of Vietnam	2,429,362,352	USD 104,376.47	4-5 years since loan drawdown date. Principal is payable quarterly. Final principal is payable on 28 July 2022. Interest payment is payable on 28th each month.	3.8% - 4.7%	Machinery and equipment funded by the loan; 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.
Shinhan One Member Limited Bank of Vietnam	2,314,426,480	VND 2,314,426,480	4-5 years since loan drawdown date. Principal is payable quarterly. Final principal is payable on 30 November 2021. Interest payment is payable on 28th each month.	6.83% - 7%	Machinery and equipment funded by the loan; 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.
		4,743,788,832			
<i>In which:</i>					
Current portion	3,529,107,656				
Non-current portion	1,214,681,176				

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

18. LOANS AND FINANCE LEASES (continued)

18.3 Bond

	30 June 2020			31 December 2019		
	Value (VND)	Interest (% p.a)	Term and maturity	Value (VND)	Interest (% p.a)	Term and maturity
Issued at par value	100,000,000,000	8.5%	Final settlement is on 30 August 2022	100,000,000,000	8.5%	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 Vietnam – Hung Yen Branch dated 25 August 2017, the Company has issued 150 non-convertible bonds with total par value of VND 150 billion, interest payment period is 6 months from the issue date. On 13 September 2018, the Company had re-purchased 50 bonds, equivalents to VND 50 billion.

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 of the Company 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.

19. 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 no 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 (VND 12,772), starting 1 year from Issuance date to 1 month before the maturity date. Balance of these bonds as at 30 June 2020 is following:

Currency: USD

	31 December 2019	Movement during the period			30 June 2020
		New issuance	Converted to shares	Due but not yet converted	
Value	10,100,000	-	-	-	10,100,000

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

19. CONVERTIBLE BONDS (continued)

	<i>Currency: VND</i>	
	<i>For the six month period ended 30 June 2020</i>	<i>For the six month period ended 30 June 2019</i>
Value of convertible bond	232,024,371,000	231,467,154,000
Equity component	-	-
Liability component at initial recognition	<u>232,024,371,000</u>	<u>231,467,154,000</u>
<i>Add: Accumulated amortisation of discount</i>		
Beginning balance	944,956,000	236,239,000
Amortisation for the period	<u>354,358,500</u>	<u>354,358,500</u>
Ending balance	1,299,314,500	590,597,500
<i>Add: Loss from foreign exchange difference</i>	<u>707,000,000</u>	<u>1,060,500,000</u>
Liability component at end of the period	<u><u>233,085,729,500</u></u>	<u><u>232,882,012,500</u></u>

Everpia Joint Stock Company

B09a-DN

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

Currency: VND

	Share capital	Share premium	Treasury shares	Other fund belonging to owners' equity	Undistributed earnings	Total
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)	734,156,888	374,098,056,874	921,702,668,009
- Profit for the period	-	-	-	-	12,437,313,863	12,437,313,863
- Appropriation to reserve	-	-	-	3,810,619,732	(3,810,619,732)	-
- Dividends declared	-	-	-	-	(38,009,284,250)	(38,009,284,250)
- Other decreases	-	-	-	(1,092,665,386)	-	(1,092,665,386)
As at 30 June 2019	419,797,730,000	203,072,724,247	(76,000,000,000)	3,452,111,234	344,715,466,755	895,038,032,236
For the six-month period ended 30 June 2020						
As at 31 December 2019	419,797,730,000	203,072,724,247	(76,000,000,000)	1,912,789,888	409,447,046,136	958,230,290,271
- Loss for the period	-	-	-	-	(5,054,987,080)	(5,054,987,080)
- Appropriation to reserve	-	-	-	3,594,413,393	(3,594,413,393)	-
- Dividends declared (*)	-	-	-	-	(34,243,175,701)	(34,243,175,701)
- Other decreases	-	-	-	(1,814,225,974)	-	(1,814,225,974)
As at 30 June 2020	419,797,730,000	203,072,724,247	(76,000,000,000)	3,692,977,307	366,554,469,962	917,117,901,516

(*) Under the Resolution of the Annual Meeting of Shareholders No. 01/DHDCD2020/NQ dated 24 April 2020, the Company declared dividends in cash for 2019: 9% of par value (VND 900 per share).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

20. OWNERS' EQUITY (continued)

20.2 Share capital

	Currency: VND			
	30 June 2020		31 December 2019	
	Total	Ordinary shares	Total	Ordinary shares
Contributed share capital	419,797,730,000	419,797,730,000	419,797,730,000	419,797,730,000
Share premium	203,072,724,247	203,072,724,247	203,072,724,247	203,072,724,247
Treasury shares	(76,000,000,000)	(76,000,000,000)	(76,000,000,000)	(76,000,000,000)
	<u>546,870,454,247</u>	<u>546,870,454,247</u>	<u>546,870,454,247</u>	<u>546,870,454,247</u>

20.3 Capital transactions with owners and distribution of dividends, profits

	Currency: VND	
	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
Contributed share capital		
Beginning balance	<u>419,797,730,000</u>	<u>419,797,730,000</u>
Ending balance	<u>419,797,730,000</u>	<u>419,797,730,000</u>

20.4 Dividends and paid

	Currency: VND	
	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
Dividends declared and paid during the period		
<i>Dividends on ordinary shares</i>		
Dividends for 2019: VND 900 per share (2018: VND 1,000 per share)	34,243,175,701	38,009,284,250
Dividends declared after the date of reporting period and not yet recognised as liability as at 30 June 2020	-	-

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

20. OWNERS' EQUITY (continued)

20.5 Shares

	<i>Quantity</i>	
	<i>30 June 2020</i>	<i>31 December 2019</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 (2019: VND 10,000/share).

20.6 Other funds belonging to owners' equity

Other fund belonging to owners' equity is set up under the Resolution of the General Shareholders No. 01/DHDCD2020/NQ dated 24 April 2020 with the amount of 5% of profit after tax presented in the consolidated financial statements for the year ended 31 December 2019. Under 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.

21. OFF BALANCE SHEET ITEMS

	<i>30 June 2020</i>	<i>31 December 2019</i>
Other receivables from Texpia JSC	30,160,675,690	30,160,675,690
Provision for other receivables from Texpia JSC (written-off from 2018)	(30,160,675,690)	(30,160,675,690)
Foreign currency		
- United State dollar (USD)	597,371.56	761,736.51
- Euro (EUR)	5,567.69	3,917.25

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

22. REVENUE

22.1 Revenue from sale of goods and rendering services

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Gross revenue	383,744,541,248	430,095,721,867
<i>In which:</i>		
Sales of bedding, mattress products	212,900,238,415	212,714,692,664
Sales of padding products	95,175,001,998	143,579,689,668
Sales of cleaner products	45,685,380,518	34,255,304,238
Sales of quilting products	17,352,737,937	24,382,114,843
Sales of other goods and services	12,631,182,380	15,163,920,454
Less		
Trade discount	(349,953,836)	(2,281,060,154)
Net revenue	383,394,587,412	427,814,661,713
<i>In which:</i>		
<i>Sales of bedding, mattress products</i>	<i>212,550,284,579</i>	<i>210,433,632,510</i>
<i>Sales of padding products</i>	<i>95,175,001,998</i>	<i>143,579,689,668</i>
<i>Sales of cleaner products</i>	<i>45,685,380,518</i>	<i>34,255,304,238</i>
<i>Sales of quilting products</i>	<i>17,352,737,937</i>	<i>24,382,114,843</i>
<i>Sales of other goods and services</i>	<i>12,631,182,380</i>	<i>15,163,920,454</i>

22.2 Finance income

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Interest income	21,087,552,869	16,436,277,604
Gain from trading securities	2,338,393,727	-
Foreign exchange gains	1,418,328,319	1,574,935,005
Dividend income	-	206,400,000
	24,844,274,915	18,217,612,609

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

23. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Cost of bedding, mattress products	161,644,921,526	158,160,739,620
Cost of padding products	58,687,329,091	82,484,530,278
Cost of cleaner products	42,338,926,925	30,640,921,627
Cost of quilting products	14,705,554,827	20,196,917,900
Cost of other goods and other services rendered	8,049,436,902	9,373,007,033
	<u>285,426,169,271</u>	<u>300,856,116,458</u>

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Selling expenses		
- Labour costs	32,885,855,994	33,615,641,813
- Expenses for external services	19,203,219,608	19,685,136,794
- Advertising expense	3,941,331,963	12,694,442,171
- Raw material	1,783,221,766	4,954,803,282
- Depreciation and amortisation	1,112,629,344	1,182,366,034
- Others	5,810,277,702	5,889,629,895
	<u>64,736,536,377</u>	<u>78,022,019,989</u>
General and administrative expenses		
- Labour costs	24,374,091,281	27,235,710,783
- Provision	7,792,146,016	592,563,798
- Expenses for external services	6,063,716,958	6,934,344,286
- Depreciation and amortisation	4,108,807,991	4,545,490,116
- Others	4,244,078,595	2,674,352,518
	<u>46,582,840,841</u>	<u>41,982,461,501</u>

25. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Interest expenses	8,067,325,700	4,670,028,922
Provision	5,000,000,000	-
Realised foreign exchange losses	1,971,639,110	3,147,549,161
Others	517,052,087	-
	<u>15,556,016,897</u>	<u>7,817,578,083</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

26. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Other income		
Fix assets disposal	27,483,636	-
Others	349,469,515	99,169,493
	376,953,151	99,169,493
Other expenses		
Penalties	705,803,875	508,135,447
Fix assets disposal	70,920,209	-
Others	198,292,597	67,662,872
	975,016,681	575,798,319
NET OTHER LOSS	(598,063,530)	(476,628,826)

27. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Materials	235,101,586,637	260,625,010,596
Labour costs	92,957,945,931	110,275,683,223
Expenses for external services	25,468,144,623	35,373,903,570
Depreciation and amortisation	22,731,912,528	22,825,561,905
Other expenses	13,416,251,641	16,127,814,850
	389,675,841,360	445,227,974,144

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

28. 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 2020.

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

28.1 CIT expenses

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Current CIT expenses	2,639,113,065	2,594,187,672
Deferred tax (income)/expenses	(2,244,890,574)	1,845,967,930
	<u>394,222,491</u>	<u>4,440,155,602</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 2020</i>	<i>For the six-month period ended 30 June 2019</i>
(Loss)/profit before tax	(4,660,764,589)	16,877,469,465
At CIT rate of 20%	(932,152,918)	3,375,493,893
<i>Adjustments to increase:</i>		
Expenses not eligible for CIT deduction	326,375,409	545,432,726
Provision for foreign investment	1,000,000,000	-
Other adjustments	-	560,508,983
<i>Adjustments to decrease:</i>		
Dividend received	-	(41,280,000)
Estimated current CIT expenses	<u>394,222,491</u>	<u>4,440,155,602</u>

28.2 Current CIT

The current CIT payable is based on taxable profit for the current period. The taxable income of the Company for the period differs from the profit as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

28. CORPORATE INCOME TAX (continued)

28.3 Deferred tax

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

Currency: VND

	<i>Interim separate balance sheet</i>		<i>Interim separate income statement</i>	
	<i>30 June 2020</i>	<i>31 December 2019</i>	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
Deferred tax assets				
Unearned revenue	-	7,000,000	(7,000,000)	(1,673,636)
Provision for obsolete inventories	3,517,032,322	3,018,050,150	498,982,172	(1,527,140,905)
Provision for doubtful debts	13,187,804,847	11,900,817,209	1,286,987,638	(52,843,524)
Accrual for severance pay	2,992,107,005	2,883,268,551	108,838,454	153,281,214
Adjustment for depreciation	74,826,706	46,352,892	28,473,814	-
Support expense without sufficient documents	463,000,000	463,000,000	-	-
Revenue earned but not yet billed	206,371,298	-	206,371,298	(560,508,983)
Allocation expense of site restoration provision	276,299,630	221,039,704	55,259,926	27,629,963
	<u>20,717,441,808</u>	<u>18,539,528,506</u>	<u>2,177,913,302</u>	<u>(1,961,255,871)</u>
Deferred tax liabilities				
Unrealised foreign exchange gain of cash and trade receivables	(426,176,415)	(493,153,687)	66,977,272	115,287,941
	<u>(426,176,415)</u>	<u>(493,153,687)</u>	<u>66,977,272</u>	<u>115,287,941</u>
Net deferred tax assets	<u>20,291,265,393</u>	<u>18,046,374,819</u>		
Net deferred tax charge to interim separate income statement			<u>2,244,890,574</u>	<u>(1,845,967,930)</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the six-month period were as follows.

Related parties	Relationship	Transactions	Currency: VND	
			For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
Everpia Korea Joint Stock Company	Subsidiary	Purchase of goods	46,141,084,350	90,822,609,960
		Purchase of tools	967,958,595	-
		Payment for purchase of goods, tools	48,955,516,656	80,478,211,561

The terms and conditions of transactions with related parties

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

Outstanding balances at 30 June 2020 are unsecured, interest free and will be settled in cash. For the six-month period ended 30 June 2020, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2019: nil). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Amounts due from related parties at the interim balance sheet date were as follows:

Related parties	Relationship	Transactions	30 June 2020	31 December 2019
Trade payables (Note 14.1)				
Everpia Korea Joint Stock Company	Subsidiary	Purchase of raw material	7,363,318,922	9,209,792,633
			7,363,318,922	9,209,792,633

Transactions with other related parties

Remuneration to members of the Board of Directors and management:

	Currency: VND	
	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
Salaries and bonus	8,347,619,168	9,743,715,338
	8,347,619,168	9,743,715,338

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

30. COMMITMENTS

Operating lease commitment

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

	Currency: VND	
	30 June 2020	31 December 2019
Up to 1 year	10,610,011,420	11,356,850,420
From 1-5 years	18,379,331,472	23,422,529,932
TOTAL	28,989,342,892	34,779,380,352


31. SEGMENT INFORMATION


The principal activities of the Company are manufacturing and trading of products of blankets, sheets, pillows, mattress and padding. Revenue and assets regarding to blankets, sheets, pillows, mattresses and cotton accounted for more than 90% of total revenue in the period and total assets as at reporting date. Besides, the production and business activities of the Company are mainly carried out in the territory of Vietnam. Therefore, the Company has only one business segment and one geographic segment. Accordingly, the Company does not disclose information segment.

32. EVENTS AFTER THE BALANCE SHEET DATE

In August 2020, the Company has signed the contract to purchase 25% of voting shares of Hyojung Soft Tech Joint Stock Company with total consideration of VND 3.6 billion.

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


Preparer
Accounting manager
Nguyen Bao Ngoc


Deputy General Director
In charge of Finance
Yu Sung Dae


General Director
Lee Jae Eun

Hanoi, Vietnam

25 August 2020