



**QUANG NGAI SUGAR
JOINT STOCK COMPANY**
Interim financial statements
For the six months of 2019

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REPORT OF THE MANAGEMENT

The Management of Quang Ngai Sugar Joint Stock Company is pleased to present this report together with the reviewed interim financial statements for the first six months of 2019.

Overview

Quang Ngai Sugar Joint Stock Company (“the Company”) is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate (now being the Enterprise Registration Certificate) No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Enterprise Registration Certificate (the current enterprise code is 4300205943) has been amended 22 times and the most recent amendment was made on 22/07/2019.

As at 30/06/2019, the Company has 16 dependent units which do independent accounting and one subsidiary:

Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory - BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

Subsidiary

Company name	Address	Principal activities	% holding and voting right
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

Head office

- Address: 02 Nguyen Chi Thanh Street, Quang Phu Ward, Quang Ngai City, Quang Ngai Province
- Tel: (84) 0255.3726 110
- Fax: (84) 0255.3822 843
- Website: www.qns.com.vn

REPORT OF THE MANAGEMENT (cont'd)

Principal activities

- Processing milk and products from milk. Detail: processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks' products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Plant propagation. Detail: propagation of sugar cane; soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;
- Machining; treatment and coating of metals. Detail: machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Wholesale of waste and scrap and other products n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;
- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO2 and industrial CO2;
- Growing of oil seeds;
- Seed processing for propagation;

REPORT OF THE MANAGEMENT (cont'd)

- Other mining and quarrying n.e.c;
- Exploiting, treating and supplying water. Detail: exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: generating electricity;
- Packaging activities (except packaging of plant protection drugs).

Employees

As at 30/06/2019, the Company had 3,562 employees, including 137 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Chief Accountant during the period and up to this reporting date are as follows:

Board of Directors

- | | | |
|------------------------|---------------|---------------------------|
| • Mr. Vo Thanh Dang | Chairman | Reappointed on 11/04/2016 |
| • Mr. Nguyen Huu Tien | Vice Chairman | Reappointed on 11/04/2016 |
| • Mr. Tran Ngoc Phuong | Member | Reappointed on 09/04/2016 |
| • Mr. Ngo Van Tu | Member | Reappointed on 09/04/2016 |
| • Mr. Dang Phu Quy | Member | Reappointed on 09/04/2016 |

Board of Supervisors

- | | | |
|---------------------------|------------------|---------------------------|
| • Mr. Nguyen Dinh Que | Chief Supervisor | Reappointed on 11/04/2016 |
| • Mr. Nguyen Thanh Huy | Supervisor | Reappointed on 09/04/2016 |
| • Ms. Huynh Thi Ngoc Diep | Supervisor | Appointed on 25/03/2017 |

Management and Chief Accountant

- | | | |
|------------------------|-----------------------|---------------------------|
| • Mr. Vo Thanh Dang | General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen Huu Tien | Vice General Director | Reappointed on 01/08/2019 |
| • Mr. Tran Ngoc Phuong | Vice General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen The Binh | Chief Accountant | Appointed on 10/12/2017 |

Independent Auditor

These interim financial statements have been reviewed by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30th April Street, Hai Chau District, Da Nang City; Telephone: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

REPORT OF THE MANAGEMENT (cont'd)

Statement of the Management's responsibility in respect of the interim financial statements

The Management of the Company is responsible for preparation and fair presentation of these interim financial statements on the basis of:

- Complying with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the interim financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the interim financial statements including the interim balance sheet, the interim income statement, the interim statement of cash flows and notes to the interim financial statements give a true and fair view of the financial position of the Company as at 30/06/2019 and the results of its operations and its cash flows for the first six months of 2019 in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.

On behalf of the Management



[Signature]
Võ Thanh Đăng
General Director

Quang Ngai Province, 13 August 2019



CÔNG TY TNHH KIỂM TOÁN VÀ KẾ TOÁN AAC

THÀNH VIÊN CỦA PRIMEGLOBAL

CHUYÊN NGÀNH KIỂM TOÁN KẾ TOÁN TÀI CHÍNH

Trụ sở chính: Lô 78 - 80, Đường 30 Tháng 4, Quận Hải Châu, Thành phố Đà Nẵng

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No. 991/BCSX-AAC

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**Attn: The Shareholders, Board of Directors and Management
Quang Ngai Sugar Joint Stock Company**

We have reviewed the accompanying interim financial statements prepared on 13/08/2019 of Quang Ngai Sugar Joint Stock Company (“the Company”) as set out on pages 7 to 43, which comprise the interim balance sheet as at 30/06/2019, the interim income statement, interim statement of cash flows and notes to the interim financial statements for the first 6 months of 2019.

Management's Responsibility

The Management of the Company is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements, and for such internal control as the Management determines is necessary to enable the preparation and presentation of interim 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 accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 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.

Auditor's Conclusion

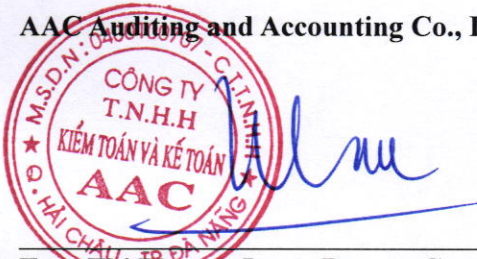
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30/06/2019, and of its financial performance and its cash flows for the first six months of 2019, in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.

Emphasis of Matter

We draw attention to Note 3 to the financial statements, the accompanying financial statements are the separate interim financial statements for the first 6 months of 2019 of the Company. These financial statements should be read in conjunction with the consolidated financial statements for the first 6 months of 2019 in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

Our audit opinion is not qualified in respect of this matter.

AAC Auditing and Accounting Co., Ltd.



Tran Thi Phuong Lan – Deputy General Director

Audit Practicing Registration Certificate

No. 0396-2018-010-1

Da Nang City, 13 August 2019

INTERIM BALANCE SHEET
As at 30 June 2019

Form B 01 – DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	30/06/2019 VND	01/01/2019 VND
A. CURRENT ASSETS	100		3,323,385,534,271	3,175,277,218,366
I. Cash and cash equivalents	110		209,925,911,324	417,823,626,254
1. Cash	111	5	209,925,911,324	417,823,626,254
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		1,931,000,000,000	1,699,000,000,000
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6.a	1,931,000,000,000	1,699,000,000,000
III. Short-term receivables	130		206,665,370,076	467,166,692,010
1. Short-term trade receivables	131	7	22,250,228,995	85,676,814,260
2. Short-term prepayments to suppliers	132	8	170,500,596,783	372,040,637,498
3. Other short-term receivables	136	9.a	25,848,133,596	20,916,193,253
4. Provision for doubtful debts	137	10	(11,933,589,298)	(11,466,953,001)
IV. Inventories	140	11	958,984,428,583	584,053,948,092
1. Inventories	141		959,195,221,423	584,053,948,092
2. Provision for obsolete inventories	149		(210,792,840)	-
V. Other current assets	150		16,809,824,288	7,232,952,010
1. Short-term prepaid expenses	151	12.a	8,752,870,117	7,207,166,498
2. Deductible VAT	152		8,031,168,659	-
3. Taxes and amounts recoverable from the State	153	18	25,785,512	25,785,512
B. LONG-TERM ASSETS	200		5,775,552,438,173	5,623,150,533,033
I. Long-term receivables	210		690,181,497	690,181,497
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	9.b	690,181,497	690,181,497
II. Fixed assets	220		4,029,977,392,114	4,387,998,740,641
1. Tangible fixed assets	221	13	4,003,665,397,493	4,354,405,972,996
- Cost	222		8,004,438,321,794	7,992,659,915,640
- Accumulated depreciation	223		(4,000,772,924,301)	(3,638,253,942,644)
2. Intangible fixed assets	227	14	26,311,994,621	33,592,767,645
- Cost	228		43,337,099,050	42,939,992,175
- Accumulated amortization	229		(17,025,104,429)	(9,347,224,530)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		734,769,413,933	213,696,481,803
1. Long-term work in process	241		-	-
2. Construction in progress	242	15	734,769,413,933	213,696,481,803
V. Long-term financial investments	250	6.b	800,000,000,000	800,000,000,000
1. Investments in subsidiaries	251		800,000,000,000	800,000,000,000
2. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		210,115,450,629	220,765,129,092
1. Long-term prepaid expenses	261	12.b	210,115,450,629	220,765,129,092
2. Deferred income tax assets	262		-	-
TOTAL ASSETS	270		9,098,937,972,444	8,798,427,751,399

INTERIM BALANCE SHEET (cont'd)

As at 30 June 2019

RESOURCES	Code	Note	30/06/2019 VND	01/01/2019 VND
C. LIABILITIES	300		2,437,957,020,274	2,675,145,080,629
I. Current liabilities	310		2,418,947,322,351	2,656,378,039,717
1. Short-term trade payables	311	16	379,486,891,548	444,235,146,746
2. Short-term advances from customers	312	17	45,476,923,884	37,053,163,709
3. Taxes and amounts payable to the State budget	313	18	124,152,805,583	107,128,964,954
4. Payables to employees	314		176,408,921,205	107,990,980,301
5. Short-term accrued expenses	315	19	72,691,827,211	3,008,342,529
6. Other short-term payables	319	20.a	16,294,489,574	177,658,931,683
7. Short-term loans and finance lease liabilities	320	21	1,488,662,844,746	1,727,184,074,877
8. Provision for short-term payables	321	22	47,750,261,801	-
9. Reward and welfare fund	322		68,022,356,799	52,118,434,918
II. Long-term liabilities	330		19,009,697,923	18,767,040,912
1. Other long-term payables	337	20.b	10,574,513,200	10,331,856,189
2. Science and technology development fund	343	23	8,435,184,723	8,435,184,723
D. OWNERS' EQUITY	400		6,660,980,952,170	6,123,282,670,770
I. Owners' equity	410	24	6,660,480,952,170	6,123,282,670,770
1. Share capital	411	24	3,569,399,550,000	2,925,746,090,000
- Common shares with voting rights	411a		3,569,399,550,000	2,925,746,090,000
- Preferred shares	411b		-	-
2. Share premium	412	24	353,499,663,780	288,320,082,456
3. Investment and development fund	418	24	567,823,798,211	505,806,238,330
4. Undistributed profit	421	24	2,169,757,940,179	2,403,410,259,984
- Undistributed profit up to prior period-end	421a		1,585,159,831,651	1,371,423,530,580
- Undistributed profit this period	421b		584,598,108,528	1,031,986,729,404
II. Budget sources and other funds	430		500,000,000	-
1. Budget sources	431		500,000,000	-
2. Resources financing fixed assets	432		-	-
TOTAL RESOURCES	440		9,098,937,972,444	8,798,427,751,399



Vo Thanh Dang
General Director

Quang Ngai Province, 13 August 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

INTERIM INCOME STATEMENT
For the first six months of 2019

Form B 02 – DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of 2019 VND	First 6 months of 2018 VND
1. Revenue from sales and service provision	01	26	3,922,833,023,605	3,826,051,440,650
2. Revenue deductions	02	27	16,143,206,194	25,442,558,262
3. Net revenue from sales and service provision	10		3,906,689,817,411	3,800,608,882,388
4. Cost of goods sold	11	28	2,805,505,766,173	2,762,979,406,054
5. Gross profit from sales and service provision	20		1,101,184,051,238	1,037,629,476,334
6. Financial income	21	29	124,249,222,343	116,058,554,648
7. Financial expenses	22	30	42,593,812,207	47,942,058,326
<i>Including: Interest expense</i>	23		42,326,656,498	45,391,894,946
8. Selling expenses	25	31.a	355,751,139,853	329,958,938,235
9. Administrative expenses	26	31.b	129,755,418,533	94,059,926,927
10. Operating profit	30		697,332,902,988	681,727,107,494
11. Other income	31	32	5,980,822,292	26,161,530,937
12. Other expenses	32	33	7,241,841,009	187,149,354
13. Other profit	40		(1,261,018,717)	25,974,381,583
14. Accounting profit before tax	50		696,071,884,271	707,701,489,077
15. Current corporate income tax expense	51	34	111,473,775,743	68,151,641,773
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		584,598,108,528	639,549,847,304



Vo Thanh Dang
General Director

Quang Ngai Province, 13 August 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

INTERIM STATEMENT OF CASH FLOWS
For the first 6 months of 2019

Form B 03 – DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of 2019 VND	First 6 months of 2018 VND
I. Cash flows from operating activities				
1. Net profit before tax	01		696,071,884,271	707,701,489,077
2. Adjustments for				
- Depreciation and amortization	2	13,14	380,389,715,887	381,480,878,964
- Provisions	3		48,427,690,938	57,622,293,444
- Exchange gains/losses from revaluation of monetary items denominated in foreign currencies	4	32	79,683,319	2,263,224,129
- (Profits)/losses from investing activities	5		(112,409,141,015)	(104,921,398,950)
- Interest expense	6	32	42,326,656,498	45,391,894,946
3. Operating profit before changes in working capital	8		1,054,886,489,898	1,089,538,381,610
- Increase/decrease in receivables	9		115,789,862,865	102,005,184,254
- Increase/decrease in inventories	10		(375,141,273,331)	(1,009,436,718,117)
- Increase/decrease in payables	11		11,234,494,013	165,846,713,948
- Increase/decrease in prepaid expenses	12		6,435,544,956	(5,082,893,681)
- Interest paid	14		(42,661,280,736)	(44,620,196,975)
- Corporate income tax paid	15	18	(107,851,200,778)	(69,219,349,868)
- Other cash receipts from operating activities	16		500,000,000	-
- Other payments for operating activities	17		(8,903,102,071)	(8,373,009,416)
Net cash provided by operating activities	20		654,289,534,816	220,658,111,755
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(331,943,839,001)	(305,037,709,856)
2. Proceeds from disposals of fixed assets and other long-term assets	22		2,299,591,327	-
3. Cash paid for loans, acquisition of debt instruments	23		(325,000,000,000)	(917,000,000,000)
4. Recovery of loans, resales of debt instruments	24		93,000,000,000	304,000,000,000
5. Received loan interest, dividends, profits	27		106,732,269,931	18,382,981,273
Net cash used in investing activities	30		(454,911,977,743)	(899,654,728,583)
III. Cash flows from financing activities				
1. Proceeds from stock issuance, capital contribution	31		123,694,501,324	(15,000,000)
2. Proceeds from borrowings	33	21	2,752,023,812,889	3,423,548,178,948
3. Repayment of loan principals	34	21	(2,990,545,043,020)	(2,479,423,591,199)
4. Repayment of finance lease obligation	35		-	(39,992,740,214)
5. Dividends, profit paid to owners	36		(292,458,543,700)	(243,727,021,525)
Net cash used in financing activities	40		(407,285,272,507)	660,389,826,010
Net cash flows for the period	50		(207,907,715,434)	(18,606,790,818)
Cash and cash equivalents at the beginning of the period	60		417,823,626,254	527,781,193,851
Impacts of exchange rate fluctuations	61		10,000,504	4,345,675
Cash and cash equivalents at the end of the period	70		209,925,911,324	509,178,748,708



Vo Thanh Dang
General Director

Quang Ngai Province, 13 August 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(These notes form an integral part of and should be read in conjunction with the financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT – BTC dated 22/12/2014 by the Ministry of Finance

1. Nature of operations

1.1. Overview

Quang Ngai Sugar Joint Stock Company (“the Company”) is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate (now being the Enterprise Registration Certificate) No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Enterprise Registration Certificate (the current enterprise code is 4300205943) has been amended 22 times and the most recent amendment was made on 22/07/2019.

1.2. Principal scope of business: *Industrial manufacture and commercial trading/service/construction/multi-industry business.*

1.3. Operating activities

- Processing milk and products from milk. Detail: processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks’ products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing soft drinks, mineral waters. Detail: manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Plant propagation. Detail: propagation of sugar cane; soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- Real estate activities with own or leased property;
- Machining; treatment and coating of metals. Detail: machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Wholesale of waste and scrap and other products n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;
- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO₂ and industrial CO₂;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c.;
- Exploiting, treating and supplying water. Detail: exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: generating electricity.
- Packaging activities (except packaging of plant protection drugs).

1.4. Normal operating cycle

The Company's normal operating cycle is 12 months. The normal operating cycle of An Khe Sugar Factory, An Khe Biomass Power Plant and Pho Phong Sugar Factory is seasonal and from October of the preceding year to May of the following year.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

1.5. Company structure

As at 30/06/2019, the Company had 16 dependent units which do independent accounting and one subsidiary as follows:

Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory - BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

Subsidiary

Company name	Address	Principal activities	% holding and voting rights
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

2. Accounting period, currency used in accounting

The Company's annual accounting period is from 01 January to 31 December. Only these interim financial statements are prepared for the first 6 months of 2019 (from 01/01/2019 to 30/06/2019).

Currency unit used for accounting records and presented in the financial statements is Vietnamese Dong (VND).

3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

As at 30/06/2019, the Company has a subsidiary, thus in the first 6 months of 2019, the Company concurrently prepared both the Company's separate financial statements and the consolidated financial statements. These separate financial statements should be read in conjunction with the consolidated financial statements for the first 6 months of 2019 in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

4. Summary of significant accounting policies

4.1 Exchange rate difference applied in accounting

Transactions denominated in foreign currency are translated into VND using the actual exchange rate announced by the commercial bank where the Company anticipates conducting transactions on the date of the transactions.

At the balance sheet date, monetary items denominated in foreign currency which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in foreign currency which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Impacts of exchange rate fluctuations". Accordingly, foreign exchange differences arising during the period and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the period.

4.2 Cash and cash equivalents

Cash includes: cash on hand, demand deposits and cash in transit.

Cash equivalents are short-term investments which are collectible or mature within 3 months at the date of purchase, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date.

4.3 Financial investments

Held-to-maturity investments

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), bonds, preferred shares which the issuer is required to re-buy them at a certain time in the future and held-to-maturity loans to earn profits periodically and other held-to-maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The subsidiary-parent company relationship is represented through the fact that the Company holds (directly or indirectly) over 50% voting shares in the subsidiary and has the power to govern the financial and operating policies of the subsidiary.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Investments in subsidiaries are recorded at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

Provision

Provision for investments in subsidiaries is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company's investments.

4.4 Receivables

Receivables include trade receivables and other receivables.

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers;
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away. Provision is made as guided by Circular No. 228/2009/TT-BTC dated 07/12/2009 of the Ministry of Finance.

4.5 Inventories

Inventories are accounted for using the perpetual method. Value of inventories is calculated using the weighted average method.

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories includes:

- Materials, goods: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;
- Finished products: Cost comprises costs of direct materials and labor plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made for each type of inventories when the net realizable value of such inventory is less than cost. The provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7/12/2009 by the Ministry of Finance.

4.6 Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance. The Company accelerates the depreciation of machinery, equipment, office equipment and motor vehicles but not more than 2 times of the depreciation rate by the straight-line method. Details are as follows:

<u>Kinds of assets</u>	<u>Depreciation period (year)</u>
Buildings, architectures	5 - 25
Machinery, equipment	3 - 15
Motor vehicles	3 - 10
Office equipment	3 - 10

4.7 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right);
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2003 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

<u>Kinds of assets</u>	<u>Amortization period (years)</u>
Land use rights with definite term	15
Accounting software	1.5 – 3

4.8 Operating leases

An operating lease is a lease of fixed assets in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

4.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Land rental and all costs related to the leased land are amortized in accordance with the straight-line method over the term of the lease;
- Tools, instruments, empty bottles, boxes are amortized in accordance with the straight-line method for a period ranging from 1 year to 3 years;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.10 Payables

Payables include: trade payables and other payables.

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on their remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

4.11 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into current liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalization of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.12 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.13 Provision for payables

Provision for payables is a present obligation (legal or constructive) of the Company as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is recognized when a reliable estimate can be made on the amount of the obligation.

4.14 Scientific and technological development fund

Scientific and technological development fund is established by the Company to form finance source to invest in its activities of science and technology in Vietnam through activities of research, application and development, technology innovation, product innovation, production rationalization in order to improve the competitiveness of the Company.

The provision for Scientific and technological development fund from 01/01/2016 to 31/08/2016 is made as guided by Circular No. 15/2011/TT-BTC dated 09/02/2011 and Circular No. 105/2012/TT-BTC dated 25/06/2012 by the Ministry of Finance. For fixed assets purchased from the scientific and technological development fund after being certified by the local Science and Technology Department, the Company makes entries for decreasing the scientific and technological development fund and increasing the accumulated depreciation of fixed assets by the entire cost of those fixed assets.

As from 01/09/2016, the provision for Scientific and technological development fund is made in accordance with Joint Circular No. 12/2016/TTLT-BKHHCN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance.

4.15 Owners' equity

Share capital represents the amount of capital actually contributed by shareholders.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of shares; the capital component of convertible bonds as they fall due.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Resolution of Annual General Shareholders' Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.16 Recognition of revenue and other income

- Revenue from construction contracts:
 - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably;
 - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates;
 - ✓ Dividends and profits shared are recognized when the Company assumes the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.17 Revenue deductions

Revenue deductions include trade discounts, sales rebates and sales returns.

In case where revenue is recognized in during the year but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting period;

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting period.

4.18 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the right period in accordance with the matching principle and conservatism principle.

Costs of inventories and services rendered which are incurred in excess of the ordinary level are shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

4.19 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, interest on finance lease, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and expenses of other investing activities.

4.20 Selling expenses, administrative expenses

Selling expenses recognized in the period are expenses actually incurred in process of selling products, goods, rendering services.

Administrative expenses recognized are expenses actually incurred related to the overall administration of enterprises.

4.21 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses in the period include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income in the period at the tax rates ruling at the balance sheet date. The difference between taxable income and accounting profit is due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

4.22 Financial instruments

Initial recognition

Financial assets

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, cash in bank, trade receivables, other receivables and financial investments.

Financial liabilities

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.23 Tax rates and charges payable to the State Budget which the Company is applying

- Value Added Tax (VAT):
 - ✓ 5% is applicable to sugar, molasses, malt.
 - ✓ 10% is applicable to mineral water, confectionery, milk, beer, packages, and sales of wastes.
 - ✓ Other products, services are subject to prevailing tax rates.
- Special consumption tax: 65% is applicable to beer.
- Natural resources tax:
 - ✓ Activity of exploiting mineral water at VND325,000/m³ x tax rate (10%);
 - ✓ Activity of exploiting Tra Khuc River water at VND4,000/m³ x tax rate (1%).

- Corporate Income Tax (CIT):

Applicable CIT rate is 20%.

Incentives for certain dependent units are listed below:

- ✓ Agricultural and Mechanical Workshop: Income from the activity of ploughing land is free of tax.
- ✓ Quang Ngai Cane Variety Research Center (Nghia Hanh District, Quang Ngai Province): tax rate of 10% is applicable to the activities of planting and processing farm produce in area with difficult socio-economic conditions.
- ✓ An Khe Sugar Factory (An Khe Town, Gia Lai Province):
 - + For income from processing farm produce: CIT exemption is applicable to income from processing farm produce in area with extremely difficult socio-economic conditions.
 - + For other income from production and business activities: CIT rate of 10% is applicable for 15 years (from 2006 to 2020); tax exemption for 4 years (from 2006 to 2009) and 50% reduction of tax amount payable for the following 9 years (from 2010 to 2018).
- ✓ Pho Phong Sugar Factory: tax rate of 15% is applicable to income from the activity of processing farm produce in area without difficult socio-economic conditions or extremely difficult socio-economic conditions.
- ✓ Viet Nam Soya Milk Factory – VINASOY Bac Ninh has the expansion investment project which was invested from 2009 to 2013, satisfying conditions for tax incentives as regulated and are entitled to tax incentives for the remaining time as from the tax-calculation year of 2015. For investment after 2014 satisfying conditions for tax incentives as regulated, the factory shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the investment project as from the time the investment project yields taxable income.
- ✓ Viet Nam Soya Milk Factory - VINASOY Binh Duong has the new investment project in 2016 satisfying conditions for tax incentives as regulated shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years for income from new investment project as from 2017.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- ✓ Thach Bich Mineral Water Factory has the expansion investment project which was invested in 2017. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the expansion investment project as from the time the expansion investment project yields taxable income.
- ✓ An Khe Biomass Power Plant has the new investment project in the area with extremely difficult socio-economic conditions. Accordingly, the factory is entitled to the tax rate of 10% for 15 years (from 2018 to 2032), tax exemption for 4 years (from 2018 to 2021) and 50% reduction of tax amount payable in the subsequent 9 years (from 2022 to 2030).
- Other taxes and charges are paid in accordance with relevant regulations.

4.24 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

Unit: VND

5. Cash

	30/06/2019		01/01/2019	
Cash on hand		5,515,586,957		18,315,377,447
+ VND		5,501,118,957		18,300,817,447
+ Monetary gold (SJC Gold bars)	4 bars	14,468,000	4 bars	14,560,000
Cash in bank		204,410,324,367		399,508,248,807
+ VND		204,002,048,906		398,532,831,629
+ USD	16,676.12 #	387,320,190	42,509.39 #	974,329,545
+ EUR	797.29 #	20,955,271	40.91 #	1,087,633
Total		209,925,911,324		417,823,626,254

6. Financial investments

a. Held-to-maturity investments

	30/06/2019		01/01/2019	
	Cost	Book value	Cost	Book value
Term deposits	1,931,000,000,000	1,931,000,000,000	1,699,000,000,000	1,699,000,000,000
Total	1,931,000,000,000	1,931,000,000,000	1,699,000,000,000	1,699,000,000,000

As at 30/06/2019, the Company's held-to-maturity investments are bank deposits with term of 06 months. The Management assesses that these investments are not impaired.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Long-term financial investments

	30/06/2019			01/01/2019		
	% holding	Voting rate	Cost	Provision	Cost	Provision
Investment in subsidiary - Thanh Phat Trade Limited Company	100%	100%	800,000,000,000	-	800,000,000,000	-
Total			800,000,000,000	-	800,000,000,000	-

The income statement for the first 6 months of 2019 of Thanh Phat Trade Limited Company shows profit and no accumulated loss as at 30/06/2019. As a result, this investment is recognized at cost and no provision is made for it.

7. Short-term trade receivables

	30/06/2019	01/01/2019
MM Mega Market (Vietnam) Company Limited	1,100,455,103	1,926,205,632
EB Service Co., Ltd	2,522,954,447	2,577,513,389
Vietnam Electricity	-	15,675,867,540
Tetra Pak Vietnam Joint Stock Company	-	33,000,000,000
Other customers	18,626,819,445	32,497,227,699
Total	22,250,228,995	85,676,814,260

8. Short-term prepayments to suppliers

	30/06/2019	01/01/2019
Krones AG	389,902,098	231,909,109
Branch 03 - Nguyen Liem Co., Ltd - Van Canh Tapioca Starch Factory	-	2,887,500,000
Nam Phat Technical Service & Trading Co., Ltd	-	58,521,141,342
HAXU Technical Service Co., Ltd	-	40,649,188,191
Prepayments to farmers for buying sugarcane	137,756,969,410	167,542,709,048
Hung Vuong Electromechanics and Construction JSC	-	20,302,034,439
Other suppliers	32,353,725,275	81,906,155,369
Total	170,500,596,783	372,040,637,498

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

9. Other receivables

a. Short-term

	30/06/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Thanh Phat Trade Limited Company	2,553,932,570	-	-	-
Bank interest receivables	18,700,312,100	-	15,323,032,343	-
Advances	2,836,001,387	-	1,871,153,868	-
Deposits, collaterals	79,296,000	-	90,296,000	-
Other receivables	1,678,591,539	-	3,631,711,042	-
Total	25,848,133,596		20,916,193,253	

b. Long-term

	30/06/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Deposits, collaterals	690,181,497	-	690,181,497	-
Total	690,181,497		690,181,497	

10. Provision for doubtful debts

a. Short-term

	30/06/2019	01/01/2019
Provision for overdue receivable debts		
- From 3 years and over	11,035,067,621	10,479,676,301
- From 2 years to under 3 years	562,650,177	407,829,609
- From 1 year to under 2 years	59,450,251	401,855,484
- Over 6 months to under 1 year	276,421,249	177,591,607
Total	11,933,589,298	11,466,953,001

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Bad debts

Overdue receivable debts	30/06/2019			01/01/2019		
	Cost	Recoverable amount (*)	Overdue period	Cost	Recoverable amount (*)	Overdue period
- Trinh Van Hung	478,245,050	-	Over 3 years	478,245,050	-	Over 3 years
- Energy and Technology Development Company	750,000,000	-	Over 3 years	750,000,000	-	Over 3 years
- Pham Thi Chinh	117,903,750	-	Over 3 years	117,903,750	-	Over 3 years
- Vietnam Vinashin Mechanical Company	140,732,500	-	Over 3 years	140,732,500	-	Over 3 years
- Thuan Thanh Co., Ltd	272,811,481	-	Over 3 years	272,811,481	-	Over 3 years
- Nguyen Tai Danh	175,416,672	-	Over 3 years	175,416,672	-	Over 3 years
- Other customers	10,944,048,800	945,568,955	0.5 - 18 years	10,089,383,104	557,539,556	0.5 - 18 years
Total	12,879,158,253	945,568,955		12,024,492,557	557,539,556	

(*) The Company assesses that recoverable amount is the net of outstanding principal balance less the amount of provision that needs to be appropriated as guided in Circular No. 228/2009/TT-BTC dated 07/12/2009 of the Ministry of Finance.

11. Inventories

	30/06/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Goods in transit	137,376,608,582	-	24,614,939,282	-
Materials, raw materials	175,838,278,452	210,792,840	228,196,528,630	-
Tools, instruments	7,017,296,783	-	7,824,773,147	-
Work in process	87,796,940,864	-	90,020,905,627	-
Finished products	548,573,776,528	-	224,877,426,709	-
Merchandise goods	2,406,423,180	-	8,513,893,343	-
Goods on consignment	185,897,034	-	5,481,354	-
Total	959,195,221,423	210,792,840	584,053,948,092	-

- Cost of inventories unsold or in poor quality as at 30/06/2019 is VND210,792,840.
- No inventories are mortgaged and pledged as security for debts as at 30/06/2019.

12. Prepaid expenses

a. Short-term

	30/06/2019	01/01/2019
Operating lease of fixed assets	75,952,186	352,370,371
Tools and instruments put into use pending allocation	2,594,385,849	621,389,598
Others	6,082,532,082	6,233,406,529
Total	8,752,870,117	7,207,166,498

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Long-term

	30/06/2019	01/01/2019
Land lease	183,445,912,110	186,114,341,998
Tools and instruments put into use pending allocation	8,741,652,930	10,914,718,068
Bottles, cases	2,838,910,291	3,824,195,536
Others	15,088,975,297	19,911,873,490
Total	210,115,450,629	220,765,129,092

13. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,308,232,589,934	6,320,364,669,939	279,124,380,469	84,938,275,298	7,992,659,915,640
Newly-purchased	278,793,285	5,726,879,210	81,725,000	1,602,088,727	7,689,486,222
Self-constructed		2,763,844,375	8,849,500,000	-	11,613,344,375
Sold, disposed	68,016,269	6,529,546,075	743,604,099	183,258,000	7,524,424,443
Ending balance	1,308,443,366,950	6,322,325,847,449	287,312,001,370	86,357,106,025	8,004,438,321,794
Depreciation					
Beginning balance	636,747,130,009	2,790,996,261,441	156,424,390,641	54,086,160,553	3,638,253,942,644
Charge for the period	59,450,372,221	296,322,996,666	8,667,671,415	5,602,365,798	370,043,406,100
Sold, disposed	68,016,269	6,529,546,075	743,604,099	183,258,000	7,524,424,443
Ending balance	696,129,485,961	3,080,789,712,032	164,348,457,957	59,505,268,351	4,000,772,924,301
Net book value					
Beginning balance	671,485,459,925	3,529,368,408,498	122,699,989,828	30,852,114,745	4,354,405,972,996
Ending balance	612,313,880,989	3,241,536,135,417	122,963,543,413	26,851,837,674	4,003,665,397,493

- Net book value of tangible fixed assets mortgaged for loans as at 30/06/2019 is VND49,032,891,122.
- Cost of tangible fixed assets fully depreciated but still in active use as at 30/06/2019 is VND2,399,704,911,858.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

14. Intangible fixed assets

	Land use rights	Computer software	Total
Cost			
Beginning balance	986,388,000	41,953,604,175	42,939,992,175
Newly-purchased	-	397,106,875	397,106,875
Decrease in the period		-	-
Ending balance	986,388,000	42,350,711,050	43,337,099,050
Amortization			
Beginning balance	635,351,200	8,711,873,330	9,347,224,530
Charge for the period	28,879,600	7,649,000,299	7,677,879,899
Decrease in the period			-
Ending balance	664,230,800	16,360,873,629	17,025,104,429
Net book value			
Beginning balance	351,036,800	33,241,730,845	33,592,767,645
Ending balance	322,157,200	25,989,837,421	26,311,994,621

- No intangible fixed assets pledged as security for loans as at 30/06/2019.
- Cost of intangible fixed assets fully amortized but still in use as at 30/06/2019 is VND1,752,650,125.

15. Construction in progress

	30/06/2019	01/01/2019
Purchases	2,199,169,105	1,727,869,105
- Land of households	2,199,169,105	1,727,869,105
Construction	732,570,244,828	211,968,612,698
- Project on expanding An Khe Sugar Factory 18,000TMN	148,798,059,652	136,538,571,005
- Biomass thermal power plant project	22,818,842,555	22,412,300,633
- SAP Barcode Solution System	14,002,120,666	9,831,178,800
- RE refined sugar project	515,244,743,532	26,505,248,421
- Gia Lai Sugarcane Seed Study and Application Center	18,878,451,992	13,626,050,859
- Others	12,828,026,431	3,055,262,980
Total	734,769,413,933	213,696,481,803

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

16. Short-term trade payables

	30/06/2019	01/01/2019
Crown Beverage Cans Danang Co., Ltd	-	1,214,461,512
Asia Packing Industries Vietnam Co., Ltd	4,703,355,228	8,149,293,306
Thai Tan Trading & Transportation Co., Ltd	4,214,393,150	7,038,621,700
Sai Gon Plastic Packaging JSC	-	259,173,623
Khatoco Package Printing JSC	4,889,799,194	7,871,992,155
Ngoc Hoa Private Enterprise	-	319,508,420
Tetra Pak Vietnam JSC	2,596,157,910	4,608,148,934
WPP Media Co., Ltd	11,643,851,233	56,991,711,427
Vietnam Japan Fertilizer Company	17,085,000,000	18,155,000,000
Asia Chemical Corporation	8,304,348,800	5,944,549,024
Kinh Bac Packaging JSC	4,466,659,450	2,272,901,257
Hiep Thanh Paper JSC	-	125,596,900
Minh Thong Co., Ltd	6,789,882,000	2,608,732,500
HAXU Technical Services Co., Ltd	27,888,136,746	-
Daihan Mechanical and Erection JSC	30,185,000	30,185,000
Technology Development & Application Co., Ltd	132,291,751,417	132,291,751,417
Urban & Industrial Zone Construction JSC	8,883,865,120	12,641,989,320
Nguyen Lieu Technical & Trading Co., Ltd	10,188,213,195	-
Saigon Boiler JSC	455,802,144	117,390,700
Viettel Group	-	1,281,650,000
Others	135,055,490,961	182,312,489,551
Total	379,486,891,548	444,235,146,746

17. Short-term advances from customers

	30/06/2019	01/01/2019
Minh Duc Co., Ltd	1,138,679,893	369,114,373
Minh Chieu Private Enterprise	34,686,239	108,907,083
Huu Thuy Co., Ltd	55,304,672	107,258,356
Hung Oanh Service & Trading Co., Ltd	209,271,809	59,704,293
Viet Trung Import-Export Co., Ltd	1,011,271,017	81,398,955
Son Ha Trading Co., Ltd	1,451,489,820	-
Dung Loan Co., Ltd	711,792,350	78,659,398
Thanh Phat Trade Co., Ltd	-	18,550,000,000
Others	40,864,428,084	17,698,121,251
Total	45,476,923,884	37,053,163,709

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

18. Taxes and amounts receivable from/payable to the State

	Beginning balance		Occurrence in the period		Ending balance	
	Receivable	Payable	Amount to be paid	Amount paid	Receivable	Payable
Value Added Tax	-	10,312,482,375	134,258,490,810	125,401,879,295	-	19,169,093,890
Import VAT	-	-	26,934,340,580	26,934,340,580	-	-
Special consumption tax	-	18,320,937,278	145,797,640,409	141,415,053,373	-	22,703,524,314
Import-export duties	-	-	3,422,662,730	3,422,662,730	-	-
Corporate income tax	-	78,264,329,004	111,473,775,743	107,851,200,778	-	81,886,903,969
Personal income tax	-	35,407,667	16,204,367,657	16,148,999,749	-	90,775,575
Natural resources tax	-	162,286,106	1,280,036,423	1,207,249,353	-	235,073,176
Land and housing tax, land rent	-	-	1,606,639,682	1,556,895,482	-	49,744,200
Other taxes	25,785,512	23,679,276	1,407,495,312	1,431,013,377	25,785,512	161,211
Fees and charges	-	9,843,248	1,889,376,232	1,881,690,232	-	17,529,248
Total	25,785,512	107,128,964,954	444,274,825,578	427,250,984,949	25,785,512	124,152,805,583

The Company's tax returns are subject to examination by the tax authorities. The amounts reported in the financial statements could be changed at later date upon final determination by the tax authorities.

19. Short-term accrued expenses

	30/06/2019	01/01/2019
Accrued selling expenses	69,870,782,297	-
Accrued loan interest	1,639,535,564	1,974,159,802
Other accruals	1,181,509,350	1,034,182,727
Total	72,691,827,211	3,008,342,529

20. Other payables

a. Short-term

	30/06/2019	01/01/2019
Trade union fees	1,720,118,525	526,179,779
Transportation expenses	-	3,438,783,580
Social insurance, health insurance, unemployment insurance	8,253,435,918	67,400,419
Short-term deposits, collaterals received	2,241,855,104	2,533,618,558
Dividends, profit payable	303,766,300	146,475,005,500
Thanh Phat Trade Limited Company	-	18,832,494,808
Others	3,775,313,727	5,785,449,039
Total	16,294,489,574	177,658,931,683

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Long-term

	30/06/2019	01/01/2019
Long-term deposits, collaterals received	10,574,513,200	10,331,856,189
Total	<u>10,574,513,200</u>	<u>10,331,856,189</u>

21. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Short-term loans	1,727,184,074,877	2,752,023,812,889	2,990,545,043,020	1,488,662,844,746
- BIDV - Quang Ngai Branch	572,632,867,689	982,298,524,826	937,924,732,266	617,006,660,249
- VietinBank - Quang Ngai Branch	683,471,946,886	949,589,993,523	1,081,714,819,549	551,347,120,860
- Vietcombank - Quang Ngai Branch	441,251,848,044	762,348,357,710	941,078,078,947	262,522,126,807
- Military Bank - Quang Ngai Branch	29,827,412,258	57,786,936,830	29,827,412,258	57,786,936,830
Total	<u>1,727,184,074,877</u>	<u>2,752,023,812,889</u>	<u>2,990,545,043,020</u>	<u>1,488,662,844,746</u>

22. Provision for short-term payables

	30/06/2019	01/01/2019
Provision for purchasing expenses, materials	8,805,924,348	-
Provision for major repairs	38,829,704,576	-
Others	114,632,877	-
Total	<u>47,750,261,801</u>	<u>-</u>

23. Science and technology development fund

	First 6 months of 2019	First 6 months of 2018
Beginning balance	8,435,184,723	9,049,093,087
Increase in the period (appropriated fund)	-	-
Decrease in the period	-	-
Ending balance	<u>8,435,184,723</u>	<u>9,049,093,087</u>

The Company appropriated and used the science and technology development fund to serve its science and technology activities in accordance with the guidance of Joint Circular No. 12/2016/TTLT-BKHCN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance (applicable from 01/09/2016 onwards) on guiding the establishment, organization, operation, management and use of science and technology development fund of enterprises.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

24. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Development investment fund	Undistributed profit	Total
As at 01/01/2018	2,438,130,540,000	288,335,082,456	454,466,302,694	2,052,821,517,470	5,233,753,442,620
Increase in the year	487,615,550,000		51,339,935,636	1,324,561,338,404	1,863,516,824,040
Decrease in the year	-	15,000,000	-	973,972,595,890	973,987,595,890
As at 31/12/2018	<u>2,925,746,090,000</u>	<u>288,320,082,456</u>	<u>505,806,238,330</u>	<u>2,403,410,259,984</u>	<u>6,123,282,670,770</u>
As at 01/01/2019	2,925,746,090,000	288,320,082,456	505,806,238,330	2,403,410,259,984	6,123,282,670,770
Increase in the period	643,653,460,000	65,226,581,324	62,017,559,881	584,598,108,528	1,355,495,709,733
Decrease in the period	-	47,000,000	-	818,250,428,333	818,297,428,333
As at 30/6/2019	<u>3,569,399,550,000</u>	<u>353,499,663,780</u>	<u>567,823,798,211</u>	<u>2,169,757,940,179</u>	<u>6,660,480,952,170</u>

b. Capital transactions with shareholders

	First 6 months of 2019	First 6 months of 2018
Share capital		
- Beginning balance	2,925,746,090,000	2,438,130,540,000
- Increase in the period	643,653,460,000	487,615,550,000
- Decrease in the period	-	-
- Ending balance	3,569,399,550,000	2,925,746,090,000

Changes in share capital in the period are as follows:

	First 6 months of 2019		First 6 months of 2018	
	Number of shares	Share capital	Number of shares	Share capital
Beginning balance	292,574,609	2,925,746,090,000	243,813,054	2,438,130,540,000
Increase in the period	64,365,346	643,653,460,000	48,761,555	487,615,550,000
- Paying dividends in shares	58,513,854	585,138,540,000	48,761,555	487,615,550,000
- Issuing shares to employees	5,851,492	58,514,920,000		
Ending balance	<u>356,939,955</u>	<u>3,569,399,550,000</u>	<u>292,574,609</u>	<u>2,925,746,090,000</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

c. Shares

	30/06/2019 Shares	01/01/2019 Shares
Number of shares registered to be issued	356,939,955	292,574,609
Number of shares issued publicly	356,939,955	292,574,609
- Common shares	356,939,955	292,574,609
- Preferred shares (classified as owners' equity)	-	-
Number of shares bought back (treasury shares)	-	-
- Common shares	-	-
- Preferred shares (classified as owners' equity)	-	-
Number of outstanding shares	356,939,955	292,574,609
- Common shares	356,939,955	292,574,609
- Preferred shares (classified as owners' equity)	-	-
Par value of outstanding shares: VND10,000 each		

d. Dividend

Payment of 2018 dividend:

According to Resolution No. 15/NQ/QNS-DHDCD2019 of 2019 Annual Shareholder Meeting on 30/03/2019 of the Company, the plan of paying dividend from 2018 profit was resolved as follows:

- Paying cash dividend at the rate of 15% of charter capital;
- Paying stock dividend at the rate of 20% of charter capital.

The Company paid dividend as follows:

- Cash dividend amounting to VND438,861,913,500 (equivalent to 15% of charter capital) was distributed in 3 payments:
 - ✓ Payment 1: Paying in advance with the rate of 5%, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 30/07/2018; payment date: 10/08/2018);
 - ✓ Payment 2: Paying in advance with the rate of 5%, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 28/12/2018; payment date: 14/01/2019);
 - ✓ Payment 3: Paying the remaining 5%, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 19/04/2019; payment date: 09/05/2019).
- Paying stock dividend with the rate of 20% of the charter capital, equivalent to VND585,138,540,000 under Resolution of the Board of Directors No. 22/NQ/QNS-HDQT dated 18/04/2019 as detailed below
 - ✓ Date of finalizing the list of shareholders: 10/05/2019;
 - ✓ Number of shares issued for paying dividend: 58,513,854 shares.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

e. Undistributed profit

	First 6 months of 2019	Year 2018
Profit brought forward	2,403,410,259,984	2,052,821,517,470
Profit after corporate income tax this period	584,598,108,528	1,324,561,338,404
Distribution of profit	818,250,428,333	973,972,595,890
- Distribution of prior-year profit	818,250,428,333	681,397,986,890
+ Appropriated to development investment fund	62,017,559,881	51,339,935,636
+ Appropriated to reward and welfare fund	24,807,023,952	20,535,974,254
+ Paying cash dividend	146,287,304,500	121,906,527,000
+ Paying stock dividend	585,138,540,000	487,615,550,000
- Temporary distribution of current-year profit	-	292,574,609,000
+ Paying cash dividend	-	292,574,609,000
Undistributed profit	2,169,757,940,179	2,403,410,259,984

25. Off balance sheet items

a. Leased assets

The amounts of minimum lease payments payable under operating leases are as follows:

	30/06/2019	01/01/2019
Not later than 1 year	4,419,342,364	4,446,119,160
Later than 1 year and not later than 5 years	17,757,102,255	17,784,476,639
Later than 5 years	142,999,583,799	145,302,200,877
Total	165,176,028,418	167,532,796,676

b. Foreign currencies

	Original currency	30/06/2019 VND	Original currency	01/01/2019 VND
Cash in bank		408,275,461		975,417,178
+ USD	16,676.12 #	387,320,190	42,509.39 #	974,329,545
+ EUR	797.29 #	20,955,271	40.91 #	1,087,633
Total		408,275,461		975,417,178

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

c. Monetary gold

		30/06/2019		01/01/2019
		VND		VND
+ SJC Gold bars on hand	4 bars	14,468,000	4 bars	14,560,000
Total		<u>14,468,000</u>		<u>14,560,000</u>

26. Revenue from sales and service provision

	First 6 months of 2019	First 6 months of 2018
Revenue from sales of finished products	3,816,954,679,854	3,726,179,484,140
Revenue from sales of merchandise goods	76,340,309,950	64,857,844,095
Service revenue	29,538,033,801	35,014,112,415
Total	<u>3,922,833,023,605</u>	<u>3,826,051,440,650</u>

27. Revenue deductions

	First 6 months of 2019	First 6 months of 2018
Trade discounts	10,193,589,013	23,661,686,137
Sales returns	5,949,617,181	1,780,872,125
Total	<u>16,143,206,194</u>	<u>25,442,558,262</u>

28. Cost of goods sold

	First 6 months of 2019	First 6 months of 2018
Cost of finished products sold	2,695,497,161,556	2,656,993,010,487
Cost of merchandise goods sold	76,330,387,970	64,813,124,921
Cost of services rendered	33,467,423,807	41,173,270,646
Provision for decline in value of inventories	210,792,840	-
Total	<u>2,805,505,766,173</u>	<u>2,762,979,406,054</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

29. Financial income

	First 6 months of 2019	First 6 months of 2018
Deposit interest	46,202,564,506	21,805,029,712
Dividend, profit received	63,906,985,182	83,116,369,238
Foreign exchange gains	1,172,607,621	346,758,270
Payment discounts	12,967,065,034	10,790,397,428
Total	<u>124,249,222,343</u>	<u>116,058,554,648</u>

30. Financial expenses

	First 6 months of 2019	First 6 months of 2018
Loan interest	42,326,656,498	45,391,894,946
Payment discounts	-	2,910,143
Foreign exchange losses	267,155,709	2,547,253,237
Total	<u>42,593,812,207</u>	<u>47,942,058,326</u>

31. Selling expenses and administrative expenses

a. Selling expenses incurred in the period

	First 6 months of 2019	First 6 months of 2018
Staff costs	117,783,911,940	115,634,149,351
Transportation, loading and unloading expenses	100,005,576,414	80,025,297,264
Advertising expenses	81,796,895,899	83,635,971,419
Promotion expenses	7,556,072,398	2,676,763,250
Agent commission, sales support	5,543,066,554	5,795,435,020
Other outside service expenses	15,736,900,456	16,607,866,682
Others	27,328,716,192	25,583,455,249
Total	<u>355,751,139,853</u>	<u>329,958,938,235</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Administrative expenses incurred in the period

	First 6 months of 2019	First 6 months of 2018
Staff costs	86,833,432,719	53,872,236,317
Outside service expenses	3,745,196,019	3,845,514,274
Guest entertainment expenses	2,439,729,470	2,740,365,691
Office supplies expenses	2,162,278,367	3,815,784,650
Appropriation to (reversal of) provision for doubtful debts	466,636,257	380,343,614
Others	34,108,145,701	29,405,682,381
Total	<u>129,755,418,533</u>	<u>94,059,926,927</u>

32. Other income

	First 6 months of 2019	First 6 months of 2018
Marketing support received	-	25,910,000,000
Proceeds from disposals of materials, fixed assets	2,299,591,327	-
Others	3,681,230,965	251,530,937
Total	<u>5,980,822,292</u>	<u>26,161,530,937</u>

33. Other expenses

	First 6 months of 2019	First 6 months of 2018
Disposal of materials, fixed assets	-	3,978,180
Penalties	1,315,720,750	183,171,174
Others	5,926,120,259	-
Total	<u>7,241,841,009</u>	<u>187,149,354</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

34. Current corporate income tax expense

	First 6 months of 2019	First 6 months of 2018
Accounting profit before tax	696,071,884,271	707,701,489,077
Adjustments to taxable income	(61,099,161,783)	(82,877,136,095)
- Increasing adjustments	3,169,363,203	243,578,818
+ <i>Increasing adjustments to revenue</i>	-	-
+ <i>Foreign exchange losses from revaluation of balance of cash, receivables</i>	-	29,214
+ <i>Other expenses</i>	3,169,363,203	243,549,604
- Decreasing adjustments	64,268,524,986	83,120,714,913
+ <i>Increasing adjustments to cost of sales</i>	-	-
+ <i>Dividend, profit received</i>	63,906,985,182	83,116,369,238
+ <i>Reversal of provision for doubtful debts</i>	-	-
+ <i>Foreign exchange gains from revaluation of balance of cash, receivables</i>	9,048,504	4,345,675
+ <i>Others</i>	352,491,300	-
Total taxable income	634,972,722,488	624,824,352,982
Tax-exempted income	12,481,045,019	131,626,868,767
Assessable income	622,491,677,469	493,197,484,215
Current corporate income tax expense	111,473,775,743	68,151,641,773
Including:		
- <i>Current period income tax expenses</i>	108,386,903,969	68,151,641,773
- <i>Adjusting prior period income tax expenses to current period income tax expenses</i>	3,086,871,774	-

35. Operating expenses by elements

	First 6 months of 2019	First 6 months of 2018
Materials expenses	2,329,140,021,321	2,957,715,280,313
Labor costs	312,774,291,271	299,784,031,743
Depreciation expenses	377,721,285,999	378,396,052,929
Outside service expenses	224,763,695,635	221,731,007,908
Other cash expenses	291,755,027,419	317,878,281,960
Total	3,536,154,321,645	4,175,504,654,853

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

36. Segment reporting

Segment reporting of the Company was prepared in accordance with business activities as follows:

Segment report by operating activities	Sugar		Soy milk		Others		Total	
	First 6 months of 2019	First 6 months of 2018	First 6 months of 2019	First 6 months of 2018	First 6 months of 2019	First 6 months of 2018	First 6 months of 2019	First 6 months of 2018
Segment revenue	1,045,646,300,562	1,173,365,583,270	1,984,570,114,683	1,755,770,625,861	876,473,402,166	871,472,673,257	3,906,689,817,411	3,800,608,882,388
Cost of segment	1,002,364,145,598	1,024,223,362,983	1,098,945,074,759	1,068,450,670,634	704,196,545,816	670,305,372,437	2,805,505,766,173	2,762,979,406,054
Gross profit	43,282,154,964	149,142,220,287	885,625,039,924	687,319,955,227	172,276,856,350	201,167,300,820	1,101,184,051,238	1,037,629,476,334
Financial income							124,249,222,343	116,058,554,648
Financial expenses							42,593,812,207	47,942,058,326
Selling expenses							355,751,139,853	329,958,938,235
Administrative expenses							129,755,418,533	94,059,926,927
Operating profit							697,332,902,988	681,727,107,494
Other income							5,980,822,292	26,161,530,937
Other expenses							7,241,841,009	187,149,354
Other profit							(1,261,018,717)	25,974,381,583
Profit before tax							696,071,884,271	707,701,489,077
Corporate income tax							111,473,775,743	68,151,641,773
Profit after tax							584,598,108,528	639,549,847,304

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)
(These notes form an integral part of and should be read in conjunction with the financial statements)

30/06/2019	Segment assets				Payables	Depreciation of fixed assets for the first 6 months of 2019
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets		
Manufacturing and trading Sugar	3,112,394,594,996	(1,609,648,340,959)	132,372,260,295	1,743,801,483,858	86,257,658,717	183,014,861,051
Manufacturing and trading Soya milk	1,914,203,779,206	(1,337,012,228,734)	19,208,970,913	938,698,390,697	279,008,005,104	76,236,145,463
Other operating activities	2,977,839,947,592	(1,054,112,354,608)	55,774,320,365	6,416,438,097,889	2,072,691,356,453	118,470,279,485
Total	8,004,438,321,794	(4,000,772,924,301)	207,355,551,573	9,098,937,972,444	2,437,957,020,274	377,721,285,999

01/01/2019	Segment assets				Payables	Depreciation of fixed assets for the first 6 months of 2018
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets		
Manufacturing and trading Sugar	3,113,369,997,003	(1,432,738,470,915)	165,200,495,389	2,035,635,074,686	100,358,695,970	183,200,000,000
Manufacturing and trading Soya milk	1,911,392,334,995	(1,268,391,512,108)	55,180,746,038	1,061,005,226,605	177,682,189,569	82,909,607,379
Other operating activities	2,967,897,583,642	(937,123,959,621)	247,475,632,080	5,701,787,450,108	2,397,104,195,090	112,286,445,550
Total	7,992,659,915,640	(3,638,253,942,644)	467,856,873,507	8,798,427,751,399	2,675,145,080,629	378,396,052,929

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

37. Risk management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risks include market risk (including interest rate risk, exchange rate risk, commodity price risk), credit risk and liquidity risk.

Market risk management: The Company's activities expose it primarily to the financial risks of changes in interest rates, exchange rates and prices.

Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are at the low level.

Exchange rate risk management

Since the Company undertakes transactions in foreign currencies, consequently it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by maintaining an appropriate structure of loans in foreign currency and VND, optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk

Book value of financial instruments in foreign currencies at the end of the period is as follows:

	30/06/2019	01/01/2019
Financial assets		
Cash		
- USD	16,676.12	42,509.39
- EUR	797.29	40.91
Trade receivables (USD)	-	16,483.51
Financial liabilities		
Trade payables (USD)	273,830.80	45,416.65
Trade payables (EUR)	184,600.00	21,425.19

Price risk management

The Company purchases goods, materials from domestic and overseas suppliers for its business production activities; it is therefore exposed to risks of changes in prices of input goods, materials. Since materials account for a high proportion of the total cost of products, the Company pays special attention to the risks of changes in price of materials used in its business production activities. To minimize this risk, the Company selects reputable suppliers, long-term cooperation suppliers and always requires updates of the most timely price fluctuations. Besides, cross-checks of prices are often done in order to ensure sufficient material sources at the most reasonable prices. With such price

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

management policies, the Management assesses that the Company's exposure to uncontrollable risks of changes in commodity prices is controllable.

Credit risk management

Trade receivables

The Company sells goods by the following methods: wholesale through the main distributors and agents and retail sale through its subsidiary, Thanh Phat Trade Limited Company.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's financial risks arise from some amounts receivable. The Company minimizes credit risk by various measures depending on the sale method:

- Selling goods through main distributors: Making payment before receiving goods or late payment.
- Selling goods through agents: The Company has a system of agents who have good financial status. Agents will be entitled to preferential sales policies on price, volume, and payment discount. Depending on each item, each time the agents shall be entitled to appropriate payment terms such as payment before receiving goods (Sugar, Milk, Beer ...) or late payment.
- Retail sale: through retail sale shops of Thanh Phat Trade Limited Company with the form of cash collection or bank transfer.

Therefore, the Management assesses that the Company's exposure to significant credit risk arising from trade receivables is controllable.

Financial investments

Bank deposits of the Company are transacted at major banks. The Management of the Company assesses that the Company has no significant credit risk with respect to bank deposits.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds can be generated within that period.

The Company's aggregate financial liabilities are categorized in line with their maturity as follows:

30/06/2019	Within 1 year	Over 1 year	Total
Trade payables	379,486,891,548	-	379,486,891,548
Accrued expenses	72,691,827,211	-	72,691,827,211
Loans and finance lease liabilities	1,488,662,844,746	-	1,488,662,844,746
Other payables	6,320,935,131	10,574,513,200	16,895,448,331
Total	1,947,162,498,636	10,574,513,200	1,957,737,011,836
01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	444,235,146,746	-	444,235,146,746
Accrued expenses	3,008,342,529	-	3,008,342,529
Loans and finance lease liabilities	1,727,184,074,877	-	1,727,184,074,877
Other payables	177,065,351,485	10,331,856,189	187,397,207,674
Total	2,351,492,915,637	10,331,856,189	2,361,824,771,826

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

The Company is currently exposed to liquidity risk; however the Management believes that the Company can generate sufficient resources to meet its financial obligations as they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

30/06/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	209,925,911,324	-	209,925,911,324
Held-to-maturity investments	1,931,000,000,000	-	1,931,000,000,000
Trade receivables	19,155,992,760	-	19,155,992,760
Other receivables	23,012,132,209	690,181,497	23,702,313,706
Total	2,183,094,036,293	690,181,497	2,183,784,217,790

01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	417,823,626,254	-	417,823,626,254
Held-to-maturity investments	1,699,000,000,000	-	1,699,000,000,000
Trade receivables	82,586,988,025	-	82,586,988,025
Other receivables	19,045,039,385	690,181,497	19,735,220,882
Total	2,218,455,653,664	690,181,497	2,219,145,835,161

38. Related party information

a. Related party

	Relationship
Thanh Phat Trade Limited Company	Subsidiary

b. Significant transactions with related party arising in the period

	First 6 months of 2019	First 6 months of 2018
Thanh Phat Trade Limited Company		
Receiving profit, dividends	63,906,985,182	83,116,369,238
Paying dividends	23,139,419,000	19,282,849,500
Purchasing goods, services	11,576,732,821	13,586,509,208
Selling goods, services	1,016,316,268,980	569,958,805,728

c. Balance with related party at the balance sheet date:

	30/06/2019	01/01/2019
Thanh Phat Trade Limited Company		
Other receivables	2,553,932,570	-
Other payables	-	18,832,494,808
Payables on dividends	-	23,139,419,000
Short-term advances from customers	-	18,550,000,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

d. Transactions with key management officers

	First 6 months of 2019	First 6 months of 2018
Income of the Board of Directors and Management	3,562,068,761	4,098,600,741
<i>In which</i>		
- Salaries, bonus of the General Director	908,587,590	902,872,481
Total	3,562,068,761	4,098,600,741

39. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim financial statements.

40. Corresponding figures

Corresponding figures of the interim balance sheet were taken from the financial statements for the year ended 31/12/2018. Corresponding figures of the interim income statement and of the interim statement of cash flows were taken from the interim financial statements for the first 6 months of the year 2018. These financial statements were reviewed and audited by AAC.



Võ Thanh Dạng
General Director

Quang Ngai Province, 13 August 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer