



**QUANG NGAI SUGAR JOINT
STOCK COMPANY**

Interim consolidated financial statements

For the first six months of 2019

CONTENTS	Page
Report of the Management	1 - 4
Report on review of interim financial information	5
Interim consolidated financial statements	
• Interim consolidated balance sheet	6 - 7
• Interim consolidated income statement	8
• Interim consolidated statement of cash flows	9
• Notes to the interim consolidated financial statements	10 - 43

REPORT OF THE MANAGEMENT

The Management of Quang Ngai Sugar Joint Stock Company is pleased to present this report together with the reviewed interim consolidated 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 3,785 employees, including 146 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 consolidated 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@dnng.vnn.vn).

REPORT OF THE MANAGEMENT (Cont'd)

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

The Management of the Company is responsible for preparation and fair presentation of these interim consolidated 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 consolidated 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 consolidated 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 consolidated financial statements including the interim consolidated balance sheet, the interim consolidated income statement, the interim consolidated statement of cash flows and notes to the interim consolidated financial statements give a true and fair view of the financial position of the Company as at 30/06/2019 and the consolidated results of its operations and its consolidated 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 consolidated financial statements.

On behalf of the Management *kml*



Vũ Thanh Dang
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. 992/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 consolidated financial statements prepared on 13/08/2019 of Quang Ngai Sugar Joint Stock Company ("the Company") as set out on pages 6 to 43, which comprise the interim consolidated balance sheet as at 30/06/2019, the interim consolidated income statement, interim consolidated statement of cash flows and notes to the interim consolidated 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 consolidated 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 consolidated financial statements, and for such internal control as the Management determines is necessary to enable the preparation and presentation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.


Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying interim consolidated 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 consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30/06/2019, and of its consolidated financial performance and its consolidated 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 consolidated financial statements.


AAC Auditing and Accounting Co., Ltd.
CÔNG TY
T.N.H.H
KIỂM TOÁN VÀ KẾ TOÁN
AAC

Tran Thi Phuong Lan – Deputy General Director

Audit Practicing Registration Certificate

No. 0396-2018-010-1

Da Nang City, 13 August 2019

INTERIM CONSOLIDATED BALANCE SHEET
As at 30 June 2019

Form B 01 – DN/HN
Issued under Circular No. 202/2014/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		3,336,641,638,542	3,178,492,625,825
I. Cash and cash equivalents	110		218,082,213,637	418,383,925,994
1. Cash	111	5	218,082,213,637	418,383,925,994
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	1,931,000,000,000	1,699,000,000,000
III. Short-term receivables	130		210,442,560,968	468,071,538,071
1. Short-term trade receivables	131	7	28,049,392,815	86,034,722,508
2. Short-term prepayments to suppliers	132	8	170,500,596,783	372,064,094,998
3. Other short-term receivables	136	9a	23,885,258,157	21,498,771,055
4. Provision for short-term doubtful debts	137	10	(11,992,686,787)	(11,526,050,490)
IV. Inventories	140	11	959,955,870,222	585,094,977,220
1. Inventories	141		960,166,663,062	585,094,977,220
2. Provision for obsolete inventories	149		(210,792,840)	-
V. Other current assets	150		17,160,993,715	7,942,184,540
1. Short-term prepaid expenses	151	12a	9,104,039,544	7,916,399,028
2. Deductible VAT	152		8,031,168,659	-
3. Taxes and amounts receivable from the State	153	18	25,785,512	25,785,512
B. LONG-TERM ASSETS			4,975,720,259,506	4,823,190,593,502
I. Long-term receivables	210		696,181,497	690,181,497
1. Other long-term receivables	216	9b	696,181,497	690,181,497
2. Provision for long-term doubtful debts	219		-	-
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		8,007,286,641,970	7,995,508,235,816
- Accumulated depreciation	223		(4,003,621,244,477)	(3,641,102,262,820)
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		-	-
VI. Other long-term assets	260		210,277,271,962	220,805,189,561
1. Long-term prepaid expenses	261	12b	210,230,586,024	220,799,317,244
2. Deferred income tax assets	262		46,685,938	5,872,317
TOTAL ASSETS	270		8,312,361,898,048	8,001,683,219,327

INTERIM CONSOLIDATED BALANCE SHEET (Cont'd)

As at 30 June 2019

RESOURCES	Code	Note	30/06/2019 VND	01/01/2019 VND
C. LIABILITIES	300		2,462,832,605,752	2,648,974,370,857
I. Current liabilities	310		2,435,484,638,465	2,621,762,210,443
1. Short-term trade payables	311	16	379,806,581,548	445,725,967,834
2. Short-term advances from customers	312	17	45,526,258,681	37,256,777,741
3. Taxes and amounts payable to the State budget	313	18	124,597,355,967	107,370,979,627
4. Payables to employees	314		181,813,889,729	112,568,238,952
5. Short-term accrued expenses	315	19	77,701,752,330	3,008,342,529
6. Other short-term payables	319	20a	21,603,336,864	136,529,393,965
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 doubtful debts	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		27,347,967,287	27,212,160,414
1. Other long-term payables	337	20b	18,912,782,564	18,776,975,691
2. Science and technology development fund	343	23	8,435,184,723	8,435,184,723
D. OWNERS' EQUITY	400		5,849,529,292,296	5,352,708,848,470
I. Equity	410	24	5,849,029,292,296	5,352,708,848,470
1. Share capital	411	24	3,569,399,550,000	2,925,746,090,000
- Common shares with voting rights	411a	24	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. Treasury shares	415	24	(834,457,318,216)	(834,457,318,216)
4. Investment and development fund	418	24	567,823,798,211	505,806,238,330
5. Undistributed profit	421	24	2,192,763,598,521	2,467,293,755,900
- Undistributed profit up to prior period-end	421a		1,672,182,746,567	1,473,238,329,281
- Undistributed profit this period	421b		520,580,851,954	994,055,426,619
II. Budget sources and other funds	430		500,000,000	-
1. Budget resources	431		500,000,000	-
2. Resources financing fixed assets	432		-	-
TOTAL RESOURCES	440		8,312,361,898,048	8,001,683,219,327



Võ Thanh Dang
General Director

Quang Ngai Province, 13 August 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

INTERIM CONSOLIDATED INCOME STATEMENT
For the first six months of 2019

Form B 02 – DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of 2019	First 6 months of 2018
1. Revenue from sales and service provision	01	26	4,090,159,379,411	4,000,781,140,569
2. Deductions	02	27	17,228,528,136	26,034,436,174
3. Net revenue from sales and service provision	10		4,072,930,851,275	3,974,746,704,395
4. Cost of goods sold	11	28	2,950,344,030,079	2,915,275,190,855
5. Gross profit from sales and service provision	20		1,122,586,821,196	1,059,471,513,540
6. Financial income	21	29	60,353,190,349	32,951,465,067
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	31a	374,811,364,449	349,028,993,444
9. Administrative expenses	26	31b	132,211,930,028	95,795,854,729
10. Operating profit	30		633,322,904,861	599,656,072,108
11. Other income	31	32	6,042,865,247	26,094,118,647
12. Other expenses	32	33	7,309,768,008	309,396,805
13. Other profit	40		(1,266,902,761)	25,784,721,842
15. Accounting profit before tax	50		632,056,002,100	625,440,793,950
16. Current corporate income tax expense	51	34	111,515,963,767	68,226,740,016
17. Deferred corporate income tax expense	52		(40,813,621)	133,968,527
18. Profit after tax	60		520,580,851,954	557,080,085,407
19. Attributable to parent company	61		520,580,851,954	557,080,085,407
20. Attributable to the non-controlling interests	62			
21. Basic earnings per share	70	35	1,741	1,843
22. Diluted earnings per share	71	35	1,741	1,843



Võ Thanh Dang
General Director

Quang Ngai Province, 13 August 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

**INTERIM CONSOLIDATED STATEMENT OF
CASH FLOWS**
For the first six months of 2019


Form B 03 – DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

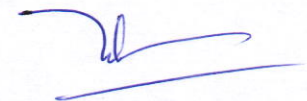
ITEMS	Code	Note	First 6 months of 2019 VND	First 6 months of 2018 VND
I. Cash flows from operating activities				
1. Net profit before tax	1		632,056,002,100	625,440,793,950
2. Adjustments for			-	
- Depreciation and amortization	02	13, 14	380,389,715,887	381,480,878,964
- Provisions	03		48,427,690,938	57,622,293,444
- Foreign exchange gain/loss from revaluation of foreign currency balances	04		76,827,319	2,263,224,129
- Profits/losses from investing activities	05		(48,510,253,021)	(21,814,309,369)
- Interest expense	06	30	42,326,656,498	45,391,894,946
3. Operating profit before changes in working capital	08		1,054,766,639,721	1,090,384,776,064
- Decrease/increase in receivables	09		67,554,532,852	121,010,429,013
- Decrease/increase in inventories	10		(375,071,685,842)	(1,008,771,106,304)
- Decrease/increase in payables (excluding loan interest and corporate income tax payable)	11		84,456,167,421	111,656,937,310
- Decrease/increase in prepaid expenses	12		6,712,660,816	(5,115,219,408)
- Interest paid	14		(42,661,280,736)	(44,620,196,975)
- Corporate income tax paid	15	19	(107,851,200,778)	(69,320,256,927)
- 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		679,502,731,383	186,852,353,357
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. Purchases of debt instruments, loans given	23		(325,000,000,000)	(917,000,000,000)
4. Recovery of loans, sales of debt instruments	24		93,000,000,000	304,000,000,000
5. Received loan interest, dividends, profits	27		42,833,381,937	18,392,260,930
Net cash used in investing activities	30		(518,810,865,737)	(899,645,448,926)
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	21	-	(39,992,740,214)
5. Cash paid for dividends, profit to owners	36		(246,179,705,700)	(205,161,322,525)
Net cash used in financing activities	40		(361,006,434,507)	698,955,525,010
Net cash flows for the period	50		(200,314,568,861)	(13,837,570,559)
Cash and cash equivalents at the beginning of the period	60		418,383,925,994	527,962,730,727
Impacts of exchange rate fluctuations	61		12,856,504	4,345,675
Cash and cash equivalents at the end of the period	70		218,082,213,637	514,129,505,843



Võ Thanh Dang
General Director

Quang Ngai Province, 13 August 2019


Nguyen The Binh
Chief Accountant


Tran Thi Xuan Hien
Preparer

**NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Form B 09 - DN
*Issued under Circular No. 202/2014/TT – BTC
dated 22/12/2014 by the Ministry of Finance*

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

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 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;

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the consolidated 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.

1.5. Company structure

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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%

2. Accounting period, currency used in accounting

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

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

3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System which is guided in Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance. These consolidated financial statements are prepared and presented in accordance with the provisions of Circular No. 202/2014/TT-BTC dated 22/12/2014 by the Ministry of Finance.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4. Summary of significant accounting policies

4.1 Principles and methods of preparing consolidated financial statements

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary.

Subsidiary

Subsidiary is entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiary are consolidated from the effective date of control up to the date of cease to control.

The financial statements of the subsidiary are prepared for the same period as the Company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the subsidiary and the Company.

Capital divestment of the Company from a subsidiary that does not result in a loss of control is accounted for as transactions with owners. If the capital divestment results in a loss of control, any resulting gain or loss is recognized in the consolidated income statement.

All intra-company balances and transactions, unrealized profits or losses arising from intra-company transactions, have been eliminated in full when preparing the consolidated financial statements.

Non-controlling interests

Non-controlling interests represent the portion of net assets in subsidiary not held by the Company and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Non-controlling interests include non-controlling interests which are measured at their holding proportion in fair value of the net assets of subsidiary at the acquisition date and non-controlling interests in the fluctuations of total equity as from the consolidation date. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss of subsidiary not held by the Company, are determined based on the ratio of non-controlling interests and profit after corporate income tax of subsidiary and are presented separately in the consolidated income statement.

4.2 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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 year and exchange rate differences resulting from revaluing the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the period.

4.3 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.

4.4 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.

4.5 Receivables

Receivables includes: 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 7/12/2009 of the Ministry of Finance.

4.6 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 labour 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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.

4.7 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 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 25/4/2013 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 (years)</u>
Buildings, architectures	5 - 25
Machinery, equipment	3 - 15
Motor vehicles	3 - 10
Office equipment	3 - 10

4.8 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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 based on their estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

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

<u>Kind of asset</u>	<u>Amortization period (years)</u>
Land use rights with definite term	15
Accounting software	1.5 - 3

4.9 Operating leases

An operating lease is a lease 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.

4.10 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.

4.11 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.

4.12 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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".

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.

4.13 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.

4.14 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.

4.15 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.

4.16 Owners' equity

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Treasury shares

Treasury shares are the amounts payable to repurchase the shares that the Company has issued and all costs directly related to this repurchase transaction.

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.

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.

4.17 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4.18 Revenue deductions

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

In case where revenue is recognized in during the period 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;
- 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.

4.19 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.

4.20 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.

4.21 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.

4.22 Corporate income tax expenses

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 consolidated financial reporting purpose. Deferred income tax is recognized for all temporary differences except temporary differences arising from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax liabilities are recognized for all taxable temporary differences while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Book values of deferred corporate income tax assets are considered at the balance sheet dates and

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax assets can be used. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The value of deferred income tax is measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if taxable temporary differences and deductible temporary differences relate to the same taxable entity and are finalized with the same taxation authority.

4.23 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, short-term deposits, 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

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

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

- Value Added Tax (VAT):
 - ✓ 5% is applicable to sugar, molasses, ethanol, malt.
 - ✓ 10% is applicable to mineral water, confectionery, milk, beer, packages, wastes.
 - ✓ Other products, services are subject to prevailing tax rates.
- Special consumption tax: 60% 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 some dependent units are listed below:

 - ✓ Agricultural and Mechanical Workshop: Income from the activity of ploughing land is free of tax.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- ✓ 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.
- ✓ 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.

4.25 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Unit: VND

5. Cash

	30/06/2019		01/01/2019	
Cash on hand		12.089.836.306		18.474.409.039
+ VND		12.028.988.306		18.416.325.039
+ Monetary gold (SJC gold bar)	4 miếng	14.468.000	4 miếng	14.560.000
+ Monetary gold (SJC gold ring)	12 nhẫn	46.380.000	12 nhẫn	43.524.000
Cash in bank		205.992.377.331		399.909.516.955
+ VND		205.584.101.870		398.934.099.777
+ 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		218.082.213.637		418.383.925.994

6. 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, held-to-maturity investments of the Company are bank deposits with term of 6 months. The Management assesses that these investments are not impaired.

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	-	15.675.867.541
Tetra Pak Vietnam Joint Stock Company	-	33.000.000.000
Other customers	24.425.983.265	32.855.135.946
Total	28.049.392.815	86.034.722.508

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

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	81.929.612.869
Total	170.500.596.783	372.064.094.998

9. Other receivables

a. Short-term

	30/06/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Bank deposit interest receivable	18.700.312.100	-	15.323.032.343	-
Advances	3.239.009.982	-	2.422.901.670	-
Deposits, collaterals	79.296.000	-	90.296.000	-
Other receivables	1.866.640.075	-	3.662.541.042	-
Total	23.885.258.157	-	21.498.771.055	-

b. Long-term

	30/06/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Deposits, collaterals	696.181.497	-	690.181.497	-
Total	696.181.497	-	690.181.497	-

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

10. Provision for doubtful debts

a. Short-term

	30/06/2019	01/01/2019
Provision for overdue receivable debts		
- From 3 years and over	11.094.165.110	10.538.773.790
- 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	11.992.686.787	11.526.050.490

b. Bad debts

Overdue receivables	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	-	2 years
- Other customers	11.003.146.289	945.568.955	0,5 - 18 years	10.148.480.593	557.539.556	0,5 - 18 years
Total	12.938.255.742	945.568.955		12.083.590.046	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	7.725.652.886	-	8.642.181.608	-
Work in process	87.796.940.864	-	90.020.905.627	-
Finished products	548.779.687.856	-	225.039.738.476	-
Merchandise goods	2.463.597.388	-	8.575.202.243	-
Goods on consignment	185.897.034	-	5.481.354	-
Total	960.166.663.062	210.792.840	585.094.977.220	-

- Cost of inventories which are unsold, 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.

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

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	2.945.555.276	1.322.278.378
Others	6.082.532.082	6.241.750.279
Total	9.104.039.544	7.916.399.028

b. Long-term

	30/06/2019	01/01/2019
Land lease	183.445.912.110	186.114.341.998
Tools and instruments	8.856.788.325	10.948.906.220
Bottles, cases	2.838.910.291	3.824.195.536
Others	15.088.975.297	19.911.873.490
Total	210.230.586.024	220.799.317.244

13. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1.308.384.094.479	6.320.413.440.939	281.686.621.950	85.024.078.448	7.995.508.235.816
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	1.308.594.871.495	6.322.374.618.449	289.874.242.851	86.442.909.175	8.007.286.641.970
Depreciation					
Beginning balance	636.898.634.554	2.791.045.032.441	158.986.632.122	54.171.963.703	3.641.102.262.820
Charged 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	696.280.990.506	3.080.838.483.032	166.910.699.438	59.591.071.501	4.003.621.244.477
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

- As at 30/06/2019, tangible fixed assets with a carrying value of VND49,032,891,122 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 30/06/2019 is VND2,402,553,232,034.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the consolidated 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
Other decrease	-	-	-
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	-	-	-
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 were mortgaged as collateral for debts at 30/06/2019.
- Cost of intangible fixed assets fully amortized but still in active use 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
- Sugarcane harvesting machine	-	-
- Land of households	2.199.169.105	1.727.869.105
Constructions	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 Project	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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

16. Short-term trade payables

	30/06/2019	01/01/2019
Crown Danang Beverage Packaging 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 Production and Trading Co., Ltd.	6.789.882.000	2.608.732.500
HAXU Technical Services Co., Ltd	27.888.136.746	-
Dai Han 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	135.375.180.961	183.803.310.639
Total	<u><u>379.806.581.548</u></u>	<u><u>445.725.967.834</u></u>

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
Dung Loan Co., Ltd	711.792.350	78.659.398
Toan Phat Trade Co., Ltd		10.600.200.000
Others	40.913.762.881	25.851.535.283
Total	<u><u>45.526.258.681</u></u>	<u><u>37.256.777.741</u></u>

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

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

	Beginning balance		Occurrence in the year		Ending balance	
	Receivable	Payable	Amount to be paid	Amount paid	Receivable	Payable
VAT	-	10.547.378.648	209.861.844.504	200.841.491.948	-	19.567.731.204
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 duty	-	-	3.434.240.230	3.434.240.230	-	-
CIT	-	78.264.329.004	111.515.963.767	107.851.200.778	-	81.929.091.993
PIT	-	42.526.067	16.465.764.833	16.413.790.279	-	94.500.621
Land and house tax, land rent	-	-	1.606.639.682	1.556.895.482	-	49.744.200
Other taxes	25.785.512	23.679.276	1.412.495.312	1.436.013.377	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	107.370.979.627	520.198.341.972	502.971.965.632	25.785.512	124.597.355.967

The Company's tax returns are subject to examination by the tax authorities. The amounts reported in the consolidated 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	74.880.707.416	-
Accrued loan interest	1.639.535.564	1.974.159.802
Other accruals	1.181.509.350	1.034.182.727
Total	77.701.752.330	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
Dividend, profit payable	303.766.300	123.335.586.500
Others	9.084.161.017	6.627.825.129
Total	21.603.336.864	136.529.393.965

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

b. Long term

	30/06/2019	01/01/2019
Long-term deposits, collaterals received	18.912.782.564	18.776.975.691
Total	<u>18.912.782.564</u>	<u>18.776.975.691</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	-
Provision for other payables	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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

24. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Treasury shares	Development investment fund	Undistributed profit	Total
As at 01/01/2018	2.438.130.540.000	288.335.082.456	(834.457.318.216)	454.466.302.694	2.135.353.466.671	4.481.828.073.605
Increase in the year	487.615.550.000	-	-	51.339.935.636	1.240.351.197.619	1.779.306.683.255
Decrease in the year	-	15.000.000	-	-	908.410.908.390	908.425.908.390
As at 31/12/2018	<u>2.925.746.090.000</u>	<u>288.320.082.456</u>	<u>(834.457.318.216)</u>	<u>505.806.238.330</u>	<u>2.467.293.755.900</u>	<u>5.352.708.848.470</u>
As at 01/01/2019	2.925.746.090.000	288.320.082.456	(834.457.318.216)	505.806.238.330	2.467.293.755.900	5.352.708.848.470
Increase in the period	643.653.460.000	65.226.581.324	-	62.017.559.881	520.580.851.954	1.291.478.453.159
Decrease in the period	-	47.000.000	-	-	795.111.009.333	795.158.009.333
As at 30/06/2019	<u>3.569.399.550.000</u>	<u>353.499.663.780</u>	<u>(834.457.318.216)</u>	<u>567.823.798.211</u>	<u>2.192.763.598.521</u>	<u>5.849.029.292.296</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 year 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 dividend in shares	58.513.854	585.138.540.000	48.761.555	487.615.550.000
- Issuing to employees	5.851.492	58.514.920.000	-	-
Ending balance	356.939.955	3.569.399.550.000	292.574.609	2.925.746.090.000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

c. Shares

	30/06/2019	01/01/2019
	Shares	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 owner's equity)	-	-
Number of shares bought back (treasury shares)	55.534.605	46.278.838
- Common shares	55.534.605	46.278.838
- Preferred shares (classified as owner's equity)	-	-
Number of outstanding shares	301.405.350	246.295.771
- Common shares	301.405.350	246.295.771
- Preferred shares (classified as owner's equity)	-	-
Par value of outstanding shares: VND10,000 each		

The Company's treasury shares are held by its subsidiary (Thanh Phat Trade Limited Company). Thanh Phat Trade Limited Company was holding 55,534,605 shares of the Company as at 30/06/2019 (of which, number of purchased shares: 16,467,808; number of shares from stock dividend: 39,066,797); 46,278,838 shares of the Company as at 01/01/2019 (Of which, number of purchased shares: 16,467,808; number of shares from stock dividend: 29,811,030).

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: 31/07/2018; 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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

e. Undistributed profit

	First 6 months of 2019	Year 2018
Profit brought forward	2.467.293.755.900	2.135.353.466.671
Profit after corporate income tax this period	520.580.851.954	1.240.351.197.619
Distribution of profit	795.111.009.333	908.410.908.390
- Distribution of prior-period profit	795.111.009.333	662.115.137.390
+ 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	123.147.885.500	102.623.677.500
+ Paying stock dividend	585.138.540.000	487.615.550.000
- Temporary distribution of current-year profit	-	246.295.771.000
+ Paying cash dividend	-	246.295.771.000
Undistributed profit	2.192.763.598.521	2.467.293.755.900

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

c. Monetary gold

		30/06/2019 VND		01/01/2019 VND
Monetary gold				
+ SJC gold bars	4 bars	14.468.000	4 bars	14.560.000
+ SJC gold rings	12 rings	46.380.000	12 rings	43.524.000
Total		60.848.000		58.084.000

26. Revenue from sales and service provision

	First 6 months of 2019	First 6 months of 2018
Revenue from sales of finished products	3.985.097.850.341	3.902.079.943.059
Revenue from sales of merchandise goods	76.340.309.950	64.857.844.095
Revenue from service rendered and construction contracts	28.721.219.120	33.843.353.415
Total	4.090.159.379.411	4.000.781.140.569

27. Revenue deductions

	First 6 months of 2019	First 6 months of 2018
Trade discounts	11.278.910.955	25.447.387.049
Sales returns	5.949.617.181	587.049.125
Total	17.228.528.136	26.034.436.174

28. Cost of goods sold

	First 6 months of 2019	First 6 months of 2018
Cost of finished products sold	2.840.335.425.462	2.809.288.795.288
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	2.950.344.030.079	2.915.275.190.855

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

29. Financial income

	First 6 months of 2019	First 6 months of 2018
Loan interest, deposit interest	46.210.661.694	21.814.309.369
Foreign exchange gains	1.175.463.621	346.758.270
Payment discounts	12.967.065.034	10.790.397.428
Total	60.353.190.349	32.951.465.067

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	42.593.812.207	47.942.058.326

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	135.002.415.585	133.819.691.619
Transportation, loading and unloading expenses	100.005.576.414	80.025.297.264
Advertising expenses	80.415.637.532	83.635.971.419
Promotion expenses	18.288.503.429	11.443.600.539
Other outside service expenses	18.731.687.841	18.396.391.659
Others	22.367.543.648	21.708.040.944
Total	374.811.364.449	349.028.993.444

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

b. Administrative expenses incurred in the period

	First 6 months of 2019	First 6 months of 2018
Staff costs	88.522.357.502	55.204.430.753
Outside service expenses	4.459.069.094	4.181.471.277
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	34.161.859.338	29.473.458.744
Total	132.211.930.028	95.795.854.729

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	3.743.273.920	184.118.647
Total	6.042.865.247	26.094.118.647

33. Other expenses

	First 6 months of 2019	First 6 months of 2018
Penalties	1.315.720.750	3.978.180
Others	5.994.047.258	305.418.625
Total	7.309.768.008	309.396.805

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

34. Current corporate income tax expenses

	First 6 months of 2019	First 6 months of 2018
Accounting profit before tax	632.056.002.100	625.440.793.950
Adjustments to taxable income	3.127.660.506	(240.949.754)
- Increase	3.287.988.203	433.238.559
+ Foreign exchange loss from revaluation of balance of cash, receivables	-	29.214
+ Unqualified expenses	3.287.988.203	433.209.345
- Decrease	364.395.804	4.345.675
+ Foreign exchange gain from revaluation of balance of cash, receivables	11.904.504	4.345.675
+ Others	352.491.300	-
- Adjustment to unrealized gain/loss	204.068.107	(669.842.638)
+ Increase from unrealized profit this year	233.429.690	60.682.408
+ Decrease from prior-year profit realized this year	(29.361.583)	(730.525.046)
Total taxable income	622.702.617.587	625.199.844.196
Tax-exempted income	12.481.045.019	131.626.868.767
Assessable income	610.221.572.568	493.572.975.429
Current corporate income tax expenses	111.515.963.767	68.226.740.016
<i>In which:</i>		
- Current period income tax expenses	108.429.091.993	68.226.740.016
- Adjusting prior period income tax expenses to current period income tax expenses	3.086.871.774	-

35. Basic/diluted earnings per share

	First 6 months of 2019	First 6 months of 2018
Profit after corporate income tax	520.580.851.954	557.080.085.407
Adjustments increasing or decreasing profit after tax	(5.205.808.520)	(12.403.511.976)
- Increase	-	-
- Decrease (appropriated to reward and welfare fund)	5.205.808.520	12.403.511.976
Profit or loss attributable to common shareholders	515.375.043.434	544.676.573.431
Weighted average number of outstanding common shares	296.034.803	295.553.858
Basic/diluted earnings per share	1.741	1.843

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Weighted average number of outstanding common shares:

	First 6 months of 2019	First 6 months of 2018
Common shares brought forward from prior period (excluding treasury shares)	246.295.771	246.295.771
Effect of common shares issued to pay dividend	49.258.087	49.258.087
Effect of additional shares issued to employees	480.945	-
Weighted average number of common shares in circulation in the period	296.034.803	295.553.858

36. Operating expenses by elements

	First 6 months of 2019	First 6 months of 2018
Materials expenses	2.329.634.830.336	2.958.386.507.486
Labor costs	331.681.719.699	319.301.768.447
Depreciation expenses	377.721.285.999	378.396.052.929
Outside service expenses	228.472.356.095	223.855.489.888
Other cash expenses	290.160.865.607	316.370.819.114
Total	3.557.671.057.736	4.196.310.637.864

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

37. Segment reporting

Segment reporting of the Company was prepared in accordance with business activities of each dependent unit and subsidiary as follows:

Segment report by operating activities	Sugar		Soy milk		Thanh Phat		Others		Elimination		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	First 6 months of 2019	First 6 months of 2018	First 6 months năm 2019	First 6 months năm 2018
Segment revenue	1.045.646.300.562	1.173.365.583.270	1.984.570.114.683	1.755.770.625.861	1.043.633.407.251	599.589.988.142	876.473.402.166	871.472.673.257	(877.392.373.387)	(425.452.166.135)	4.072.930.851.275	3.974.746.704.395
Cost of segment	1.002.364.145.598	1.024.223.362.983	1.098.945.074.759	1.068.450.670.634	1.016.412.926.475	573.725.956.794	704.196.545.816	670.305.372.437	(871.574.662.569)	(421.430.171.993)	2.950.344.030.079	2.915.275.190.855
Gross profit	43.282.154.964	149.142.220.287	885.625.039.924	687.319.955.227	27.220.480.776	25.864.031.348	172.276.856.350	201.167.300.820	(5.817.710.818)	(4.021.994.142)	1.122.586.821.196	1.059.471.513.540
Financial income											60.353.190.349	32.951.465.067
Financial expenses											42.593.812.207	47.942.058.326
Selling expenses											374.811.364.449	349.028.993.444
Administrative expenses											132.211.930.028	95.795.854.729
Operating profit											633.322.904.861	599.656.072.108
Other income											6.042.865.247	26.094.118.647
Other expenses											7.309.768.008	309.396.805
Other profit											(1.266.902.761)	25.784.721.842
Profit before tax											632.056.002.100	625.440.793.950
Corporate income tax											111.475.150.146	68.360.708.543
Profit after tax											520.580.851.954	557.080.085.407

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

30/06/2019	Segment assets					Depreciation of fixed assets for first 6 months of 2019
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets	Payables	
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
Thanh Phat Trade Co., Ltd.	2.848.320.176	(2.848.320.176)	6.337.123.462	850.621.920.142	27.429.518.048	-
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
	8.007.286.641.970	(4.003.621.244.477)	213.692.675.035	9.949.559.892.586	2.465.386.538.322	377.721.285.999
Elimination	-	-	(2.553.932.570)	(1.637.197.994.538)	(2.553.932.570)	-
Total	8.007.286.641.970	(4.003.621.244.477)	211.138.742.465	8.312.361.898.048	2.462.832.605.752	377.721.285.999

01/01/2019	Segment assets					Depreciation of fixed assets for first 6 months of 2018
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets	Payables	
	VND	VND	VND	VND	VND	VND
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
Thanh Phat Trade Co., Ltd.	2.848.320.176	(2.848.320.176)	61.426.759.869	898.258.189.218	34.351.204.036	-
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
	7.995.508.235.816	(3.641.102.262.820)	529.283.633.376	9.696.685.940.617	2.709.496.284.665	378.396.052.929
Elimination	-	-	(60.521.913.808)	(1.695.002.721.290)	(60.521.913.808)	-
Total	7.995.508.235.816	(3.641.102.262.820)	468.761.719.568	8.001.683.219.327	2.648.974.370.857	378.396.052.929

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

38. 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 insignificant.

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 currency 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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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

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 accordance with their maturity as follows:

30/06/2019	Within 1 year	Over 1 year	Total
Trade payables	379.806.581.548	-	379.806.581.548
Accrued expenses	77.701.752.330	-	77.701.752.330
Loans and finance lease liabilities	1.488.662.844.746	-	1.488.662.844.746
Other payables	11.629.782.421	18.912.782.564	30.542.564.985
Total	1.957.800.961.045	18.912.782.564	1.976.713.743.609
01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	445.725.967.834	-	445.725.967.834
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	135.935.813.767	18.776.975.691	154.712.789.458
Total	2.311.854.199.007	18.776.975.691	2.330.631.174.698

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

The Company may be exposed to liquidity risk in the short term. 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	218.082.213.637	-	218.082.213.637
Held-to-maturity investments	1.931.000.000.000	-	1.931.000.000.000
Trade receivables	23.519.415.686	-	23.519.415.686
Other receivables	20.566.952.175	696.181.497	
Total	2.193.168.581.498	696.181.497	2.172.601.629.323

01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	418.383.925.994	-	418.383.925.994
Held-to-maturity investments	1.699.000.000.000	-	1.699.000.000.000
Trade receivables	81.504.745.379	-	81.504.745.379
Other receivables	19.075.869.385	690.181.497	19.766.050.882
Total	2.217.964.540.758	690.181.497	2.218.654.722.255

39. Related party information

Transactions with key management officers

Salaries, bonus of members of the Board of Directors and Management are as follows:

	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>		
- <i>Salaries, bonus of the General Director</i>	908.587.590	902.872.481

40. 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 consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

41. Corresponding figures

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



Võ Thanh Đăng
General Director

Quang Ngai Province, 13 August 2019

A blue handwritten signature of Nguyen The Binh.

Nguyen The Binh
Chief Accountant

A blue handwritten signature of Tran Thi Xuan Hien.

Tran Thi Xuan Hien
Preparer