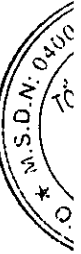




**Hoa Tho Textile-Garment  
Joint Stock Corporation**

Separate financial statements for the  
year ended 31 December 2015



## Hoa Tho Textile-Garment Joint Stock Corporation Corporate Information

### Enterprise Registration

Certificate No. 0400101556 25 June 2015

The Enterprise Registration Certificate of the Corporation has been amended several times, the most recent of which is Enterprise Registration Certificate No. 0400101556 dated 25 June 2015. The Enterprise Registration Certificate was issued by the Da Nang Department of Planning and Investment.

<b>Board of Management</b>	Mr. Tran Van Pho	Chairman
	Mr. Nguyen Duc Tri	Member
	Mr. Pham Van Tan	Member
	Mr. Dao Ngoc Phuong	Member
	Ms. Doan Thi Xuan	Member
<b>Board of Supervisors</b>	Mr. Bui Dinh Thanh	Chairman
	Mr. Phan Huu Phu	Member
	Ms. Nguyen Thi Phuong Mai	Member <i>(from 25/4/2015)</i>
	Ms. Nguyen Thi Kim Dung	Member <i>(until 25/4/2015)</i>
<b>Board of Directors</b>	Mr. Nguyen Duc Tri	General Director
	Mr. Tran Dinh Thanh	Deputy General Director <i>(until 1/7/2015)</i>
	Mr. Nguyen Van Hai	Deputy General Director
	Ms. Hoang Thuy Oanh	Deputy General Director
	Ms. Tran Tuong Anh	Deputy General Director
	Mr. Nguyen Ngoc Binh	Deputy General Director
	Mr. Pham Ngoc Trung	Managing Director
	Ms. Tran Thi Hoa Chau	Managing Director <i>(from 1/6/2015)</i>
	Mr. Phan Van Phuoc	Managing Director <i>(from 2/1/2016)</i>
	Mr. Phan Quang Long	Managing Director <i>(from 2/1/2016)</i>
<b>Registered Office</b>	36 Ong Ich Duong Street	
	Hoa Tho Dong Ward, Cam Le District	
	Da Nang City	
	Vietnam	
<b>Auditor</b>	KPMG Limited	
	Vietnam	

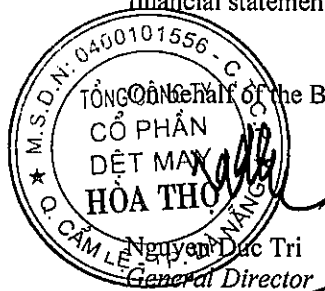
**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Statement of the Board of Directors**

The Board of Directors of Hoa Tho Textile-Garment Joint Stock Corporation ("the Corporation") presents this statement and the accompanying separate financial statements of the Corporation for the year ended 31 December 2015.

The Board of Directors of the Corporation is responsible for the preparation and fair presentation of the separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the separate financial statements set out on pages 5 to 42 give a true and fair view of the unconsolidated financial position of the Corporation as at 31 December 2015, and of the unconsolidated results of operations and the unconsolidated cash flows of the Corporation for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Corporation will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying separate financial statements for issue.



On behalf of the Board of Directors

Nguyễn Đức Tri  
General Director

Da Nang,

**KPMG Limited**

46<sup>th</sup> Floor, Keangnam Hanoi Landmark Tower,  
72 Building, Plot E6, Pham Hung Street,  
Me Tri Ward, South Tu Liem District, Hanoi,  
Vietnam

Tel: +84 4 3946 1600  
Fax: +84 4 3946 1601  
www.kpmg.com.vn

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders**

### **Hoa Tho Textile-Garment Joint Stock Corporation**

We have audited the accompanying separate financial statements of Hoa Tho Textile-Garment Joint Stock Corporation ("the Corporation"), which comprise the separate balance sheet as at 31 December 2015, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Corporation's Board of Directors on 21 March 2016, as set out on pages 5 to 42.

### **Management's Responsibility**

The Corporation's Board of Directors is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

## Auditors' Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Hoa Tho Textile-Garment Joint Stock Corporation as at 31 December 2015 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

**KPMG Limited**

Vietnam

Audit Report No. 15-02-473-3r



Practicing Auditor Registration  
Certificate No. 0306-2013-007-1  
*Deputy General Director*

Hanoi, 21 March 2016



Le Viet Hung  
Practicing Auditor Registration  
Certificate No. 0296-2013-007-1

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate balance sheet as at 31 December 2015**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2015 VND	1/1/2015 VND Reclassified
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	100		749,144,202,858	796,303,831,233
<b>Cash and cash equivalents</b>	110	5	23,816,627,729	42,884,483,121
Cash	111		21,424,995,247	10,984,483,121
Cash equivalents	112		2,391,632,482	31,900,000,000
<b>Short-term financial investments</b>	120		4,432,812,500	3,300,000,000
Held-to-maturity investments	123	6(a)	4,432,812,500	3,300,000,000
<b>Accounts receivable – short-term</b>	130		253,235,488,825	309,093,846,892
Accounts receivable from customers	131	7	219,420,917,009	287,308,132,064
Prepayments to suppliers	132		27,366,441,763	18,810,627,005
Loans receivable	135		522,000,000	-
Other receivables	136	8	6,949,968,165	3,873,068,905
Allowance for doubtful debts	137	9	(1,023,838,112)	(897,981,082)
<b>Inventories</b>	140	10	417,470,958,124	403,219,245,145
Inventories	141		418,231,458,124	403,800,544,635
Allowance for inventories	149		(760,500,000)	(581,299,490)
<b>Other current assets</b>	150		50,188,315,680	37,806,256,075
Short-term prepaid expenses	151	14(a)	5,134,979,518	3,288,939,152
Deductible value added tax	152		44,991,552,003	34,485,680,086
Taxes and other receivables from State Treasury	153	16(a)	61,784,159	31,636,837

*The accompanying notes are an integral part of these separate financial statements*

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate balance sheet as at 31 December 2015 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2015 VND	1/1/2015 VND Reclassified
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>525,019,214,028</b>	<b>407,899,186,908</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,468,000,000</b>	<b>1,954,000,000</b>
Loans receivable – long-term	215		1,468,000,000	1,954,000,000
<b>Fixed assets</b>	<b>220</b>		<b>465,928,254,076</b>	<b>363,263,730,019</b>
Tangible fixed assets	221	11	462,340,952,311	362,394,729,533
Cost	222		907,130,082,875	744,296,051,777
Accumulated depreciation	223		(444,789,130,564)	(381,901,322,244)
Intangible fixed assets	227	12	3,587,301,765	869,000,486
Cost	228		7,530,478,524	3,951,068,124
Accumulated amortisation	229		(3,943,176,759)	(3,082,067,638)
<b>Long-term work in progress</b>	<b>240</b>		<b>2,945,544,447</b>	<b>3,941,942,961</b>
Construction in progress	242	13	2,945,544,447	3,941,942,961
<b>Long-term financial investments</b>	<b>250</b>		<b>32,669,902,361</b>	<b>25,525,879,159</b>
Investments in subsidiaries	251	6(b)	32,686,900,000	15,832,400,000
Investments in associates	252	6(b)	7,700,000,000	7,700,000,000
Equity investments in other entities	253	6(b)	9,355,702,000	10,705,702,000
Allowance for diminution in the value of long-term financial investments	254	6(b)	(17,077,699,639)	(8,712,222,841)
Held-to-maturity investments	255	6(a)	5,000,000	-
<b>Other long-term assets</b>	<b>260</b>		<b>22,007,513,144</b>	<b>13,213,634,769</b>
Long-term prepaid expenses	261	14(b)	22,007,513,144	13,213,634,769
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>1,274,163,416,886</b>	<b>1,204,203,018,141</b>

*The accompanying notes are an integral part of these separate financial statements*

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate balance sheet as at 31 December 2015 (continued)**

Form B 01 – DN  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2015 VND	1/1/2015 VND Reclassified
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>985,480,216,489</b>	<b>944,235,823,009</b>
<b>Current liabilities</b>	<b>310</b>		<b>744,535,569,499</b>	<b>783,420,239,615</b>
Accounts payable to suppliers	311	15	167,422,868,096	191,617,260,703
Advances from customers	312		7,740,961,040	1,103,649,673
Taxes payable to State Treasury	313	16(b)	3,545,886,857	3,674,479,359
Payables to employees	314		138,786,506,543	88,247,906,900
Accrued expenses	315	17	9,118,650,512	6,537,021,690
Other payables – short-term	319	18	12,202,834,275	9,172,989,896
Short-term borrowings	320	19(a)	382,088,445,718	476,044,942,160
Bonus and welfare fund	322	20	23,629,416,458	7,021,989,234
<b>Long-term liabilities</b>	<b>330</b>		<b>240,944,646,990</b>	<b>160,815,583,394</b>
Long-term accounts payable to suppliers	331	15	3,054,133,000	4,579,133,000
Long-term advances from customers	332		21,942,000,000	-
Long-term borrowings	338	19(b)	215,948,513,990	156,236,450,394
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>288,683,200,397</b>	<b>259,967,195,132</b>
<b>Owners' equity</b>	<b>410</b>	<b>21</b>	<b>288,683,200,397</b>	<b>259,967,195,132</b>
Share capital	411	22	157,500,000,000	150,000,000,000
- Ordinary shares with voting rights	411a		157,500,000,000	150,000,000,000
Investment and development fund	418	23	59,999,326,634	50,718,782,765
Retained profits	421		71,183,873,763	59,248,412,367
- Retained profits brought forward	421a		38,832,076	4,347,231
- Retained profit for the current year	421b		71,145,041,687	59,244,065,136
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>1,274,163,416,886</b>	<b>1,204,203,018,141</b>

Prepared by:

*Dang Thi Oanh Nu*

Dang Thi Oanh Nu  
Specialist

Approved by:

*Nguyen Van Cuong*

Nguyen Van Cuong  
Chief Accountant



Nguyen Duc Tri  
General Director

*The accompanying notes are an integral part of these separate financial statements*



**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate statement of income for the year ended 31 December 2015**

**Form B 02 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND	2014 VND Reclassified
Revenue from sales of goods and provision of services	01	26	2,984,727,002,764	2,578,984,887,319
Revenue deductions	02	26	3,141,755,291	59,702,537
Net revenue (10 = 01 - 02)	10		2,981,585,247,473	2,578,925,184,782
Cost of sales	11		2,672,068,848,493	2,350,515,778,602
Gross profit (20 = 10 - 11)	20		309,516,398,980	228,409,406,180
Financial income	21	27	23,355,366,809	8,318,036,729
Financial expenses	22	28	64,753,896,735	36,450,023,311
<i>In which: Interest expense</i>	23		21,307,593,611	21,601,619,055
Selling expenses	25	29	100,688,417,364	76,234,006,901
General and administration expenses	26	30	94,522,312,381	65,088,016,836
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		72,907,139,309	58,955,395,861
Other income	31	31	6,952,182,850	6,604,581,262
Other expenses	32		3,585,006,443	2,014,551,099
Results of other activities (40 = 31 - 32)	40		3,367,176,407	4,590,030,163
Accounting profit before tax (50 = 30 + 40)	50		76,274,315,716	63,545,426,024
Income tax expense – current	51	33	5,129,274,029	4,301,360,888
Net profit after tax (60 = 50 - 51)	60		71,145,041,687	59,244,065,136

Prepared by:

*[Signature]*

Dang Thi Oanh Nu  
Specialist

Approved by: *[Signature]*  
  
*[Signature]*

Nguyen Van Cuong  
Chief Accountant

Nguyen Duc Tri  
General Director

*The accompanying notes are an integral part of these separate financial statements*

**Hoa Tho Textile-Garment Joint Stock Corporation**

**Separate statement of cash flows for the year ended 31 December 2015 (Indirect method)**

**Form B 03 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND	2014 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	01		76,274,315,716	63,545,426,024
Adjustments for				
Depreciation and amortisation	02		73,978,772,271	83,494,512,855
Allowances and provisions	03		8,670,534,338	3,115,423,215
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		8,527,789,408	1,877,846,642
Profits from investing activities	05		(3,989,572,543)	(2,745,191,159)
Interest expense	06		21,307,593,611	21,601,619,055
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>184,769,432,801</b>	<b>170,889,636,632</b>
Change in receivables	09		45,528,295,856	(119,277,809,649)
Change in inventories	10		(14,430,913,489)	(99,019,145,099)
Change in payables and other liabilities	11		50,650,043,343	116,665,330,746
Change in prepaid expenses	12		(848,810,602)	(2,075,127,183)
			<b>265,668,047,909</b>	<b>67,182,885,447</b>
Interest paid	14		(21,445,207,618)	(21,725,355,988)
Income tax paid	15		(5,381,244,311)	(4,328,687,776)
Other receipts from operating activities	16		649,810,686	117,525,540
Other payments for operating activities	17		(3,971,419,884)	(3,533,349,819)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>235,519,986,782</b>	<b>37,713,017,404</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(178,824,022,726)	(101,415,610,505)
Proceeds from disposals of fixed assets	22		1,331,477,092	958,500,000
Payments for granting loans, purchase of debt instruments of other entities	23		(2,037,812,500)	(3,300,000,000)
Receipts from collecting loans	24		864,000,000	-
Payments for investments in other entities	25		(15,500,000,000)	(3,214,000,000)
Collections on investments in other entities	26		1,777,381,871	-
Receipts of interests and dividends	27		2,981,317,769	2,051,522,317
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(189,407,658,494)</b>	<b>(104,919,588,188)</b>

*The accompanying notes are an integral part of these separate financial statements*

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate statement of cash flows for the year ended 31 December 2015**  
**(Indirect method - continued)**

**Form B 03 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND	2014 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued	31		7,500,000,000	-
Proceeds from borrowings	33		2,281,670,341,466	1,894,081,441,941
Payments to settle loan principals	34		(2,324,099,750,647)	(1,769,860,768,243)
Payments of dividends	36		(30,264,847,383)	(29,381,076,920)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(65,194,256,564)</b>	<b>94,839,596,778</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>(19,081,928,276)</b>	<b>27,633,025,994</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>5</b>	<b>42,884,483,121</b>	<b>15,212,625,051</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>14,072,884</b>	<b>38,832,076</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 +61)</b>	<b>70</b>	<b>5</b>	<b>23,816,627,729</b>	<b>42,884,483,121</b>

Prepared by:

*Dang Thi Oanh Nu*

Dang Thi Oanh Nu  
Specialist

*Nguyen Van Cuong*

Nguyen Van Cuong  
Chief Accountant



*Nguyen Duc Tri*  
General Director

*The accompanying notes are an integral part of these separate financial statements*

**Hoa Tho Textile-Garment Joint Stock Corporation**

**Notes to the separate financial statements for the year ended 31 December 2015**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying separate financial statements.

**1. Reporting entity**

**(a) Ownership structure**

Hoa Tho Textile-Garment Joint Stock Corporation (“the Corporation”) is incorporated as a joint stock company in Vietnam.

**(b) Principal activities**

The principal activities of the Corporation are to produce, trade, import and export clothes, fabric, fibre, equipment, and raw materials for the garment and textile industry.

**(c) Normal operating cycle**

The normal operating cycle of the Corporation is generally within 12 months.

**(d) Corporation structure**

As at 31 December 2015, the Corporation had 6 subsidiaries (1/1/2015: 4 subsidiaries) and 2 associates as listed in Note 6(b).

As at 31 December 2015, the Corporation had 7,471 employees (1/1/2015: 6,258 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

These separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. The Corporation prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Corporation’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

**(b) Basis of measurement**

The separate financial statements, except for the separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Corporation is from 1 January to 31 December.

**Hoa Tho Textile-Garment Joint Stock Corporation**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(d) Accounting and presentation currency**

The Corporation's accounting currency is Vietnam Dong ("VND"), which is also the currency used for separate financial statement presentation purpose.

**3. Adoption of new guidance on accounting system for enterprises**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises ("Circular 200"). Circular 200 replaces previous guidance on Vietnamese Accounting System for enterprises under Decision No. 15/2006-QD/BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015. The Corporation has adopted the applicable requirements of Circular 200 effective from 1 January 2015 on a prospective basis.

**4. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Corporation in the preparation of these separate financial statements.

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates. The actual rates of exchange applied to account for foreign currency transaction are determined as follows:

- Exchange rate applied to buying or selling foreign currency is the exchange rate stipulated in the currency exchange contract between the Corporation and the bank.
- Exchange rate applied to recognise trade and other receivables is the foreign currency buying rate at the transaction date quoted by the bank through which the Corporation receives money from the customer or counterparty.
- Exchange rate applied to recognise trade and other payables is the foreign currency selling rate at the transaction date quoted by the bank through which the Corporation intends to make payment for the liability.
- For asset acquisitions or expenses that are settled with immediate payment, the exchange rate applied is the foreign currency buying rate at the transaction date quoted by the bank through which the Corporation makes payment.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Corporation most frequently conducts transactions. Cash at bank and bank deposits are retranslated using the foreign currency buying rate of the bank where the Corporation deposits the money or maintains those bank accounts.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Corporation most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**Hoa Tho Textile-Garment Joint Stock Corporation**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(b) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Investments**

**(i) *Held-to-maturity investments***

Held-to-maturity investments are those that the Corporation's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds, redeemable preference shares which the issuers are required to repurchase at a certain date and loans receivable held to maturity. These investments are stated at costs less allowance for doubtful debts.

**(ii) *Investments in subsidiaries and associates***

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognized at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Corporation's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(iii) *Investments in equity instruments of other entities***

Investments in equity instruments of other entities are initially recognized at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Corporation's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(d) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**Hoa Tho Textile-Garment Joint Stock Corporation**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

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**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Corporation applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the separate statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	10 - 25 years
▪ plant and equipment	5 - 15 years
▪ motor vehicles	5 - 10 years
▪ office equipment	3 - 5 years
▪ others	2 - 5 years

**(g) Intangible fixed assets**

***Software***

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 - 5 years.

**(h) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

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**(i) Long-term prepaid expenses**

**(i) Tools and instruments**

Tools and instruments include assets held for use by the Corporation in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(ii) Training costs**

Training expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight-line basis over 3 years.

**(iii) Other long-term prepaid expenses**

Other long-term prepaid expenses are initially stated at cost and are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

**(k) Share capital**

***Ordinary shares***

Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

**(l) Taxation**

Income tax on the unconsolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**(m) Revenue and other incomes**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Processing services**

Revenue from processing services is recognised in the statement of income when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(iv) Dividend income**

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognized as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

**(n) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(o) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

**(p) Related parties**

Parties are considered to be related to the Corporation if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Corporation and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the parent company and its subsidiaries and associates.

**Hoa Tho Textile-Garment Joint Stock Corporation****Notes to the separate financial statements for the year ended 31 December 2015 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
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	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Cash on hand	23,863,500	49,596,300
Cash in banks	21,401,131,747	10,934,886,821
Cash equivalents	2,391,632,482	31,900,000,000
	<hr/>	<hr/>
	<b>23,816,627,729</b>	<b>42,884,483,121</b>

**6. Investments****(a) Held-to-maturity investments**

	<b>31/12/2015</b>		<b>1/1/2015 Reclassified</b>	
	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Cost VND</b>	<b>Fair value VND</b>
Held-to-maturity investments - short-term				
▪ term deposits	4,432,812,500	4,432,812,500	3,300,000,000	3,300,000,000
Held-to-maturity investments - long-term				
▪ term deposits	5,000,000	5,000,000	-	-

Term deposits include bank deposits with terms ranging from 7 to 60 months and interest rates from 5.2% to 6.75% per annum (2014: 7% to 7.5% per annum).

# Hoa Tho Textile-Garment Joint Stock Corporation

Notes to the separate financial statements for the year ended 31 December 2015 (continued)

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## (b) Equity investments in other entities

Equity investments in:

### Subsidiaries

	Address	Quantity	% of equity owned	31/12/2015 % of voting rights	Cost VND	Allowance for diminution in value VND	Quantity	% of equity owned	% of voting rights	1/1/2015 Cost VND	Allowance for diminution in value VND
Hoa Tho Fashion Joint Stock Company	Da Nang	266,790	76.88%	76.88%	2,667,900,000	2,667,900,000	266,790	76.88%	76.88%	2,667,900,000	2,667,900,000
Hoa Tho - Quang Nam Garment Joint Stock Company	Quang Nam	642,800	32.14%	54.00%	6,428,000,000	-	642,800	32.14%	54.00%	6,428,000,000	-
Hoa Tho - Hoi An Garment Joint Stock Company	Quang Nam	541,800	54.18%	54.18%	5,418,000,000	84,914,979	406,350	54.18%	54.18%	4,063,500,000	-
Hoa Tho - Duy Xuyen Garment Joint Stock Company	Quang Nam	267,300	53.46%	53.46%	2,673,000,000	-	267,300	53.46%	53.46%	2,673,000,000	-
Hoa Tho - Thang Binh Spinning Joint Stock Company	Quang Nam	155,000	51.00%	51.00%	15,500,000,000	-	-	-	-	-	-
Hoa Tho Construction Mechanics One-member Co., Ltd. (*)	Da Nang	-	-	-	-	-	-	-	-	-	-
					32,686,900,000	2,752,814,979				15,832,400,000	2,667,900,000

### Associates

Hoa Tho - Phu Ninh Garment Joint Stock Company	Quang Nam	400,000	20.00%	20.00%	4,000,000,000	4,000,000,000	400,000	20.00%	20.00%	4,000,000,000	3,487,401,749
VTD Hiep Duc Joint Stock Company	Quang Nam	370,000	37.00%	37.00%	3,700,000,000	3,539,755,187	370,000	37.00%	37.00%	3,700,000,000	2,556,921,092
					7,700,000,000	7,539,755,187				7,700,000,000	6,044,322,841

# Hoa Tho Textile-Garment Joint Stock Corporation

## Notes to the separate financial statements for the year ended 31 December 2015 (continued)

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	Address	31/12/2015				1/1/2015					
		Quantity	% of equity owned	% of voting rights	Cost VND	Quantity	% of equity owned	% of voting rights	Cost VND	Allowance for diminution in value VND	
<i>Other companies</i>											
The Central Cotton Joint Stock Company	Khanh Hoa	65,000	7.12%	7.12%	855,702,000	-	65,000	7.12%	7.12%	855,702,000	-
Hoa Tho Quang Da Packaging Joint Stock Company	Quang Nam	60,000	10.91%	10.91%	600,000,000	-	60,000	10.91%	10.91%	600,000,000	-
Phu Hoa An Textile-Garment Joint Stock Company	Thua Thien Hue	160,000	8.00%	8.00%	1,600,000,000	485,129,473	160,000	16.00%	16.00%	1,600,000,000	-
Chon Trading	Ho Chi Minh City	-	-	-	-	-	135,000	7.86%	7.86%	1,350,000,000	-
Joint Stock Company											
Ho Chi Minh City Textile Garment Commercial Joint Stock Company	Ho Chi Minh City	630,000	14.00%	14.00%	6,300,000,000	6,300,000,000	630,000	14.00%	14.00%	6,300,000,000	-
					9,355,702,000	6,785,129,473					
					49,742,602,000	17,077,699,639					
					10,705,702,000						
					34,238,102,000	8,712,222,841					

(\*) On 27 October 2015, the Corporation's Board of Management issued the Decision No. 803/QĐ-HDQT on establishment of Hoa Tho Construction Mechanics One-member Co., Ltd. on the basis of Hoa Tho Construction Mechanics Enterprise, a branch of the Corporation. Hoa Tho Construction Mechanics One-member Co., Ltd. was granted the Enterprise Registration Certificate No. 0401705303 dated 12 November 2015 by the Da Nang Department of Planning and Investment. This subsidiary will officially commence its operation from 2016.

The Corporate has not determined fair values of these financial instruments for disclosure in the separate financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these financial instruments may differ from their carrying amounts.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**7. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customer**

	31/12/2015 VND	1/1/2015 VND
Motives (Far East) Limited	72,384,107,706	76,891,575,444
Gamal Ibrahim Ahmed Al Okiya	22,025,410,219	-
Destination XL Group Inc.	16,237,124,625	8,370,298,769
Aurora Investment Global Inc	15,642,169,827	40,218,806,703
Supreme International Inc.	15,570,202,788	16,225,679,168
Ashraf Sadek El Sayed El Betar	-	27,644,912,560
Other customers	77,561,901,844	117,956,859,420
	219,420,917,009	287,308,132,064

At 31 December 2015, accounts receivable from customers with a carrying value of VND139,646 million (1/1/2015: VND187,154 million) were used to secure for short-term loans granted to the Corporation (Note 19(a)).

**(b) Accounts receivable from customers who are related parties**

	31/12/2015 VND	1/1/2015 VND
<b>Subsidiaries</b>		
• Hoa Tho Fashion Joint Stock Company	3,707,485,375	5,892,924,793
• Hoa Tho - Duy Xuyen Garment Joint Stock Company	278,900,000	96,575,000
• Hoa Tho - Hoi An Garment Joint Stock Company	206,610,470	22,549,500
<b>Associates</b>		
• Hoa Tho – Phu Ninh Garment Joint Stock Company	87,634,800	6,897,000
• VTD Hiep Duc Joint Stock Company	309,939,190	-
<b>Other related companies</b>	507,172,655	3,067,841,337
	5,097,742,490	9,086,787,630

The trade related amounts due from the subsidiaries, associates and other related companies were unsecured, interest free and are due in 30 days from invoice date.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**8. Other receivables**

	31/12/2015 VND	1/1/2015 VND Reclassified
Receivables from employees for social insurance advanced	2,011,318,268	1,571,650,162
Advances	1,475,809,872	854,118,606
Temporarily paid import tax	1,895,221,076	-
Others	1,567,618,949	1,447,300,137
	6,949,968,165	3,873,068,905

**Hoa Tho Textile-Garment Joint Stock Corporation**

Notes to the separate financial statements for the year ended 31 December 2015 (continued)

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**9. Bad and doubtful debts**

	Overdue period	31/12/2015			Overdue period	1/1/2015		
		Cost VND	Allowance VND	Recoverable amount VND		Cost VND	Allowance VND	Recoverable amount VND
Overdue debts								
Thanh Thu Co., Ltd.	Over 3 years	428,360,000	299,852,000	128,508,000	2 – 3 years	428,360,000	299,852,000	128,508,000
Phong Phu Son Tra Investment								
Joint Stock Company	Over 3 years	464,924,753	464,924,753	-	2 – 3 years	464,924,753	360,290,002	104,634,751
Hoang Anh Textile-Garment								
Joint Stock Company	Over 3 years	96,888,118	96,888,118	-	2 – 3 years	116,888,119	81,821,683	35,066,436
Others	Over 3 years	162,173,241	162,173,241	-	Over 3 years	162,173,240	156,017,397	6,155,843
		1,152,346,112	1,023,838,112	128,508,000		1,172,346,112	897,981,082	274,365,030
<b>Of which:</b>								
Allowance for doubtful debts – short-term			1,023,838,112				897,981,082	

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

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**10. Inventories**

	<b>31/12/2015</b>		<b>1/1/2015</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	52,349,634,767	-	63,875,076,618	-
Raw materials	101,761,668,573	-	130,566,335,007	(347,647,900)
Tools and supplies	289,058,393	-	277,421,717	-
Work in progress	170,331,742,732	-	142,192,679,374	-
Finished goods	67,000,827,456	(730,053,436)	57,658,581,065	(230,728,348)
Merchandise inventories	2,583,901,006	(30,446,564)	681,360,425	(2,923,242)
Goods on consignment	23,914,625,197	-	8,549,090,429	-
	<b>418,231,458,124</b>	<b>(760,500,000)</b>	<b>403,800,544,635</b>	<b>(581,299,490)</b>

At 31 December 2015 inventories with a carrying value of VND388,000 million (1/1/2015: VND351,408 million) were pledged at banks to secure for short-term borrowings granted to the Corporation (Note 19(a)).



**Hoa Tho Textile-Garment Joint Stock Corporation**

Notes to the separate financial statements for the year ended 31 December 2015 (continued)

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**11. Tangible fixed assets**

	Buildings VND	Plant and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Cost</b>						
Opening balance	156,502,299,889	518,589,871,400	25,348,719,203	5,671,764,676	38,183,396,609	744,296,051,777
Additions	4,163,310,909	13,252,583,043	2,013,175,727	802,534,728	2,003,397,913	22,235,002,320
Transfer from construction in progress	45,158,290,169	85,940,701,809	183,621,726	-	20,296,874,093	151,579,487,797
Disposals	(4,834,840,796)	(5,271,012,543)	-	(127,050,100)	(747,555,580)	(10,980,459,019)
Closing balance	200,989,060,171	612,512,143,709	27,545,516,656	6,347,249,304	59,736,113,035	907,130,082,875
<b>Accumulated depreciation</b>						
Opening balance	53,146,234,168	290,283,748,103	14,962,043,676	4,245,413,295	19,263,883,002	381,901,322,244
Charge for the year	12,232,474,644	52,068,930,872	2,856,284,529	620,440,781	5,339,532,324	73,117,663,150
Disposals	(4,213,936,195)	(5,246,240,145)	-	(127,050,100)	(642,628,390)	(10,229,854,830)
Closing balance	61,164,772,617	337,106,438,830	17,818,328,205	4,738,803,976	23,960,786,936	444,789,130,564
<b>Net book value</b>						
Opening balance	103,356,065,721	228,306,123,297	10,386,675,527	1,426,351,381	18,919,513,607	362,394,729,533
Closing balance	139,824,287,554	275,405,704,879	9,727,188,451	1,608,445,328	35,775,326,099	462,340,952,311

Included in tangible fixed assets were assets costing VND156,321 million which were fully depreciated as of 31 December 2015 (1/1/2015: VND157,322 million), but which are still in active use.

At 31 December 2015, tangible fixed assets with a carrying value of VND462,341 million (1/1/2015: VND362,395 million) were used to secure for some short-term borrowings (Note 19(a)) and long-term borrowings (Note 19(b)) granted to the Corporation.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**12. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	3,951,068,124
Additions	3,579,410,400
	<hr/>
Closing balance	7,530,478,524
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	3,082,067,638
Charge for the year	861,109,121
	<hr/>
Closing balance	3,943,176,759
	<hr/>
<b>Net book value</b>	
Opening balance	869,000,486
Closing balance	3,587,301,765
	<hr/>

Included in intangible fixed assets were assets costing VND2,987 million which were fully amortised as of 31 December 2015 (1/1/2015: VND1,814 million), but which are still in use.

**13. Construction in progress**

	<b>2015 VND</b>	<b>2014 VND</b>
Opening balance	3,941,942,961	9,491,358,138
Additions during the year	160,374,197,422	76,148,100,704
Transfer to tangible fixed assets	(151,579,487,797)	(80,538,991,113)
Transfer to short-term prepaid expenses	-	(91,587,273)
Transfer to long-term prepaid expenses	(9,791,108,139)	(1,051,937,495)
Written off	-	(15,000,000)
	<hr/>	<hr/>
Closing balance	2,945,544,447	3,941,942,961
	<hr/>	<hr/>

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

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Major constructions in progress were as follows:

	31/12/2015 VND	1/1/2015 VND
Hoa Tho 1 Garment Factory expansion	610,861,637	44,649,457
Dong Ha Garment Factory expansion	2,248,630,984	149,716,773
Dome of Spinning Workshop No. 1	-	2,138,233,091
Others	86,051,826	1,609,343,640
	2,945,544,447	3,941,942,961

**14. Prepaid expenses**

**(a) Short-term prepaid expenses**

	31/12/2015 VND	1/1/2015 VND
Prepaid insurance expenses	302,470,897	258,700,904
Tools and supplies	2,759,912,636	2,398,475,631
Prepaid operating lease expenses	560,017,951	393,484,477
Other short-term prepaid expenses	1,512,578,034	238,278,140
	5,134,979,518	3,288,939,152

**(b) Long-term prepaid expenses**

	Tools and supplies VND	Training cost VND	Others VND	Total VND
Opening balance	12,092,717,460	702,694,029	418,223,280	13,213,634,769
Additions	8,795,474,527	-	644,048,410	9,439,522,937
Transfer from construction in progress	8,709,643,260	-	1,081,464,879	9,791,108,139
Disposal	(18,724,998)	-	-	(18,724,998)
Amortisation for the year	(9,360,009,169)	(539,067,775)	(518,950,759)	(10,418,027,703)
Closing balance	20,219,101,080	163,626,254	1,624,785,810	22,007,513,144

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**15. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	31/12/2015		1/1/2015 Reclassified	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Hultafors Group AB	24,036,163,668	24,036,163,668	9,813,428,167	9,813,428,167
Hoa Tho - Quang Nam Garment Joint Stock Company	12,057,880,863	12,057,880,863	16,486,905,119	16,486,905,119
Motives (Far East) Limited	9,574,682,825	9,574,682,825	26,933,597,935	26,933,597,935
Kufner Hongkong Ltd.	9,542,122,310	9,542,122,310	8,847,937,637	8,847,937,637
Cargill Cotton Ltd.	6,473,251,964	6,473,251,964	16,120,683,014	16,120,683,014
Quang Tri province Infrastructure Management Board	4,579,133,000	4,579,133,000	6,104,133,000	6,104,133,000
Indorama Polyester Industries Pcl.	-	-	15,859,207,584	15,859,207,584
Other suppliers	104,213,766,466	104,213,766,466	96,030,501,247	96,030,501,247
	170,477,001,096	170,477,001,096	196,196,393,703	196,196,393,703

**(b) Accounts payable to suppliers classified by payment terms**

	31/12/2015		1/1/2015 Reclassified	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	167,422,868,096	167,422,868,096	191,617,260,703	191,617,260,703
Long-term	3,054,133,000	3,054,133,000	4,579,133,000	4,579,133,000
	170,477,001,096	170,477,001,096	196,196,393,703	196,196,393,703

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**(c) Accounts payable to suppliers who are related parties**

	<b>31/12/2015</b>		<b>1/1/2015</b>	
	<b>Cost VND</b>	<b>Amount within payment capacity VND</b>	<b>Cost VND</b>	<b>Amount within payment capacity VND</b>
<i>Subsidiaries</i>				
Hoa Tho - Quang Nam Garment Joint Stock Company	12,057,880,863	12,057,880,863	16,486,905,119	16,486,905,119
Hoa Tho - Hoi An Garment Joint Stock Company	31,096,062	31,096,062	-	-
<i>Associates</i>				
VTD Hiep Duc Joint Stock Company	-	-	1,104,019,297	1,104,019,297
<i>Other related companies</i>				
Dong Phuong Knitting Co., Ltd.	474,198,932	474,198,932	215,783,326	215,783,326
Nha Be Garment Corporation – Joint Stock Company	1,376,675,309	1,376,675,309	4,573,535,775	4,573,535,775
Phong Phu International Joint Stock Company	648,420,366	648,420,366	2,470,685,085	2,470,685,085
Coats Phong Phu Co., Ltd.	890,407,442	890,407,442	1,792,215,323	1,792,215,323
	<b>15,478,678,974</b>	<b>15,478,678,974</b>	<b>26,643,143,925</b>	<b>26,643,143,925</b>

The trade related amounts due to the subsidiaries, associates and other related companies were unsecured, interest free and are payable within 60 days from invoice date.

**16. Taxes payable to State Treasury**

**(a) Taxes and others receivable from State Treasury**

	<b>1/1/2015 VND</b>	<b>Incurred VND</b>	<b>Received VND</b>	<b>31/12/2015 VND</b>
Contractor tax	31,636,837	-	(21,429,153)	10,207,684
Personal income tax	-	49,012,280	-	49,012,280
Other taxes	-	2,564,195	-	2,564,195
	<b>31,636,837</b>	<b>51,576,475</b>	<b>(21,429,153)</b>	<b>61,784,159</b>

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**(b) Taxes and others payable to State Treasury**

	<b>1/1/2015 VND</b>	<b>Incurred VND</b>	<b>Paid/net-off VND</b>	<b>31/12/2015 VND</b>
Value added tax	2,031,502,399	74,551,321,946	(74,385,717,895)	2,197,106,450
Corporate income tax	1,600,750,689	5,129,274,029	(5,381,244,311)	1,348,780,407
Personal income tax	13,224,907	922,851,821	(936,076,728)	-
Other taxes	29,001,364	9,842,596,360	(9,871,597,724)	-
	<b>3,674,479,359</b>	<b>90,446,044,156</b>	<b>(90,574,636,658)</b>	<b>3,545,886,857</b>

**17. Accrued expenses**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Operating costs	8,270,151,703	5,802,541,088
Interest expense	455,253,162	592,867,169
Others	393,245,647	141,613,433
	<b>9,118,650,512</b>	<b>6,537,021,690</b>

**18. Other payables – short-term**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND Reclassified</b>
Trade union fees	4,893,980,750	4,343,573,457
Social insurance	1,458,566	920,056,227
Health insurance	-	222,042,149
Short-term deposits and collaterals received	41,613,000	-
Excessive payments on behalf payables	4,672,021,554	-
Dividends	354,075,697	618,923,080
Others	2,239,684,708	3,068,394,983
	<b>12,202,834,275</b>	<b>9,172,989,896</b>

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### 19. Borrowings

#### (a) Short-term borrowings

	Movement during the year				31/12/2015
	1/1/2015 Reclassified	Amount within repayment capacity		Decrease	Amount within repayment capacity
	Carrying amount VND	VND	Addition VND	VND	VND
Short-term borrowings	425,120,324,900	425,120,324,900	2,183,424,100,211	(2,284,760,730,985)	323,783,694,126
Current portion of long-term borrowings	50,924,617,260	50,924,617,260	47,271,396,873	(39,891,262,541)	58,304,751,592
	476,044,942,160	476,044,942,160	2,230,695,497,084	(2,324,651,993,526)	382,088,445,718

Terms and conditions of outstanding short-term borrowings were as follows:

	Currency	Annual interest rate	31/12/2015 VND	1/1/2015 VND
Joint Stock Commercial Bank for Investment and Development of Vietnam – Da Nang Branch (i)	USD	1.3% - 1.45%	68,973,312,499	114,566,066,151
Joint Stock Commercial Bank for Foreign Trade of Vietnam (ii)	USD	1.3% - 1.45%	64,757,770,302	94,748,488,430
Vietnam Joint Stock Commercial Bank for Industry and Trade (i)	USD	1.3% - 1.55%	47,299,070,820	74,028,853,760
Military Commercial Joint Stock Bank (i)	USD	1.3%	36,988,157,420	7,896,882,939
Joint Stock Commercial Bank for Investment and Development of Vietnam – Tay Ho Branch - Hanoi (i)	VND	6.0%	36,317,988,504	-
Indovina Bank (i)	USD	1.35%	19,732,663,024	22,642,685,571
Vietnam International Commercial Joint Stock Bank - Da Nang Branch (i)	USD	1.3% - 1.4%	16,679,548,566	11,796,186,091
Vietnam Technological and Commercial Joint Stock Bank (i)	USD	1.35% - 1.4%	11,382,179,448	15,952,814,055
HSBC Bank (i)	USD	1.3% - 1.55%	9,527,919,809	22,698,393,653
ANZ Bank (i)	USD	1.5%	5,531,334,757	17,822,856,945
Joint Stock Commercial Bank for Foreign Trade of Vietnam (ii)	VND	4.5%	3,500,000,000	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Da Nang Branch (i)	VND	4%	2,993,748,977	-
Borrowing from Retirement Liaison Committee (ii)	VND	10%	100,000,000	132,171,000
Far East National Bank – Ho Chi Minh City Branch (ii)	USD	1.8% - 1.95%	-	42,834,926,305
			323,783,694,126	425,120,324,900

(i) These borrowings are secured over some receivables (Note 7), inventories (Note 10) and tangible fixed assets (Note 11) of the Corporation.

(ii) These borrowings are unsecured.

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**(b) Long-term borrowings**

Long-term borrowings  
 Repayable within twelve months  
 Repayable after twelve months

	31/12/2015 VND	1/1/2015 VND
	274,253,265,582	207,161,067,654
	(58,304,751,592)	(50,924,617,260)
	<u>215,948,513,990</u>	<u>156,236,450,394</u>



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Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	31/12/2015 VND	1/1/2015 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Da Nang Branch	USD	4.5%	2023	72,088,692,522	-
Vietnam Development Bank – Da Nang Branch	VND	8.4%	2019	47,607,635,988	47,607,635,988
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Da Nang Branch	USD	4.5%	2021	44,675,540,010	48,393,758,568
Vietnam Joint Stock Commercial Bank for Industry and Trade– Da Nang Branch	USD	6.0%	2018	23,057,712,546	34,049,396,187
Military Commercial Joint Stock Bank– Da Nang Branch	USD	4.0%	2020	19,783,990,413	-
Indovina Bank – Da Nang Branch	USD	5.5%	2018	15,306,828,577	22,568,863,161
Indovina Bank – Da Nang Branch	USD	5.5%	2020	13,436,827,701	16,481,960,397
Indovina Bank – Da Nang Branch	USD	5.0%	2021	6,742,413,378	-
Kuraray Trading Co., Ltd.	USD	3.0%	2017	6,310,920,000	8,972,460,000
Vietnam International Commercial Joint Stock Bank – Da Nang Branch	VND	6.0%	2019	5,146,340,000	-
Vietnam Joint Stock Commercial Bank for Industry and Trade– Da Nang Branch	USD	6.0%	2018	5,136,547,944	7,623,301,098
Vietnam International Commercial Joint Stock Bank – Da Nang Branch	VND	9.2%	2019	5,026,160,000	6,959,360,000
Vietnam Joint Stock Commercial Bank for Industry and Trade– Da Nang Branch	USD	4.0%	2020	3,748,843,126	-
Vietnam Joint Stock Commercial Bank for Industry and Trade– Da Nang Branch	USD	4.0%	2018	1,691,795,371	-
Vietnam International Commercial Joint Stock Bank – Da Nang Branch	USD	5.2%	2016	1,409,975,829	3,842,294,918
Vietnam International Commercial Joint Stock Bank – Da Nang Branch	VND	10.6%	2016	1,299,990,000	4,549,995,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Da Nang Branch	VND	8.5%	2021	887,140,000	1,013,875,000
ANZ Bank – Ho Chi Minh City Branch	USD	5.2%	2016	484,791,351	2,182,619,684
Indovina Bank – Da Nang Branch	USD	5.0%	2017	288,846,751	589,673,703
Indovina Bank – Da Nang Branch	USD	5.5%	2016	122,274,075	463,577,100
Joint Stock Commercial Bank for Investment and Development of Vietnam – Da Nang Branch	VND	0%	2015	-	1,158,386,000
Vietnam International Commercial Joint Stock Bank – Da Nang Branch	USD	5.8%	2015	-	703,910,850
				274,253,265,582	207,161,067,654

Long-term borrowings are from domestic banks and secured by some tangible fixed assets of the Corporation (Note 11).

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This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Corporation's employees in accordance with the Corporation's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	<b>2015 VND</b>	<b>2014 VND</b>
Opening balance	7,021,989,234	2,594,981,515
Appropriation	19,929,036,422	7,842,831,998
Other additions	649,810,686	117,525,540
Utilisation	(3,971,419,884)	(3,533,349,819)
Closing balance	23,629,416,458	7,021,989,234

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**21. Changes in owners' equity**

	Share capital VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
<b>Balance at 1 January 2014</b>	150,000,000,000	31,370,547,429	9,663,374,821	47,532,039,744	238,565,961,994
Net profit for the year	-	-	-	59,244,065,136	59,244,065,136
Appropriation to equity funds	-	7,308,475,889	2,376,384,626	(9,684,860,515)	-
Dividends (Note 24)	-	-	-	(30,000,000,000)	(30,000,000,000)
Appropriation to bonus and welfare fund	-	-	-	(7,842,831,998)	(7,842,831,998)
<b>Balance at 1 January 2015</b>	150,000,000,000	38,679,023,318	12,039,759,447	59,248,412,367	259,967,195,132
<b>Balance at 1 January 2015 – as reclassified</b>	150,000,000,000	50,718,782,765	-	59,248,412,367	259,967,195,132
<b>Balance at 1 January 2015 – as previously stated</b>	150,000,000,000	38,679,023,318	12,039,759,447	59,248,412,367	259,967,195,132
<b>Impact of adoption of Circular 200 (Note 3)</b>	-	12,039,759,447	(12,039,759,447)	-	-
Share capital issued	7,500,000,000	-	-	-	7,500,000,000
Net profit for the year	-	-	-	71,145,041,687	71,145,041,687
Appropriation to equity funds	-	9,280,543,869	-	(9,280,543,869)	-
Dividends (Note 24)	-	-	-	(30,000,000,000)	(30,000,000,000)
Appropriation to bonus and welfare fund	-	-	-	(19,929,036,422)	(19,929,036,422)
<b>Balance at 31 December 2015</b>	157,500,000,000	59,999,326,634	-	71,183,873,763	288,683,200,397

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The Corporation's authorised and issued share capital are:

	31/12/2015		1/1/2015	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	15,750,000	157,500,000,000	15,000,000	150,000,000,000
<b>Issued share capital</b>	15,750,000	157,500,000,000	15,000,000	150,000,000,000
Ordinary shares				
<b>Shares in circulation</b>	15,750,000	157,500,000,000	15,000,000	150,000,000,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Corporation. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Corporation's residual assets.

Movements in share capital during the year were as follows:

	31/12/2015		1/1/2015	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	15,000,000	150,000,000,000	15,000,000	150,000,000,000
Shares issued during the year	750,000	7,500,000,000	-	-
Balance at the end of the year	15,750,000	157,500,000,000	15,000,000	150,000,000,000

**23. Investment and development fund**

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. This fund was established for the purpose of future business expansion. When the fund is utilised for business expansion, the amount utilised is transferred to share capital.

**24. Dividends**

The General Meeting of Shareholders of the Corporation on 25 April 2015 resolved to distribute dividends in cash amounting to VND30,000 million for 2014 (equivalent to 20% of the charter capital as at 31 December 2014), (2014: VND30,000 million for 2013, equivalent to 20% of the charter capital as at 31 December 2013).

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**25. Off balance sheet items**

**(a) Assets, materials and goods held for third parties or held for processing**

	31/12/2015 VND	1/1/2015 VND
Materials and goods held for processing	45,335,207,630	80,423,759,927

**(b) Foreign currencies**

	31/12/2015		1/1/2015	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	280,882	6,307,078,991	282,650	6,038,245,327
EUR	1,781	43,562,201	338	8,751,961
		<u>6,350,641,192</u>		<u>6,046,997,288</u>

**(c) Capital expenditure commitments**

At the reporting date the Corporation had the following outstanding capital commitments approved but not provided for in the separate balance sheet:

	31/12/2015 VND	1/1/2015 VND
Approved but not contracted	83,405,408,000	201,000,000,000

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**26. Revenue from sales of goods and provision of services**

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

	2015 VND	2014 VND Reclassified
Total revenue from sales of goods and provision of services	2,984,727,002,764	2,578,984,887,319
Less sales deductions		
▪ Sales discounts	-	(59,702,537)
▪ Sales returns	(3,141,755,291)	-
Net sales	2,981,585,247,473	2,578,925,184,782

**27. Financial income**

	2015 VND	2014 VND
Interest income from deposits and loans	1,669,717,769	224,922,317
Gain on disposal of financial investments	427,381,871	-
Dividends	1,311,600,000	1,865,600,000
Realised foreign exchange gains	19,928,476,340	6,169,958,956
Other financial income	18,190,829	57,555,456
	23,355,366,809	8,318,036,729

**28. Financial expenses**

	2015 VND	2014 VND
Interest expense	21,307,593,611	21,601,619,055
Realised foreign exchange losses	26,553,036,918	9,873,011,632
Unrealised foreign exchange losses	8,527,789,408	1,877,846,642
Allowance for diminution of investments	8,365,476,798	3,097,545,982
	64,753,896,735	36,450,023,311

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**29. Selling expenses**

	2015 VND	2014 VND
Staff costs	4,077,767,483	2,324,108,345
Supplies and packaging	768,231,309	354,378,277
Instruments and equipment	4,451,175,465	2,856,598,719
Depreciation of fixed assets	175,770,861	803,842,973
Outside services	81,253,744,590	63,848,746,360
Other selling expenses	9,961,727,656	6,046,332,227
	<hr/> 100,688,417,364	<hr/> 76,234,006,901 <hr/>

**30. General and administration expenses**

	2015 VND	2014 VND
Staff costs	52,159,811,206	33,455,619,737
Office supplies	18,077,712	150,400,518
Office equipment	2,994,723,394	1,923,391,063
Depreciation of fixed assets	3,751,176,642	3,669,509,723
Taxes, fees and charges	2,074,195,113	2,374,308,830
Outside services	14,171,911,913	7,997,476,361
Other selling expenses	19,352,416,401	15,517,310,604
	<hr/> 94,522,312,381	<hr/> 65,088,016,836 <hr/>

**31. Other income**

	2015 VND	2014 VND Reclassified
Proceeds from disposals of fixed assets	580,872,903	708,668,842
Decrease in liabilities to suppliers	4,944,901,038	4,266,606,499
Others	1,426,408,909	1,629,305,921
	<hr/> 6,952,182,850	<hr/> 6,604,581,262 <hr/>

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**32. Production and business costs by element**

	2015 VND	2014 VND
Raw material costs included in production costs	1,698,696,028,126	1,568,943,717,227
Staff costs	574,447,581,508	432,545,818,271
Depreciation and amortisation	73,978,772,271	83,494,512,855
Outside services and other expenses	553,168,658,435	418,360,190,656

**33. Income tax**

**(a) Recognised in the separate statement of income**

	2015 VND	2014 VND
Current tax expense		
Current year	5,030,363,239	4,301,360,888
Under provision in prior years	98,910,790	-
	5,129,274,029	4,301,360,888

**(b) Reconciliation of effective tax rate**

	2015 VND	2014 VND
Accounting profit before tax	76,274,315,716	63,545,426,024
Tax at the Corporation's tax rate	7,627,431,572	6,354,542,602
Tax incentives	(3,602,812,509)	(2,956,203,509)
Effect of different tax rate applied to other income	915,291,789	955,487,390
Non-deductible expenses	109,163,385	291,191,554
Tax exempt income	(131,160,000)	(186,560,000)
Tax reduction	(288,895,600)	(380,662,586)
Unrecognised temporary differences	401,344,602	223,565,437
Under provision in prior years	98,910,790	-
	5,129,274,029	4,301,360,888



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**(c) Applicable tax rates**

Under the terms of Income Tax Law, the Corporation has an obligation to pay the Government income tax at the rate of 10% of taxable profits for 15 years starting from the year of 2007 (2007 – 2021) and 20% for the succeeding years. The current income tax regulations allow the Corporation to be exempt from income tax for 4 years starting from the first year it generates a taxable profit (2007 - 2010), and entitled to a 50% reduction in CIT for the 9 succeeding years (2011 - 2019). All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 22% for 2015 (2014: 22%) and 20% from 2016.

**34. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the separate financial statements, the Corporation had the following significant transactions with related parties during the year:

	2015 VND	2014 VND
<b>Parent company - Vietnam National Textile and Garment Group</b>		
Dividends declared and paid	21,484,964,000	21,484,964,000
Sales of goods and services	1,569,394,471	-
Purchase of goods and services	4,019,534,493	-
<b>Subsidiaries</b>		
<b>Hoa Tho Fashion Joint Stock Company</b>		
Sale of goods and services	4,452,079,362	3,492,717,086
Purchase of goods and services	1,509,331,592	1,712,193,205
<b>Hoa Tho - Quang Nam Garment Joint Stock Company</b>		
Purchase of goods and services	118,820,091,782	106,103,836,739
Capital contribution	-	3,214,000,000
Dividends received	1,285,600,000	642,800,000
<b>Hoa Tho - Hoi An Garment Joint Stock Company</b>		
Purchase of goods and services	42,970,317,736	40,932,347,772
Dividends received	-	541,800,000
Capital contribution	1,354,500,000	-
<b>Hoa Tho - Duy Xuyen Garment Joint Stock Company</b>		
Purchase of goods and services	50,866,484,159	35,765,110,514
<b>Hoa Tho - Thang Binh Spinning Joint Stock Company</b>		
Capital contribution	15,500,000,000	-
<b>Related companies</b>		
<b>Hoa Tho – Phu Ninh Garment Joint Stock Company</b>		
Purchase of goods and services	37,268,322,827	24,116,718,688
<b>VTD Hiep Duc Joint Stock Company</b>		
Purchase of goods and services	17,139,652,934	1,006,653,907

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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	2015 VND	2014 VND
<b>Other related companies</b>		
<i>Nha Be Garment Corporation - Joint Stock Company</i>		
Sale of goods and services	621,508,713	3,009,359,373
Purchase of goods and services	3,947,872,807	4,110,449,797
<i>Phong Phu International Joint Stock Company</i>		
Sale of goods and services	-	966,199,296
Purchase of goods and services	1,472,085,108	3,123,800,484
<i>Coats Phong Phu Co., Ltd.</i>		
Purchase of goods and services	16,807,835,906	15,410,011,604
<i>Phong Phu Fabric Joint Stock Company</i>		
Sale of goods and services	-	11,306,208,292
<i>Dong Phuong Knitting Company Limited</i>		
Sale of goods and services	-	1,836,567,545
Purchase of goods and services	8,676,800,390	6,257,921,055
<i>Vinatex Huong Tra Garment Limited Company</i>		
Sale of goods and services	-	3,318,107,500
Purchase of goods and services	-	313,536,000
<b>Members of Board of Management and Board of Directors</b>		
Salary and bonus	7,111,556,871	5,350,849,832

**35. Non-cash investing and financing activities**

	2015 VND	2014 VND
Purchase of fixed assets not yet paid	7,364,587,416	-
Contribution of capital in subsidiary by offsetting against liabilities	1,354,500,000	-

**36. Post balance sheet event**

**Dividends declared after the year end**

Subsequent to the balance sheet date, on 23 February 2016, the Board of Management of the Corporation resolved to advance the dividend for 2015 in cash at the ratio of VND3,000 per share. The advance of dividend will begin after 16 May 2016.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

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**37. Corresponding figures**

As described in Note 3, the Corporation adopted Circular 200 effective from 1 January 2015. As a result, the presentation of certain financial statement captions has been changed. Certain corresponding figures as at 1 January 2015 and for the year ended 31 December 2014 have been reclassified to conform to the requirements of Circular 200 in respect of financial statement presentation. In addition, certain corresponding figures have been reclassified to conform with the current year's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

**(a) Separate balance sheet**

	<b>1/1/2015 (as reclassified) VND</b>	<b>1/1/2015 (as previously reported) VND</b>
Held-to-maturity investments	3,300,000,000	-
Short-term investments	-	3,300,000,000
Other receivables	3,873,068,905	4,955,046,571
Other current assets	-	854,118,606
Loans receivable – long-term	1,954,000,000	-
Accounts payable to suppliers	191,617,260,703	190,092,260,703
Other payables – short-term	9,172,989,896	9,155,086,168
Short-term borrowings	476,044,942,160	477,569,942,160
Long-term accounts payable to suppliers	4,579,133,000	-
Other long-term liabilities	-	4,579,133,000
Investment and development fund	50,718,782,765	38,679,023,318
Financial reserve	-	12,039,759,447

**(b) Separate statement of income**

	<b>2014 (as reclassified) VND</b>	<b>2014 (as previously reported) VND</b>
Revenue from sales of goods and provision of services	2,578,984,887,319	2,577,473,959,268
Other income	6,604,581,262	8,365,340,471
Other expenses	2,014,551,099	2,264,382,257

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*Dang Thi Oanh Nu*

**Dang Thi Oanh Nu**  
**Specialist**

Approved by:

*Nguyen Van Cuong*

**Nguyen Van Cuong**  
**Chief Accountant**



**Nguyen Duc Tri**  
**General Director**