

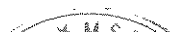
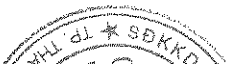


**TING INVESTMENT AND TRADING JOINT STOCK  
COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED FINANCIAL  
STATEMENTS**

**For the year ended 31 December 2017**



**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**  
No. 434/1 Bac Kan Street, Hoang Van Thu district,  
Thai Nguyen City, Thai Nguyen Province, Vietnam

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**STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of TNG Investment and Trading Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2017.

**THE BOARDS OF MANAGEMENT AND DIRECTORS**

The members of the Boards of Management and Directors of the Company who held office during the year and to the date of this report are as follows:

**Board of Management**

Mr. Nguyen Van Thoi	Chairman	
Mr. Nguyen Duc Manh	Member	
Mr. Nguyen Van Thoi	Member	(Resigned on 23 April 2017)
Mr. Rusdy Pranata	Member	
Ms. Luong Thi Thuy Ha	Member	(Resigned on 23 April 2017)
Mr. Nguyen Van Duc	Member	(Appointed on 23 April 2017)
Ms. Do Thi Ha	Member	(Appointed on 23 April 2017)
Ms. Ha Thi Tuyet	Member	(Appointed on 23 April 2017)
Mr. Le Quang Vinh	Member	(Appointed on 23 April 2017)

**Board of Directors**

Mr. Nguyen Van Thoi	General Director	(Appointed on 23 April 2017)
Mr. Nguyen Van Thoi	General Director	(Resigned on 07 March 2017)
Mr. Nguyen Duc Manh	Deputy General Director	
Ms. Ly Thi Lien	Deputy General Director	(Resigned on 08 January 2018)
Ms. Luong Thi Thuy Ha	Deputy General Director	(Appointed on 08 January 2018)
Mr. Tran Minh Hieu	Deputy General Director	
Ms. Doan Thi Thu	Deputy General Director	(Appointed on 04 July 2017)

**BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**

No. 434/1 Bac Kan Street, Hoang Van Thu district,  
Thai Nguyen City, Thai Nguyen Province, Vietnam

**STATEMENT OF THE BOARD OF DIRECTORS (Continued)**

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Directors,



**Luong Thi Thuy Ha**  
**Deputy General Director**

*Thai Nguyen, 26 March 2018*

The Board of Management approved the accompanying financial statements, which presents fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

For and on behalf of the Board of Management,



**Nguyen Van Thoi**  
**Chairman**

*Thai Nguyen, 26 March 2018*



No.: *T86* /VN1A-HN-BC

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## INDEPENDENT AUDITORS' REPORT

**To:**           **The Shareholders**  
              **The Board of Management and Board of Directors**  
              **TNG Investment and Trading Joint Stock Company**

We have audited the accompanying financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 26 March 2018 as set out from page 05 to page 30, which comprise the balance sheet as at 31 December 2017, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 financial statements are free from 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 auditors' judgment, 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 auditors consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

### ***Conclusion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Emphasis of Matter*

We would like to draw readers' attention to Note 2 of the Notes to the financial statements. The accompanying financial statements are prepared on the going concern basis. As at 31 December 2016 and 31 December 2017, the deficiency in the Company's working capital might affect the Company's ability to continue as a going concern. The Board of Directors' plans concerning this matter are presented in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.



Tran Thi Thuy Ngoc

**Deputy General Director**

Audit Practising Registration Certificate  
No. 0031-2018-001-1

Tran Quang Huy

**Auditor**

Audit Practising Registration Certificate  
No. 1675-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

26 March 2018

Hanoi, S.R. Vietnam

**BALANCE SHEET**

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,110,697,005,651</b>	<b>771,177,332,669</b>
<b>I. Cash</b>	<b>110</b>		<b>10,283,349,259</b>	<b>11,782,348,123</b>
1. Cash	111	4	10,283,349,259	11,782,348,123
<b>II. Short-term receivables</b>	<b>130</b>		<b>432,387,513,494</b>	<b>265,934,740,765</b>
1. Short-term trade receivables	131	5	405,986,523,142	251,743,681,076
2. Short-term advances to suppliers	132		4,554,689,242	8,981,119,776
3. Other short-term receivables	136	6	26,992,237,081	10,355,875,884
4. Provision for short-term doubtful debt	137	7	(5,145,935,971)	(5,145,935,971)
<b>III. Inventories</b>	<b>140</b>	<b>8</b>	<b>611,110,170,108</b>	<b>445,446,275,926</b>
1. Inventories	141		616,509,903,586	450,777,731,965
2. Provision for devaluation of inventories	149		(5,399,733,478)	(5,331,456,039)
<b>IV. Other short-term assets</b>	<b>150</b>		<b>56,915,972,790</b>	<b>48,013,967,855</b>
1. Short-term prepayments	151	9	20,890,658,695	13,348,846,844
2. Value added tax deductibles	152		36,025,314,095	34,665,121,011
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,114,992,625,228</b>	<b>1,075,045,289,560</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>6,672,589,930</b>	<b>4,283,406,680</b>
1. Long-term loans receivable	215		542,390,000	2,302,336,000
2. Other long-term receivables	216		6,130,199,930	1,981,070,680
<b>II. Fixed assets</b>	<b>220</b>		<b>909,349,386,788</b>	<b>900,913,375,185</b>
1. Tangible fixed assets	221	10	897,980,451,382	884,519,142,489
- Cost	222		1,386,187,307,926	1,280,742,001,255
- Accumulated depreciation	223		(488,206,856,544)	(396,222,858,766)
2. Finance lease assets	224	11	-	5,673,175,888
- Cost	225		-	10,108,822,322
- Accumulated depreciation	226		-	(4,435,646,434)
3. Intangible assets	227	12	11,368,935,406	10,721,056,808
- Cost	228		23,193,818,261	20,847,370,541
- Accumulated amortisation	229		(11,824,882,855)	(10,126,313,733)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>122,954,031,628</b>	<b>105,447,041,340</b>
1. Long-term construction in progress	242	13	122,954,031,628	105,447,041,340
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
1. Investments in joint-ventures, associates	252	14	771,150,000	771,150,000
2. Provision for impairment of long-term financial investments	254		(771,150,000)	(771,150,000)
<b>V. Other long-term assets</b>	<b>260</b>		<b>76,016,616,882</b>	<b>64,401,466,355</b>
1. Long-term prepayments	261	9	76,016,616,882	64,401,466,355
<b>TOTAL ASSET (270=100+200)</b>	<b>270</b>		<b>2,225,689,630,879</b>	<b>1,846,222,622,229</b>

The accompanying notes are an integral part of these financial statements

**BALANCE SHEET (Continued)**

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,596,422,283,808</b>	<b>1,325,113,215,809</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,320,951,685,906</b>	<b>1,011,014,675,599</b>
1. Short-term trade payables	311	15	175,287,129,041	117,561,150,752
2. Short-term advances from customers	312		4,361,436,454	8,147,180,119
3. Taxes and amounts payable to the State budget	313	16	9,329,511,058	4,452,817,509
4. Payables to employees	314		32,780,283,826	31,809,900,083
5. Short-term accrued expenses	315		15,533,916,276	9,265,156,218
6. Other current payables	319		4,929,005,267	2,894,274,781
7. Short-term loans and obligations under finance leases	320	17	1,074,965,291,436	832,699,311,666
8. Bonus and welfare funds	322		3,765,112,548	4,184,884,471
<b>II. Long-term liabilities</b>	<b>330</b>		<b>275,470,597,902</b>	<b>314,098,540,210</b>
1. Long-term loans and obligations under finance leases	338	18	275,470,597,902	314,098,540,210
<b>D. EQUITY</b>	<b>400</b>		<b>629,267,347,071</b>	<b>521,109,406,420</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>19</b>	<b>629,267,347,071</b>	<b>521,109,406,420</b>
1. Owners' contributed capital	411		411,172,910,000	342,649,780,000
2. Share premium	412		30,575,475,123	30,674,475,123
3. Other owners' capital	414		55,419,591	55,419,591
4. Investment and development fund	418		50,955,069,016	48,980,965,015
5. Other reserves	420		21,486,544,468	17,564,975,246
6. Retained earnings	421		115,021,928,873	81,183,791,445
- Retained earnings accumulated to the prior year end	421a		6,826,000	4,677,000
- Retained earnings of the current year	421b		115,015,102,873	81,179,114,445
<b>TOTAL RESOURCES</b> <b>(440=300+400)</b>	<b>440</b>		<b>2,225,689,630,879</b>	<b>1,846,222,622,229</b>

*(Signature)*

*(Signature)*



Tran Thi Hiep  
Preparer

Tran Thi Thu Ha  
Chief Accountant

Luong Thi Thuy Ha  
Deputy General Director  
26 March 2018

The accompanying notes are an integral part of these financial statements



**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY****FORM B 02-DN**No. 434/1 Bac Kan Street, Hoang Van Thu district,  
Thai Nguyen City, Thai Nguyen Province, VietnamIssued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance**INCOME STATEMENT**

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	22	2,491,018,919,278	1,887,748,876,802
2. Deductions	02	22	2,412,086,267	-
3. Net revenue from goods sold and services rendered (10=01-02)	10		2,488,606,833,011	1,887,748,876,802
4. Cost of sales	11	23	2,051,587,528,016	1,554,545,859,262
5. Gross profit from goods sold and services rendered (20=10-11)	20		437,019,304,995	333,203,017,540
6. Financial income	21	25	14,343,222,470	15,624,286,111
7. Financial expenses	22	26	90,057,848,420	88,185,793,211
- In which: Interest expense	23		73,972,440,896	67,121,178,523
8. Selling expenses	25	27	67,269,479,439	28,942,215,544
9. General and administration expenses	26	27	149,709,542,756	140,126,838,350
10. Operating profit (30 = 20+(21-22)-(25+26))	30		144,325,656,850	91,572,456,546
11. Other income	31	28	1,899,590,061	5,958,322,231
12. Other expenses	32	28	9,564,745,955	2,731,506,032
13. Profit from other activities (40=31-32)	40		(7,665,155,894)	3,226,816,199
14. Accounting profit before tax (50=30+40)	50		136,660,500,956	94,799,272,745
15. Current corporate income tax expense	51	29	21,645,398,083	13,620,158,300
16. Net profit after corporate income tax (60=50-51)	60		115,015,102,873	81,179,114,445
17. Basic earnings per share	70	30	2,797	1,952



Tran Thi Hiep  
PreparerTran Thi Thu Ha  
Chief AccountantLương Thị Thuý Hà  
Deputy General Director  
26 March 2018

The accompanying notes are an integral part of these financial statements

**CASH FLOW STATEMENT**

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>136,660,500,956</b>	<b>94,799,272,745</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets	02	101,818,473,252	88,643,776,330
Provisions	03	68,277,439	1,395,799,752
Foreign exchange loss arising from translating foreign currency items	04	461,802,835	11,085,559,705
(Gain) from investing activities	05	766,700,318	281,400,829
Interest expense	06	73,972,440,896	67,121,178,523
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>313,748,195,696</b>	<b>263,326,987,884</b>
Increase, decrease in receivables	09	(160,294,329,433)	(4,581,999,496)
Increase, decrease in inventories	10	(165,732,171,621)	(53,298,200,445)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	64,056,460,238	(97,441,670,285)
Increase, decrease in prepaid expenses	12	(19,552,168,118)	(29,146,147,424)
Interest paid	14	(73,818,888,063)	(65,781,729,165)
Corporate income tax paid	15	(16,397,888,689)	(15,515,747,299)
Other cash inflows	16	9,153,280,815	3,819,352,419
Other cash outflows	17	(17,564,017,166)	(1,993,966,338)
Adjustment of cash balance due to merging		-	550,756,606
<b>Net cash used in operating activities</b>	<b>20</b>	<b>(66,401,526,341)</b>	<b>(62,363,543)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(140,509,075,170)	(250,455,310,519)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	1,605,429,101	3,697,564,796
3. Interest earned, dividends and profits received	27	168,136,084	198,051,947
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(138,735,509,985)</b>	<b>(246,559,693,776)</b>

The accompanying notes are an integral part of these financial statements

**CASH FLOW STATEMENT (Continued)**

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	-	16,344,408,000
2. Proceeds from borrowings	33	2,354,076,060,577	2,045,135,478,643
3. Repayment of borrowings	34	(2,150,438,023,115)	(1,859,539,197,640)
<b>Net cash generated by financing activities</b>	<b>40</b>	<b>203,638,037,462</b>	<b>201,940,689,003</b>
<b>Net decrease in cash (50=20+30+40)</b>	<b>50</b>	<b>(1,498,998,864)</b>	<b>(44,681,368,316)</b>
Cash and cash equivalents at the beginning of the year	60	11,782,348,123	56,463,716,439
Cash and cash equivalents at the end of the year (70=50+60)	70	10,283,349,259	11,782,348,123



Tran Thi Hiep  
Preparer

*[Signature]*

Tran Thi Thu Ha  
Chief Accountant

*[Signature]*

Luong Thi Thuy Ha  
Deputy General Director

26 March 2018

No. 434/1 Bac Kan Street, Hoang Van Thu district, Issued under Circular No. 200/2014/TT-BTC  
Thai Nguyen City, Thai Nguyen Province, Vietnam dated 22 December 2014 of the Ministry of Finance

*These notes are an integral part of and should be read in conjunction with the financial statements*

**1. GENERAL INFORMATION****Structure of ownership**

TNG Investment and Trading Joint Stock Company (the "Company") was a State-owned enterprise established under Decision No. 448/QĐ-UB of the People's Committee of Bac Thai Province (currently known as Thai Nguyen Province) dated 12 November 1979. The Company was equitized and transformed into a joint stock company under Decision No. 3744/QĐ-UB dated 16 December 2002 of the People's Committee of Thai Nguyen Province. Since 01 January 2003, the Company has officially been transformed into a joint stock company under Business License No. 1703000036 issued by the Authority for Planning and Investment of Thai Nguyen Province on 02 January 2003. According to the amended Business Registration Certificates No. 4600305723 amended by the Authority for Planning and Investment of Thai Nguyen Province dated 27 July 2017, the authorized charter capital of the Company is VND 411,172,910,000. The Company's shares are listed on Hanoi Stock Exchange (HNX) with the stock code of TNG.

The Company's total number of employees of as at 31 December 2017 was 11,110 (as at 31 December 2016: 9,544).

**Operating industry and principal activities**

The Company's operating industry and principal activities are to manufacture and sale of garments, including:

- Producing wrinkled paper, wrinkled cardboard, paper and cardboard packaging (producing paper packaging);
- Manufacturing plastic products (plastic for plastic bags production, plastic raincoats and garment materials and accessories);
- Wholesale fabrics, ready-made garments, shoes;
- Retailing of garments, footwear, leather goods and imitation leather in specialized stores;
- Printing (directly on sewing fabric, plastic, carton paper packaging, PE bag)
- Textile products completion (printing on silk – including thermal printing – on the cloth)
- Real estate business, land use rights of owners, users or renters;
- Making cloth (except being made of animal's skin and fur) - Main sector;
- Manufacture of wearing apparel, crocheted knitting;
- Vocational education (vocational industrial sewing training);
- Manufacture of ready-made garments (except cloth);
- Laundry, cleaning textiles and animal's fur products. Details: Industrial laundry of garments.

**Normal production and business cycle**

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

**The Company's structure**

The Company's structure includes 01 headquarter and 14 branches. The Company's headquarter is located at No. 434/1 Bac Kan street, Hoang Van Thu district, Thai Nguyen city.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As at 31 December 2017, the Company's current liabilities exceeded its current assets by VND 210,254,680,255 (as at 31 December 2016: VND 239,837,342,930) because the Company has used working capital to invest in fixed assets. The Company's liquidity depends on continuous obtainment of loans from banks, additional share issuance plan and future profitable operation. Based on the business plan in 2018, financial plan, bond issuance and charter capital increase plans as well as continuous obtainment of loans from banks, the Board of Directors of the Company has prudently assessed and believes that the Company is able to settle its short-term debts within 12 months from the end of the financial year. Accordingly, the Company prepared these financial statements on the going concern basis.

**Financial year**

The Company's accounting begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

**Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

**Cash**

Cash comprises cash on hand and bank demand deposits.

**Financial investments**

**Loan receivables**

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

**Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in associates are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Provisions for impairment of investments in associates are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Current year</u> (Years)
Buildings and structures	4 - 40
Machinery and equipment	3 - 20
Motor vehicles	6 - 10
Office equipment	3 - 9
Others	5 - 7

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

**Intangible assets and amortisation**

***Land use rights***

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Land use rights are allocated over the land - use period.

***Other intangible assets***

Intangible assets represent computer software that is stated at cost less accumulated amortisation.

Inventory, payroll, production management and accounting management software are amortised using the straight-line method over the duration of 6 years.

**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments includes the expense which is paid to acquire the land use right, goodwill arising from merging TNG Fashion Joint Stock Company into the Company, and other types of prepayments.

The expense prepaid to acquire the land use right is allocated to the income statement using straight-line method over the lease term.

Goodwill arising from merging TNG Fashion Joint Stock Company into the Company represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and recognised contingent liabilities of the associate or at the date of acquisition. The goodwill is allocated to income statement using straight-line method for the period of 3 years.

Other type of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance expenditures incurred during the operating stage of the Company which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

**Payable provisions**

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

**Revenue recognition**

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in the year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

**Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.



**Borrowing costs**

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No.16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

For specific borrowings for the purpose of construction of fixed assets, borrowing costs are capitalised even when the construction period is under 12 months. Other borrowing costs are recognized in the income statement when incurred.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**4. CASH**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	781,735,297	1,188,356,215
Bank demand deposits (1)	9,501,613,962	10,593,991,908
	<u>10,283,349,259</u>	<u>11,782,348,123</u>

(1) Include the balance of cash in bank which has been used as collateral for short-term loan as stated in Note 17.

5. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Desipro Pte. Ltd. (Promiles SNC)	181,806,723,004	115,186,154,842
The Children's Place., Ltd.	58,625,272,761	21,454,544,897
Other customers	165,554,527,377	115,102,981,337
	<b>405,986,523,142</b>	<b>251,743,681,076</b>

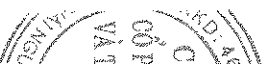
6. OTHER SHORT-TERM RECEIVABLES

	Closing balance VND	Opening balance VND
<b>Short-term</b>		
- Receivables from insurance agency (i)	4,057,087,879	4,358,833,249
- Import - export duties temporarily paid	1,689,759,113	1,747,803,800
- Advances to employees	1,066,864,525	1,247,213,291
- Short-term mortgages, and deposits	9,402,278,570	1,090,542,219
- Others	10,776,246,994	1,911,483,325
	<b>26,992,237,081</b>	<b>10,355,875,884</b>

(i) Represent the Company's advance to insurance agency for employees' social insurance contributions.

7. BAD DEBTS

	Closing balance		Opening balance	
	Cost VND	Recoverable amount VND	Cost VND	Recoverable amount VND
<b>Debt receivables and loans past due</b>	<b>5,145,935,971</b>	-	<b>5,145,935,971</b>	-
The Children's Place - Disney Store	1,476,984,012	-	1,476,984,012	-
Gama OB	1,103,895,250	-	1,103,895,250	-
Steve & Berrys	653,562,659	-	653,562,659	-
Buda Bean	599,415,428	-	599,415,428	-
Resources Vietnam Corporation	593,781,199	-	593,781,199	-
Others	718,297,423	-	718,297,423	-
		> 4 years		> 3 years
		> 5 years		> 4 years
		> 5 years		> 4 years
		> 5 years		> 4 years
		> 5 years		> 4 years



**8. INVENTORIES**

	Closing balance		Opening balance	
	Historical cost VND	Provision VND	Historical cost VND	Provision VND
Goods in transit	4,099,742,037	-	2,356,638,378	-
Raw materials	178,833,596,589	-	127,617,974,020	-
Tools and supplies	2,922,715,012	-	1,841,721,245	-
Work in progress	51,566,818,957	-	50,156,947,637	-
Finished goods	377,234,204,714	(5,399,733,478)	261,197,060,941	(5,331,456,039)
Merchandise	27,944,557	-	-	-
Consignment goods	1,824,881,720	-	7,607,389,744	-
<b>Total</b>	<b>616,509,903,586</b>	<b>(5,399,733,478)</b>	<b>450,777,731,965</b>	<b>(5,331,456,039)</b>

As at 31 December 2017, as presented in Note 17, the Company used rotating goods with the minimum value of VND 55 billion as collaterals for loans obtained from commercial banks (as at 31 December 2016: VND 55 billion).

**9. PREPAYMENTS**

	Closing balance		Opening balance	
	VND	VND	VND	VND
<b>a) Short-term</b>				
Tools and supplies	15,252,863,306	7,278,513,760		
Property insurance premium	1,829,883,258	1,294,210,307		
Other short-term prepaid expenses	3,807,912,131	4,776,122,777		
	<b>20,890,658,695</b>	<b>13,348,846,844</b>		
<b>b) Long-term</b>				
Cost of acquiring land use right and assets on land (i)	20,122,765,823	20,729,790,151		
Tools and supplies	23,753,038,281	19,165,162,868		
Goodwill (ii)	8,951,081,472	16,592,938,082		
The cost of repairs for fixed assets	16,190,892,850	4,846,937,047		
Other long-term prepaid expenses	6,998,838,456	3,066,638,207		
	<b>76,016,616,882</b>	<b>64,401,466,355</b>		

(i) The cost of acquiring land use right and assets on land pertains to the land plots for which the Company has been granted certificates of land ownership in 2016 with land rental being paid on an annual basis thereof.

(ii) Goodwill arising from merging TNG Fashion Joint Stock Company into the Company in 2016.

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles, equipment VND	Office equipment VND	Others VND	Total VND
<b>COST</b>						
<b>Opening balance</b>	<b>663,579,937,073</b>	<b>602,081,775,048</b>	<b>9,942,253,146</b>	<b>3,551,721,851</b>	<b>1,586,314,137</b>	<b>1,280,742,001,255</b>
Transfer from construction in progress	983,566,435	64,569,825,844	-	-	-	65,553,392,279
Purchases	2,589,385,999	40,417,632,300	524,545,455	954,244,200	-	44,485,807,954
Addition from repurchases of finance lease assets	-	10,108,822,322	-	-	-	10,108,822,322
Disposals	(2,714,479,966)	(10,841,879,987)	(1,146,355,931)	-	-	(14,702,715,884)
<b>Closing balance</b>	<b>664,438,409,541</b>	<b>706,336,175,527</b>	<b>9,320,442,670</b>	<b>4,505,966,051</b>	<b>1,586,314,137</b>	<b>1,386,187,307,926</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Opening balance</b>	<b>114,264,143,978</b>	<b>275,727,400,492</b>	<b>2,828,416,933</b>	<b>2,884,928,403</b>	<b>517,968,960</b>	<b>396,222,858,766</b>
Charge for the year	30,556,503,914	67,033,280,317	1,057,062,785	340,610,914	209,804,485	99,197,262,415
Addition from repurchases of finance lease assets	-	4,963,082,409	-	-	-	4,963,082,409
Disposals	(988,917,905)	(10,603,078,057)	(570,454,419)	-	-	(12,162,450,381)
Other decrease	-	(13,896,665)	-	-	-	(13,896,665)
<b>Closing balance</b>	<b>143,831,729,987</b>	<b>337,106,788,496</b>	<b>3,315,025,299</b>	<b>3,225,539,317</b>	<b>727,773,445</b>	<b>488,206,856,544</b>
<b>NET BOOK VALUE</b>						
<b>Opening balance</b>	<b>549,315,793,095</b>	<b>326,354,374,556</b>	<b>7,113,836,213</b>	<b>666,793,448</b>	<b>1,068,345,177</b>	<b>884,519,142,489</b>
<b>Closing balance</b>	<b>520,606,679,554</b>	<b>369,229,387,031</b>	<b>6,005,417,371</b>	<b>1,280,426,734</b>	<b>858,540,692</b>	<b>897,980,451,382</b>

As presented in Notes 17 and 18, the Company has mortgaged its machinery, equipment, motor vehicles, buildings and structures to secure its loans obtained from commercial banks and credit institutions.

The cost of the Company's tangible fixed assets includes VND 120,982,629,067 (as at 31 December 2016: VND 112,218,072,753) of assets which have been fully depreciated but are still in use.

ING INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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11. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Machinery & equipment VND	Total VND
<b>COST</b>		
Opening balance	10,108,822,322	10,108,822,322
Transfer to tangible fixed assets due to repurchases during the year	(10,108,822,322)	(10,108,822,322)
Closing balance	-	-
<b>ACCUMULATED DEPRECIATION</b>		
Opening balance	4,435,646,434	4,435,646,434
Charge for the year	527,435,975	527,435,975
Transfer to tangible fixed assets due to repurchases during the year	(4,963,082,409)	(4,963,082,409)
Closing balance	-	-
<b>NET BOOK VALUE</b>		
Opening balance	5,673,175,888	5,673,175,888
Closing balance	-	-

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
<b>COST</b>			
Opening balance	7,739,710,249	13,107,660,292	20,847,370,541
Addition	-	2,346,447,720	2,346,447,720
Closing balance	7,739,710,249	15,454,108,012	23,193,818,261
<b>ACCUMULATED AMORTISATION</b>			
Opening balance	1,258,067,179	8,868,246,554	10,126,313,733
Charge for the year	206,280,076	1,887,494,786	2,093,774,862
Other decrease	(395,205,740)	-	(395,205,740)
Closing balance	1,069,141,515	10,755,741,340	11,824,882,855
<b>NET BOOK VALUE</b>			
Opening balance	6,481,643,070	4,239,413,738	10,721,056,808
Closing balance	6,670,568,734	4,698,366,672	11,368,935,406

The Company uses the land use rights to secure for the loans from banks as presented in the Note 18.

**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

**13. CONSTRUCTION IN PROGRESS**

	<u>Closing balance</u>		<u>Opening balance</u>
	VND		VND
<b>Long-term construction in progress</b>	<b>122,954,031,628</b>		<b>105,447,041,340</b>
- Acquisition	8,232,477,735		3,078,805,934
- Construction in progress	114,721,553,893		102,368,235,406
<b>In which:</b>			
- TNG Phu Luong Factory	42,574,555,051		35,674,578,475
- TNG Song Cong Factory	13,753,961,762		18,441,542,235
- Phu Binh Project	17,749,063,222		17,799,063,222
- TNG Dai Tu Factory	10,485,842,193		10,485,842,193
- Minh Cau Social Housing Project (*)	19,374,461,059		9,445,503,029
- Viet Thai Factory Project	9,379,286,230		9,232,113,230
- Minh Cau Trade Center	1,147,308,921		4,265,975,956
- TNG Fashion Center Project	206,625,455		-
- Machinery, equipment investment	8,232,477,735		-
- Others	50,450,000		102,423,000
<b>Total</b>	<b>122,954,031,628</b>		<b>105,447,041,340</b>

(\*) The Company implemented the construction of Minh Cau Social Housing project in accordance with Decision No. 478/QĐ-UBND dated 02 March 2017 of Thai Nguyen Province People's Committee on approval for the investment on TNG Social housing project at Group 18, Phan Dinh Phung Ward, Thai Nguyen Province.

**14. INVESTMENTS IN JOINT-VENTURE, ASSOCIATES**

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost VND	Provision VND	Cost VND	Provision VND
Bac Thai Electric Construction Joint Stock Company	771,150,000	(771,150,000)	771,150,000	(771,150,000)
	<b>771,150,000</b>	<b>(771,150,000)</b>	<b>771,150,000</b>	<b>(771,150,000)</b>

The Board of Directors assesses that the loss on the Company's investment in associates based on equivalent to the Company's ownership interest rate is exactly equal to the value of this investments. Therefore, the Board of Directors decided to make full provision for the investments in this investee.

Details of the Company's associates as at 31 December 2017 are as follows:

<u>Name of associate</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest (%)</u>	<u>Proportion of voting power held (%)</u>	<u>Principal activities</u>
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric construction

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

15. SHORT-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
Tung Shing Sewing Machine Co., Ltd. (Hong Kong)	23,822,429,341	526,961,775
Others	151,464,699,700	117,034,188,977
	<b>175,287,129,041</b>	<b>117,561,150,752</b>

16. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

Items	Movement in the year		Closing balance VND
	Opening balance VND	Amount payable VND	
Corporate income tax	3,567,888,689	21,645,398,083	16,397,888,689
Other taxes	884,928,820	8,263,741,577	8,634,557,422
Personal income tax	805,928,704	5,214,105,973	5,511,556,308
Other taxes	79,000,116	3,049,635,604	3,123,001,114
<b>Total</b>	<b>4,452,817,509</b>	<b>29,909,139,660</b>	<b>25,032,446,111</b>
			<b>9,329,511,058</b>

17. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		Movement in the year		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
Short-term loans	706,163,651,130	706,163,651,130	2,274,423,863,894	2,024,056,263,838	956,531,251,176	956,531,251,176
Current portion of long-term loans	124,266,963,026	124,266,963,026	117,562,693,612	123,395,616,378	118,434,040,260	118,434,040,260
Current portion of long-term obligations under finance leases	2,268,697,510	2,268,697,510	-	2,268,697,510	-	-
<b>Total</b>	<b>832,699,311,666</b>	<b>832,699,311,666</b>	<b>2,391,986,557,496</b>	<b>2,149,720,577,726</b>	<b>1,074,965,291,436</b>	<b>1,074,965,291,436</b>

Details of short-term loans and obligations under finance lease are as follows:

	Closing balance VND	Opening balance VND
<b>Short-term loans</b>	<b>956,531,251,176</b>	<b>706,163,651,130</b>
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (i)	313,279,130,977	256,551,860,472
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (ii)	594,134,384,133	446,165,871,440
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	48,658,436,066	2,226,051,309
Others (iv)	459,300,000	1,219,867,909
<b>Current portion of long-term loans</b>	<b>118,434,040,260</b>	<b>124,266,963,026</b>
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	18,111,447,518	33,610,449,795
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	69,266,320,000	54,056,020,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	5,812,300,000	13,642,600,000
Military Commercial Joint Stock Bank - Thai Nguyen Branch	25,243,972,742	22,957,893,231
<b>Current portion of long-term obligations under finance leases</b>	<b>-</b>	<b>2,268,697,510</b>
	<b>1,074,965,291,436</b>	<b>832,699,311,666</b>

- (i) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 01 September 2017 with the credit limit of VND 400 billion (including loans in VND and USD). The loan bears interest of 6.7% per annum for VND loans and 3% per annum for USD loans and to be adjusted on a monthly basis. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the land and land use rights of the office of the Company; 4 automatic embroidery machines; buildings and structures attached to the land in Zone B - Song Cong Industrial Zone, rotating inventories and receivables arising from the economic contract of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.
- (ii) Short-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 05 October 2017 with the credit limit of VND 600 billion (including loans in VND and foreign currencies equivalent, the balance of L/C less mortgage and guarantee balances), interest rates are determined in respect of each disbursement. The loans are secured by the Company's collaterals and pledged assets of the borrower; the total deposit account balance in VND and foreign currencies at the bank and at other credit institutions.
- (iii) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 29 September 2017 with the credit limit of VND 200 billion. Applicable interest rate is specified for each disbursement.
- (iv) Other short-term loans from the Company's employees with repayment periods not exceeding 12 months.

**18. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

Items	Opening balance		During the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
Long-term loans	VND 438,365,503,236	VND 438,365,503,236	VND 79,652,196,693	VND 124,113,061,767	VND 393,904,638,162	VND 393,904,638,162
Long-term obligations under finance leases	VND 2,268,697,510	VND 2,268,697,510	-	VND 2,268,697,510	-	-
<b>Total</b>	<b>VND 440,634,200,746</b>	<b>VND 440,634,200,746</b>	<b>VND 79,652,196,693</b>	<b>VND 126,381,759,277</b>	<b>VND 393,904,638,162</b>	<b>VND 393,904,638,162</b>
<u>In which:</u>						
Amount due for settlement within 12 months	126,535,660,536				118,434,040,260	
Amount due for settlement after 12 months	314,098,540,210				275,470,597,902	

Details of long-term loans and obligations under finance lease are as follows:

	Closing balance	Opening balance
	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	95,515,795,813	104,401,644,352
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	234,471,902,420	242,597,044,288
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	58,104,639,929	71,902,914,596
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iv)	5,812,300,000	19,463,900,000
Long-term finance leases	-	2,268,697,510
<b>Total</b>	<b>VND 393,904,638,162</b>	<b>VND 440,634,200,746</b>



- (i) - The loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include loans under the Credit Contract dated 04 December 2015 with total credit limit of VND 112.5 billion for construction of the Company's TNG Fashion Center. The loan in VND bears interest rates of 11% per annum and of 6.8% per annum for USD loans (floating interest rate adjusted on a semi-annual basis). The Company has pledged its machinery, equipment, motor vehicles, buildings and structures, and assets formed from the project to secure the loans.
- A loan obtained from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under the Credit Contract dated 03 April 2017 with the total credit limit of VND 32,681,000,000 for investment in Cotton Factory Project of TNG Investment and Trading Joint Stock Company. The loan term is 84 months from the next date after the date on which the Bank disburses the first loan to the borrower. The floating interest rate is adjusted every 6 months with current interest rates for loans in VND of 11.5% per annum and for loans in USD of 6.8% per annum. The loan is secured by all assets formed from the investment in the Cotton Factory Project of TNG Investment and Trading Joint Stock Company and all secured measures signed between the borrower (the guarantor) and the Bank, including this credit contract.
- (ii) - Loans from Commercial Joint Stock Vietnam Bank for Industry and Trade - Thai Nguyen Branch under valid credit Contracts with total credit limit of VND 296 billion. The loans are used to make payment for machines and equipment imported for cotton production lines of garment factories located in Zone B, Song Cong Industrial Zone, investment in the Project for production and capacity improvement of TNG Dai Tu Garment Factory, and for investment in the Company's project on equipment system upgrade and construction. The interest rate is 10.5% to 12.5% per annum for loans in VND and 4.5% to 7.5% per annum for loans in USD (This is the floating rate adjusted on a monthly basis). Loans is secured by the cotton production line installed at Cotton Branch located in Zone B, Song Cong Industrial Zone and assets formed from the loans.
- Loans under valid credit contracts in 2017 with the total credit limit of VND 20 billion. These loans are used to cover the compensation costs of the project "Renovation of equipment systems and investment in constructions in progress of the Company". The loan interest rate is specified in each debenture. The loan term is 60 months from the next date after the date on which the lender grants the first disbursement. The loans are secured by Asset Mortgage Contract No. 300065363/HDTIC2017/01/TNG signed between Vietnam Joint Stock Commercial Bank of Industry and Trade - Thai Nguyen Branch and TNG Investment and Trading Joint Stock Company in June 2017.
- (iii) Loans from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under valid credit contracts with the total credit limit of USD 3,324,900 and VND 53,314,742,199. The loans are used to make L/C payment under the contract to import garment machinery, equipment and payment for purchases of local goods. The floating interest rate, date of interest rate adjustment, and period of interest calculation are determined in each debenture. These loans are secured by all assets formed from the loans including garment machinery and equipment specified by each purchasing contract.
- (iv) Loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 22 November 2013 and Credit Contract dated 29 April 2014 with the total credit limit of USD 2,194,648 and VND 1,381,455,410. The loans are used to reimburse reasonable, eligible and legal expenses of the Project on investment in machinery and equipment for TNG Song Cong and TNG Phu Binh Factories. The current interest rates are 10% per annum for loans in VND and 4.5% per annum for loans in USD, and adjustable every 3 months. The loans are secured by assets formed from equity capital and the loans themselves, including machinery and equipment belonging to the invested Project.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
On demand or within one year	118,434,040,260	126,535,660,536
In the second year	95,765,195,752	103,844,692,720
In the third to the fifth year inclusive	179,705,402,150	210,253,847,490
	<b><u>393,904,638,162</u></b>	<b><u>440,634,200,746</u></b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	118,434,040,260	126,535,660,536
<b>Amount due for settlement after 12 months</b>	<b><u>275,470,597,902</u></b>	<b><u>314,098,540,210</u></b>

19. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Other owners' capital	Investment and development funds	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
<b>Prior year's opening balance</b>	<b>294,818,480,000</b>	<b>29,615,225,005</b>	<b>55,419,591</b>	<b>44,927,956,783</b>	<b>10,613,188,342</b>	<b>48,049,219,040</b>	<b>428,079,488,761</b>
Capital increases	1,402,790,000	130,558,000	-	-	-	-	1,533,348,000
Profit for the year	-	-	-	-	-	81,179,114,445	81,179,114,445
2015 Dividends declared- 2nd payout	29,617,450,000	(35,000,000)	-	-	-	(29,617,450,000)	(35,000,000)
Fund distributed from 2015 profit	-	-	-	4,053,008,232	6,951,786,904	(16,956,582,040)	(5,951,786,904)
ESOP share issuance in 2016	14,811,060,000	(22,307,882)	-	-	-	-	14,788,752,118
Share issuance for stock swap	2,000,000,000	986,000,000	-	-	-	-	2,986,000,000
Remuneration of the Board of Management and Supervisory Board	-	-	-	-	-	(1,470,510,000)	(1,470,510,000)
<b>Current year's opening balance</b>	<b>342,649,780,000</b>	<b>30,674,475,123</b>	<b>55,419,591</b>	<b>48,980,965,015</b>	<b>17,564,975,246</b>	<b>81,183,791,445</b>	<b>521,109,406,420</b>
Profit for the year	-	-	-	-	-	115,015,102,873	115,015,102,873
Fund distributed from 2016 profit (i)	-	-	-	1,974,104,001	3,921,569,222	(9,812,565,445)	(3,916,892,222)
Share Dividend of 2016 declared (ii)	68,523,130,000	(99,000,000)	-	-	-	(68,523,130,000)	(99,000,000)
Remuneration of the Board of Management and Supervisory Board	-	-	-	-	-	(2,841,270,000)	(2,841,270,000)
<b>Current year's closing balance</b>	<b>411,172,910,000</b>	<b>30,575,475,123</b>	<b>55,419,591</b>	<b>50,955,069,016</b>	<b>21,486,544,468</b>	<b>115,021,928,873</b>	<b>629,267,347,071</b>

- (i) According to Resolution No. 656C/2017/NQ-DHDCD dated 23 April 2017 ("Resolution No. 656C") passed by 2017 Annual General Meeting of Shareholders, the Company made profit distributions to investment and development fund, other reserves, bonus and welfare fund with the respective amounts of VND 1,974,104,001, VND 3,921,569,222 and VND 3,916,892,222.

- (ii) According to Resolution No. 656C/2017/NQ-DHDCD dated 23 April 2017 ("Resolution No. 656C") passed by 2017 Annual General Meeting of Shareholders and Resolution No. 03A-TNG dated 18 May 2017 by Board of Management, the Company made dividend payment of 2016 by shares for current shareholders at the ratio of 10:2 by the issuance of 6,852,995 shares. As at 10 July 2017, the Company completed the issuance of 6,852,313 shares according to the Report of Share issuance for dividend payment of 2016 No. 1607/TNG-CBT. As at 14 July 2017, The State Securities Commission issued Document No. 4884/UBCK-QLCB about the Report of Share issuance for dividend payment of the Company. On 27 July 2017, the Company revised the Business Registration Certificate with the charter capital of VND 411,172,910,000.

Shares	Closing balance	Opening balance
Number of common shares issued to the public	41,117,291	34,264,978
+ <i>Common shares</i>	41,117,291	34,264,978
Number of common shares in circulation (*)	41,117,291	34,264,978
+ <i>Common shares</i>	41,117,291	34,264,978

(\*) Included 2,909,849 common shares subject to transfer restriction as at 31 December 2017.

A common share has par value of VND 10,000.

**20. OFF BALANCE SHEET ITEMS**

**Foreign currencies:**

	Closing balance	Opening balance
US Dollar (USD)	329,719	259,164

**21. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Geographical segments**

The Company does not have any operations outside the territory of Vietnam; manufacturing and business activities of the Company are mainly carried out at No. 434/1, Bac Kan Street, Hoang Van Thu District, Thai Nguyen City, Thai Nguyen Province.

**Business segments**

During the year, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, the Company does not present reports by business segments. Revenue and cost of sales have been detailed by revenue and cost of goods sold and services rendered provided in Note 22 and Note 23.

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**22. REVENUE OF GOODS SOLD AND SERVICES RENDERED**

	Current year VND	Prior year VND
Sales of goods	1,598,264,969,866	1,229,450,306,393
Sales of processing services	786,359,809,675	627,944,144,708
Sales of fashion products	106,394,139,737	30,354,425,701
	<b>2,491,018,919,278</b>	<b>1,887,748,876,802</b>
<b>Deductions</b>		
Sales rebates	2,412,086,267	-

**Net revenue from goods sold and services rendered**

**2,488,606,833,011**      **1,887,748,876,802**

**23. COST OF SALES**

	Current year VND	Prior year VND
Cost of goods sold	1,316,320,985,467	1,012,442,336,191
Cost of processing services	647,640,997,657	517,106,900,181
Cost of fashion products	87,625,544,892	24,996,622,890
	<b>2,051,587,528,016</b>	<b>1,554,545,859,262</b>

**24. PRODUCTION COST BY NATURE**

	Current year VND	Prior year VND
Raw materials and consumables	916,319,875,507	820,567,952,976
Labour	1,038,356,069,294	744,931,127,317
Depreciation and amortisation	101,818,473,252	88,643,776,330
Out-sourced services	149,398,625,872	82,868,342,511
Other monetary expenses	180,052,243,940	119,380,942,278
	<b>2,385,945,287,865</b>	<b>1,856,392,141,412</b>

**25. FINANCIAL INCOME**

	Current year VND	Prior year VND
Bank and loan interest	168,136,084	198,051,947
Foreign exchange gain	14,175,086,386	15,426,234,164
	<b>14,343,222,470</b>	<b>15,624,286,111</b>

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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26. FINANCIAL EXPENSES

	Current Year VND	Prior Year VND
Interest expense	73,972,440,896	67,121,178,523
Foreign exchange loss	16,085,407,524	21,064,614,688
	<b>90,057,848,420</b>	<b>88,185,793,211</b>

27. SELLING AND GENERAL AND ADMINISTRATION EXPENSE

	Current Year VND	Prior Year VND
<b>General and administrative expenses</b>		
Management labour cost	86,512,040,753	81,185,644,383
Raw materials and consumables	5,356,142,123	6,353,785,060
Depreciation and amortisation	8,226,136,392	8,963,754,740
Out-sourced expense	1,763,408,783	3,097,991,839
Other monetary expenses	47,851,814,705	40,525,662,328
	<b>149,709,542,756</b>	<b>140,126,838,350</b>

**Selling expenses**

Labour	9,953,926,385	2,193,015,125
Raw materials and consumables	7,729,564,582	2,167,601,406
Transportation	10,853,059,559	7,748,899,483
Ex-import expense	11,948,768,191	11,336,829,253
Other selling expenses	26,784,160,722	5,495,870,277
	<b>67,269,479,439</b>	<b>28,942,215,544</b>

28. PROFIT/(LOSS) FROM OTHER ACTIVITIES

	Current Year VND	Prior Year VND
Proceeds from disposals of fixed assets	-	1,663,798,368
- Proceeds from disposals of fixed assets	-	3,697,564,796
- Residual value of fixed assets disposed	-	(2,033,766,428)
Other incomes	1,899,590,061	4,294,523,863
<b>Other income</b>	<b>1,899,590,061</b>	<b>5,958,322,231</b>
Residual value of fixed assets disposed	934,836,402	-
- Proceeds from disposals of fixed assets	(1,605,429,101)	-
- Residual value of fixed assets disposed	2,540,265,503	-
Contracts' penalties and compensations	8,160,220,995	-
Others expenses	469,688,558	2,731,506,032
<b>Other expense</b>	<b>9,564,745,955</b>	<b>2,731,506,032</b>
<b>Profit/(Loss) from other activities</b>	<b>(7,665,155,894)</b>	<b>3,226,816,199</b>

**29. CURRENT CORPORATE INCOME TAX EXPENSES**

	Current year VND	Prior year VND
<b>Profit before tax</b>	136,660,500,956	94,799,272,745
<b>Adjustments for taxable profit</b>	6,631,399,497	(4,138,325,702)
<i>Add back: Non-deductible expenses</i>	6,631,399,497	3,150,974,611
<i>Loss carried forward</i>	-	(7,289,300,313)
<b>Taxable profit</b>	143,291,900,453	90,660,947,043
Tax rate	0%, 15% and 20%	0%, 15% and 20%
<b>Corporate income tax</b>	21,880,298,083	13,801,339,274
<i>Less: Cost for female employees</i>	(234,900,000)	(230,100,000)
<i>Increase due to merging</i>	-	48,919,026
<b>Current corporate income tax (VND)</b>	<b>21,645,398,083</b>	<b>13,620,158,300</b>

**30. BASIC EARNINGS PER SHARE**

The calculation of the basic earnings per share as at 31 December 2017 is based on profit attributable to ordinary equity holders and weighted average number of ordinary shares in circulation in the year. Details are as below:

	Current year VND	Prior year Restated (*) VND
<b>Net profit after corporate income tax (VND)</b>	115,015,102,873	81,179,114,445
<i>Distributed to bonus and welfare funds</i>	-	(3,916,892,222)
<b>Profit attributable to ordinary equity holders (VND)</b>	<b>115,015,102,873</b>	<b>77,262,222,223</b>
<i>Weighted average number of ordinary shares in circulation outstanding in the year (shares)</i>	41,117,291	39,581,634
<b>Basic earnings per share (VND/share)</b>	<b>2,797</b>	<b>1,952</b>

(\*) The earnings per share ratio of 2016 was restated due to the effects from distributed profits to Bonus and welfare funds in compliance with the Circular No. 200/2014/TT-BTC issued on 22 December 2014 by Ministry of Finance, and from the payment of dividends by shares issuance in 2017.

	Reported in prior year VND	Differences VND	Restated amount VND
<b>Net profit after corporate income tax</b>	81,179,114,445	-	81,179,114,445
<i>Distribution to bonus and welfare funds</i>	-	(3,916,892,222)	(3,916,892,222)
<b>Profit attribute to ordinary equity holders</b>	81,179,114,445	(3,916,892,222)	77,262,222,223
<i>Average ordinary shares in circulation for the year</i>	32,729,321	6,852,313	39,581,634
<b>Basic earning per share</b>	2,480	-	1,952

**31. RELATED PARTY TRANSACTIONS AND BALANCES**

*During the year, the Company entered into the following significant transactions with its related parties:*

	Current year VND	Prior year VND
Remuneration of the Board of Director and Board of Management	7,641,748,400	5,397,659,900
	<b>7,641,748,400</b>	<b>5,397,659,900</b>

**32. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**Supplemental non-cash disclosures**

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 29,035,919,359 (in 2016: VND 42,043,688,493), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

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*TTA*



Tran Thi Hiep  
Preparer

Tran Thi Thu Ha  
Chief Accountant

Luong Thi Thuy Ha  
Deputy General Director

26 March 2018

