

Audited Project Financial Statements

Project Number: 39538-035
Loan Number: 3240/3242-VIE
Period covered: 09/01/2016-31/12/2016

VIE: SOE Reform and Corporate Governance Facility, PFR 2

Prepared by Vietnam National Textile and Garment Group for the Asian Development Bank

For the Asian Development Bank
Date received by ADB: 06/11/2017

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Ministry of Culture, Sports and Tourism



Vietnam National Textile and Garment Group

**State-owned Enterprises Reform and Corporate Governance
Facilitation Program – Project 2**

Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)

**Financial Statements and Statement of Compliance
for the period from 9 January 2016 to 31 December 2016**



**State-owned Enterprises (“SOE”) Reform and Corporate Governance Facilitation
Program – Project 2 (“the Project”)
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Project information**

Project Documents	Loan Agreement No. 3240-VIE (Ordinary Operations) dated 10 November 2015 between the Socialist Republic of Vietnam and Asian Development Bank (“ADB”)	
	Loan Agreement No. 3242-VIE (SF) (Special Operations) dated 10 November 2015 between the Socialist Republic of Vietnam and Asian Development Bank (“ADB”)	
	Subsidiary Loan Agreement dated 28 December 2015 between the Ministry of Finance (“MOF”) of the Socialist Republic of Vietnam and Vietnam National Textile and Garment Group (“Vinatex”)	
	Project Agreement dated 10 November 2015 between ADB and Vinatex	
Duration	From 9 January 2016 to 1 December 2039	
Lending Agency	Asian Development Bank	
Executing Agency	Ministry of Finance	
Implementing Agency	Vietnam National Textile and Garment Group	
Project Management	Mrs. Pham Nguyen Hanh	Project Manager
Registered Office	25 Ba Trieu Street Hang Bai Ward, Hoan Kiem District Vietnam	
Auditors	KPMG Limited Vietnam	

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)

Contents		Page
Part 1	Statement of the Project Management	3
Part 2	Financial Statements for the period from 9 January 2016 to 31 December 2016	6
Part 3	Statement of Compliance for the period from 9 January 2016 to 31 December 2016	20
Part 4	Management Letter	25

Vietnam National Textile and Garment Group

**State-owned Enterprises Reform and
Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)**

Part 1

Statement of the Project Management

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of the Project Management

The Management of the State-owned Enterprises Reform and Corporate Governance Facilitation Program – Project 2 presents this statement, the accompanying financial statements and the statement of compliance of the Project prepared in association with Loan Agreements No. 3240-VIE and No. 3242-VIE (SF) for the period from 9 January 2016 to 31 December 2016.

The Project Management is responsible for the preparation and fair presentation of the Project's financial statements, which comprise the balance sheet as at 31 December 2016, the statement of project implementing expenditures, the statement of withdrawals, the statement of cash flows and the statement of budget versus actual expenditures for the period from 9 January 2016 to 31 December 2016 and the notes to the financial statements in accordance with the basis of accounting and the accounting policies set out in Note 2 and Note 3 to the financial statements. In preparation of these financial statements, the Project Management is required to:


- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) State whether applicable accounting principles have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- (d) Design and maintain an effective internal control over compliance with requirements that could have a direct and material effect on the financial statements, as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds; and take responsibility for its assertion as to the effectiveness of such internal control.

The Project Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Project and that the financial statements comply with the basis of accounting and the accounting policies set out in Note 2 and Note 3 to the financial statements.

The Project Management is also responsible for the preparation of the statement of compliance, that is free from material misstatement, in accordance with those requirements set out by Asian Development Bank in association with the Loan Agreements No. 3240-VIE and No. 3242-VIE (SF), which indicates that the proceeds of the loans have been used as intended for the Project and that the Project has complied with the covenants contained in the Loan Agreements as well as the provisions of laws and regulations applicable to the Project.

The Project Management confirms that they have complied with the above requirements in preparing these financial statements and the statement of compliance.

The Project Management has, on the date of this statement, authorised these financial statements and the statement of compliance for issuance.

On behalf of the Project Management, 



Phạm Nguyễn Hạnh
Project Manager

Hanoi, 31 October 2017

Vietnam National Textile and Garment Group

**State-owned Enterprises Reform and
Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)**

Part 2

**Financial Statements
for the period from 9 January 2016 to 31 December 2016**



KPMG Limited
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INDEPENDENT AUDITOR REPORT

**To: The Management of the State-owned Enterprises Reform and
Corporate Governance Facilitation Program – Project 2**

Opinion

We have audited the accompanying financial statements of the State-owned Enterprises Reform and Corporate Governance Facilitation Program – Project 2 ("the Project") funded by the Asian Development Bank ("ADB" or "the Lender") and implemented by Vietnam National Textile and Garment Group under the Loan Agreements No. 3240-VIE and No. 3242-VIE (SF), which comprises the balance sheet as at 31 December 2016, the statement of project implementing expenditures, the statement of withdrawals, the statement of cash flows and the statement of budget versus actual expenditures for the period from 9 January 2016 to 31 December 2016 and notes, comprising a summary of significant accounting policies and other explanatory information ("the financial statements"), as set out on pages 10 to 19.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 and Note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Vietnam, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 2 and Note 3 to the financial statements, which describe the basis of accounting and the accounting policies adopted by the Project. The financial statements are prepared for the information of and use by the Project Management and the Lender. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the Project Management and the Lender and should not be used by or distributed to other parties other than the Project Management and the Lender. Our opinion is not modified in respect of this matter.



Responsibilities of Management for the Financial Statements

The Project Management is responsible for the preparation of the financial statements in accordance with the basis of accounting and the accounting policies described in Note 2 and Note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Limited

Vietnam

Audit report No. 17-02-246



Dam Xuan Lam

Partner, Audit Services

Practicing Auditor Registration

Certificate No. 0861-2013-007-1

Hanoi, 31 October 2017

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Balance sheet as at 31 December 2016

	Note	31/12/2016	
		Loan Agreement No.	
		3240-VIE	3242-VIE (SF)
		VND	VND
PROJECT IMPLEMENTING EXPENDITURES			
Restructured debts		1,376,994,756,851	-
Interest expenses and fees		17,607,636,751	-
Consultancy services fee		-	3,684,504,427
Total project implementing expenditures		1,394,602,393,602	3,684,504,427
RESOURCES			
Liabilities		4,559,456,904	-
Accrued interest and other charges	4	2,479,244,868	-
Relending fee payable to Ministry of Finance	5	2,080,212,036	-
Funds		1,390,042,936,698	3,684,504,427
ADB funds	6	1,419,675,519,194	3,798,286,428
Foreign exchange differences		(29,632,582,496)	(113,782,001)
Total resources		1,394,602,393,602	3,684,504,427

31 October 2017

Prepared by:


Tran Tuyet Thanh
Project Accountant

Approved by:


Phạm Nguyễn Hanh
Project Manager

The notes from pages 16 to page 19 are an integral part of these financial statements

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of project implementing expenditures for the period from 9 January 2016 to 31 December 2016

Project Implementing Expenditures	Note	From 9/1/2016 to 31/12/2016				Counterpart funds				Total	
		ADB Funds		3240-VIE		3242-VIE (SF)		3240-VIE		3242-VIE (SF)	
		3240-VIE	3242-VIE (SF)	VND	VND	VND	VND	VND	VND	VND	VND
Restructured debts at the following components of Vietnam National Textile and Garment Group		1,376,994,756,851	-	1,376,994,756,851	-	-	-	-	1,376,994,756,851	-	-
The Parent Company – Vietnam National Textile and Garment Group		260,220,634,035	-	260,220,634,035	-	-	-	-	260,220,634,035	-	-
Hue Textile Garment Joint Stock Company		76,916,333,021	-	76,916,333,021	-	-	-	-	76,916,333,021	-	-
Dong Xuan Knitting One-member Co., Ltd.		35,245,609,367	-	35,245,609,367	-	-	-	-	35,245,609,367	-	-
Eight March Textile Co., Ltd.		71,700,000,006	-	71,700,000,006	-	-	-	-	71,700,000,006	-	-
Nam Dinh Textile and Garment Joint Stock Corporation		18,907,270,533	-	18,907,270,533	-	-	-	-	18,907,270,533	-	-
Ha Noi Textile and Garment Joint Stock Corporation		207,382,155,754	-	207,382,155,754	-	-	-	-	207,382,155,754	-	-
Hoa Tho Textile and Garment Joint Stock Corporation		202,831,561,539	-	202,831,561,539	-	-	-	-	202,831,561,539	-	-
Phong Phu Joint Stock Corporation		503,791,192,596	-	503,791,192,596	-	-	-	-	503,791,192,596	-	-
Consultancy service fee on capacity building of corporate governance and management		-	3,684,504,427	3,684,504,427	-	-	-	-	-	3,684,504,427	-
Interest expenses and fees		15,527,424,715	-	15,527,424,715	2,080,212,036	-	-	2,080,212,036	17,607,636,751	-	-
Interest expenses and other charges	4	15,527,424,715	-	15,527,424,715	-	-	-	-	15,527,424,715	-	-
Refunding fee to Ministry of Finance	5	-	-	-	2,080,212,036	-	-	2,080,212,036	2,080,212,036	-	-
		1,392,522,181,566	3,684,504,427	1,396,206,685,993	2,080,212,036	-	-	2,080,212,036	1,394,602,393,602	3,684,504,427	-

Prepared by:

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Tran Tuyet Thanh
Project Accountant

Approved by:



Phạm Nguyễn Hạnh
Project Manager

The notes from pages 16 to page 19 are an integral part of these financial statements

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statement of withdrawals for the period from 9 January 2016 to 31 December 2016

Withdrawal application No.	Date	Original currency	From 9/1/2016 to 31/12/2016	
			Loan Agreement No.	
			3240-VIE USD	3242-VIE (SF) USD equivalent
<u>Direct payment</u>				
I. Loan principal				
C0001	3 June 2016	USD	5,737,071.57	-
C0002	3 June 2016	USD	1,794,219.69	-
C0003	3 June 2016	USD	4,963,522.02	-
C0004	3 June 2016	USD	2,725,225.23	-
C0005	3 June 2016	USD	795,405.46	-
C0005	3 June 2016	USD	504,504.50	-
C0006	3 June 2016	USD	359,221.39	-
C0007	3 June 2016	USD	1,249,138.99	-
C0009	3 June 2016	USD	2,138,707.82	-
C0010	27 May 2016	USD	959,278.47	-
C0011	3 June 2016	USD	445,176.65	-
C0012	27 May 2016	USD	1,293,525.76	-
C0013	3 June 2016	USD	21,509.02	-
C0014	3 June 2016	USD	1,554,722.11	-
C0015	3 June 2016	USD	687,177.18	-
C0016	3 June 2016	USD	322,162.31	-
C0017	3 June 2016	USD	939,724.60	-
C0018	3 June 2016	USD	1,683,316.94	-
C0020	3 June 2016	USD	7,550,875.00	-
C0021	3 June 2016	USD	6,547,085.20	-
C0023	27 May 2016	USD	392,676.76	-
C0025	27 May 2016	USD	634,140.00	-
C0026	3 June 2016	USD	3,394,155.83	-
C0027	3 June 2016	USD	6,482,016.45	-
C0028	3 June 2016	USD	151,342.00	-
C0029	3 June 2016	USD	322,147.65	-
C0030	3 June 2016	USD	3,859,365.09	-
C1001	3 June 2016	USD	1,505,520.82	-
C1005	3 June 2016	USD	1,635,945.43	-

The notes from pages 16 to page 19 are an integral part of these financial statements

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Programme – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Statements of withdrawals from 9 January 2016 to 31 December 2016 (continued)

Withdrawal application No.	Date	Original currency	From 9/1/2016 to 31/12/2016	
			Loan Agreement No. 3240-VIE USD	Loan Agreement No. 3242-VIE (SF) USD equivalent
C1010	27 May 2016	USD	291,631.53	-
C1014	27 May 2016	USD	751,213.48	-
C0001ADF (*)	13 December 2016	VND	-	166,591.51
			61,691,724.95	166,591.51
II. Interest expenses and other charges added to loan principal			574,745.19	-
			62,266,470.14	166,591.51

(*) Withdrawal application for Loan Agreement No. 3242-VIE (SF) in original currency is VND3,684,504,427; equivalent to USD166,591.51 or 122,401.06 Special Drawing Rights ("SDR").

31 October 2016

Prepared by:



Tran Tuyet Thanh
Project Accountant

Approved by:



Pham Nguyen Hanh
Project Manager

Vietnam National Textile and Garment Group
 SOE Reform and Corporate Governance Facilitation Program – Project 2
 Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
 Statement of cash flows for the period from 9 January 2016 to 31 December 2016

	From 9/1/2016 to 31/12/2016	
	3240-VIE	3242-VIE (SF)
	VND	VND
CASH RECEIPTS		
Funds from ADB	1,376,994,756,851	3,684,504,427
Total cash receipts	1,376,994,756,851	3,684,504,427
CASH DISBURSEMENTS		
Restructured debts	1,376,994,756,851	-
Payment for consultancy service fees	-	3,684,504,427
Total cash disbursements	1,376,994,756,851	3,684,504,427
Net cash flow during the period	-	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	-

31 October 2016

Prepared by:



Tran Tuyet Thanh
 Project Accountant

Approved by:



Pham Nguyen Hanh
 Project Manager

The notes from pages 16 to page 19 are an integral part of these financial statements

Vietnam National Textile and Garment Group
 SOE Reform and Corporate Governance Facilitation Program – Project 2
 Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
 Statement of budget versus actual expenditures as at 31 December 2016

		31/12/2016		
	Currency	Actual disbursement	Budget	Disbursement rate (%)
Loan Agreement 3240-VIE				
Restructured debts	USD	61,691,724.95	99,388,000.00	62.07%
Interest expenses and other charges added to loan principal	USD	574,745.19	5,612,000.00	10.24%
Total		62,266,470.14	105,000,000.00	59.30%
Loan Agreement 3242-VIE (SF)				
Consultant services	SDR	122,401.06	2,258,000.00	5.42%
Equipment	SDR	-	1,063,000.00	0%
Interest expenses and other charges added to loan principal	SDR	-	74,000.00	0%
Total		122,401.06	3,395,000.00	3.61%

31 October 2017

Prepared by:



Tran Tuyet Thanh
 Project Accountant

Approved by:



Pham Nguyen Hanh
 Project Manager

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 9 January 2016 to 31 December 2016

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

1. Background

SOE Reform and Corporate Governance Facilitation Programme – Project 2 (“the Project”) is set up in accordance with:

- (i) Loan Agreement No. 3240-VIE (Ordinary Operation) and Loan Agreement No. 3242-VIE (SF) (Special Operations) signed on 10 November 2015 between the Socialist Republic of Vietnam (“the Borrower”) and Asian Development Bank (“ADB” or “the Lender”), in which ADB agrees to lend to the Borrower an amount of USD310,000,000 and an amount in various currencies equivalent to 6,790,000 Special Drawing Rights (“SDR”), respectively;
- (ii) Subsidiary Loan Agreement dated 28 December 2015 between the Ministry of Finance (“MOF”) of the Socialist Republic of Vietnam and Vietnam National Textile and Garment Group (“Vinatex” or “Implementing Agency”), in which the MOF relends the proceeds of the loans under Loan Agreement No. 3240-VIE and No. 3242-VIE (SF) equivalent to USD105,000,000 and SDR3,395,000 to Vinatex, respectively; and
- (iii) Project Agreement dated 10 November 2015 between ADB and Vinatex, which sets forth the rights and obligations of both parties in relation to the Loan Agreements;

The objective of the Project is transformation of several general corporations and their subsidiaries into focused, efficient businesses with strong balance sheets and improved corporate governance.

The Project shall comprise the following outputs:

Output 1. Debt restructuring combining financial and corporate restructuring:

Restructuring a part of existing debts of the Implementing Agency into less expensive and/or longer-term debt, and implementing corporate restructuring.

Output 2. Operational restructuring and enhancing corporate governance:

Carrying out comprehensive operational or management restructuring for the Implementing Agency to enhance their efficiency and corporate governance.

Output 1 shall be financed by Loan Agreement No. 3240-VIE (Ordinary Operations) and Output 2 shall be financed by Loan Agreement No. 3242-VIE (SF) (Special Operations).

2. Basis of accounting

The accompanying financial statements are expressed in Vietnam Dong (“VND”), except for the Statement of Withdrawals, which is expressed in original currency. These financial statements have been prepared in accordance with the accounting policies set out in Note 3 to the financial statements. This is a basis of accounting that is designed to meet the accounting requirements of the Project and the reporting requirements of the Lender, and not designed to produce the financial statements compatible with International Financial Reporting Standards or other generally accepted accounting principles.

The first accounting period of the Project is from 9 January 2016 (the commencement date of the commitment charge associated with the Loan Agreement No. 3240-VIE (Ordinary Operation) as approved by ADB) to 31 December 2016. Succeeding annual accounting periods will be from 1 January to 31 December.

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at rates of exchange ruling at the transaction dates.

Monetary balance sheet items denominated in currencies other than VND are translated into VND at the rates of exchange prevailing at the balance sheet date.

All foreign exchange differences are recorded in the “Foreign exchange differences” item in the balance sheet.

(b) Project implementing expenditures and funds

Project implementing expenditures and funds are recognised when incurred.

(c) Advance account

Advance Account is a deposit account opened at Bank for Investment and Development of Vietnam for implementing of the Project’s activities. Payments out of the Advance Account are for expenditures in accordance with the relevant covenants of Loan Agreement No. 3242-VIE (SF) dated 10 November 2015 and relevant regulations established by the ADB. Advance Account was not in use during the period.

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 9 January 2016 to
31 December 2016 (continued)

4. Borrowing costs to ADB

(a) Loan Agreement No. 3240-VIE

According to Loan Agreement No. 3240-VIE, borrowing costs to ADB comprise:

- Interest expense on the principal amount of the loan withdrawn and outstanding from time to time at a rate equal to the sum of LIBOR plus (+) a margin of 0.6% less (-) a credit of 0.1% plus (+) a maturity premium of 0.2%; and
- Commitment charge of 0.15% on the full amount of loan (less amounts withdrawn from time to time), commencing 60 days after the signing date of the Loan Agreement.

Interest expense and other charges incurred up to 1 December 2016 are added to loan principal. Those incurred from 1 December 2016 until 31 December 2016 are recorded as accrued interest and other charges.

Borrowing costs incurred during the period are detailed as follows:

	From 9/1/2016 to 31/12/2016
	VND
Interest expenses and other charges added to principal	
• Interest expense	10,904,987,021
• Commitment charge	2,143,192,826
	<hr/> 13,048,179,847
Accrued interest and other charges	
• Interest expense	2,357,454,336
• Commitment charge	121,790,532
	<hr/> 2,479,244,868
Total interest expense and other charges	<hr/> 15,527,424,715 <hr/>

Vietnam National Textile and Garment Group
SOE Reform and Corporate Governance Facilitation Program – Project 2
Loan Agreements No. 3240-VIE and No. 3242-VIE (SF)
Notes to the financial statements for the period from 9 January 2016 to
31 December 2016 (continued)

(b) Loan Agreement No. 3242-VIE (SF)

According to the Loan Agreement No.3242-VIE (SF), the interest charge on the amount of loan withdrawn from the loan account and outstanding from time to time is 2% per annum.

Total interest charge incurred from the first withdrawal date on 1 December 2016 to 31 December 2016 is not material and therefore, has not been accrued at the balance sheet date.

5. Relending fee to Ministry of Finance

According to the Subsidiary Loan Agreement dated on 28 December 2015 signed between the MOF and Vinatex, the loan is also subject to relending fee which is equal to 0.25% of the loan balance.

- Total relending fee for Loan Agreement No. 3240-VIE incurred during the period has not been paid and is recorded as payable to MOF as at 31 December 2016.
- Total relending fee for Loan Agreement No. 3242-VIE (SF) incurred from the first withdrawal date on 1 December 2016 to 31 December 2016 is not material and therefore, is not accrued at the balance sheet date.

6. ADB funds

	From 9/1/2016 to 31/12/2016	
	Loan Agreement No.	
	3240-VIE	3242-VIE (SF)
	VND	VND
ADB funds comprise:		
• Loan principal	1,376,994,756,851	3,684,504,427
• Interest and other charges added to loan principal	13,048,179,847	-
	1,390,042,936,698	3,684,504,427
Foreign exchange differences	29,632,582,496	113,782,001
	1,419,675,519,194	3,798,286,428

31 October 2017

Prepared by:


Tran Tuyet Thanh
Project Accountant

Approved by:


Phan Nguyen Hanh
Project Manager