



HOA PHAT GROUP

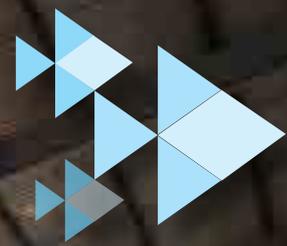
Firm foundation

Bright future



ANNUAL REPORT | **2015**





FIRM FOUNDATION
BRIGHT FUTURE



DANIELI

MUKHARREMMAN



ACRONYM LIST

LETTER	DETAIL
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BOM:	Board of Management
BOD:	Board of Directors
EBIT:	Earnings before interest and taxes
EBITDA:	Earnings before interest, taxes, depreciation and amortization
EPS:	Earnings per share
GDP:	Gross domestic product
IZ:	Industrial Zone

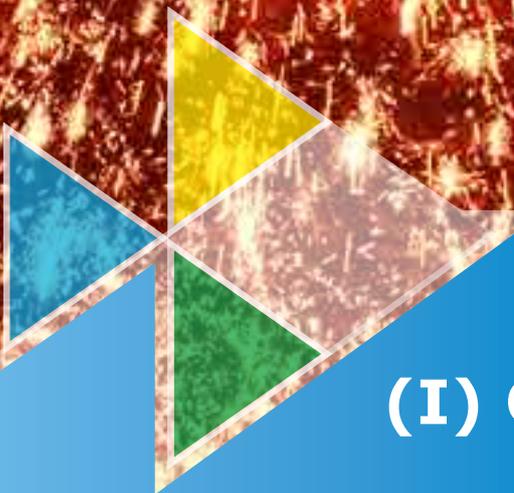
LETTER	DETAIL
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PCI:	Powdered Coal Injection
ROA:	Return on Asset
ROE:	Return on Equity
SOC:	Safety optimized Closing system
TPP:	Agreement on the Trans-Pacific partners
TRT:	Top pressure Recovery Turbin
VND:	Vietnam Dong



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(I) OVERVIEW

HOA PHAT GROUP PROFILE

Transaction name:	Hoa Phat Group Joint Stock Company
Business Registration	
Certificate No.:	0900189284
Charter capital:	VND7,329,514,190,000
Address:	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province
Head Office:	39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
Phone:	(84) 4 62848666
Fax:	(84) 4 62833456
Da Nang Branch	171 Truong Chinh, An Khe Ward, Thanh Khe District, Da Nang City
Phone:	(84) 511 3721232
Fax:	(84) 511 3722833
HCM City Branch:	643 - 645 Dien Bien Phu, Ward 25, Binh Thanh District, Ho Chi Minh City
Phone:	(84) 8 62985599
Fax:	(84) 8 62987799
Website:	www.hoaphat.com.vn

SHARE INFORMATION

Stock sticker:	HPG
Stock exchange:	HOSE
Initial offering date:	15 November 2007
Shares in circulation:	732,951,419 shares

BUSINESS ACTIVITIES

- 1 Trading, exporting and importing iron and steel, materials and equipments for refining and rolling steel;
- 2 Producing rolling steel and roof fabrication;
- 3 Producing steel pipes and galvanized ones, stainless ones;
- 4 Producing and trading non-ferrous metal and non-ferrous metal scrap;
- 5 Refining steel and casting iron;
- 6 Manufacturing and trading coke coal;
- 7 Mining for metal ores; trading metals, metal ores and metal scrap;
- 8 Manufacturing and trading construction and mining equipment;
- 9 Producing interior furniture for offices, households and schools;
- 10 Manufacturing, trading, assembling, repairing, and maintaining electric, electronic, refrigeration, civil electric products and air conditioners;
- 11 Investing and building infrastructure for industrial zones and urban areas;
- 12 Real estate business.
- 13 Producing and trading animal feed for livestock and poultry, raising livestock, and processing meat and meat products, etc.



MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear valued shareholders,

In 2015, the Vietnamese economy saw a positive recovery with a GDP growth rate of 6.68% as compared with 2014, and the country enjoyed a very stable macro-economy and the lowest inflation rate for the past 14 years. In this context, the Hoa Phat Group has obtained the most striking achievement, creating strong motivation and setting a solid foundation for the Group to progress to a brighter future.



In 2015, the Hoa Phat Group achieved total consolidated revenues of VND27,864 billion and a profit after tax of VND3,504 billion, exceeding its targets by 24% and 8%, respectively, with a growth rate of 8% against 2014. This is a spectacular growth rate in the context of its expanded production of major traditional product lines as well as its increased allocation of significant resources to developing new product lines in the agricultural sector, including husbandry and animal feed production, a promising turning-point in the Group's development process.

It is notable that Hoa Phat's core segment of construction steel production achieved a new record with total sales of approximately 1.4 million tonnes of finished steel, 15% more than the annual target and an increase of 38% against 2014. Other traditional production segments, such as steel pipes, furniture, refrigeration engineering and real estate, maintained stable growth with a remarkable increase of more than 40% in sales of steel pipes as compared to the previous year.

As one of the 5 largest private enterprises in Vietnam, Hoa Phat really represents a leading efficient governance operation and continuously improves itself to enhance its competitiveness and flexibility and make quick responses to market changes, and thereby to fulfil all business targets in each period and increasingly contribute to the economic development of Vietnam. For 2015, Hoa Phat Group's total consolidated contribution to the State budget reached VND2,764 billion, an increase of nearly 26% as compared to 2014.

We have always created a harmonious linkage between business and social security activities for the goal of SUSTAINABLE development. During the last year, Hoa Phat spent dozens of billions of VND in carrying out social and charitable activities, assisting disadvantaged people to improve their lives and sponsoring social construction projects in various provinces of Vietnam, especially in mountainous and remote areas including Lao Cai, Yen Bai, Lang Son, Phu Tho, Ha Giang, etc.

For the 2016 plan, we determine that steel production is still the core business activity in Hoa Phat's long-term development strategy. For 2016, Hoa Phat has set targets of 1.6 million tonnes for its construction steel production,

an increase of 16% as compared to 2015, and of 30% growth for its steel pipe production. Other industrial product segments are expected to increase their revenue by 10-20% from 2015, strengthen and expand their market shares and consolidate the presence of Hoa Phat's brand name in the market. In the real estate segment, the Group will continue to invest in the industrial zone infrastructure sector and speed up the progress of the Apartment, Office and Commercial Complex Project - Mandarin Garden 2 at 493 Truong Dinh, Hanoi.

In the agricultural segment, Hoa Phat will make its best efforts to put the livestock and poultry feed production projects into operation as scheduled. We plan to put into operation the first two feed production plants, with a total capacity of 600,000 tonnes per year, in quarters II and IV of 2016, respectively. Hoa Phat has set targets to reach one million tonnes of feed and one million pigs for the period from 2016 to 2020. With our rich experience of over 20 years in large-scale and modern production management, we are confident that this new business segment will gain great success, create more sustainable value for our shareholders and contribute to the restructuring of the Vietnamese agriculture sector towards large-scale production and improved ability to compete with foreign enterprises in the current context of our increasingly extensive integration into the global market.

On behalf of the Board of Management, I would like to express our respectful gratitude for the trust and support of our valuable shareholders and for the close cooperation of our local and international customers and business partners. Especially, I would like to express my sincerest thanks to all employees of the Hoa Phat Group, who have exhibited great dedication and aspirations for the success of the Hoa Phat Group in all sectors.

Yours sincerely,

**Chairman of the Board of
Management**

Tran Dinh Long

BACKGROUND INFORMATION

2007

HOA PHAT
OFFICIALLY LISTED

18

AS OF FEBRUARY 2016,
THE HOA PHAT GROUP HAS
18 SUBSIDIARIES

The Hoa Phat Group is one of the leading private industrial manufacturing groups in Vietnam. Originating as a small construction machine and equipment trading company in August 1992, Hoa Phat has gradually expanded its business to trading and production of Furniture (1995), Steel Pipes (1996), Steel (2000), Refrigeration (2001), and Property Development (2001). In 2007, Hoa Phat was reorganized into a group structure, with Hoa Phat Group Joint Stock Company being the Parent Company of its subsidiaries and associates. Since 15th November 2007, Hoa Phat has been officially listed on the Ho Chi Minh City Stock Exchange under the stock ticker symbol "HPG". As of February 2016, the Hoa Phat Group has 18 subsidiaries.

The Hoa Phat Group operates with a focus in segments such as steel, refrigeration, furniture, machinery and property development including industrial zones and housing; its agricultural segment comprises husbandry and feed production with dozens of plants in various provinces nationwide. At present, production of construction steel is the core business activity of the Group and accounts for 79.4% of its total revenue and 82.3% of total profit.

Through its construction steel segment, the Hoa Phat Group is the owner of the Hoa Phat Integrated Steel

Complex in Hai Duong Province. With a total capacity of up to 1.7 million tonnes per year, the project put all three stages into operation simultaneously in Quarter I of 2016. Presently, the Hoa Phat Group is recognized as one of the three largest construction steel manufacturers in Vietnam with a 21.3% market share. In addition to this, various other products of the Group, including steel pipes, furniture are traded under reputable brands as market leaders in their respective markets.

The Hoa Phat Group officially entered the agricultural sector in early 2015 by establishing the Hoa Phat Feeds Production & Trading One Member Limited Liability Company, with a charter capital of VND300 billion and a capacity designed to reach 300,000 tonnes per year. Currently Hoa Phat has expanded its feed production segment to the Southern region by establishing the Hoa Phat Dong Nai Animal Feed One Member Limited Liability Company. Hoa Phat Livestock Development Joint Stock Company, a subsidiary of the Group with a charter capital of VND300 billion, focuses on raising sows and pigs in various locations. Hoa Phat has set for itself targets of a 10% share of the feed market and production of one million pigs by applying high technology for the next ten years; it expects promising spectacular growth in the forthcoming periods.



MISSION STATEMENT



VISION

To become a leading multi-disciplinary industrial manufacturer in Vietnam well prepared for global integration with steel production as its core business activity.



MISSION

Harmonize with social development, targeting the benefit of customers in production



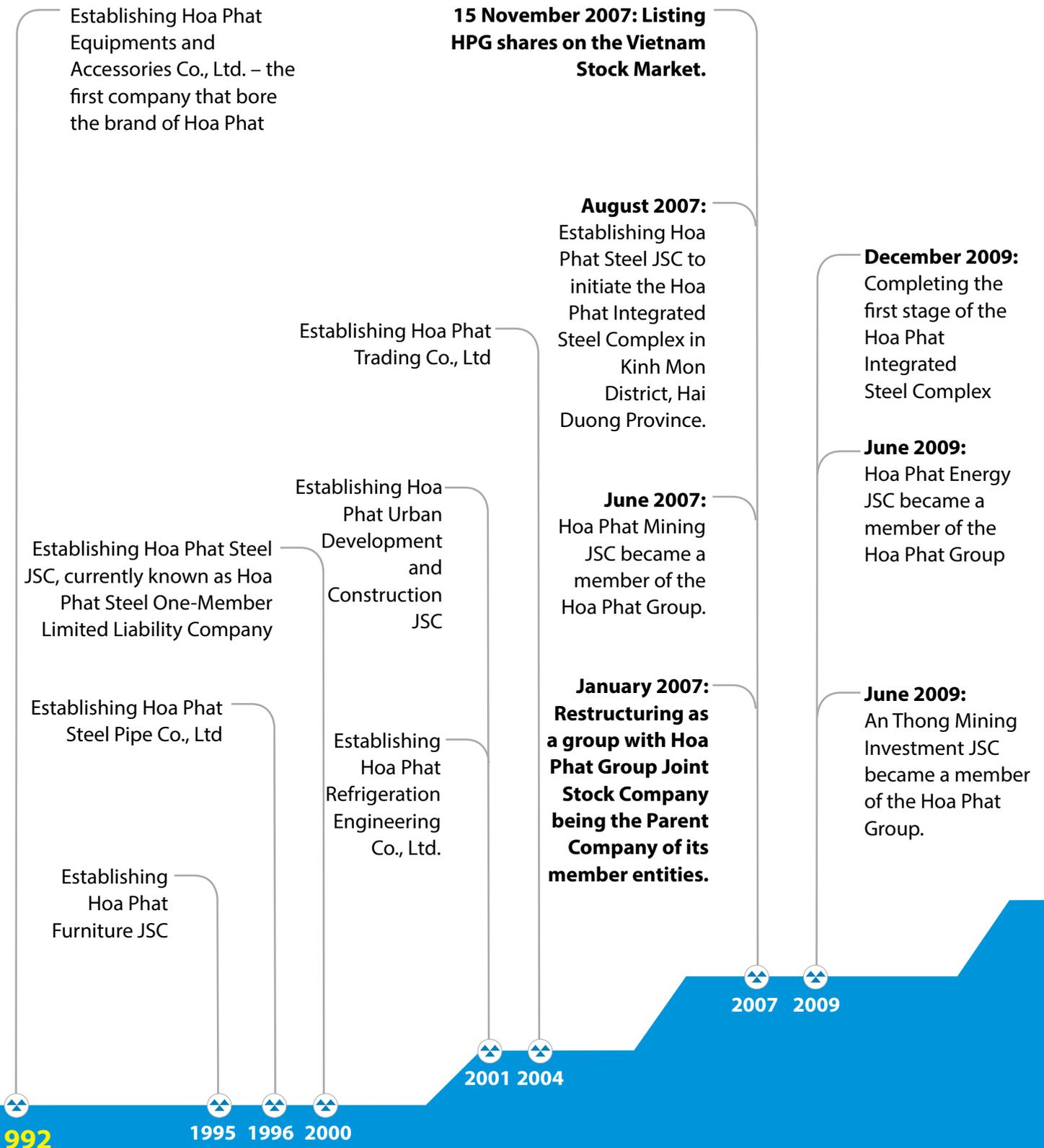
Promote talent and intelligence, bringing a good life for employees

Cooperate solidly with reliable partners, creating long-term values for shareholders



Promise additional investments, contributing to the prosperity of Vietnam

HISTORIC MILESTONES OF HOA PHAT



2007

JANUARY - RESTRUCTURING
AS A GROUP

2015

HOA PHAT JOINED
THE AGRICULTURAL SECTOR

2010

2011

2012

2013

2014

2015

2016

July 2010:
Golden Gain Vietnam JSC became a member of the Hoa Phat Group.

August 2012:
20th anniversary of Hoa Phat development, Third Class Labour Order awarded by the President

October 2013:
Completing the second stage of the Hoa Phat Integrated Steel Complex, raising the total capacity of Hoa Phat to 1.15 million tonnes per year.

January 2011:
Structuring the operation model of the Parent Company by separating the steel production and trading segment.

September 2014:
Initiating the third stage of the Hoa Phat Integrated Steel Complex.

9 March 2015:
Hoa Phat officially launched Hoa Phat Feeds Production & Trading One Member Limited Liability Company, marking a new step in the Group's development history by penetrating the agricultural sector.

July 2015:
Establishing Hoa Phat Dong Nai Animal Feed One-member Co., Ltd.

6 July 2015:
Hoa Phat Mining JSC was officially renamed Hoa Phat Livestock Development Joint Stock Company

February 2016:
Establishing Hoa Phat Agriculture Development Joint Stock Company, the 18th member entity of the Group

January 2016:
Establishing Hoa Phat Quang Binh Co., Ltd.

⊗ CORPORATE STRUCTURE



SUPERVISORY BOARD

ASSOCIATES

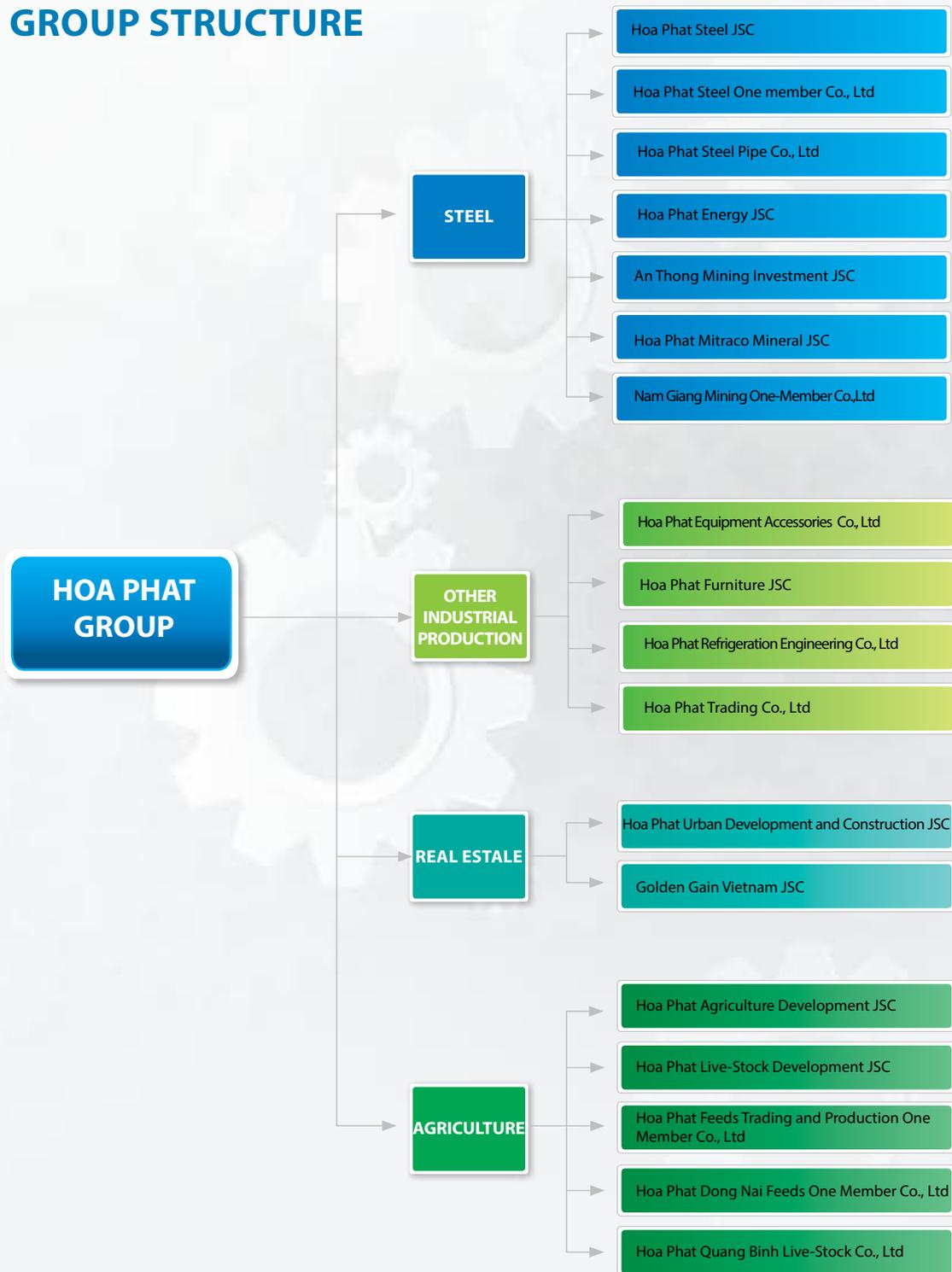
INTERNAL SUPERVISORY DEPARTMENT

LEGAL DEPARTMENT

ADMINISTRATION DEPARTMENT

1. Hoa Phat - SSG Mining, JSC

GROUP STRUCTURE



FINANCIAL POSITION

KEY FINANCIAL INDICATORS

Content (Unit: VND)	2013	2014	2015
Revenue	19,200,234,178	25,851,816,458	27,864,558,437
Net Sales	18,934,292,151	25,525,348,823	27,452,932,114
Cost of goods sold	15,650,540,636	20,338,346,540	21,858,956,168
Gross profit	3,283,751,514	5,187,002,283	5,593,975,947
Selling expenses	253,653,065	366,087,886	424,150,105
General and administration expenses	416,174,707	607,214,249	760,822,613
Results of other activities	32,866,936	(40,461,712)	(101,357,506)
EBIT	2,646,790,678	4,173,238,435	4,307,645,722
Depreciation and amortisation expenses	720,195,566	1,106,005,660	1,281,591,263
EBITDA	3,366,986,245	5,279,244,096	5,589,236,985
Net financial profit	(252,130,285)	(403,546,452)	(317,626,255)
Profit before tax	2,394,404,194	3,769,520,728	3,989,828,665
Corporate income tax	383,968,792	519,306,138	485,446,177
Net profit	2,010,435,403	3,250,214,590	3,504,382,488
Current assets	12,402,515,338	11,745,859,366	11,915,177,133
Long-term assets	10,673,862,525	10,343,245,032	13,591,592,060
Total assets	23,076,377,863	22,089,104,398	25,506,769,186
Short and long term debts	7,575,383,424	6,747,847,189	6,855,817,325
Owner's equity	9,500,327,254	11,795,984,026	14,466,710,385
Financial ratios			
Gross profit margin	17.34%	20.32%	20.38%
EBITDA margin	17.78%	20.68%	20.36%
EBIT margin	13.98%	16.35%	15.69%
Net profit margin	10.62%	12.73%	12.77%
Net Sales growth rate	12.52%	34.81%	7.55%
Net Profit growth rate	95.09%	61.67%	7.82%
Quick ratio (times)	0.37	0.47	0.47
Debts/ equity	79.74%	57.20%	47.39%
ROE	21.2%	27.6%	24.2%
ROA	8.7%	14.7%	13.7%
EPS (VND/share)	4,663	6,435	4,517

SUBSIDIARIES AND ASSOCIATES

As of 29 February 2016, the Hoa Phat Group had 18 subsidiaries and 1 associate:

No	Subsidiaries	Address	Principal business activities	Contributed charter capital (VND billion)	% of equity owned by HPG
1	Hoa Phat Steel JSC	Hiep Son Commune, Kinh Mon District, Hai Duong Province	Producing steel and iron, exploiting iron ores, exploiting and collecting lignite; wholesale of metals and metal ores;	2,500	99.99%
2	Hoa Phat Steel One-member Co.,Ltd.	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	Producing steel, iron, wholesale of metals and metal ores.	600	100%
3	Hoa Phat Steel Pipe Co., Ltd.	39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam	Produce and trade various kinds of steel pipes.	762	99.93%
4	Hoa Phat Energy JSC	Hiep Son Commune, Kinh Mon District, Hai Duong Province	Producing and wholesale of coke coal, exploiting and collecting coal; producing refined petroleum products; wholesale of metals and metal ores; and trading various kinds of coal.	1,000	99.89%
5	An Thong Mining Investment JSC	415 Tran Phu, Ha Giang City, Ha Giang Province, Vietnam	Explore, exploit, prepare and make, process, purchase and sell, export and import minerals, primarily iron ores.	500	99.96%
6	Hoa Phat Livestock Development JSC ▲	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	Raising cattle, horses, donkeys, mules, goats, sheep, pigs, poultry and others; cultivation, husbandry and post-harvest services; producing foods and processed foods and feed for livestock, poultry and aqua-products	300	99.90%

No	Subsidiaries	Address	Principal business activities	Contributed charter capital (VND billion)	% of equity owned by HPG
7	Hoa Phat Equipments and Accessories Co., Ltd.	39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam	Manufacture construction equipment; trade construction and mining machinery and equipment of small and medium size.	180	99.72%
8	Hoa Phat Furniture JSC	Road B4, Area B, Pho Noi A Industrial Zone, Lac Hong Commune, Van Lam District, Hung Yen Province, Vietnam	Produce and trade furniture and interior products.	400	99.60%
9	Hoa Phat Refrigeration Engineering Co., Ltd.	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	Produce and trade Refrigeration products.	150	99.67%
10	Hoa Phat Trading Co., Ltd.	39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam	Raising cattle, horses, donkeys, mules, goats, sheep; mixed cultivation and husbandry; cultivating maize and other grains; Trading metals and metal ores	300	99.83%
11	Hoa Phat Urban Development and Construction JSC	39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam	Civil and industrial construction, development of real estate for sales and leasing, leasing houses and offices, investing in and building technical infrastructure.	300	99.67%

SUBSIDIARIES AND ASSOCIATES

No	Subsidiaries	Address	Principal business activities	Contributed charter capital (VND billion)	% of equity owned by HPG
12	Golden Gain Vietnam JSC	N03 Dong Nam Tran Duy Hung Urban Zone, Hoang Minh Giam Street, Trung Hoa Ward, Cau Giay District, Hanoi, Vietnam	Real estate trading.	433.1	99.99%
13	Nam Giang Mining One-Member Limited Liability Company	119 Tran Cao Van, Vinh Dien Town, Dien Ban District, Quang Nam Province, Vietnam	Exploiting iron ores, precious and rare metal ore, and nonferrous metal ore; producing iron, steel, cast iron, nonferrous metals and rare metals; trading metals and metal ores.	30	100%
14	Hoa Phat Mitraco Mineral Joint Stock Company ▲▲	No. 02, Vu Quang Street, Tran Phu Ward, Ha Tinh City, Ha Tinh Province, Vietnam	Exploiting and producing iron ores, bauxite, and precious and rare metals; trading metals and metal ores.	100	98.42%
15	Hoa Phat Animal Feed Trading and Production Company One Member Limited Liability Company ▲▲▲	Road A2, Pho Noi A Industrial Zone, Lac Hong Commune, Van Lam District, Hung Yen Province	Producing feed for livestock, poultry and aqua-products; wholesale of animal feed and feed materials for livestock, poultry and aqua-products; producing and preserving meat and meat products.	300	100%

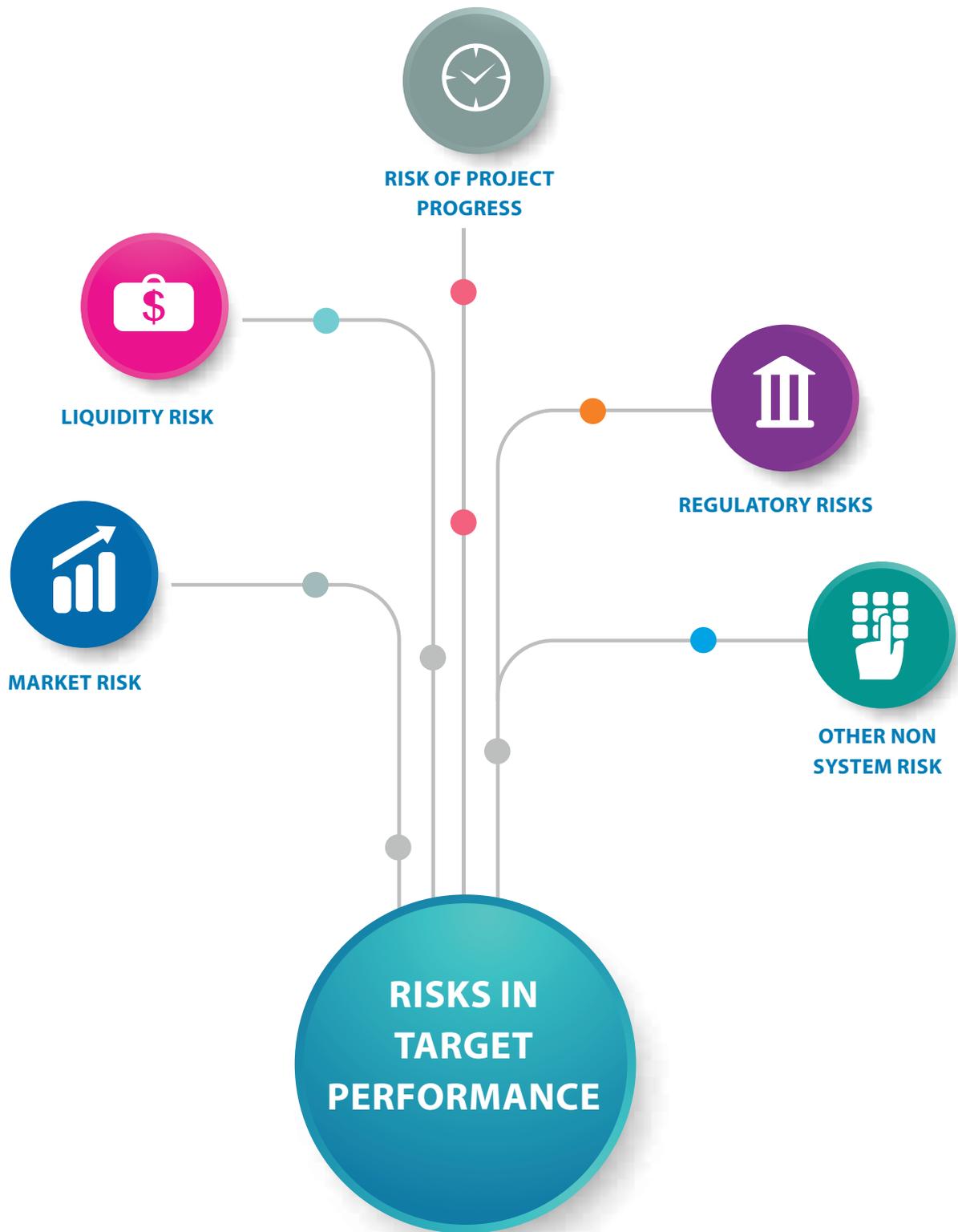
No	Subsidiaries	Address	Principal business activities	Contributed charter capital (VND billion)	% of equity owned by HPG
16	Hoa Phat Dong Nai Animal Feed One Member Limited Liability Company ▲▲	Lot F, Long Khanh Industrial Zone, Binh Loc Commune, Long Khanh Town, Dong Nai Province	Producing feed for livestock, poultry and aqua-products; wholesale of animal feed and feed materials for livestock, poultry and aqua-products; producing and preserving meat and meat products.	67.8	100%
17	Hoa Phat Quang Binh livestock Co., Ltd. ▲▲▲▲	Huu Nghi Ward, Viet Trung Farm Town, Bo Trach District, Quang Binh Province, Vietnam	Raising cattle.	0.02	72.72%
18	Hoa Phat Agriculture Development JSC ▲▲▲▲	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	Raising cattle and pigs; producing feed for livestock, poultry and aqua-products; wholesale of animal feed and feed materials for livestock, poultry and aqua-products; financial investments	78.5	99.999%

Associates

1	Hoa Phat - SSG Mining JSC	55B Phan Dinh Phung, Quyet Thang Ward, Kon Tum City, Kon Tum Province, Vietnam	Exploiting and collecting lignite; exploiting non-iron ores; providing supporting services for mining; and producing coke, lime and gypsum.	14.828	38%
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▲ This company was formerly known as Hoa Phat Mining JSC
 ▲▲ These companies were established in 2015.

▲▲▲ This is a tier-2 subsidiary which was transferred to the Parent Company during the year 2015.
 ▲▲▲▲ These companies were established in 2016



RISK MANAGEMENT

⊗ RISKS IN TARGET PERFORMANCE

Hoa Phat operates on a multi-disciplinary basis. This generates potential risks associated with the nature of each industry or sector and the economic conditions in each operating locality. The Group has identified key subjective and objective risks and implemented the following risk management measures:



📈 MARKET RISK



Price movement risk: Output prices of steel products are associated with the world market and are tending to fall. This would have a direct impact on profits, cash flows and the steel market share.

Risk mitigation measures: By strategically using modern technologies and consistently applying the value chain in all business activities, the Group has managed to keep costs

under control and at a minimum level. Consequently, margins of outputs are sufficient to maintain acceptable profits and comparative advantages for the Group in the context of the world's sharp reduction of product prices. In addition, the strategy of diversifying business activities enables the Group to use the profits of an unaffected product line to make up for the reduced profits of other affected product lines.



Currency risk: During the last year, there were dramatic movements in the exchange rates of Vietnamese Dong and other currencies, especially due to the Chinese devaluation of the CNY, which had an impact on many business production activities of the Group, especially those subsidiaries, that require payment in foreign currency with overseas partners for imports of machinery, equipment and raw materials, etc.

Risk mitigation measures: The Group's business activities include export and import; as a result, increases and decreases of exchange rates net off against each other, which helps to reduce their impacts on profits and cash flows. Proceeds from export of products can enable the Group to be proactive in imports that require foreign currency. In addition, the use of financial instruments and the planning of imports with well-prepared implementation and payment schedules enable the Group to minimize risks.



- Interest rate risk: The Group's business activities requires a large amount of capital to invest in its projects, especially those whose implementation progress needs to be accelerated. The majority of the capital is raised from banks at the market interest rate at different points of time. A large increase in the interest rate would lead to an increase in interest expenses and cause difficulties to the Group's business operations and production.

Risk mitigation measures: The Group has proactively set up an appropriate structure of equity and debt for each period of the economy and each business activity. Owing to its creditworthiness, Hoa Phat is always awarded good credit scores by banks and consequently, the Group is able to reach loan agreements at a reasonable cost. The funding costs of such agreements are typically low and pre - defined without any significant impact caused by movements of interest rates.



LIQUIDITY RISK:



With a portfolio of multiple investment projects in different sectors, including steel production, furniture, refrigeration, real estate and, most recently, agriculture, the Group is always in need of large financial resources for project investment and development

Risk mitigation measures: The Group uses retained earnings to reinvest and expand production, so this risk is small. The ratios like the debt/total assets, debt/equity, fast liquid ability are very good



RISK OF PROJECT PROGRESS:



Implementing agricultural projects involves performing legal procedures related to land, environment, site clearance, compensation, reclamation, cultivation, etc., which may affect the implementation progress of the projects.

Risk mitigation measures: With significant experience in project management and good relationships with relevant regulatory agencies, the Group has been proactive in implementing its project work plans. Besides, as multiple projects are carried out one by one on a rolling basis, the Group's business plans and capital cycles are not subject to dependence on single individual projects.



REGULATORY RISKS:



As a listed multi-disciplinary enterprise, the Group's business operations are regulated mainly by the Law on Enterprises and legal documents on securities, real estates, land, etc. The Law and subordinate documents are currently being revised and potential changes in laws and policies may affect the governance and business operation of the Group.

Risk mitigation measures: The Group has established a Legal Department, an Internal Supervisory Department and a Finance Department. These departments frequently obtain updates on laws and any legal impact on the Group's business operations, in order to provide timely advice to the Board of Management, the Board of Directors and member entities. Besides, the Legal Department is responsible for reviewing contract documents in daily transactions in order to mitigate any relevant legal risks.



OTHER NON-SYSTEM RISK:



With the specific nature of heavy industry production, especially for steel products, Hoa Phat has always given top priority to the role of technology in managing production with the aim of reducing costs and enhancing the competitiveness of the products. However, as most new technologies need to be imported from abroad, updating and/or replacing machinery and components is dependent on sourcing items from foreign countries which may lead to additional costs.

Risk mitigation measures: The Group thoroughly considers any associated factors before investing in new projects in order to minimize dependence on imported equipment and technology. It prioritizes the application of world-class advanced technologies to its activities as early as practicable. It also encourages research activities, in order to proactively improve and apply current technologies within the Group's operations.



**(II) REPORT OF
THE BOARD OF DIRECTORS**

MEMBERS BOARD OF DIRECTORS



LIST OF THE BOARD OF DIRECTORS MEMBERS:

No	Name	Position	Percentage of shares held as at 3 February 2016 (%)
1	Mr. Tran Tuan Duong	Vice-Chairman cum General Director	2.68
2	Mr. Nguyen Viet Thang	Deputy General Director	0.38
3	Ms. Nguyen Thi Thao Nguyen	Deputy General Director	0.019
4	Ms. Ly Thi Ngan	CFO cum Chief Accountant	0.004



MR. TRAN TUAN DUONG

*BOM Vice Chairman
General Director of Hoa Phat Group JSC*

**Bachelor of Economics – National Economics University;
Bachelor of Journalism - Hanoi General University.**

Joining date: 1992

Before he became the Deputy Chairman of Management Board cum CEO of Hoa Phat Group since January 2007, Mr. Tran Tuan Duong held management position in subsidiaries such as: Hoa Phat Equipment & Accessories, Hoa Phat Furniture and Hoa Phat Steel Pipe.



MR. NGUYEN VIET THANG

*BOM Member cum Deputy General Director of
Hoa Phat Group JSC*

Educational qualification: Bachelor of Civil Engineering

Joining date: 2003

Mr. Nguyen Viet Thang had several years in the management position as the Deputy Director of Hoa Phat Urban Development and Construction JSC before he was appointed as the Deputy General Director of Hoa Phat Group Joint Stock Company on 7th April 2012. In March, 2015, he has been assigned as director of Hoa Phat Feeds Trading and Production One Member Co., Ltd.



MS. NGUYEN THI THAO NGUYEN

Deputy General Director

Educational qualification: Bachelor of Economics – Hanoi University of Finance and Accounting

Joining date: 1998

Ms. Nguyen Thi Thao Nguyen was the Chief Accountant of Hoa Phat Steel Pipe Co., Ltd. and the Head of Supervisory and Legal Board of Hoa Phat Group Joint Stock Company before she was appointed as the Deputy General Director of Hoa Phat Group Joint Stock Company on 1st September 2010.



MS. LY THI NGAN

CFO & Chief Accountant

Educational qualification: Master of Economics

Joining date: August 2007

Ms. Ly Thi Ngan was appointed as CFO & Chief Accountant of Hoa Phat Group Joint Stock Company on 1 January 2011.

BUSINESS PERFORMANCE IN 2015



VND BILLION
27,864
REVENUE
EXCEEDING 24% OF
THE SET TARGET

VND BILLION
3,504
PROFIT
EXCEEDING 8% OF
THE YEAR PLAN

In 2015, the domestic economy saw an obvious recovery with an annual GDP growth rate of 6.68%, while inflation was thoroughly curbed, public confidence in the stabilization of the macroeconomy increased and purchasing power improved. For the steel production segment, the improvement in the real estate market, especially for medium-priced apartments and houses, the implementation of many new projects and the significant increase in real estate transactions enabled steel production and sales to grow by 37% as compared to 2014. The Group's policy of occupying and expanding the domestic market, especially in the Central region and Central Highland area, has been gradually reflected in its production and operating results.

By the end of 2015 the Group achieved revenue of VND27,864

billion and profit after tax of VND3,504 billion, exceeding the set targets by 24% and 8%, respectively, an increase of 8% as compared to last year. This impressive growth in revenue and profit after tax was mainly due to the expanded production capacity of the steel segment: Sales of construction steel reached approximately 1,380,000 tonnes, an increase of nearly 38% as compared to last year; 448,000 tonnes of steel pipes were sold, an increase of over 40% as compared to last year.

The core segment, steel production and trading, continued to increase sharply and accounted for 79.4% of the Group's revenue and 82.3% of its profit, contributing to the solid platform and internal force based on which the Hoa Phat Group will boost its growth in the future with its new segment, i.e. agriculture.

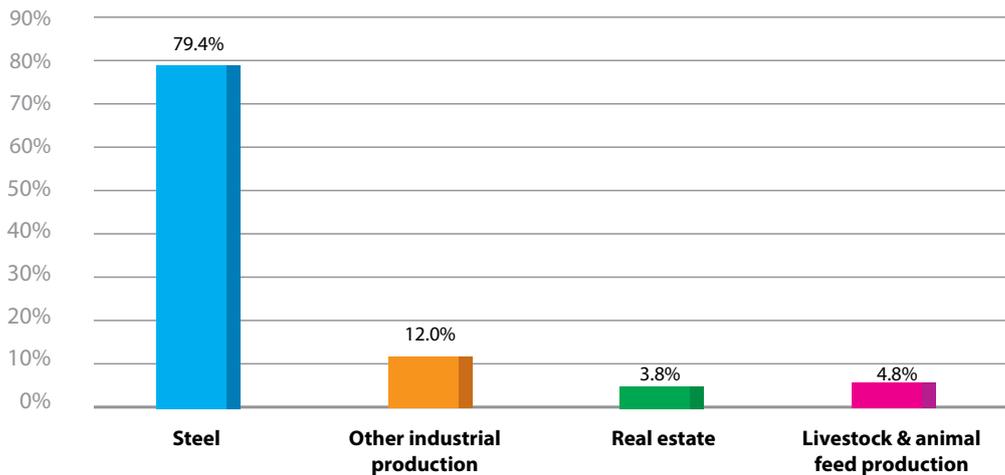


The other industrial product segments remained stable and achieved gradual growth in their market share through accessing previously untapped niche markets. Among the subsidiaries, Hoa Phat Furniture achieved the

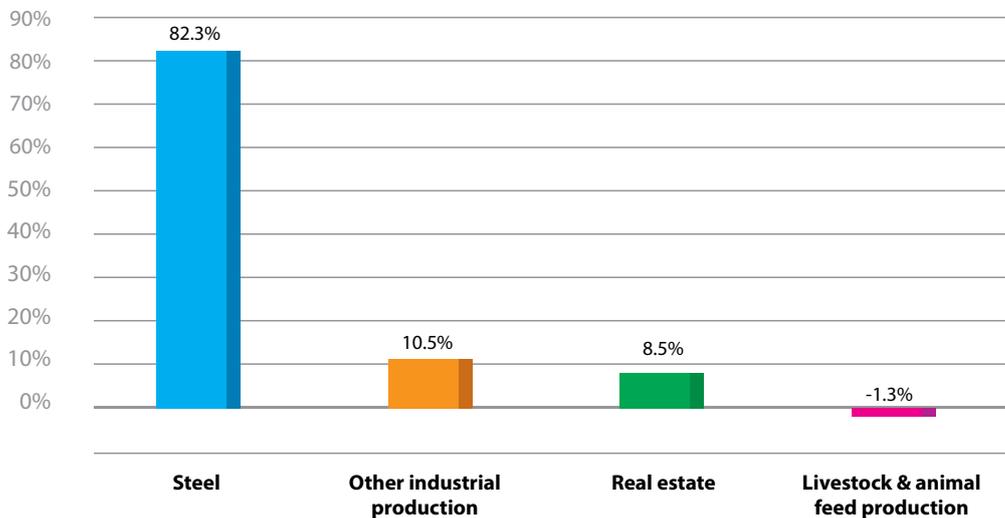
best growth rate, both in terms of market share and supply capacity. The real estate segment also witnessed a successful year in attracting enterprises to lease land in Industrial Parks developed by the Hoa Phat Group.

Criteria	2013 (VND bn)	2014 (VND bn)	2014 plan (VND bn)	% growth rate	% achieved compared to plan
Total revenue	25.852	27.864	22.500	8%	124%
Profit after tax	3.250	3.504	3.250	8%	108%

REVENUE BY SEGMENT 2015



PROFIT BY SEGMENT 2015



FINANCIAL POSITION

SOME KEY FINANCIAL INDICATORS

No	Indicator	Unit	2013	2014	2015	% Increase decrease (2015/2014)
1	Total assets	VND billion	23,076	22,089	25,506	15.5%
2	Revenue	VND billion	19,200	25,852	27,864	7.8%
3	Net revenue	VND billion	18,934	25,525	27,453	7.6%
4	Profit from operating activities	VND billion	2,362	3,810	4,091	7.4%
5	Profit before tax	VND billion	2,394	3,770	3,990	5.8%
6	Profit after tax	VND billion	2,010	3,250	3,504	7.8%
7	Dividend payment rate	%	30%	30%	30%	0%

Note: Dividend payment rate for 2015 is based on the budget

KEY FINANCIAL RATIOS

No	Ratios	Unit	2013	2014	2015
I	Liquidity ratios				
1	Current ratio	Times	1.11	1.29	1.19
2	Quick ratio	Times	0.37	0.47	0.47
II	Capital structure ratios				
1	Liabilities/Total assets	Times	0.58	0.46	0.43
2	Liabilities/Owners' Equity	Times	1.42	0.86	0.76
III	Operation capacity ratios				
1	Inventory turnover	Times	1.95	2.75	3.15
2	Total assets turnover	Times	0.82	1.16	1.08
IV	Profitability ratios				
1	Profit after tax/Net revenue	%	10.62	12.73	12.76
2	Profit after tax/ Owners' Equity	%	21.16	27.55	24.22
3	Profit after tax/Total assets	%	8.71	14.71	13.74
4	Profit from operating activities/Net revenue	%	13.81	16.51	14.90

LIABILITIES

Total liabilities of the Group as of 31 December 2015 were VND11,040 billion, an increase of VND916 billion, equivalent to 9%, compared to the beginning of the year

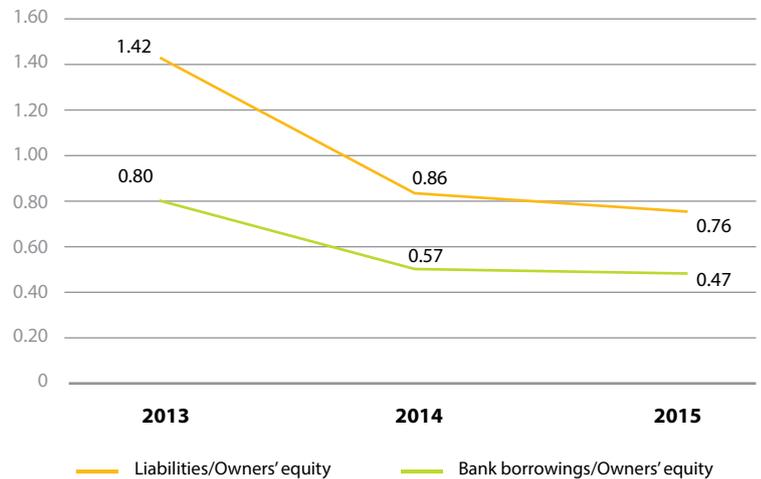
The ratio of liabilities to owners' equity decreased from 0.86 to only 0.76 by the end of 2015.

With regards to bank borrowings, short-term and long-term borrowings of the Group were VND6,117 billion and VND739 billion, respectively; total bank borrowings thus amounted to VND6,856 billion. As a result, the ratio of the Group's bank borrowings to owners' equity was 0.47. This ratio is considered to be a safe indicator for a typical heavy industrial production group.

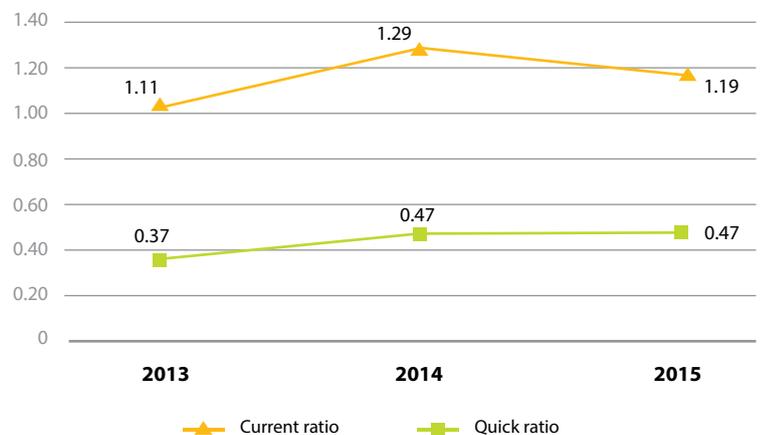
1.19
TIMES
CURRENT RATIO

The Group's quick liquidity ratio and current liquidity ratio at the end of 2015 were 0.47 and 1.19, respectively. This shows that the Group is in good financial health.

DEBT RATIOS



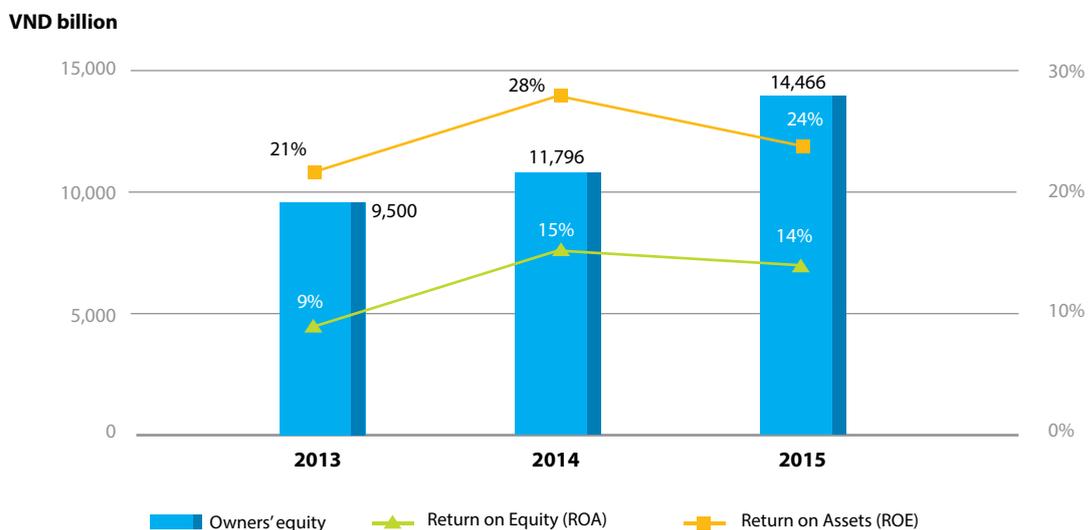
LIQUIDITY RATIOS



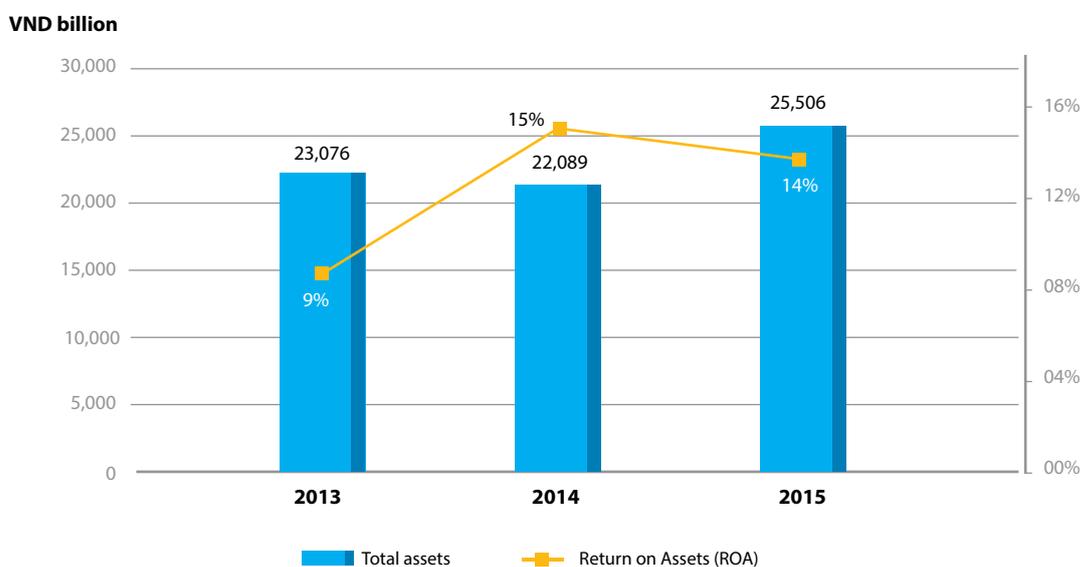
The owners' equity of the Group as at 31 December 2015 was VND14,466 billion, showing significant growth from VND11,965 billion at the beginning of the year, because the Group make dividend payment in shares and to issue shares to increase its charter capital in the year. In 2015, the Group continued to invest in major projects, therefore, the value of assets increased rapidly while

those projects have not been put in operation and get revenue, making the Return on Assets (ROA) and Return on Equity (ROE) ratios decreased slightly but remained stable at 14% and 24%, respectively. In the long term, when the projects goes into operation, the above ratios will be improved better due to the investment revenue from these project brings.

OWNER'S EQUITY, ROA AND ROE OVER THE YEARS



TOTAL ASSETS AND ROA OVER THE YEARS



IMPROVEMENT OF MANAGEMENT AND ORGANIZATION STRUCTURE



With sustainable development targets, the Hoa Phat Group always focuses on the improvement of its organization structure and management policies that are suited to its general development.

The Hoa Phat Group takes pride in its contingent of highly qualified, skilled and experienced personnel and in a production process that is continuously monitored, evaluated and improved. To ensure the motivation of its staff and the prompt response to changes and developments, the Hoa Phat Group continuously improves and modernizes its systems of human resources to ensure the rights of its employees and to attract human resources.

Segregation of duties has gradually been put into practice, with employees being assigned to tasks that are suited to their skills and experience, bringing into full play the capacity of each member of staff. Advanced management softwares have been applied; the capacity of employees is evaluated based on their actual performance rather than relying on subjective feelings, ensuring fairness in working and remuneration payments.

Priority is given to the development of the successors to senior management through internal transfers of employees, creating favorable conditions for their acquisition and practice of soft skills to add value to their work. At the same time, the successor team is always equipped with comprehensive knowledge, ensuring the sustainable development of human resources of Hoa Phat Group

PRODUCTION AND BUSINESS PLAN FOR 2016



28,000

VND BILLION
REVENUE

3,200

VND BILLION
PROFIT AFTER TAX



Considering Vietnam's forecast macroeconomy in 2016, which contains a mixture of advantages and disadvantages due to many challenges from macro changes both in Vietnam and around the world, the Hoa Phat Group's management has set the following targets for 2016:

Revenue: VND28,000 billion

Profit after tax: VND3,200 billion

Steel production and business will still be a core segment of the Group during the coming years. The Hoa Phat Group aims to exercise prudence and flexibility in its management policies, to give priority to investment in technological reform, cost control and savings and incessant enhancement of product quality, to be proactive in all business areas, to promote the sales of goods, to reduce inventories, to carefully review medium- and long-term investment plans, and to maintain healthy capital flows.

2016 is expected to be another difficult year for the steel sector as cheap imported goods, especially from China, are likely to continue to flood Vietnam's market. Nevertheless, the Hoa Phat Group has set an output target of 1.6 million tonnes of steel, an increase of 16% compared to 2015. Besides the promotion of sales in the domestic market, especially in the Central and Southern regions, the Group will further develop the export of

goods to Southeast Asia. For steel pipe products, Hoa Phat's growth target is to increase sales by 30% compared to 2015. The revenue growth target for the other industrial segments is from 10 to 20%, requiring the Group to expand production and development of new products to meet the increasingly high demands of consumers.

For the real estate segment, Hoa Phat aims to reach the highest occupancy rate in those industrial zones where additional investments were made in technical infrastructure during 2015, i.e. Pho Noi A Industrial Zone and Hoa Mac Industrial Zone. In addition, Hoa Phat will speed up the progress of the Apartment/Office/Commercial Complex project, namely Mandarin Garden 2, at No. 493 Truong Dinh, Hoang Mai District, Hanoi. The Group has planned to commence the sale of apartments from this project in March 2016 and hand over the completed apartments to buyers in 2018.

Together with the real estate segment, the animal food production and the livestock segments will make minor contributions to the Group's revenue and profit in 2016, because most of the projects in these segments are either in their pre-operation stage or were just put into commercial operation during 2015.



(III) PERFORMANCE

SUBSIDIARIES' PERFORMANCE

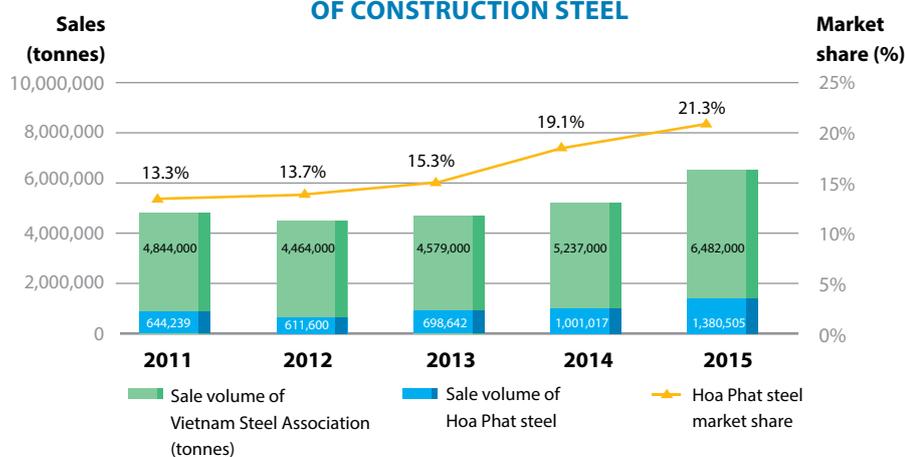
STEEL PRODUCTION SEGMENT

The steel production and trading segment and other related segments continued to be the core business activities boosting growth for the Hoa Phat Group. In the last year, these segments contributed 79.4% and 82.3% to the total revenue and profit after tax of the Group, respectively.



HOA PHAT STEEL CONTINUED TO BE THE MARKET LEADER WITH MARKET SHARE OF 21.3%

SALE VOLUME AND CONSUMPTION MARKET SHARE OF CONSTRUCTION STEEL



Hoa Phat Steel exceeded 2015 targets

Despite facing increasingly vigorous competition from inexpensive steel imported from China, Hoa Phat Steel saw significant growth. Hoa Phat's construction steel sales reached 1,380,000 tonnes in 2015, 15% more than the annual target and an increase of 38% compared to 2014. Hoa Phat Steel continued to be the market leader with a market share of 21.3%.

OUTPUTS AND MARKET SHARES OF 5 MARKET LEADING STEEL MANUFACTURERS

No	Manufacturers	Current designed capacity (thousand tonnes)	2014			2015		
			Production capacity (thousand tonnes)	Consumption (thousand tonnes)	Market share (%)	Production capacity (thousand tonnes)	Consumption (thousand tonnes)	Market share (%)
1	Hoa Phat	1,300	1,008	1,001	19.1%	1,390	1,381	21.3%
2	Pomina	1,100	791	793	15.1%	809	817	12.6%
3	Vinakyoei	950	421	441	8.4%	603	552	8.5%
4	Tisco	650	479	477	9.1%	720*	670	10.3%
5	VNS	450	381	395	7.5%	440	437	6.7%

Source: VSA

* Tisco steel production out put 2015: including steel output in coordinated to Thai Trung steel company.



TONNES
1,380,000
SALE VOLUME OF HOA PHAT
STEEL IN 2015

Strong growth resulting from enhanced marketing

Apart from the gradual recovery of the real estate market; however, these achievements also resulted from the increasingly professional marketing and sales activities, the active expansion of contribution channels in all parts of the country and the alignment of outputs with market demands. Moreover, investments in additional warehouses in the South enabled quicker and more convenient delivery of products.

Thanks to the comparative advantage of the high grades and diversity of its products, which are able to meet the most demanding requirements of construction,

Hoa Phat Steel succeeded in supplying materials to big projects. Many investment owners of large-scale projects across the country decided to use Hoa Phat steel for their construction; these include Thai Binh Thermo-Electricity Plant 1, Cao Lanh Bridge (Dong Thap Province), Vam Cong Bridge, Sa La Urban Area (Ho Chi Minh City), Times City Park Hill Urban Area, Long Thanh – Dau Giay Expressway, and Hanoi – Hai Phong Expressway, etc.

With regards to international markets, Hoa Phat Steel continued to export to Laos, Cambodia, etc., while it was seeking other markets in Southeast Asia. Hoa Phat Steel exported approximately 3,000 tonnes of steel a month making an annual figure of 35,000 tonnes.



Hoa Phat Integrated Steel Complex exceeded the milestone of 1 million tonnes for the first time

For the first time, Hoa Phat Integrated Steel Complex (“the Complex”) in Hai Duong Province reached an output of more than 1.1 million tonnes of steel billets, one million tonnes of which were rolled into finished construction steel products to satisfy the domestic and international market demands. This result was not easily achieved: the Complex was concurrently operating to meet its set annual production targets and maintaining construction of stage 3 of the Complex.

Due to an increase of nearly 20% in production capacity resulting from the investment and upgrading of blast furnaces under stage 1, in late 2014, the Complex contributed to the excellent output for 2015 of Hoa Phat Steel Joint Stock Company. Measures to save costs, manage production materials and align production with the overall sales plan of the Group, etc. were efficiently implemented and closely monitored.

Moreover, in 2015 Hoa Phat also completed construction of some key items within stage 3 of the Complex project. The steel making factory was completed 5 months ahead of schedule, which represents a new record in construction progress and a great contribution to meeting the aforesaid output target. The cast iron factory successfully put out the first batch of cast iron on 18 January 2016 and rolled steel production line No. 3 of the Complex is about to be completed. In the first quarter of 2016, stage 3 of the project was fully completed, thus raising the production capacity of Hoa Phat to 2 million tonnes per year. At the steel billet factory in Hung Yen, Hoa Phat Steel One-Member Limited Liability Company operated mainly by using medium-frequency furnaces. The total steel billet output increased by 14.8% as compared to 2014, while the percentage of steel billet production accounted for by the medium-frequency furnace technology increased from 39% to 77.36%. The increase of steel billet output of medium-frequency furnaces was intended to reduce cost and enhance competitiveness.

2016 is expected to be the next challenging year for the steel industry when there is a risk of large quantities of inexpensive products being imported to Vietnam, especially from China. Nevertheless, Hoa Phat Steel has set a target of 1.6 million tonnes in output, an increase of 16% as compared to 2015.

1.1

MILLION TONNES OF BILLET

**FOR THE FIRST TIMES
THAT THE INTEGRATED STEEL
COMPLEX REACHED**



**ELECTRICITY OUTPUT
EXCEEDED 2015 TARGETS BY**

34%

HOA PHAT ENERGY



Hoa Phat Energy Joint Stock Company's indicators, including revenues and sales of coke coal and commodity electricity, rose as compared to the previous year and exceeded the 2015 targets. In particular, coke coal sales reached 632,000 tonnes, an increase of 23% over the previous year, and electricity output from waste heat recovery amounted to 240 million kWh, an increase of 43% compared to the previous year, and 34% more than the target, contributing to stable production for the whole factory and the Integrated Steel Complex.

During the year, the Company continued to use some types of material coal on a trial basis and with significant results, used several new types of coal, and completely replaced domestically produced anthracite coal with reasonably priced imported PCI coal; special attention was exerted to optimizing mixed coal utilization to obtain the most gas and electricity; this was successfully implemented and enabled a noticeable increase in business production efficiency. At the same time, the Company also completed the construction and installation of equipment for two wharfs and the conveyor belt system to carry coal to material warehouses and store yards, which enabled a higher capacity of importing coal

through sea ports and lower cost of transportation.

During 2015, the Company conducted research and applied 12 technological reform initiatives to the production process, which enabled high productivity, non-dependence on imported equipment and spare parts and led to a saving of more than 10 billion VND in production costs. Typical examples include the electric railway system for coke loading and stamping wagons, manufacturing of sieving machines, improvement of the installation method for shaft insulators and the collection and reuse of water used for cooling engines, etc.

In parallel with raising productivity, the Company implemented Phase 3 of the Thermo-Electricity Plant with a designed capacity of 15 MW, thus increasing the designed capacity of the Plant to 52 MW. This project has an estimated total investment of 272 billion VND and is expected to be put into operation in April 2016. With the completion of Phase 3 of the Thermo-Electricity Plant, the Company expects to achieve an electricity output of 350 million kWh in 2016, an increase of 43% as compared to that of 2015.

IRON ORE MINING AND PROCESSING

Given the sharp drop in the world iron ore price and challenging conditions for domestic ore exploitation, Hoa Phat restructured its management network with An Thong Mining Investment Joint Stock Company acting as a focal point and also reduced exploitation at those mines located in the Northern provinces and put them aside as reserves to wait for a recovery in ore prices. To make up for this, the Group imported fine iron ore from different sources inside and outside the country to stabilize material supply for production in Hoa Phat Integrated Steel Complex in Hai Duong Province.

During the year, the Company exerted efforts in renovating production lines, raising the product quality and streamlining the work force, etc. Consequently, the production cost of fine iron ore was reduced by approximately 200,000 VND per tonne as compared to 2014. For the fine iron ore production plan for 2016, the Company plans to keep the stable operation to supply input materials for steel blast furnaces.





INCREASE OF MORE THAN

40%
COMPARED 2014

STEEL PIPE

Hoa Phat Steel Pipe output and revenue rose impressively

In 2015, Hoa Phat Steel Pipe Co., Ltd. saw an increase of more than 40% in sales as compared to 2014. The Company's revenues were also impressive, standing at more than 7,000 billion VND, an increase of nearly 20% compared to the prior year. Due to dramatic growth in all products, the Company's market share reached 23%. The most popular products include galvanized steel pipes, black welded steel pipes, galvanized sheet metal, hot rolled sheets, cold rolled sheets, steel sheets, and steel structures.

Due to investment of hundreds of billions of VND in extending production in factories in Hung Yen, Da Nang and Binh Duong provinces and the purchase of the steel pipe factory in Long An, in combination with its existing and appropriate sale policies and satisfactory customer care, Hoa Phat Steel Pipe Co., Ltd. achieved a brilliant success, exceeding its targets and achieving dramatic increases in production outputs and sales. Hoa Phat Da Nang Steel Pipe Co., Ltd completed Phase 1 of its steel pipe factory in the Central region, which helped to double its production capacity.

Based on its realistic forecast of demand in the Central market and the Central Highland market, Hoa Phat Da Nang Steel Pipe Co., Ltd. invested in extending production in its factory in Hoa Khanh Industrial Zone. During the year,

this factory produced more than 60,000 tonnes of different steel pipe products which were well absorbed by the market. This is also seen as the initial success of the company. In the future, Hoa Phat Da Nang steel pipes will penetrate the international market and will be exported to Central and Southern Laos.

In 2016, the Board of Directors and staff of the company will strive to meet their production and sale targets, with an expected growth rate of 30% as compared to 2015, as an achievement to celebrate the 20th anniversary of the Company. In order to meet these targets, Hoa Phat Steel Pipe will implement certain measures including the completion of phase 2 of its steel pipe factory project in Da Nang, renovation and upgrading of equipment and production lines in its factories located in three regions of the country, stabilization of the supply of input materials for its factories, retention of its work force, continual training of employees on working skills, establishment of a linkage between employees' salaries and business performance, and stricter compliance with regulations at work, etc.



OTHER TRADITIONAL SEGMENTS

The revenue of other traditional segments accounted for 12% of the Group's total revenue.

The business and production activities of member entities within other traditional industrial product segments including furniture, refrigeration, construction equipment and mining machines remained stable with gradually widened market shares in untouched market niches. Among these companies, Hoa Phat Furniture saw the best growth in terms of market shares and supply capacity.



HOA PHAT EQUIPMENT AND ACCESSORIES

investments in factory restructuring

In 2015, Hoa Phat Equipments and Accessories Co., Ltd. maintained stable business production in all three regions of the country and, at the same time, initiated the supply of equipment and provision of technical support to multiple projects in the construction steel, steel pipe, animal feed and livestock segments of the Hoa Phat Group.

Regarding the provision of construction equipment and relevant technical support to the Group's new projects, the Company completed its installation of a conveyor belt system to carry coal from the river port to the warehouse of Hoa Phat Energy Joint Stock Company and conducted research on a new livestock cage model for massive production to serve the animal feed and livestock segment of the Group.

Other traditional products of the Company, including stone sieving and crushing stations, sand sieving and crushing stations, tower cranes, cage lifts and exclusively

distributed Mikasa products and OMI air compressors, etc., were well absorbed by the market. Many big projects of Xuan Thanh Group, Xuan Truong Group, Coteccons and other reputable contractors in the real estate, road and bridge and hydropower sectors decided to use products of Hoa Phat Equipments and Accessories Co., Ltd.

Another highlight of the Company was export: for the first time, film-faced plywood concrete formwork, used for formwork and scaffolds, was exported to a new market – South Korea. Although this was not a large purchase order, it represents a new prospect for the Company's product in a demanding market.

In the near future, Hoa Phat Equipment and Accessories will complete some investment projects to upgrade and re-organize its workshops in Hung Yen Province, such as upgrading of the electrostatic power coating line in order to better satisfy the development requirements of 2016 and will actively support the Group's projects in the animal feed and livestock segment.



HOA PHAT FURNITURE

2015 marked the 20th anniversary of the foundation and development of Hoa Phat and saw a strong growth and a profound change in the Company. Despite the context of a reduction in public investment in Vietnam, Hoa Phat Furniture Joint Stock Company was able to maintain a growth rate of more than 10%. Thanks to its preparedness at the start of the year, the Company successfully applied its market development strategy by launching all its core and diverse products to cover the market and obtain market share.

The Company focused on developing markets in an intensive and extensive manner with its strategy for full market coverage using all of its products. Hoa Phat Furniture assisted its dealers to access and penetrate untouched market niches. In addition, the Company and its branches successfully achieved their revenue and market share targets. It was notable that the Central branch achieved a growth rate of more than 15% as compared to 2014 and exceeded its assigned 2015 sale target to affirm its leading position in Central Vietnam.

Hoa Phat Furniture continued to retain its position as a backbone furniture producer, playing a core role in directing and orienting the market. The Company invested in the construction and extension of its factories in Northern and Southern Vietnam to enhance supply capacity and better serve customers and the market. In the Northern region,



Hoa Phat Furniture completed new investment projects on an iron cabinet and safe factory and a galvanized pipe furniture factory. In the Southern region, the Company invested in extending its rotary chair factory and its mechanical factory in Binh Duong Province and extending its industrial and polyurethane painted wood factory in Cat Lai Industrial Zone to multiply the volume of outputs significantly, aimed at meeting the increasing demand of the Southern market.

To meet the goal of affirming its leading position in the domestic and regional markets, Hoa Phat Furniture clearly determined its strategy and target of inclusive development to become the biggest furniture producer in Southeast Asia and to continue to play its core and leading role in directing and orienting the market, satisfying customers and meeting market demand to the highest possible extent.

The Company conducted on-the-job training sessions for sales staff on products, sales skills and markets. For the factory workforce, the Company regularly conducted training courses to improve work and management skills, to ensure proper production

and machine operation. The Company pioneered the application of information technology in production, such as the use of sales software and other specialized production software to enable efficient management and rapid delivery of goods to customers.

2016 is expected to be a more challenging year but Hoa Phat Furniture is confident in its plans and annual targets and will comprehensively develop its brand names and products and give top priority to market share to meet its business targets. The Company will ceaselessly develop new products with diversified categories and models to satisfy the increasing demands of customers and will apply information technology more extensively to increase the efficiency of its business production. The Company will continue to enhance its governance capacity to prepare for and meet the necessary conditions on joining the Trans-Pacific Partnership Agreement (TPP). The Company will also meet its corporate responsibility for sharing with the community by introducing social security policies and ensuring employees' benefits and sustainable development.

OIRENTAL PRODUCER FOR VIET NAM FURNITURE MARKET

HOA PHAT REFRIGERATION



INCREASE
17.5%
REVENUE

Profits tripled compared with 2014

By the end of 2015, Hoa Phat Refrigeration Engineering Co., Ltd. achieved a relatively high growth rate compared with the prior year. Revenues reached nearly VND600 billion, an increase of 17.5% as compared to 2014.

Output and sales of all product lines of Hoa Phat Refrigeration, including freezers, refrigerators and Funiki air conditioners, significantly increased by 17% – 24% as compared with 2014. Company leaders said that these increases resulted from a variety of factors, including investment in extending production in all its factories, especially the freezer production project with a total investment of nearly VND300 billion; ceaseless enhancement of its product supply capacity and more attention being paid to its market and after-sales service activities.

It is notable that sales for May 2015 of Hoa Phat Refrigeration Engineering Co., Ltd. reached a record of VND107 billion. The greatest success of the Company was that the Funiki brand name improved its competitive position

in the market. Funiki products associated with the motto “Vietnamese goods for the Vietnamese” have generated trust and pride among the Vietnamese, who follow the motto “The Vietnamese use Vietnamese goods”.

In 2016, entering the 15th year of its development, the Company will further enhance its marketing activities and promote the brand names of all product lines across the country; ceaselessly renew models and raise the product and service quality to satisfy consumers; prepare sufficient supplies of goods to meet market demand to the maximum extent, especially in peak seasons; and enhance the promotion, marketing and sales of Hoa Phat freezers.

This is also the first product line to be promoted under a shift from Fukini to the Hoa Phat brand name, starting from March 2015. The new product line of freezers bearing the Hoa Phat brand name was produced using the most advanced technology currently available in the industry. All equipment and machines were imported from reputable suppliers in order to provide the best quality products for consumers.





HOA PHAT TRADING



Changing vigorously

During the year revenue of, Hoa Phat Trading Co., Ltd. achieved, mainly from trading of construction steel and steel pipes of the Group and other products such as steel sheets, steel shapes, etc. The Company sales of Hoa Phat construction steel alone reached nearly 74,000 tonnes.

As a focal point for exporting steel products, Hoa Phat Trading continued to tap more markets, especially in Laos and Australia. By adopting a variety of marketing measures, the Company accelerated its exports of construction steel to these countries in a more extensive and professional

manner. A great number of projects of Japanese and Korean investors implemented in Laos, including buildings, hydropower, thermopower and roads and bridges, chose to use Hoa Phat steel.

From Quarter IV of 2015, following the overall orientation of the Group, Hoa Phat Trading Co., Ltd. shifted from its traditional steel business to the livestock sector and conducted surveys and research to initiate some projects on raising cows in Northern provinces. This will also be a core activity of Hoa Phat Trading in the forthcoming years.



REAL ESTATE SEGMENT

Hoa Phat's real estate business comprises industrial zone infrastructure, housing real estate and urban residential areas. In the last year, this business activity made a moderate contribution to the total revenue and profit of the Group, with percentages of 3.8% and 8.5%, respectively, mainly from leasing infrastructure and factories in industrial zones, trading of apartments, and leasing of commercial and office space in building projects.



218,000 m²

LEASED AREA AT PHO NOI A INDUSTRIAL ZONE

Strong investment in industrial zone infrastructure

In 2015, the industrial zone infrastructure leasing activity saw a positive growth when many big enterprises decided to base themselves in industrial zones invested in by Hoa Phat. Pho Noi A Industrial Zone attracted more domestic and foreign enterprises with an additional leased area of nearly 218,000 m², while Hoa Mac Industrial Zone (Ha Nam Province) welcomed many of South Korean companies that came to rent land for their factories with an additional area of up to 231,000 m².

Given the increasing demand for leasing land in industrial zones in order to extend production, Hoa Phat Urban Development and Construction Joint Stock Company implemented a number of simultaneous measures to expand and improve utility services of its current industrial zones and invest in new industrial zones in Hung Yen Province.

For the extended phase of Pho Noi A Industrial Zone, in 2015, the Company completed compensation for site clearance of 73 ha and implemented the construction of infrastructure to

follow the site clearance progress. It initiated construction of phase 1 of the factory leasing area with a land area of 3.1 ha, including 6 factory modules with an area of 2,500 m² or 4,000 m² each, comprising two-storey offices. The Company planned to hand over 2 factory modules with an area of 2,500m² each to the first customer early in the first quarter of 2016. Also in 2016, Hoa Phat will make investments and implement construction of infrastructure in 70 ha of land to attract investors and initiate the trial operation of phase 2 of the central waste water treatment plant for the industrial zone with a capacity of 3,000 m³ per day, raising the total capacity to 6,000 m³ per day.

It was notable that, during the year, the Company was granted the Investment Certificate for Yen My II Industrial Zone infrastructure construction and operation, with an area of 300 ha according to its master planning, including 97.6 ha for the first phase of construction. At present, this industrial zone is focused on land compensation for site clearance for the whole area of the first phase and on the construction of infrastructure to welcome investors in Quarter IV of 2016.



ESTIMATED PUT INTO OPERATION IN 2018

Mandarin Garden 2 to be completed in Quarter IV of 2017

In the housing real estate segment, Hoa Phat will only initiate those projects that have existing land use rights or high liquidity and will avoid widespread investments. Identifying signs of gradual recovery of the market, Hoa Phat has initiated its commercial, cultural and sports services and apartment and office complex project at No. 493 Truong Dinh Street, Hoang Mai District, Hanoi. This project is named Mandarin Garden 2 and is intended to meet high quality standards and provide a comfortable life and safety for residents of the complex.

Mandarin Garden 2, located on an area of nearly 13,000m², comprises 640 apartments with four 17-30-

storey building blocks. The total investment capital of the project is estimated to be VND1,500 billion, mainly financed from owners' equity. Given its current progress, it is expected that foundation work will be completed in Quarter I of 2016, that construction will be completed in Quarter IV of 2017 and that the complex will be put into operation in 2018.

In reality, Hoa Phat has always met its project implementation schedules and quality standards. This has been best proved by the Mandarin Garden Complex which was officially put into operation in 2014 and is seen as a good value-for-money high class apartment area in Western Hanoi. Mandarin Garden is the residence for more than 4,000 citizens of the capital city.

ANIMAL FEED PRODUCTION AND LIVESTOCK

This is a new segment with even higher competition than the steel segment; however, with its prudence, financial capacity and experience in the governance of large-scale production, Hoa Phat is confident of setting a market share target of 10% in the animal feed sector and a goal of being listed as a top-5 producer in Vietnam within the next 10 years.



In March 2015, Hoa Phat officially started investment in the agricultural sector by establishing Hoa Phat Animal Feed Trading and Production Company One Member Co., Ltd. and many member entities have been established and begun operating in animal feed and livestock raising since then. Hoa Phat Trading Co., Ltd., which previously specialized in trading steel products, was restructured and shifted to research and implementation of high-tech cow raising projects in late 2015. Hoa Phat Mining JSC, which previously specialized in exploiting and processing iron ore, was also restructured to undertake biosafe pig raising projects.

With a strategy of systematic and professional capital management and investment, the Group established Hoa Phat Agriculture Development JSC, with a charter capital of VND2,500 billion. This is a holding company that governs and manages business and investment projects of member entities in the agricultural segment. In the immediate future, Hoa Phat will focus on animal feed production and trading and livestock raising. In the long term, Hoa Phat will consider formulating a value chain in the agricultural sector from production to food distribution.

For the animal feed product line, Hoa Phat is accelerating the progress of its first production factories in Hung Yen and Dong Nai provinces. The first factory, in Hung Yen, is expected to be put into operation early in Quarter II of 2016; the second animal feed factory, in Dong Nai, is expected to be completed in Quarter IV of 2016. After completion, the maximum capacity of both factories may reach a total of 600,000 tonnes per year. As planned, these factories will start trial operation of production lines to test their capacity and align their

output with market demand in the Northern provinces in the immediate future. In 2017, Hoa Phat has further plans to construct its third animal feed factory to reach an animal feed target of 1 million tonnes.

For the livestock raising segment, Hoa Phat is currently considering implementing large-scale pig and cow raising projects in many provinces across the country, such as Lang Son, Bac Giang, Yen Bai, Hoa Binh, Quang Binh, Phu Tho, Hung Yen, Thai Binh, Dong Nai and Dak Lak. For the period from now to 2020, Hoa Phat has set a target of 1 million finishing pigs produced using clean and environment-friendly biosafe technology.



EMPLOYEE POLICIES



At Hoa Phat, human resources are always seen as invaluable assets and foundations for the sustainable development of the Group. Accordingly, one of the top priority goals of the Hoa Phat Group is to foster, retain and develop a work force with sufficient quantities and qualities to successfully fulfil its set plans.

Human resource training and development

Hoa Phat has ceaselessly developed training programs to raise the quality of its work force. Special attention has been accorded to specific in-depth professional training for each function and department, the application of technologies in professional practice, and training on software skills in leadership, organization and management to future successors to senior management of the Group.

Re-training at Hoa Phat is typically conducted in association with domestic and international academies, schools and specialists that are experienced in disciplines related to the Company's business activities. Training content is frequently updated in order to be highly applicable in practical situations and focuses on the application of

knowledge, experiences and best practices in management. For the production work force in the factories, Hoa Phat particularly focuses on training in work skills and management skills to ensure proper production and in labour safety, hygiene, firefighting and fire prevention to ensure a safe working environment. This will help promote employees' capacity to meet the requirements of rapid delivery to customers. To support this, recruitment policies are implemented on a centralized and integrated basis, demonstrating openness and transparency, by posting vacancies in the media; this ensures that the quality of selected candidates is appropriate to the specific jobs and locations.

Employee benefits

In parallel with human resource training and development, Hoa Phat



maintains a friendly and efficient working environment in combination with a sound and attractive benefit regime. At Hoa Phat, a unique pay scale is consistently applied throughout the Group, which ensures that employees can be offered compensation which rewards their capacity and is competitive in the labour market.

A policy of productivity-based salaries and profit-based bonuses is flexibly applied to support business and production development with the aim of motivating staff and workers to successfully fulfil their duties. The benefit system comprises allowances for job responsibilities, allowances for harmful labour conditions (in cash or in kind), night shift allowances and mobile call fee allowances, etc. which are added to the monthly compensation, ensuring employees' benefits and making them loyal to the organization. Hoa Phat's reward system comprises a 13th month salary, an ABC ratings

bonus, a bonus for technical improvement and productivity initiatives, and a bonus for individuals achieving excellent performance, etc. This incentive policy is applied on a fair and rewarding basis for all employees with the aim of promptly recognizing and incentivizing individuals who devote themselves to the growth of the Group.

In addition, other perks are offered, including holiday tours, periodic health checks, visits and gifts to employees and families facing difficult circumstances, and gifts to female employees on the occasion of International Women's Day, 8 March.

Insurance schemes

Participation in social insurance, health insurance and unemployment insurance schemes for employees is ensured at the Hoa Phat Group. On an annual basis, the Hoa Phat Group adjusts insurance levels for employees

in accordance with the minimum basic salary increase of the Government.

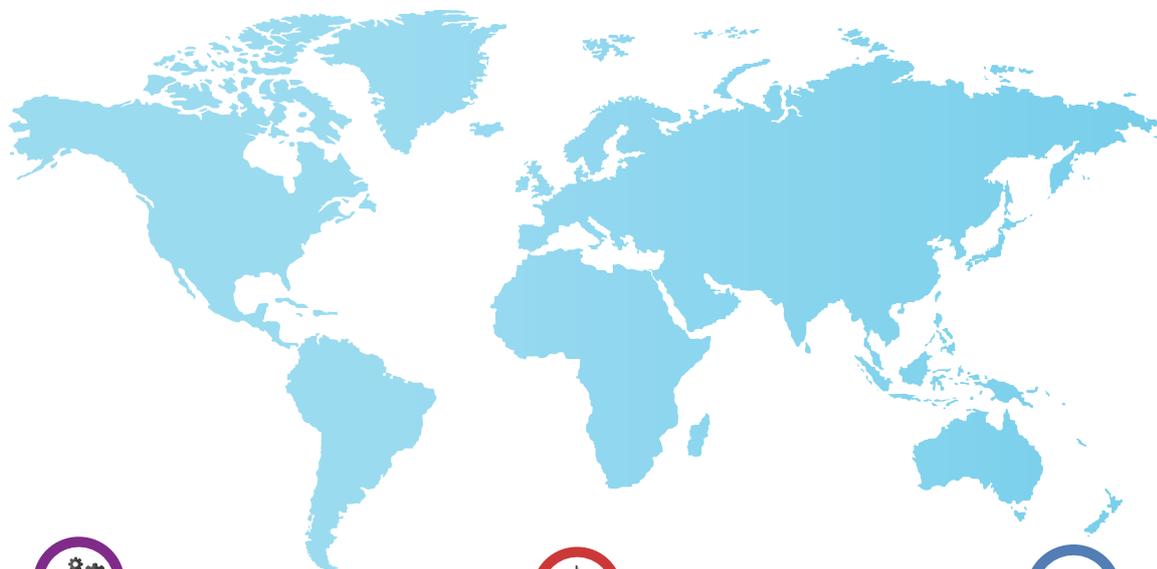
Social activities and culture

In addition, social and cultural activities that emphasize staff engagement are held on a regular basis, including football competitions, concert performances, teambuilding, etc. Many trade union activities are implemented, especially among factory workers to ensure their benefits, demonstrate leadership concern for employees' life and strengthen staff engagement and understanding among "Hoa Phat people". For this reason, Hoa Phat is proud to be one of the enterprises with the best culture, illustrated by the fact that many employees who belong to different generations of the same family work for the sustainable development of the Group.

EMPLOYEE LIST OF THE GROUP

No	Company name	Total	Academic level				Gender	
			Post Graduate	Graduate	Vocational school	Other	Male	Female
1	Hoa Phat Group JSC	77	2	40	6	29	39	38
Group1: Steel		8,199	9	2,715	1,199	4,276	7,306	893
1	Hoa Phat Steel JSC	4,137	2	1,375	501	2,259	3,749	388
2	Hoa Phat Steel One member Co.,Ltd	970	1	254	185	530	820	150
3	Hoa Phat Steel Pipe Co., Ltd	2,045	5	731	368	941	1,874	171
4	Hoa Phat Energy JSC	624		242	96	286	516	108
5	An Thong Mining Investment JSC	412	1	105	49	257	339	73
6	Hoa Phat Mitraco Mining JSC	9		6		3	6	3
7	Nam Giang Mining one member Co.,Ltd	2		2			2	
Group2: Other industrial production		2,972	5	642	371	1,954	2,253	719
1	Hoa Phat Equipment Accessories Co.,Ltd	294	1	77	50	166	247	47
2	Hoa Phat Furniture JSC	2,275	3	413	220	1,639	1,700	575
3	Hoa Phat Refrigeration Engineering Co., Ltd	371		125	101	145	282	89
4	Hoa Phat Trading Co., Ltd	32	1	27		4	24	8
Group 3: Real estate		296		107	12	177	223	73
1	Hoa Phat Urban Development and Construction JSC	120		35	3	82	81	39
2	Golden Gain Vietnam JSC	176		72	9	95	142	34
Group 4: Agriculture		213	3	166	10	34	155	58
1	Hoa Phat Feeds Trading and Production One Member Co.,Ltd	142	1	107	9	25	102	40
2	Hoa Phat Live-Stock Development JSC	47	1	39	1	6	37	10
3	Hoa Phat Dong Nai Feeds One Member Co., Ltd	24	1	20	0	3	16	8
Total		11,757	19	3,670	1,598	6,470	9,976	1,781

INVESTMENTS AND IMPLEMENTATION PROJECTS IN 2015



PHASE 3 OF HOA PHAT INTEGRATED STEEL COMPLEX IN HAI DUONG PROVINCE

Project information:

Starting time: September 2014
Time of completion: Quarter I of 2016
Capacity: 750,000 tonnes per year
Total investment capital: VND3,800 billion

Project progress:

By the end of 2015, an investment portion of VND2,800 billion had been implemented and the main items were completed. Blast furnaces – phase 3 were put into operation and produced the first batch of cast iron on 19 January 2016. The steel rolling mill – phase 3 was expected to be put into operation by the end of March 2016, raising the total construction steel capacity of Hoa Phat to 2,000,000 tonnes per year.



REAL ESTATE PROJECTS

Project progress:

This project is located in Tan Mai Street, Hoang Mai District, Hanoi. The project construction was started in December 2014 with 640 apartments and four 17-30-storey building blocks (excluding 2 basements) on an area of more than 13,000m². The total investment capital of the project is estimated to be VND1,500 billion, mainly financed from owners' equity. By the end of 2015, an investment portion of VND250 billion had been implemented. Sales started in the second Quarter of 2016 and apartments are expected to be handed over to customers in 2018.



ANIMAL FEED PROJECT

Animal feed plant in Hung Yen Province

Starting time: Quarter II of 2015
Total investment capital: VND340 billion
Capacity: VND300,000 tonnes per year
Time of completion: Quarter II of 2016
Project progress: By the end of 2015, an investment portion of VND200 billion had been implemented. During the year, the Company traded materials for animal feed production with revenue of nearly VND1,400 billion.

Animal feed factory in Dong Nai Province: the size is the same as the animal feed factory in Hung Yen Province.

Starting time: Quarter I of 2016
Estimated time of completion: Quarter IV of 2016

INVESTOR RELATIONS

Share information

Share name: Share of Hoa Phat Group Joint Stock Company

Share type: Ordinary share

Stock sticker symbol: HPG

Par value of share: VND10,000 per share

IPO date: 15 November 2007

Total of shares: 732,951,419 shares

Total of treasury shares: 63,850 shares

Total of shares in circulation: 732,887,569 shares

Number of freely transferred shares: 722,857,969 shares

Number of shares subject to transfer restrictions:

10,029,600 shares

Changes to owner's equity during the year:

- On 13/02/2015 the Ho Chi Minh City Stock Exchange approved the additional listing of 6,735,000 shares which issued for the Company's staff according to the option share program.

+ Charter capital before issuance of shares: VND4,819,081,750,000.

+ Charter capital after issuance of shares: VND4,886,431,750,000.

- On 15/06/2015 the Ho Chi Minh City Stock Exchange approved the additional listing of 244,308,244 shares which were issued for payment of 20% of the dividend in 2014; 30% of the shares were issued to increase share capital from owners' equity.

+ Charter capital before issuance of shares: VND4,886,431,750,000.

+ Charter capital after issuance of shares: VND7,329,514,190,000.

Treasury share transactions:

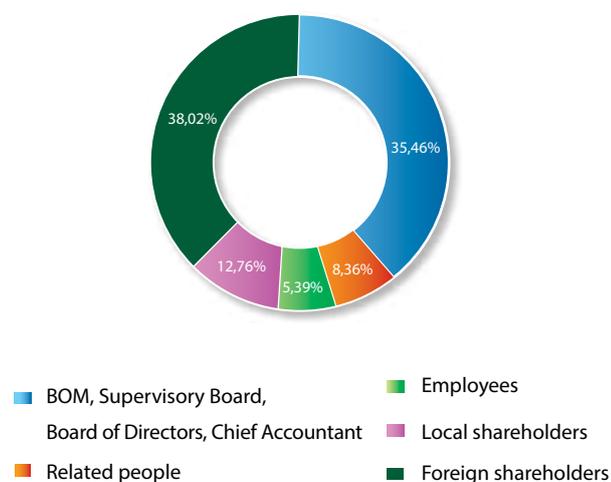
- Total of treasury shares as at 31 December 2015: 63,850 shares

- Treasury share transactions during the year:

SHAREHOLDING STRUCTURE AS AT 01/03/2016

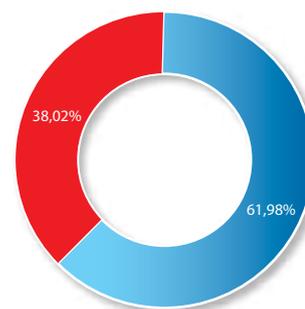
No	Content	Share volume	Percentage%
1	State shareholders	0	0
2	Internal shareholders	360,700,770	49.21
	BOM, Supervisory Board,		
	Board of Directors, Chief Accountant	259,904,303	35.46
	Related people	61,292,739	8.36
	Employees	39,503,728	5.39
3	Other shareholders	71,200	0.01
4	Other share holders	372,179,449	50.78
	Local shareholders	93,499,847	12.76
	<i>Individual</i>	68,765,206	9.38
	<i>Institutional</i>	24,734,641	3.38
	Foreign shareholders	278,679,602	38.02
	<i>Individual</i>	3,578,528	0.49
	<i>Institutional</i>	275,101,074	37.53
	Total	732,951,419	100.00

SHAREHOLDING STRUCTURE



DEMOGRAPHIC SHAREHOLDING STRUCTURE AS AT 01/03/2016

No	Content	Share volume	Percentage%
1	Viet Nam	454,271,817	61.98
	Individual	425,145,976	58.01
	Institutional	29,125,841	3.97
2	Foreign	278,679,602	38.02
	Individual	3,578,528	0.49
	Institutional	275,101,074	37.53
	Total	732,951,419	100.00

DEMOGRAPHIC SHAREHOLDING STRUCTURE


■ Viet Nam ■ Foreign

SHAREHOLDER STRUCTURE BY LEVEL OF OWNERSHIP AS AT 01/03/2016

No	Content	Share volume	Percentage %
1	Shareholders with ownership over 5%	320,745,762	43.76
2	Shareholders with ownership from 1% to 5%	158,632,625	21.64
3	Shareholders with ownership below 1%	253,573,032	34.60
	Total	732,951,419	100.00

SHARES TRANSACTION OF THE INTERNAL AND RELATED SHAREHOLDERS IN 2015

No	Transactions performed by	Relationship with internal shareholder	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Note
			No. of shares	Rate %	No. of shares	Rate %	
1	Vu Thi Hiep	Wife of Mr. Tran Tuan Duong, General Director cum Vice-Chairman of the Board of Management	2,869,020	0.60	-	0.0	Dispose
2	Sao Phuong Bac Construction and Investment Joint Stock Company	Mr. Tran Tuan Duong, General Director cum Vice-Chairman of B.O.M of Hoa Phat Group JSC, and member of B.O.M of Sao Phuong Bac Construction and Investment JSC	-	0.00	4,320,000	0.6	Buy + Dividend
3	Tran Dinh Long	Chairman of the Board of Management	116,218,080	24.12	184,327,120	25.1	Buy + Dividend
4	PRIVATE EQUITY NEW MARKETS II	Company related to Mr. Hans Christian Jacobsen – Member of the Board of Management	14,570,483	3.02	21,073,593	2.88	Dispose
5	Vietnam Infrastructure Holding Limited	Company related to Mr. Hans Christian Jacobsen – Member of the Board of Management	3,333,565	0.45	-	0.0	Dispose as reported on 15/7/2015
6	Vietnam Infrastructure Investment Limited	Company related to Mr. Hans Christian Jacobsen – Member of the Board of Management	2,092,027	0.29	-	0.0	Dispose as reported on 15/7/2015
7	Forum One - VCG Partners Vietnam Fund	Company related to Mr. Hans Christian Jacobsen – Member of the Board of Management	-	-	3,466,273	0.47	Dispose
8	VOF Investment Limited	Company related to Mr. Hans Christian Jacobsen – Member of the Board of Management	25,769,459	5.35	42,624,187	5.82	Dividend + Purchase as reported on 10/7/2015
9	VinaWealth Equity Opportunity Fund	Company related to Mr. Hans Christian Jacobsen – Member of the Board of Management	129,225	0.02	5	0.00	Dispose

* Note: The Company made dividend payment 20% by shares & 30% by bonus shares in 2015

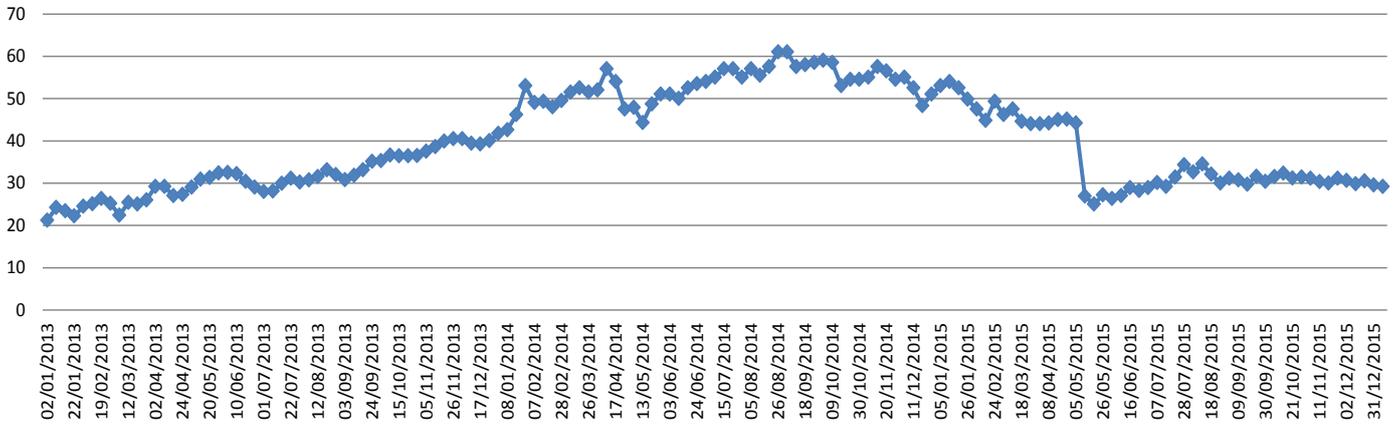
LARGEST SHAREHOLDERS AS AT 01/03/2016

No	Full name	Address	Share volume	Percentage %
1	Tran Dinh Long	119 Bui Thi Xuan str, Hai Ba Trung dist, Ha Noi	184,327,120	25.15
2	Vu Thi Hien	119 Bui Thi Xuan str, Hai Ba Trung dist, Ha Noi	53,392,460	7.28
3	Dragon Capital	1901 Me Linh Point Tower, 2 Ngo Duc Ke, Dist 1, HCMC, Viet Nam	46,353,355	6.32
4	VOF INVESTMENT LIMITED	Suite 1703, Sun Wah Tower, 115 Nguyen Hue Blvd, Dist 1, HCM city	36,672,827	5.00
Total			320,745,762	43.75

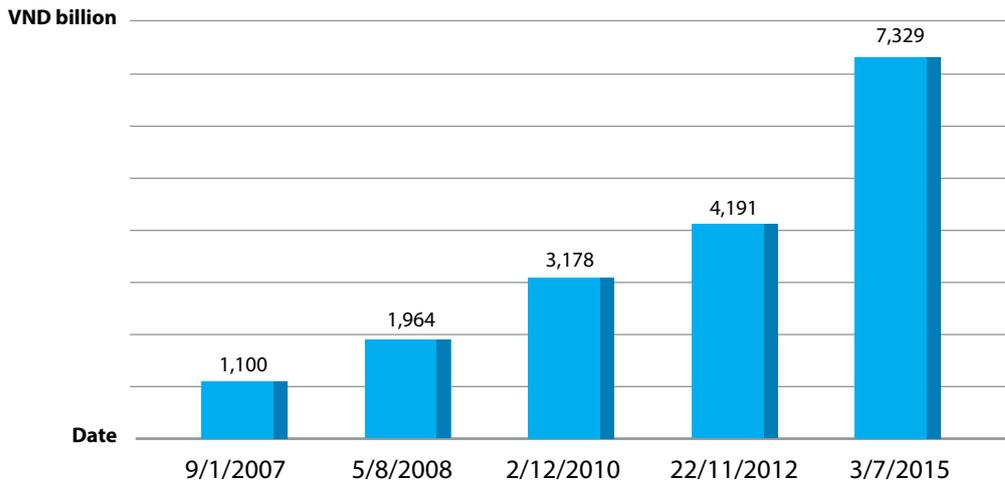
10 LARGEST INSTITUTIONAL SHAREHOLDERS AS AT 01/03/2016

No	Name of Institutions	Address	Share	Percentage%
1	Dragon capital	1901 Me Linh Point Tower, 2 Ngo Duc Ke, Dist 1, HCMC, Viet Nam	46,353,355	6.32
2	VOF INVESTMENT LIMITED	Suite 1703, Sun Wah Tower, 115 Nguyen Hue Blvd, Dist.1, HCMC	36,672,827	5.00
3	Deutsche Bank + Deutsche Asset	Winchester House, 1 Great Winchester Street, London EC2N 2DB	35,615,115	4.86
4	PRIVATE EQUITY NEW MARKETS II K/S	TRANEGARDSVEJ 20 2900 HELLERUP DENMARK	21,073,593	2.88
5	PENM III GERMANY GMBH&CO.KG	C/O JOHANNA BETEILIGUNGSVER WALTUNGS GMBH JOHANNA-KINKEL-STR.2.4,53175 BONN	20,689,020	2.82
6	FRANKLIN TEMPLETON INVESTMENT FUNDS -TEMPLETON FRONTIER MARKETS FUND	26,BOULEVARD ROYAL L-2449 LUXEMBOURG GRAND DUCHY OF LUXEMBOURG	10,277,801	1.40
7	MARKET VECTORS ETF TRUST-MARKET VECTORS-VIETNAM ETF	99 PARK AVENUE, 8TH F1 NEW YORK NY 100 16 U.S.A	10,117,400	1.38
8	SSI Fund Management Co., Ltd	5 flo, 1C Ngo Quyen Street, Hoan Kiem Dist, Ha Noi	8,000,055	1.09
9	PXP VIETNAM EMERGING EQUITY FUND LIMITED	4th Floor, Harbour Place, 103 South Church Street, P.O Box 10240, Grand Cayman, KY1-1002, Cayman Islands	6,614,087	0.90
10	LIONGLOBAL VIETNAM FUND	21 Collyer Quay #14-01 HSBC Building Singapore 049320	6,357,887	0.87
Total			201,771,140	27.52

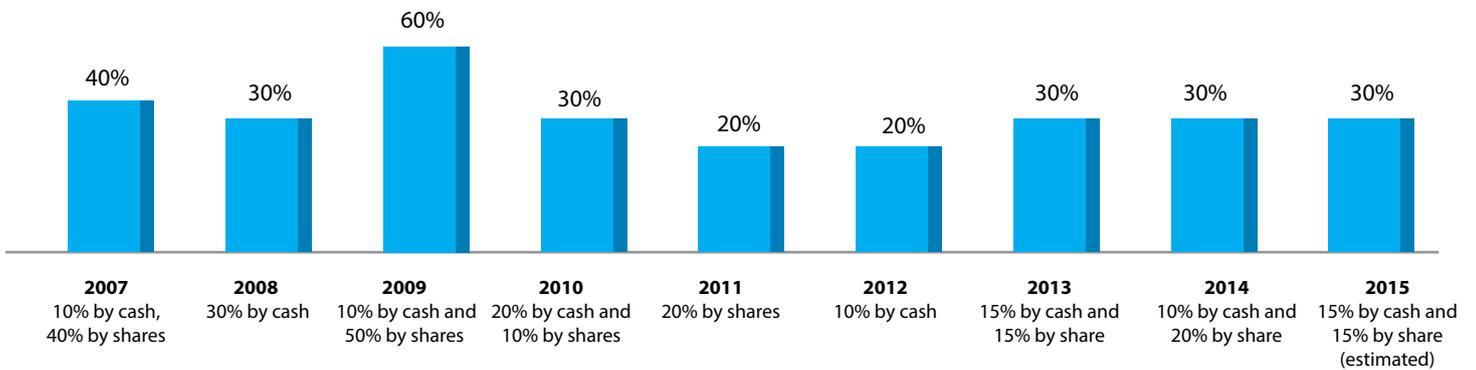
FLUCTUATIONS OF HPG SHARES DURING 2013 - 2015



INCREASES IN CHARTER CAPITAL OF HOA PHAT GROUP FROM 2007 TO 2015 (VND BILLION)



HPG'S DIVIDEND PAYMENT RATIOS BY YEAR



INVESTOR RELATIONS

The Company aims to ensure transparency of information, to provide sufficient and timely information to its shareholders and investors and to comply with laws and regulations on publication of information.

Every day, the Company welcomes its domestic and foreign shareholders and investors, who come to obtain updates about business operations or search for information and cooperation opportunities with the Company through the following channels: direct meetings, video conferences, email, telephone calls, etc. as well as to obtain updates from the Company website on the production and sales of key products, such as construction steel, steel pipes, and furniture, and the progress of the projects being implemented by the Company.

Once a quarter, the Company holds meetings between investors and the Company's management to discuss, exchange views and obtain information updates on HPG's business operations, operating results and business plans. Shareholders and investors are usually highly satisfied with the open, straightforward views shared by HPG management, with each meeting being attended by more than 100 investors in both Hanoi and Ho Chi Minh City. In addition, the Company also takes investors to visit various factories and projects, including the Hoa Phat Integrated Steel Complex Project in Hai Duong province.

In 2016, the Department of Investor Relations will boost investor relation activities to provide better access and information to investors through promptly replying to and providing answers to investors' inquiries while ensuring the accuracy and timeliness of information.







(IV) BOARD OF MANAGEMENT'S ASSESSMENT

MEMBERS BOARD OF MANAGEMENT



MR. TRAN DINH LONG

BOM Chairman of Hoa Phat Group

Bachelor of Economics - National Economics University

Joining date: 1992

As founding shareholder and holding Chairman position of member companies, Mr. Long was the first person setting up the foundation for Hoa Phat Equipment & Accessories, the earliest member in the Group. Mr. Long employed a lot of experts who had consensus ambition and responsibilities.

During the establishment and development of Hoa Phat, Mr. Long was the person who oriented business strategy for each subsidiary.

No	Name	Position	Percentage of shares held as at 03 February 2016 (%)
1	Tran Dinh Long	Chairman	25.15
2	Tran Tuan Duong	Vice Chairman	2.68
3	Nguyen Manh Tuan	Vice Chairman	2.63
4	Doan Gia Cuong	Vice Chairman	1.98
5	Nguyen Ngoc Quang	Member	1.98
6	Ta Tuan Quang	Member	0.16
7	Hoang Quang Viet	Member	0.49
8	Nguyen Viet Thang	Member	0.38
9	Hans Christian	Member	-
Total			35.45

Operations of the Board of Management in 2015:

During 2015, the Board of Management held meetings in which it approved the following matters:

- Establishment of the first livestock development company in Hung Yen province;
- Approval of a detailed plan to pay a dividend for 2014 and a plan to issue shares in order to increase share capital from owners' equity;
- Adjustment of the profit plan for 2015 from VND2,300 billion to VND3,250 billion and adjustment of the plan to pay a dividend for 2015 from 20% to 30%.
- Establishment of the second animal food production company in Dong Nai province;
- Reduction in the number of members of the Board of Management following some resignations;
- Increase in the capital contribution to some of the Group's subsidiaries; and
- Many other important decisions.

MEMBERS BOARD OF MANAGEMENT



MR. TRAN TUAN DUONG

*BOM Vice Chairman
General Director of Hoa Phat Group JSC*

Bachelor of Economics – National Economics University; Bachelor of Journalism - Hanoi General University.

Joining date: 1992

Mr. Duong held management position in subsidiaries such as: Hoa Phat Equipment & Accessories, Hoa Phat Furniture and Hoa Phat Steel Pipe before he became the Deputy Chairman of Management Board cum CEO of Hoa Phat Group since January 2007. With his in deep experience, Mr. Duong has contributed greatly to strengthen the position of Hoa Phat steel and Hoa Phat Group as a whole.



MR. NGUYEN MANH TUAN

*BOM Vice Chairman cum Director of
Hoa Phat Steel Pipe Co., Ltd*

Bachelor of Economics – National Economics University

Joining date: 1996

In 1996, Mr. Tuan was a Vice Director of Hoa Phat Steel Pipe cum Head of trading department. Since 10/2004, being Director of Hoa Phat Steel Pipe Company, Mr. Tuan has helped the Hoa Phat steel pipe become a top steel pipe maker.



MR. DOAN GIA CUONG

*BOM Vice Chairman cum Director of
Hoa Phat Furniture JSC*

MBA, National Economics University

Joining date: 1999

Mr. Cuong was appointed first in the position of Vice Director before promoting as a Director of Hoa Phat Furniture JSC. From 01/2007, he additionally held the Deputy Chairman position of Hoa Phat Group JSC. With his straight forward orientation in achieving realistic goals, Mr. Cuong has helped Hoa Phat Furniture becoming familiar to every Vietnamese consumer.



MR. NGUYEN NGOC QUANG

BOM Member cum Director of Hoa Phat Equipment & Accessories Co., Ltd

Vocational training

Joining date: Since 1992

Mr. Nguyen Ngoc Quang had been Director of Hoa Phat Equipment & Accessories in Ho Chi Minh subsidiary for 4 years (1992-1996). He has been Director of the Company since 1997. As one of the top construction equipments producer in Vietnam, products of Hoa Phat Equipment & Accessories under his management have been successfully persuading customers in domestic and foreign country on their qualities, prices and after sales services.



MR. TA TUAN QUANG

BOM Member cum Director of Hoa Phat Refrigeration Engineering Co., Ltd

**Bachelor of Economics
National Economics University**

Joining date: Since 1995

Mr. Quang was among founders of Hoa Phat Furniture, he was Director of Hoa Phat Furniture for 11 years. Since December 2006, he has been Director of Hoa Phat Refrigeration Engineering where he has contributed significantly to its success and brand name of Funiki position.



MR. HOANG QUANG VIET

BOM Member cum Director of Hoa Phat Urban Development & Construction

**Graduated from People's Security
University**

Joining date: Since 2001

Joining the Group since 2001, Mr. Viet has been elected as a Director of Hoa Phat Urban Development and Construction. He was successful in real estate, especially for industrial infrastructure such as Pho Noi A industrial park where big international and domestic firms located. Mr. Viet and Board of Directors are now going to deploy other housing and urban areas after the success of Pho Noi A.

MEMBERS

BOARD OF MANAGEMENT



MR. NGUYEN VIET THANG

BOM Member cum Deputy General Director of Hoa Phat Group JSC

Educational qualification:
Bachelor of Civil Engineering

Joining date: 2003

Mr. Nguyen Viet Thang had several years in the management position as the Deputy Director of Hoa Phat Urban Development and Construction JSC before he was appointed as the Deputy General Director of Hoa Phat Group Joint Stock Company on 7th April 2012. In March, 2015, he has been assigned as Director of Hoa Phat Feeds Trading and Production One Member Co., Ltd.



MR. HANS CHRISTIAN

BOM Member

Master of Business, Denmark

Joining date: 2012

Being appointed as a member of the Management Board in 2012, Mr. HANS CHRISTIAN has held many important responsibilities of the Industrialization Fund for Developing Countries (IFU), Denmark (1983-1989); Regional Director, Investment Fund for the Europe Central and East, Denmark (1989 - 1991); CEO of array of agriculture, the European Bank for construction and development (EBRD), London (1991-2006); CEO of PENM I, PENM II Fund, BankInvest (2006 - present)....



ASSESSMENT BOARD OF MANAGEMENT'S

BOARD OF MANAGEMENT'S ASSESSMENT OF OPERATIONS

In the context of the global economy, which is facing various problems and slow recovery and has not yet regained strong growth, Vietnam's economy is still among the very few that have experienced an impressively speedy recovery. The GDP growth rate has increased steadily for 4 consecutive years (2012 – 2015); this shows a tendency for sustainable recovery after the economy went through some difficult years.

Joining the efforts to overcome nationwide difficulties, Hoa Phat ended the year 2015 with many outstanding achievements in its business operations. Hoa Phat's continued standing in the Top Five Private Enterprises during the past year, which is due to the following indicators – size, profit, and contribution to the State Budget – is a recognition of its excellent business performance in the context of many difficulties.

2015 also marks a big step forward in the production of Hoa Phat Steel Pipe Co., Ltd. This company has completed the expansion of production in its factories across all three regions, i.e. the North, the Centre and the South, increasing its designed capacity to over 500,000 tonnes of products per year. The company's indicators of output, revenue and market share have all increased sharply compared with 2014, with sales of all products exceeding plans and rising by over 40% compared with last year. The

market share of Hoa Phat steel pipes reached 23%. In particular, Hoa Phat Da Nang Steel Pipe Co., Ltd. exceeded its 2015 plan by more than 200%.

Moreover, the construction steel sector still held a major role in the revenue and profit structure of the whole Group. Construction steel had to face a flood of imported steel; however, with its flexible sales policies, by the end of 2015 the Group's total volume of construction steel sold to the market was 1,380,000 tonnes, an increase of 38% compared with 2014, resulting in the increased market share of 21.3%. With the advantage of diversified types of steel and the ability to meet the most complicated construction standards, Hoa Phat's construction steel has been used in big projects nationwide, such as Thai Binh 1 Thermal Power Plant, Cao Lanh Bridge (Dong Thap, Long Thanh – Dau Day Highway, Hanoi – Hai Phong Highway, Times City Park Hill, etc. For export markets, the Company continued to export products to Laos and Cambodia and searched for other markets in Southeast Asia. However, exports faced various difficulties due to the failure to compete with cheaper steel from China.

Basically, with the prestige of the Hoa Phat steel brand in the market, steel pipes and construction steel products continued to keep their steady growth rates, gradually realizing the target of presence in all regions of the country.

Other sectors, such as furniture, equipment and accessories, refrigeration and real estate, continued to achieve their profit plans. In particular, in 2015 Hoa Phat Furniture JSC was again ranked second in the Top 10 Brands of "Vietnamese goods favoured by consumers". In addition to their diversified models and designs and good quality, the company's furniture products also have a distribution system and after sales services that have significant advantages over others in the market. Hoa Phat Furniture' continued to take its leader position in the market share of office products, its revenue reached was over VND1,700 billion. For the housing segment, Mandarin Garden 2 will be expected to commence in the second quarter of 2016. In the animal food production segment, the first animal food factory of Hoa Phat in Hung Yen province will be put into operation by the second quarter 2016. During 2015, the Hoa Phat Group conducted a prudent research into the livestock sector and took certain steps in this new business activity.

As an overall assessment, the Hoa Phat Group wrapped up the year 2015 with continued successes in its business results. Profit before tax was VND 3,504 billion, an increase of 8% compared to the plan of 2015.

BOARD OF MANAGEMENT'S ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE



The Hoa Phat Group has a large operating size, diversified business activities and widespread investment locations. Nevertheless, its Board of Directors, through their great efforts, managed to achieve impressive results with revenue and profit in 2015 increasing by 8% compared with 2014. All the members of the Board of Directors have worked and advanced in Hoa Phat's working environment, with many years of experience in management. With a mixture of senior members and young members who are ardently enthusiastic and highly qualified, the Board of Directors has met the increasingly high demands in the management of such a large business.

During 2015, the Board of Management enhanced its oversight of the performance of the Board of Directors and the management personnel to ensure that the Company's activities were safe and strictly complied with the law as well as with the resolutions of the General Meeting of Shareholders and the Board of Management. The Board of Management focused on risk management, had governance procedures and regulations standardized, and enhanced the oversight for implementation of such procedures and regulations in all the activities of the Company.

Besides, during the year the Board of Directors fulfilled all of its responsibilities for reporting, providing explanations for and disclosing information on the Group's business operations in a sufficient, transparent manner, and in accordance with the provisions of the law. All the members of the Board of Directors showed a great sense of responsibility and were always aware of the Company's business and production plans, which were in conformity with actual market circumstances on the basis of the directions of the Board of Management; as a result the Group fulfilled and exceeded its profit plan for 2015.

PLAN AND ORIENTATION



According to the Board of Management's assessment, 2016 will be an easy year for domestic economic growth. First of all, with a higher rate of growth in the world's economy and the stability of the domestic macroeconomy, the opportunities from the TPP will create favorable conditions for attracting foreign investment. At the same time, investment from the private sector will also be improved thanks to business environment improvement policies such as the implementation of new legal corridors in the Law of Enterprises and the Law on Amendment of the

Law on Investment. In 2016, Vietnam's exports will exceed the figures for 2015 thanks to the growth rates of the world's trade and economy for which increases have been forecast.

However, generally speaking, the economy will continue to encounter many difficulties and contain many risks, such as exchange rate fluctuations, insufficient total social demand, increased competition, reduced protection of the steel industry by tariffs, and unpredictable and complicated fluctuations of the price of input materials, etc.



To cope with such circumstances, the Board of Management has set the following directions:

- Continue to focus on directing production and business activities which should be effective, cost saving, and with reduced production costs, raising the prestige of traditional products and ensuring the visibility of products to more and more consumers.
- Enhance the production and trading of new products such as animal food, trying to conduct prudent but far-reaching researches into the livestock industry.
- Provide general instructions for the Board of Directors in continuing to develop and improve policies towards

employees, and to attract and retain talented staff and staff with extensive experience, high skills and expertise. Increase the oversight of compliance with labor safety rules and regulations, be transparent in disclosing information, and comply with the laws.

- Closely monitor both domestic and global market developments, be proactive in forecasting market risks and fluctuations, and lead the Board of Directors to effectively and resolutely implement the tasks set forth in the Board of Management's Resolutions so as to promptly fulfill production and business targets.



**(V) SUPERVISORY
BOARD'S REPORT**

MEMBER SUPERVISORY BOARD

OWNERSHIP RATE OF MEMBERS OF THE SUPERVISORY BOARD

No	Name	Title	Percentage of shares held as at 01/03/2016 (%)
1	Le Tuan Anh	Head of Supervisory Board	0.003
2	Truong Nu Minh Ngoc	Member of Supervisory Board	-
3	Vu Thanh Thuy	Member of Supervisory Board	-
Total			0.003



Mr. LE TUAN ANH

Head of Supervisory Board

Economic Bachelor; Accounting Practice Certificate (Viet Nam)

Working starting time: Since 2006

Before appointed as member of the Supervisory Board, Mr. Le Tuan Anh worked in the accounting department of Hoa Phat Steel Pipe Co., Ltd. (2006 - 2007), specialist of the Supervisory internal and legal department (2007 - 2011) and currently he is manager of Internal Supervisory Department of Hoa Phat Group JSC.



Ms. VU THANH THUY

Member of Supervisory Board

Degree in economics

Working starting time: Since 2005

Before becoming a member of Supervisory Board, Ms. Thuy held a number of positions in: Staff member in accounting department of Hoa Phat Steel JSC (2005 - 2006), Staff member in Finance department of Hoa Phat Group (2007 – present).



Ms. TRUONG NU MINH NGOC

Member of Supervisory Board

MBA

Working starting time: Since 2011

Ms Truong Nu Minh Ngoc has experienced many positions in large financial institutions such as: Senior Auditor in Pricewaterhouse Coopers (9/2000 – 2/2005), financial analyst in Vina Capital (2/2005 – 7/2005), Investment Manager in Bank Invest (2012 - now).

SUPERVISORY BOARD'S REPORT



Having been voted in by the General Shareholders' Meeting, during 2015 the Supervisory Board continued to implement the functions and duties assigned by the General Shareholders' Meeting by completing the following tasks:

- Oversaw the implementation of the resolutions of the General Shareholders' Meeting, the Board of Management, the Company's Charter and other official documents issued by the Board of Directors; reported on the management of the Group by the Board of Directors.
- Oversaw production and business activities, and the fulfillment of production and business plans for 2015 by the subsidiaries of the Group.
- Reviewed the financial plans and their implementation at the subsidiary level as well as at the Group level;
- Obtained updates on and reviewed the progress of projects that were in progress: the steel project phase 3, animal food project, livestock project; and personnel hierarchy project.
- Reviewed the inventories, management of liabilities, sales policies and collection of cash, etc.

- Obtained and reviewed the working schedule of internal controllers, and internal control reports prepared for each subsidiary within the Group. Conducted fieldwork at all the subsidiaries within the Group in collaboration with the respective internal controllers.
- Reviewed quarterly and annual consolidated financial statements before submission to the Ho Chi Minh City Stock Exchange; reviewed the review/audit results in respect of six-monthly/annual financial statements of the parent entity, its subsidiaries and the Group's consolidated financial statements. Regularly discussed with the Independent Auditors (KPMG Limited, Vietnam) on their audit results and internal control issues.
- Attended all the meetings of the Board of Management; provided recommendations to improve the Group's operational efficiency, financial planning, budgets, business strategies, brand recognition, marketing activities, and the Group's plan for management and development of human resources.

The Supervisory Board held four

meetings in 2015 which were attended by all the board members. During the meetings, the members discussed important issues in respect of recent developments as well as the direction of the Group in general and in respect of each individual business sector.

Through their regular activities, the Supervisory Board saw no abnormal signs in the Group's business and production activities. They greatly appreciate the results achieved by the Group's businesses in 2015, affirming that the Group's financial position and performance are being maintained at a healthy and transparent status. During 2015, the Supervisory Board had the following changes to its members:

- Resignation of Supervisory Board membership of:
 - + Ms. Nguyen Thi Thanh Van – Chairwoman of Supervisory Board.
 - + Ms. Dang Pham Minh Loan – Member of Supervisory Board.
 - Appointment of Mr. Le Tuan Anh – Chairman of Supervisory Board.
- Remuneration for Supervisory Board members: VND20 million/person/year.



INTERNAL SUPERVISORY DEPARTMENT'S REPORT

Through their continuous, regular activities, the Internal Control Department coordinated with the subsidiaries within the Group in controlling and providing advice and recommendations on necessary changes to enhance internal control, to increase efficiency and to minimize risks. During 2015, the Internal Control Department focused on compliance with laws and the internal regulations of the Group:

- Reviewed payroll regulations and the use of bonus and welfare funds, trade union funds, etc., ensuring compliance with relevant laws and regulations and the internal regulations of the Group as well as ensuring the rights and benefits of employees.
- Controlled the procurement of materials, especially the purchase price of miscellaneous and specialized materials. The Department issued instructions to subsidiaries to maximize the adoption of non-cash payment methods.
- Regularly reviewed the status of accounts receivable and proposed action to minimize bad debts.
- Obtained an understanding of the

government's incentive regulations and policies for new projects and business sectors. The Department also assisted in the development of control regulations for newly-established companies.

- Reviewed monthly, quarterly and annual financial statements to evaluate the truth and fairness of financial data in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and current financial policies of Vietnam. In addition, the Internal Control Department coordinated with subsidiaries and other departments to implement a number of initiatives designed to improve the effectiveness of controls within the Group's entities:
 - Coordinated with subsidiaries to streamline the organization of the accounting apparatus and accounting software, ensuring a consistent system of accounting for the whole Group.
 - Coordinated with subsidiaries to evaluate their major suppliers, and checked the eligibility of invoices and other supporting documents during the procurement of materials.

- Coordinated with departments of finance and chief accountants of subsidiaries to develop a system of processes to be applied for the whole Group. The following processes were issued and applied in 2015: payment process, regulations on use of assets, and filing process of accounting vouchers. The labour – payroll process and the document filing process will be put in place in 2016.

According to the assessment of the Internal Control Department, the subsidiaries' operations in 2015, whether direct or indirect production activities, were all smooth and closely controlled: most of the subsidiaries fulfilled or exceeded their production output plans; accounts receivable were well controlled; no doubtful debts were incurred by the subsidiaries; some minor wrongdoings were identified but their effects were insignificant; the regular supplies of raw and other materials was always guaranteed and assessed as good in the marketplace; and the subsidiaries' financial statements were all free of material misstatement.





**(VI) SUSTAINABLE
DEVELOPMENT**

RESEARCH AND DEVELOPMENT (R&D)

Sustainable development has always been one of the directions of the Hoa Phat Group since its early days in the marketplace. That is why research and development (R&D) are always prioritized in all the subsidiaries and business segments. During 2015, the steel segment made many important achievements.



Application of air permeability protection system from Europe in steel production

Hoa Phat is the first steel producer in Vietnam that has applied the air permeability protection system (or the Safety-optimized Closing – SOC system) developed by RHI/ Interstop, for the protection of such equipment as converting furnace, ladle, tundish, etc. in steel making. RHI is one of the world's leading suppliers of refractory materials and steelmaking effluent control solutions. Previously, this system was only applied in steel factories in Europe and Japan.

For the steel production process, the lifespan of equipment directly affects the safety of a factory, its operating efficiency and production costs. By using all the refractory materials and the effluent control system supplied by RHI, Hoa Phat realized its sustainable development direction through the increase of the lifespan of equipment, thereby raising operating efficiency, reducing production costs and bringing quality products to consumers at reasonable prices.

5S

SCREENING, ARRANGING, CLEANLINESS, CARING, READINESS

Boosting the 5S initiative

5S refers to an initiative in Vietnamese language which contains five words starting with S. The initiative is “Sàng lọc, sắp xếp, sạch sẽ, săn sóc, sẵn sàng” which literally means “Screening, arranging, cleanliness, caring, readiness”. This is no longer new to the subsidiaries of the Group, as the initiative has been implemented for about 15 years. However, the 5S management model was not applied in the Hoa Phat Integrated Steel Complex (“the Complex”) until mid-2014, as its production activities were carried out in parallel with the implementation of new projects. After both phases of the Complex were completed and operated steadily, the Company began to boost the 5S initiative in all its departments.

Implementing the 5S initiative means starts with the screening and elimination of materials and equipment that are not necessary, followed by the re-arrangement of such things to ensure the aestheticism, tidiness, and improvement of the working environment, cleanliness and labor safety, and significant reductions in the consumption of materials, thereby raising labour productivity and quality of life. This is a basic platform from which quality control systems can be implemented effectively.

In addition to strict compliance with quality standards, Hoa Phat Steel considers 5S as an important measure for its incessant improvement of product quality as well as the capacity to supply products to customers in future periods.



Investments in expansion of steel pipe production

Key production expansion projects include: capacity enhancement for the steel pipe factory in Hung Yen province; installation of additional equipment for the continuous rust removal system; and completion of preparations for increasing the capacity of the cold rolled steel factory. In the Central region, Hoa Phat Steel One Member Co., Ltd. expanded its steel pipe and steel purlin factory in Hoa Khanh Industrial Park (Da Nang) to ensure sufficient materials for strip-cladded steel sheets for the Central region's market.

In Binh Duong province, Hoa Phat Steel Pipe Co., Ltd. also expanded and renovated its workshops, and installed new machines and equipment to increase capacity by 150%. In particular, the acquisition of Cam Nguyen steel pipe factory in Ben Luc Town, Long An, with a capacity of 36,000 tonnes per annum, helped expand the market of the South-western region as well as the Cambodian market.

In addition to the ongoing expansion of production, Hoa Phat Steel regularly conducts research into technological improvements, introducing new technologies to production in order to raise efficiency and reduce fuel consumption.



The environmentally friendly mechanisms of heat recovery and gas circulation – A cutting edge for Hoa Phat Steel



The utilization of waste gases and dusts in the steel making process has helped the Hoa Phat Integrated Steel Complex to save production costs, minimize the effects to the environment surrounding the factory, and thus indirectly raise the competitiveness of Hoa Phat steel in the marketplace.

With an area of 132 ha, the Complex operated by the Hoa Phat Steel Joint Stock Company in Kinh Mon district, Hai Duong province, is currently applying a modern technology which produces construction steel from iron ore in a closed process. This technology is currently considered as the most effective in the Vietnamese steel sector. The Complex's designed capacity is 1.6 million tonnes per annum.

With its target of making the best use of energy sources and environmental protection, the Company has applied a mechanism to recover waste gases and materials for reuse in steel

production. Producing cast iron and steel using the blast furnace technology produces a mixture of many gases. Such gases are recovered and cleaned by a dust filtering system – such as bag filters, wet dust filters, and electrostatic precipitators – to remove dust. The clean gas mixture will then be stored in a gas tank, from which gases will be fed to the hot air generator for reuse or used as fuel in various production processes, such as being used in the Lime Kiln to burn lime for metallurgy, or being used for burning pelletized ore in the Pelletizing Furnace, for sintering iron ore in the Sintering Plant; or for drying the steel water tank, tundish and steel heating furnace for burning steel billets, etc. Moreover, the dust collected during the recovery of gases at the dust filtering system is a mixture with a high iron content and is therefore also reused in sintering iron ore, which is an input material of the Blast Furnace.

If not reused, the dust arising from the production process would be a source of pollution to the environment. Therefore, the recovery and reuse of waste gases and dust in such a circulation mechanism helps eliminate the pollutants that come from the steel production process, and thereby saves hundreds of billions of Vietnamese dong each year.

Besides, the steam from the cooling systems, which amounts to around 70-90 tonnes per hour, is also

recovered through a system of pipelines installed around the Complex and supplied to the sintered ore production line for heating charge materials. In addition, the remaining steam is fed to the blast furnace to cool the furnace's top system and keep the temperature of gas produced by the furnace below 350oC, thereby saving on the amount of nitrogen.

Furthermore, with a gas flow of 235,000 Nm³/h, and pressure of 150 kPa, the engineers of Hoa Phat Steel has reused this gas pressure for operating the TRT power generator (Top Pressure Recovery Turbine) at a capacity of 5 MW/h, saving 8% of the demand for power of the whole Complex. In particular, the Hoa Phat Coke Coal and Thermal Power Plant located in this Complex has applied a heat recovery mechanism to help it reach a capacity of 37MW, meeting 40% of the demand for production power of the whole Complex. These represent a distinct advantage that very few steel producers have, which provides a significant competitive advantage for the Hoa Phat Group.

It has been proved that the recovery and reuse of waste matters has on the one hand increased the production and business efficiency for the entity and on the other hand saved resources for the country, as well as creating a safer and cleaner production environment for employees

SOCIAL AND CHARITY ACTIVITIES

At the Hoa Phat Group, we all believe that “Corporate Social Responsibilities” are not simply “Responsibilities”, they are realistic actions that come from the heart. We have always linked business activities with social activities in a harmonious manner, all serving the goal of SUSTAINABLE development.

Granting scholarships to students

During 2015, the Hoa Phat Group signed an agreement to grant scholarships to students of the National Economics University for the period 2015 – 2020 with a total value of VND5 billion. According to the agreement, the Hoa Phat Group would provide free assistance in opening bank accounts for students and grant monthly scholarships to them via such accounts. Recipients of such scholarship would be selected based on a 50-50 ratio, i.e. 50% of them are students with excellent academic records and 50% are those who have difficult conditions.

Besides granting scholarships, Hoa Phat granted allowances to young lecturers who have been involved in scientific research and provided bonuses to those students who have won scientific research awards on an annual basis.



Repair and construction of welfare facilities

In parallel with its development of production and business activities, Hoa Phat has always joined local communities in ensuring social welfare and fulfilling social responsibilities in an efficient, practical manner. In 2015, the Hoa Phat Group commenced the Project “Repair and construction of welfare facilities” in Hiep Son commune, Kinh Mon district, Hai Duong province, with a total investment of VND12 billion and project period from August 2015 to August 2016.

To be specific, Hoa Phat will finance all expenses for repairing the infrastructure of the junior

secondary school, and constructing a 12-classroom building for the primary school, a pumping station and a number of new roads in Hiep Son commune. The Project will contribute to upgrading the basic infrastructure of the commune, bringing long-lasting socio-economic benefits.

Joining sports activities

During 2015, the Hoa Phat Hung Yen female volleyball team, funded by the Hoa Phat Group, competed in the National Female Volleyball League after 9 years of competition in the Class A Female Volleyball League. Despite its first presence in the league with many strong opponents, the team achieved remarkable performances and remained in the league, ready for successes in the next league season.

“ Heartbeats of Love”

HEART SURGERY
DONOR FOR CHILDREN



Join hands for the community

One of the activities that Hoa Phat focused on was the free meal program for poor patients at the Central Oncology Hospital (K Hospital). Under this program, 150 meals per day have been provided to support poor patients and help their medical treatment. This is just one of the activities which demonstrates the tradition of “The good leaves protect the worn-out leaves” that have been carried out since 2010 and which will be maintained during the coming years.

Besides, the annual programme of

“Spring of Love” continued to be implemented at the threshold of the lunar new year, in order to bring a real spring of love to poor households and poor students with excellent academic achievements. In 2015, more than 900 gifts were given to poor households in the provinces of Ha Giang, Yen Bai, Lang Son, and Bac Giang. At the same time, more than 400 students with excellent academic achievements in those provinces received gifts from the Hoa Phat Group.

The Project “Heartbeats of Love” has begun since the end of 2015 with a special mission: to fund heart surgery for poor children. In November and

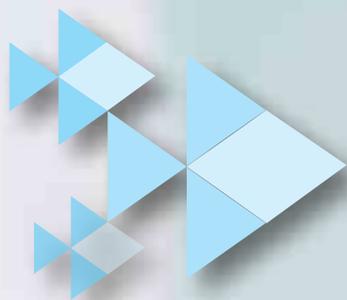
December 2015, Hoa Phat financed all surgery and accommodation expenses for 3 child patients in the provinces of Son La, Quang Tri and Nam Dinh. The Hoa Phat Group worked in collaboration with leading heart doctors in prestigious hospitals, such as Hanoi Heart Hospital, Hanoi University of Health Hospital, E Hospital, etc., to collect patient information and provide the optimum assistance under the given circumstances. In the coming years, Hoa Phat hopes to help more and more poor children with heart diseases nationwide, bringing them a new life and a new, bright future.

A hand is shown from the left side, holding a glowing blue hexagonal grid pattern. The grid consists of interconnected hexagons that form a larger, irregular shape. The background is a light, neutral color. The text is overlaid on the image.

HOA PHAT GROUP JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2015

2015 consolidated and separate financial statements were reported on the
Website: www.hoaphat.com.vn



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Hoa Phat Group Joint Stock Company Report of the Board of Directors

The Board of Directors of Hoa Phat Group Joint Stock Company (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the year ended 31 December 2015.

The members of the Board of Management and the Board of Directors during the year and at the date of this report are as follows:

Board of Management	Mr. Tran Dinh Long	Chairman
	Mr. Tran Tuan Duong	Vice Chairman
	Mr. Nguyen Manh Tuan	Vice Chairman
	Mr. Doan Gia Cuong	Vice Chairman
	Mr. Nguyen Ngoc Quang	Member
	Mr. Ta Tuan Quang	Member
	Mr. Hoang Quang Viet	Member
	Mr. Nguyen Viet Thang	Member
	Mr. Hans Christian Jacobsen	Member
	Mr. Andy Ho	Member (<i>until 12/8/2015</i>)
Board of Directors	Mr. Tran Tuan Duong	General Director
	Mrs. Nguyen Thi Thao Nguyen	Deputy General Director
	Mr. Nguyen Viet Thang	Deputy General Director

Corporate information

The Company was originated from Hoa Phat Steel Joint Stock Company incorporated under the Law on Enterprise of Vietnam pursuant to the initial Business Registration Certificate No. 0503000008 issued by Hung Yen Department of Planning and Investment on 26 October 2001. In accordance with the 8th amendment of the Business Registration Certificate No. 0503000008 issued by Hung Yen Department of Planning and Investment on 9 January 2007, Hoa Phat Steel Joint Stock Company was transformed into Hoa Phat Group Joint Stock Company.

The Company’s Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 0900189284 dated 3 July 2015. The Business Registration Certificate was issued by the Hung Yen Department of Planning and Investment.

The registered office of the Company is located in Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam.

The subsidiaries and associates of the Company are disclosed in Note 1.4 to the consolidated financial statements.

Hoa Phat Group Joint Stock Company
Report of the Board of Directors (continued)

Operating results and dividends

The consolidated net profit attributable to the equity holders of the Company for the year ended 31 December 2015 was VND3,485,463 million (2014: VND3,144,253 million).

On 13 April 2015, the Company's Board of Management passed (i) the detailed resolution on the distribution of the 2014 dividends to the shareholders by cash at the rate of 10% of the par value amounting to VND488,625 million and 20% in the form of shares amounting to VND977,231 million; and (ii) the resolution on shares issuance to increase the share capital from capital surplus to the shareholders at the rate of 30% in the form of shares amounting to VND1,465,851 million. These dividend payment and shares issuance schemes were approved by the General Meeting of Shareholders on 31 March 2015 and already executed during the year.

Post balance sheet events

There are no other significant post balance sheet events that need to be adjusted or disclosed in the consolidated financial statements.

Auditor

The auditor of the Company and the Group is KPMG Limited.

Statement of the Board of Directors' responsibility in respect of the consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of the consolidated financial statements which give a true and fair view of the Group's consolidated financial position as at 31 December 2015, consolidated results of operations and consolidated cash flows for the year then ended. In preparing the consolidated 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;
- confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Directors is also responsible for ensuring that proper accounting records are prepared and kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms with the Company's Board of Management and shareholders that they have complied with the above requirements in preparing the consolidated financial statements.

Hoa Phat Group Joint Stock Company
Report of the Board of Directors (continued)

Approval of the consolidated financial statements

We hereby approve the accompanying consolidated financial statements for the year ended 31 December 2015. These financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2015, its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.



Hanoi, 16 March 2016



KPMG Limited

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The Socialist Republic of Vietnam

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Management Hoa Phat Group Joint Stock Company

We have audited the accompanying consolidated financial statements of Hoa Phat Group Joint Stock Company ("the Company"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 16 March 2016, as set out on pages 6 to 76.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Auditor's Opinion

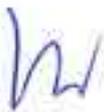
In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Phat Group Joint Stock Company as at 31 December 2015 and of its consolidated results of operations and its consolidated cash flows for the year then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

KPMG Limited



Audit Report No.: 13-02-034-2015-a

Dam Xuan Lam
Practicing Auditor Registration
Certificate No.: 0861-2013-007-1
Deputy General Director



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

Hanoi, 16 March 2016

Hoa Phat Group Joint Stock Company
Consolidated balance sheet as at 31 December 2015

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND	1/1/2015 VND Reclassified
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		11,915,177,133,485	11,745,859,365,753
Cash and cash equivalents	110	6	2,372,761,840,865	2,026,280,467,705
Cash	111		349,396,206,420	491,949,294,021
Cash equivalents	112		2,023,365,634,445	1,534,331,173,684
Short-term financial investments	120		758,094,875,121	506,641,791,271
Held-to-maturity investments	123	7.1	758,094,875,121	506,641,791,271
Accounts receivable – short-term	130		1,608,216,522,801	1,723,031,959,315
Accounts receivable from customers	131		1,210,987,095,176	1,247,341,501,375
Prepayments to suppliers	132		390,265,827,195	457,068,881,547
Other receivables	136	8	47,234,353,011	58,735,140,556
Allowance for doubtful debts	137		(41,276,739,619)	(40,801,876,327)
Shortage of assets awaiting resolution	139		1,005,987,038	688,312,164
Inventories	140	9	6,937,441,787,064	7,386,389,048,165
Inventories	141		7,208,055,393,649	7,601,110,304,518
Allowance for inventories	149		(270,613,606,585)	(214,721,256,353)
Other current assets	150		238,662,107,634	103,516,099,297
Short-term prepaid expenses	151		18,548,607,805	10,020,994,351
Deductible value added tax	152		212,136,927,444	80,592,280,678
Taxes and other receivables from State Treasury	153	17.1	7,976,572,385	12,902,824,268

The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company
Consolidated balance sheet as at 31 December 2015 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND	1/1/2015 VND Reclassified
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		13,591,592,052,060	10,343,245,032,050
Accounts receivable – long-term	210		16,485,258,954	9,225,561,499
Loans receivable – long-term	215		5,000,000,000	-
Other long-term receivables	216		11,485,258,954	9,225,561,499
Fixed assets	220		8,211,430,447,399	8,728,652,459,845
Tangible fixed assets	221	10	8,047,470,109,033	8,548,486,917,773
Cost	222		13,055,040,780,097	12,431,106,424,851
Accumulated depreciation	223		(5,007,570,671,064)	(3,882,619,507,078)
Intangible fixed assets	227	11	163,960,338,366	180,165,542,072
Cost	228		193,249,079,259	210,636,148,429
Accumulated amortisation	229		(29,288,740,893)	(30,470,606,357)
Investment property	230	12	192,494,292,820	197,343,763,931
Cost	231		236,450,059,552	232,446,624,627
Accumulated depreciation	232		(43,955,766,732)	(35,102,860,696)
Long-term work in progress	240		4,342,159,437,952	429,472,156,988
Long-term work in progress	241		2,970,929,067	-
Construction in progress	242	13	4,339,188,508,885	429,472,156,988
Long-term financial investments	250		102,545,479,270	61,184,828,523
Investments in associates	252	7.2	3,806,335,925	3,997,137,449
Equity investments in other entities	253	7.2	15,702,128,365	15,702,128,365
Held-to-maturity investments	255	7.1	83,037,014,980	41,485,562,709
Other long-term assets	260		726,477,135,665	917,366,261,264
Long-term prepaid expenses	261	14	551,682,828,680	483,218,729,903
Deferred tax assets	262	15	83,703,031,782	52,065,448,874
Goodwill	269	16	91,091,275,203	382,082,082,487
TOTAL ASSETS (270 = 100 + 200)	270		25,506,769,185,545	22,089,104,397,803

The accompanying notes are an integral part of these consolidated financial statements.

Hoa Phat Group Joint Stock Company
Consolidated balance sheet as at 31 December 2015 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND	1/1/2015 VND Reclassified
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		11,040,058,800,235	10,123,764,654,194
Current liabilities	310		9,992,832,755,685	8,966,332,083,327
Accounts payable to suppliers	311		2,638,687,908,117	1,927,830,990,815
Advances from customers	312		50,112,574,555	158,911,796,301
Taxes and other payable to State Treasury	313	17.2	398,530,099,807	463,700,814,724
Payables to employees	314		212,634,466,249	158,701,054,509
Accrued expenses	315	18.1	106,756,384,950	152,564,898,596
Unearned revenue – short-term	318	19	14,311,517,049	31,661,469,226
Other payables – short-term	319	20.1	95,876,723,487	104,236,479,283
Short-term borrowings	320	21.1	6,116,817,325,257	5,736,983,436,809
Provisions – short-term	321	22	9,745,648,320	17,171,173,699
Bonus and welfare funds	322	23	349,360,107,894	214,569,969,365
Long-term liabilities	330		1,047,226,044,550	1,157,432,570,867
Long-term accrued expenses	333	18.2	181,520,840,109	50,447,538,919
Other payables – long-term	337	20.2	110,185,097,424	96,068,705,964
Long-term borrowings	338	21.2	739,000,000,000	1,010,863,752,151
Deferred tax liabilities	341		157,445,445	52,573,833
Provisions – long-term	342	22	16,362,661,572	-
EQUITY (400 = 410)	400		14,466,710,385,310	11,965,339,743,609
Owners' equity	410	24	14,466,710,385,310	11,965,339,743,609
Share capital	411	25	7,329,514,190,000	4,819,081,750,000
- Ordinary shares with voting rights	411a		7,329,514,190,000	4,819,081,750,000
Capital surplus	412	24	674,149,437,068	2,207,350,817,068
Treasury shares	415	24	(638,500,000)	-
Investment and development fund	418	24, 28	891,436,091,839	674,783,632,921
Retained profits	421	24	5,549,332,356,102	4,094,767,826,367
- Retained profits brought forward	421a		2,455,676,950,702	1,300,425,812,549
- Retained profits for the current year	421b		3,093,655,405,400	2,794,342,013,818
Non-controlling interest	429		22,916,810,301	169,355,717,253
TOTAL RESOURCES (440 = 300 + 400)	440		25,506,769,185,545	22,089,104,397,803

Prepared by:



Dinh Phuong Loan
General Accountant

16 March 2016



Ly Thi Ngan
Chief Accountant

Approved by:



Tran Tuan Duong
General Director

The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company

Consolidated statement of income for the year ended 31 December 2015

Form B 02 – DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

	Code	Note	2015 VND	2014 VND Reclassified
Revenue from sales of goods and provision of services	01	30	27,864,558,436,964	25,825,123,626,163
Revenue deductions	02	30	411,626,322,631	299,774,803,450
Net revenue (10 = 01 - 02)	10	30	27,452,932,114,333	25,525,348,822,713
Cost of sales	11	31	21,858,956,167,813	20,338,346,539,679
Gross profit (20 = 10 - 11)	20		5,593,975,946,520	5,187,002,283,034
Financial income	21	32	248,607,642,113	160,287,779,327
Financial expenses	22	33	566,233,897,606	563,834,231,079
<i>In which: Interest expense</i>	23		<i>251,337,896,345</i>	<i>350,628,944,467</i>
Share of loss in associates	24		(190,801,524)	(171,255,307)
Selling expenses	25	34	424,150,105,358	366,087,885,891
General and administration expenses	26	35	760,822,612,994	607,214,249,307
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		4,091,186,171,151	3,809,982,440,777
Other income	31	36	314,546,263,699	257,727,314,747
Other expenses	32	37	415,903,770,054	298,189,027,092
Results of other activities (40 = 31 - 32)	40		(101,357,506,355)	(40,461,712,345)
Accounting profit before tax (50 = 30 + 40)	50		3,989,828,664,796	3,769,520,728,432
Income tax expense – current	51	39	516,978,888,313	517,116,335,811
Income tax (benefit)/expense – deferred	52	39	(31,532,711,296)	2,189,802,417
Net profit after tax (carried forward to next page) (60 = 50 - 51 - 52)	60		3,504,382,487,779	3,250,214,590,204

The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company

Consolidated statement of income for the year ended 31 December 2015 (continued)

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2015 VND	2014 VND Reclassified
Net profit after tax (brought forward from previous page) (60 = 50 - 51 - 52)	60		3,504,382,487,779	3,250,214,590,204
Attributable to:				
Equity holders of the parent company	61		3,485,462,964,249	3,144,252,845,971
Non-controlling interest	62		18,919,523,530	105,961,744,233
				Restated
Basic earnings per share	70	40	4,517	4,290

16 March 2016

Prepared by:



Dinh Phuong Loan
General Accountant

Approved by:



Ly Thi Ngan
Chief Accountant



The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company
Consolidated statement of cash flows for the year ended 31 December 2015
(Indirect method)

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

	Code	Note	2015 VND	2014 VND Reclassified
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		3,989,828,664,796	3,769,520,728,432
Adjustments for				
Depreciation and amortisation	02		1,281,591,263,404	1,109,518,432,670
Goodwill amortisation	02		290,990,807,284	244,886,781,601
Allowances and provisions	03		65,304,349,717	209,663,586,663
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		13,166,497,767	82,549,401,774
Profits from investing activities	05		(81,208,667,361)	(23,625,391,281)
Interest expense	06		251,337,896,345	350,628,944,467
Operating profit before changes in working capital	08		5,811,010,811,952	5,743,142,484,326
Change in receivables	09		(17,333,301,250)	(39,335,171,949)
Change in inventories	10		390,083,981,802	235,303,034,097
Change in payables and other liabilities	11		(849,876,282,431)	(2,199,063,441,613)
Change in prepayments	12		66,692,373,461	(28,905,066,932)
			5,400,577,583,534	3,711,141,837,929
Interest paid	14		(284,307,633,410)	(325,690,062,547)
Income tax paid	15		(447,842,572,341)	(575,207,645,980)
Other receipts from operating activities	16		-	33,084,042,052
Other payments for operating activities	17		(125,477,836,812)	(81,054,853,105)
Net cash flows from operating activities	20		4,542,949,540,971	2,762,273,318,349

The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company
Consolidated statement of cash flows for the year ended 31 December 2015
(Indirect method - continued)

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

	Code	Note	2015 VND	2014 VND Reclassified
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(3,386,572,345,633)	(1,165,028,194,450)
Proceeds from disposals of fixed assets and other long-term assets	22		32,360,460,543	21,687,699,513
Payments for purchase of debt instruments of other entities	23		(298,004,536,121)	(158,593,682,578)
Collections on investments in other entities	26		-	1,500,000,000
Receipts of interests on term deposits	27		119,070,843,886	107,306,447,497
Purchase of shares of subsidiary from its minority shareholders			(230,628,789,000)	-
Acquisition of subsidiary, net of cash acquired			-	(56,955,592,861)
Net cash flows from investing activities	30		(3,763,774,366,325)	(1,250,083,322,879)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contributed by minority shareholders	31		58,500,000	475,000,000
Proceeds from borrowings	33		22,541,238,710,236	21,167,443,398,643
Payments to settle loan principals	34		(22,433,385,840,450)	(22,097,815,712,253)
Payments of dividends	36		(540,720,414,633)	(681,451,419,825)
Net cash flows from financing activities	40		(432,809,044,847)	(1,611,348,733,435)

The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company
Consolidated statement of cash flows for the year ended 31 December 2015
(Indirect method - continued)

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

	Code	Note	2015 VND	2014 VND Reclassified
Net cash flows during the year (50 = 20 + 30 + 40)	50		346,366,129,799	(99,158,737,965)
Cash and cash equivalents at the beginning of the year	60	6	2,026,280,467,705	2,125,322,390,697
Effect of exchange rate fluctuations	61		115,243,361	116,814,973
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	2,372,761,840,865	2,026,280,467,705

16 March 2016

Prepared by:



Dinh Phuong Loan
General Accountant

Approved by:



Ly Thi Ngan
Chief Accountant



Trần Loan Duong
General Director

The accompanying notes are an integral part of these consolidated financial statements

Hoa Phat Group Joint Stock Company

Notes to the consolidated financial statements for the year ended 31 December 2015

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting entity

1.1 Ownership structure

Hoa Phat Group Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

1.2 Principal activities

The principal activities of the Group are as follows:

- Office leasing;
- Financial investments;
- Integrated investment and construction of infrastructures, industrial zones and urban zones;
- Manufacturing of furniture for offices, households and schools;
- Timber production and processing;
- Manufacturing of mechanical products (mainly construction machinery, office desks, chairs and cabinets);
- Leasing machines, equipment and motor vehicles;
- Dealing in automobiles, motorbikes, equipment, parts for transport and mining sectors, transport vehicles;
- Production and trading of construction and mining machineries;
- Dealing in electrical, electronic appliances, optical and medical equipment;
- Production, trading, assembly, installation, repair and maintenance of electrical, electronic, electrical refrigeration and civil electrical appliances and air-conditioners;
- Production and trading of raw materials and plastic products;
- Advertisement;
- Civil and industrial construction;
- Exploitation of sand, stones and gravel;
- Production, trading and assembly of furniture products and construction equipment;
- Real estate trading (excluding land price consultancy);
- Domestic and foreign investment advisory (excluding law advisory);
- Production and trading of non-ferrous metal and non-ferrous metal scraps;
- Trading and export and import of steel and supplies for steel making and rolling;
- Production of rolled steel products and roofing sheets;
- Exploitation of metal ores;
- Trading metals, metal ores, iron and steel scraps;

Hoa Phat Group Joint Stock Company
Notes to the consolidated financial statements for the year ended 31 December 2015
(continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

- Making cast iron and steel, and casting cast iron, iron and steel;
- Production of plated and non-plated steel tubes and inox tubes;
- Rendering sports and gymnastics services (training, competition organisation, athlete transfer);
- Building and renting sports practice ground and competition ground; and
- Entrusted export-import activities;
- Raising pigs;
- Raising poultry;
- Raising other animals;
- Provision of raising services;
- Processing and preserving meat and meat products;
- Producing feeds for cattle, poultry and aquaculture sector;
- Producing fertilizer and nitrogen compounds; and
- Trading agricultural equipment, machineries and accessories.

1.3 Normal operating cycle

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

Hoa Phat Group Joint Stock Company

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

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

1.4 Group structure

As at 31 December 2015, the Group's subsidiaries and associates are as follows:

No.	Tier 1 - subsidiaries	Principal activities	Percentage of ownership and voting rights of the Group	31/12/2015	1/1/2015
1	Hoa Phat Equipment & Accessories Co., Ltd.	Producing construction equipment, trading construction machinery and equipment, exploiting small and medium-sized minerals.	99.72%	99.72%	99.72%
2	Hoa Phat Furniture JSC	Producing and trading various kinds of furniture.	99.60%	99.60%	99.60%
3	Hoa Phat Steel Pipe Co., Ltd.	Producing and trading various kinds of steel pipes.	99.91%	99.91%	99.91%
4	Hoa Phat Refrigeration Engineering Co., Ltd.	Producing and trading various kinds of refrigerant equipment.	99.67%	99.67%	99.67%
5	Hoa Phat Urban Development & Construction JSC	Civil and industrial construction, development of real estate for sales and lease, leasing houses and offices, investing in and building technical infrastructure.	99.67%	99.67%	99.67%
6	Hoa Phat Trading Co., Ltd.	Export, import and trade steel, construction materials, furniture, air-conditioners, washing machines, refrigerators.	99.83%	99.83%	99.00%
7	Hoa Phat Steel JSC	Producing steel, iron, exploiting iron ores, exploiting and collecting lignite; wholesaling metals and metal ores; producing, trading coke coal.	99.99%	99.99%	99.99%
8	An Thong Mineral Investment JSC	Exploring, exploiting, processing, importing and exporting minerals (mainly iron ores).	99.96%	99.96%	99.96%
9	Golden Gain Vietnam JSC	Real estate trading.	99.94%	99.94%	84.95%
10	Hoa Phat Energy JSC	Producing and wholesaling coke coal, exploiting and collecting coal; producing refined petroleum products; wholesaling metals and metal ores; and trading various kinds of coal.	99.89%	99.89%	99.89%
11	Hoa Phat Steel One Member Co., Ltd.	Producing steel, iron, wholesaling metals and metal ores.	100%	100%	100%

Hoa Phat Group Joint Stock Company
Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

No.	Tier 1 - subsidiaries	Principal activities	Percentage of ownership and voting rights of the Group	
			31/12/2015	1/1/2015
12	Hoa Phat Livestock Development JSC (previously known as "Hoa Phat Mining JSC")	Exploiting and collecting lignite; exploiting ores of iron, aluminium, other rare ores; exploiting stone, sand, gravel, clay; producing coke coal, gypsum, lime, nonferrous metals and rare metals; casting iron and nonferrous metals; raising pigs and poultry; processing and preserving meat products; producing feed for livestock, poultry and aquatic animals; producing fertilizers and nitrogen compounds; trading machines and spare parts for agricultural machinery.	99.80%	99.80%
13	Nam Giang Mining One Member Co., Ltd.	Supporting services to mineral and other ores exploitation.	100%	100%
14	Hoa Phat Feeds Production and Trading One Member Co., Ltd. (i)	Processing and preserving meat and meat products, raising buffalos, cows, horses, donkeys, mules, goats, sheep, pigs and poultry; mixed farming; producing feeds for cattle, poultry and aquaculture sector; producing fertilizer and nitrogen compounds.	100%	-
15	Hoa Phat Mitraco Mining JSC (ii)	Exploring and production of iron, bauxite and other rare ores; trading metal and metal ores.	98.42%	-
16	Hoa Phat Dong Nai Animal Feed One-member Co., Ltd. (i)	Processing and preserving meat and meat products, raising buffalos, cows, horses, donkeys, mules, goats, sheep, pigs and poultry; mixed farming; producing feeds for cattle, poultry and aquaculture sector; producing fertilizer and nitrogen compounds.	100%	-

Hoa Phat Group Joint Stock Company
Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

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

No.	Tier 2 - subsidiaries	Principal activities	Percentage of indirect ownership and voting rights of the Group 31/12/2015	1/1/2015
	<i>Subsidiaries of Hoa Phat Equipment & Accessories Co. Ltd.</i>			
1	Hoa Phat Mining & Construction Machinery Manufacturing Co., Ltd.	Producing and trading construction and mining machines; producing engines and turbines.	100%	100%
2	Hoa Phat Mechanical Manufacturing Co., Ltd.	Repairing and producing mechanical products; leasing machines, equipment and vehicles.	99.90%	99.90%
	<i>Subsidiaries of Hoa Phat Steel Pipe Co., Ltd.</i>			
3	Hoa Phat Cold Rolled Steel Co., Ltd.	Producing of cold rolled steel products.	100%	100%
4	Hoa Phat Binh Duong Steel Pipe One Member Co., Ltd.	Producing and trading various kinds of steel pipes.	100%	100%
5	Chanh Nguyen Trading and Production Co., Ltd. (iii)	Producing, processing and trading various kinds of steel.	-	99.86%
6	Hoa Phat Da Nang Steel Pipe Co., Ltd. (iii)	Producing and trading various kinds of steel pipes.	99.92%	99.92%
7	Hoa Phat Long An Steel Pipe Co., Ltd. (v)	Producing and trading various kinds of steel pipes.	100%	-
	<i>Subsidiaries of Hoa Phat Urban Development & Construction JSC</i>			
8	Pho Noi A Industrial Zone Management and Operation Company	Civil and industrial construction, freehold or leasehold real estate trading, workshop and office leasing, integrated investment and construction of infrastructure, clean water trading, waste collection, exploitation, treatment and supply of water and operation of restaurants.	100%	100%
9	Hoa Mac Industrial Zone Management and Operation Co., Ltd.	Civil and industrial construction, freehold or leasehold real estate trading, workshop and office leasing, integrated investment and construction of infrastructure, clean water trading, waste collection, exploitation, treatment and supply of water.	100%	100%

Hoa Phat Group Joint Stock Company

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

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

No.	Tier 2 - subsidiaries	Principal activities	Percentage of indirect ownership and voting rights of the Group 31/12/2015	1/1/2015
	<i>Subsidiaries of Golden Gain Vietnam JSC</i>			
10	Hanoi Investment and Services JSC	Sports, entertainment activities, including tennis, badminton, billiards, swimming, body-building, games and real estate trading.	94.96%	94.96%
11	Hanoi Transportation and Trading Services JSC	Goods transport by automobiles, inter-provincial passenger transport by automobiles, machinery and equipment repair, domestic travel, petrol and oil trading agency, transport agency services and automobiles keeping services, office, warehouse and storage yard services and real estate trading.	99.57%	99.57%
	<i>Subsidiaries of Hoa Phat Steel One Member Co., Ltd</i>			
12	Hoa Phat - Binh Dinh One Member Limited Liability Company	Producing steel, iron, wholesaling metals and metal ores.	100%	100%
	<i>Subsidiaries of Hoa Phat Livestock Development JSC (previously known as "Hoa Phat Mining JSC")</i>			
13	Hoa Yen Mining JSC (iv)	Exploiting and production of iron, bauxite and other rare ores; trading metal and metal ores and trading machines.	-	99.77%
14	Duc Long Mining JSC (iv)	Exploring and production of iron, bauxite and other rare ores; trading metal and metal ores.	-	99.98%
15	Hoa Phat Miraco Mining JSC (ii)	Exploring and production of iron, bauxite and other rare ores; trading metal and metal ores.	-	98.42%
16	Hoa Phat Ninh Binh Breeding One Member Co., Ltd. (v)	Raising pigs, raising poultry, raising other animals.	100%	-
17	Hoa Phat Lac Thuy Breeding One Member Co., Ltd. (v)	Raising pigs, raising poultry, raising other animals.	100%	-

Hoa Phat Group Joint Stock Company
Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

No.	Tier 2 - subsidiaries	Principal activities	Percentage of indirect ownership and voting rights of the Group	31/12/2015	1/1/2015
18	Hoa Phat Bac Giang Breeding One Member Co., Ltd. (v)	Raising pigs, raising poultry, raising other animals.	100%	-	-
19	Hoa Phat Lang Son Breeding One Member Co., Ltd. (v) <i>Subsidiaries of Hoa Phat Steel JSC</i>	Raising pigs, raising poultry, raising other animals.	100%	-	-
20	Hoa Yen Mining JSC (iv)	Exploring and production of iron, bauxite and other rare ores.	99.77%	-	-
21	Duc Long Mining JSC (iv)	Exploring and production of iron, bauxite and other rare ores.	99.98%	-	-
	<i>An Thong Mineral Investment JSC</i>				
22	Binh Vang One Member Co., Ltd. (v)	Exploiting iron ore, non-ferrous metal, producing non-ferrous metal and precious metal, exploiting precious and rare metal ore.	100%	-	-
23	Phu Tho Agricultural Investment and Development One Member Co., Ltd. (v) <i>Hoa Phat Trading Co., Ltd.</i>	Raising pigs, buffalos, cows; mixed farming: processing and preserving vegetables and fruits, meat and meat products.	100%	-	-
24	An Chau Breeding One Member Co., Ltd. (v)	Raising livestock and poultry; providing plantation.	100%	-	-
25	Van Thang Breeding One Member Co., Ltd. (v)	Raising livestock and poultry; providing plantation.	100%	-	-

Hoa Phat Group Joint Stock Company
Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

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No.	Tier 2 - subsidiaries	Principal activities	Percentage of indirect ownership and voting rights of the Group	31/12/2015	1/1/2015
26	Viet Hung Breeding One Member Co., Ltd. (v)	Raising livestock and poultry; providing plantation.	100%	-	-
27	Dong Phat Breeding One Member Co., Ltd. (v)	Raising livestock and poultry; providing plantation.	100%	-	-

No.	Associates	Principal activities	Percentage of ownership and voting rights of the Group	31/12/2015	1/1/2015
1	Hoa Phat – SSG Mining JSC	Exploiting and collecting lignite; exploiting nonferrous ores; rendering mining support services and producing coke, lime, gypsum.	38%	38%	38%

- (i) This is a subsidiary that was established during the year.
- (ii) This is a tier 2 subsidiary that was transferred to the parent company during the year.
- (iii) During the year, Chanh Nguyen Trading and Production Co., Ltd. was merged into Hoa Phat Da Nang Steel Pipe Co., Ltd.
- (iv) These are two tier 2 subsidiaries transferred to Hoa Phat Steel JSC by Hoa Phat Mining JSC during the year.
- (v) These are tier 2 subsidiaries that were established during the year.

All the Company's subsidiaries and associates are incorporated in Vietnam.

As at 31 December 2015, the Group had 11,757 employees (1/1/2015: 10,565 employees).

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2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

2.2 Basis of measurement

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

2.3 Annual accounting period

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

2.4 Accounting and presentation currency

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

3. Adoption of new guidance on accounting system for enterprises

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

On the same date of 22 December 2014, the Ministry of Finance also issued Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202"). Circular 202 replaces previous guidance provided in Part XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance. Circular 202 is also effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

The Group has adopted the applicable requirements of Circular 200 and Circular 202 effective from 1 January 2015 on a prospective basis. The significant changes to the Group's accounting policies and the effects on the consolidated financial statements, if any, are disclosed in the following notes to the financial statements:

- Basis of consolidation (Note 4.1);
- Foreign currency transactions (Note 4.2); and
- Earnings per share (Note 4.21).

4. Summary of significant accounting policies

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

4.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Prior to 1 January 2015, after control over a subsidiary commences, if the Group makes additional investments in the subsidiary to increase the proportion of its interest, differences between cost of additional investments and the fair value of net assets of the subsidiary are directly recognised as an increase in goodwill. Negative differences are immediately recognised in the consolidated statement of income. Effective from 1 January 2015, in accordance with Circular 202, after control over a subsidiary commences, if the Group makes additional investments in the subsidiary to increase the proportion of its interest, differences between cost of additional investments and the carrying value of net assets of the subsidiary are directly recognised in retained profits after tax and these are treated as equity transactions. The Group does not recognise net assets of the subsidiary at fair value as it did at the date of taking control over the subsidiary.

In accordance with Vietnamese Accounting Standard No. 24 – Statement of cash flows (“VAS 24”), financing activities are activities that make changes to the size and structure of the owners’ equity and borrowed capital of an enterprise. Accordingly, the amount paid by the parent company to non-controlling shareholders to acquire additional equity in the subsidiary is classified as cash flows from financing activities in the consolidated statement of cash flows. However, Circular 202 provides that the amount paid by the parent company to non-controlling shareholders to acquire additional equity in the subsidiary is classified as cash flows from investing activities in the consolidated statement of cash flows. The Group elected to comply with Circular 202 in preparation of the consolidated statement of cash flows for the year ended 31 December 2015.

(b) Non-controlling interests

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the consolidated financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

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Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(d) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

(e) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates.

(f) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of acquisition consists of the aggregate fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in profit or loss. Where fair value is not available, the Group uses net book value based on historical cost concept to account for the assets and liabilities of the acquired entity based on the Ministry of Finance official guidance letter to the Group.

Transaction costs that the Group incurred in connection with business combinations included any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular combination being accounted for are not included in the cost of the combination; they are recognised as an expense when incurred.

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4.2 Foreign currency transactions

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

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

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

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

Prior to 1 January 2015, all foreign exchange differences are recorded in the consolidated statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during the Company's or its subsidiaries' pre-operating stage, in which case they are recorded in the Foreign Exchange Difference Account in equity until the Company or the subsidiaries commence operations. Once the Company or the subsidiaries commence operations and the tangible fixed assets are put into use, the net related foreign exchange gain or loss is transferred to Unearned Revenue Account or Long-term Prepayment Account respectively. The net gain or loss is then amortised on a straight line basis over five years.

Effective from 1 January 2015, as a result of Circular 200 adoption, all foreign exchange differences including those incurred during pre-operating stage are recorded in the consolidated statement of income. The unamortised balance of foreign exchange differences previously recorded in Long-term Prepayment Account as at 31 December 2014 has been transferred to the consolidated statement of income for the year ended 31 December 2015. This change in accounting policy has been applied prospectively. As a result, consolidated net profit for the year ended 31 December 2015 had decreased by VND1,111 million (net of income tax effect of VND196 million).

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4.3 Cash and cash equivalents

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

4.4 Investments

(a) Held-to-maturity investments

Held-to-maturity investments are those that the Company's and its subsidiaries' management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs less allowance for doubtful debts.

(b) Investments in equity instruments of other entities

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

4.5 Accounts receivable

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

Allowance for doubtful debts is established for amount of outstanding receivables at the balance sheet date which are overdue more than 6 months or are doubtful of recovery. Increases and decreases to the allowance for doubtful debts balance are recorded as general and administration expense account in the consolidated statement of income.

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4.6 Inventories

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

Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

Allowance for inventories is established for the estimated losses arising due to the impairment of value (through diminution, damage or obsolescence) of inventories owned by the Group, based on appropriate evidences of impairment available at the balance sheet date. Increases and decreases to the allowances for inventories balance are recorded as cost of goods sold account in the consolidated statement of income.

Manufacturing, trading and production of goods

Cost in the case of finished goods and manufactured work in progress includes raw materials, direct labour and attributable production overheads.

The Group applies the perpetual method of accounting for inventories.

Real estate development for future sales

Cost is determined on a specific identification basis and includes land costs and other related development and infrastructure costs, other direct costs and attributable manufacturing overheads.

4.7 Tangible fixed assets

(a) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance cost, except overhaul and major maintenance expenses recognised in long-term prepaid expenses (Note 4.11(b)), is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(b) Depreciation

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

• buildings	5 – 50 years
• office equipment	3 – 12 years
• machinery and equipment	2 – 25 years
• motor vehicles	6 – 10 years
• others	3 – 10 years

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4.8 Intangible fixed assets

(a) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use rights certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprise the purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. For land use rights with definite useful lives, amortisation is computed on a straight-line basis over 15 to 46 years. No amortisation is provided for land use rights with indefinite useful lives.

(b) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 2 to 6 years.

4.9 Investment property held to earn rental

(a) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. For land use rights with indefinite useful live, depreciation is not required. The estimated useful lives are as follows:

- buildings 5 – 49 years

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4.10 Construction in progress

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

4.11 Long-term prepaid expenses

(a) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets ("Circular 45"). Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(b) Overhaul and major maintenance expenses

These comprise major overhaul and maintenance expenses incurred on a periodical basis during the use of assets. These expenses are initially stated at cost and are amortised to the consolidated statement of income on a straight line basis over 2 to 4 years.

(c) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular 45, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(d) Site clearance costs

Site clearance costs comprise compensation and clearance fee paid by the Group. These expenses are initially stated at cost and amortised on a straight-line basis over the useful lives of land lease period.

4.12 Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over no more than 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

4.13 Trade and other payables

Trade and other payables are stated at their cost.

4.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties

The provision for warranties relates mainly to goods sold and services rendered during the accounting period. The provision is based on estimates derived from historical warranty data associated with similar products and services.

4.15 Share capital

(a) Ordinary shares

Ordinary shares are recognised at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognized as a deduction from capital surplus.

(b) Issuance of bonus shares to employees

Amount of bonus shares issued at par value to employees from capital surplus is not recognised as expenses but as a reduction from capital surplus.

(c) Withdrawal of bonus shares to employees as treasury shares

When bonus shares recognised as equity are withdrawn, the par value of these shares is recognised in retained profits under equity. Withdrawn shares are classified as treasury shares under equity. When treasury shares are sold for reissue, subsequently, the cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the reissued shares is presented within capital surplus.

4.16 Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follow:

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(a) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- Those that the Group upon initial recognition designates as at fair value through profit or loss;
- Those that the Group designates as available-for-sale; and
- Those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- That the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the Group on initial recognition designates as at fair value through profit or loss;
- That the Group upon initial recognition designates as available-for-sale; or
- For which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; or
- Loans and receivables.

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(b) Financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

4.17 Income tax

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

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

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

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

4.18 Revenue and other income

(a) Goods sold

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

(b) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(c) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(d) Sales of apartments

Revenue from the sale of apartments is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. The transfer of significant risks and rewards is determined to be at the time of completion and hand over of the apartments.

(e) Interest income

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

(f) Dividend income

Dividend income is recognised when the right to receive dividend is established.

4.19 Operating lease payments

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

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4.20 Borrowing costs

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

4.21 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Prior to 1 January 2015, the profit or loss attributable to the ordinary shareholders of the Company included amounts appropriated to bonus and welfare funds, if any. Effective from 1 January 2015, as a result of Circular 200 adoption, the profit or loss attributable to the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare funds. This change in accounting policy has been applied prospectively. As a result, basic earnings per share for the year ended 31 December 2015 had decreased by VND355 per share.

4.22 Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence.

Related parties may be individuals, directly or indirectly, having voting rights that give them significant influence over the Group, the Group's key management personnel, their close family members, their subsidiaries and associates and the Group's associates.

5. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The Group comprises the following main business segments:

- Production and trading of various kinds of steel: refining steel; casting steel, iron; trading and import-export of steel, steel-producing machinery and equipment; production of industrial steel including steel sheet, hot rolled steel, cold rolled steel, steel pipe, steel scrap; production and trading of steel pipes; production of steel string machinery;
- Trading of construction machinery; production and trading of construction equipment and exploitation of medium and small sized metals;
- Manufacturing of furniture and refrigeration products: producing and trading various kinds of interior furniture and refrigerant products;
- Construction and development of real estate: civil construction, industrial construction, trading of real estate under its ownership or lease from others; leasing houses, offices and investing in construction of infrastructure;
- Energy and exploring and exploiting minerals: exploring, exploiting, refining, processing, import-export of minerals, mainly iron ores; production and wholesales of coke coal, exploiting and collecting fossil coal; producing refined oil products; production, transmission, distribution of electricity; wholesales of metals and metal ores and trading of various kinds of coals;
- Raising and producing feeds: raising pigs, poultry; provision of raising services; processing and preserving meat and meat products; producing feeds for cattle, poultry and aquaculture sector; producing fertilizer and nitrogen compounds; trading agricultural equipment, machineries and accessories; and other relevant auxiliary sectors; and
- Financial investment (parent entity): long-term investment in subsidiaries and associates.

The Group did not present geographical segment because the Board of Directors determines that, the Group currently operates in a sole geographical segment which is Vietnam territory.

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	Production and trading of steels VND	Trading of construction machinery VND	Furniture & Refrigerators VND	Real estates VND	Energy and mining exploration VND	Raising and producing feeds VND	Financial investments (parent entity) VND	Elimination VND	Consolidated total VND
For the year ended 31 December 2015									
Net external revenue	21,892,049,097,579	302,655,889,756	2,168,743,204,437	3,062,606,383,078	693,969,135,686	1,331,968,401,803	-	-	22,452,932,114,333
Net inter-segment revenue	11,523,462,897,673	71,350,969,672	61,610,068,996	64,534,033,233	3,557,294,872,798	-	26,362,521,050	(15,304,415,363,282)	-
Total segment revenue	33,415,511,995,252	375,066,859,428	2,230,353,273,433	3,127,140,418,307	4,251,204,008,374	1,331,968,401,803	26,362,521,050	(15,304,415,363,282)	27,452,932,114,333
Segment net operating profits	2,956,560,878,140	56,483,192,756	367,128,018,307	387,266,030,544	267,792,959,291	(46,782,297,035)	1,787,063,011,895	(1,978,265,442,657)	4,091,186,171,151
Other income	282,310,198,614	9,094,131,699	79,561,939,421	14,568,708,593	7,922,182,466	667,677,286	6,938,691,854	(86,537,175,630)	314,546,263,699
Other expenses	(313,493,115,751)	(333,443,139)	(2,672,546,261)	(9,544,255,602)	(91,680,972,862)	(120,946,033)	(579,648,126)	861,180,740	(415,901,770,054)
Income tax expenses – current	(219,018,415,062)	(13,237,039,216)	(91,966,635,607)	(100,340,295,233)	(99,030,460,922)	-	(2,492,111,243)	-	(516,978,888,313)
Income tax (expenses)/benefit – deferred	(362,734,939)	926,615,009	1,932,510,445	16,370,220,408	1,033,815,332	-	-	11,632,283,041	31,533,751,096
Net profits after tax	2,701,996,811,902	52,957,465,489	333,990,186,308	308,360,428,112	395,077,665,275	(46,235,566,788)	1,790,948,794,290	(2,032,669,192,506)	3,204,382,487,779

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	Production and trading of steel VND	Trading of construction machinery VND	Furniture & Refrigerators VND	Real estates VND	Energy and mining exploration VND	Raising and producing feeds VND	Financial investment (parent entity) VND	Elimination VND	Consolidated total VND
As at 31 December 2015									
Segment assets	16,942,015,286,439	274,973,018,487	1,635,345,709,419	1,910,699,885,605	1,852,422,923,146	962,948,963,813	1,090,838,321,268	(1,169,281,258,656)	25,502,962,849,629
Investments in subsidiaries	-	-	-	-	-	-	8,534,660,542,638	(8,534,660,542,633)	-
Investments in equity accounted associates	-	-	-	-	-	-	8,750,000,000	(8,923,694,875)	1,806,335,923
Total assets	16,942,015,286,439	274,973,018,487	1,635,345,709,419	1,910,699,885,605	1,852,422,923,146	962,948,963,813	9,631,228,863,998	(9,705,865,865,364)	25,506,769,185,545
Segment liabilities	8,474,202,009,618	60,328,785,218	698,257,804,401	905,658,442,121	1,631,441,295,248	647,341,216,203	210,778,630,594	(987,949,402,928)	11,640,058,800,235
Total liabilities	8,474,202,009,618	60,328,785,218	698,257,804,401	905,658,442,121	1,631,441,295,248	647,341,216,203	210,778,630,594	(987,949,402,928)	11,640,058,800,235
For the year ended 31 December 2015									
Capital expenditure	4,169,816,870,396	2,019,335,510	288,972,163,974	34,455,905,857	160,922,130,892	155,975,426,454	7,530,894,984	(42,539,121,945)	4,777,139,587,222
Depreciation of tangible fixed assets, finance lease assets and investment properties	(749,106,803,612)	(12,568,394,613)	(98,906,558,576)	(20,680,538,255)	(377,467,655,375)	(802,106,154)	(5,809,205,186)	(7,083,951,723)	(1,272,519,897,788)
Amortisation of intangible fixed assets	(1,707,933,850)	(670,100,207)	6,099,466,361	-	(83,094,020)	-	(314,033,524)	309,613,068	(4,365,898,694)
Amortisation of long-term prepayments	(182,678,749,853)	21,071,263,652)	(18,235,206,133)	(169,241,613)	(13,331,164,179)	(1,286,000,906)	(6,194,124,814)	(317,699,929)	(238,545,490,633)

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	Production and trading of tools VND	Trading of construction machinery VND	Furniture & Refrigerators VND	Real estate VND	Energy and mining exploration VND	Raising and producing feeds VND	Financial investment (parent entity) VND	Elimination VND	Consolidated total VND
For the year ended 31 December 2014									
Net external revenue	19,794,972,649,539	254,794,161,843	1,996,280,783,781	2,698,666,955,286	779,129,872,264	-	6,318,000,000	-	25,525,348,822,713
Net inter-segment revenue	9,477,775,346,079	57,003,130,582	62,528,351,252	77,264,639,766	3,684,521,135,571	-	27,953,356,667	(13,789,021,960,673)	-
Total segment revenue	29,672,747,995,568	311,796,292,285	3,058,809,135,033	2,775,931,595,052	4,463,651,007,831	-	29,442,756,667	(13,789,021,960,673)	25,525,348,822,713
Segment net operating profits	2,168,932,445,066	50,096,699,438	339,422,252,247	981,573,980,565	382,923,818,691	-	1,179,323,971,668	(1,271,298,320,400)	3,809,982,440,777
Other income	214,898,420,029	6,772,208,113	30,241,716,842	18,111,550,685	46,856,203,893	-	17,687,860,027	(78,301,244,870)	257,227,314,747
Other expenses	(211,702,256,725)	(5,480,646,397)	(49,184,282,186)	(17,312,092,149)	(63,483,418,698)	-	(1,814,692,743)	56,790,521,806	(296,189,027,092)
Income tax expenses – current	(162,313,285,534)	(11,389,759,364)	(86,605,181,861)	(220,750,201,006)	(49,997,642,027)	-	(6,868,773,819)	-	(917,116,335,811)
Income tax benefit (expenses) – deferred	3,694,053,830	475,965,441	(631,972,329)	(588,878,426)	184,539,431	-	-	(5,343,530,364)	(2,189,802,417)
Net profit after tax	1,993,568,876,692	46,483,976,233	253,242,532,813	166,053,799,669	316,483,820,696	-	1,188,534,365,129	(1,302,132,779,828)	3,250,314,590,304

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	Production and trading of assets VND	Trading of construction machinery VND	Furniture & Refrigerators VND	Real estates VND	Energy and mining exploration VND	Raising and producing feeds VND	Financial investments (parent entity) VND	Elimination VND	Consolidated total VND
As at 1 January 2015									
Segment assets	14,320,487,566,744	277,974,581,094	1,565,977,104,081	3,201,403,228,769	3,944,031,864,617	-	773,760,011,138	(1,198,509,496,109)	22,085,107,260,354
Investments in subsidiaries	-	-	-	-	-	-	7,590,768,437,533	(7,590,768,437,533)	-
Investments in equity accounted associates	-	-	-	-	-	-	5,730,000,000	(1,732,863,531)	3,997,137,469
Total assets	14,320,487,566,744	277,974,581,094	1,565,977,104,081	3,201,403,228,769	3,944,031,864,617	-	8,370,258,448,681	(8,791,010,796,193)	22,088,104,397,803
Segment liabilities	8,264,574,749,070	42,346,408,104	734,977,233,273	666,464,454,925	1,477,971,282,604	-	129,219,019,165	(1,191,788,599,947)	10,123,764,654,194
Total liabilities	8,264,574,749,070	42,346,408,104	734,977,233,273	666,464,454,925	1,477,971,282,604	-	129,219,019,165	(1,191,788,599,947)	10,123,764,654,194
For the year ended 31 December 2014									
Capital expenditure	117,807,064,200	4,225,356,010	190,402,794,246	8,162,630,836	151,103,407,689	-	15,861,010,337	(2,734,069,659)	1,088,828,194,430
Depreciation of tangible fixed assets, financial assets and investment properties	(649,164,573,218)	(12,373,724,431)	(73,380,455,918)	(19,075,463,568)	(333,829,947,448)	-	(18,584,190,004)	6,417,726,338	(1,100,960,628,139)
Amortisation of intangible fixed assets	(1,637,845,049)	(833,130,094)	(2,045,864,344)	-	(219,862,670)	-	(587,200,353)	268,810,356	(5,915,032,154)
Amortisation of long-term prepayments	(75,304,600,468)	(681,244,524)	(15,798,406,390)	(2,416,098,399)	(165,562,393,485)	-	(1,812,918,213)	932,602,495	(261,943,154,784)

Hoa Phat Group Joint Stock Company

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6. Cash and cash equivalents

	31/12/2015	1/1/2015
	VND	VND
Cash on hand	7,364,886,583	5,253,004,793
Cash in banks	342,031,319,837	477,066,928,012
Cash in transit	-	9,629,361,216
Cash equivalents	2,023,365,634,445	1,534,331,173,684
	<hr/>	<hr/>
	2,372,761,840,865	2,026,280,467,705

Hoa Phat Group Joint Stock Company
Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

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	31/12/2015		1/1/2015	
	Cost VND	Fair value VND	Cost VND	Fair value VND
7. Investments				
7.1. Held-to-maturity investments				
Held-to-maturity investments - short-term				
▪ Term deposits (i)	758,094,875,121	758,094,875,121	506,641,791,271	506,641,791,271
Held-to-maturity investments - long-term				
▪ Term deposits (ii)	83,037,014,980	(*)	41,485,562,709	(*)

(i) These represent term deposits with terms ranging from 6 months to 1 year placed at financial institutions and with interest rates ranging from 3.5% to 5.8% (2014: 4.2% to 8.2%) per annum.

(ii) These represent term deposits with a remaining term of 12 months placed at financial institutions and with interest rates ranging from 6.2% to 6.3% (2014: 6.2% to 7.7%) per annum.

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



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

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7.2 Equity investments in other entities

	31/12/2015				1/1/2015				
	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND
Equity investments in:									
• Associates									
• Hoa Phat – SSG Mining JSC	Ho Chi Minh City, Vietnam	38.00%	38.00%	3,806,335,925		38.00%	38.00%	3,997,137,449	
• Others									
• Viet Ha Brewery JSC	Bac Ninh, Vietnam	6.98%	6.98%	15,000,000,000		6.98%	6.98%	15,000,000,000	
• Bac Ha Noi Urban Development JSC	Hanoi, Vietnam	7.00%	7.99%	700,000,000		7.00%	7.99%	700,000,000	
• Others				2,128,365				2,128,365	
				15,702,128,365				15,702,128,365	
				19,508,464,290	(*)			19,699,265,814	(*)

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

Hoa Phat Group Joint Stock Company

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8. Other receivables

	31/12/2015 VND	1/1/2015 VND Reclassified
Interest receivables	16,260,121,412	14,123,482,004
Export tax paid in advance	2,916,009,473	-
Lost goods awaiting compensation	-	23,560,742,480
Materials issued for outside processing	3,167,292,171	629,364,400
Other receivables	24,890,929,955	20,421,551,672
	<hr/> 47,234,353,011	<hr/> 58,735,140,556 <hr/>

9. Inventories

	31/12/2015		1/1/2015	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	695,366,378,460	-	585,168,710,926	-
Raw materials	2,728,251,654,898	(214,141,701,768)	3,314,175,008,838	(195,604,647,670)
Tools and supplies	826,775,384,751	(18,367,069)	554,482,318,301	-
Work in progress	881,447,559,380	(10,762,651,083)	382,083,095,714	-
Finished goods	1,913,398,544,726	(42,842,913,922)	2,590,754,929,766	(17,492,367,978)
Merchandise inventories	76,824,564,678	(2,847,972,743)	46,774,019,099	(1,624,240,705)
Goods on consignment	85,991,306,756	-	127,672,221,874	-
	<hr/> 7,208,055,393,649	<hr/> (270,613,606,585)	<hr/> 7,601,110,304,518	<hr/> (214,721,256,353) <hr/>

At 31 December 2015, inventories with a carrying value of VND1,318,451 million (1/1/2015: VND2,629,128 million) were pledged with banks as security for loans granted to the Group.

Included in inventories at 31 December 2015 was VND738,684 million (1/1/2015: VND1,671,335 million) of inventories carried at net realisable value.

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10. Tangible fixed assets

	Buildings VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Others VND	Total VND
Cost						
Opening balance	2,711,443,950,184	27,118,590,001	9,327,202,464,709	364,746,977,295	594,442,662	12,431,106,424,851
Additions	67,634,725,307	3,010,677,458	77,190,370,092	101,874,563,548	-	249,710,336,405
Transfer from construction in progress	222,472,449,808	-	319,110,396,315	25,413,213,492	-	566,996,059,615
Disposals and written off	(56,118,193,470)	(196,880,325)	(122,050,147,865)	(31,300,807,218)	-	(209,666,028,878)
Other movements	16,091,299,667	(45,454,545)	(1,353,398,218)	425,000,000	1,776,541,200	16,893,988,104
Closing balance	2,961,524,231,496	29,886,932,589	9,600,099,685,033	461,158,947,117	2,370,983,862	13,055,040,780,097
Accumulated depreciation						
Opening balance	681,540,983,352	16,690,474,881	3,016,000,272,135	167,793,334,048	594,442,662	3,882,619,507,078
Charge for the year	293,717,968,503	3,684,315,098	910,890,641,531	55,207,555,996	196,510,624	1,263,696,991,752
Disposals and written off	(41,052,339,874)	(172,633,311)	(78,817,905,999)	(21,861,487,704)	-	(141,904,366,888)
Other movements	(1,027,046,575)	21,358,413	4,110,585,697	53,641,587	-	3,158,539,122
Closing balance	933,179,565,406	20,223,515,081	3,852,185,593,364	201,193,043,927	790,953,286	5,007,570,671,064
Net book value						
Opening balance	2,029,902,966,832	10,428,115,120	6,311,202,192,574	196,953,643,247	-	8,548,486,917,773
Closing balance	2,028,344,666,090	9,663,417,508	5,747,916,091,669	259,965,903,190	1,580,030,576	8,047,470,109,033

Included in the cost of tangible fixed assets were assets costing VND1,021,785 million which were fully depreciated as of as of 31 December 2015 (1/1/2015: VND921,127 million) but still in active use.

At 31 December 2015, tangible fixed assets with a carrying value of VND4,908,798 million (1/1/2015: VND5,143,899 million) were pledged with banks as security for loans granted to the Group.

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11. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	206,165,825,242	3,102,746,855	1,367,576,332	210,636,148,429
Additions	-	871,000,000	-	871,000,000
Transfer to long-term prepaid expenses	(9,514,160,400)	-	-	(9,514,160,400)
Disposals and written off	(8,562,908,770)	(181,000,000)	-	(8,743,908,770)
Reclassification	-	(133,333,332)	133,333,332	-
Closing balance	188,088,756,072	3,659,413,523	1,500,909,664	193,249,079,259
Accumulated amortisation				
Opening balance	26,748,438,777	2,494,048,958	1,228,118,622	30,470,606,357
Charge for the year	3,785,984,005	640,456,979	139,457,710	4,565,898,694
Transfer to long-term prepaid expenses	(1,271,623,804)	-	-	(1,271,623,804)
Disposals and written off	(4,295,140,354)	(181,000,000)	-	(4,476,140,354)
Reclassification	-	(133,333,332)	133,333,332	-
Closing balance	24,967,658,624	2,820,172,605	1,500,909,664	29,288,740,893
Net book value				
Opening balance	179,417,386,465	608,697,897	139,457,710	180,165,542,072
Closing balance	163,121,097,448	839,240,918	-	163,960,338,366

Included in the cost of intangible fixed assets were assets costing VND1,411 million which were fully depreciated as of 31 December 2015 (1/1/2015: VND881 million), but still in active use.

At 31 December 2015, intangible fixed assets with a carrying value of VND77,867 million (1/1/2015: VND80,004 million) were pledged with banks as security for loans granted to the Group.

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12. Investment property held to earn rental

	Buildings VND	Land use rights VND	Total VND
Cost			
Opening balance	216,665,630,027	15,780,994,600	232,446,624,627
Additions during the year	4,003,434,925	-	4,003,434,925
Closing balance	220,669,064,952	15,780,994,600	236,450,059,552
Accumulated depreciation			
Opening balance	35,102,860,696	-	35,102,860,696
Charge for the year	8,852,906,036	-	8,852,906,036
Closing balance	43,955,766,732	-	43,955,766,732
Net book value			
Opening balance	181,562,769,331	15,780,994,600	197,343,763,931
Closing balance	176,713,298,220	15,780,994,600	192,494,292,820

The Group's investment property was buildings comprising factories for rent in Pho Noi A Industrial Park, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam, some floors for rent of the building at 257 Giai Phong Street, Hai Ba Trung District, Hanoi, Vietnam and at Mandarin Garden project, Hoang Minh Giam Street, Cau Giay District, Hanoi, Vietnam.

Investment property was land use right in relation to Mandarin Garden project. As the land use right has an indefinite term, the Group did not perform depreciation.

At the reporting date, the fair value of the Group's investment properties has not been determined because the Group has not performed a valuation as there is no active market for such properties.

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13. Construction in progress

	2015 VND	2014 VND
Opening balance	429,472,156,988	133,570,569,419
Additions during the year	4,522,554,816,392	936,923,818,108
Acquisition of a tier 2 – subsidiary	-	1,688,679,995
Transfer to tangible fixed assets	(566,996,059,615)	(614,905,972,027)
Transfer to investment property	-	(5,427,290,909)
Transfer to long-term prepaid expenses	(41,913,545,408)	(14,828,352,470)
Transfer to short-term prepaid expenses	(3,333,681,721)	(1,044,634,617)
Disposals	-	(8,288,758,922)
Others	(595,177,751)	1,784,098,411
	<hr/>	<hr/>
Closing balance	4,339,188,508,885	429,472,156,988

Major constructions in progress were as follows:

	31/12/2015 VND	1/1/2015 VND
Iron refining factory	1,675,140,961,953	83,551,944,552
Steel billet factory system	675,820,940,826	38,223,102,752
Steel rolling mill system	469,252,516,318	-
Lime kiln	202,006,584,929	-
Steel pipe factory expansion	150,545,022,392	-
Pelletizing factory	129,065,166,407	-
Animal feed factory	124,154,056,454	-
Power plant – stage 3	117,760,569,806	-
Additional site clearance costs	50,888,219,093	73,368,519,432
Miscellaneous construction in progress materials and uninstalled equipment and machineries	376,044,602,785	79,559,496,782
Expansion expenses for steel billet factory No. 1	-	75,052,000
Ore sintering plant	163,485,616,763	16,978,885,135
Cladding plant project	-	27,041,919,136
Refrigerator factory	-	15,861,489,223
Strip cladding line	-	49,191,251,977
Other projects	205,024,251,159	45,620,495,999
	<hr/>	<hr/>
	4,339,188,508,885	429,472,156,988

Hoa Phat Group Joint Stock Company

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14. Long-term prepaid expenses

	Tools and supplies VND	Overhaul and major maintenance expenses VND	Foreign exchange differences VND	Prepaid land costs VND	Site clearance costs VND	Others VND	Total VND
Opening balance	59,170,593,240	238,469,150,180	5,269,304,188	134,653,926,380	25,227,096,703	20,428,659,212	483,218,729,903
Additions	46,705,229,504	127,241,907,610	-	69,578,521,423	-	21,570,385,445	265,096,043,982
Transfer from construction in progress	6,766,607,277	1,517,564,601	-	33,333,804,000	-	295,569,530	41,913,545,408
Reclassifications	4,303,302,373	-	-	-	-	(4,303,302,373)	-
Amortisation for the year	(65,435,274,068)	(143,455,432,832)	(5,269,304,188)	(4,475,466,922)	(1,690,987,741)	(18,219,024,862)	(238,545,490,613)
Closing balance	51,510,458,326	223,773,189,559	-	233,090,784,881	23,536,108,962	19,772,286,952	551,682,828,680

At 31 December 2015, long-term prepaid expenses with a carrying value of VND36,367 million (1/1/2015: VND37,661 million) were pledged with banks as security for loans granted to the Group.

15. Deferred tax assets

Deferred tax assets were recognised in respect of the following items:

	31/12/2015 VND	1/1/2015 VND
Accrued expenses	26,957,539,726	10,705,727,819
Unrealised profits arising on the intra-group sales of inventories and fixed assets	56,676,400,218	38,299,108,599
Unrealised foreign exchange losses	69,091,838	3,060,612,456
	83,703,031,782	52,065,448,874

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16. Goodwill

	An Thong Mineral Investment JSC (*) VND	Hoa Phat Energy JSC VND	Hoa Phat Livestock Development JSC (previously known as "Hoa Phat Mining JSC") (*) VND	Hanoi Investment and Service JSC (*) VND	Hanoi Transportation and trading services JSC (*) VND	Chanh Nguyen Trading and Production Co., Ltd. VND	Total VND
Cost							
Opening and closing balance	350,232,527,609	206,244,396,684	34,014,618,203	74,526,572,949	89,496,114,296	54,111,943,050	808,626,172,791
Accumulated amortisation							
Opening balance	195,546,494,581	94,528,681,812	17,296,684,755	49,583,157,366	51,398,239,056	23,190,832,734	426,544,090,304
Amortisation for the year	154,686,033,028	20,624,439,669	21,717,933,448	24,943,415,583	38,097,875,240	30,921,110,316	290,990,807,284
Closing balance	350,232,527,609	115,153,121,481	34,014,618,203	74,526,572,949	89,496,114,296	54,111,943,050	717,534,897,588
Net book value							
Opening balance	154,686,033,028	111,715,714,872	21,717,933,448	24,943,415,583	38,097,875,240	30,921,110,316	382,082,082,487
Closing balance	-	91,091,275,203	-	-	-	-	91,091,275,203

(*) During the year, the Board of Directors assessed goodwill impairment at these subsidiaries based on the probable inflow of benefits from investments in the subsidiaries and decided to amortise the opening carrying value of this goodwill in the consolidated statement of income. This has decreased the consolidated net profits of the Group for the year ended 31 December 2015 by VND169 billion.

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Form B 09 – DN/HN*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***17. Taxes and others receivable from and payable to State Treasury****17.1 Taxes and others receivable from State Treasury**

	1/1/2015 VND	Incurred VND	Offsetting against tax payable incurred VND	31/12/2015 VND
Taxes refundable/deductible from State Treasury				
Corporate income tax	11,702,554,613	503,052,962	(5,435,474,504)	6,770,133,071
Other receivables from State Treasury				
Others	1,200,269,655	6,247,038,128	(6,240,868,469)	1,206,439,314
	12,902,824,268	6,750,091,090	(11,676,342,973)	7,976,572,385

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17.2 Taxes and others payable to State Treasury

	1/1/2015 VND	Incurred/(adjusted) VND	Paid VND	31/12/2015 VND
Taxes				
Value added tax	62,522,514,742	1,869,122,728,210	(1,902,249,864,157)	29,395,378,795
Special consumption tax	2,619,285,971	30,520,524,964	(33,022,230,519)	117,580,416
Import-export tax	-	166,302,023,516	(165,409,159,325)	892,864,191
Corporate income tax	231,392,387,541	516,978,888,313	(447,842,572,341)	300,528,703,513
Withholding tax	239,843,922	17,569,404,527	(16,382,293,993)	1,426,954,456
Personal income tax	1,084,181,596	29,737,926,015	(29,629,374,353)	1,192,733,258
Natural resource taxes	5,504,672,313	56,910,726,130	(57,739,750,424)	4,675,648,019
Land rental	136,419,167,478	34,725,023,396	(113,839,674,390)	57,304,516,484
Other taxes	2,779,698,305	34,313,559,342	(34,097,536,972)	2,995,720,675
Other obligations				
Traffic charge (*)	21,139,062,856	(21,139,062,856)	-	-
	463,700,814,724	2,735,041,741,557	(2,800,212,456,474)	398,530,099,807

(*) On 6 August 2009, People's Committee of Lao Cai province issued Decision No. 2420/QĐ-UUBND providing on receivables from mining to ensure the traffic infrastructure in Lao Cai province in order to mobilize contributions from the organisations, individuals performing mining activities in the province. Duc Long Mining JSC, a tier 2 subsidiary of the Company, recorded this account payable as operating expenses in previous years. However, in 2015, the Company's management cautiously assessed this traffic charge and believes that there are sufficient legal basis for the Company not to pay the traffic charge. Accordingly, the Company restated this account payable into work in progress during the year.

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18. Accrued expenses

18.1 Accrued expenses – short-term

	31/12/2015	1/1/2015
	VND	VND
		Reclassified
Electricity expense	36,513,158,033	12,727,993,710
Promotion expense	26,614,711,130	15,807,317,000
Interest expense	18,514,828,201	51,571,875,622
Environmental restoration expense	-	4,417,769,085
Mineral mining right fees	9,085,228,848	28,472,068,231
Transportation cost	2,864,387,729	5,068,626,033
Geological exploration information fee	1,402,755,548	7,664,921,510
Salaries and bonuses	1,972,044,207	1,920,099,724
Others	9,789,271,254	24,914,227,681
	<hr/>	<hr/>
	106,756,384,950	152,564,898,596
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18.2 Accrued expenses – long-term

	31/12/2015	1/1/2015
	VND	VND
		Reclassified
Accruals for cost of Industrial zone land	181,520,840,109	50,447,538,919
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19. Unearned revenue – short-term

Unearned revenue – short-term represents the revenue received in advance from lease of the Group's investment properties.

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Notes to the consolidated financial statements for the year ended 31 December 2015
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20. Other payables

20.1 Other payables – short-term

	31/12/2015	1/1/2015
	VND	VND
		Reclassified
Payable to RHI Refractories		
Asia-Pacific PTE	7,384,565,916	12,433,066,383
Interest expense	106,154,801	18,844,445
Payable to Golden Gain Enterprises JSC	3,756,425,917	3,756,425,917
Dividends payable	1,549,770,000	1,515,919,000
Short-term deposits and collaterals received	2,406,910,000	24,350,261,964
Sales discounts	41,960,588,602	39,760,742,486
Trade union fee, social and health insurance	8,788,887,474	5,364,206,004
Borrowed goods	2,728,208,404	1,452,873,856
Surplus assets awaiting resolution	497,821,990	821,177,009
Guarantee expenses	1,275,960,726	1,732,775,389
Others	25,421,429,657	13,030,186,830
	<hr/>	<hr/>
	95,876,723,487	104,236,479,283
	<hr/>	<hr/>

20.2 Other payables – long-term

	31/12/2015	1/1/2015
	VND	VND
Apartment maintenance fund	104,098,853,611	89,340,320,246
Others	6,086,243,813	6,728,385,718
	<hr/>	<hr/>
	110,185,097,424	96,068,705,964
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	1/1/2015		Movement during the year		31/12/2015	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
21. Short-term borrowings						
21.1. Short-term borrowings						
Short-term borrowings	5,515,438,574,744	5,515,438,574,744	22,391,353,976,747	(21,939,975,226,234)	5,966,817,325,257	5,966,817,325,257
Current portion of long-term borrowings (Note 21.2)	221,544,862,065	221,544,862,065	150,000,000,000	(221,544,862,065)	150,000,000,000	150,000,000,000
	5,736,983,436,809	5,736,983,436,809	22,541,353,976,747	(22,161,520,088,299)	6,116,817,325,257	6,116,817,325,257

At 31 December 2015, short-term borrowings include borrowings in VND and USD with carrying amounts of VND5,881,883 million and VND84,934 million (1/1/2015: VND1,173,324 million and VND4,342,115 million), respectively.

At 31 December 2015, the short-term borrowings in VND and USD with the carrying amounts of VND5,394,158 million and VND55,508 million (1/1/2015: VND1,003,014 million and VND3,554,204 million), respectively, are secured by certain inventories (Note 9), fixed assets (Notes 10 and 11), and long-term prepayments of the Group (Note 14) and a number of Hoa Phat Group Joint Stock Company ("HPG") shares owned by a number of the members of the Board of Management of the Company.

The remaining short-term borrowings were unsecured.

The borrowings denominated in VND bore interest at rates ranging from 3.9% to 6% (2014: 3.5% to 6.5%) per annum. The borrowings denominated in USD bore interest rate at rates ranging from 1.2% to 2.2% (2014: 1.4% to 4%) per annum.

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21.2. Long-term borrowings

	31/12/2015 VND	1/1/2015 VND
Long-term borrowings	889,000,000,000	1,232,408,614,216
Repayable within twelve months (Note 21.1)	(150,000,000,000)	(221,544,862,065)
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Repayable after twelve months	739,000,000,000	1,010,863,752,151
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Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Annual interest rate (%)	Year of maturity	31/12/2015 VND	1/1/2015 VND
BIDV (a)	VND	8	2021	289,000,000,000	577,072,326,185
ANZ	USD	4.5 – 4.73	2016	-	14,431,078,231
Vietinbank	VND	10 – 11.5	2017	-	40,905,209,800
Borrowings from individuals (b)	VND	9 – 12.6	2017	600,000,000,000	600,000,000,000
				<hr/>	<hr/>
				889,000,000,000	1,232,408,614,216
				<hr/>	<hr/>

(a) The long-term bank borrowings are secured by certain fixed assets of the Group (Note 10).

(b) The borrowings from individuals are unsecured.

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22. Provisions

	Warranties VND	Environmental restoration VND	Total VND
Opening balance	17,171,173,699	-	17,171,173,699
Provision made during the year	1,546,483,838	8,762,096,454	10,308,580,292
Provision used during the year	(1,371,444,099)	-	(1,371,444,099)
	<hr/>		
Closing balance	17,346,213,438	8,762,096,454	26,108,309,892
	<hr/>		
Current	9,745,648,320	-	9,745,648,320
Non-current	7,600,565,118	8,762,096,454	16,362,661,572
	<hr/>		

23. Bonus and welfare funds

This fund is established by appropriating from net profit after tax as approved by shareholders at General Meeting of Shareholders. This fund is used to pay bonus, welfare and allowance to the Company's and subsidiaries' Board of Management, Board of Directors and employees in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare funds during the year were as follows:

	2015 VND	2014 VND
Balance at the beginning of the year	214,569,969,365	90,863,645,308
Appropriation during the year	260,167,975,341	219,220,272,122
Utilisation during the year	(125,377,836,812)	(95,513,948,065)
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Balance at the end of the year	349,360,107,894	214,569,969,365
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24. Changes in owners' equity

	Share capital VND	Capital surplus VND	Treasury shares VND	Financial reserve VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2014	4,190,525,330,000	2,207,350,817,068	-	459,080,197,478	-	2,643,370,909,871	86,632,765,142	9,586,960,019,559
Contributed capital	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	475,000,000	475,000,000	475,000,000
Payment of dividend in the form of shares	628,556,420,000	-	-	-	-	3,144,252,845,971	105,961,744,233	3,230,214,590,204
Dividends	-	-	-	-	-	(628,556,420,000)	-	-
Appropriation to financial reserve	-	-	-	215,703,435,443	-	(628,578,799,500)	(24,307,934,325)	(652,886,733,825)
Appropriation to bonus and welfare funds	-	-	-	-	-	(215,703,435,443)	-	-
Remuneration for Members of Supervisory Board and Board of Management	-	-	-	-	-	(219,220,272,422)	-	(219,220,272,422)
Other movements	-	-	-	-	-	(50,000,000)	-	(50,000,000)
	-	-	-	-	-	(747,002,410)	594,142,203	(152,860,207)
Balance at 31 December 2014	4,819,081,750,000	2,207,350,817,068	-	674,783,632,921	-	4,094,767,826,367	169,355,717,253	11,965,339,743,609

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	Share capital VND	Capital surplus VND	Treasury shares VND	Financial reserve VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 31 December 2014	4,819,081,750,000	2,207,350,817,068	-	674,783,632,921	-	4,094,767,826,367	169,355,717,253	11,965,339,743,609
<i>Reclassification (Note 44)</i>	-	-	-	(674,783,632,921)	674,783,632,921	-	-	-
Balance at 1 January 2015 – Reclassified	4,819,081,750,000	2,207,350,817,068	-	-	674,783,632,921	4,094,767,826,367	169,355,717,253	11,965,339,743,609
Capital contribution	-	-	-	-	-	-	58,500,000	58,500,000
Net profit for the year	-	-	-	-	-	3,485,462,964,249	18,919,523,530	3,504,382,487,779
Issuance of shares from capital surplus	1,465,851,380,000	(1,465,851,380,000)	-	-	-	-	-	-
Issuance of bonus shares to employees (Note 26)	67,350,000,000	(67,350,000,000)	-	-	-	-	-	-
Payment of dividends in the form of shares (Note 27)	977,231,060,000	-	-	-	-	(977,231,060,000)	-	-
Dividends (Note 27)	-	-	-	-	-	(488,625,075,000)	(52,129,190,633)	(540,754,265,633)
Withdrawal of bonus shares to employees as treasury shares	-	-	(638,500,000)	-	-	638,500,000	-	-
Appropriation to investment and development fund	-	-	-	-	216,652,458,918	(216,652,458,918)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(260,167,975,341)	-	(260,167,975,341)
Remuneration for Members of Supervisory Board	-	-	-	-	-	(100,000,000)	-	(100,000,000)
Differences from acquisition of additional share capitals of subsidiaries	-	-	-	-	-	(117,247,358,223)	(113,381,430,777)	(230,628,789,000)
Other movements	-	-	-	-	-	28,486,992,968	93,690,928	28,580,683,896
Balance at 31 December 2015	7,329,514,190,000	674,149,437,068	(638,500,000)	-	891,436,091,839	5,549,332,356,102	22,916,810,301	14,466,710,385,310

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25. Share capital

The Company's authorised and issued share capitals are:

	31/12/2015		1/1/2015	
	Number of shares	VND	Number of shares	VND
Authorised share capital	732,951,419	7,329,514,190,000	481,908,175	4,819,081,750,000
Issued share capital				
Ordinary shares	732,951,419	7,329,514,190,000	481,908,175	4,819,081,750,000
Treasury shares				
Ordinary shares	(63,850)	(638,500,000)	-	-
Shares in circulation				
Ordinary shares	732,887,569	7,328,875,690,000	481,908,175	4,819,081,750,000

All ordinary shares have a par value of VND10,000/share. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in shares in circulation during the year were as follows:

	2015		2014	
	Number of shares	Par value VND	Number of shares	Par value VND
Balance at the beginning of the year	481,908,175	4,819,081,750,000	419,052,533	4,190,525,330,000
Issuance of shares from capital surplus	146,585,138	1,465,851,380,000	-	-
Issuance of bonus shares to employees	6,735,000	67,350,000,000	-	-
Dividend payments in the form of shares	97,723,106	977,231,060,000	62,855,642	628,556,420,000
Withdrawal of bonus shares to employees as treasury shares	(63,850)	(638,500,000)	-	-
Balance at the end of the year	732,887,569	7,328,875,690,000	481,908,175	4,819,081,750,000

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26. Issuance of bonus shares to employees

During the year, the Company issued bonus shares from capital surplus under the option plan for employees in accordance with the General Meeting of Shareholders' Resolution No. 02/NQ-DHDCD.2014 dated 28 August 2014 amounting to VND67,350 million at par value, equivalent to 6,735,000 shares. These bonus shares had been accepted for listing on stock market from 25 February 2015 by Ho Chi Minh City Stock Exchange. At the issuance date, these shares had a market value equivalent to VND325,974 million. Amount of the shares issued at par value is not recognised as expenses but as a reduction from capital surplus.

27. Dividends

On 13 April 2015, the Company's Board of Management passed the detailed resolution on the distribution of the 2014 dividends to the shareholders by cash at the rate of 10% of the par value amounting to VND488,625 million and 20% in the form of shares amounting to VND977,231 million. These dividend payment schemes were approved by the General Meeting of Shareholders on 31 March 2015 and already paid during the year.

28. Investment and development fund

Every year, Company and its subsidiaries appropriated their net profit after tax with rate not over 5% of net profit after tax and the total must not exceed 10% of share capital of each company. From 1 January 2015, the Company reclassified balance of the financial reserve to investment and development fund in accordance with Article 70, Circular 200 (Note 44).

29. Off balance sheet items

29.1 Foreign currencies

	31/12/2015		1/1/2015	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	5,339,407	119,887,573,966	10,003,226	214,260,595,545

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29.2. Lease

At the reporting date, the Group had the following future minimum lease payments under non-cancellable operating leases were:

	31/12/2015 VND	1/1/2015 VND
Within one year	2,416,570,374	4,958,113,156
Within two to five years	10,191,543,870	6,404,998,224
More than five years	60,761,488,450	25,006,665,196
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	73,369,602,694	36,369,776,576
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30. Revenue from sales of goods and provision of services

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

	2015 VND	2014 VND Reclassified
Total revenue		
▪ Sales	26,807,955,353,574	23,074,882,112,781
▪ Services	69,115,386,268	65,408,207,133
▪ Income from industrial park leased land contracts recognised one time	441,848,730,354	116,567,379,216
▪ Rental income from investment property	15,968,996,859	2,332,487,033
▪ Sales of real estate	528,092,180,000	2,565,933,440,000
▪ Others	1,577,789,909	-
	<hr/>	<hr/>
	27,864,558,436,964	25,825,123,626,163
Less revenue deductions		
▪ Sales discounts	(389,925,788,211)	(281,303,344,443)
▪ Sales allowances	(482,370,302)	(236,911,347)
▪ Sales returns	(21,218,164,118)	(18,234,547,660)
	<hr/>	<hr/>
	(411,626,322,631)	(299,774,803,450)
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Net revenue	27,452,932,114,333	25,525,348,822,713
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31. Cost of sales

	2015	2014
	VND	VND
Finished goods sold	18,291,963,955,980	18,288,063,278,638
Merchandise goods sold	2,896,100,726,917	138,485,350,449
Services provided	49,154,581,687	46,292,207,968
Cost of industrial park leased land for which revenue was recognised	274,291,011,527	79,036,864,214
Cost of investment property held to earn rental	5,181,748,473	2,293,920,372
Cost of investment property sold	285,923,459,150	1,604,733,261,945
Other costs	448,333,847	-
Allowance for inventories	55,892,350,232	179,441,656,093
	<hr/>	<hr/>
	21,858,956,167,813	20,338,346,539,679

Cost of sales includes accrued costs of finished goods sold and real estate sold as follows:

	2015		2014	
	Period expected to be incurred	VND	Period expected to be incurred	VND
Hoa Mac Industrial Zone project	18 months	9,316,244,470	30 months	3,001,392,882
Mandarin project	6 months	(7,000,000,000)	18 months	215,773,117,290
Pho Noi A Industrial Zone project	30 months	135,425,833,659	30 months	7,984,485,514
		<hr/>		<hr/>
		137,742,078,129		226,758,995,686

32. Financial income

	2015	2014
	VND	VND
Interest income from deposits and loans	121,207,483,294	110,130,305,664
Realised foreign exchange gains	121,667,462,970	49,742,769,102
Unrealised foreign exchange gains	5,628,405,343	239,451,691
Gain on disposal of an associate	-	115,222,315
Other financial income	104,290,506	60,030,555
	<hr/>	<hr/>
	248,607,642,113	160,287,779,327

Hoa Phat Group Joint Stock Company**Notes to the consolidated financial statements for the year ended 31 December 2015**

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Form B 09 – DN/HN*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***33. Financial expenses**

	2015 VND	2014 VND
Interest expense	251,337,896,345	350,628,944,467
Payment discounts	14,262,620,720	13,132,259,311
Realised foreign exchange losses	278,414,394,260	112,552,603,047
Unrealised foreign exchange losses	18,794,903,110	82,788,853,465
Other financial expenses	3,424,083,171	4,731,570,789
	<hr/>	<hr/>
	566,233,897,606	563,834,231,079

34. Selling expenses

	2015 VND	2014 VND
Employees expenses	24,130,991,497	27,024,221,528
Depreciation	8,496,071,916	5,725,647,132
Warranty expenses	1,371,444,099	6,593,879,615
Transportation expenses	189,316,735,223	108,659,358,444
Adjustments to traffic charge (Note 17.2(*))	(21,139,062,856)	-
Outside services and other selling expenses	221,973,925,479	218,084,779,172
	<hr/>	<hr/>
	424,150,105,358	366,087,885,891

35. General and administration expenses

	2015 VND	2014 VND
Goodwill amortisation	290,990,807,284	244,886,781,601
Employees expenses	152,845,811,794	121,291,674,218
Depreciation expenses	41,309,794,396	18,167,075,811
Outside services and other general administrative expenses	275,676,199,520	222,868,717,677
	<hr/>	<hr/>
	760,822,612,994	607,214,249,307

Hoa Phat Group Joint Stock Company**Notes to the consolidated financial statements for the year ended 31 December 2015**

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Form B 09 – DN/HN*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***36. Other income**

	2015 VND	2014 VND Reclassified
Gain from disposals of fixed assets	13,728,256,817	3,814,689,849
Income from sales of electricity, water and rendering services	264,051,836,193	200,134,101,488
Compensation received from other parties	9,095,455,228	10,943,678,423
Income on support from the World Bank	-	16,162,580,000
Others	27,670,715,461	26,672,264,987
	<hr/> 314,546,263,699	<hr/> 257,727,314,747

37. Other expenses

	2015 VND	2014 VND Reclassified
Loss on disposals of fixed assets	53,536,271,226	57,346,259,098
Costs of electricity, water sold and services rendered	260,054,990,627	197,570,300,053
Maintenance expenses	73,394,315,209	-
Other expenses	28,918,192,992	43,272,467,941
	<hr/> 415,903,770,054	<hr/> 298,189,027,092

38. Production and business costs by element

	2015 VND	2014 VND
Raw material costs included in production costs	16,170,135,182,988	13,922,768,267,128
Labour costs and staff costs	914,533,110,388	816,687,651,607
Depreciation and amortisation	1,277,115,796,482	1,106,005,660,313
Outside services	1,509,002,431,952	1,499,439,974,894
Other expenses	2,983,520,073,442	2,569,908,722,359

Hoa Phat Group Joint Stock Company**Notes to the consolidated financial statements for the year ended 31 December 2015****(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***39. Income tax****39.1 Recognised in the consolidated statement of income**

	2015 VND	2014 VND
Current corporate income tax expense (“CIT”)		
Current year	510,366,793,096	509,079,694,809
Under provision in prior years	6,612,095,217	8,036,641,002
	<hr/> 516,978,888,313	<hr/> 517,116,335,811
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(31,532,711,296)	2,189,802,417
	<hr/> 485,446,177,017	<hr/> 519,306,138,228

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Notes to the consolidated financial statements for the year ended 31 December 2015
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39.2 Current income tax

	2015	2014
	VND	VND
Accounting profit before tax	3,989,828,664,796	3,769,520,728,432
Adjustment to increase/(decrease) accounting profit		
Goodwill amortisation	290,990,807,284	244,886,781,601
Allowance for inventories	10,654,278,740	175,566,755,545
Accelerated amortisation of long-term prepayments	80,924,421,645	117,288,588,054
Current year unrealised foreign exchange differences	(59,699,463,561)	65,023,529,722
Origination and reversal of temporary differences	73,501,739,713	34,262,453,431
Non-deductible expenses	51,469,446,581	55,219,326,127
Share of losses from associates	(190,801,524)	(171,255,307)
Tax exempt income	(159,445,280,068)	(92,012,366,858)
Accrued cost of sales	89,203,381,592	2,591,954,098
	4,367,237,195,198	4,372,176,494,845
Tax losses brought forward	(9,022,860,334)	(39,156,762,217)
Current period taxable profit	4,358,214,334,864	4,333,019,732,628
Current year income tax expense at the Company's tax rate	958,807,153,670	953,264,341,178
Tax incentives in subsidiaries	(328,954,577,207)	(294,115,875,285)
Effect of different tax rates in subsidiaries	(170,640,038,362)	(153,782,530,478)
Deferred tax assets unrecognised on tax losses of subsidiaries	51,154,254,995	3,713,759,394
Deferred tax benefit	(31,532,711,296)	2,189,802,417
Under provision in prior years	6,612,095,217	8,036,641,002
Income tax expense	485,446,177,017	519,306,138,228

39.3 Applicable tax rates

Under the terms of Income tax Law, the Group has an obligation to pay the government income tax at the rate of 22% of taxable profits for 2014 and 2015 and this tax rate will be reduced to 20% from 2016.

The Group's subsidiaries have obligations to pay the government income tax at the rate as defined in the enacted tax regulations.

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The calculation of basic earnings per share for the year ended 31 December 2015 was based on the profit attributable to ordinary shareholders, effective from 1 January 2015, after deducting the amounts appropriated to Bonus and welfare funds and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

40.1 Weighted average number of ordinary shares

	2015 (Number of shares)	2014 (Number of shares) Restated
Issued ordinary shares at the beginning of the year	481,908,175	732,887,569
Effect of dividends paid in the form of shares (Note 27)	97,723,106	-
Effect of additional shares issuance from capital surplus	146,585,138	-
Effect of bonus shares issuance from capital surplus under options plan for employees	6,735,000	-
Effect of withdrawal of bonus shares to employees as treasury shares	(63,850)	-
	<hr/> 732,887,569	<hr/> 732,887,569
Weighted average number of ordinary shares outstanding during the year	<hr/> <hr/>	<hr/> <hr/>

40.2. Basic earnings per share

	2015 VND	2014 VND Restated
Net profit attributable to ordinary shareholders	3,485,462,964,249	3,144,252,845,971
Appropriation to bonus and welfare funds	(175,155,099,929)	-
	<hr/> 3,310,307,864,320	<hr/> 3,144,252,845,971
Weighted average number of ordinary shares outstanding during the year	732,887,569	732,887,569
	<hr/> 4,517	<hr/> 4,290
	<hr/> <hr/>	<hr/> <hr/>

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40.3 Restatement for the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2014

Due to the effect of dividends paid in the form of shares, the effect of additional shares issuance during the year, the effect of bonus shares issuance from surplus capital under options plan for employees and the effect of withdrawal of bonus shares to employees as treasury shares (Notes 25, 26 and 27), the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2014 were restated as follows:

	Weighted average number of ordinary shares	Basic earnings per share VND
As previously reported	481,908,175	6,525
Adjustment for the effect of dividends paid in the form of shares during the year	97,723,106	(1,100)
Adjustment for the effect of additional shares issuance during the year	146,585,138	(1,095)
Adjustment for the effect of bonus shares issuance from surplus capital under options plan for employees	6,735,000	(40)
Adjustment for the effect of withdrawal of bonus shares to employees as treasury shares	(63,850)	-
As restated	732,887,569	4,290

41. Financial instruments

41.1 Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Company's Board of Management oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Hoa Phat Group Joint Stock Company

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

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(b) Risk management framework

The Company's and its subsidiaries' Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Company's and its subsidiaries' Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

41.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and cash placed at financial institutions.

Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	31/12/2015 VND million	1/1/2015 VND million
Cash at banks and cash equivalents	(a)	2,365,397	2,021,027
Held-to-maturity investments	(b)	841,132	548,127
Accounts receivable from customers – short-term and other short-term and long-term receivables	(c)	1,228,430	1,274,500
Loans receivable – long-term		5,000	-
		<hr/>	<hr/>
		4,439,959	3,843,654

(a) Cash at bank and cash equivalents

Cash at bank and cash equivalents at bank of the Group is mainly held with well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(b) Held-to-maturity investments

Held-to-maturity investments of the Group represent time deposits with the well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions and companies may default and cause losses to the Group.

Hoa Phat Group Joint Stock Company**Notes to the consolidated financial statements for the year ended 31 December 2015**

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Form B 09 – DN/HN*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(c) Accounts receivable from customers short-term and other short-term and long-term receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors. The limit is reviewed annually. No collateral is collected from the customers.

Based on historic default rates, the Group management believes that apart from the amount provided for as per below, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables at the reporting date.

The aging of trade and other receivables not impaired at the year end is as follows:

	31/12/2015 VND million	1/1/2015 VND million
Not past due	1,156,897	1,045,394
Past due 0 - 30 days	20,670	174,379
Past due 31 - 180 days	50,286	35,519
Past due more than 180 days	577	19,208
	1,228,430	1,274,500

Movements in the allowance for doubtful debts during the year were as follows:

	2015 VND	2014 VND
Opening balance	40,801,876,327	14,643,202,437
Increase in allowance during the year	1,367,179,636	26,656,483,570
Written back	(892,316,344)	(497,809,680)
	41,276,739,619	40,801,876,327

41.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Hoa Phat Group Joint Stock Company**Notes to the consolidated financial statements for the year ended 31 December 2015****(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

At the reporting date, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million	More than 5 years VND million
31 December 2015						
Accounts payable to suppliers short-term and other short-term and long-term payables	3,017,234	3,017,234	3,011,148	6,086	-	-
Borrowings	6,855,817	6,948,270	6,493,685	454,585	-	-
	9,873,051	9,965,504	9,504,833	460,671	-	-
1 January 2015						
Accounts payable to suppliers short-term and other short-term and long-term payables	2,211,273	2,211,273	2,204,545	6,728	-	-
Borrowings	6,747,847	7,027,052	5,813,585	712,312	489,277	11,878
	8,959,120	9,238,325	8,018,130	719,040	489,277	11,878

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in term deposits and maintaining several bank facilities from some domestic banks.

41.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than VND, the accounting currency of the Group. The currency in which these transactions primarily are denominated is United States Dollar (USD).

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

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Exposure to currency risk

At the reporting date, the Group had the following net monetary liability position exposed to currency risk:

	31/12/2015	1/1/2015
	USD	USD
Cash and cash equivalents	5,339,407	10,003,226
Accounts receivable from customers	581,252	664,195
Other monetary assets	-	8,627
Accounts payable to suppliers	(53,204,695)	(52,223,166)
Short-term borrowings	(3,768,294)	(200,495,055)
Long-term borrowings	-	(665,855)
	<hr/>	<hr/>
	(51,052,330)	(242,708,028)

The followings are the significant exchange rate applied by the Group:

	Exchange rate as at	
	31/12/2015	1/1/2015
USD/VND	22,547	21,673

(b) Interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31/12/2015	1/1/2015
	VND million	VND million
Fixed rate instruments		
Financial assets	2,864,498	2,082,458
Financial liabilities	(6,566,817)	(6,115,438)
	<hr/>	<hr/>
	(3,702,319)	(4,032,980)
Variable rate instruments		
Financial liabilities	(289,000)	(632,409)

A change of 1% per annum in interest rate would have increased or decreased the consolidated profit before tax of the Group by VND2,890 million (2014: VND6,324 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Hoa Phat Group Joint Stock Company

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41.5 Fair values

(a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2015		1/1/2015	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
Categorised as held-to-maturity investments:				
- Held-to-maturity investments				
– short-term	758,095	758,095	506,642	506,642
- Held-to-maturity investments				
– long-term	83,037	(*)	41,486	(*)
Categorised as loans and receivables:				
- Cash and cash equivalents	2,372,762	2,372,762	2,026,280	2,026,280
- Accounts receivable from customers				
– short-term and other short-term and long-term receivables	1,228,430	1,228,430	1,274,500	1,274,500
- Loans receivable – long-term	5,000	(*)	-	-
Categorised as available-for-sale:				
- Equity investments in other entities	19,508	(*)	19,699	(*)
Categorised as liabilities at amortised cost:				
- Accounts payable to suppliers and other payables	(3,011,148)	(3,011,148)	(2,204,545)	(2,204,545)
- Long-term accrued expenses and other long-term payables	(6,086)	(*)	(6,728)	(*)
- Borrowings	(6,855,817)	(6,863,252)	(6,747,847)	(6,699,359)
	(5,406,219)		(5,090,513)	

(b) Basis for determining fair values

Cash and cash equivalents, held-to-maturity investments, accounts receivable from customers – short-term and other short-term and long-term receivables and short-term non-derivative financial assets and liabilities.

The fair value of cash and cash equivalents, trade and other receivables and short-term non-derivative financial assets and liabilities approximates the carrying value due to the short-term nature of these financial instruments. The fair value of the instruments is determined for disclosure purpose only.

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Form B 09 – DN/HN*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)**The long-term non-derivative financial liabilities*

The fair value of the long-term non-derivative financial liabilities, which is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

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

42. Significant transactions with related parties

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

	2015 VND	2014 VND
Members of Supervisory Board, Board of Directors and Board of Management		
Salary and bonus	6,410,642,774	6,570,442,100
Allowances	1,432,000,000	1,602,000,000

43. Non-cash investing and financing activities

	2015 VND	2014 VND
Dividend payments in the form of shares	977,231,060,000	628,556,420,000
Bonus shares issuance to employees	67,350,000,000	-
Shares issuance from capital surplus	1,465,851,380,000	-

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Notes to the consolidated financial statements for the year ended 31 December 2015
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44. Corresponding figures

As described in Note 3, the Group adopted Circular 200 and Circular 202 effective from 1 January 2015. As a result, the presentation of certain financial statement captions has been changed. Certain corresponding figures at 1 January 2015 and for the year ended 31 December 2014 have been reclassified to conform to the requirements of Circular 200 and Circular 202 in respect of financial statement presentation. A comparison of the amounts previously reported and as reclassified is as follows:

44.1 Consolidated balance sheet

	1/1/2015 (as reclassified) VND	1/1/2015 (as previously reported) VND
Held-to-maturity investments - short-term	506,641,791,271	-
Short-term financial investments	-	506,641,791,271
Other receivables	58,735,140,556	55,961,139,232
Shortage of assets awaiting resolution	688,312,164	-
Other short-term assets	-	3,462,313,488
Other long-term receivables	9,225,561,499	-
Other long-term assets	-	9,225,561,499
Other long-term investments	-	57,187,691,074
Equity investments in other entities	15,702,128,365	-
Held-to-maturity investments - long-term	41,485,562,709	-
Accrued expenses	152,564,898,596	204,745,212,904
Long-term accrued expenses	50,447,538,919	-
Other payables – short-term	104,236,479,283	134,165,173,120
Unearned revenue – short-term	31,661,469,226	-
Financial reserves	-	674,783,632,921
Investment and development fund	674,783,632,921	-

44.2 Consolidated statement of income

	2014 (as reclassified) VND	2014 (as previously reported) VND
Revenue from sales of goods and provision of services	25,825,123,626,163	25,851,816,458,125
Revenue deductions	299,774,803,450	326,467,635,412
Other income	257,727,314,747	275,600,324,411
Other expenses	298,189,027,092	316,062,036,756

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44.3. Consolidated statement of cash flows

	2014	2014
	(as reclassified)	(as previously
	VND	reported)
		VND
Depreciation and amortisation	1,109,518,432,670	1,106,005,660,313
Change in payables and other liabilities	(2,118,863,441,613)	(2,199,063,441,613)
Change in prepayments	(109,105,066,932)	(105,592,294,575)
Payments for additions to fixed assets and other long-term assets	(1,165,028,194,450)	(1,084,828,194,450)

16 March 2016

Prepared by:

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Approved by:

Ly Thi Ngan
Chief Accountant



Tran Tuan Duong
General Director



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