

Vietnam Fortress Tools Joint Stock Company

Interim financial statements

31 March 2018



Vietnam Fortress Tools Joint Stock Company

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Vietnam Fortress Tools Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Vietnam Fortress Tools Joint Stock Company ("the Company") is a joint stock company established under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 1000383611 issued by Thai Binh Department of Planning and Investment on 23 September 2016. The Company subsequently received amended Business Registration Certificates with the 13rd amended Business Registration Certificate dated 31 May 2018 as the latest.

The principal activities of the Company are:

- ▶ trading, manufacturing and processing gardening accessories;
- ▶ trading and manufacturing metal products;
- ▶ manufacturing machineries and tools; and
- ▶ heat treatment, electroplating and other related products and services.

The Company has its head office located at Lot B8, B9 and B10, Phuc Khanh Industrial Zone, Phuc Khanh district, Thai Binh province, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mr. Hsu Ting Hsin	Chairman
Mr. Carl Ronald Gordon	Independent member
Mr. Tsai Jer - Shyong	Independent member
Mr. Liang Tung Hsing	Member
Mr. Tsai Heih Tien	Member

BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

Ms. Vi Nguyet Cam	Head of Supervisory Board
Ms. Nguyen Thi Linh	Member
Ms. Le Thi Thu Huong	Member

MANAGEMENT

Members of management during the period and at the date of this report are:

Mr. Hsu Ting Hsin	Chief Executive Officer
Mr. Hsu Wei Chun	Deputy Chief Executive Officer
Mr. Chang Neng Ching	Deputy Chief Executive Officer
Mr. Kuo Hsien Cheng	Deputy Chief Executive Officer

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Hsu Ting Hsin.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Vietnam Fortress Tools Joint Stock Company

REPORT OF MANAGEMENT

Management of Vietnam Fortress Tools Joint Stock Company ("the Company") is pleased to present this report and the interim financial statements for the three-month period ended 31 March 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

Management is responsible for the interim financial statements of each financial period which give a true and fair view of the interim financial position of the Company and of the interim results of its operations and its interim cash flows for the period. In preparing those interim financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim financial statements give a true and fair view of the interim financial position of the Company as at 31 March 2018 and of the interim results of its operations and its interim cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and the presentation of the interim financial statements.

For and on behalf of management


Hsu Ting Hsin
Chief Executive Officer

15 June 2018

Reference: 61382523/20160238-LR310318

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To: The Shareholders of Vietnam Fortress Tools Joint Stock Company

We have reviewed the accompanying interim financial statements of Vietnam Fortres Tools Joint Stock Company ("the Company") as prepared on 15 June 2018 and set out on pages 5 to 36, which comprise the interim balance sheet as at 31 March 2018, and the interim income statement and the interim cash flow statement for the three-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position of the Company as at 31 March 2018, and of the interim results of its operations and its interim cash flows for the three-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim financial statements.



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Other matters

The financial statements of the Company for the year ended 31 December 2017 have been audited by other auditors whose report dated 9 March 2018 expressed an unmodified opinion on those financial statements.

The comparative figures pertaining to the interim income statement and interim cash flow statement for the three-month period ended 31 March 2017 have not been reviewed.

Ernst & Young Vietnam Limited



Le Duc Truong
Deputy General Director
Audit Practising Registration
Certificate No: 0816-2018-004-1

Hanoi, Vietnam

15 June 2018

INTERIM BALANCE SHEET
as at 31 March 2018


Currency: VND

Code	ASSETS	Notes	31 March 2018	31 December 2017
100	A. CURRENT ASSETS		956,448,497,092	898,727,171,832
110	I. Cash	4	4,963,912,338	12,537,972,599
111	1. Cash		4,963,912,338	12,537,972,599
120	II. Short-term investments	5	10,000,000,000	10,000,000,000
123	1. Held-to-maturity investments		10,000,000,000	10,000,000,000
130	III. Current accounts receivable		441,874,088,508	341,308,939,690
131	1. Short-term trade receivables	6.1	427,645,050,502	330,436,491,243
132	2. Short-term advances to suppliers	6.2	11,571,702,007	4,486,800,922
136	3. Other short-term receivables	7	2,657,335,999	6,385,647,525
140	IV. Inventories	8	495,945,079,153	533,730,705,382
141	1. Inventories		501,776,264,480	539,610,705,382
149	2. Provision for obsolete inventories		(5,831,185,327)	(5,880,000,000)
150	V. Other current assets		3,665,417,093	1,149,554,161
152	1. Value added tax deductible	14	3,665,417,093	1,149,554,161
200	B. NON-CURRENT ASSETS		301,122,012,720	294,341,386,664
220	I. Fixed assets		194,500,702,352	150,922,017,884
221	1. Tangible fixed assets	9	194,355,744,375	150,742,284,941
222	Cost		349,926,355,059	299,069,211,465
223	Accumulated depreciation		(155,570,610,684)	(148,326,926,524)
227	2. Intangible fixed assets	10	144,957,977	179,732,943
228	Cost		527,779,593	527,779,593
229	Accumulated amortisation		(382,821,616)	(348,046,650)
240	II. Long-term assets in progress		81,207,295,932	117,516,715,933
242	1. Construction in progress	11	81,207,295,932	117,516,715,933
260	III. Other long-term assets		25,414,014,436	25,902,652,847
261	1. Long-term prepaid expenses	12	24,247,777,371	24,726,652,847
262	2. Deferred tax assets	25.3	1,166,237,065	1,176,000,000
270	TOTAL ASSETS		1,257,570,509,812	1,193,068,558,496


INTERIM BALANCE SHEET (continued)
as at 31 March 2018

Currency: VND

Code	RESOURCES	Notes	31 March 2018	31 December 2017
300	C. LIABILITIES		685,893,683,794	643,515,135,218
310	I. Current liabilities		606,015,320,169	554,931,355,871
311	1. Short-term trade payables	13.1	208,476,420,232	197,272,129,492
312	2. Short-term advances from customers	13.2	8,164,571,485	23,002,914,610
313	3. Statutory obligations	14	8,182,558,998	7,863,885,669
314	4. Payables to employees		12,860,218,827	14,413,296,910
315	5. Short-term accrued expenses		169,851,065	183,809,244
319	6. Other short-term payables	15	5,925,813,623	5,864,844,668
320	7. Short-term loan	16	360,348,702,112	304,443,291,451
322	8. Bonus and welfare fund		1,887,183,827	1,887,183,827
330	II. Non-current liabilities		79,878,363,625	88,583,779,347
338	1. Long-term loan	16	79,204,445,850	88,583,779,347
342	2. Long-term provisions	17	673,917,775	-
400	D. OWNERS' EQUITY		571,676,826,018	549,553,423,278
410	I. Capital	18	571,676,826,018	549,553,423,278
411	1. Share capital		268,078,350,000	268,078,350,000
411a	- Shares with voting rights		268,078,350,000	268,078,350,000
412	2. Share premium		148,621,259,858	148,635,952,680
418	3. Investment and development fund		3,145,306,378	3,145,306,378
421	4. Undistributed earnings		151,831,909,782	129,693,814,220
421a	- Accumulated earnings by the end of prior year		129,693,814,220	71,820,176,866
421b	- Undistributed earnings of current period		22,138,095,562	57,873,637,354
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,257,570,509,812	1,193,068,558,496


Nguyen Thi Cam Van
Preparer


Nguyen Thi Cam Van
Chief Accountant


Hsu Ting Hsin
Chief Executive Officer




15 June 2018


INTERIM INCOME STATEMENT
for the three-month period ended 31 March 2018

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2017 (Unreviewed)
01	1. Revenue from sale of goods	20	246,511,406,480	180,500,024,710
02	2. Deductions	20	-	-
10	3. Net revenue from sale of goods	20	246,511,406,480	180,500,024,710
11	4. Cost of goods sold	21	(200,785,896,601)	(151,366,604,238)
20	5. Gross profit from sale of goods		45,725,509,879	29,133,420,472
21	6. Finance income		178,753,558	539,484
22	7. Finance expenses	22	(7,775,144,244)	(3,539,723,482)
23	- In which: Interest expenses		(6,155,973,822)	(3,539,723,482)
25	8. Selling expenses	23	(5,154,069,027)	(5,149,390,892)
26	9. General and administrative expenses	23	(8,168,851,475)	(5,167,891,383)
30	10. Operating profit		24,806,198,691	15,276,954,199
31	11. Other income		-	92,290,340
32	12. Other expenses		(105,766,739)	(167,414,468)
40	13. Other loss		(105,766,739)	(75,124,128)
50	14. Accounting profit before tax		24,700,431,952	15,201,830,071
51	15. Current corporate income tax expense	25.2	(2,552,573,455)	(1,152,693,341)
52	16. Deferred tax expense	25.3	(9,762,935)	-
60	17. Net profit after tax		22,138,095,562	14,049,136,730
70	18. Basic earnings per share	27	826	1,126
71	19. Diluted earnings per share	27	826	1,126


Nguyen Thi Cam Van
Preparer


Nguyen Thi Cam Van
Chief Accountant


Hsu Ting Hsin
Chief Executive Officer

15 June 2018

INTERIM CASH FLOW STATEMENT
for the three-month period ended 31 March 2018

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2017 (Unreviewed)
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		24,700,431,952	15,201,830,071
	Adjustments for:			
02	Depreciation of fixed assets and amortisation of intangible fixed assets	9,10	7,278,459,126	5,421,790,221
03	Provisions		625,103,102	-
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		1,631,023,322	-
05	Profits from investing activities		(178,753,558)	(11,696,085)
06	Interest expenses	22	6,155,973,822	3,539,723,482
08	Operating profit before changes in working capital		40,212,237,766	24,151,647,689
09	Increase in receivables		(103,360,183,383)	(55,063,498,535)
10	Decrease in inventories		37,834,440,902	14,174,750,677
11	(Decrease)/increase in payables		(5,129,725,347)	13,252,526,431
12	Decrease/(increase) in prepaid expenses		478,875,476	(284,274,036)
14	Interest paid		(6,155,973,822)	(3,539,723,482)
15	Corporate income tax paid	14	(2,263,798,656)	(1,975,216,698)
20	Net cash flows used in operating activities		(38,384,127,064)	(9,283,787,954)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(14,936,226,438)	(23,959,757,444)
22	Proceeds from disposals of fixed assets and other long-term assets		-	90,909,091
27	Interest received		16,253,558	539,484
30	Net cash flows used in investing activities		(14,919,972,880)	(23,868,308,869)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	20,105,940,000
32	Capital redemption		(14,692,822)	-
33	Drawdown of borrowings		162,061,386,327	120,557,473,034
34	Repayment of borrowings		(116,371,215,700)	(107,264,546,014)
40	Net cash flows from financing activities		45,675,477,805	33,398,867,020

INTERIM CASH FLOW STATEMENT (continued)
for the three-month period ended 31 March 2018

Currency: VND

Code	ITEMS	Notes	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2017 (Unreviewed)
50	Net (decrease)/increase in cash for the period		(7,628,622,139)	246,770,197
60	Cash at the beginning of the period		12,537,972,599	427,528,237
61	Impact of exchange rate fluctuation		54,561,878	-
70	Cash at the end of the period	4	4,963,912,338	674,298,434



Nguyen Thi Cam Van
Preparer



Nguyen Thi Cam Van
Chief Accountant



Hsu Ting Hsin
Chief Executive Officer

15 June 2018

NOTES TO THE FINANCIAL STATEMENTS

as at 31 March 2018 and for the three-month period then ended

1. CORPORATE INFORMATION

Vietnam Fortress Tools Joint Stock Company ("the Company") is a joint stock company, established under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 1000383611 issued by Thai Binh Department of Planning and Investment on 23 September 2016. The Company subsequently received amended Business Registration Certificates with the 13th amended Business Registration Certificate dated 31 May 2018 as the latest.

The principal activities of the Company are:

- ▶ trading, manufacturing and processing gardening accessories;
- ▶ trading and manufacturing metal products;
- ▶ manufacturing machineries and tools; and
- ▶ heat treatment, electroplating and other related products and services.

The Company has its head office located at Lot B8, B9 and B10, Phuc Khanh Industrial Zone, Phuc Khanh district, Thai Binh province, Vietnam.

The number of the Company's employees as at 31 March 2018 is 1,759 (31 December 2017: 1,679).

2. BASIS OF PREPARATION**2.1 Accounting standards and system**

The interim financial statements of the Company ("the Company"), which are expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying interim financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and the results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Company's applied accounting documentation system is the General Journal System.

2.3 Fiscal year

The Company's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

2. BASIS OF PREPARATION (continued)

2.4 Accounting currency

The interim financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017.

3.1 Cash

Cash comprise cash on hand, cash in banks.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Materials, merchandises, tools and supplies - cost of purchase on a weighted average cost basis.

Finished goods, work in progress - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the interim balance sheet.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the interim income statement.

3.3 Receivables

Receivables are presented in the interim financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the interim income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim income statement.

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim income statement.

3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 20 years
Machinery and equipment	3 - 12 years
Means of transportation	5 - 10 years
Office equipment	3 years
Computer software	5 years

3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Prepaid land rentals

The prepaid land rental represents the unmortised balance of advance payments made in accordance with the Lease Contracts No 12/HDTLD-DT and No. 012016/HD-DT signed with Phuc Khanh Industrial Zone Development Joint Stock Company on 5 May 2006 and 3 August 2016 for periods of 46 years plus 8 months and 36 years plus 5 months, respectively. Such prepaid rental is recognized as long-term prepaid expense for allocation to the income statement over the remaining lease period according to Circular 45/2013/TT-BTC providing guideline for the management, use and calculation of the depreciation/amortisation of tangible fixed assets and intangible fixed assets.

3.9 *Investments*

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the financial statements and deducted against the value of such investments.

3.10 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.11 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service more than 12 months up to balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the interim income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.12 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Foreign currency transactions* (continued)

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conduct transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conduct transactions regularly.

All exchange differences incurred during the period and arising from the translation of monetary accounts denominated in foreign currency at interim balance sheet date are taken to the interim income statement.

3.13 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval in the annual shareholders meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and approved at the annual shareholders' meeting.

Investment and development fund

This fund is set aside for use in the Company's expansion of its operations or in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the balance sheet.

3.14 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Taxation (continued)

Deferred tax (continued)

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.16 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.17 Segment information

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

3.18 Related parties

Parties are considered to be related parties of the Company if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

4. CASH

Currency: VND

	31 March 2018	31 December 2017
Cash	577,182,086	12,242,926
Cash at bank	4,386,730,252	12,525,729,673
TOTAL	4,963,912,338	12,537,972,599

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

5. HELD-TO-MATURITY INVESTMENTS

	<i>Currency: VND</i>			
	<i>31 March 2018</i>		<i>31 December 2017</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Term deposits	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
TOTAL	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000

Held-to-maturity investments represent deposits with term of 12 months, which earn interest at the rate of 6.5% per annum.

6. SHORT-TERM TRADE RECEIVABLES AND SHORT-TERM ADVANCE TO SUPPLIERS

6.1 Short-term trade receivables

	<i>Currency: VND</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
	Short term trade receivables	61,721,204,574
<i>Ft Osterman GMBH</i>	49,679,410,528	29,913,053,761
<i>Other customers</i>	12,041,794,046	18,082,113,781
Trade receivables from related parties (Note 26)	365,923,845,928	282,441,323,701
TOTAL	427,645,050,502	330,436,491,243

6.2 Short-term advances to suppliers

	<i>Currency: VND</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
	Shenzhensn Company Limited	2,610,289,097
Heng Leong Investment Development Joint Stock Company	1,750,000,000	1,750,000,000
Foshan Company Limited	1,558,864,217	-
Tsung Chang Company Limited	834,900,000	-
China Steel Sumikin Vietnam Joint Stock Company	826,981,155	344,693,492
Viet Anh Audit Company Limited	-	780,000,000
Others	3,990,667,538	1,612,107,430
TOTAL	11,571,702,007	4,486,800,922

7. OTHER SHORT-TERM RECEIVABLES

	<i>Currency: VND</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
	Import tax refund	1,337,263,921
Viet Anh Audit Company Limited	780,000,000	-
Interest from bank deposit	498,333,333	335,833,333
Advance for employees	41,738,745	41,738,745
VAT refund	-	4,084,250,000
TOTAL	2,657,335,999	6,385,647,525

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

8. INVENTORIES

	<i>Currency: VND</i>			
	<i>31 March 2018</i>		<i>31 December 2017</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Raw materials	74,450,258,682	-	70,845,653,852	-
Tools and supplies	6,942,348,707	-	5,510,895,043	-
Work in process	238,102,178,731	(5,831,185,327)	295,603,982,191	(5,880,000,000)
Finished goods	182,281,478,360	-	152,873,473,334	-
Goods on consignment	-	-	14,776,700,962	-
TOTAL	<u>501,776,264,480</u>	<u>(5,831,185,327)</u>	<u>539,610,705,382</u>	<u>(5,880,000,000)</u>

Details of movement of provision for obsolete inventories:

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Beginning balance	5,880,000,000	3,750,000,000
Reversal of provision during the period	<u>(48,814,673)</u>	<u>-</u>
Ending balance	<u>5,831,185,327</u>	<u>3,750,000,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
Cost:					
As at 31 December 2017	23,078,441,746	270,204,690,869	5,162,714,305	623,364,545	299,069,211,465
- New purchase	-	10,571,642,413	-	-	10,571,642,413
- Transfer from construction in progress	39,470,725,726	814,775,455	-	-	40,285,501,181
- Reclassification	-	(2,469,775,410)	3,058,479,955	(588,704,545)	-
As at 31 March 2018	62,549,167,472	279,121,333,327	8,221,194,260	34,660,000	349,926,355,059
<i>In which:</i>					
Fully depreciated	124,815,370	102,167,566,768	1,144,259,120	34,660,000	103,471,301,258
Accumulated depreciation:					
As at 31 December 2017	11,505,555,101	132,141,070,396	4,056,936,482	623,364,545	148,326,926,524
- Depreciation for the period	807,792,367	6,204,919,084	230,972,709	-	7,243,684,160
- Reclassification	-	1,568,962,902	(980,258,357)	(588,704,545)	-
As at 31 March 2018	12,313,347,468	139,914,952,382	3,307,650,834	34,660,000	155,570,610,684
Net carrying amount:					
As at 31 December 2017	11,572,886,645	138,063,620,473	1,105,777,823	-	150,742,284,941
As at 31 March 2018	50,235,820,004	139,206,380,945	4,913,543,426	-	194,355,744,375
<i>In which:</i>					
Cost of fixed assets used as loan collateral (Note 16)	23,078,441,746	104,702,548,126	637,700,000	-	128,418,689,872

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

10. INTANGIBLE FIXED ASSETS

Currency: VND
Computer software

Cost:

As at 31 December 2017	527,779,593
- New purchase	-
As at 31 March 2018	<u>527,779,593</u>

Accumulated amortisation:

As at 31 December 2017	348,046,650
- Amortisation for the period	34,774,966
As at 31 March 2018	<u>382,821,616</u>

Net carrying amount:

As at 31 December 2017	<u>179,732,943</u>
As at 31 March 2018	<u>144,957,977</u>

11. CONSTRUCTION IN PROCESS

Currency: VND

	<i>31 March 2018</i>	<i>31 December 2017</i>
Pruners Factory project	81,207,295,932	77,231,214,752
Workshop No.3	-	40,285,501,181
TOTAL	<u>81,207,295,932</u>	<u>117,516,715,933</u>

12. LONG TERM PREPAID EXPENSES

Currency: VND

	<i>31 March 2018</i>	<i>31 December 2017</i>
Prepaid land rental	16,961,925,054	17,084,242,011
Tools and supplies cost	7,285,852,317	7,642,410,836
TOTAL	<u>24,247,777,371</u>	<u>24,726,652,847</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

13. SHORT-TERM TRADE PAYABLES AND SHORT-TERM ADVANCES FROM CUSTOMERS

13.1 Short-term trade payables

	Currency: VND			
	31 March 2018		31 December 2017	
	Balance	Payable amount	Balance	Payable amount
Short term				
Trade payables to suppliers	94,313,977,935	94,313,977,935	81,896,362,100	81,896,362,100
- Wisdom Company Limited	6,996,037,209	6,996,037,209	6,973,054,169	6,973,054,169
- Other suppliers	87,317,940,726	87,317,940,726	74,923,307,931	74,923,307,931
Trade payables to related parties (Note 26)	114,162,442,297	114,162,442,297	115,375,767,392	115,375,767,392
TOTAL	208,476,420,232	208,476,420,232	197,272,129,492	197,272,129,492

13.2 Short-term advances from customers

	Currency: VND	
	31 March 2018	31 December 2017
	Advances to suppliers	
HL Corporation (USA)	2,931,537,891	-
Great Reward Company Limited	1,934,684,213	1,934,684,213
Others	1,307,135,934	1,919,031,290
Advance from related parties (Note 26)	1,991,213,447	19,149,199,107
TOTAL	8,164,571,485	23,002,914,610

14. STATUTORY OBLIGATIONS

	Currency: VND			
	31 December 2017	Payable for the period	Payment made during the period	31 March 2018
	Payables			
Import/export duties	331,222,261	351,090,539	337,430,195	344,882,605
Corporate income tax	7,464,692,594	2,552,573,455	2,263,798,656	7,753,467,393
Personal income tax	67,970,814	158,835,302	142,597,116	84,209,000
TOTAL	7,863,885,669	3,062,499,296	2,743,825,967	8,182,558,998

	Currency: VND			
	31 December 2017	Increase in the period	Received during the period	31 March 2018
	Receivables			
Value added tax	1,149,554,161	5,699,262,932	3,183,400,000	3,665,417,093
TOTAL	1,149,554,161	5,699,262,932	3,183,400,000	3,665,417,093

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

15. SHORT-TERM OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
Social insurance, health insurance, unemployment insurance	5,339,638,026	1,897,222,919
Trade union	180,211,237	268,736,270
Others	405,964,360	3,698,885,479
TOTAL	<u>5,925,813,623</u>	<u>5,864,844,668</u>

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16. LOANS

	Beginning balance		Movement during the year		Foreign exchange difference	Ending balance	
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount
Short-term							Currency: VND
Loans from banks (Note 16.1)	280,114,129,296	280,114,129,296	161,976,386,327	(114,746,736,835)	740,341,662	328,084,120,450	328,084,120,450
Loans from related parties (Note 16.2)	2,257,157,000	2,257,157,000	85,000,000	-	-	2,342,157,000	2,342,157,000
Current portion of long term loans from bank (Note 16.3)	22,072,005,155	22,072,005,155	9,454,408,916	(1,624,478,865)	20,489,456	29,922,424,662	29,922,424,662
TOTAL	304,443,291,451	304,443,291,451	171,515,795,243	(116,371,215,700)	760,831,118	360,348,702,112	360,348,702,112
Long-term							
Loans from banks (Note 16.3)	88,583,779,347	88,583,779,347	-	(9,454,408,916)	75,075,419	79,204,445,850	79,204,445,850
TOTAL	88,583,779,347	88,583,779,347	-	(9,454,408,916)	75,075,419	79,204,445,850	79,204,445,850

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

16. LOANS (continued)

16.1 Short-term loans from banks

Banks	Contract's No	31 March 2018		Principal and interest repayment term	Interest rate per annum	Description of collateral
		Ending balance (VND)	Original currency (USD)			
Technological and Commercial Joint Stock Bank – Thai Binh Branch	THB2015123/HDCTD and THB2015123/HDCTD/PL04	249,706,957,244	10,937,668	Interest is payable monthly at the end of each month. Principle is payable from 6 April 2018 to 29 December 2018 according to each agreement	5.04%	All movables, real estate of the Company with amount of VND 65,823,000,000 under Property Mortgage Contract No. TBH20150221/HDTC and debt claims and all receivables with amount of VND 244,088,627,284 under Property Mortgage Contract No TBH2015152/HDTC.
	THB20180114 /HDTD	6,110,997,420	267,674	Interest is payable monthly at the end of each month. Principle is payable on 19 December 2018.	3.30%	Mrs. Tran Kim Thuy's savings book which the amount of VND 6,412,919,398.
	THB20180122 /HDTD	1,092,235,828	47,842	Interest is payable monthly at the end of each month. Principle is payable on 27 December 2018.	3.30%	Mrs. Nguyen Bich Hong's savings book which the amount of VND 2,996,340,660.
	THB20180125 /HDTD	1,643,702,240	71,997	Interest is payable monthly at the end of each month. Principle is payable on 29 December 2018.	3.30%	Mrs. Nguyen Bich Hong's savings book which the amount of VND 2,996,340,660.
Military Commercial Joint Stock Bank – Thai Binh Branch	16295.17.755.2363518.TD	22,304,917,990	977,000	Interest is payable monthly on 25 th . Principle is payable from 23 August 2018 to 14 September 2018 according to each agreement.	3.80%	All plant tools, gardening equipment at Lot E3 + E3' in Phuc Khanh Industrial Park owned by the Company, including: - Buildings and construction on land, and - Machines and equipment. With the amount of VND 60,139,200,000 under Property Mortgage Contract No. 3046.17.755.2363518.BD.
	88.17.755.2363518.TD	47,225,309,728	2,068,564	Interest is payable monthly on 25 th . Principle is payable from 3 May 2018 to 27 September 2018 according to each agreement.	3.50%	Deposit term 12 months with value of VND 10 billion and deposit with term 3 months by Mr. Hsu Ting Hsin with the amount of VND 31,327,000,000 at MB Bank - Thai Binh Branch.
TOTAL			328,084,120,450			

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

16. LOANS AND FINANCE LEASES (continued)

16.2 Short-term loans from related parties

	31 March 2018 (VND)	Principal and interest repayment term	Interest rate per annum	Description of collateral
Fortune Industrial Park Development Company Limited	2,257,157,000	Principle and interest are payable on 20 July 2016 (the lender has been liquidated so the repayment has not been made by the balance sheet date).	3.5%	None
Ms. Duong Thi Thom (employee)	85,000,000	Principle and interest are payable on 27 February 2019.	3.5%	None
TOTAL	2,342,157,000			

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16. LOANS AND FINANCE LEASES (continued)

16.3 Long-term loans from banks

Bank	Contract's No	31 March 2018		Principal and interest repayment term	Interest rate per annum	Description of collateral
		Ending balance (VND)	Original currency (USD)			
Technological and Commercial Joint Stock Bank - Thai Binh Branch	TBH2015043 6/HDTD	20,723,236,768		Interest is payable monthly at the end of each month. Principle is payable every 3 months from 20 January 2020 to 11 March 2021.	10.54%	Factory, machinery and equipment formed from loan (of Workshop 3) with estimated value of VND 39,470,725,726.
Military Commercial Joint Stock Bank - Thai Binh Branch	2893.17.755. 2363518.TD 2893.17.755. 2363518.TD. PL1	43,634,921,925	1,911,298	Interest is payable monthly on the 25 th . Principal is payable in 16 quarterly instalments on the 25 th at the end of the quarter from 25 May 2018.	5%	All plant tools, gardening equipment at Lot E3 + E3' in Phuc Khanh Industrial Park owned by the Company, including: - Buildings and construction on land, and - Machines and equipments. With the amount of VND 60,139,200,000 under Property Mortgage Contract No. 3046.17.755.2363518.BD.
	2893.17.755. 2363518.TD 2893.17.755. 2363518.TD. PL1	44,768,711,819		Interest is payable monthly. Principal is payable in 16 quarterly instalments on the 25 th at the end of the quarter from 25 May 2018.	10.5% - 11%	
TOTAL		109,126,870,512				
<i>In which:</i>						
Current portion		29,922,424,662				
Long-term portion		79,204,445,850				

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the period three-month then ended

17. LONG-TERM PROVISION

	<i>Currency: VND</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
Severance allowances	<u>673,917,775</u>	<u>-</u>
TOTAL	<u>673,917,775</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the period three-month then ended

18. OWNERS' EQUITY

18.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
<i>Currency: VND</i>					
For the period three-month ended 31					
March 2017 (unreviewed)					
As at 1 January 2017	124,741,943,617	-	-	72,544,961,350	197,286,904,967
- Net profit for the period	-	-	-	14,049,136,730	14,049,136,730
As at 31 March 2017	124,741,943,617	-	-	86,594,098,080	211,336,041,697
For the period three-month ended 31					
March 2018					
As at 1 January 2018	268,078,350,000	148,635,952,680	3,145,306,378	129,693,814,220	549,553,423,278
- Net profit for the period	-	-	-	22,138,095,562	22,138,095,562
- Other decreases	-	(14,692,822)	-	-	(14,692,822)
As at 31 March 2018	268,078,350,000	148,621,259,858	3,145,306,378	151,831,909,782	571,676,826,018

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

18. OWNERS' EQUITY (continued)

18.2 Share capital

Currency: VND

	31 March 2018		31 December 2017	
	Total	Ordinary shares	Total	Ordinary shares
Formosa Tool Co., Ltd.	81,909,810,000	81,909,810,000	81,909,810,000	81,909,810,000
Emblem Holding	49,169,000,000	49,169,000,000	59,169,000,000	59,169,000,000
Probus Opportunities	25,000,000,000	25,000,000,000	25,000,000,000	25,000,000,000
Vn Alpha Limited	19,770,000,000	19,770,000,000	19,770,000,000	19,770,000,000
Mr. Tsai Chui Tien	34,030,000,000	34,030,000,000	14,030,000,000	14,030,000,000
Other shareholders	58,199,540,000	58,199,540,000	68,199,540,000	68,199,540,000
TOTAL	268,078,350,000	268,078,350,000	268,078,350,000	268,078,350,000

18.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2017 (Unreviewed)
Contributed capital		
Beginning balance	268,078,350,000	124,741,943,617
Increase/(decrease) in the period	-	-
Ending balance	<u>268,078,350,000</u>	<u>124,741,943,617</u>
Dividends paid	-	-

18.4 Shares

	31 March 2018		31 December 2017	
	Quantity	Amount VND	Quantity	Amount VND
Authorized shares	26,807,835	268,078,350,000	26,807,835	268,078,350,000
Issued shares	26,807,835	268,078,350,000	26,807,835	268,078,350,000
Ordinary shares	26,807,835	268,078,350,000	26,807,835	268,078,350,000
Shares in circulation	26,807,835	268,078,350,000	26,807,835	268,078,350,000
Ordinary shares	26,807,835	268,078,350,000	26,807,835	268,078,350,000

The par value of share in circulation during the period is VND 10,000/share (2017: VND 10,000/share).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

18. OWNERS' EQUITY (continued)

18.5 Other funds belonging to owners' equity

Investment and development fund belonging to owners' equity is set up according to the Resolution of the General Shareholders on 8 September 2017 with the amount of 5% of Profit after tax presented in the financial statements for the year 2017. According to this Resolution, the Board of Director and Board of Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

19. OFF BALANCE SHEET ITEMS

	31 March 2018	31 December 2017
Foreign currency		
- USD	164,073	201,607
- EUR	283	294

20. REVENUES FROM SALE OF GOODS

	Currency: VND	
	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2017 (Unreviewed)
Gross revenue	246,511,406,480	180,500,024,710
<i>In which:</i>		
Sales of manufacturing goods	244,657,004,662	179,991,369,710
Sales of scrap and tools	1,854,401,818	508,655,000
Net revenue	246,511,406,480	180,500,024,710
<i>In which:</i>		
Sales of manufacturing goods	244,657,004,662	179,991,369,710
Sales of scrap and tools	1,854,401,818	508,655,000
<i>In which:</i>		
Sales to others	22,086,240,810	6,131,687,305
Sales to related parties	224,425,165,670	174,368,337,405

21. COST OF GOODS SOLD

	Currency: VND	
	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2017 (Unreviewed)
Cost of finished goods sold	200,834,711,274	151,366,604,238
Reversal of provision for obsolete inventories	(48,814,673)	-
TOTAL	200,785,896,601	151,366,604,238

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

22. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Loan interest	6,155,973,822	3,539,723,482
Foreign exchange losses	1,619,170,422	-
TOTAL	<u>7,775,144,244</u>	<u>3,539,723,482</u>

23. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Selling expenses		
Labor costs	399,653,958	182,592,391
Export services	4,725,993,990	4,951,629,772
Others	28,421,079	15,168,729
	<u>5,154,069,027</u>	<u>5,149,390,892</u>
General and administrative		
Labor costs	4,326,576,574	2,221,393,483
Expenses for external services	2,384,551,344	1,955,229,144
Depreciation and amortisation	247,971,515	117,987,235
Other	1,209,752,042	873,281,521
	<u>8,168,851,475</u>	<u>5,167,891,383</u>
TOTAL	<u>13,322,920,502</u>	<u>10,317,282,275</u>

24. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Materials	106,619,128,469	78,714,856,176
Labour costs	35,710,502,887	26,926,152,606
Depreciation and amortisation	7,278,459,126	5,421,790,221
Expenses for external services	20,413,856,935	14,707,205,117
Other expenses	1,216,370,290	873,281,521
TOTAL	<u>171,238,317,707</u>	<u>126,643,285,641</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

25. CORPORATE INCOME TAX

In accordance with the Investment Certificate No. 02 dated 24 March 2006 and the Official letter No 4000 dated 21 December 2016 issued by Thai Binh Industrial Zone Authority, the Company is subject to corporate income tax ("CIT") at the rate of 15% for 12 years from the date of commencement of its operations, and normal CIT rate in the following years. The Company is also entitled to an exemption from CIT for 3 years commencing from the first year in which a taxable profit is earned (which is the fiscal year ended 31 December 2009) and a 50% reduction of the applicable CIT tax rate for the following 7 years. Accordingly, the applicable CIT tax rate of the Company in 2018 is 10% (2017: 7.5%).

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

25.1 CIT expenses

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Current CIT expenses	2,552,573,455	1,152,693,341
Deferred tax expense	9,762,935	-
TOTAL	<u>2,562,336,390</u>	<u>1,152,693,341</u>

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Accounting profit before tax	24,700,431,952	15,201,830,071
At CIT rate of 20% applicable to the Company	4,940,086,390	3,040,366,014
<i>Adjustments to increase:</i>		
Expenses not eligible for CIT deduction	21,153,349	33,482,894
Unrealised foreign exchange loss in current year	77,421,951	-
Reversal of provision for inventory	9,762,935	-
Severance allowances	134,783,555	-
<i>Adjustments to decrease:</i>		
Reversal of unrealized foreign exchange loss in prior year	(58,535,400)	-
CIT incentives	(2,562,336,390)	(1,921,155,567)
CIT expense	<u>2,562,336,390</u>	<u>1,152,693,341</u>

25.2 Current tax

The current tax payable is based on taxable profit for the current period. The taxable profit of the Company for the period differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

25. CORPORATE INCOME TAX (continued)

25.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognised by the Company, and the movements thereon, during the current and previous periods.

	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Deferred tax asset				
Provision for inventories	1,166,237,065	1,176,000,000	(9,762,935)	-
	1,166,237,065	1,176,000,000	(9,762,935)	-

26. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the period were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Currency: VND</i>	
			<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Formosa Tools Co., Ltd	Investor	Sales of goods	69,005,613,677	-
Golden Hype Co., Ltd	Related party	Purchase of materials	73,133,619,100	65,534,041,891
		Purchase of assets	8,662,828,760	3,980,645,190
		Purchase of tools	3,369,298,825	6,898,846,721
Joy Wish Inc	Related party	Sales of goods	155,419,551,993	174,368,337,405
Garden Pals Co., Ltd	Related party	Processing fee	1,830,000,000	1,080,960,000
		Rental fee	680,400,000	680,400,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

26. TRANSACTIONS WITH RELATED PARTIES (continued)

The terms and conditions of transactions with related parties

The sales and purchases transactions with related parties shall comply with the prices and the terms prevailing in the market.

Amounts due to and due from related parties at the balance sheet dates were as follows:

Currency: VND

Related parties	Relationship	Transactions	31 March 2018	31 December 2017
Short-term trade receivables (Note 6.1)				
Joy Wish Inc	Related party	Sale of goods	317,871,317,636	282,441,323,701
Formosa Tools Co., Ltd	Investor	Sale of goods	48,052,528,292	-
Golden Hype Co., Ltd	Related party	Sale of goods	-	4,826,286,553
			365,923,845,928	287,267,610,254
Short-term trade payables (Note 13.1)				
Golden Hype Co., Ltd	Related party	Material and machine purchasing	112,163,254,062	114,758,399,748
Garden Pals Co., Ltd	Related party	Factory rental and processing fee	1,733,679,485	410,339,485
Dai Tin Co., Ltd	Related party	Management and water fee	265,508,750	207,028,159
			114,162,442,297	115,375,767,392
Advance from customer (Note 13.2)				
Golden Hype Co., Ltd	Related party	Advance to purchase goods	1,991,213,447	-
Formosa Tools Co., Ltd	Investor	Advance to purchase goods	-	19,149,199,107
			1,991,213,447	19,149,199,107
Short-term loans (Note 16.2)				
Fortune Industrial Park Development Company	Related party	Short-term loans	2,257,157,000	2,257,157,000
Ms. Duong Thi Thom	Employee	Short-term loans	85,000,000	-
			2,342,157,000	2,257,157,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of the Board of Directors and management:

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Salaries and bonus	179,971,000	123,856,500
TOTAL	179,971,000	123,856,500

27. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<i>Currency: VND</i>	
	<i>For the three-month period ended 31 March 2018</i>	<i>For the three-month period ended 31 March 2017 (Unreviewed)</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	22,138,095,562	14,049,136,730
Effect of dilution	-	-
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	22,138,095,562	14,049,136,730
Weighted average number of ordinary shares for basic earnings per share	26,807,835	12,474,194
Effect of dilution	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	26,807,835	12,474,194
Basic earnings per share	826	1,126
Diluted earnings per share	826	1,126

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 March 2018 and for the three-month period then ended

28. SEGMENT INFORMATION

The principal activities of the Company is manufacturing and trading of products of gardening accessories, metal products, machineries and tools, heat treatment and electroplating. Revenue from sale of rake, scissors, shovel, saw, hoe and pitchfork accounted for 93% of total revenue in the year. Besides, the production and business activities of the Company are mainly carried out in the territory of Vietnam. Therefore, the Company has only one business segment and one geographic segment. Accordingly, the Company does not disclose business segment and geographic segment.

29. COMMITMENTS AND CONTINGENCIES

Operating lease commitment

The Company leases land rental and workshop under operating lease arrangements. The minimum lease commitment under the operating lease agreements at the reporting date is as follows:


	<i>Currency: VND</i>	
	<i>31 March 2018</i>	<i>31 December 2017</i>
Less than 1 year	11,006,593,403	11,006,593,403
From 1 to 5 years	12,453,515,934	12,545,696,854
TOTAL	23,460,109,337	23,552,290,257

30. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the interim balance sheet date that requires adjustment or disclosure in the interim financial statements of the Company.



Nguyen Thi Cam Van
Preparer



Nguyen Thi Cam Van
Chief Accountant



Hsu Ting Hsin
Chief Executive Officer

15 June 2018