

**CÔNG TY CP CÔNG NGHIỆP
NGŨ KIM FORTRESS VIỆT NAM**

Số: 225./2018/CV-FTV

**CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc**

Thái Bình, ngày 05... tháng 10.... năm 2018

**CÔNG BỐ THÔNG TIN TRÊN CÔNG THÔNG TIN ĐIỆN TỬ CỦA ỦY BAN CHỨNG
KHOÁN NHÀ NƯỚC**

Kính gửi: Ủy ban Chứng khoán Nhà nước

Công ty: Công ty CP Công nghiệp Ngũ kim Fortress Việt Nam

Trụ sở chính: Lô B8+B9+B10, KCN Phúc Khánh, phường Phú Khánh, TP Thái Bình, tỉnh Thái Bình

Điện thoại: 02273 618 991

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Người thực hiện công bố thông tin: Hsu Ting Hsin

Địa chỉ: Lô B8+B9+B10, KCN Phúc Khánh, phường Phú Khánh, TP Thái Bình, tỉnh Thái Bình

Điện thoại: 02273 618 991

Fax: 02273 618 995

Loại thông tin công bố: 24h 72h Yêu cầu Bất thường Định kỳ

Nội dung thông tin công bố:

- Báo cáo tài chính giữa niên độ đã được soát xét cho giai đoạn từ 01/01/2018 đến ngày 30/6/2018
- Giải trình công bố lại thông tin báo cáo tài chính giữa niên độ đã được soát xét cho giai đoạn từ ngày 01/01/2018 đến ngày 30/6/2018

Chúng tôi xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố.

Ngày 5 tháng 10... năm 2018

Người thực hiện công bố thông tin



HSU TING HSIN

**CÔNG TY CP CÔNG NGHIỆP
NGŨ KIM FORTRESS VIỆT NAM**

**CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc**

Số: 226./2018/CV-FTV

Thái Bình, ngày 05. tháng 10. ... năm 2018

V/v giải trình công bố lại thông tin báo cáo
tài chính đã soát xét cho giai đoạn từ ngày
01/01/2018 đến ngày 30/6/2018

Kính gửi: Ủy ban Chứng khoán Nhà nước

Căn cứ theo Thông tư số 155/2015/TT-BTC ngày 6/10/2015 của Bộ Tài chính hướng dẫn về công bố thông tin trên thị trường chứng khoán.

Công ty Cổ phần Công nghiệp Ngũ kim Fortress Việt Nam xin giải trình việc công bố lại thông tin báo cáo tài chính đã soát xét cho giai đoạn từ ngày 01/01/2018 đến ngày 30/6/2018 như sau:

Báo cáo tài chính giữa niên độ tại ngày 30 tháng 6 năm 2018 đã được công ty TNHH Ernst & Young Việt Nam soát xét đề ngày 13 tháng 8 năm 2018 do lỗi đánh máy nên thông tin trang số 30 không được chính xác. Vì vậy Công ty xin công bố lại thông tin báo cáo tài chính giữa niên độ năm 2018 đã được soát xét bởi Công ty TNHH Ernst & Young Việt Nam phát hành lại ngày 05 tháng 10 năm 2018.

Thông tin chính xác như sau:

Chi tiết vốn góp của cổ đông như sau:

	Ngày 30 tháng 6 năm 2018		Ngày 31 tháng 12 năm 2017	
	Tổng số (VND)	Cổ phiếu thường	Tổng số (VND)	Cổ phiếu thường
Công ty CPHH Công nghiệp Ngũ Kim Formosa	81.909.810.000	8.190.981	81.909.810.000	8.190.981
Emblem Holding Group Corp.	49.169.000.000	4.916.900	59.169.000.000	5.916.900
Probus Opportunities	25.000.000.000	2.500.000	25.000.000.000	2.500.000
VN Alpha Limited	19.770.000.000	1.977.000	19.770.000.000	1.977.000
Ông Tsai Chui Tien	34.030.000.000	3.403.000	14.030.000.000	1.403.000
Vốn góp của các cổ đông khác	58.199.540.000	5.819.954	68.199.540.000	6.819.954
TỔNG CỘNG	268.078.350.000	26.807.835	268.078.350.000	26.807.835

Bằng công văn này, Công ty Cổ phần Công nghiệp Ngũ kim Fortress Việt Nam báo cáo Ủy ban Chứng khoán Nhà nước.

Trân trọng.

**CHỦ TỊCH HĐQT
KIỂM TỌNG GIÁM ĐỐC**



**CHỦ TỊCH HĐQT KIỂM TỌNG GIÁM ĐỐC
HSU, TING - HSIN**

Vietnam Fortress Tools Joint Stock Company

Interim financial statements

30 June 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. According to the amended Investment Certificate issued by Thai Binh Department of Planning and Investment on 14 December 2016, the Company changed name from Vietnam Formosa Tools Limited Company to Vietnam Fortress Tools Joint Stock Company. The Company subsequently received amended Business Registration Certificates with the 13rd amended Business Registration Certificate dated 31 May 2018 as the latest.

The Company has officially become a public interest entity since 21 June 2018, according to Letter No. 3889/UBCK-GSDC issued by the State Security Commission.

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;
- ▶ manufacturing toys and games made of wood (except for wood processing, harmful toys to personality education, children's healths or security and society); and
- ▶ other business activities in accordance with the Company's Business Registration Certificate.

The Company has its head office located at Lot B8, B9 and B10, Phuc Khanh Industrial Zone, Phu Khanh district, Thai Binh province, Vietnam and its representative office located at Floor no. 16, Deaha Business Center Building, 360 Kim Ma street, Ba Dinh district, Ha Noi, Vietnam.

BOARD OF GENERAL DIRECTORS

Members of the Board of General 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 Chui 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

Vietnam Fortress Tools Joint Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the 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. Kuo Hsien Cheng	Deputy Chief Executive Officer	
Mr. Chang Neng Ching	Deputy Chief Executive Officer	
Mr. Chang Yu Chung	Deputy Chief Executive Officer	appointed on 1 March 2018 resigned on 19 July 2018
Mr. Pham Van Trung	Deputy Chief Executive Officer	appointed on 19 July 2018

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Hsu Ting Hsin – the Company's Chief Executive Officer.

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 six-month period ended 30 June 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 30 June 2018 and of the interim results of its operations and its interim cash flows for the six-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

5 October 2018

Reference: 61382523/20160238-LR

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 5 October 2018 and set out on pages 6 to 37, which comprise the interim balance sheet as at 30 June 2018, and the interim income statement and the interim cash flow statement for the six-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 30 June 2018, and of the interim results of its operations and its interim cash flows for the six-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.

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 interim financial statements of the Company for the six-month period ended 30 June 2017 have been reviewed by other auditors whose report dated 1 August 2017 expressed an unmodified conclusion on those interim financial statements.

Ernst & Young Vietnam Limited



Le Duệ Trung
Deputy General Director
Audit Practising Registration
Certificate No: 0816-2018-004-1

Hanoi, Vietnam

5 October 2018

INTERIM BALANCE SHEET
as at 30 June 2018

Currency: VND

Code	ASSETS	Notes	30 June 2018	31 December 2017
100	A. CURRENT ASSETS		1,012,444,367,651	898,727,171,832
110	I. Cash	4	1,379,310,455	12,537,972,599
111	1. Cash		1,379,310,455	12,537,972,599
120	II. Short-term investments	5	10,650,000,000	10,000,000,000
123	1. Held-to-maturity investments		10,650,000,000	10,000,000,000
130	III. Current accounts receivable		523,248,245,752	341,308,939,690
131	1. Short-term trade receivables	6.1	511,681,553,395	330,436,491,243
132	2. Short-term advances to suppliers	6.2	9,356,428,436	4,486,800,922
136	3. Other short-term receivables	7	2,210,263,921	6,385,647,525
140	IV. Inventories	8	473,272,686,038	533,730,705,382
141	1. Inventories		477,947,427,249	539,610,705,382
149	2. Provision for obsolete inventories		(4,674,741,211)	(5,880,000,000)
150	V. Other current assets		3,894,125,406	1,149,554,161
152	1. Value added tax deductible	15	3,894,125,406	1,149,554,161
200	B. NON-CURRENT ASSETS		353,112,883,956	294,341,386,664
220	I. Fixed assets		222,774,242,205	150,922,017,884
221	1. Tangible fixed assets	9	222,675,107,194	150,742,284,941
222	Cost		385,489,090,630	299,069,211,465
223	Accumulated depreciation		(162,813,983,436)	(148,326,926,524)
227	2. Intangible fixed assets	10	99,135,011	179,732,943
228	Cost		527,779,593	527,779,593
229	Accumulated amortisation		(428,644,582)	(348,046,650)
240	II. Long-term assets in progress		90,469,969,545	117,516,715,933
242	1. Construction in progress	11	90,469,969,545	117,516,715,933
260	III. Other long-term assets		39,868,672,206	25,902,652,847
261	1. Long-term prepaid expenses	13	39,512,533,000	24,726,652,847
262	2. Deferred tax assets	26.3	356,139,206	1,176,000,000
270	TOTAL ASSETS		1,365,557,251,607	1,193,068,558,496

INTERIM BALANCE SHEET (continued)
as at 30 June 2018

Currency: VND

Code	RESOURCES	Notes	30 June 2018	31 December 2017
300	C. LIABILITIES		764,614,649,600	643,515,135,218
310	I. Current liabilities		704,633,599,982	554,931,355,871
311	1. Short-term trade payables	14.1	300,120,327,770	197,272,129,492
312	2. Short-term advances from customers	14.2	5,068,737,372	23,002,914,610
313	3. Statutory obligations	15	4,185,450,335	7,863,885,669
314	4. Payables to employees		8,350,366,228	14,413,296,910
315	5. Short-term accrued expenses		169,851,065	183,809,244
319	6. Other short-term payables	16	7,146,275,818	5,864,844,668
320	7. Short-term loan	17	377,705,407,567	304,443,291,451
322	8. Bonus and welfare fund		1,887,183,827	1,887,183,827
330	II. Non-current liabilities		59,981,049,618	88,583,779,347
338	1. Long-term loan	17	59,307,131,843	88,583,779,347
342	2. Long-term provisions	18	673,917,775	-
400	D. OWNERS' EQUITY		600,942,602,007	549,553,423,278
410	I. Capital	19	600,942,602,007	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		181,097,685,771	129,693,814,220
421a	- Undistributed earnings by the end of prior year		129,693,814,220	71,820,176,866
421b	- Undistributed earnings of current period/year		51,403,871,551	57,873,637,354
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,365,557,251,607	1,193,068,558,496


Nguyen Thi Cam Van
Preparer


Nguyen Thi Cam Van
Chief Accountant


Hsu Ting Hsin
Chief Executive Officer

5 October 2018


INTERIM INCOME STATEMENT
for the six-month period ended 30 June 2018

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
01	1. Revenue from sale of goods	21	481,909,251,208	313,269,387,265
02	2. Deductions	21	-	-
10	3. Net revenue from sale of goods	21	481,909,251,208	313,269,387,265
11	4. Cost of goods sold	22	(388,071,755,739)	(265,871,018,113)
20	5. Gross profit from sale of goods		93,837,495,469	47,398,369,152
21	6. Finance income		424,801,501	952,709,589
22	7. Finance expenses	23	(11,986,400,811)	(8,634,854,864)
23	- In which: Interest expenses		(10,551,682,760)	(8,085,857,975)
25	8. Selling expenses	24	(8,573,464,679)	(6,707,116,030)
26	9. General and administrative expenses	24	(17,074,318,559)	(11,362,777,617)
30	10. Operating profit		56,628,112,921	21,646,330,230
31	11. Other income		-	194,147,040
32	12. Other expenses		(486,670,680)	(167,414,468)
40	13. Other (loss)/profit		(486,670,680)	26,732,572
50	14. Accounting profit before tax		56,141,442,241	21,673,062,802
51	15. Current corporate income tax expense	26.1	(3,917,709,896)	(1,651,025,088)
52	16. Deferred tax expense	26.3	(819,860,794)	-
60	17. Net profit after tax		51,403,871,551	20,022,037,714
70	18. Basic earnings per share	28	1,917	1,385
71	19. Diluted earnings per share	28	1,917	1,385


Nguyen Thi Cam Van
Preparer


Nguyen Thi Cam Van
Chief Accountant


Hsu Ting Hsin
Chief Executive Officer



5 October 2018

INTERIM CASH FLOW STATEMENT
for the six-month period ended 30 June 2018


Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		56,141,442,241	21,673,062,802
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets and amortisation of intangible fixed assets	9,10	14,567,654,844	11,071,659,155
03	Provisions reverted		(531,341,014)	-
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		295,501,914	-
05	Profits from investing activities		(408,633,146)	(12,368,191)
06	Interest expenses	23	10,551,682,760	8,085,857,975
08	Operating profit before changes in working capital		80,616,307,599	40,818,211,740
09	Increase in receivables		(180,363,220,861)	(53,111,974,907)
10	Decrease/(increase) in inventories		61,663,278,133	(1,009,064,523)
11	Increase/(decrease) in payables		29,066,156,421	(32,705,321,499)
12	Increase in prepaid expenses		(14,785,880,153)	(962,331,984)
14	Interest paid		(10,551,682,760)	(8,085,857,975)
15	Corporate income tax paid	15	(7,557,094,763)	(1,975,216,698)
20	Net cash flows used in operating activities		(41,912,136,384)	(57,031,555,845)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(9,687,807,299)	(45,219,500,623)
22	Proceeds from disposals of fixed assets and other long-term assets		-	90,909,091
23	Loans to other entities		(650,000,000)	(10,000,000,000)
27	Interest received		408,633,146	1,211,590
30	Net cash flows used in investing activities		(9,929,174,153)	(55,127,379,942)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	54,005,940,000
32	Capital redemption		(14,692,822)	-
33	Drawdown of borrowings		280,039,229,235	272,867,066,092
34	Repayment of borrowings		(239,409,055,325)	(201,406,018,111)
40	Net cash flows from financing activities		40,615,481,088	125,466,987,981


INTERIM CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2018

Currency: VND



Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
50	Net (decrease)/increase in cash for the period		(11,225,829,449)	13,308,052,194
60	Cash at the beginning of the period		12,537,972,599	427,528,237
61	Impact of exchange rate fluctuation		67,167,305	-
70	Cash at the end of the period	4	1,379,310,455	13,735,580,431



Nguyen Thi Cam Van
Preparer



Nguyen Thi Cam Van
Chief Accountant

Hsu Ting Hsin
Chief Executive Officer

5 October 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS
as at 30 June 2018 and for the six-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. According to the amended Investment Certificate issued by Thai Binh Department of Planning and Investment on 14 December 2016, the Company changed name from Vietnam Formosa Tools Limited Company to Vietnam Fortress Tools Joint Stock Company. The Company subsequently received amended Business Registration Certificates with the 13rd amended Business Registration Certificate dated 31 May 2018 as the latest.

The Company has officially become a public interest entity since 21 June 2018, according to Letter No. 3889/UBCK-GSĐC issued by the State Security Commission.

The principal activities of the Company are:

- ▶ trading, manufacturing and processing gardening accessories;
- ▶ trading and manufacturing metal products;
- ▶ manufacturing machineries and tools; and
- ▶ manufacturing toys and games made of wood (except for wood processing, harmful toys to personality education, children's healths or security and society); and
- ▶ other business activities in accordance with the Company's Business Registration Certificate.

The Company has its head office located at Lot B8, B9 and B10, Phuc Khanh Industrial Zone, Phu Khanh district, Thai Binh province, Vietnam and its representative office located at Floor no. 16, Deaha Business Center Building, 360 Kim Ma street, Ba Dinh district, Ha Noi, Vietnam.

The number of the Company's employees as at 30 June 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/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.1 *Accounting standards and system* (continued)

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.

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 and the interim financial statement for the six-month period ended 30 June 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Inventories* (continued)

Provision for obsolete inventories (continued)

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.

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 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged to the interim income statement on a straight-line basis over the lease term.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *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

3.8 *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.

3.9 *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.

3.10 *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.

3.11 *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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *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.

3.13 *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.

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.

3.14 *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 General 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Appropriation of net profits* (continued)

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.

3.15 *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.

3.16 *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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Taxation* (continued)

Deferred tax (continued)

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.

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.

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.

3.17 *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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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.

3.19 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

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Cash on hand	1,065,228,285	12,242,926
Cash at bank	314,082,170	12,525,729,673
TOTAL	1,379,310,455	12,537,972,599

5. HELD-TO-MATURITY INVESTMENTS

	<i>Currency: VND</i>			
	<i>30 June 2018</i>		<i>31 December 2017</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Term deposit	10,650,000,000	10,650,000,000	10,000,000,000	10,000,000,000
TOTAL	10,650,000,000	10,650,000,000	10,000,000,000	10,000,000,000

Term deposit as at 30 June 2018 represents a deposit at Military Commercial Joint Stock Bank – Thai Binh Branch with term of 12 months and earns interest at 6.3% per annum.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

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

6.1 Short-term trade receivables

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Short term trade receivables	102,977,533,603	43,168,880,989
- <i>Great Reward Co., Ltd.</i>	50,649,676,738	-
- <i>FT Osterman GMBH Co., Ltd.</i>	32,824,688,856	29,913,053,761
- <i>Other customers</i>	19,503,168,009	13,255,827,228
Trade receivables from related parties (<i>Note 26</i>)	408,704,019,792	287,267,610,254
TOTAL	<u>511,681,553,395</u>	<u>330,436,491,243</u>

6.2 Short-term advances to suppliers

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Heng Leong Investment and Development Joint Stock Company	1,750,000,000	1,750,000,000
Tsung Chang Co., Ltd.	1,948,100,000	-
Quoc Thang International Co., Ltd.	1,293,359,760	-
Others suppliers	4,364,968,676	2,736,800,922
TOTAL	<u>9,356,428,436</u>	<u>4,486,800,922</u>

7. OTHER SHORT-TERM RECEIVABLES

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Import tax refund	1,337,263,921	1,923,825,447
An Viet Audit Company Limited	780,000,000	-
Interest from bank deposit	93,000,000	335,833,333
Value added taxes refund	-	4,084,250,000
Staff advances	-	41,738,745
TOTAL	<u>2,210,263,921</u>	<u>6,385,647,525</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

8. INVENTORIES

Currency: VND

	30 June 2018		31 December 2017	
	Cost	Provision	Cost	Provision
Raw materials	79,152,426,380	-	70,845,653,852	-
Tools and supplies	1,581,721,979	-	5,510,895,043	-
Work in process	252,168,983,608	(4,674,741,211)	295,603,982,191	(5,880,000,000)
Finished goods	145,044,295,282	-	152,873,473,334	-
Goods on consignment	-	-	14,776,700,962	-
TOTAL	<u>477,947,427,249</u>	<u>(4,674,741,211)</u>	<u>539,610,705,382</u>	<u>(5,880,000,000)</u>

Details of movement of provision for obsolete inventories:

Currency: VND

	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
Beginning balance	5,880,000,000	3,750,000,000
Reversal of provision during the period	(1,205,258,789)	-
Ending balance	<u>4,674,741,211</u>	<u>3,750,000,000</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-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 during the period	-	42,869,287,359	702,131,625	2,562,959,000	46,134,377,984
- Transfer from construction in progress	39,470,725,726	814,775,455	-	-	40,285,501,181
- Reclassification	-	(2,112,467,554)	2,701,172,100	(588,704,546)	-
As at 30 June 2018	62,549,167,472	311,776,286,129	8,566,018,030	2,597,618,999	385,489,090,630
<i>In which:</i>					
Fully depreciated	124,815,370	76,457,705,382	102,351,691	34,660,000	76,719,532,443
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	1,571,989,133	12,525,426,370	289,561,731	100,079,678	14,487,056,912
- Reclassification	-	237,368,348	351,336,198	(588,704,546)	-
As at 30 June 2018	13,077,544,234	144,903,865,114	4,697,834,411	134,739,677	162,813,983,436
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 30 June 2018	49,471,623,238	166,872,421,015	3,868,183,619	2,462,879,322	222,675,107,194
<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 INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

10. INTANGIBLE FIXED ASSETS

Currency: VND
Computer software

Cost:

As at 31 December 2017	527,779,593
As at 30 June 2018	<u>527,779,593</u>

Accumulated amortisation:

As at 31 December 2017	348,046,650
- Amortisation for the period	<u>80,597,932</u>
As at 30 June 2018	<u>428,644,582</u>

Net carrying amount:

As at 31 December 2017	<u>179,732,943</u>
As at 30 June 2018	<u>99,135,011</u>

11. CONSTRUCTION IN PROCESS

Currency: VND

	30 June 2018	31 December 2017
The pruners factory project	85,233,630,261	77,231,214,752
Wood workshop project	5,236,339,284	-
Workshop No.3 project	-	40,285,501,181
TOTAL	<u>90,469,969,545</u>	<u>117,516,715,933</u>

12. CAPITALIZED BORROWING COSTS

During the six-month period ended 30 June 2018, the Company capitalized borrowing costs amounting to VND 3,015,130,328. These costs relate to specific borrowings taken to finance the construction of the pruners factory project.

13. LONG TERM PREPAID EXPENSES

Currency: VND

	30 June 2018	31 December 2017
Prepaid infrastructure and land rental	25,643,723,593	17,084,242,101
Tools and supplies	12,537,058,422	7,642,410,746
Advisory fee for the wood workshop's project	<u>1,331,750,985</u>	-
TOTAL	<u>39,512,533,000</u>	<u>24,726,652,847</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

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

14.1 Short-term trade payables

Currency: VND

	30 June 2018		31 December 2017	
	Balance	Payable amount	Balance	Payable amount
Trade payables to suppliers	126,955,292,081	126,955,292,081	81,896,362,100	81,896,362,100
- Wisdom Co., Ltd.	20,426,964,493	20,426,964,493	6,973,054,169	6,973,054,169
- Trade payables to other suppliers	106,528,327,588	106,528,327,588	74,923,307,931	74,923,307,931
Trade payables to related parties (Note 27)	173,165,035,689	173,165,035,689	115,375,767,392	115,375,767,392
TOTAL	300,120,327,770	300,120,327,770	197,272,129,492	197,272,129,492

14.2 Short-term advances from customers

Currency: VND

	30 June 2018		31 December 2017	
	Balance	Payable amount	Balance	Payable amount
Advances to suppliers	3,077,523,925	3,853,715,503		
- HL Corporation Co., Ltd.	1,854,867,991	-		
- Great Reward Co., Ltd.	-	1,934,684,213		
- Advance from other customers	1,222,655,934	1,919,031,290		
Advance from related parties (Note 27)	1,991,213,447	19,149,199,107		
TOTAL	5,068,737,372	23,002,914,610		

15. STATUTORY OBLIGATIONS

Currency: VND

	31 December 2017	Payable for the period	Payment made during the period	30 June 2018
Payables				
Import/export duties	331,222,261	1,095,177,827	(1,081,517,480)	344,882,608
Corporate income tax	7,464,692,594	3,917,709,896	(7,557,094,763)	3,825,307,727
Personal income tax	67,970,814	153,365,652	(206,076,466)	15,260,000
TOTAL	7,863,885,669	5,166,253,375	(8,844,688,709)	4,185,450,335

Currency: VND

	31 December 2017	Increase in the period	Decrease during the period	30 June 2018
Receivables				
Value added tax	1,149,554,161	15,987,579,064	(13,243,007,819)	3,894,125,406
TOTAL	1,149,554,161	15,987,579,064	(13,243,007,819)	3,894,125,406

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

16. SHORT-TERM OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Social insurance, healthy insurance and unemployment insurance	6,395,344,957	1,897,222,919
Trade union	346,545,248	268,736,270
Payables for investors commission	-	2,216,516,082
Tax penalty payables	-	1,265,846,282
Other payables	404,385,613	216,523,115
TOTAL	<u>7,146,275,818</u>	<u>5,864,844,668</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
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17. LOANS

	31 December 2017		Movement during the year		Foreign exchange difference	30 June 2018		Currency: VND
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount	
Short-term								
Loans from banks (Note 17.1)	280,114,129,296	280,114,129,296	279,954,229,235	(231,031,713,975)	2,952,872,567	331,989,517,123	331,989,517,123	
Loans from related parties (Note 17.2)	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 17.3)	22,072,005,155	22,072,005,155	29,583,901,931	(8,377,341,350)	95,167,708	43,373,733,444	43,373,733,444	
TOTAL	304,443,291,451	304,443,291,451	309,623,131,166	(239,409,055,325)	3,048,040,275	377,705,407,567	377,705,407,567	
Long-term								
Loans from banks (Note 17.3)	88,583,779,347	88,583,779,347	-	(29,583,901,931)	307,254,427	59,307,131,843	59,307,131,843	
TOTAL	88,583,779,347	88,583,779,347	-	(29,583,901,931)	307,254,427	59,307,131,843	59,307,131,843	

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

17. LOANS (continued)

17.1 Short-term loans from banks

Banks	Contract's No	30 June 2018		Principal and interest repayment term	Interest rate per annum	Description of collateral
		Ending balance (VND)	Original currency (USD)			
Technologycal and Commercial Joint Stock Bank –Thai Binh Branch	THB2015123/HDCTD and THB2015123/HDCTD/PL04	253,035,625,160	11,001,549	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	6,156,502,000	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	1,100,368,990	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	1,655,941,810	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	22,468,796,349	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	47,572,282,814	2,068,565	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		331,989,517,123	14,434,627			

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

17. LOANS AND FINANCE LEASES (continued)

17.2 Short-term loans from related parties

	30 June 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 (the Company's staff)	85,000,000	Principle and interest are payable on 27 February 2019.	3.5%	None
TOTAL	2,342,157,000			

Vietnam Fortress Tools Joint Stock Company

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

17. LOANS AND FINANCE LEASES (continued)

17.3 Long-term loans from banks

Bank	Contract's No	30 June 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	TBH20150436/IHD TD	18,666,026,903	-	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	2893.17.755.2363 518.TD 2893.17.755.2363 518.TD.PL1	42,523,644,565	1,848,935	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 equipment.
	2893.17.755.2363 518.TD 2893.17.755.2363 518.TD.PL1	41,491,193,819	-	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.	10.5% -11%	With the amount of VND 60,139,200,000 under Property Mortgage Contract No. 3046.17.755.2363518.BD.
TOTAL		102,680,865,287				
<i>In which:</i>						
Current portion		43,373,733,444				
Long-term portion		59,307,131,843				

18. LONG-TERM PROVISION

Long-term provision represents the provision for severance pay to employees as at 30 June 2018 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

19. OWNERS' EQUITY

19.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
	Currency: VND				
For the period six-month ended 30 June 2017					
As at 31 December 2016	124,741,943,617	-	-	72,544,961,350	197,286,904,967
- Increases during the period	42,705,940,000	11,300,000,000	-	-	54,005,940,000
- Net profit for the period	-	-	-	20,022,037,714	20,022,037,714
As at 30 June 2017	167,447,883,617	11,300,000,000	-	92,566,999,064	271,314,882,681
For the period six-month ended 30 June 2018					
As at 31 December 2017	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	-	-	-	51,403,871,551	51,403,871,551
- Other decreases	-	(14,692,822)	-	-	(14,692,822)
As at 30 June 2018	268,078,350,000	148,621,259,858	3,145,306,378	181,097,685,771	600,942,602,007

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

19. OWNERS' EQUITY (continued)

19.2 Share capital

Details of charter shares are as follows:

Currency: VND

	30 June 2018			31 December 2017		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
Contributed capital	268,078,350,000	268,078,350,000	-	268,078,350,000	268,078,350,000	-
Share premium	148,621,259,858	148,621,259,858	-	148,635,952,680	148,635,952,680	-
TOTAL	416,699,609,858	416,699,609,858	-	416,714,302,680	416,714,302,680	-

Details of contributed capital are as follows:

	30 June 2018		31 December 2017	
	Total (VND)	Ordinary shares	Total (VND)	Ordinary shares
Formosa Tools Co., Ltd.	81,909,810,000	8,190,981	81,909,810,000	8,190,981
Emblem Holding Group Corp.	49,169,000,000	4,916,900	59,169,000,000	5,916,900
Probus Opportunities	25,000,000,000	2,500,000	25,000,000,000	2,500,000
VN Alpha Limited	19,770,000,000	1,977,000	19,770,000,000	1,977,000
Mr. Tsai Chui Tien	34,030,000,000	3,403,000	14,030,000,000	1,403,000
Other shareholders	58,199,540,000	5,819,954	68,199,540,000	6,819,954
TOTAL	268,078,350,000	26,807,835	268,078,350,000	26,807,835

19.3 Shares

	30 June 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).

20. OFF BALANCE SHEET ITEMS

	30 June 2018	31 December 2017
Foreign currency		
- USD	6,587	201,607
- EUR	276	294

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

21. REVENUES FROM SALE OF GOODS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Gross revenue	481,909,251,208	313,269,387,265
<i>In which:</i>		
<i>Sales of finished goods</i>	478,928,376,662	312,760,732,265
<i>Sales of scrap and tools</i>	2,980,874,546	508,655,000
Net revenue	481,909,251,208	313,269,387,265
<i>In which:</i>		
<i>Sales to other parties</i>	90,768,753,926	19,814,292,905
<i>Sales to related parties</i>	391,140,497,282	293,455,094,360

22. COST OF GOODS SOLD

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Cost of finished goods sold	389,277,014,528	265,871,018,113
Reversal of provision for obsolete inventories	(1,205,258,789)	-
TOTAL	388,071,755,739	265,871,018,113

23. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Loan interest	10,551,682,760	8,085,857,975
Foreign exchange losses	1,434,718,051	548,996,889
TOTAL	11,986,400,811	8,634,854,864

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Selling expenses		
Labor costs	694,438,953	330,381,362
Transportation expenses	7,822,806,111	6,351,905,422
Others	56,219,615	24,829,246
TOTAL	<u>8,573,464,679</u>	<u>6,707,116,030</u>
General and administrative expenses		
Labor costs	8,400,155,203	4,982,776,188
Expenses for external services	6,785,080,427	5,788,359,095
Depreciation and amortization	506,991,029	232,506,970
Others	1,382,091,900	359,135,364
TOTAL	<u>17,074,318,559</u>	<u>11,362,777,617</u>

25. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Materials	227,633,354,305	155,866,431,662
Labour costs	69,627,308,875	61,840,741,118
Depreciation and amortization	14,567,654,844	11,190,846,671
Expenses for external services	48,852,205,740	39,332,284,649
Other expenses	1,774,838,578	884,238,039
TOTAL	<u>362,455,362,342</u>	<u>269,114,542,139</u>

26. 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 (which is the fiscal year ended 31 December 2007), 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 for the year 2018 is 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

26. CORPORATE INCOME TAX (continued)

26.1 CIT expenses

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Current CIT expenses	3,917,709,896	1,651,025,088
Deferred tax expenses	819,860,794	-
TOTAL	<u>4,737,570,690</u>	<u>1,651,025,088</u>

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

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Accounting profit before tax	56,141,442,241	21,673,062,802
At CIT rate of 20% applicable to the Company	11,228,288,448	4,334,612,560
Adjustments to increase:		
Severance allowances	134,783,555	-
Expenses not eligible for CIT deduction	97,334,136	68,121,008
Adjustments to decrease:		
Unrealised foreign exchange gain of cash and account receivables in current year	(713,592,591)	-
Reversal of provision for obsolete inventory	(241,051,758)	-
Reversal of unrealised foreign exchange loss of cash and account receivables in previous year	(58,535,400)	-
CIT incentives	(6,529,516,494)	(2,751,708,480)
CIT expense	<u>3,917,709,896</u>	<u>1,651,025,088</u>

26.2 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 INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

26. CORPORATE INCOME TAX (continued)

26.3 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>30 June 2018</i>	<i>31 December 2017</i>	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Deferred tax asset				
Provision for obsolete inventories	934,948,242	1,176,000,000	(241,051,758)	-
Provision for severance allowance	134,783,555	-	134,783,555	-
Unrealized foreign exchange gain of cash and account receivables	(713,592,591)	-	(713,592,591)	-
TOTAL	356,139,206	1,176,000,000	(819,860,794)	-

27. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the six-month period ended 30 June 2018 and 30 June 2017 were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Currency: VND</i>	
			<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Formosa Tools Co., Ltd	Investor	Sales of goods	85,453,797,464	-
		Purchase of goods	-	13,118,901,899
		Receiving capital contribution	-	20,105,940,000
		Loan payment	-	12,596,584,856
Golden Hype Co., Ltd	Related party	Purchase of materials	119,269,869,302	118,115,977,912
		Purchase of fixed assets	12,715,490,968	14,851,234,990
		Purchase of tools and supplies	42,749,779,775	1,284,356,567
		Sales of goods	-	197,936,894
Joy Wish Inc	Related party	Sales of goods	305,686,699,817	293,257,157,467
Garden Pals Co., Ltd	Related party	Processing fee	3,651,780,000	2,525,589,000
		Warehouse rental fee	905,400,000	1,496,880,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

27. 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:

Related parties	Relationship	Transactions	Currency: VND	
			30 June 2018	31 December 2017
Short-term trade receivables (Note 6.1)				
Joy Wish Inc	Related party	Sale of goods	345,380,152,450	282,441,323,701
Formosa Tools Co., Ltd	Investor	Sale of goods	63,323,867,342	-
Golden Hype Co., Ltd	Related party	Sale of goods	-	4,826,286,553
			408,704,019,792	287,267,610,254
Short-term trade payables (Note 14.1)				
Golden Hype Co., Ltd	Related party	Material and machine purchasing	166,203,964,909	114,758,399,748
Dai Tin Co., Ltd	Related party	Management and water fee and infrastructure rental	4,597,758,956	207,028,159
Garden Pals Co., Ltd	Related party	Factory rental and processing fee	2,363,311,824	410,339,485
			173,165,035,689	115,375,767,392
Advance from customer (Note 14.2)				
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 17.2)				
Fortune Industrial Park Development Company	Related party	Short-term loans	2,257,157,000	2,257,157,000
Ms. Duong Thi Thom	The Company's staff	Short-term loans	85,000,000	-
			2,342,157,000	2,257,157,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

27. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of the Board of General Directors and the management:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Salaries and bonus	485,593,600	252,728,571
TOTAL	485,593,600	252,728,571

28. 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 six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	51,403,871,551	20,022,037,714
Effect of dilution	-	-
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	51,403,871,551	20,022,037,714
Weighted average number of ordinary shares for basic earnings per share	26,807,835	14,453,952
Effect of dilution	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	26,807,835	14,453,952
Basic earnings per share		
- <i>Basic earnings</i>	1,917	1,385
- <i>Diluted earnings</i>	1,917	1,385

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

29. 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 97% 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.

30. COMMITMENTS AND CONTINGENCIES

Operating lease commitment

As at the reporting date, the commitment of management fee payables in the future, up to the ending date of the investment project (year 2052), according to the land lease contracts, is presented as follows:

	Currency: VND	
	30 June 2018	31 December 2017
Less than 1 year	605,974,560	9,467,343,815
From 1 to 5 years	2,423,898,240	2,409,809,510
More than 5 years	17,891,191,358	18,088,426,318
TOTAL	20,921,064,158	29,965,579,643

31. 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

5 October 2018