DONG VIET NON-FERROUS METAL AND PLASTIC JOINT STOCK COMPANY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

DONG VIET NON-FERROUS METAL AND PLASTIC JOINT STOCK COMPANY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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DONG VIET NON-FERROUS METAL AND PLASTIC JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise registration certificate	No. 0309174756 dated 8 July 2009 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 16th amendment dated 22 November 2017.
Investment registration certificate	No. 50211000389 dated 13 September 2013 issued by Management Board of Long An Province's Economic Zone.
Board of Management	Mr. Vo Tan Thinh Chairman Mr. Vo Tan Nhut Member Mr. Trac Van Hung Member
Board of Directors	Mr. Vo Tan Nhut General Director Mr. Ho Van Chau Production Director Ms. Cao Thi Mai Le Chief Financial Officer
Legal representative	Mr. Vo Tan Nhut General Director
Registered office	6th floor, No. 22 Hoang Dieu Street, Ward 12, District 4, Ho Chi Minh City, Vietnam.
Representative office and factory	Street No. 1, Thinh Phat Industrial Zone, Provincial road 830, Hamlet 3, Luong Binh Commune, Ben Luc District, Long An Province, Vietnam.
Auditor	PwC (Vietnam) Limited

DONG VIET NON-FERROUS METAL AND PLASTIC JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors of Dong Viet non-ferrous metal and plastic Joint Stock Company ("the Company") is responsible for preparing financial statements which give a true and fair view of the financial position of the Company as at 31 December 2018 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 39 which give a true and fair view of the financial position of the Company as at 31 December 2018 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

On behalf of the Board of Directors

M.S.D.N: 0309174756 - C.T.C.P
CÔNG TY CỔ PHẦN KIM LOẠI MÀU VÀ NHỰA ĐỒNG VIỆT
QUẬN 4 - TP. HỒ CHÍ MINH

Vo Tan Nhut
General Director

Ho Chi Minh City, SR Vietnam
27 March 2019

pwc

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF DONG VIET NON-FERROUS METAL AND PLASTIC JOINT STOCK COMPANY

We have audited the accompanying financial statements of Dong Viet non-ferrous metal and plastic Joint Stock Company ("the Company") which were prepared on 31 December 2018 and approved by the Board of Directors on 27 March 2019. The financial statements comprise the balance sheet as at 31 December 2018, the income statement and the cash flow statement for the year then ended and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 39.

The Board of Directors' Responsibility

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements and for such internal control which the Board of Directors determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

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Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited

M.S.D.N: 0100157406 - C.T.T.N.H.H
CÔNG TY TNHH PWC (VIỆT NAM)
QUẬN 1 - T.P HỒ CHÍ MINH

Tran Thi Thanh Truc
Audit Practising Licence No.
3047-2019-006-1
Authorised signatory

Do Thanh Nhan
Audit Practising Licence No.
3573-2017-006-1

Report reference number: HCM8033
Ho Chi Minh City, 27 March 2019

BALANCE SHEET

Code	ASSETS	Note	As at 31 December 2018 VND	2017 VND
100	**CURRENT ASSETS**		**1,483,977,309,818**	**1,438,307,552,533**
110	**Cash and cash equivalents**	3	**124,051,792,337**	**158,364,298,089**
111	Cash		38,208,047,025	60,039,856,690
112	Cash equivalents		85,843,745,312	98,324,441,399
120	**Short-term investment**		**5,000,000,000**	**5,000,000,000**
123	Investment held to maturity	4	5,000,000,000	5,000,000,000
130	**Short-term receivables**		**578,886,242,886**	**605,633,474,059**
131	Short-term trade accounts receivable	5	552,435,946,763	533,588,812,155
132	Short-term prepayments to suppliers	6	23,284,152,234	3,810,614,488
135	Short-term lending	7	-	65,095,733,471
136	Other short-term receivables		1,593,762,270	1,565,932,327
139	Shortage of assets awaiting resolution		1,572,381,619	1,572,381,618
140	**Inventories**	8	**689,084,435,391**	**550,765,723,752**
141	Inventories		689,084,435,391	550,765,723,752
150	**Other current assets**		**86,954,839,204**	**118,544,056,633**
151	Short-term prepaid expenses		2,216,553,992	2,683,566,960
152	Value Added Tax to be reclaimed	14(b)	84,714,270,516	115,832,946,234
153	Tax and other receivables from State Budget	14(b)	24,014,696	27,543,439
200	**LONG-TERM ASSETS**		**460,934,934,848**	**504,926,991,331**
210	**Long-term receivables**		**36,000,000**	**565,585,451**
216	Other long-term receivables		36,000,000	565,585,451
220	**Fixed assets**		**419,470,900,685**	**450,239,316,141**
221	Tangible fixed assets	10(a)	328,873,533,460	354,606,600,391
222	Historical cost		481,144,540,128	466,783,147,104
223	Accumulated depreciation		(152,271,006,668)	(112,176,546,713)
224	Finance lease fixed assets	10(b)	3,232,484,298	6,764,989,589
225	Historical cost		10,591,709,022	10,591,709,022
226	Accumulated depreciation		(7,359,224,724)	(3,826,719,433)
227	Intangible fixed assets	10(c)	87,364,882,927	88,867,726,161
228	Historical cost		94,441,182,200	93,555,182,200
229	Accumulated amortisation		(7,076,299,273)	(4,687,456,039)
240	**Long-term assets in progress**		**29,517,675,564**	**41,937,465,027**
242	Construction in progress	11	29,517,675,564	41,937,465,027
260	**Other long-term assets**		**11,910,358,599**	**12,184,624,712**
261	Long-term prepaid expenses	9	11,910,358,599	12,184,624,712
270	**TOTAL ASSETS**		**1,944,912,244,666**	**1,943,234,543,864**

The notes on pages 9 to 39 are an integral part of these financial statements.

BALANCE SHEET (continued)

Code	RESOURCES	Note	As at 31 December 2018 VND	2017 VND
300	**LIABILITIES**		**1,529,458,095,420**	**1,557,008,493,558**
310	**Short-term liabilities**		**1,471,853,487,021**	**1,422,921,045,891**
311	Short-term trade accounts payable	12	836,399,902,123	1,274,329,712,380
312	Short-term advances from customers	13	28,194,908,633	21,628,842,138
313	Tax and other payables to the State Budget	14(a)	5,551,240,433	3,917,123,348
314	Payable to employees		3,605,597,005	2,804,821,976
315	Short-term accrued expenses		5,637,623,375	7,882,650,282
319	Other short-term payables		3,399,714,358	3,654,671,252
320	Short-term borrowings and finance lease liabilities	15(a)	587,505,602,329	107,003,287,180
322	Bonus and welfare funds		1,558,898,765	1,699,937,335
330	**Long-term liabilities**		**57,604,608,399**	**134,087,447,667**
337	Other long-term payables		30,000,000	30,000,000
338	Long-term borrowings and finance lease liabilities	15(b)	57,574,608,399	134,057,447,667
400	**OWNERS' EQUITY**		**415,454,149,246**	**386,226,050,306**
410	**Capital and reserves**		**415,454,149,246**	**386,226,050,306**
411	Owners' capital	16, 17	250,000,000,000	250,000,000,000
411a	*- Ordinary shares with voting rights*		*250,000,000,000*	*250,000,000,000*
418	Investment and development funds	17	10,750,571,046	10,750,571,046
421	Undistributed earnings	17	154,703,578,200	125,475,479,260
421a	*- Undistributed post-tax profits of previous*		*122,963,748,060*	*53,711,730,702*
421b	*- Post-tax profit of current year*		*31,739,830,140*	*71,763,748,558*
440	**TOTAL RESOURCES**		**1,944,912,244,666**	**1,943,234,543,864**

Nguyen Buu Thanh Loan	Trinh Quang Hon	Vo Tan Nhut
Preparer	Chief Accountant	General Director
		27 March 2019

CÔNG TY CỔ PHẦN KIM LOẠI MÀU VÀ NHỰA ĐỒNG VIỆT

The notes on pages 9 to 39 are an integral part of these financial statements.

DONG VIET NON-FERROUS METAL AND PLASTIC JOINT STOCK COMPANY

Form B 02 – DN

INCOME STATEMENT

Code		Note	Year ended 31 December 2018 VND	2017 VND
01	**Revenue from sales of goods and rendering of services**		**8,298,156,560,992**	**8,179,851,850,888**
02	Less deductions		(7,459,507,944)	(10,958,964,248)
10	**Net revenue from sales of goods and rendering of services**	19	**8,290,697,053,048**	**8,168,892,886,640**
11	**Cost of goods sold and services rendered**	20	**(8,181,927,401,076)**	**(7,993,602,732,556)**
20	**Gross profit from sales of goods and rendering of services**		**108,769,651,972**	**175,290,154,084**
21	Financial income	21	37,013,196,810	24,471,695,373
22	Financial expenses	22	(54,006,537,023)	(50,619,700,679)
23	*- Including: Interest expenses*		*(26,056,930,577)*	*(42,005,588,521)*
25	Selling expenses	23	(33,232,502,692)	(37,533,651,978)
26	General and administration expenses	24	(15,172,122,416)	(18,518,071,206)
30	**Net operating profit**		**43,371,686,651**	**93,090,425,594**
31	Other income		366,694,449	4,356,257,452
32	Other expenses		(2,153,936,730)	(8,826,285,039)
40	**Net other expenses**		**(1,787,242,281)**	**(4,470,027,587)**
50	**Net accounting profit before tax**		**41,584,444,370**	**88,620,398,007**
51	**Business income tax - current**	25	**(9,844,614,230)**	**(16,856,649,449)**
52	**Business income tax - deferred**	25	**-**	**-**
60	**Net profit after tax**		**31,739,830,140**	**71,763,748,558**

M.S.D.N: 0309174756 - C.T.C.P
CÔNG TY CỔ PHẦN KIM LOẠI MÀU VÀ NHỰA ĐỒNG VIỆT
QUẬN 4 - TP. HỒ CHÍ MINH

Nguyen Buu Thanh Loan	Trinh Quang Hon	Vo Tan Nhut
Preparer	Chief Accountant	General Director
		27 March 2019

The notes on pages 9 to 39 are an integral part of these financial statements.

CASH FLOW STATEMENT
(Indirect method)

Code		Note	Year ended 31 December 2018 VND	2017 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net accounting profit before tax**		**41,584,444,370**	**88,620,398,007**
	Adjustments for:			
02	Depreciation and amortisation		46,015,808,480	46,045,065,550
04	Unrealised foreign exchange (gains)/losses		(2,469,972,066)	1,343,133,216
05	Profits from investing activities		(6,374,934,732)	(1,752,548,838)
06	Interest expense		26,056,930,577	42,005,588,521
08	**Operating profit before changes in working capital**		**104,812,276,629**	**176,261,636,456**
09	(Increase)/decrease in receivables		(8,744,831,435)	177,835,220,730
10	Increase in inventories		(139,824,770,658)	(10,003,068,098)
11	(Decrease)/increase in payables		(436,347,216,792)	372,208,332,001
12	Decrease/(increase) in prepaid expenses		901,318,733	(6,163,908,527)
14	Interest paid		(24,898,004,784)	(42,562,825,269)
15	Business income tax paid		(6,926,072,202)	(19,374,805,655)
17	Other payments on operating activities		(2,511,731,200)	-
20	**Net cash (outflows)/inflows from operating activities**		**(513,539,031,709)**	**648,200,581,638**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets		(1,333,975,639)	(32,846,252,842)
22	Proceeds from disposals of fixed assets and long-term assets		-	3,678,927,875
23	Loans granted		(740,000,000)	(62,407,927,914)
24	Collection of loans		61,466,790,334	40,254,091,666
27	Interest received from lending and term deposits		10,733,086,203	5,925,249,321
30	**Net cash inflows/(outflows) from investing activities**		**70,125,900,898**	**(45,395,911,894)**
	CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings		3,827,812,634,721	3,657,074,140,812
34	Repayments of borrowings		(3,417,675,087,612)	(4,145,043,644,730)
35	Finance lease principal repayments		(2,471,398,763)	(3,459,958,284)
36	Dividends paid		-	(5,511,425,000)
40	**Net cash inflows/(outflows) from financing activities**		**407,666,148,346**	**(496,940,887,202)**
50	**Net increase in cash and cash equivalents**		**(35,746,982,465)**	**105,863,782,542**
60	**Cash and cash equivalents at beginning of year**	3	**158,364,298,089**	**52,995,419,269**
61	Effect of foreign exchange differences		1,434,476,713	(494,903,722)
70	**Cash and cash equivalents at end of year**	3	**124,051,792,337**	**158,364,298,089**

M.S.D.N: 0309174756 - C.T.C.P
CÔNG TY CỔ PHẦN KIM LOẠI MÀU VÀ NHỰA ĐỒNG VIỆT
QUẬN 4 - TP HỒ CHÍ MINH

Nguyen Buu Thanh Loan	Trinh Quang Hon	Vo Tan Nhut
Preparer	Chief Accountant	General Director
		27 March 2019

The notes on pages 9 to 39 are an integral part of these financial statement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

Dong Viet non-ferrous metal and plastic Joint Stock Company ("the Company") was established in SR Vietnam pursuant to Enterprise registration certificate No. 0309174756 which was issued by the Department of Planning and Development of Ho Chi Minh City on 8 July 2009 and 16th amended Enterprise registration certificate dated 22 November 2017.

The Company's registered office is located at 6th floor, No. 22 Hoang Dieu Street, Ward 6, District 4, Ho Chi Minh City, Vietnam. The representative office and factory are located at Street No. 1, Thinh Phat Industrial Zone, Provincial road 830, Hamlet 3, Luong Binh Commune, Ben Luc District, Long An Province, Vietnam.

The principal activities of the Company are to produce non-ferrous metal and plastic, and wood packaging.

The normal business cycle of the Company is 12 months.

As at 31 December 2018, the Company had 197 employees (as at 31 December 2017: 217 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

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

The financial statements in Vietnamese language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Vietnamese language financial statements.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Currency

The financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, demand deposits and other short-term investments with an original maturity of three months or less.

2.5 Investments held-to-maturity

Investments held-to-maturity are investments which the Company's Board of Management has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investment is uncollectible.

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method for inventories.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Inventories (continued)

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of operating expenses in the period.

2.8 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates of each asset class are as follows:

Plant and buildings	8 - 20 years
Machinery	5 - 15 years
Motor vehicles	6 - 10 years
Office equipment	2 - 6 years
Others	2 - 15 years

Land use rights are amortised using the straight-line method over 43 years in accordance with the terms indicated in the land use right certificate issued by People's Committee of Ben Luc District, Long An Province on 21 February 2014.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.10 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight line method over their estimated useful lives.

2.11 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.12 Borrowings and finance lease liabilities

Borrowings and finance lease liabilities include borrowings and finance leases from banks, financial institutions, financial companies and other entities.

Borrowings and finance lease liabilities are classified into long-term and short-term based on remaining period from the balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.15 Owners' capital

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

Undistributed earnings record the Company's results (profit, loss) after business income tax at the reporting date.

2.16 Appropriation of net profit

Net profit after income tax could be distributed to shareholders after being approved by the Board of Management, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's funds are as below:

(a) Development and investment fund

Development and investment fund is appropriated from net profit of the Company and approved by the Board of Management. This fund is used for the purchase and maintenance of tangible fixed assets.

(b) Bonus and welfare fund

The bonus and welfare fund is appropriated by 3.5% from the Company's net profit following the Company's Charter. This fund is used for employees' welfare activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Revenue recognition

(a) Revenue from sales of goods

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

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Sales deductions

Sales deductions include trade discounts, sales returns. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the financial statements are recorded as deduction of revenue of the period.

2.19 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.20 Financial expenses

Financial expenses are expenses incurred in the period for financial activities including expenses of borrowing and losses from foreign exchange differences.

2.21 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include sale commissions, maintenance charges, packaging, transportation, salary of selling staffs and goods sold insurance.

2.22 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc), social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, outside services and other expenses.

2.23 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Current and deferred income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.24 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

3 CASH AND CASH EQUIVALENTS

	2018 VND	2017 VND
Cash on hand	252,954,112	385,378,212
Cash at bank	37,955,092,913	59,654,478,478
Cash equivalents (*)	85,843,745,312	98,324,441,399
	124,051,792,337	158,364,298,089

(*) This includes term deposits with the original maturity of three months or less. As at 31 December 2018, cash equivalents with a total amount of:

- VND42,300,000,000 (as at 31 December 2017: VND42,300,000,000) was pledged with BIDV as security for short-term borrowings granted to the Company (Note 15(c)).
- VND21,543,745,312 (as at 31 December 2017: VND21,024,441,399) was pledged with Vietcombank as security for short-term borrowings granted to the Company (Note 15(c)).
- VND22,000,000,000 (as at 31 December 2017: nil) was pledged with HSBC as security for short-term borrowings granted to the Company (Note 15(c)).

4 INVESTMENT HELD-TO-MATURITY

Included in investment held-to-maturity are term deposits with original maturity of more than three months and less than twelve months and to earn interest at a rate of 5.5% per annum.

As at 31 December 2018, investment held-to-maturity with an amount of: VND5,000,000,000 (as at 31 December 2017: VND5,000,000,000) was pledged with BIDV as security for short-term borrowings granted to the Company (Note 15(c)).

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2018 VND	2017 VND
Third parties	498,149,139,322	271,407,738,880
Related parties (Note 27(b))	54,286,807,441	262,181,073,275
	552,435,946,763	533,588,812,155

Details for third-party customers accounting from 10% or more of the total short-term trade accounts receivable balance were as follows:

	2018 VND	2017 VND
Kei Industries Ltd.	133,240,452,967	62,912,023,124
Apar Industries Limited	70,414,325,130	-
Bharat Insulation Company (India) Pvt. Ltd.	57,867,168,289	3,981,349,505
Tien Thinh Manufacturing Trading and Service Company Limited	46,505,837,873	36,126,734,085

As at 31 December 2018, short-term trade accounts receivables with a total amount of:

- VND225,000,000,000 (as at 31 December 2017: nil) was pledged with HSBC as security for short-term borrowings granted to the Company (Note 15(c)).
- Nil (as at 31 December 2017: VND200,000,000,000) was pledged with Vietinbank as security for short-term borrowings granted to the Company (Note 15(c)).

As at 31 December 2018 and 31 December 2017, there was no short-term trade accounts receivable that was past due or not past due but doubtful.

6 SHORT-TERM PREPAYMENT TO SUPPLIERS

	2018 VND	2017 VND
Third parties	22,272,052,022	3,810,614,488
Related parties (Note 27(b))	1,012,100,212	-
	23,284,152,234	3,810,614,488

Details for third-party suppliers accounting from 10% or more of the total short-term prepayment to suppliers balance was as follows:

	2018 VND	2017 VND
Robot Investment Joint Stock Company	16,170,000,000	-

7 SHORT-TERM LENDING

	2018 VND	2017 VND
Related parties (Note 27(b)) (*)	-	65,095,733,471

(*) According to the Board of Management meeting minute dated 10 July 2017, the Company agreed to grant a facility limit of VND100 billion to Mr. Vo Tan Thinh within 12 months since 10 July 2017. The loan bears interest rate at 5% per annum.

8 INVENTORIES

	2018		2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	386,343,541,309	-	64,465,607,523	-
Raw materials	128,924,992,678	-	91,216,171,448	-
Goods on consignment	95,224,505,228	-	95,649,482,478	-
Finished goods	70,122,081,920	-	293,569,336,460	-
Tools and supplies	7,200,964,598	-	4,513,348,640	-
Merchandises	1,268,349,658	-	1,351,777,203	-
	689,084,435,391	-	550,765,723,752	-

8 INVENTORIES (continued)

As at 31 December 2018, inventories with an amount of:

- Nil (as at 31 December 2017: VND300,000,000,000) was pledged with Vietinbank as security for short-term loan borrowings granted to the Company (Note 15(c)).

- Nil (as at 31 December 2017: VND300,000,000,000) was pledged with BIDV as security for short-term loan borrowings granted to the Company. Pursuant to contract No. 01/2017/3962885/HĐTC-BS, receivables related to inventories will be included in the value of mortgaged inventories whenever the value of inventories is less than VND300,000,000,000 (Note 15(c)).

9 LONG-TERM PREPAID EXPENSES

	2018 VND	2017 VND
Operating lease expenses	8,398,781,500	8,652,006,100
Others	3,511,577,099	3,532,618,612
	11,910,358,599	12,184,624,712

Movements in long-term prepaid expenses during the year were as follows:

	2018 VND	2017 VND
Beginning of year	12,184,624,712	4,235,727,087
Increases	3,943,691,699	11,155,978,985
Allocation	(4,217,957,812)	(3,207,081,360)
End of year	11,910,358,599	12,184,624,712

10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2018	40,342,536,681	406,398,578,043	4,154,368,182	925,288,548	14,962,375,650	**466,783,147,104**
New purchases	-	156,426,400	50,000,000	-	44,000,000	**250,426,400**
Transfers from construction in progress	-	14,110,966,624	-	-	-	**14,110,966,624**
As at 31 December 2018	40,342,536,681	420,665,971,067	4,204,368,182	925,288,548	15,006,375,650	**481,144,540,128**
Accumulated depreciation						
As at 1 January 2018	6,987,578,167	97,029,010,313	2,447,314,455	155,919,843	5,556,723,935	**112,176,546,713**
Charge for the year	3,198,880,737	35,108,471,636	351,366,423	111,448,264	1,324,292,895	**40,094,459,955**
As at 31 December 2018	10,186,458,904	132,137,481,949	2,798,680,878	267,368,107	6,881,016,830	**152,271,006,668**
Net book value						
As at 1 January 2018	33,354,958,514	309,369,567,730	1,707,053,727	769,368,705	9,405,651,715	**354,606,600,391**
As at 31 December 2018	30,156,077,777	288,528,489,118	1,405,687,304	657,920,441	8,125,358,820	**328,873,533,460**

Historical cost of fully depreciated fixed assets but still in use as at 31 December 2018 was VND7,067,986,975 (as at 31 December 2017: VND4,408,508,210).

10 FIXED ASSETS (continued)

(a) Tangible fixed assets (continued)

As at 31 December 2018, tangible fixed assets with a net book value of:

- VND241,294,543,691 (as at 31 December 2017: VND215,230,190,995) was pledged with Vietcombank as security for long-term borrowings granted to the Company (Note 15(c)).
- Nil (as at 31 December 2017: VND31,991,234,173) was pledged with Vietcombank as security for short-term borrowings granted to the Company (Note 15(c)).

(b) Finance lease assets

	Machinery VND	Motor vehicles VND	Total VND
Historical cost			
As at 1 January 2018 and 31 December 2018	8,026,666,665	2,565,042,357	**10,591,709,022**
Accumulated depreciation			
As at 1 January 2018	2,899,985,380	926,734,053	**3,826,719,433**
Charge for the year	2,677,022,416	855,482,875	**3,532,505,291**
As at 31 December 2018	5,577,007,796	1,782,216,928	**7,359,224,724**
Net book value			
As at 1 January 2018	5,126,681,285	1,638,308,304	**6,764,989,589**
As at 31 December 2018	2,449,658,869	782,825,429	**3,232,484,298**

Information relating to finance lease liability was presented in Note 15(d).

10 FIXED ASSETS (continued)

(c) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2018	93,555,182,200	-	**93,555,182,200**
Transfers from construction in progress (Note 11)	-	886,000,000	**886,000,000**
As at 31 December 2018	93,555,182,200	886,000,000	**94,441,182,200**
Accumulated amortisation			
As at 1 January 2018	4,687,456,039	-	**4,687,456,039**
Charge for the year	2,343,693,645	45,149,589	**2,388,843,234**
As at 31 December 2018	7,031,149,684	45,149,589	**7,076,299,273**
Net book value			
As at 1 January 2018	88,867,726,161	-	**88,867,726,161**
As at 31 December 2018	86,524,032,516	840,850,411	**87,364,882,927**

As at 31 December 2018, intangible fixed assets with a net book value of:

- VND44,353,351,137 (as at 31 December 2017: VND45,554,759,164) was pledged to Vietcombank as security for short-term borrowings granted to the Company (Note 15(c)).
- VND42,170,681,380 (as at 31 December 2017: VND43,312,966,998) was pledged to BIDV as security for short-term borrowings granted to the Company (Note 15(c)).

11 CONSTRUCTION IN PROGRESS

Details of construction in progress by projects were as follows:

	2018 VND	2017 VND
Major projects		
Waste treatment system	14,519,991,787	13,331,125,412
PVC 03 granulator machine (TE 06)	7,315,468,100	7,070,605,510
Alluminum Smelter 3	-	13,298,266,920
Others	7,682,215,677	8,237,467,185
	29,517,675,564	41,937,465,027

Movements in the construction in progress during the year were as follows:

	2018 VND	2017 VND
Beginning of year	41,937,465,027	26,868,141,920
Transfers from inventories	1,310,494,904	-
New purchases	1,083,549,239	29,617,684,184
Capitalised interest expenses	147,608,555	450,136,351
Others	35,524,463	-
Transfers to tangible fixed assets (Note 10(a))	(14,110,966,624)	(14,979,876,428)
Transfers to intangible fixed assets (Note 10(c))	(886,000,000)	-
Transfers to long-term prepaid expenses	-	(18,621,000)
End of year	29,517,675,564	41,937,465,027

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018		2017	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	820,999,375,208	820,999,375,208	1,186,186,921,697	1,186,186,921,697
Related parties (Note 27(b))	15,400,526,915	15,400,526,915	88,142,790,683	88,142,790,683
	836,399,902,123	836,399,902,123	1,274,329,712,380	1,274,329,712,380

12 SHORT-TERM TRADE ACCOUNTS PAYABLE (continued)

Details for third-party suppliers accounting from 10% or more of the total short-term trade accounts payable balance were as follows:

	2018 VND	2017 VND
Glencore International AG	275,691,673,500	-
Samsung C&T Corporation	252,305,547,526	47,465,499,650
IXM S.A.	107,960,428,070	-
Vietnam National Coal - Mineral Industries Group	95,011,981,490	-
Noble Resources International Pte Ltd.	-	377,413,421,224
Marubeni Asean Pte Ltd.	-	346,201,406,999
Anglo American	-	221,141,956,964
Kyen Resources Pte Ltd.	-	82,688,421,260

As at 31 December 2018 and 31 December 2017, there was no balances of short-term trade accounts payable that were past due.

13 SHORT-TERM ADVANCES FROM CUSTOMERS

	2018 VND	2017 VND
Third parties	28,194,908,633	21,628,842,138

Details for third-party customers accounting from 10% or more of the total short-term advances from customers balance was as follows:

	2018 VND	2017 VND
Robot Investment Joint Stock Company	16,200,000,000	-

14 TAX AND OTHER (RECEIVABLES FROM)/PAYABLES TO THE STATE BUDGET

Movements in tax and other (receivables from)/payables to the State Budget during the year were as follows:

	As at 1.1.2018 VND	(Receivable)/payable during the year VND	Payment during the year VND	As at 31.12.2018 VND
a) Payables				
Business income tax - current	2,632,698,405	9,844,614,230	(6,926,072,202)	5,551,240,433
b) Receivables				
VAT to be reclaimed	(115,832,946,234)	(359,681,188,122)	390,799,863,840	(84,714,270,516)
Personal income tax	1,284,424,943	947,682,134	(2,256,121,773)	(24,014,696)
Import- export duties	(27,543,439)	9,158,751,916	(9,131,208,477)	-
	(114,576,064,730)	(349,574,754,072)	379,412,533,590	(84,738,285,212)

15 BORROWINGS AND FINANCE LEASE LIABILITIES

(a) Shot-term borrowings and finance lease liabilites

	2018 VND	2017 VND
Bank loans (*)	514,022,763,061	32,531,888,417
Current portion of long-term borrowing (Note 15(b))	72,000,000,000	72,000,000,000
Total	586,022,763,061	104,531,888,417
Current portion of finance lease liabilities (Note 15(d))	1,482,839,268	2,471,398,763
	587,505,602,329	107,003,287,180

15 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(a) Short-term borrowings and finance lease liabilities (continued)

(*) Details of short-term bank borrowings were as follows:

		2018		2017	
	Credit limit VND	VND	Interest rate % p.a	VND	Interest rate % p.a
BIDV	1,000,000,000,000	256,941,176,095	2 - 5	32,531,888,417	2 - 5
Vietcombank	600,000,000,000	257,081,586,966	-	-	-
	1, 600,000,000,000	514,022,763,061		32,531,888,417	

The borrowings are secured by assets presented in Note 15(c).

The borrowings are due at various dates in 2019 depending on the date of drawdowns.

Movements in short-term borrowings and finance lease liabitlites during the year were as follows:

As at 1.1.2018 VND	Increase VND	Current portion of long-term borrowings and financial lease liabilities (Note 15(b)) VND	Revaluation VND	Decrease	As at 31.12.2018 VND
107,003,287,180	3,827,812,634,721	73,482,839,268	(646,672,465)	(3,420,146,486,375)	587,505,602,329

15 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(b) Long-term borrowings and finance lease liabilities

	2018 VND	2017 VND
Bank loans (*)	129,574,608,399	204,574,608,399
Less: Amount due within one year	(72,000,000,000)	(72,000,000,000)
Total	57,574,608,399	132,574,608,399
Long-term finance lease liabilities (Note 15(d))	-	1,482,839,268
	57,574,608,399	134,057,447,667

15 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(b) Long-term borrowings and finance lease liabilities (continued)

(*) Detailed of long-term bank borrowings were as follows:

		2018		2017	
	Credit limit VND	VND	Interest rate %/p.a	VND	Interest rate %/p.a
Vietcombank	229,000,000,000	93,004,080,962	8.7 - 9.0	153,004,080,962	8.7 - 9.0
Vietcombank	57,300,000,000	36,570,527,437	8.7 - 9.0	51,570,527,437	8.7 - 9.0
	286,300,000,000	129,574,608,399		204,574,608,399	

The borrowings are secured by assets presented in Note 15(c).

The borrowings are paid in 72 monthly installments, starting from the date of drawdowns.

Movements in long-term borrowings and finance lease liabilities during the year were as follows:

As at 1.1.2018 VND	Increase VND	Amount due within one year (Note 15(a))	Decrease VND	As at 31.12.2018 VND
134,057,447,667	-	(73,482,839,268)	(3,000,000,000)	57,574,608,399

15 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(c) Collateral assets

	Pledged at bank	Collateral for borrowings	Note	2018 VND	2017 VND
Cash equivalents	BIDV	Short-term	3	42,300,000,000	42,300,000,000
Cash equivalents	Vietcombank	Short-term	3	21,543,745,312	21,024,441,399
Cash equivalents	HSBC	Short-term	3	22,000,000,000	-
Investment held-to-maturity	BIDV	Short-term	3	5,000,000,000	5,000,000,000
Short-term trade accounts receivables	HSBC	Short-term	5	225,000,000,000	-
Short-term trade accounts receivables	Vietinbank	Short-term	5	-	200,000,000,000
Inventory	Vietinbank	Short-term	8	-	300,000,000,000
Inventory	BIDV	Short-term	8	-	300,000,000,000
Tangible assets	Vietcombank	Long-term	10(a)	241,294,543,691	215,230,190,995
Tangible assets	Vietcombank	Short-term	10(a)	-	31,991,234,173
Intangible assets	Vietcombank	Short-term	10(c)	44,353,351,137	45,554,759,164
Intangible assets	BIDV	Short-term	10(c)	42,170,681,380	43,312,966,998
				643,662,321,520	1,204,413,592,729

15 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(d) Finance lease liabilities

	2018		
	Total VND	Interest VND	Principal VND
Within one year	1,579,223,806	96,384,538	1,482,839,268

	2017		
	Total VND	Interest VND	Principal VND
Within one year	2,781,147,408	309,748,645	2,471,398,763
Between two and five years	1,579,223,806	96,384,538	1,482,839,268
	4,360,371,214	406,133,183	3,954,238,031

Finance lease liabilities from Chailease International Leasing Company Limited are repaid monthly starting from November 2016 until November 2019.

The Company has contractual right to buy finance lease assets at the nominal value of VND26,479,273 at the end of the finance lease contract in November 2019.

As as 31 December 2018 and 31 December 2017, there was no borrowing and finance lease liability that was past due.

16 OWNERS' CAPITAL

(a) Number of shares

	2018		2017	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	25,000,000	-	25,000,000	-

(b) Details of owners' shareholding

	2018		2017	
	Ordinary shares	%	Ordinary shares	%
Mr. Trac Van Hung	5,800,000	23.20	5,800,000	23.20
Mr. Vo Tan Thinh	19,198,500	76.79	19,198,500	76.79
Mr. Vo Tan Nhut	1,500	0.01	1,500	0.01
Number of shares	25,000,000	100	25,000,000	100

Par value per share: VND10,000.

(c) Movement of share capital

There was no movement of share capital during the year ended 31 December 2018 and 31 December 2017.

17 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Investment and development funds VND	Undistributed earnings VND	Total VND
As at 1 January 2017	250,000,000,000	10,750,571,046	78,711,730,702	**339,462,301,748**
Profit for the year	-	-	71,763,748,558	**71,763,748,558**
Dividends paid (*)	-	-	(25,000,000,000)	**(25,000,000,000)**
As at 31 December 2017	250,000,000,000	10,750,571,046	125,475,479,260	**386,226,050,306**
Profit for the year		-	31,739,830,140	**31,739,830,140**
Appropriation to Bonus and welfare funds	-	-	(2,511,731,200)	**(2,511,731,200)**
As at 31 December 2018	250,000,000,000	10,750,571,046	154,703,578,200	**415,454,149,246**

(*) The Company distributed profits amounting to VND25,000,000,000 according to Decision No.144/2017/BBHĐQT-ĐV on 30 November 2017 and Decision No.54/2017/BBHĐQT-ĐV on 28 December 2017 of Board of Management.

18 OFF BALANCE SHEET ITEMS

a) Foreign currencies

Included in cash and cash equivalents are balances held in foreign currencies of US$341,326 (as at 31 December 2017: US$1,909,534 and EUR288).

b) Operating leases

The future minimum lease payments under non-cancellable operating leases are VND126,241,241,760 and VND135,895,517,040 for the year ended 31 December 2018 and 31 December 2017, respectively (Note 28).

19 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
Revenue		
Revenue from sales of finished goods	8,277,337,749,013	8,065,260,813,248
Revenue from sales of merchandises	19,353,181,519	108,582,330,070
Revenue from rendering of services	1,465,630,460	6,008,707,570
	8,298,156,560,992	8,179,851,850,888
Sales deductions		
Sales returns	(7,319,387,578)	(10,958,964,248)
Trade discounts	(140,120,366)	-
	(7,459,507,944)	(10,958,964,248)
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	8,269,878,241,069	8,054,301,849,000
Net revenue from sales of merchandises	19,353,181,519	108,582,330,070
Net revenue from rendering of services	1,465,630,460	6,008,707,570
	8,290,697,053,048	8,168,892,886,640

20 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of finished goods sold	8,156,241,364,373	7,953,090,092,512
Cost of merchandises sold	12,219,153,943	32,906,339,375
Cost of services rendered	1,056,792,631	2,080,432,434
Others	12,410,090,129	5,525,868,235
	8,181,927,401,076	7,993,602,732,556

21 FINANCIAL INCOME

	2018 VND	2017 VND
Realised foreign exchange gains	28,168,290,012	18,546,446,052
Interest income from deposits and lendings	6,374,934,732	5,925,249,321
Net gain from foreign currency translation at year-end	2,469,972,066	-
	37,013,196,810	24,471,695,373

22 FINANCIAL EXPENSES

	2018 VND	2017 VND
Interest expenses	26,056,930,577	42,005,588,521
Realised foreign exchange losses	22,945,109,728	7,270,978,942
Net loss from foreign currency translation at year-end	-	1,343,133,216
Others	5,004,496,718	-
	54,006,537,023	50,619,700,679

23 SELLING EXPENSES

	2018 VND	2017 VND
Outside service expenses	19,633,049,800	22,462,650,267
Staff costs	6,445,247,972	5,876,751,438
Packaging material	6,138,461,902	7,851,258,335
Depreciation expenses	287,318,146	428,160,069
Tools and supplies	204,517,121	135,468,184
Others	523,907,751	779,363,685
	33,232,502,692	37,533,651,978

24 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Outside service expenses	7,179,928,578	6,379,632,512
Staff costs	4,859,454,694	5,697,048,060
Depreciation and amortisation expenses	1,279,090,540	1,365,418,053
Office supplies	85,422,312	459,789,861
Others	1,768,226,292	4,616,182,720
	15,172,122,416	18,518,071,206

25 BUSINESS INCOME TAX

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% (2017: 20%) as follows:

	2018 VND	2017 VND
Net accounting profit before tax	41,584,444,370	88,620,398,007
Tax calculated at a rate of 20%	8,316,888,874	17,724,079,601
Effect of:		
Expenses not deductible for tax purposes	3,506,945,783	316,772,576
Tax deduction (*)	(3,022,594,224)	(4,471,554,393)
Under-provision in previous years	1,043,373,797	3,287,351,665
Business income tax charge	9,844,614,230	16,856,649,449
Charged to income statement:		
Business income tax – current	9,844,614,230	16,856,649,449
Business income tax – deferred	-	-
	9,844,614,230	16,856,649,449

(*) According to Investment certificate No. 50211000389 dated 13 September 2013, the Company applies normal tax rate. According to Circular 78/2014/TT-BTC issued by Ministry of Finance on 18 June 2014 for business income tax for expansion project, the Company is subject to tax exemption within 2 years since the year has profit from expansion project (2014) and an incentive of 50% reduction in tax payables for the next 4 years.

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

26 COST OF OPERATION BY FACTOR

	2018 VND	2017 VND
Raw materials	8,214,247,238,561	7,945,738,732,039
Outside service expenses	58,967,211,440	66,894,469,098
Labour costs	43,029,388,312	54,556,015,039
Depreciation expenses	46,015,808,480	46,045,065,550
Others	6,391,091,030	5,653,089,604
	8,368,650,737,823	8,118,887,371,330

27 RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

	2018 VND	2017 VND
i) Sales of goods and services		
Thinh Phat Real Estate - Cables Joint Stock Company	2,854,766,576,601	2,697,497,411,712
Thinh Phat General Business Investment Joint Stock Company	17,862,941,810	69,720,987,617
	2,872,629,518,411	2,767,218,399,329
ii) Purchases of goods and services		
Thinh Phat Real Estate - Cables Joint Stock Company	3,224,270,870,985	3,189,245,421,339
Thinh Phat General Business Investment Joint Stock Company	323,692,268,865	388,506,053,153
	3,547,963,139,850	3,577,751,474,492
iii) Sales of fixed assets		
Thinh Phat General Business Investment Joint Stock Company	-	1,649,558,638
Thinh Phat Real Estate - Cables Joint Stock Company	-	407,500,000
	-	2,057,058,638

27 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2018 VND	2017 VND
iv) Purchases of fixed assets		
Thinh Phat Real Estate - Cables Joint Stock Company	50,000,000	12,183,819,224
Thinh Phat General Business Investment Joint Stock Company	-	3,918,212,113
	50,000,000	16,102,031,337
v) Compensation of key management		
Gross salaries and other benefits	1,661,645,871	638,755,735
vi) Financing activities		
Collect short-term lending from Mr. Vo Tan Thinh	61,466,790,334	23,186,666,667
Short-term lending to Mr. Vo Tan Thinh	730,000,000	23,323,457,000
Interest of short-term lending from Mr. Vo Tan Thinh	2,314,418,238	4,084,470,914
Dividend paid to Mr. Vo Tan Thinh	-	18,238,575,000
Lending to Thinh Phat General Business Investment Joint Stock Company	-	30,000,000,000
Collect lending from Thinh Phat General Business Investment Joint Stock Company	-	30,000,000,000
	64,511,208,572	128,833,169,581

27 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2018 VND	2017 VND
i) Short-term trade accounts receivable (Note 5)		
Thinh Phat Real Estate - Cables Joint Stock Company	54,286,807,441	178,935,703,809
Thinh Phat General Business Investment Joint Stock Company	-	83,245,369,466
	54,286,807,441	262,181,073,275
ii) Short-term prepayments to suppliers (Note 6)		
Thinh Phat General Business Investment Joint Stock Company	1,012,100,212	-
iii) Short-term lending (Note 7)		
Mr. Vo Tan Thinh	-	65,095,733,471
iv) Short-term trade accounts payable (Note 12)		
Thinh Phat Real Estate - Cables Joint Stock Company	15,400,526,915	87,909,433,080
Thinh Phat General Business Investment Joint Stock Company	-	233,357,603
	15,400,526,915	88,142,790,683

28 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases of warehouse and factory were as follows:

	2018 VND	2017 VND
Within one year	8,870,327,520	3,890,530,320
Between one and five years	29,316,428,160	15,562,121,280
Over five years	99,630,259,200	116,442,865,440
Total minimum payments	137,817,014,880	135,895,517,040

The financial statements were approved by the Board of Directors on 27 March 2019.

Nguyen Buu Thanh Loan Preparer	Trinh Quang Hon Chief Accountant	Vo Tan Nhut General Director 27 March 2019