

NATSTEELVINA COMPANY LIMITED

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 December 2016



NATSTEELVINA COMPANY LIMITED

Cam Gia Ward, Thai Nguyen City
Thai Nguyen Province, S.R. Vietnam

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF DIRECTORS	1 - 2
INDEPENDENT AUDITORS' REPORT	3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 24



NATSTEELVINA COMPANY LIMITED

Cam Gia Ward, Thai Nguyen City
Thai Nguyen Province, S.R. Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of NatSteelVina Company Limited (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2016.

MEMBERS' COUNCIL AND BOARD OF DIRECTORS

The members of Members' Council and Board of Directors of the Company who held office during the year and to the date of this report are as follows:

Members' Council

Mr. Ashish Anupam	President (appointed on 01 October 2016)
Mr. Le Minh Tu	Member (appointed on 01 October 2016)
Mr. Ngo Dinh Khoi	Member
Mr. Chin Kong Tad	Member (appointed on 15 November 2016)
Mr. Sanjib Nanda	Member
Mr. Dinh Van Tam	President (resigned on 30 September 2016)
Mr. Joseph Yong	Member (resigned on 14 November 2016)

Board of Directors

Ms. Joanne Geraldine Mosbergen	General Director (appointed on 01 October 2016)
Mr. Le Minh Tu	Deputy General Director (appointed on 01 October 2016)
Mr. Chin Kong Tad	General Director (resigned on 30 September 2016)
Mr. Ngo Dinh Khoi	Deputy General Director (resigned on 30 September 2016)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

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 that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. 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 frauds and other irregularities.

No.: **545** /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Members' Council and Board of Directors
NatSteelVina Company Limited**

We have audited the accompanying financial statements of NatSteelVina Company Ltd. (the "Company"), prepared on 10 March 2017 as set out from page 04 to page 24, which comprise the balance sheet as at 31 December 2016, and the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation 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 management, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Vũ Đức Nguyễn
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2013-001-1

Nguyen Anh Tuan
Auditor
Audit Practising Registration Certificate
No. 1472-2013-001-1

**For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED**

10 March 2017
Hanoi, S.R. Vietnam

BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		288,132,816,394	371,814,633,053
I. Cash	110	5	78,930,043,799	29,732,969,862
1. Cash	111		78,930,043,799	29,732,969,862
II. Short-term receivables	130		75,699,768,903	93,823,223,713
1. Short-term trade receivables	131	6	96,407,390,068	115,693,568,808
2. Short-term advances to suppliers	132		258,900,000	168,600,000
3. Other short-term receivables	136	7	1,258,464,216	1,436,040,286
4. Provision for short-term doubtful debts	137	8	(22,224,985,381)	(23,474,985,381)
III. Inventories	140	9	127,289,317,890	240,532,383,254
1. Inventories	141		127,289,317,890	242,615,269,649
2. Provision for devaluation of inventories	149		-	(2,082,886,395)
IV. Other short-term assets	150		6,213,685,802	7,726,056,224
1. Short-term prepayments	151	10	965,636,009	231,760,300
2. Value added tax deductibles	152		4,392,688,325	7,494,295,924
3. Taxes and other receivables from the State budget	153	11	855,361,468	-
B. NON-CURRENT ASSETS	200		99,512,128,639	108,690,139,560
I. Fixed assets	220		94,099,445,889	105,421,574,145
1. Tangible fixed assets	221	12	93,688,806,882	104,811,778,752
- Cost	222		297,606,106,343	294,819,851,779
- Accumulated depreciation	223		(203,917,299,461)	(190,008,073,027)
2. Intangible assets	227		410,639,007	609,795,393
- Cost	228		1,618,478,752	1,618,478,752
- Accumulated amortisation	229		(1,207,839,745)	(1,008,683,359)
II. Other long-term assets	260		5,412,682,750	3,268,565,415
1. Long-term prepayments	261	10	5,412,682,750	3,268,565,415
TOTAL ASSETS (270 = 100 + 200)	270		387,644,945,033	480,504,772,613

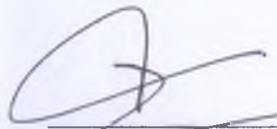
The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)


As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C LIABILITIES	300		123,179,726,999	253,419,052,546
I. Current liabilities	310		120,795,715,290	249,435,881,162
1. Short-term trade payables	311	13	114,766,264,702	105,784,608,110
2. Short-term advances from customers	312		569,451,508	226,931,048
3. Taxes and amounts payable to the State budget	313	11	5,665,860	9,287,699
4. Payables to employees	314		2,259,825,804	3,703,791,490
5. Short-term accrued expenses	315	14	1,306,054,118	15,762,834,280
6. Other current payables	319		388,453,298	66,843,495
7. Short-term loans	320	15	1,500,000,000	123,881,585,040
II. Long-term liabilities	330		2,384,011,709	3,983,171,384
1. Long-term loans	338	16	-	1,500,000,000
2. Long-term provisions	342	17	2,384,011,709	2,483,171,384
D. EQUITY	400		264,465,218,034	227,085,720,067
I. Owner's equity	410	18	264,465,218,034	227,085,720,067
1. Owner's contributed capital	411		240,393,000,000	240,393,000,000
2. Retained earnings/(losses) accumulated	421		24,072,218,034	(13,307,279,933)
- (Losses) accumulated to the prior year end	421a		(13,307,279,933)	(56,994,893,850)
- Retained earnings of the current year	421b		37,379,497,967	43,687,613,917
TOTAL RESOURCES (440 = 300 + 400)	440		387,644,945,033	480,504,772,613


Phạm Kim Tuyen
Preparer

10 March 2017


Hoàng Đức Thiên
Chief Accountant


Lê Minh Tu
Deputy General
Director




Joanne Geraldine Mosbergen
General Director

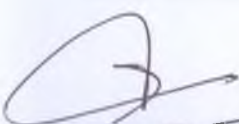
The accompanying notes are an integral part of these financial statements


INCOME STATEMENT

For the year ended 31 December 2016

Unit: VND


ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01	20	1,564,677,317,960	1,626,526,902,444
2. Deductions	02	20	(54,714,108,219)	(59,680,765,125)
3. Net revenue from goods sold (10=01-02)	10	20	1,509,963,209,741	1,566,846,137,319
4. Cost of goods sold	11	21	1,449,760,413,552	1,484,160,961,938
5. Gross profit from goods sold (20=10-11)	20		60,202,796,189	82,685,175,381
6. Financial income	21		1,125,518,565	535,308,145
7. Financial expenses	22	23	3,082,209,379	8,012,261,998
- Including: Interest expense	23		1,894,017,068	6,870,889,436
8. Selling expenses	25	24	7,547,621,453	7,803,828,236
9. General and administration expenses	26	24	13,548,725,286	23,594,342,058
10 Operating profit (30 = 20+(21-22)-(25+26))	30		37,149,758,636	43,810,051,234
11. Other income	31		1,887,619,786	-
12. Other expenses	32		3,744,489	122,437,317
13. Profit/(Loss) from other activities (40=31-32)	40		1,883,875,297	(122,437,317)
14. Accounting profit before tax (50=30+40)	50		39,033,633,933	43,687,613,917
15. Current corporate income tax expense	51	25	1,654,135,966	-
16. Net profit after corporate income tax (60=50-51)	60		37,379,497,967	43,687,613,917


Phạm Kim Tuyen
Preparer


Hoàng Đức Thiên
Chief Accountant


Lê Minh Tú
Deputy General
Director




Joanne Geraldine Mosbergen
General Director

10 March 2017

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	39,033,633,933	43,687,613,917
2. Adjustments for:			
Depreciation and amortisation	02	14,535,382,620	14,613,527,555
Provisions	03	(3,432,046,070)	9,624,244,741
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(21,500,743)	635,216
Interest expense	06	1,894,017,068	6,870,889,436
3. Operating profit before movements in working capital	08	52,009,486,808	74,796,910,865
Changes in receivables	09	24,054,302,544	27,786,649,678
Changes in inventories	10	115,325,951,759	(100,517,868,468)
Changes in payables (excluding accrued loan interest and corporate income tax payables)	11	(7,740,370,925)	66,334,720,441
Changes in prepaid expenses	12	(2,877,993,044)	11,410,941,669
Interest paid	14	(2,085,982,420)	(6,917,739,397)
Corporate income tax paid	15	(2,509,497,434)	-
Other cash outflows	17	-	(234,414,921)
Net cash generated from operating activities	20	176,175,897,288	72,659,199,867
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other	21	(3,213,254,364)	(2,767,712,202)
Net cash (used in) investing activities	30	(3,108,254,364)	(2,767,712,202)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	-	1,135,684,044,206
2. Repayment of borrowings	34	(123,881,585,040)	(1,185,358,312,506)
Net cash (used in) financing activities	40	(123,881,585,040)	(49,674,268,300)
Net increase in cash (50=20+30+40)	50	49,186,057,884	20,217,219,365
Cash at the beginning of the year	60	29,732,969,862	9,515,750,497
Effects of changes in foreign exchange rates	61	11,016,053	-
Cash at the end of the year (70=50+60+61)	70	78,930,043,799	29,732,969,862



Pham Kim Tuyen
Preparer

10 March 2017



Hoang Duc Thien
Chief Accountant



Le Minh Tu
Deputy General
Director



Joanne Geraldine Mosbergen
General Director

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

NatSteelVina Company Limited (the "Company") was incorporated in Vietnam as a joint venture company, under Investment Certificate No.711/GP issued by the Ministry of Planning and Investment dated on 02 November 1993 and subsequent amendments dated 12 June 1996, 09 February 1999, 09 April 1999, 21 November 2000, 20 June 2002, 15 February 2005, 18 January 2007, 11 August 2008, 16 October 2008, 10 January 2011 and 04 September 2013. The Investment Certificate is valid for 30 years from the date of the first Investment Certificate.

The owners of the Company are NatSteel Holdings Pte Ltd. (incorporated in Singapore), Vietnam Steel Corporation (incorporated in Vietnam) and Thai Nguyen Iron and Steel Joint Stock Corporation (incorporated in Vietnam).

The number of employees as at 31 December 2016 was 207 (31 December 2015: 208).

Operating industry and principal activities

The principal activities of the Company are to manufacture and trade iron and steel products.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

As of 31 December 2016, the Company has 01 head office located in Thai Nguyen City and 01 branch located in Hanoi.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2015.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

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

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of Directors [General Director] has adopted Circular 53 in the preparation and presentation of the Company's financial statements for the year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash, trade and other receivables.

Financial liabilities

At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade and other payables, accrued expenses, borrowings.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash

Cash comprises cash on hand and demand deposits.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations, which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprises their purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Current year</u> <u>(Years)</u>
Buildings and structures	10 - 20
Machinery and equipments	5 - 13
Office equipment	5
Motor vehicles	5

Intangible assets and amortization

Intangible fixed assets represent accounting software that is stated at cost less accumulated amortization. The accounting software is amortized using the straight-line method over 5 years from the commencement of utilization.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Revenue recognition

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

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

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the buying exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible. For the main business activities, the Company is obliged to pay corporate income tax at the rate of 10% of its assessable income. For other business activities, the Company pays corporate income tax at the rate of 20% of its assessable income (applicable from the year of 2016).

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and its ultimate determination depends on the results of tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5. CASH

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	50,717,495	47,111,050
Demand deposits	78,879,326,304	29,685,858,812
	<u>78,930,043,799</u>	<u>29,732,969,862</u>

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Long Giang Investment Manufacturing and Trading JSC	29,374,702,104	28,012,214,845
Thai Hung Trading Joint Stock Company	27,147,837,007	29,570,844,239
Phat Linh Service and Trading Company	14,836,107,852	10,842,476,820
Phuc Lien Trading Private Enterprise	8,174,849,267	8,174,849,267
Duc Minh Construction and Trading Company	6,981,577,971	6,981,577,971
Others	9,892,315,867	32,111,605,666
	<u>96,407,390,068</u>	<u>115,693,568,808</u>

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Other receivables from NatSteel Holdings	1,217,544,216	1,436,040,286
Other receivables	40,920,000	-
	<u>1,258,464,216</u>	<u>1,436,040,286</u>

8. BAD DEBTS

			<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Recoverable amount	Provision VND	Cost	Recoverable amount	Provision VND
Total of bad debts	22,224,985,381	-	22,224,985,381	23,474,985,381	-	23,474,985,381
<i>In which:</i>						
Duc Minh Construction and Trading Compan	6,981,577,971	-	6,981,577,971	6,981,577,971	-	6,981,577,971
Khanh Linh Private Enterprise	1,704,888,601	-	1,704,888,601	1,704,888,601	-	1,704,888,601
Soc Son Investment Development JSC	4,526,014,663	-	4,526,014,663	5,626,014,660	-	5,626,014,660
Phuc Lien Trading Private Enterprise	8,174,849,267	-	8,174,849,267	8,174,849,267	-	8,174,849,267
Others	837,654,879	-	837,654,879	987,654,882	-	987,654,882

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
Goods in transit	-	-	101,309,397,861	-
Raw materials	18,672,695,930	-	33,186,976,441	-
Tools and supplies	16,709,553,144	-	15,234,799,712	-
Finished goods	91,907,068,816	-	92,884,095,635	(2,082,886,395)
	127,289,317,890	-	242,615,269,649	(2,082,886,395)

The Company had reversed provision for devaluation of finished goods with the amount of VND 2,082,886,395 because net realizable value of such inventories was higher than book value as at 31 December 2016.

10. PREPAYMENTS

	Closing balance VND	Opening balance VND
Short-term		
Tools, supplies	247,963,359	147,341,382
Insurance prepayment	717,672,650	84,418,918
	965,636,009	231,760,300
Long-term		
Repairment, maintenance	2,616,649,530	2,267,930,360
Others	2,796,033,220	1,000,635,055
	5,412,682,750	3,268,565,415

11. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Amount payables during the year VND	Amount paid during the year VND	Closing balance VND
VAT on domestic goods	-	15,289,548,698	15,289,548,698	-
VAT on imports	-	831,436,299	831,436,299	-
Import, export tax	-	745,202,795	745,202,795	-
Corporate income tax	-	1,654,135,966	2,509,497,434	(855,361,468)
Personal income tax	9,287,699	1,839,311,218	1,842,933,057	5,665,860
Land and housing tax	-	3,588,000	3,588,000	-
	9,287,699	20,363,222,976	21,222,206,283	(849,695,608)
Receivables	-			855,361,468
Payables	9,287,699			5,665,860

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	66,170,527,217	222,402,488,216	2,900,321,092	3,346,515,254	294,819,851,779
Additions	-	2,252,900,000	168,918,000	791,436,364	3,213,254,364
Disposals	-	-	-	(426,999,800)	(426,999,800)
Closing balance	66,170,527,217	224,655,388,216	3,069,239,092	3,710,951,818	297,606,106,343
ACCUMULATED DEPRECIATION					
Opening balance	50,233,331,771	133,894,154,857	2,626,790,267	3,253,796,132	190,008,073,027
Charge for the year	3,341,252,258	10,600,285,378	193,800,539	200,888,059	14,336,226,234
Disposals	-	-	-	(426,999,800)	(426,999,800)
Closing balance	53,574,584,029	144,494,440,235	2,820,590,806	3,027,684,391	203,917,299,461
NET BOOK VALUE					
Opening balance	15,937,195,446	88,508,333,359	273,530,825	92,719,122	104,811,778,752
Closing balance	12,595,943,188	80,160,947,981	248,648,286	683,267,427	93,688,806,882

The cost of the Company's tangible fixed assets includes VND 128,663 million as at 31 December 2016 (31 December 2015: VND 125,775 million) of assets which have been fully depreciated but are still in use.

13. TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
Short-term trade payables				
Hiep Huong Company Limited	31,655,302,800	31,655,302,800	-	-
Hiep Linh Investment and Trading JSC	21,218,656,800	21,218,656,800	7,268,307,200	7,268,307,200
Services provision and Trading Phuong Tan Company Limited	16,982,265,850	16,982,265,850	-	-
Viet Trung Mining and Metallurgy Company Limited	13,888,145,700	13,888,145,700	28,283,564,320	28,283,564,320
Burwill Resources Limited	-	-	31,206,056,582	31,206,056,582
Tata International Metals Limited	-	-	29,281,771,702	29,281,771,702
Others	31,021,893,552	31,021,893,552	9,744,908,306	9,744,908,306
	114,766,264,702	114,766,264,702	105,784,608,110	105,784,608,110

14. ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Short-term accrued expenses		
Interest expenses	-	191,965,352
Steel billets borrowed	-	8,095,392,000
Others	1,306,054,118	7,475,476,928
	1,306,054,118	15,762,834,280

15. SHORT-TERM LOANS

Items	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Vietnam Joint Stock Commercial Bank for Industry and Trade - Luu Xa Branch	39,601,585,040	39,601,585,040	-	39,601,585,040	-	-
ANZ Bank Limited - Hanoi Branch	70,480,000,000	70,480,000,000	-	70,480,000,000	-	-
Bank for Investment and Development of Vietnam Joint Stock Commercial - Thai Nguyen Branch	12,300,000,000	12,300,000,000	-	12,300,000,000	-	-
Current portion of long-term loans - Environment Protection Fund (*)	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
	123,881,585,040	123,881,585,040	1,500,000,000	123,881,585,040	1,500,000,000	1,500,000,000

(*) Current portion of long-term loan represents a loan which would be paid in year 2017 to Environment Protection Fund of Thai Nguyen Province under the credit contract of environment protection dated 25 July 2014 for the construction of "Sewage purification station for Singapore - Vietnam steel rolling mill". The total loan amount under the contract is VND 4,500,000,000. The loan term is 36 months from the first day the Company receives the first amount of loan to the due date. The loan interest rate is fixed at 3% p.a. The interest is paid quarterly basis on 25th of the last month of the payment period.

16. LONG-TERM LOANS

Items	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	VND Increases	Decreases	VND Amount	VND Amount able to be paid off
Environment Protection Fund (*)	1,500,000,000	1,500,000,000	-	1,500,000,000	-	-
	1,500,000,000	1,500,000,000	-	1,500,000,000	-	-

(*) The loan was reclassified to Current portion of long-term loan as presented at Note 15.

17. LONG-TERM PROVISIONS

	<u>Other provision</u>
	<u>VND</u>
Opening balance	2,483,171,384
Utilisation of provisions	<u>(99,159,675)</u>
Closing balance	<u>2,384,011,709</u>

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Analysed as:		
Non-current liabilities	<u>2,384,011,709</u>	<u>2,483,171,384</u>
	<u>2,384,011,709</u>	<u>2,483,171,384</u>

18. OWNERS' EQUITY

Movement in Owners' Equity

	<u>Owners'</u>	<u>(Accumulated loss)/</u>	<u>Total</u>
	<u>contributed capital</u>	<u>Retained earnings</u>	<u></u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>
Prior year's opening balance	240,393,000,000	(56,994,893,850)	183,398,106,150
Profit for the year	-	43,687,613,917	43,687,613,917
Current year's opening balance	240,393,000,000	(13,307,279,933)	227,085,720,067
Profit for the year	-	37,379,497,967	37,379,497,967
Current year's closing balance	240,393,000,000	24,072,218,034	264,465,218,034

Charter capital and investment capital

According to the amended Investment Certificate No. 711/GP dated 04 September 2013, the Company's investment capital and charter capital are USD 17,170,928 and USD 17,170,928; respectively (31 December 2015: USD 17,170,928 and USD 17,170,928).

The charter capital had been fully contributed by the owners as at 31 December 2016 and as at 31 December 2015, as follows:

	Per Investment Certificate		Contributed capital as at			
			Closing balance		Opening balance	
	USD	%	USD	VND equivalent	USD	VND equivalent
NatSteel Holdings Pte Ltd.	9,701,571	56.5%	9,701,571	135,822,000,000	9,701,571	135,822,000,000
Vietnam Steel Corporation - JSC	6,301,734	36.7%	6,301,734	88,224,276,000	6,301,734	88,224,276,000
Thai Nguyen Iron and Steel Joint Stock Corporation	1,167,623	6.8%	1,167,623	16,346,724,000	1,167,623	16,346,724,000
	17,170,928	100%	17,170,928	240,393,000,000	17,170,928	240,393,000,000

19. OFF BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
United States Dollar (USD)	26,409	1,302,874

20. REVENUE

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Gross sales of goods sold		
Sales of main products	1,539,699,705,260	1,601,029,434,597
Sales of by-products	13,385,280,700	14,927,537,752
Sales of others	11,592,332,000	10,569,930,095
	<u>1,564,677,317,960</u>	<u>1,626,526,902,444</u>
Deduction		
Sales discount	49,129,053,645	58,146,864,675
Sales rebates	18,253,524	-
Sales return	5,566,801,050	1,533,900,450
	<u>54,714,108,219</u>	<u>59,680,765,125</u>

21. COST OF SALES

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Cost of main products	1,425,857,515,752	1,454,312,302,946
Cost of by-products	13,418,373,916	18,430,032,797
Cost of others	10,484,523,884	11,418,626,195
	<u>1,449,760,413,552</u>	<u>1,484,160,961,938</u>

22. PRODUCTION COST BY NATURE

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Raw materials	1,382,695,810,249	1,408,125,409,690
Labour cost	32,213,575,608	28,999,224,032
Depreciation and amortisation	14,535,382,620	14,613,527,555
Out-sourced services	12,099,131,754	17,784,463,554
Other monetary expenses	12,124,167,948	22,540,740,019
	<u>1,453,668,068,179</u>	<u>1,492,063,364,850</u>

23. FINANCIAL EXPENSES

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Interest expense	1,894,017,068	6,870,889,436
Foreign exchange loss	799,826,557	478,403,723
Others	388,365,754	662,968,839
	<u>3,082,209,379</u>	<u>8,012,261,998</u>

24. SELLING EXPENSES AND ADMINISTRATION EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Selling expenses for the year		
Salary & bonus expenses for sales staf	2,050,862,887	2,200,939,352
Advertising and entertainment expense	3,759,461,534	3,152,655,934
Others	1,737,297,032	2,450,232,950
	<u>7,547,621,453</u>	<u>7,803,828,236</u>
General administration expense for the year		
Salary and benefits of management sta	7,212,993,660	6,226,468,797
Depreciation and amortisation	576,180,765	655,526,782
(Revert)/Provision for doubtful debts	(1,250,000,000)	8,392,146,334
Out-sourced expenses	2,295,677,184	2,788,433,935
Others	4,713,873,677	5,531,766,210
	<u>13,548,725,286</u>	<u>23,594,342,058</u>

25. CORPORATE INCOME TAX EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Current corporate income tax expense		
- Corporate income tax expense based on taxable profit in the current year	1,654,135,966	-
- Adjustments for corporate income tax expense in previous years to the current year	-	-
Total current corporate income tax expense	<u>1,654,135,966</u>	<u>-</u>

	Current year			Prior year		
	Main operating activities	Other activities	VND Total	Main operating activities	Other activities	VND Total
Profit before tax	37,149,758,636	1,883,875,297	39,033,633,933	43,810,051,234	(122,437,317)	43,687,613,917
Adjustments for taxable income	(3,292,318,597)	-	(3,292,318,597)	1,290,411,868	-	1,290,411,868
Add back: non-deductible expenses	3,852,349,849	-	3,852,349,849	7,325,116,196	-	7,325,116,196
Less: Revert provision in prior year	(7,045,508,771)	-	(7,045,508,771)	(5,800,289,408)	-	(5,800,289,408)
Less: severance allowance paid in the year	(99,159,675)	-	(99,159,675)	(234,414,921)	-	(234,414,921)
Adjusted assessable income	33,857,440,039	1,883,875,297	35,741,315,336	45,100,463,102	(122,437,317)	44,978,025,785
Losses carried forwards	(20,158,679,268)	(462,575,851)	(20,621,255,119)	(65,259,142,369)	(340,138,534)	(65,599,280,903)
Assessable income	13,698,760,772	1,421,299,446	15,120,060,218	-	-	-
Tax rate	10%	20%		10%	22%	
Current corporate income tax expense	1,369,876,077	284,259,889	1,654,135,966	-	-	-

For the main business activities, the Company is obliged to pay corporate income tax at the rate of 10% of its assessable income. For other business activities, the Company pays corporate income tax at the rate of 20% of its assessable income.

26. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 15 and 16, offset by cash) and owners' equity (comprising capital and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Borrowings	1,500,000,000	125,381,585,040
Less: Cash	78,930,043,799	29,732,969,862
Net debt	-	95,648,615,178
Equity	264,465,218,034	227,085,720,067
Net debt to equity ratio	-	0.42

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

Categories of financial instruments

	<u>Carrying amounts</u>	
	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Financial assets		
Cash	78,930,043,799	29,732,969,862
Trade and other receivables	75,440,868,903	93,654,623,713
Total	154,370,912,702	123,387,593,575
Financial liabilities		
Borrowings	1,500,000,000	125,381,585,040
Trade and other payables	115,154,718,000	105,797,522,810
Accrued expenses	1,306,054,118	15,762,834,280
Total	117,960,772,118	246,941,942,130

The Company has not assessed [has not determined] fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates. The Company does not hedge these risk exposures upon its assessment that the cost of hedging foreign exchange risk, interest rate risk or price risk might be higher than that incurred from market risk of fluctuation in foreign exchange rates, interest rates and prices in the future.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Liabilities		Assets	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar (USD)	136,462,260	60,487,828,284	1,817,555,106	30,685,565,683
Singapore Dollar (SGD)	251,991,038	-	-	-

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar.

The following table details the Company's sensitivity to a 2% increase and decrease in Vietnam Dong against United States Dollar. 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. For a 2% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would increase/decrease by VND 336,219 (2015: VND 596,045,252).

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2016 would have decreased/increased by VND 30,000,000 (31/12/2015: VND 2,507,631,701).

	Increase/(decrease) in basis points	Impact on profit/ loss before tax
For the year ended 31 December 2016		
VND	+200	(30,000,000)
VND	(200)	30,000,000
For the year ended 31 December 2015		
VND	+200	(2,507,631,701)
VND	(200)	2,507,631,701

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

31/12/2016	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Cash	78,930,043,799	-	78,930,043,799
Trade and other receivables	75,440,868,903	-	75,440,868,903
Total	154,370,912,702	-	154,370,912,702
	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Trade and other payables	115,154,718,000	-	115,154,718,000
Accrued expenses	1,306,054,118	-	1,306,054,118
Borrowings	1,500,000,000	-	1,500,000,000
Total	117,960,772,118	-	117,960,772,118
Net liquidity gap	36,410,140,584	-	36,410,140,584

31/12/2015	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Cash	29,732,969,862	-	29,732,969,862
Trade and other receivables	93,654,623,713	-	93,654,623,713
Total	123,387,593,575	-	123,387,593,575

	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
Trade and other payables	105,797,522,810	-	105,797,522,810
Accrued expenses	15,762,834,280	-	15,762,834,280
Borrowings	123,881,585,040	1,500,000,000	125,381,585,040
Total	245,441,942,130	1,500,000,000	246,941,942,130
Net liquidity gap	(122,054,348,555)	(1,500,000,000)	(123,554,348,555)

The management assessed the liquidity risk at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

27. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances for the year:

Related parties	Relationship
NatSteel Holdings Pte Ltd.	Parent company
Tata International Metals Limited	Affiliate

During the year, the Company entered into the following significant transactions with its related parties:

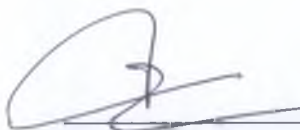
	Current year	Prior year
	VND	VND
Services provided by		
NatSteel Holdings Pte Ltd.	2,589,870,423	1,971,182,020
Purchases		
Tata International Metals Limited	-	29,281,771,702

Significant related parties' balances as at the balance sheet date were as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Other receivables		
Natsteel Holdings Pte Ltd.	1,217,544,216	1,436,040,286
	<u>1,217,544,216</u>	<u>1,436,040,286</u>
Other payables		
Natsteel Holdings Pte Ltd.	388,453,298	-
Tata International Metals Limited	-	29,281,771,702
	<u>388,453,298</u>	<u>29,281,771,702</u>

Remuneration paid to the Company's Board of Directors during the year was as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Board of Directors' remuneration	1,078,354,848	1,079,052,366
	<u>1,078,354,848</u>	<u>1,079,052,366</u>


Pham Kim Tuyen
 Preparer

10 March 2017


Hoang Duc Thien
 Chief Accountant


Le Minh Tu
 Deputy General
 Director




Joanne Geraldine
Mosbergen
 General Director