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No.: 473 /VNIA-HN-BC

INDEPENDENT AUDITOR'S REPORT

Respectfully addressed to: **The Shareholders**
Board of Directors and Board of General Directors
Vietnam- Italy Steel Joint Stock Company

We have audited the attached financial statements of Vietnam- Italy Steel Joint Stock Company (hereinafter referred to as “the Company”), prepared on 22 February 2018, from page 05 to page 29, which include a Balance Sheet as at December 31, 2017, an Income Statement, a Cash Flow Statement for the fiscal year then ended, and the Notes to the Financial Statements.

Responsibilities of the Board of General Directors

Board of General Directors of the Company shall be responsible for the true and suitable preparation and presentation of the Financial Statements according to Vietnamese Accounting Standards and Corporate Accounting System, and other relevant legal regulations on preparation and presentation of financial statements, and be responsible for internal supervision activities that are considered to be necessary by Board of General Directors to ensure the preparation and presentation of the Financial Statements without any material mistakes due to the fraud or misunderstanding.

Responsibilities of the Auditor

The Auditor shall be responsible for giving out opinions on the Financial Statements basing on auditing results. We carried out auditing according to auditing standards of Vietnam. These standards require us to obey the standards and requirements of the code of ethics and standards of professional conduct, make plan and carry out auditing activities to identify whether the Financial Statements of the Company has any material mistakes

Auditing includes carrying out procedures to collect auditing proof about the figures and notes on the Financial Statements. Auditing procedures are collected under the judgment of auditors, including judgments of the auditor on the risk of having any material mistakes in the Financial Statements due to the fraud or misunderstanding. When carrying out the judgment on risks, the auditor has considered the Company's internal supervision activities related to the fair and suitable preparation and presentation of the Financial Statements in order to design suitable auditing procedures for real situation, but not to give out any comments on the efficiency of company's internal supervision. Auditing also includes the judgment on the suitability of accounting policies and accounting estimates of Board of General Directors, as well as on the whole presentation of the Financial Statements.

We believe that auditing proofs collected by us are enough and suitable, and based on these proofs, we can give out our auditing opinions.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions of the Auditor

In our opinion, the accompanying Financial Statements give a true and fair view of, in all material respects, the financial position of the Company as at December 31, 2017 and the results of its operations and its cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing relevant regulations on preparation and presentation of the combined financial statements

(Signed & sealed)

(Signed)

Dang Chi Dung

Deputy General Director

Certified Internal Auditor Certification No. 0030-2018-001-1

Nguyen Anh Tuan

Auditor

Certified Internal Auditor Certification No. 1472-2018-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

Dated 22 February 2018

Hanoi, the Socialist Republic of Vietnam

BALANCE SHEET
As at December 31, 2017

ASSETS	Code	Note	Unit: VND	
			Closing balance	Opening balance
A. CURRENT ASSETS	100		2,389,547,833,365	2,057,144,267,489
I. Cash and cash equivalents	110	4	38,747,453,680	10,347,757,599
1. Cash	111		38,747,453,680	10,347,757,599
II. Short-term financial investment	120		399,223,126,574	-
1. Keep to due-date investment	123	5	399,223,126,574	-
II. Short-term receivables	130		1,338,981,753,930	1,406,320,756,832
1. Receivables from customers	131	6	1,330,268,776,157	1,160,107,877,866
2. Prepaid to suppliers	132		8,698,293,328	263,387,709,165
3. Other short-term receivables	136	7	78,347,952,778	56,377,672,054
4. Provision for uncollectible short-term receivables	137	8	(78,425,895,162)	(73,552,502,253)
5. Shortage of assets awaiting resolution	139		92,626,829	-
III. Inventories	140	9	535,552,415,439	611,025,291,381
1. Inventories	141		535,552,415,439	611,025,291,381
IV. Other current assets	150		77,043,083,742	29,450,461,677
1. Short-term prepaid expenses	151	10	15,161,488,430	6,957,540,901
2. Deductible VAT	152		54,470,781,680	19,948,500,823
3. Taxes and other payables to the State	153	11	7,410,813,632	2,544,419,953
B. LONG-TERM ASSETS	200		600,762,999,648	646,223,882,630
I. Fixed assets	220		415,821,106,273	497,832,930,083
1. Tangible fixed assets	221	12	408,235,526,310	489,896,690,272
- <i>Historical cost</i>	222		1,381,751,966,737	1,381,334,133,638
- <i>Accumulated depreciation value</i>	223		(973,516,440,427)	(891,437,443,366)
2. Intangible fixed assets	227	13	7,585,579,963	7,936,239,811
- <i>Historical cost</i>	228		10,169,135,751	10,169,135,751
- <i>Accumulated depreciation value</i>	229		(2,583,555,788)	(2,232,895,940)
II. Long-term unfinished assets	240	14	28,000,868,784	20,073,010,810
1. Cost of construction in progress	242		28,000,868,784	20,073,010,810
III. Other long-term assets	260		156,941,024,591	128,317,941,737
1. Long-term prepaid expenses	261	10	112,105,248,239	128,317,941,737
2. Long-term Equipment and spare parts	263	15	44,835,776,352	-
TOTAL ASSETS (270 = 100+200)	270		2,990,310,833,013	2,703,368,150,119

BALANCE SHEET (CONTINUED)

As at December 31, 2017

Unit: VND

CAPITAL REOURCES	Code	Note	Closing balance	Opening balance
C. LIABILITIES	300		1,903,267,007,614	2,027,254,442,694
I. Current liabilities	310		1,903,267,007,614	2,027,254,442,694
1. Short term supplier payables	311	16	612,278,037,798	521,959,263,296
2. Short-term deferred revenues	312		12,865,988,514	48,538,168,143
3. Taxes and other payables to State	313	11	3,413,639,418	2,624,159,183
4. Payables to employees	314		11,380,989,406	9,083,173,705
5. Short-term expenses payable	315	16	13,912,808,950	13,201,825,741
6. Short-term unrealized turnover			169,648,636	
7. Other short-term payables	319	17	28,033,618,748	4,862,521,783
8. Short-term loans	320	18	1,219,020,065,684	1,425,449,070,662
9. Bonus and welfare fund	322		2,192,210,460	1,536,260,181
D. OWNER'S EQUITY	400		1,087,043,825,399	676,113,707,425
I. Owner's equity	410	20	1,087,043,825,399	676,113,707,425
1. Contributions from owners	411		738,303,930,000	492,202,620,000
- Ordinary shares with voting rights	411a		738,303,930,000	492,202,620,000
2. Share premium	412		123,194,121,321	363,790,000
3. Other capitals of owners	414		8,835,568,717	8,835,568,717
4. Development investment funds	418		173,215,412,737	173,215,412,737
5. Undistributed post-tax profits/ Accumulated loss (*)	421		43,494,792,624	1,496,315,971
- Accumulated losses to the end of last year	421a		-	(71,353,796,103)
- Undistributed post-tax profits/ Accumulated loss this year	421b		43,494,792,624	72,850,112,074
TOTAL CAPITAL RESOURCES (440 = 300+400)	440		2,990,310,833,013	2,703,368,150,119

Hung Yen, date 22 February 2018

Prepared by

Chief Accountant

General Director

(Signed)

(Signed)

(Signed & sealed)

Pham Van Minh

Dang Thi Tuyet Dung

Nguyen Thanh Ha

INCOME STATEMENT

For the year ended 31 December 2017

Unit: VND

Indicators	Code	Note	Current year	Previous year
1. Revenues from sales and service provisions	01	23	6,149,639,450,515	3,773,354,838,762
2. Revenue deductions	02	23	44,520,305,224	33,817,493,562
3. Net revenues from sales and services provisions (10=01-02)	10		6,105,119,145,291	3,739,537,345,200
4. Cost of goods sold and services provisions	11	24	5,895,922,223,761	3,505,639,709,791
5. Gross revenues from sales and services provisions (20=10-11)	20		209,196,921,530	233,897,635,409
6. Revenues from financial activities	21	26	10,021,535,641	1,444,667,117
7. Financial expenses	22	27	82,954,036,004	62,855,832,118
<i>In which: Loan interest</i>	23		81,781,025,836	54,731,481,774
8. Selling expenses	25		19,437,352,275	16,867,776,101
9. Corporate administrative expenses	26		60,497,035,157	80,654,374,826
10. Net profit/ loss from operations {30=20+(21-22)-(25+26)}	30		56,330,033,735	74,964,319,481
11. Other income	31		233,819,702	16,860,282,506
12. Other expenses	32		1,297,130,418	16,710,754,480
13. Other profits/ loss (40=31-32)	40	28	(1,063,310,716)	149,528,026
14. Total pre-tax accounting profits/ losses (50=3-+40)	50		55,266,723,019	75,113,847,507
15. Current corporate income tax expense	51	29	11,771,930,395	2,263,735,433
16. Profits/losses after corporate income tax (60=50-51)	60		43,494,792,624	72,850,112,074
17. Earnings per share	70	30	752	1,480

Hung Yen, date 22 February 2018

Prepared by

Chief Accountant

General Director

(Signed)

(Signed)

(Signed & sealed)

Pham Van Minh

Dang Thi Tuyet Nhung

Nguyen Thanh Ha

CASH FLOW STATEMENTS*For the year ended 31 December 2017*

Unit: VND

Indicators	Code	This year	Previous year
I. Cash flows from operations			
1. Pre-tax profits/ losses	01	55,266,723,019	75,113,847,507
2. Adjustment to amounts:			
Depreciation of fixed assets	02	90,814,084,454	94,569,868,958
Provisions	03	4,873,392,909	13,248,200,376
Profits/ losses of exchange rate differences from revaluation of accounts derived from foreign currencies	04	(130,740,931)	5,368,496,870
Profits from investment	05	(8,681,686,368)	(1,673,839,344)
Interest expense	06	81,781,025,836	54,731,481,774
3. Operating profit before changing in working capital	08	223,922,798,919	241,358,056,141
Change in receivables	09	28,035,846,771	(1,085,528,761,338)
Change in inventories	10	23,956,321,551	(177,079,121,287)
Change in payables (not including interest payable, CIT payable)	11	84,211,016,665	459,427,420,431
Change in prepaid expenses	12	8,008,745,969	9,790,422,471
Interest prepaid	14	(81,932,394,240)	(54,723,982,374)
Paid income tax	15	(18,905,614,852)	
Other receipts from business	16	3,637,245	122,727,384
Other expenditures on business	17	(461,200,000)	(153,500,000)
Net cash flow from trading	20	266,839,158,028	(606,786,738,572)
II. Cash flows from investment			
1. Expenditures for purchase, construction of fixed assets and other long-term assets	21	(12,028,829,563)	(3,400,232,612)
2. Sums received from liquidation, sale of fixed assets and other long-term assets	22	1,681,818,182	16,860,272,726
3. Sums received from loan interest, dividends and profits shared	27	(399,223,126,574)	-
4. Payment for financial lease	35	8,507,564,649	637,981,230
Net cash flow from investment	30	(401,062,573,306)	14,098,021,344
III. Cash flows from financial activities			
1. Drawdown of redeemable convertible preference share	31	368,931,641,321	-
2. Sums received from borrowings	33	6,025,003,948,149	3,835,264,705,568
3. Payment of loan principal	34	(6,231,432,953,127)	(3,419,665,882,992)
Net cash flow from financial activities	40	162,502,636,343	415,598,822,576
Net cash flows in the period (50=20+30+40)	50	28,279,221,065	(177,089,894,652)
Cash and cash equivalents at beginning of period	60	10,347,757,599	187,437,538,246
Influence of exchange rate changes in foreign currency conversion	61	120,475,016	114,005
Cash and cash equivalents at end of period (70=50+60+70)	70	38,747,453,680	10,347,757,599

Hung Yen, date 22 February 2018

Prepared by

Chief Accountant

General Director

*(Signed)**(Signed)**(Signed & sealed)*

Pham Van Minh

Dang Thi Tuyet Nhung

Nguyen Thanh Ha

NOTES TO FINANCIAL STATEMENTS

These Notes are an integral part of and must be read together with the enclosed Financial Statements