

VIETNAM - ITALY STEEL JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

REVIEWED INTERIM FINANCIAL STATEMENTS

For the 6-month period ended 30 June 2019



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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Vietnam - Italy Steel Joint Stock Company (the "Company") presents this report together with the Company's interim financial statements for the 6-month period ended 30 June 2019.

THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the period and to the date of this report are as follows:

Board of Management

Mr. Hiroshi Kunimaru	Chairman (appointed on 19 April 2019)
Mr. Toshimasa Zako	Chairman (resigned on 19 April 2019)
Mr. Yoichi Hoshino	Member
Mr. Minoru Sakurai	Member (resigned on 19 April 2019)
Mr. Satoshi Oda	Member
Mr. Nguyen Duy Luan	Member
Mr. Trinh Khoi Nguyen	Member (appointed on 19 April 2019)

Board of Directors

Mr. Yoichi Hoshino	General Director
Mr. Satoshi Oda	Deputy General Director
Mr. Satoshi Sugino	Deputy General Director
Mr. Hidekazu Fukunishi	Senior Deputy General Director (resigned on 01 April 2019)
Mr. Nguyen Ngoc Quyet	Deputy General Director
Mr. Nguyen Thanh Ha	Deputy General Director
Mr. Yasuo Arata	Deputy General Director (appointed on 01 April 2019)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2019 and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim 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 interim financial statements;
- prepare the interim 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 interim financial statements so as to minimize errors and frauds.

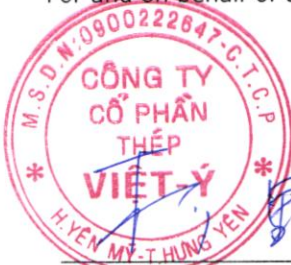
STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

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 interim financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim 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.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these interim financial statements.

For and on behalf of the Board of Directors,



Satoshi Sugino
Deputy General Director

Authorization letter No. 948/UQ-VIS dated 21
December 2018

Hung Yen, 07 August 2019

No.: 0198 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To: The Shareholders
The Board of Management and Board of Directors
Vietnam - Italy Steel Joint Stock Company**

We have reviewed the accompanying interim financial statements of Vietnam - Italy Steel Joint Stock Company (the "Company"), prepared on 07 August 2019 as set out from page 04 to page 28, which comprise the interim balance sheet as at 30 June 2019, the interim income statement and interim cash flow statement for the 6-month period then ended and Notes to the financial statements.

Board of Directors' Responsibility for the Interim Financial Statements

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

Auditors' Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



Pham Hoai Nam
Deputy General Director
Audit Practising Registration Certificate
No. 0042-2018-001-1
DELOITTE VIETNAM COMPANY LIMITED
07 August 2019
Hanoi, S.R. Vietnam

INTERIM BALANCE SHEET

As at 30 June 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,267,879,595,476	2,155,525,289,432
I. Cash	110		20,906,261,410	21,353,737,164
1. Cash	111	4	20,906,261,410	21,353,737,164
II. Short-term financial investments	120		200,000,000,000	200,000,000,000
1. Held-to-maturity investments	123	5	200,000,000,000	200,000,000,000
III. Short-term receivables	130		803,571,620,441	938,212,724,981
1. Short-term trade receivables	131	6	794,303,578,065	854,845,024,011
2. Short-term advances to suppliers	132	7	5,211,292,254	12,326,196,560
3. Other short-term receivables	136	8	104,924,179,678	169,464,121,835
4. Provision for short-term doubtful debts	137	9	(100,867,429,556)	(98,422,617,425)
IV. Inventories	140	10	1,086,704,432,457	870,194,799,714
1. Inventories	141		1,110,605,404,718	943,145,657,157
2. Provision for devaluation of inventories	149		(23,900,972,261)	(72,950,857,443)
V. Other short-term assets	150		156,697,281,168	125,764,027,573
1. Short-term prepayments	151	11	13,861,590,841	9,799,108,611
2. Value added tax deductibles	152		135,424,876,695	108,554,105,330
3. Taxes and other receivables from the State budget	153	12	7,410,813,632	7,410,813,632
B. NON-CURRENT ASSETS	200		506,962,270,161	528,337,859,875
I. Long-term receivables	210		10,591,428,201	10,591,428,201
1. Other long-term receivables	216	8	10,591,428,201	10,591,428,201
II. Fixed assets	220		330,725,173,917	343,057,329,819
1. Tangible fixed assets	221	13	322,965,583,717	335,022,409,699
- Cost	222		1,429,718,502,140	1,396,519,718,338
- Accumulated depreciation	223		(1,106,752,918,423)	(1,061,497,308,639)
2. Intangible assets	227	14	7,759,590,200	8,034,920,120
- Cost	228		11,169,135,751	11,169,135,751
- Accumulated amortisation	229		(3,409,545,551)	(3,134,215,631)
III. Long-term assets in progress	240	15	18,392,939,816	19,653,728,293
1. Construction in progress	242		18,392,939,816	19,653,728,293
IV. Other long-term assets	260		147,252,728,227	155,035,373,562
1. Long-term prepayments	261	11	85,740,647,225	99,701,854,485
2. Long-term reserved spare parts	263	16	61,512,081,002	55,333,519,077
TOTAL ASSETS (270=100+200)	270		2,774,841,865,637	2,683,863,149,307

The accompanying notes are an integral part of these interim financial statements

INTERIM BALANCE SHEET (Continued)


As at 30 June 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		2,123,355,552,381	1,966,566,292,809
I. Current liabilities	310		2,123,355,552,381	1,966,566,292,809
1. Short-term trade payables	311	17	159,790,509,312	427,372,770,926
2. Short-term advances from customers	312		692,719,580	713,824,900
3. Taxes and amounts payable to the State budget	313	12	867,618,097	883,495,354
4. Payables to employees	314		9,403,002,098	10,288,782,455
5. Short-term accrued expenses	315	18	28,144,398,254	11,966,624,731
6. Short-term unearned revenue	318		169,648,639	169,648,635
7. Other current payables	319	19	98,713,855,403	66,117,156,667
8. Short-term loans	320	20	1,822,131,427,890	1,444,910,743,249
9. Bonus and welfare funds	322		3,442,373,108	4,143,245,892
D. EQUITY	400		651,486,313,256	717,296,856,498
I. Owners' equity	410	21	651,486,313,256	717,296,856,498
1. Owners' contributed capital	411		738,303,930,000	738,303,930,000
- Ordinary shares carrying voting rights	411a		738,303,930,000	738,303,930,000
2. Share premium	412		123,194,121,321	123,194,121,321
3. Other owners' capital	414		8,835,568,717	8,835,568,717
4. Investment and development fund	418		173,215,412,737	173,215,412,737
5. Accumulated (losses)	421		(392,062,719,519)	(326,252,176,277)
- (Losses) accumulated to the prior period end	421a		(326,252,176,277)	-
- (Losses) of the current period	421b		(65,810,543,242)	(326,252,176,277)
TOTAL RESOURCES (440=300+400)	440		2,774,841,865,637	2,683,863,149,307


Pham Van Minh
Preparer


Dang Thi Tuyet Dung
Chief Accountant


Satoshi Sugino
Deputy General Director
Authorization letter No. 948/UQ-VIS
dated 21 December 2018

Hung Yen, 07 August 2019


INTERIM INCOME STATEMENT


For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	24	2,392,133,722,588	2,733,038,968,003
2. Deductions	02	24	30,514,048,242	58,660,571,433
3. Net revenue from goods sold and services rendered (10=01-02)	10		2,361,619,674,346	2,674,378,396,570
4. Cost of sales	11	25	2,349,895,089,021	2,658,815,381,008
5. Gross profit from goods sold and services rendered (20=10-11)	20		11,724,585,325	15,563,015,562
6. Financial income	21	27	9,068,440,091	16,016,514,271
7. Financial expenses	22	28	44,348,700,545	45,482,695,594
- In which: Interest expense	23		42,582,315,527	44,944,323,989
8. Selling expenses	25	29	5,401,497,724	8,374,885,390
9. General and administration expenses	26	29	34,064,726,312	43,734,071,793
10. Operating losses (30=20+(21-22)-(25+26))	30		(63,021,899,165)	(66,012,122,944)
11. Other income	31		214,068,092	6,248,000
12. Other expenses	32	30	3,002,712,169	150,987,380
13. (Losses) from other activities	40		(2,788,644,077)	(144,739,380)
14. Accounting (losses) before tax (50=30+40)	50		(65,810,543,242)	(66,156,862,324)
15. Net (losses) after corporate income tax (60=50)	60		(65,810,543,242)	(66,156,862,324)
16. Basic (losses) per share	70	32	(891)	(896)


 Pham Van Minh
Preparer


 Dang Thi Tuyet Dung
Chief Accountant


 Satoshi Sugino
Deputy General Director
Authorization letter No. 948/UQ-VIS
dated 21 December 2018

Hung Yen, 07 August 2019

The accompanying notes are an integral part of these interim financial statements

INTERIM CASH FLOW STATEMENT

For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Losses before tax	01	(65,810,543,242)	(66,156,862,324)
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	45,548,390,815	45,205,276,798
Provisions	03	(46,605,073,051)	19,946,813,074
Foreign exchange loss/(gain) arising from translating foreign currency items	04	163,907,821	(4,597,315,793)
Gain from investing activities	05	(5,376,252,890)	(10,836,762,031)
Interest expense	06	42,582,315,527	44,944,323,989
3. Operating (loss)/profit before movements in working capital	08	(29,497,255,020)	28,505,473,713
Decreases in receivables	09	105,664,416,866	588,101,862,170
Increases in inventories	10	(177,233,157,935)	(289,569,593,940)
Decreases in payables (excluding accrued loan interest and corporate income tax payable)	11	(220,030,711,036)	(205,655,485,048)
Decreases in prepaid expenses	12	9,898,725,030	391,839,997
Interest paid	14	(42,815,483,487)	(45,420,420,427)
Other cash outflows	17	(511,289,938)	(3,824,255,000)
Net cash (used in)/generated by operating activities	20	(354,524,755,520)	72,529,421,465
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(29,973,049,446)	(5,639,702,517)
2. Cash recovered from lending, selling debt instruments of other entities	24	-	169,223,126,574
3. Interest earned, dividends and profits received	27	6,821,286,513	13,200,086,487
Net cash (used in)/generated by investing activities	30	(23,151,762,933)	176,783,510,544

The accompanying notes are an integral part of these interim financial statements

INTERIM CASH FLOW STATEMENT (Continued)


For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	2,908,418,396,004	3,370,832,317,457
2. Repayment of borrowings	34	(2,531,197,711,363)	(3,608,608,511,640)
3. Dividends and profits paid	36	-	(36,859,515,950)
Net cash generated by/(used in) financing activities	40	377,220,684,641	(274,635,710,133)
Net decreases in cash (50=20+30+40)	50	(455,833,812)	(25,322,778,124)
Cash at the beginning of the period	60	21,353,737,164	38,747,453,680
Effects of changes in foreign exchange rates	61	8,358,058	(460,323)
Cash at the end of the period (70=50+60+61)	70	20,906,261,410	13,424,215,233


Pham Van Minh
 Preparer


Dang Thi Tuyet Dung
 Chief Accountant


Satoshi Sugino
 Deputy General Director
 Authorization letter No. 948/UQ-VIS
 dated 21 December 2018

Hung Yen, 07 August 2019

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Vietnam - Italy Steel Joint Stock Company (the "Company") was incorporated in accordance with Decision No. 1748/QĐ-BXD dated 26 December 2003 of the Minister of Construction on the transfer of Vietnam-Italy Steel Plant owned by Song Da 12 Company - Song Da Corporation into Joint Stock Company.

The Company was granted Enterprise Registration and Tax Registration Certificate No. 0900222647 by the Department of Planning and Investment of Hung Yen province. According to the 16th amendment dated 16 July 2018 (merger of Song Da Steel Joint Stock Company, business code 0200763016), the Company's chartered capital is VND 738,303,930,000, par value is VND 10,000 per share.

The Company's head office is located in Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, S.R. Vietnam.

Dependent entities of the Company as of 30 June 2019 include:

- Representative Office of Vietnam-Italy Steel Joint Stock Company in Hung Yen;
- Vietnam-Italy Steel Joint Stock Company – Hai Phong Branch;

The number of employees as at 30 June 2019 was 804 (as at 31 December 2018: 824).

Operating industry and principal activities

The principal activities of the Company are:

- Producing iron, steel, cast iron;
- Wholesale of metals and metal ores. Details: Iron, steel;
- Wholesale of machinery, equipment and other spare parts. Details: Wholesale of machinery, equipment and spare parts for producing iron, steel, cast iron;
- Other remaining business supporting services remaining not yet allocated. Details: Trading, importing and exporting materials, spare parts for steel industry;
- Manufacture of other metal products not elsewhere classified. Details: production of materials, equipment and spare parts for steel industry.

The principal activities of the Company is production and distribution of wire rods and bars from Ø6 to Ø 8 and D10 to D40, respectively.

Normal business cycle

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

Disclosure of information comparability in the interim financial statements

The comparative figures of the interim balance sheet and corresponding notes are the figures of the Company's audited financial statements for the year ended 31 December 2018.

The comparative figures of the interim income statement, interim cash flow statement and corresponding notes are the figures of the reviewed interim financial statements for the 6-month period ended 30 June 2018.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying interim 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 interim financial reporting.

The accompanying interim 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.

Accounting period

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

These interim financial statements are prepared for the 6-month period ended 30 June 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of interim financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting requires the Board of Directors 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 interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash comprise cash on hand and demand deposits.

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

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 more than six months, 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 realizable value. Costs comprise direct materials and where applicable, direct labor 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 realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. The Company uses perpetual method in inventory accounting.

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 realizable 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 comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations 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 their following estimated useful lives:

	<u>Current period</u>
	Years
Buildings and structures	10 - 30
Machinery and equipment	5 - 11
Motor vehicles, transmission equipment	6 - 8
Office equipment	4 - 5
Living plants	20

Intangible assets and amortization

Intangible assets represent land use right and computer software that are stated at cost less accumulated amortisation. Computer software is amortized using the straight-line method over the period of 5 years.

Intangible assets of the Company's branch in Hai Phong represent the amount of compensation for site clearance plant construction recorded as land use rights and are stated at cost less accumulated amortisation. Intangible assets are amortized on a straight-line basis over the remaining period of 29 years under land rental contract.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes service and related borrowing in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments include:

- Prepayments of office rentals are amortised in the interim income statement on a straight-line basis over the lease term.
- Goodwill represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of Song Da Steel Joint Stock Company at the date of acquisition. Goodwill is amortised on the straight-line basis over 10 years.
- Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

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.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

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 exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the interim income statement

Borrowing costs

Borrowing costs are recognised in the interim income statement in the period 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 period. Taxable profit differs from profit before tax as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the interim 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.

As at 30 June 2019, the Company had a loss that can be carried forward of VND 352,554,128,953. This loss will be determined depended on the inspection results of tax authorities and may be used to offset against the taxable profits of the following years but not exceeding 05 years from the year in which the loss was incurred. The utilisation of this loss depends on the future profitability of the Company. The Company has not recorded the deferred tax assets arising from this loss due to the uncertainty of timing of future profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period 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 their ultimate determination depends on the results of the tax authorities' examinations.

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

4. CASH

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	504,097,774	331,469,957
Bank demand deposits	20,402,163,636	21,022,267,207
	20,906,261,410	21,353,737,164

5. HELD-TO-MATURITY INVESTMENTS

		<u>Closing balance</u>		<u>Opening balance</u>
		VND		VND
	Cost	Carrying amount	Cost	Carrying amount
Held-to-maturity investments (i)	200,000,000,000	200,000,000,000	200,000,000,000	200,000,000,000

- (i) Represent deposits with the original terms of 6 months at commercial banks with interest rate at 7.1% p.a.

6. TRADE ACCOUNTS RECEIVABLE

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term trade receivables	692,148,939,669	628,862,467,660
- Dat Viet Steel Joint Stock Company	281,018,248,050	235,186,800,424
- Truong Phat Trade Investment and Development Company Limited	84,167,266,314	58,169,023,710
- Viet Yvestment Company Limited	82,394,162,825	103,754,191,212
- Thai Trung Steel Rolling Mill Joint Stock Company	63,157,677,990	-
- Phat Linh Trading and Service Production Joint Stock Company	57,805,380,267	50,478,363,473
- Nhat Nam Joint Stock Company	51,623,377,400	55,390,788,820
- SNG Vietnam Company Limited	10,849,711,790	40,163,974,818
- Ha Minh Trade and Services Joint Stock Company	-	10,220,668,839
- Lam Anh Trading Development Company Limited	15,044,494,391	24,736,157,967
- Others	46,088,620,642	50,762,498,397
b. Receivables from related parties (Details stated in Note 35)	102,154,638,396	225,982,556,351
	794,303,578,065	854,845,024,011

7. SHORT-TERM ADVANCE TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term advances to suppliers	5,211,292,254	10,842,102,608
- Viet Nhat Furnace Company Limited	-	3,680,700,000
- Quoc Bao Trading and Transportation Company Limited	1,732,075,730	-
- Danka Company Limited	1,139,416,993	-
- Others	2,339,799,531	7,161,402,608
b. Advances to related parties (Details stated in Note 35)	-	1,484,093,952
	5,211,292,254	12,326,196,560

8. OTHER RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a. Current		
- Receivables from scrap steel insufficiently delivered (i)	59,467,859,476	81,339,495,924
- Deposits and mortgages (ii)	21,514,253,045	65,712,057,103
- Receivables from Soc Son Steel Rolling Joint Stock Company (iii)	11,215,867,481	11,215,867,481
- Receivables from deposit interest	5,018,630,137	4,846,027,397
- Advances	3,114,571,869	2,970,238,711
- Other receivables	4,592,997,670	3,380,435,219
	104,924,179,678	169,464,121,835
b. Non-current		
- Receivables from construction of the route to the Hai Phong steel billet plant (iv)	10,591,428,201	10,591,428,201
	10,591,428,201	10,591,428,201
(i)	Representing the value of insufficient steel compared to the invoice of foreign suppliers arising at the Company's branch in Hai Phong (all invoice's amount is paid by Company's branch).	
(ii)	Representing deposits and mortgages at the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hai Duong Branch and Bank for Investment and Development of Vietnam - North Hung Yen Branch.	
(iii)	Representing the advance for Soc Son Steel Rolling Joint Stock Company (formerly known as Hung Yen Metal Joint Stock Company) but the contract is no longer feasible. The Company made provision for bad debt of 100% for this receivable (Note 09).	
(iv)	Representing the receivable from the People's Committee of Hai Phong City for the cost of the construction of the road to the steel billet plant in Hai Phong.	

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9. BAD DEBTS

	Closing balance				Opening balance	
	Cost	Recoverable amount	Provision	Overdue	VND	Overdue
- Soc Son Steel Rolling Joint Stock Company	11,215,867,481	-	11,215,867,481	Over 3 years	11,215,867,481	Over 3 years
- Song Da 10.6 and 10.3 Enterprises - Song Da 10 Joint Stock Company	6,175,424,793	-	6,175,424,793	Over 3 years	5,267,797,355	Over 3 years
- Hai Nam Materials Trading and Import-Export Joint Stock Company	901,518,637	-	901,518,637	Over 3 years	901,518,637	Over 3 years
- Tay Nguyen Branch - Song Da 10.1 Joint Stock Company	5,251,819,402	-	5,251,819,402	Over 3 years	4,944,895,522	Over 3 years
- Song Da 3 Joint Stock Company	16,541,232,727	-	16,541,232,727	Over 3 years	16,541,232,727	Over 3 years
- Song Da 6.03 Enterprise - Song Da 6 Joint Stock Company	384,716,863	-	384,716,863	Over 2 years	384,716,863	Over 2 years
- Quoc Bao Materials and Trading Co., Ltd.	1,732,075,730	-	1,732,075,730	Over 3 years	2,121,805,298	Over 3 years
- L.A Scrap Export INC	27,906,689,385	-	27,906,689,385	Over 3 years	27,816,590,302	Over 3 years
- United Metals FZE	2,582,251,446	-	2,582,251,446	Over 3 years	2,573,914,431	Over 3 years
- Little Rose	1,699,021,488	-	1,699,021,488	Over 3 years	1,699,021,488	Over 3 years
- Global Metcorp Limited	1,249,224,146	-	1,249,224,146	Over 3 years	1,245,190,921	Over 3 years
- Kawamin Pacific Pte Ltd	1,258,541,467	-	1,258,541,467	Over 3 years	1,254,478,160	Over 3 years
- Others	26,518,724,400	2,549,678,409	23,969,045,991		23,660,580,820	22,455,588,240
	103,417,107,965	2,549,678,409	100,867,429,556		102,192,161,323	98,422,617,425

As at 30 June 2019, the Company made provision for bad debts according to guidance in Circular No. 228/2009/TT-BTC dated 02 February 2009 of the Ministry of Finance. Recoverable amount of bad debts is determined at cost less provision for debts.

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
Goods in transit	73,176,232,310	(226,434,175)	37,359,615,710	(2,188,835,252)
Raw materials	747,588,572,758	(18,604,670,472)	703,211,020,263	(49,165,794,645)
Tools and supplies	2,463,891,938	-	1,499,659,932	-
Finished goods	287,108,127,384	(5,062,836,826)	201,072,213,942	(21,596,227,546)
Merchandise	268,580,328	(7,030,788)	3,147,310	-
	1,110,605,404,718	(23,900,972,261)	943,145,657,157	(72,950,857,443)

During the period, the Company reverted provisions for devaluation of raw materials amounting to VND 30,561,124,173 (6-month period ended 30 June 2018: made provision of VND 4,259,409,022), devaluation of goods in transit amounting to VND 1,962,401,077 (6-months period ended 30 June 2018: VND 0) and devaluation of finished goods amounting to VND 16,533,390,720 (6-month period ended 30 June 2018: made provision of VND 251,334,947).

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
- Factory equipment and tools	9,754,433,347	9,615,777,631
- Others	4,107,157,494	183,330,980
	13,861,590,841	9,799,108,611
b. Non-current		
- Office rental at HH4 Building, My Dinh	32,148,830,004	32,544,102,504
- Goodwill (i)	41,707,357,421	48,856,180,337
- Others	11,884,459,800	18,301,571,644
	85,740,647,225	99,701,854,485

- (i) Goodwill arising on the acquisition of Song Da Steel Joint Stock Company into the Company. Goodwill is amortized over a period of 10 years from 2012.

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

	Opening balance	Payable/Receivable during the period	Paid/Received during the period	Closing balance
	VND	VND	VND	VND
a Receivables				
Corporate income tax	5,533,082,063	-	-	5,533,082,063
Others	1,877,731,569	-	-	1,877,731,569
	7,410,813,632	-	-	7,410,813,632
b Payables				
Value added tax	-	98,947,085,392	98,947,085,392	-
- Output value added tax	-	3,026,478,052	3,026,478,052	-
- Value added tax on imported goods	-	95,842,703,196	95,842,703,196	-
- Value added tax paid on behalf of foreign contractors	-	77,904,144	77,904,144	-
Import tax	-	2,390,829,273	2,390,829,273	-
Land rentals	-	726,302,200	726,302,200	-
Other taxes	883,495,354	1,291,764,421	1,307,641,678	867,618,097
- Personal income tax	883,495,354	1,279,580,192	1,295,457,449	867,618,097
- Resources tax	-	5,809,800	5,809,800	-
- License tax	-	4,000,000	4,000,000	-
- Others	-	-	-	-
	883,495,354	103,355,981,286	103,371,858,543	867,618,097

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13. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles and transmission equipment	Office equipment	Living plants	Total
	VND	VND	VND	VND	VND	VND
COST						
Opening balance	518,029,239,667	805,074,529,154	69,586,485,329	2,901,254,030	928,210,158	1,396,519,718,338
New purchases	-	1,234,024,800	5,084,440,000	-	-	6,318,464,800
Transfer from construction in progress	2,079,717,969	25,007,634,990	-	-	-	27,087,352,959
Other decreases	-	(132,200,224)	(74,833,733)	-	-	(207,033,957)
Closing balance	520,108,957,636	831,183,988,720	74,596,091,596	2,901,254,030	928,210,158	1,429,718,502,140
ACCUMULATED DEPRECIATION						
Opening balance	304,139,973,032	697,958,722,044	57,740,335,187	1,302,576,061	355,702,315	1,061,497,308,639
Charge for the period	15,491,601,205	28,406,246,390	1,359,696,298	181,894,596	23,205,252	45,462,643,741
Other decreases	-	(132,200,224)	(74,833,733)	-	-	(207,033,957)
Closing balance	319,631,574,237	726,232,768,210	59,025,197,752	1,484,470,657	378,907,567	1,106,752,918,423
NET BOOK VALUE						
Opening balance	213,889,266,635	107,115,807,110	11,846,150,142	1,598,677,969	572,507,843	335,022,409,699
Closing balance	200,477,383,399	104,951,220,510	15,570,893,844	1,416,783,373	549,302,591	322,965,583,717

As at 30 June 2019, the cost of tangible fixed assets includes of VND 378,565,556,583 (as at 31 December 2018: VND 370,306,879,650) of assets which have been fully depreciated but are still in use.

As stated in Note 20, as at 30 June 2019, imported machinery and equipment of the steeling rolling plant and the entire of works, machinery and equipment of coal gasification station of the steel rolling plant of the Company in Pho Noi A Industrial Park have been mortgaged to secure short-term bank loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Hung Yen Branch. As at 30 June 2019, these assets have been fully depreciated.

As described in Note 20, as at 30 June 2019, properties are buildings, structures; machinery and equipment, motor vehicles of the Company in Hai Phong Branch - Nam Cau Kien Industrial Zone, Hoang Dong Commune, Thuy Nguyen District, Hai Phong city under the mortgage contract No. 160080A/TC/NHNTHD dated 13 February 2017; 160080B/TC/NHNTHD dated 7 November 2016; 160080C/TC/NHNTHD dated 7 November 2016 have been mortgaged to secure short-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hai Duong Branch. The total remaining value of the mortgage is VND 448,172,083,000 according to latest valuation report of the bank dated 28 November 2018.

14. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
COST			
Opening balance	10,169,135,751	1,000,000,000	11,169,135,751
Closing balance	10,169,135,751	1,000,000,000	11,169,135,751
ACCUMULATED AMORTISATION			
Opening balance	2,934,215,636	199,999,995	3,134,215,631
Charge for the period	175,329,924	99,999,996	275,329,920
Closing balance	3,109,545,560	299,999,991	3,409,545,551
NET BOOK VALUE			
Opening balance	7,234,920,115	800,000,005	8,034,920,120
Closing balance	7,059,590,191	700,000,009	7,759,590,200

The Company's land use rights include the value of land use rights in Hai Phong, representing the expenses for land compensation and site clearance for construction of the plant in Hai Phong. The land use rights are amortised under the straight-line basis over the remaining lease term of 29 years.

15. LONG-TERM ASSETS IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Long-term construction in progress		
- Acquisition	100,774,182	2,378,856,993
- Construction	14,331,483,731	14,335,646,331
- Maintenance	3,960,681,903	2,939,224,969
	18,392,939,816	19,653,728,293
<i>In which (Detail by significant works accounts for over 10% of total value)</i>		
- Construction of Housing area for staff in Thien Huong town (Hai Phong Branch)	9,801,730,421	9,724,953,421

16. LONG-TERM ASSETS IN PROGRESS

Represent materials and spare parts reserved for replacement and prevention for damage of the billet and steel production line with a reserve time of over 12 months.

17. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
a. Short-term trade payables	147,215,541,502	147,215,541,502	322,026,201,095	322,026,201,095
- Viet Trung Metallurgy and Mineral Company Limited	95,214,179,324	95,214,179,324	61,367,626,024	61,367,626,024
- Thai Trung Steel Rolling Mill Joint Stock Company	14,406,440,808	14,406,440,808	154,358,322,668	154,358,322,668
- RHI Refractories Asia Pacific Pte. Ltd	283,179,493	283,179,493	16,426,432,574	16,426,432,574
- Shinsho Corporation	-	-	26,281,426,067	26,281,426,067
- Power Construction Joint Stock Company No. 1	-	-	24,528,115,975	24,528,115,975
- Others	37,311,741,877	37,311,741,877	39,064,277,787	39,064,277,787
b. Trade payables to related parties (Details stated in Note 35)	12,574,967,810	12,574,967,810	105,346,569,831	105,346,569,831
	159,790,509,312	159,790,509,312	427,372,770,926	427,372,770,926

18. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Trade discount payables	7,327,340,282	6,166,088,120
Transportation, repair expense	1,406,675,792	1,312,249,405
Accruals for loan interest	824,353,751	1,057,521,711
Electricity expense	813,665,867	983,777,559
Accruals of vacation leave	647,083,319	768,583,231
Refractory materials expense	15,685,490,655	-
Others	1,439,788,588	1,678,404,705
	28,144,398,254	11,966,624,731

19. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
a. Current payables	98,262,876,334	66,117,156,667
- Refractory materials expenses	29,594,667,678	44,340,074,483
- Import costs	470,094,505	17,348,679,799
- Short-term deposits received	964,096,723	1,264,096,723
- Dividends and profits payable	281,129,388	281,129,388
- Salary based accruals	-	35,634,009
- Upas LC payables	65,513,964,658	-
- Others	1,438,923,382	2,847,542,265
b. Other payables with related parties (Details stated in Note 35)	450,979,069	-
	98,713,855,403	66,117,156,667

20. SHORT-TERM LOANS

	Opening balance		In the year		Closing balance	
	Amount	VND	Increases	Decreases	Amount	VND
Short-term loans	1,444,910,743,249	Amount able to be paid off	2,908,418,396,004	2,531,197,711,363	1,822,131,427,890	Amount able to be paid off
	1,444,910,743,249	1,444,910,743,249	2,908,418,396,004	2,531,197,711,363	1,822,131,427,890	1,822,131,427,890
Bank			Credit limit period		Closing balance	Opening balance
					VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hai Duong Branch			Until 30 November 2019		-	573,077,760,290
Vietnam Joint Stock Commercial Bank for Industry and Trade - Hung Yen Branch			Until 31 May 2019		-	334,784,195,121
Mizuho Bank, Ltd - Hanoi Branch			Until 23 January 2020		418,696,348,218	225,448,371,404
Joint Stock Commercial Bank for Investment and Development of Vietnam - North Hung Yen Branch			Until 15 May 2020		268,722,898,382	174,294,911,743
Sumitomo Mitsui Banking Corporation - Hanoi Branch			Until 22 January 2020		562,593,861,828	-
MUFG Bank, Ltd - Hanoi Branch			Until 23 January 2020		572,118,319,462	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Hung Yen Branch			Until 31 March 2019		-	137,305,504,691
					1,822,131,427,890	1,444,910,743,249

Short-term loans are provided in the form of a credit line. These loans can be withdrawn in Vietnam dong or other convertible foreign currencies and bear interest at the rates as agreed between the Company and the banks at each time of withdrawal. The loans are used to pay for purchase of materials and other purposes for business operations. Interest is paid monthly or weekly for Mizuho Bank, Sumitomo Mitsui Banking Corporation, MUFG Bank and monthly for other banks.

Loans at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hai Duong Branch are secured by properties including buildings, structures; machinery and equipment, motor vehicles of the Company in Hai Phong Branch - Nam Cau Kien Industrial Zone, Hoang Dong Commune, Thuy Nguyen District, Hai Phong City under the mortgage contract No. 160080A/TC/NHNTD dated 13 February 2017; 160080B/TC/NHNTD dated 7 November 2016; 160080C/TC/NHNTD dated 07 November 2016. The total remaining value of the mortgage is VND 448,172,083,000 according to latest valuation report of the bank dated 28 November 2018.

Loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Hung Yen Branch are secured by assets which are all machinery and equipment imported for the steel rolling plant and all construction works, machinery and equipment of the Company's coal gasification station of the steel rolling plant in Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province. Under the mortgage contract No. 300054100-03/HDTC/Vietinbank-VIS dated 27 September 2012 and amendments between Vietnam Joint Stock Commercial Bank for Industry and Trade - Hung Yen Branch and the Company, the original cost of collateral is VND 224,909,995,046. As at 30 June 2019, all of the mortgage assets have been fully depreciated.

Loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - North Hung Yen Branch are secured by Standby Letter of Credit - SBLC No. AG-051-003515 dated 18 January 2019 issued by RESONA BANK, LTD., TOKYO ("Guarantor"), which has registered office at 2-1, Bingomachi 2-Chome, Chuo-Ku, Osaka, Japan.

Loans from Mizuho Bank, Ltd - Hanoi Branch are secured by the guarantee letter of Parent Company, Kyoei Steel, Ltd., the maximum loan term is 12 months. The maintenance period of the credit limit is on 23 January 2020. Unless the bank has notification of terminating contract according to decision of the bank on or by credit limit remaining date, the loan contract is automatically extended for 12 months.

Loans from Sumitomo Mitsui Banking Corporation - Hanoi city Branch is secured by the guarantee letter of Parent Company, Kyoei Steel, Ltd, the maximum loan term is 12 months. The maintenance period of the credit limit is until 22 January 2020 inclusive. The extension of the credit limit is periodically reviewed according to the bank's regulations.

Loans from MUFG Bank, Ltd. - Hanoi city Branch are secured by the guarantee letter of Parent Company, Kyoei Steel, Ltd, the maximum loan term is 12 months. The maintenance period of the credit limit is until 23 January 2020 and will automatically be renewed for consecutive one-year terms, unless otherwise notified by the bank to the Company.

21. OWNERS' EQUITY

For the 6-month period ended 30 June 2018

	Owners' contributed capital	Share premium	Other owners' capital	Investment and development fund	Accumulated losses	Total
	VND	VND	VND	VND	VND	VND
Prior year's opening balance	738,303,930,000	123,194,121,321	8,835,568,717	173,215,412,737	43,494,792,624	1,087,043,825,399
Loss for the period	-	-	-	-	(66,156,862,324)	(66,156,862,324)
Allocated to bonus and welfare funds	-	-	-	-	(6,579,596,124)	(6,579,596,124)
Dividend declared	-	-	-	-	(36,915,196,500)	(36,915,196,500)
Prior period's closing balance	738,303,930,000	123,194,121,321	8,835,568,717	173,215,412,737	(66,156,862,324)	977,392,170,451

For the 6-month period ended 30 June 2019

	Owners' contributed capital	Share premium	Other owners' capital	Investment and development fund	Accumulated losses	Total
	VND	VND	VND	VND	VND	VND
Current period's opening balance	738,303,930,000	123,194,121,321	8,835,568,717	173,215,412,737	(326,252,176,277)	717,296,856,498
Loss for the period	-	-	-	-	(65,810,543,242)	(65,810,543,242)
Current period's closing balance	738,303,930,000	123,194,121,321	8,835,568,717	173,215,412,737	(392,062,719,519)	651,486,313,256

Charter capital

According to the 16th amended Enterprise Registration Certificate dated 16 July 2018, the Company's charter capital is VND 738,303,930,000.

As at 30 June 2019, the charter capital has been fully contributed by the shareholders as follows:

Shareholders	Ownership rate		Contributed capital	
	Closing balance	Opening balance	Closing balance	Opening balance
	%	%	VND	VND
- Kyoei Steel Ltd.	73.81%	73.81%	544,906,770,000	544,906,770,000
- Thai Hung Trading Joint Stock Company	20.00%	20.00%	147,670,050,000	147,670,050,000
- Others	6.19%	6.19%	45,727,110,000	45,727,110,000
	100%	100%	738,303,930,000	738,303,930,000

Shares	Closing balance	Opening balance
Number of shares issued to the public	73,830,393	73,830,393
Ordinary shares	73,830,393	73,830,393
Preference shares	-	-
Number of outstanding shares in circulation	73,830,393	73,830,393
Ordinary shares	73,830,393	73,830,393
Preference shares	-	-

22. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
	VND	VND
Foreign currency		
United States Dollar ("USD")	30,566	54,090
Euro ("EUR")	336	357
Japanese Yen ("JPY")	137,024	137,024
Assets held under trust	17,497,852,472	12,631,484,881

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Company is currently organized into two business divisions: Steel billet production at Hai Phong branch and steel rolling and distribution of finished products in Hung Yen. The Company prepared segment report by these two divisions.

The principal activities of the two business divisions are as follows:

- Steel billet production at Hai Phong branch: steel billet from steel scrap.
- Steel rolling and distribution of finished products at the Company's head office in Hung Yen: rolling steel billets and distributing finished steel products to the market.

The information about the business activities of the Company is as follows:

CURRENT PERIOD

Items	Headquarter at Hung Yen	Hai Phong Branch	Offset	Total
	VND	VND	VND	VND
Assets				
Segment assets	3,124,180,691,579	888,925,574,866	(1,238,264,400,808)	2,774,841,865,637
Total assets				2,774,841,865,637
Liabilities				
Segment liabilities	2,033,180,283,944	1,328,210,447,472	(1,238,035,179,035)	2,123,355,552,381
Total liabilities				2,123,355,552,381
				-
Net sales	3,323,283,633,281	1,375,171,852,902	(2,336,835,811,837)	2,361,619,674,346
Cost of sales	3,310,883,879,158	1,374,812,529,190	(2,335,801,319,327)	2,349,895,089,021
Segment income	12,399,754,123	359,323,712	(1,034,492,510)	11,724,585,325
Operating expense	31,275,641,740	8,190,582,296	-	39,466,224,036
(Losses) from operation	(18,875,887,617)	(7,831,258,584)	(1,034,492,510)	(27,741,638,711)
Financial income	8,577,022,055	491,418,036	-	9,068,440,091
Financial expense	11,135,112,691	33,213,587,854	-	44,348,700,545
Other (losses)	(1,630,236,110)	(1,158,407,967)	-	(2,788,644,077)
(Losses) before tax	(23,064,214,363)	(41,711,836,369)	(1,034,492,510)	(65,810,543,242)
Corporate income tax expense	-	-	-	-
(Losses) after tax	(23,064,214,363)	(41,711,836,369)	(1,034,492,510)	(65,810,543,242)

PRIOR PERIOD

Items	Headquarter at Hung Yen	Hai Phong Branch	Offset	Total
	VND	VND	VND	VND
Assets				
Segment assets	2,296,089,727,596	790,873,558,522	(647,234,226,085)	2,439,729,060,033
Total assets				2,439,729,060,033
Liabilities				
Segment liabilities	1,026,932,694,835	1,080,061,432,781	(644,657,238,034)	1,462,336,889,582
Total liabilities				1,462,336,889,582
Net sales	2,623,291,045,228	2,207,421,687,168	(2,156,334,335,826)	2,674,378,396,570
Cost of sales	2,585,372,383,480	2,228,684,654,017	(2,155,241,656,489)	2,658,815,381,008
Segment income	37,918,661,748	(21,262,966,849)	(1,092,679,337)	15,563,015,562
Operating expense	34,435,920,824	17,673,036,359	-	52,108,957,183
Profits/(losses) from operation	3,482,740,924	(38,936,003,208)	(1,092,679,337)	(36,545,941,621)
Financial income	11,385,553,914	4,630,960,357	-	16,016,514,271
Financial expense	9,482,695,594	36,000,000,000	-	45,482,695,594
Other (losses)	(56,937,008)	(87,802,372)	-	(144,739,380)
Profits/(losses) before tax	5,328,662,236	(70,392,845,223)	(1,092,679,337)	(66,156,862,324)
Corporate income tax expense	-	-	-	-
Profits/(losses) after tax	5,328,662,236	(70,392,845,223)	(1,092,679,337)	(66,156,862,324)

24. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current period VND	Prior period VND
Sales of merchandise and services		
- Sales of finished goods/merchandise	2,392,133,722,588	2,733,038,968,003
	2,392,133,722,588	2,733,038,968,003
In which:		
Revenue from related parties (Details stated in Note 35)	367,053,494,388	1,071,153,203,410
Deductions		
- Sales discount	30,439,276,242	16,421,202,533
- Sales return	74,772,000	42,239,368,900
	30,514,048,242	58,660,571,433

25. COST OF SALES

	Current period VND	Prior period VND
Cost of finished goods sold	2,349,895,089,021	2,658,815,381,008
	2,349,895,089,021	2,658,815,381,008

26. PRODUCTION COST BY NATURE

	Current period VND	Prior period VND
Raw materials and consumables	1,838,318,212,011	2,254,107,306,731
Labour	68,309,732,567	64,595,700,090
Depreciation and amortisation	45,548,390,815	45,205,276,798
Provisions	(46,605,073,051)	19,946,813,074
Out-sourced services	136,924,776,942	220,814,875,656
Other monetary expenses	8,612,799,821	7,577,041,618
	2,051,108,839,105	2,612,247,013,967

27. FINANCIAL INCOME

	Current period VND	Prior period VND
Bank and loan interest	6,993,889,253	10,836,762,031
Foreign exchange gain	1,572,708,294	5,179,752,240
Other financial income	501,842,544	-
	9,068,440,091	16,016,514,271

28. FINANCIAL EXPENSES

	Current period VND	Prior period VND
Interest expense	42,582,315,527	44,944,323,989
Foreign exchange loss	396,609,555	76,181,355
Other financial expenses	1,369,775,463	462,190,250
	44,348,700,545	45,482,695,594

29. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
General and administration expenses		
Labour cost	13,257,878,871	12,672,680,233
Provision expense	2,444,812,131	15,436,069,105
Out-sourced services	10,848,046,875	9,282,640,706
Other monetary expenses	7,513,988,435	6,342,681,749
	<u>34,064,726,312</u>	<u>43,734,071,793</u>
Selling expenses		
Labour cost	2,021,201,718	1,931,877,030
Out-sourced services	2,431,917,023	5,357,156,473
Other monetary expenses	948,378,983	1,085,851,887
	<u>5,401,497,724</u>	<u>8,374,885,390</u>

30. OTHER EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
Penalties received	215,573,050	41,687,008
Terminated projects' expense	1,617,636,363	-
Others	1,169,502,756	109,300,372
	<u>3,002,712,169</u>	<u>150,987,380</u>

31. CORPORATE INCOME TAX EXPENSES

	<u>Current period</u> VND	<u>Prior period</u> VND
Loss before tax	(65,810,543,242)	(66,156,862,324)
Adjustments for taxable profit		
<i>Add back: non-deductible expenses</i>	3,268,970,569	477,679,909
Taxable profit	(62,541,572,673)	(65,679,182,415)
<i>Taxable profit at normal tax rate of 20%</i>	-	-
Corporate income tax expense based on taxable profit	<u>-</u>	<u>-</u>

32. BASIC (LOSSES) PER SHARE

	<u>Current period</u>	<u>Prior period</u>
Accounting losses after corporate income tax (VND)	(65,810,543,242)	(66,156,862,324)
Losses to determine basic earning per share (VND)	(65,810,543,242)	(66,156,862,324)
Average ordinary shares in circulation for the period (share)	73,830,393	73,830,393
Basic losses per share (VND/share)	<u>(891)</u>	<u>(896)</u>

33. OTHER INFORMATION

According to the Decision of High People's Court of Hanoi city dated 12 October 2017, Hung Yen Metal Joint Stock Company (currently referred to as Soc Son Steel Rolling Joint Stock Company) has to pay about VND 17.9 billion to the Company. The Company is representing other receivables of VND 11.2 billion from Hung Yen Metal Joint Stock Company and made provision of 100% for this receivable (Note 09). The Company does not record the remaining receivable amounting to VND 6.7 billion because the Board of Directors assessed that recoverability ability of this amount is uncertain.

34. OPERATING LEASE COMMITMENTS

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Minimum operating expense charged to the interim income statement	1,121,574,700	1,042,498,700

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Minimum lease payment in the future under non-cancellable operating lease under the following terms:		
Within one year	1,532,282,108	1,372,752,108
In the second to fifth year inclusive	6,129,128,432	5,491,008,432
After five years	24,296,887,517	18,553,146,847
	<u>31,958,298,057</u>	<u>25,416,907,387</u>

The operating lease payments represent:

- Land rental in Hung Yen under the land lease contract No. 194/HD-TD dated 01 September 2017 between the People's Committee of Hung Yen province and the Company. Rental period is up to 01 March 2036.

- Land rental in Hai Phong under the land lease contract between the People's Committee of Hai Phong City and the Company. Rental period is from 08 May 2009 to 08 May 2039.

- Land rental for Social housing area Thien Huong, Thuy Nguyen, Hai Phong under the land lease contract between the People's Committee of Hai Phong City and the Company. Rental period is from 28 December 2018 to 15 February 2067.

35. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties	Relationship
Kyoei Steel Ltd.	Parent Company
Kyoei Steel Vietnam Company Limited	Affiliate
Thai Hung Trading Joint Stock Company	Major Shareholder
Thai Hung Trading Company Limited	Major shareholder's affiliate

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

	Current period	Prior period
	VND	VND
Sales	367,053,494,388	1,071,153,203,410
Thai Hung Trading Joint Stock Company	238,175,450,633	851,220,929,440
Kyoei Steel Vietnam Company Limited	19,039,215,245	219,932,273,970
Thai Hung Trading Company Limited	109,838,828,510	-
Purchases	248,284,832,206	1,641,158,663,379
Thai Hung Trading Joint Stock Company	234,940,758,664	1,641,158,663,379
Kyoei Steel Ltd.	215,239,783	-
Kyoei Steel Vietnam Company Limited	13,128,833,759	-

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



	Closing balance	Opening balance
	VND	VND
Receivables	102,154,638,396	225,982,556,351
Thai Hung Trading Joint Stock Company	58,811,282,462	205,159,352,457
Kyoei Steel Vietnam Company Limited	30,150,668,998	346,934,608
Thai Hung Trading Company Limited	13,192,686,936	20,476,269,286
Advance to suppliers	-	1,484,093,952
Kyoei Steel Vietnam Company Limited	-	1,484,093,952
Payables	12,574,967,810	105,346,569,831
Thai Hung Trading Joint Stock Company	12,386,162,050	58,950,593,941
Kyoei Steel Vietnam Company Limited	188,805,760	46,395,975,890
Other payables	450,979,069	-
Kyoei Steel Vietnam Company Limited	450,979,069	-

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

	Current period	Prior period
	VND	VND
Salaries, bonus and benefits in kind	1,809,588,651	2,002,092,397
	1,809,588,651	2,002,092,397


Pham Van Minh
Preparer


Dang Thi Tuyet Dung
Chief Accountant



Satoshi Sugino
Deputy General Director
Authorization letter No. 948/UQ-VIS
dated 21 December 2018

Hung Yen, 07 August 2019