



Grant Thornton

Financial statements and Independent Auditors' Report

Minda Industries Vietnam Company Limited

For the period from 1 January 2016 to 31 March 2016

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Report of the Board of Directors

The Board of Directors submits its report together with the audited financial statements of Minda Industries Vietnam Company Limited ("the Company") as at 31 March 2016 and for the period from 1 January 2016 to 31 March 2016.

Results of operations

The results of the Company's operations for the period from 1 January 2016 to 31 March 2016 are presented in the statement of income.

Auditors

The Company's financial statements for the period from 1 January 2016 to 31 March 2016 have been audited by Grant Thornton (Vietnam) Limited.

Board of Management and Board of Directors

The members of the Board of Management and Board of Directors during the period and up to the date of this report were:

Board of Management

Name	Position	Date appointed
Mr. Praveen Kumar Juneja	Member	30 July 2012

Board of Directors:

Name	Position	Date appointed
Mr. Neeraj Kumar	General Director	8 April 2013

The Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring the financial statements are properly drawn up to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the results of its operations and its cash flows for the period from 1 January 2016 to 31 March 2016. In preparing the financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of Vietnamese Accounting Standards and System and comply with relevant statutory requirements on preparation and presentation of the financial statements;
- maintain adequate accounting records and an effective system of internal control;
- prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and

- control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying Balance Sheet, Statement of Income and Statement of Cash Flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 March 2016 and the results of its operations and cash flows for the period from 1 January 2016 to 31 March 2016, in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements on preparation and presentation of the financial statements.

On behalf of the Board of Directors

Neeraj Kumar
General Director

Vinh Phuc, Vietnam
31 March 2016



Independent Auditors' Report

on the financial statements of

Minda Industries Vietnam Company Limited.

for the period from 1 January 2016f to 31 March 2016

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No. 15-11-202

To: The Board of Directors of Minda Industries Vietnam Company Limited

We have audited the accompanying financial statements of Minda Industries Vietnam Company Limited. ("the Company"), prepared on 31 March 2016, which comprise the balance sheet as at 31 March 2016 and the statement of income, statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages from 5 to 25.

Board of Directors' Responsibility for the Financial Statements

Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards and System and in compliance with the relevant statutory requirements on preparation and presentation of the financial statements, 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Auditors' Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Minda Industries Vietnam Company Limited, as of 31 March 2016, and of its financial performance and its cash flows for the period from 1 January 2016 to 31 March 2016 in accordance with Vietnamese Accounting Standards and System and relevant statutory requirements on preparation and presentation of the financial statements.

**GRANT THORNTON (VIETNAM) LIMITED**

Le The Viet

Auditor Practising Certificate

No. 0821-2014-068-1

Deputy General Director



Le Quang Hoa

Auditor's Practicing Certificate

No. 2587-2016-068-1

Auditor

Hanoi, Vietnam

6 May 2016

Balance sheet

as at 31 March 2016

	Notes	Code	31 March 2016 VND	31 December 2015 VND
ASSETS				
Current assets		100	61,834,620,720	57,292,894,270
Cash and cash equivalents	5	110	33,910,813,219	25,671,198,653
Cash		111	8,443,097,407	6,428,812,454
Cash equivalents		112	25,467,715,812	19,242,386,199
Short-term receivables		130	21,604,193,813	23,597,391,024
Short-term trade accounts receivable	6	131	18,445,118,534	20,353,640,554
Short-term prepayments to suppliers		132	2,677,689,135	2,652,189,410
Other short-term receivables		136	481,386,144	591,561,060
Inventories	7	140	6,113,223,601	7,905,142,915
Inventories		141	7,789,673,980	8,731,863,694
Provision for decline in value of inventories		149	(1,676,450,379)	(826,720,779)
Other current assets		150	206,390,087	119,161,678
Short-term prepaid expenses		151	205,567,241	88,320,890
Value added tax to be reclaimed		152	-	28,159,794
Taxes and amounts receivable from the State Budget		153	822,846	2,680,994
Non-current assets		200	30,300,042,461	31,345,782,401
Long-term receivables		210	63,294,000	55,405,000
Other long-term receivables		216	63,294,000	55,405,000
Fixed assets		220	30,053,892,329	31,082,727,029
Tangible fixed assets	8	221	23,023,294,018	24,007,376,341
- Historical cost		222	42,824,017,493	42,824,017,493
- Accumulated depreciation		223	(19,800,723,475)	(18,816,641,152)
Intangible fixed assets	9	227	7,030,598,311	7,075,350,688
- Historical cost		228	8,498,074,283	8,498,074,283
- Accumulated amortisation		229	(1,467,475,972)	(1,422,723,595)
Other non-current assets		260	182,856,132	207,650,372
Long-term prepaid expenses		261	182,856,132	207,650,372
Total assets		270	92,134,663,181	88,638,676,671

The notes set out from pages 10 to 25 form an integral part of these financial statements

Balance sheet (continued)

as at 31 March 2016

	Notes	Code	31 March 2016 VND	31 December 2015 VND
RESOURCES				
Liabilities		300	9,854,876,696	11,210,688,804
Current liabilities		310	9,854,876,696	11,210,688,804
Short-term trade accounts payable	10	311	5,282,449,544	7,410,240,439
Short-term advances from customers		312	1,341,787,500	-
Taxes and amounts payable to the State budget	11	313	1,631,577,261	562,572,170
Payable to employees	12	314	580,912,094	1,031,179,826
Short-term accrued expenses		315	35,000,000	713,421,144
Short-term borrowings	13	320	983,150,297	1,493,275,225
Owners' equity		400	82,279,786,485	77,427,987,867
Capital sources and funds	14	410	82,279,786,485	77,427,987,867
Paid-in capital	15	411	10,082,362,500	10,082,362,500
Retained earnings		421	72,197,423,985	67,345,625,367
- Cumulative undistributed profits of the previous years		421a	67,345,625,367	39,166,186,075
- Undistributed profits of the current period/year		421b	4,851,798,618	28,179,439,292
Total resources		440	92,134,663,181	88,638,676,671

Vinh Phuc, Vietnam
31 March 2016

Neeraj Kumar
General Director

Dao Ngoc Quan
Chief Accountant

Statement of income

For the period from 1 January 2016 to 31 March 2016

	Notes	Code	For the period from 1 January 2016 to 31 March 2016	For the year ended 31 December 2015
			VND	VND
				<i>(Reclassified)</i>
Gross sales	16	01	27,328,175,455	117,600,530,310
Less deductions:		02	(391,203)	(1,789,566,285)
Net sales		10	27,327,784,252	115,810,964,025
Cost of sales	17, 22	11	(18,478,428,705)	(75,064,837,513)
Gross profit		20	8,849,355,547	40,746,126,512
Income from financial activities	18	21	302,005,955	1,103,905,189
Expenses from financial activities	19	22	(132,466,448)	(366,214,968)
<i>Including: interest expense</i>		23	(13,295,545)	(108,037,394)
Selling expenses	20, 22	25	(276,243,919)	(1,144,582,150)
General and administrative expenses	21, 22	26	(2,460,666,394)	(9,352,297,321)
Operating profit		30	6,281,984,741	30,986,937,262
Other income		31	20,200,757	422,156,202
Other expenses		32	(9,383,488)	(722,388,840)
Profit/(loss) from other activities		40	10,817,269	(300,232,638)
Net accounting profit before tax	23	50	6,292,802,010	30,686,704,624
Current corporate income tax expense	23	51	(1,441,003,392)	(2,507,265,332)
Net profit after tax	14	60	4,851,798,618	28,179,439,292

Vinh Phuc, Vietnam
31 March 2016

Neeraj Kumar
General Director

Dao Ngoc Quan
Chief Accountant

The notes set out from pages 10 to 25 form an integral part of these financial statements

Statement of cash flows

(indirect method)

For the period from 1 January 2016 to 31 March 2016

	Notes	Code	For the period from 1 January 2016 to 31 March 2016 VND	For the year ended 31 December 2015 VND
Cash flows from operating activities				
Profit before tax		01	6,292,802,010	30,686,704,624
Adjustments for:				
Depreciation and amortisation		02	1,028,834,700	4,092,349,071
Increase/(Decrease) in provisions		03	849,729,600	(61,647,175)
Unrealised loss from foreign currency translations		04	36,611,110	102,549,440
Gain on investing activities		05	(242,127,554)	(570,191,403)
Interest expense		06	13,295,545	108,037,394
Operating profit before adjustments to working capital		08	7,979,145,411	34,357,801,951
Changes in accounts receivable		09	1,993,510,542	3,510,152,109
Changes in inventory		10	942,189,714	4,908,854,488
Changes in accounts payable (<i>excluding interest payable and CIT paid</i>)		11	(1,795,766,426)	(2,033,173,527)
Changes in prepaid expenses		12	(92,452,111)	239,002,961
Interest paid		14	(13,295,545)	(108,037,394)
Corporate income tax paid		15	(516,620,218)	(2,948,625,599)
Other cash outflows from operating activities		17	(7,889,000)	(11,105,000)
Cash generated from operating activities		20	8,488,822,367	37,914,869,989
Cash flows from Investing activities				
Acquisitions of fixed assets and other non-current assets		21	-	(1,016,329,422)
Proceeds from disposal of fixed assets and other non-current assets		22	-	369,090,909
Dividends, interest and other investment income		27	242,127,554	564,284,413
Net cash flows used in Investing activities		30	242,127,554	(82,954,100)

The notes set out from pages 10 to 25 form an integral part of these financial statements

Statement of cash flows (continued)

(indirect method)

For the period from 1 January 2016 to 31 March 2016

	Notes	Code	For the period from 1 January 2016 to 31 March 2016 VND	For the year ended 31 December 2015 VND
Cash flows from financing activities				
Repayments of loans' principals		34	(492,899,926)	(1,888,124,739)
Payments of dividends to investors		36	-	(14,673,405,610)
Net cash flows used in financing activities		40	(492,899,926)	(16,561,530,349)
Net increase in cash and cash equivalents		50	8,238,049,995	21,270,385,540
Cash and cash equivalents at beginning of the period/year	5	60	25,671,198,653	4,389,516,804
Effects of changes in foreign exchange rates		61	1,564,571	11,296,309
Cash and cash equivalents at end of the period/year	5	70	33,910,813,219	25,671,198,653

Vinh Phuc, Vietnam
31 March 2016

Neeraj Kumar
General Director

Dao Ngoc Quan
Chief Accountant

Notes to the financial statements

for the period from 1 January 2016 to 31 March 2016

1 Nature of operations

Minda Industries Vietnam Company Limited. ("the Company") is a sole member limited liability company established in Vietnam in accordance with Investment Certificate No. 192043000098 dated 28 May 2008 issued by the Vinh Phuc Industrial Zones Authority.

On 1 October 2009, the Company received first Amended Investment Certificate No. 192043000098 issued by Vinh Phuc Industrial Zones Authority to add its scopes of business activities.

On 30 July 2012, the Company's investors have resolved to split the Company into two companies named Minda Industries Vietnam Company Limited. ("MIVCL"), (previously named as Minda Vietnam Company Limited) and Minda Vietnam Automotive Company Limited ("MVACL"). The Company commenced the splitting procedures following the provisions of the Law on Enterprise.

On 10 September 2012, the Company obtained the second Amended Investment Certificate No. 192043000098 issued by Vinh Phuc Industrial Zones Authority to change the investor's information and the chartered capital.

On 8 April 2013, the Company received the third Amended Investment Certificate No. 192043000098 issued by Vinh Phuc Industrial Zones Authority to change its legal representative person.

On 24 June 2013, the Company obtained the fourth Amended Investment Certificate No. 192043000098 issued by Vinh Phuc Industrial Zones Authority to change its name from Minda Vietnam Company Limited to Minda Industries Vietnam Company Limited. (together referred as "the Investment Certificate").

The Investment Certificate is valid for 49 years from 28 May 2008.

The Company's head office and factory are located at Binh Xuyen Industrial Zone, Binh Xuyen District, Vinh Phuc Province, Vietnam.

The Company's principal activities are to (a) manufacture automotive components and parts for automobiles and motorcycles ("Activity (a)"); and (b) trade automotive components and parts for automobiles and motorcycles; trade raw materials for manufacturing automotive components and parts for automobiles and motorcycles; and trade machines and tools for manufacturing parts for automobiles and motorcycles ("Activity (b)").

The authorised investment and chartered capitals of the Company are VND48,000,000,000 and VND9,800,000,000 respectively.

As at 31 March 2016, the Company had 128 employees (31 December 2015: 140 employees)

2 Fiscal year and accounting currency

2.1 Fiscal year

The prior fiscal years of the Company were from 1 January to 31 December. From 1 January 2016, the Company changed its fiscal year to agree with the fiscal year of its investors. Thus, the financial statements as at 31 March 2016 and for the period from 1 January 2016 to 31 March 2016 have been prepared as a transitional fiscal year for the above purpose in accordance with Circular 200/2014/TT-BTC on issuance of the enterprise accounting system issued by the Ministry of Finance on 22 December 2014. Accordingly, the succeeding years will be from 1 April to 31 March.

2.2 Accounting currency

The financial statements are prepared in Vietnamese Dong ("VND").

3 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System, and relevant statutory requirements on preparation and presentation of the financial statements.

The financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than the SR of Vietnam. Furthermore their use is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

4 Accounting Policies

4.1 Foreign exchange

Transactions arising in currencies other than the reporting currency of VND are translated at the prevailing exchange rates at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at foreign currency buying rate and selling rate at the balance sheet date as quoted by commercial banks where the Company regularly trades. The foreign currency cash in banks at the balance sheet date are translated at buying rate of the bank where the Company opens the foreign currency account. Foreign exchange differences arising on translation are recognized as income or expense in the statement of operations.

4.2 Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam 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 reporting period. Actual results could differ from those estimates.

4.3 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash in banks as well as short-term highly liquid investments and bank deposits with maturity terms of not more than 3 months.

4.4 Accounts receivable

Receivables are measured at their net recoverable amount after provision for doubtful debts. The provision for doubtful debts is made based on the Management's assessment on indication that they might not be recoverable. Doubtful debts are written off when they are irrecoverable.

4.5 Inventories

Inventories, including work-in-process, are valued at the lower of cost and net realisable value. Cost comprises 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

determined primarily on the basis of first-in first-out basis cost. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution after making provision for damaged, obsolete and slow-moving items. An inventories provision is made for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

The Company applies the periodical method of accounting for inventory.

4.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

Cost

The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The initial cost of tangible fixed assets with attached equipment and spare parts for replacement is the total directly attributable costs of bringing the asset to its working condition for its intended use less the value of equipment and spare parts for replacement. Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the statement of income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of a tangible fixed asset beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of tangible fixed assets. The initial cost of tangible fixed assets transferred from construction in progress includes installation and trial operation costs less the value of products from trial production.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

	Years
Buildings and structures	25
Machinery and equipment	4 – 8
Vehicles	8
Furniture and equipment	4

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of tangible fixed assets.

4.7 Operating leases

Leases wherein substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments applicable to such leases are recorded in the results of operations as incurred.

4.8 Intangible fixed assets

Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial costs of land use rights comprise prepaid land rentals for the leased land with the Land Use Right Certificate issued by the Vinh Phuc People's Committee. Amortisation is provided on a straight-line basis over 47 years.

Computer software

The cost of computer software which is not an integral part of the related hardware is amortised on a straight-line basis over four (4) years.

4.9 Prepaid expenses**Tools and instruments**

Tools and instruments included assets held for use by the Company in the normal course of business whose costs of individual items are less than VND 30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years.

4.10 Payables and accrued expenses

Payables and accruals are recognised as amounts to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Borrowing costs

Borrowing costs comprising interest and related costs are recognised as an expense in the period in which they are incurred (even period of construction is less than 12 months), except for borrowing costs relating to the acquisition of tangible fixed assets that are incurred during the period of construction and installation of the assets, which are capitalised as a cost of the related assets.

4.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result from a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's reliable estimated of the expenditure required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

4.13 Employee benefits**Post-employment benefits**

Post-employment benefits are paid to retired employees of the Company by the Vietnam Social Insurance. The Company is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% of an employee's basic salary on a monthly basis. The Company has no further obligation to fund the post employment benefits of its employees.

Unemployment benefits

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Company is obliged to pay unemployment insurance at 1% of its salary fund used for payment of unemployment insurance for insurance participants and deduct 1% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

4.14 Dividend distribution

Dividend distribution to the Company's investor is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's investor.

4.15 Revenue

Goods sold

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding the ultimate receipt of the proceeds, the reasonable estimation of the associated costs of the sale or the possibility of the return of the goods.

Services rendered

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

4.16 Sales deductions

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

4.17 Current and deferred income tax

Liabilities and/or Current income tax assets comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of income.

Deferred income tax is calculated using the liability method base on temporary differences. This method compare the carrying amounts of assets and liabilities in the balance sheet with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against.

Deferred income tax assets and liabilities is determined, without discounting, at the tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most of changes in deferred income tax assets or liabilities are recognised as a component of tax expense in the statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

4.18 Related parties

Related parties include the investor and the ultimate parent company and its affiliates and associates.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4.19 Financial instruments

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC providing guidance on the application of International Financial Reporting Standards ("IFRS") on the disclosure of financial instruments ("Circular 210") which is effective for the financial years beginning on or after 1 January 2011.

As Circular 210 only requires disclosure of financial instruments in accordance with IFRS, recognition and measurement of these assets and liabilities on the Company's financial statements are still in accordance with Vietnamese Accounting Standards and System.

Classification

In accordance with Circular 210/2009/TT-BTC, the Company classifies its financial assets and financial liabilities in the following categories:

For financial assets:

- financial assets at fair value through profit or loss ("FVTPL")
- held-to-maturity ("HTM") investments
- available-for-sale ("AFS") financial assets
- loans and receivables

For financial liabilities:

- financial liabilities at FVTPL
- other financial liabilities at the amortised cost

4.20 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4.21 Subsequent events

Post-period-end events that provide additional information about a company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

4.22 Off-balance sheet items

Amounts which are defined as off-balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

5 Cash and cash equivalents

	31 March 2016	31 December 2015
	VND	VND
Cash		
Cash on hand	226,417,272	144,906,665
Cash in banks	8,216,680,135	6,283,905,789
	8,443,097,407	6,428,812,454
Cash equivalents		
Term bank deposits less than three months	25,467,715,812	19,242,386,199
	33,910,813,219	25,671,198,653

Cash and cash equivalents at 31 March 2015 included foreign currencies other than VND, as follows:

	31 March 2016	31 December 2015
- United states dollars (USD)	26,012	105,364

6 Trade accounts receivable

	31 March 2016	31 December 2015
	VND	VND
Short-term trade receivables		
PIAGGIO Viet Nam Co., LTD	5,028,673,039	8,982,139,697
PT Minda Trading- Customer Account	3,585,150,857	1,463,750,305
Sumi-Thai International Limited	3,719,861,922	3,255,331,836
Yamaha Motor Vietnam Ltd	2,916,436,150	4,024,947,708
Other trade accounts receivable	3,194,996,566	2,627,471,008
	18,445,118,534	20,353,640,554

7 Inventories

	31 March 2016		31 December 2015	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods-in-transit	686,987,437	-	451,876,511	-
Raw materials	4,115,420,667	(1,676,450,379)	5,037,493,876	(826,720,779)
Work in process	52,680,106	-	69,348,236	-
Finished goods	558,217,166	-	681,121,803	-
Merchandise	2,376,368,604	-	2,492,023,268	-
Total costs	7,789,673,980	(1,676,450,379)	8,731,863,694	(826,720,779)

Included in raw materials at 31 March 2016 was an amount of VND1,676,450,379 (31 December 2015: VND826,720,779) which had been provided for obsolete inventories.

Movements in the provision for inventories during the period/year were as follows:

	31 March 2016	31 December 2015
	VND	VND
1 January 2016	826,720,779	888,367,954
Increase in provision during the period/year	849,729,600	826,720,779
Reversal of provision	-	(888,367,954)
31 March 2016	1,676,450,379	826,720,779

8 Tangible fixed assets

	Buildings and structure	Machinery and equipment	Vehicles	Furniture and equipment	Total
	VND	VND	VND	VND	VND
Cost					
1 January 2016					
and 31 March 2016	21,582,791,653	19,365,053,980	1,344,127,314	532,044,546	42,824,017,493
Accumulated depreciation					
1 January 2016	(5,459,220,505)	(12,538,240,575)	(406,076,601)	(413,103,471)	(18,816,641,152)
Charge for the period	(236,430,342)	(675,087,969)	(56,559,417)	(16,004,595)	(984,082,323)
31 March 2016	(5,695,650,847)	(13,213,328,544)	(462,636,018)	(429,108,066)	(19,800,723,475)
Carrying amount					
1 January 2016	16,123,571,148	6,826,813,405	938,050,713	118,941,075	24,007,376,341
31 March 2016	15,887,140,806	6,151,725,436	881,491,296	102,936,480	23,023,294,018

At 31 March 2016, tangible fixed assets with original cost of VND16,829,092,063 were mortgaged as security for borrowings from Indovina Bank Ltd - Hanoi Branch (see Notes 13).

Included in the costs of tangible fixed assets were assets costing approximately VND266,677,900 which were fully depreciated as at 31 March 2016 (31 December 2015: VND266,677,900) but are still in active use.

9 Intangible fixed assets

	Land use right VND	Software VND	Total VND
Cost			
1 January 2016 and 31 March 2016	8,418,360,183	79,714,100	8,498,074,283
Accumulated amortisation			
1 January 2016	(1,343,009,495)	(79,714,100)	(1,422,723,595)
Charge for the period	(44,752,377)	-	(44,752,377)
31 March 2016	(1,387,761,872)	(79,714,100)	(1,467,475,972)
Carrying amount			
1 January 2016	7,075,350,688	-	7,075,350,688
31 March 2016	7,030,598,311	-	7,030,598,311

At 31 March 2016, intangible fixed assets with original cost of VND8,418,360,183 were mortgaged as security for long-term borrowing from Indovina Bank Ltd - Hanoi Branch (see Notes 13).

Included in the costs of intangible fixed assets were assets costing approximately VND79,714,100 which were fully depreciated as at 31 March 2016 (31 December 2015: VND79,714,100) but are still in active use.

10 Trade accounts payable

	31 March 2016 VND	31 December 2015 VND
Short-term trade payables		
MIL (Manesa)- Component account	1,149,602,939	1,319,472,506
PT Minda Asean Automotive - Component Acc	404,458,190	1,515,976,612
FC Co.,Ltd	506,018,480	447,629,820
HI-LEX VIET NAM CO.,LTD	737,440,000	499,537,500
Other trade accounts payable	2,484,929,935	3,627,624,001
	5,282,449,544	7,410,240,439

11 Taxes and amounts payable to the State Budget

	31 March 2016 VND	31 December 2015 VND
Corporate income tax	1,428,813,402	504,430,228
Personal income tax	123,364,737	58,141,942
Value added tax	79,399,122	-
	1,631,577,261	562,572,170

12 Payable to employees

	31 March 2016 VND	31 December 2015 VND
Salary	382,525,704	398,809,769
Bonus	198,386,390	461,436,905
Others	-	170,933,152
	580,912,094	1,031,179,826

13 Borrowings and finance lease liabilities**Borrowings**

	31 March 2016		During the period		31 December 2015	
	Amount	Afford to pay	Increase	Decrease	Amount	Afford to pay
	VND	VND	VND	VND	VND	
Short-term borrowings	983,150,297	983,150,297		(510,124,928)	1,493,275,225	1,493,275,225
Current portion of long-term borrowings -						
Repayable within 12 months	983,150,297	983,150,297		(510,124,928)	1,493,275,225	1,493,275,225

- (i) The long-term borrowing of USD700,000 was obtained from Indovina Bank Ltd-Hanoi Branch. The borrowing was secured by building and structures and land use right (see Notes 8 and 9). The borrowing bears interest at the rate of around 5% per annum and is repayable in 12 equal instalments started from 30 November 2013.

14 Owners' equity

	Paid in capital	Undistributed earnings	Total
	VND	VND	VND
Balance, 1 January 2015	10,082,362,500	53,839,591,685	63,921,954,185
Net profit for the year	-	28,179,439,292	28,179,439,292
Dividend paid	-	(14,673,405,610)	(14,673,405,610)
Balance, 31 December 2015	10,082,362,500	67,345,625,367	77,427,987,867
Balance, 1 January 2016	10,082,362,500	67,345,625,367	77,427,987,867
Net profit for the period	-	4,851,798,618	4,851,798,618
Balance, 31 March 2016	10,082,362,500	72,197,423,985	82,279,786,485

15 Paid-in capital

The Company's authorised and fully contributed chartered capitals are as follows:

Investor	Per Investment Certificate		Contribution as at 31 March 2016
	VND	%	VND
SAM Global Pte. Ltd.	9,800,000,000	100	10,082,362,500

SAM Global Pte. Ltd., the investor, is incorporated in Singapore.

16 Revenue

	Period from 1 January 2016	Year ended
	to 31 March 2016	31 December 2015
	VND	VND
Sales from manufacturing activities	23,202,534,184	100,082,451,719
Sales from trading activities	4,125,641,271	15,283,970,266
Sales from services rendered	-	2,234,108,325
	27,328,175,455	117,600,530,310

17 Cost of sales

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Cost of manufacturing activities	14,656,814,847	57,010,685,246
Cost of trading activities	3,821,613,858	15,325,518,653
Cost of services rendered	-	1,901,912,835
Provision for decline in value of inventories	-	826,720,779
	18,478,428,705	75,064,837,513

18 Income from financial activities

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Interest income from deposit	242,127,554	564,284,413
Realised gains from foreign exchange differences	59,878,401	539,620,776
	302,005,955	1,103,905,189

19 Expenses from financial activities

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Interest expense	13,295,545	108,037,394
Unrealised loss from foreign exchange differences	36,611,110	102,549,440
Realised loss from foreign exchange differences	82,559,793	155,628,134
	132,466,448	366,214,968

20 Selling expenses

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Forwarding expenses	276,243,919	1,143,238,775
Others	-	1,343,375
	276,243,919	1,144,582,150

21 General administration expenses

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Labour cost	1,569,297,790	5,640,640,441
Depreciation and amortisation	148,834,038	824,994,099
Outside service costs	742,534,566	2,886,662,781
	2,460,666,394	9,352,297,321

22 Operation costs by element

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Materials costs	11,920,879,399	52,269,116,299
Merchandise costs	3,821,613,858	15,325,518,653
Cost price for service duty	-	1,901,912,835
Labour costs	4,044,983,877	19,780,996,011
Depreciation and amortisation	1,028,834,700	4,092,349,071
Outside services expenses	1,509,116,842	6,125,929,299
	22,325,428,676	99,495,822,168

23 Corporate income tax**Applicable tax rates**

Under the terms of its Investment Certificate, for Activity (a) as described in Note 1 to financial statements, the Company has an obligation to pay the government corporate income tax ("CIT") at the rate of 15% of taxable profits in 12 years from the first year it operates, and 25% in succeeding years. The Company is allowed to be exempt from CIT for three (3) years starting from the first year it generates a taxable profit (2009 is first taxable profit year), and entitled to a 50% reduction in CIT for the seven (7) succeeding years.

Under the terms of its Investment Certificate, for Activity (b) as described in Note 1 to financial statements, the Company has an obligation to pay the Government CIT at the rate of 25% for the whole period of Company's operations.

According to the Amended CIT Law No.32/2013/QH13 dated 19 June 2013, the standard CIT rate is changed from 25% to 22% for the years 2014 and 2015, and 20% for succeeding years.

Current tax expense

Reconciliation of effective tax rate is as follows:

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Profit before tax	6,292,802,010	30,686,704,624
<i>Adjustments from accounting profit to taxable income</i>		
Unrealised foreign exchange (gain)/loss	28,140,040	(16,973,510)
Non-deductible expenses	17,371,800	125,072,803
Provisions for slow moving items	849,729,600	826,720,779
Realisation of prior year's unrealised foreign exchange loss	16,973,510	(32,141,192)
Taxable Income	7,205,016,960	31,589,383,504
Taxable income subject to CIT of 7.5%	-	31,065,261,634
Taxable income subject to CIT of 20%	7,205,016,960	-
Taxable income subject to CIT of 22%	-	524,121,870
Assessable Income	7,205,016,960	31,589,383,504
CIT expense at 7.5%	-	2,329,894,623
CIT expense at 20%	1,441,003,392	-
CIT expense at 22%	-	115,306,811
Adjustment on CIT of previous year (i)	-	62,063,898
Current tax expense	1,441,003,392	2,507,265,332

- (i) It represents additional corporate income tax expenses based on the results of tax audit for the years from 2012 to 2014.

The calculation of current CIT expenses is subject to the review and approval of the local tax authorities.

The deferred taxes have not been recorded in the balance sheet as at 31 March 2016 because the Company has no significant temporary differences as at 31 March 2016.

24 Directors' remuneration

During the period/year, members of the Board of Directors and other key management personnel received total remuneration as follows:

	Period from 1 January 2016 to 31 March 2016	Year ended 31 December 2015
	VND	VND
Salary and other benefits	487,258,092	1,518,376,913

25 Commitments

Operating leases

As at 31 March 2016 and 31 December 2015, the Company was committed under non-cancellable operating lease agreements in the following amounts:

	31 March 2016	31 December 2015
	VND	VND
Within the next year	744,327,936	663,589,542
Within two to five years	823,417,108	837,506,094
Over five years	3,393,358,221	3,594,632,307
	4,961,103,265	5,095,727,943

26 Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 27. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

26.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Company's transactions are carried out in Vietnamese dong. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US Dollars ("USD").

Foreign currency denominated financial assets and liabilities, translated into VND at the closing rate, are as follows.

	31 March 2016		31 December 2015	
	USD Equivalent to VND		USD	Equivalent to VND
Financial assets	428,605	9,540,747,300	353,519	7,968,311,949
Financial liabilities	(128,066)	(2,858,433,120)	(227,287)	(5,107,138,890)
Short-term exposure	300,539	6,682,314,180	126,232	2,861,173,059

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company's financial assets and financial liabilities and the USD/VND exchange rate.

It assumes a +/- 1% change of the USD/VND exchange rate for the year ended at 31 March 2016 (2015: +/-5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each balance sheet date.

If the US Dollar/VND exchange rate changed by +/-1% (2015: +/- 5%) then this would have had the following impact:

	Period from 1 January 2016 to 31 March 2016		Year ended 31 December 2015	
	VND +1%	VND -1%	VND +5%	VND -5%
Net result for the year	53,458,513	(53,458,513)	132,329,254	(132,329,254)
Equity	53,458,513	(53,458,513)	132,329,254	(132,329,254)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate sensitivity

Interest rate risk is the risk that the fair value (fair value interest rates risk) or future cash flows (cash flow interest rates risks) of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to cash flow interest rates risks in relation to interest expenses from borrowing subject to floating rates. The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +10% and -10% (2015: +/-10%), occurring from the beginning of the period/year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company's financial instruments subject to floating rates held at each balance sheet date. All other variables are held constant.

	Period from 1 January 2016 to 31 March 2016		Year ended 31 December 2015	
	VND +10%	VND -10%	VND +10%	VND -10%
Net result for the year	(36,106,280)	36,106,280	(38,193,369)	38,193,369
Equity	(36,106,280)	36,106,280	(38,193,369)	38,193,369

26.2 Credit risk

The Company's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	31 March 2016 VND	31 December 2015 VND
Classes of financial assets - carrying amounts		
Cash and cash equivalents	33,910,813,219	25,671,198,653
Trade and other receivables	18,989,798,678	21,000,606,614
	52,900,611,897	46,671,805,267

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

26.3 Liquidity risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 March 2016, the Company's liabilities have contractual maturities which are summarised below:

	Less than 1 year VND	From 1 – 5 years VND	Total VND
31 March 2016			
Trade payable	5,282,449,544	-	5,282,449,544
Other financial liabilities	1,599,062,391	-	1,599,062,391
	6,881,511,935	-	6,881,511,935
31 December 2015			
Trade payable	7,410,240,439	-	7,410,240,439
Other financial liabilities	3,237,876,195	-	3,237,876,195
	10,648,116,634	-	10,648,116,634

27 Financial assets and financial liabilities

Information on financial assets and financial liabilities, and their book values are presented below:

	31 March 2016 Carrying amount VND	31 December 2015 Carrying amount VND
Financial assets		
Loan and receivables		
Cash and cash equivalents	33,910,813,219	25,671,198,653
Trade and other receivables	18,989,798,678	21,000,606,614
	52,900,611,897	46,671,805,267
	31 March 2016 Carrying amount VND	31 December 2015 Carrying amount VND
Financial liabilities		
Other financial liabilities		
Trade payable	5,282,449,544	7,410,240,439
Other financial liabilities	1,599,062,391	3,237,876,195
	6,881,511,935	10,648,116,634

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance on determination of their fair values under Circular No 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 or Vietnamese Accounting Standards and Vietnamese Accounting Systems.

28 Corresponding figures

Certain corresponding figures have been reclassified to conform to the current period's presentation, as follow:

Income Statement as at 31 December 2015

	As previously reported VND	Reclassification VND	As reclassified VND
Cost of goods sold	(75,772,058,339)	707,220,826	(75,064,837,513)
Other income	1,129,377,028	(707,220,826)	422,156,202

The financial statements for the current period cover the period from 1 January 2016 to 31 March 2016. The corresponding amounts in the statements of income and cash flows and related notes to the financial statements cover the year ended 31 December 2015, and therefore may not be comparable with the amounts shown for the current period.

29 Subsequent event

No significant events have occurred since the reporting date which would impact on the financial position of the Company as disclosed in the Balance Sheet as at 31 March 2016 or on the result of its operation and its cash flows for the period then ended.

30 Authorisation of financial statements

The financial statements were approved by the Board of Directors and authorised for issue.

Vinh Phuc, Vietnam
31 March 2016

Neeraj Kumar
General Director

Dao Ngoc Quan
Chief Accountant

