

Financial statements and Independent Auditors' Report

Minda Industries Vietnam Company Limited

For the year ended 31 March 2018



Contents

	Page
Report of the Board of Directors	1
Independent Auditors' Report	3
Balance sheet	5
Statement of income	7
Statement of cash flows	8
Notes to the financial statements	9

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 2018 and for the year then ended.

Results of operations

The results of the Company's operations for the year ended 31 March 2018 are presented in the statement of income.

Auditors

The Company's financial statements for the year ended 31 March 2018 have been audited by Grant Thornton (Vietnam) Limited.

Board of Directors

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

Board of Management:	Position	Appointed on
Mr. Praveen Kumar Juneja	Chairman	30 July 2012
Board of Directors:	Position	Appointed on
Mr. Brij Mohan Sharma	General Director	1 May 2016

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 2018 and of the results of its operations and its cash flows for the year then ended. 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 2018 and the results of its operations and cash flows for the year then ended, 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,



Brij Mohan Sharma
General Director

Vinh Phuc, Vietnam
30 April 2018

Independent Auditors' Report

on the financial statements of
Minda Industries Vietnam Company Limited
for the year ended 31 March 2018

Grant Thornton (Vietnam) Limited
18th Floor,
Hoa Binh International Office Building,
106 Hoang Quoc Viet Street,
Cau Giay District, Hanoi,
Vietnam

T +84 24 3850 1686
F +84 24 3850 1688

No. 17-11-003-4

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 30 April 2018, which comprise the balance sheet as at 31 March 2018 and the statement of income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages from 5 to 23.

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System and relevant statutory requirements on preparation and presentation of the financial statements.

GRANT THORNTON (VIETNAM) LIMITED



Nguyen Tuan Nam
Auditor's Practicing Certificate No. 0808-2018-068-1
Deputy General Director



Bui Tran Phuong Minh
Auditor's Practicing Certificate No. 2595-2018-068-1
Auditor

Hanoi, Vietnam
30 April 2018

Balance sheet

as at 31 March 2018

	Notes	Code	31 March 2018 VND	31 March 2017 VND
ASSETS				
Current assets		100	61,881,050,185	60,025,266,694
Cash and cash equivalents	5	110	18,914,750,158	17,551,027,520
Cash		111	18,914,750,158	7,551,027,520
Cash equivalents		112	-	10,000,000,000
Short-term receivables		130	32,675,714,300	33,226,328,525
Short-term trade accounts receivable	6	131	31,681,576,995	32,289,429,982
Short-term prepayments to suppliers	7	132	431,089,425	569,513,152
Short-term lending		135	455,040,000	-
Other short-term receivables		136	108,007,880	367,385,391
Inventories	8	140	9,797,726,050	8,766,464,868
Inventories		141	10,716,716,835	10,442,915,247
Provision for decline in value of inventories		149	(918,990,785)	(1,676,450,379)
Other current assets		150	492,859,677	481,445,781
Short-term prepaid expenses		151	492,859,677	427,957,339
Taxes and amounts receivable from the State Budget		153	-	53,488,442
Non-current assets		200	29,413,085,326	32,147,674,620
Long-term receivables		210	5,000,000	5,000,000
Other long-term receivables		216	5,000,000	5,000,000
Fixed assets		220	29,029,617,236	31,890,380,934
Tangible fixed assets	9	221	22,357,037,941	25,038,792,131
- Historical cost		222	51,276,860,050	49,528,890,496
- Accumulated depreciation		223	(28,919,822,109)	(24,490,098,365)
Intangible fixed assets	10	227	6,672,579,295	6,851,588,803
- Historical cost		228	8,498,074,283	8,498,074,283
- Accumulated amortisation		229	(1,825,494,988)	(1,646,485,480)
Other non-current assets		260	378,468,090	252,293,686
Long-term prepaid expenses		261	378,468,090	252,293,686
Total assets		270	91,294,135,511	92,172,941,314

Balance sheet (continued)

as at 31 March 2018

	Notes	Code	31 March 2018 VND	31 March 2017 VND
RESOURCES				
Liabilities		300	13,326,496,165	13,340,614,734
Current liabilities		310	13,326,496,165	13,340,614,734
Short-term trade accounts payable	11	311	11,364,033,997	9,675,721,842
Taxes and amounts payable to the State budget	12	313	1,068,110,321	1,122,789,431
Payable to employees	13	314	735,770,805	809,014,610
Short-term accrued expenses		315	142,405,885	72,755,614
Other short-term payables		319	16,175,157	1,105,000,000
Provisions for short-term liabilities		321	-	555,333,237
Owner's equity				
Capital sources and funds		400	77,967,639,346	78,832,326,580
Paid-in capital	14, 15	410	77,967,639,346	78,832,326,580
Retained earnings	14	411	10,082,362,500	10,082,362,500
- Cumulative undistributed profits at end of the previous year		421a	67,885,276,846	68,749,964,080
- Undistributed profits of the current year		421b	34,617,464,080	31,987,263,984
Total resources		440	33,267,812,766	36,762,700,096
			91,294,135,511	92,172,941,314



Brij Mohan Sharma
General Director

Phung Van Minh
Chief Accountant

Statement of income

for the year ended 31 March 2018

	Notes	Code	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
Gross sales	17	01	162,633,584,367	154,181,389,876
Less deductions:		02	(1,780,208,463)	(1,069,718,324)
Net sales		10	160,853,375,904	153,111,671,552
Cost of sales	18,23	11	(109,205,547,492)	(99,888,205,998)
Gross profit		20	51,647,828,412	53,223,465,554
Income from financial activities	19	21	561,579,227	1,947,180,830
Expenses from financial activities	20	22	(54,642,770)	(558,632,180)
- Including: interest expense		23	-	(6,415,109)
Selling expenses	21,23	25	(1,639,723,186)	(1,767,087,172)
General and administrative expenses	22,23	26	(13,899,972,158)	(12,402,266,565)
Operating profit		30	36,615,069,525	40,442,660,467
Other income		31	226,878,483	595,029,260
Other expenses		32	(338,536,744)	(717,367,070)
Loss from other activities		40	(111,658,261)	(122,337,810)
Net accounting profit before tax	24	50	36,503,411,264	40,320,322,657
Current corporate income tax expense	24	51	(3,235,598,498)	(3,557,622,561)
Net profit after tax	14	60	33,267,812,766	36,762,700,096



Brij Mohan Sharma
General Director

Phung Van Minh
Chief Accountant


Statement of cash flows

for the year ended 31 March 2018 (indirect method)


	Notes	Code	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
Cash flows from operating activities				
Profit before tax		01	36,503,411,264	40,320,322,657
Adjustments for:				
Depreciation and amortisation		02	4,608,733,252	4,868,384,398
Decrease in provisions		03	(1,312,792,831)	555,333,236
Unrealised gain from foreign currency translations		04	(28,228,981)	(23,943,353)
Gain on investing activities		05	(354,652,658)	(804,969,419)
Interest expense		06	-	6,415,109
Operating profit before adjustments to working capital		08	39,416,470,046	44,921,542,628
Changes in accounts receivable		09	622,350,508	(11,596,017,658)
Changes in inventory		10	(273,801,588)	(2,653,241,267)
Changes in accounts payable		11	431,560,088	4,728,401,561
Changes in prepaid expenses		12	(191,076,742)	(291,827,652)
Interest paid		14	-	(6,415,109)
Corporate income tax paid		15	(3,123,327,580)	(4,376,536,562)
Cash generated from operating activities		20	36,882,174,732	30,725,905,941
Cash flows from investing activities				
Acquisitions of fixed assets		21	(1,747,969,554)	(6,704,873,003)
Dividends, interest and other investment income		27	354,652,658	804,969,419
Net cash flows used in investing activities		30	(1,393,316,896)	(5,899,903,584)
Cash flows from financing activities				
Repayments of loans' principals		34	-	(983,150,297)
Payments of dividends to investors		36	(34,132,500,000)	(40,210,160,000)
Net cash flows used in financing activities		40	(34,132,500,000)	(41,193,310,297)
Net increase in cash and cash equivalents		50	1,356,357,836	(16,367,307,940)
Cash and cash equivalents at beginning of the year		60	17,551,027,520	33,910,813,219
Effects of changes in foreign exchange rates		61	7,364,802	7,522,241
Cash and cash equivalents at end of the year	5	70	18,914,750,158	17,551,027,520

Vinh Phuc, Vietnam

30 April 2018



Brij Mohan Sharma
General Director



Phung Van Minh
Chief Accountant

Notes to the financial statements

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 and the following Amended Investment Certificate:

Amended Investment Certificate No.	Date
The first Amendment	1 October 2009
The second Amendment	10 September 2012
The third Amendment	8 April 2013
The fourth Amendment	24 June 2013

On 15 June 2016, the Company received the fifth Amended Business Registration Certificate No. 2500300453 issued by Department of Planning and Investment of Vinh Phuc Province to change its legal representative person.

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 2018, the Company had 177 employees (31 March 2017: 180 employees).

2. Fiscal year and accounting currency

2.1 Fiscal year

The Company's fiscal year starts on 1 April and ends on 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 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's People 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 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 No. 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 Branch 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. In accordance with the latest Decree No. 44/2017/ND-CP issued by the Government on 14 April 2017 with effective date from 1 June 2017, 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 17.5% 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

In accordance with Vietnamese regulations on labour code and the latest Decree No. 28/2015/ND-CP issued by the Government on 12 March 2015 with effective date from 1 January 2015 providing guidance on implementation of Law on Employment No. 38/2013/QH13 on unemployment insurance, 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 of the Company is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's investors.

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.

Interest income

Interest income is recognised in the statement of income on a time-proportion basis using the effective interest method.

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 companies 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-year-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-year-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 2018 VND	31 March 2017 VND
Cash		
Cash on hand	409,241,859	54,465,971
Cash in banks	18,505,508,299	7,496,561,549
	18,914,750,158	7,551,027,520
Cash equivalents		
Term bank deposits less than three months	-	10,000,000,000
	18,914,750,158	17,551,027,520

6. Trade accounts receivable

	31 March 2018 VND	31 March 2017 VND
Short-term trade receivables		
Piaggio Vietnam Co., Ltd	15,299,314,025	13,324,266,413
Sumi-Thai International Limited	4,770,128,259	2,783,218,176
Yamaha Motor Vietnam Ltd	4,052,740,611	7,893,999,280
Sojitz (Thailand) Co., Ltd	568,994,693	3,357,291,989
Other trade accounts receivable	1,396,545,155	1,423,227,088
	26,087,722,743	28,782,002,946
Trade accounts receivable from related parties (Note 25)		
PT Minda Asean Automotive - Customer Account	1,211,563,197	828,881,946
PT Minda Trading- Customer Account	4,382,291,055	2,678,545,090
	5,593,854,252	3,507,427,036
	31,681,576,995	32,289,429,982

7. Short-term prepayments to suppliers

	31 March 2018 VND	31 March 2017 VND
Short-term prepayments to related parties (Note 25)	431,089,425	565,011,866
Others short-term prepayments	-	4,501,286
	431,089,425	569,513,152

8. Inventories

	Cost VND	31 March 2018 Provision VND	Cost VND	31 March 2017 Provision VND
Goods-in-transit	3,368,863,356	-	1,685,057,674	-
Raw materials	4,408,363,280	(918,990,785)	4,300,877,834	(1,676,450,379)
Tools and supplies	-	-	5,200,000	-
Work in progress	32,729,923	-	312,030,005	-
Finished goods	801,005,837	-	1,389,937,270	-
Merchandises	2,105,754,439	-	2,749,812,464	-
	10,716,716,835	(918,990,785)	10,442,915,247	(1,676,450,379)

Included in raw materials as at 31 March 2018 was an amount of VND918,990,785 (31 March 2017: VND1,676,450,379) which had been provided for obsolete inventories.

The details of the movements in the provision for diminution in value of inventories during the period are as follows:

	31 March 2018	31 March 2017
	VND	VND
Opening balance	1,676,450,379	1,676,450,379
Increase in provision during the period	-	-
Reversal of provision	(757,459,594)	-
Closing balance	918,990,785	1,676,450,379

9. Tangible fixed assets

	Building and structure	Machinery and equipments	Vehicles	Furniture and equipments	Total
	VND	VND	VND	VND	VND
Cost					
1 April 2017	21,697,791,653	25,934,330,063	1,344,127,314	552,641,466	49,528,890,496
Acquisitions	959,912,360	788,057,194	-	-	1,747,969,554
31 March 2018	22,657,704,013	26,722,387,257	1,344,127,314	552,641,466	51,276,860,050
Accumulated depreciation					
1 April 2017	(6,635,292,723)	(16,670,230,908)	(688,873,686)	(495,701,048)	(24,490,098,365)
Depreciation expense	(902,545,392)	(3,279,753,074)	(226,237,668)	(21,187,610)	(4,429,723,744)
31 March 2018	(7,537,838,115)	(19,949,983,982)	(915,111,354)	(516,888,658)	(28,919,822,109)
Carrying amount					
1 April 2017	15,062,498,930	9,264,099,155	655,253,628	56,940,418	25,038,792,131
31 March 2018	15,119,865,898	6,772,403,275	429,015,960	35,752,808	22,357,037,941

Included in the costs of tangible fixed assets were assets costing approximately VND9,742,293,154 which were fully depreciated as at 31 March 2018 (31 March 2017: VND7,409,625,793) but are still in active use.

10. Intangible fixed assets

	Land use rights	Software	Total
	VND	VND	VND
Cost			
1 April 2017 and 31 March 2018	8,418,360,183	79,714,100	8,498,074,283
Accumulated amortisation			
1 April 2017	(1,566,771,380)	(79,714,100)	(1,646,485,480)
Amortisation expense	(179,009,508)	-	(179,009,508)
31 March 2018	(1,745,780,888)	(79,714,100)	(1,825,494,988)
Carrying amount			
1 April 2017	6,851,588,803	-	6,851,588,803
31 March 2018	6,672,579,295	-	6,672,579,295

Included in the costs of intangible fixed assets were assets costing approximately VND79,714,100 which were fully depreciated as at 31 March 2018 (31 March 2017: VND79,714,100) but are still in active use.

11. Trade accounts payable

	31 March 2018 VND	31 March 2017 VND
Short-term trade payables		
FC Co., Ltd	436,336,690	547,580,154
Hi-Lex Vietnam Co., Ltd	2,100,808,600	1,185,472,200
Other trade accounts payable	4,520,552,894	5,824,751,472
	7,057,698,184	7,557,803,826
Trade accounts payable to related parties (Note 25)		
MIL – Sonapat	47,101,111	-
MIL (Pune) - Component account	1,048,922,363	-
MIL (Manesa)- Component account	695,038,670	55,843,292
Minda Acoustic Limited	49,088,754	7,880,886
PT Minda Asean Automotive - Component Acc	1,003,309,246	1,210,934,422
PT Minda Asean Automotive - License Light	1,462,875,669	843,259,416
	4,306,335,813	2,117,918,016
	11,364,033,997	9,675,721,842

12. Taxes and amounts payable to the State Budget

	31 March 2018 VND	31 March 2017 VND
Taxes		
Value added tax	187,702,250	321,239,394
Personal income tax	113,933,068	191,650,636
Corporate income tax	722,170,319	609,899,401
Other taxes	44,304,684	-
	1,068,110,321	1,122,789,431

13. Payable to employees

	31 March 2018 VND	31 March 2017 VND
Salary	512,652,567	583,223,714
Bonus	223,118,238	225,790,896
	735,770,805	809,014,610

14. Owner's equity

	Paid-in capital VND	Retained earnings VND	Total VND
Balance, 1 April 2016	10,082,362,500	72,197,423,985	82,279,786,485
Net profit	-	36,762,700,096	36,762,700,096
Dividend paid (*)	-	(40,210,160,001)	(40,210,160,001)
Balance, 31 March 2017	10,082,362,500	68,749,964,080	78,832,326,580
Balance, 1 April 2017	10,082,362,500	68,749,964,080	78,832,326,580
Net profit	-	33,267,812,766	33,267,812,766
Dividend paid (**)	-	(34,132,500,000)	(34,132,500,000)
Balance, 31 March 2018	10,082,362,500	67,885,276,846	77,967,639,346

(*) Dividends

According to the Shareholder's Written Resolution dated 15 January 2016 and 5 September 2016, the Company declared to pay dividends for shareholders from cumulative undistributed profits after tax for the year ended 31 December 2014 and for the period from 1 January 2015 to 31 March 2016. The dividend has been distributed amounting to USD1,000,000 and USD800,000 respectively.

() Dividends**

According to the Shareholder's Written Resolution dated 25 July 2017 and 15 December 2017, the Company declared to pay dividends for shareholders from cumulative undistributed profits after tax for the year ended 31 March 2017. The dividend has been distributed amounting to USD1,000,000 and USD500,000, respectively.

15. Paid-in capital

The Company's authorised and contributed chartered capitals are:

Investor	Form of contribution	Per Investment Certificate		Contributed as at
		VND	%	31 March 2018 VND
SAM Global Pte. Ltd.	Cash	9,800,000,000	100	10,082,362,500

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

16. Off-balance sheet items

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

	31 March 2018	31 March 2017
United states dollars (USD)	128,634	37,798

17. Revenue

	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
Sales from manufacturing activities	131,380,925,876	125,075,992,433
Sales from trading activities	30,945,208,491	29,027,347,443
Sales from provide services	307,450,000	78,050,000
	162,633,584,367	154,181,389,876

18. Cost of sales

	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
Cost of manufacturing activities	82,220,369,383	75,072,385,464
Cost of trading activities	26,677,728,109	24,663,160,534
Cost of services rendered	307,450,000	152,660,000
	109,205,547,492	99,888,205,998

19. Income from financial activities

	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
Interest income from deposits	354,652,658	804,969,419
Realised gains from foreign exchange differences	28,228,981	1,118,268,058
Unrealised gains from foreign exchange differences	178,697,588	23,943,353
	561,579,227	1,947,180,830

20. Expenses from financial activities

	For the year ended 31 March 2018	For the year ended 31 March 2017
	VND	VND
Interest expenses	-	6,415,109
Realised gains from foreign exchange differences	54,642,770	552,217,071
	54,642,770	558,632,180

21. Selling expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
	VND	VND
Forwarding expenses	1,619,707,496	1,767,087,172
Other selling expenses	20,015,690	-
	1,639,723,186	1,767,087,172

22. General and administrative expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
	VND	VND
Labour costs	7,502,536,968	6,900,716,652
Depreciation and amortisation	552,303,552	595,465,029
Outside service costs	5,845,131,638	4,906,084,884
	13,899,972,158	12,402,266,565

23. Production and operation costs by element

	For the year ended 31 March 2018	For the year ended 31 March 2017
	VND	VND
Materials costs	57,910,657,829	65,193,127,094
Merchandise costs	26,677,728,109	24,663,160,534
Labour costs	23,332,781,473	19,633,328,368
Depreciation and amortisation	4,608,733,252	4,868,384,398
Outside services expenses	13,421,595,816	11,737,953,632
	125,951,496,479	126,095,954,026

24. 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

The breakdown of corporate income tax and expenses recognised in Statement of income are as follows:

	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
Profit before tax	36,503,411,264	40,320,322,657
<i>Adjustments from accounting profit to taxable income</i>		
Unrealised foreign exchange gain	(25,612,643)	(28,010,891)
Non-deductible expenses	670,025,361	111,493,019
Provisions for slow moving items	(757,459,594)	-
Realisation of prior year's unrealised foreign exchange gain/(loss)	28,010,891	(28,140,040)
Taxable income	36,418,375,279	40,375,664,745
Taxable income subject to CIT of 7.5%	33,030,841,159	36,140,083,104
Taxable income subject to CIT of 20%	3,387,534,120	4,235,581,641
Assessable income	36,418,375,279	40,375,664,745
CIT expense at 7.5%	2,477,313,087	2,710,506,233
CIT expense at 20%	677,506,824	847,116,328
Additional CIT of previous years	80,778,587	-
Current corporate income tax expenses	3,235,598,498	3,557,622,561
Corporate income tax payable at beginning of the year	609,899,401	1,428,813,402
Corporate income tax paid during the year	(3,123,327,580)	(4,376,536,562)
Corporate income tax payable at end of the year (Note 12)	722,170,319	609,899,401

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 2018 because the Company has no significant temporary differences as at 31 March 2018.

25. Related party transaction and balances

During the period, the following transactions with related parties were recognised:

Related party	Relationship	Nature of transaction	For the year ended 31 March 2018 VND	For the year ended 31 March 2017 VND
MIL - Sonapat	Affiliate	Purchases of raw materials	458,827,403	151,058,216
MIL (Pune)	Affiliate	Purchases of raw materials	5,580,116,021	4,606,003,895
		Others- paid on behalf by the Affiliate	327,907,582	117,605,231
		Others- paid on behalf by the Company	50,959,249	-
		Sales of goods	80,805,340	-
		Purchases of machineries and equipment	-	1,340,967,011
MIL (Manesa)	Affiliate	Purchases of raw materials	9,129,424,014	8,570,966,838
		Purchases of machineries and equipments	-	3,488,743,942
		Freight charge paid on behalf by the Affiliate	212,603,230	321,311,351
		Purchases of tools and supplies	-	7,639,093
		Training support fee	-	19,599,617
		Others- paid on behalf by the Affiliate	21,871,592	-
		Sales of goods	79,953,927	-
		Others paid on behalf by the Company	93,079,350	-

Related party	Relationship	Nature of transaction	For the year ended	For the year ended
			31 March 2018	31 March 2017
			VND	VND
Minda Acoustic Limited	Affiliate	Purchases of raw materials	209,239,188	291,376,435
PT Minda Trading - Customer Account	Affiliate	Sales of goods	16,111,248,209	13,169,863,243
		Others paid on behalf by the affiliate	88,274,806	37,592,285
PT Minda Asean Automotive - Component Acc	Affiliate	Purchases of raw materials	6,897,012,121	8,195,333,114
		Purchases of machineries and equipment	784,756,218	745,621,920
		Freight charge paid on behalf by the Affiliate	54,910,043	58,868,110
		Purchases of tools and supplies	-	10,248,800
		Others paid on behalf by the affiliate	15,398,309	-
		Others paid on behalf by the company	10,573,566	356,861,486
		Training support fee	-	19,850,537
PT Minda Asean Automotive - Customer Account	Affiliate	Sales of goods	5,904,015,643	1,721,207,131
		Others- paid on behalf by the Affiliate	1,797,345	2,690,048
PT Minda Asean Automotive - License Light	Affiliate	Purchases of raw materials	11,474,752,179	10,207,260,766
		Others- paid on behalf by the Affiliate	653,608	-

At 31 March, the following balances were outstanding with related parties:

Related parties	Relationship	Receivables	Prepayments	31 March 2018
				Payables
		VND	VND	VND
MIL – Sonapat	Affiliate	-	-	47,101,111
MIL (Pune) - Capital account	Affiliate	-	-	1,048,922,363
MIL (Manesa)- Component account	Affiliate	-	431,089,425	695,038,670
Minda Acoustic Limited	Affiliate	-	-	49,088,754
PT Minda Asean Automotive - Component Acc	Affiliate	-	-	1,003,309,246
PT Minda Asean Automotive - License Light	Affiliate	-	-	1,462,875,669
PT Minda Asean Automotive - Customer Account	Affiliate	1,211,563,197	-	-
PT Minda Trading- Customer Account	Affiliate	4,382,291,055	-	-
		5,593,854,252	431,089,425	4,306,335,813

Related parties	Relationship	Receivables	Prepayments	31 March 2017
				Payables
		VND	VND	VND
MIL (Pune) - Capital account	Affiliate	-	22,708,640	-
MIL (Manesa)- Component account	Affiliate	-	542,303,226	55,843,292
Minda Acoustic Limited	Affiliate	-	-	7,880,886
PT Minda Asean Automotive - Component Acc	Affiliate	-	-	1,210,934,422
PT Minda Asean Automotive - License Light	Affiliate	-	-	843,259,416
PT Minda Asean Automotive - Customer Account	Affiliate	828,881,946	-	-
PT Minda Trading- Customer Account	Affiliate	2,678,545,090	-	-
		3,507,427,036	565,011,866	2,117,918,016

26. Directors' remuneration

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
	VND	VND
Salary	2,101,354,318	2,295,171,923

27. Commitments

Operating leases

As at 31 March 2018, the Company was committed under non-cancellable operating lease agreements for in the following amounts:

	31 March 2018	31 March 2017
	VND	VND
Within the next year	73,991,240	370,849,422
Within two to five years	383,859,840	384,534,758
Over five years	3,086,872,880	3,388,712,558
	3,544,723,960	4,144,096,738

28. 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 29. 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.

28.1 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 2018		31 March 2017	
	USD	Equivalent to VND	USD	Equivalent to VND
Financial assets	656,462	15,123,975,417	472,159	10,722,730,890
Financial liabilities	(251,062)	(5,725,357,489)	(146,749)	(3,342,942,220)
Short-term exposure	405,400	9,398,617,928	325,410	7,379,788,670

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 US Dollar / VND exchange.

It assumes a +/- 1% change of the US-Dollar/VND exchange rate for the year ended at 31 March 2018 (31 March 2017: 2%). 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 VND had strengthened against the US Dollar by 1% (31 March 2017: 2%) then this would have had the following impact:

	Year ended 31 March 18		Year ended 31 March 2017	
	VND	VND	VND	VND
	+1%	-1%	+2%	-2%
Net result for the year	56,185,738	(56,185,738)	118,076,619	(118,076,619)
Equity	56,185,738	(56,185,738)	118,076,619	(118,076,619)

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 does not have any financial instruments that require measurement at fair value. Therefore, a change in interest rate risk does not impact the Company's financial statements in relation to fair value of the financial instruments.

28.2 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 2018	31 March 2017
	VND	VND
Classes of financial assets - carrying amounts		
Cash and cash equivalents	18,914,750,158	17,551,027,520
Trade and other receivables	32,249,624,875	32,661,815,373
	51,164,375,033	50,212,842,893

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.

28.3 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, the Company's liabilities have contractual maturities which are summarised below:

	Current			Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years
	VND	VND	VND	VND
31 March 2018				
Trade payables	11,364,033,997	-	-	-
Other short term financial liabilities	894,351,847	-	-	-
	12,258,385,844	-	-	-

	Within 6 months VND	Current 6 to 12 months VND	1 to 5 years VND	Non-current Over 5 years VND
31 March 2017				
Trade payables	9,675,721,842	-	-	-
Other short term financial liabilities	2,542,103,460	-	-	-
	12,217,825,302	-	-	-

29. Financial assets and financial liabilities

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

	31 March 2018 Carrying amount VND	31 March 2017 Carrying amount VND
Financial assets		
Loan and receivables:		
- Cash and cash equivalents	18,914,750,158	17,551,027,520
- Trade and Other receivables	32,249,624,875	32,661,815,373
	51,164,375,033	50,212,842,893
Financial liabilities		
Other financial liabilities :		
- Trade payable	11,364,033,997	9,675,721,842
- Other financial liabilities	894,351,847	2,542,103,461
	12,258,385,844	12,217,825,303

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.


30. 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 2018 or on the result of its operation and its cash flows for the period then ended.

31. Authorisation of financial statements

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

Vinh Phuc, Vietnam
30 April 2018
CÔNG NGHIỆP
MINDA
VIỆT NAM
H. BÌNH XUYỀN - T. VINH PHÚC
Brij Mohan Sharma
General Director


Phung Van Minh
Chief Accountant