

# HOA SEN GROUP

## SEPARATE FINANCIAL STATEMENTS

30 September 2017

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# HOA SEN GROUP

## THE GENERAL INFORMATION

### THE COMPANY

Hoa Sen Group ("the Company") is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate ("BRC") No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company's current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange with code HSG in accordance with the Decision No. 117/QD-SGDHCM dated 5 November 2008.

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and forty three (343) branches located in various provinces in Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are as follows:

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice Chairman
Mr Pham Gia Tuan	Member
Mr Tran Quoc Tri	Member
Mr Ly Van Xuan	Member

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are as follows:

Mr Le Vu Nam	Head of the Board
Mr Le Dinh Hanh	Member
Ms Dong Thi Thanh Hang	Member

### MANAGEMENT

Members of the Management during the year and at the date of this report are as follows:

Mr Tran Ngoc Chu	General Director	
Mr Hoang Duc Huy	Deputy General Director	
Mr Tran Quoc Tri	Deputy General Director	
Mr Vu Van Thanh	Deputy General Director	
Mr Nguyen Minh Khoa	Deputy General Director	
Mr Ho Thanh Hieu	Deputy General Director	
Mr Tran Quoc Pham	Deputy General Director	
Mr Nguyen Ngoc Huy	Acting Deputy General Director	appointed on 15 March 2017
Mr. Phan Duy Quang	Deputy General Director	resigned on 15 March 2017

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Le Phuoc Vu.

Mr. Tran Ngoc Chu is authorised by Mr. Le Phuoc Vu to sign the accompanying separate financial statements for the year ended 30 September 2017 in accordance with the Letter of Authorisation No. 51/UQ/CT-HĐQT/2016 dated 23 March 2016.

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

## REPORT OF THE GENERAL DIRECTOR

The General Director of Hoa Sen Group (“the Company”) is pleased to present his report and the separate financial statements of the Company for the year ended 30 September 2017.

### THE GENERAL DIRECTOR’S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The General Director is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those separate financial statements, the General Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. He 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 General Director confirmed that he has complied with the above requirements in preparing the accompanying separate financial statements.

### STATEMENT BY THE GENERAL DIRECTOR

The General Director does hereby state that, in his opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 30 September 2017, and of the separate results of its operations and the separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

As disclosed in Note 14.1 of the accompanying separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the preparation of the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 30 September 2017 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

Users of the separate financial statements should read them together with the said consolidated financial statements of the Group for the year ended 30 September 2017 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.



Tran Ngoc Chu  
General Director

A small blue ink signature or mark.

25 December 2017

## **INDEPENDENT AUDITORS' REPORT**

To: The Shareholders of Hoa Sen Group

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company") as prepared on 25 December 2017 and set out on pages 5 to 50 which comprise the separate balance sheet as at 30 September 2017, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

### **THE GENERAL DIRECTOR'S RESPONSIBILITY**

The Company's General Director is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements, and for such internal control as the General Director determines is necessary to enable the preparation and presentation of the separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, as well as evaluating the overall presentation of the separate financial statements.

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

## OPINION

In our opinion, the accompanying separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 30 September 2017, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

## EMPHASIS OF MATTER

As disclosed in Note 2.1 of the separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the preparation of the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 30 September 2017 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements. Users of the accompanying separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.

Ernst & Young Vietnam Limited



Hang Nhat Quang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1772-2013-004-1

A blue ink signature of Nguyen Thanh Sang.

Nguyen Thanh Sang  
Auditor  
Audit Practicing Registration Certificate  
No. 1541-2013-004-1

Ho Chi Minh City, Vietnam  
25 December 2017



**SEPARATE BALANCE SHEET**

As at 30 September 2017

B01- DN

VND

Code	Assets	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		11,981,820,448.603	6,766,755,498,915
110	I. Cash and cash equivalents	4	239,918,988,521	447,518,356,022
111	1. Cash		239,775,466,646	447,374,834,147
112	2. Cash equivalents		143,521,875	143,521,875
130	II. Current account receivables		4,930,670,266,498	2,734,790,808,631
131	1. Short-term trade receivables	5.1	3,975,438,722,818	1,986,659,007,410
132	2. Short-term advances to suppliers	5.2	97,586,233,122	74,284,302,601
135	3. Short-term loan receivables	9	25,400,000,000	400,000,000
136	4. Other short-term receivables	6	837,048,913,123	678,251,101,185
137	5. Provision for doubtful short-term receivables	5.1, 6	(4,803,602,565)	(4,803,602,565)
140	III. Inventories	7	5,428,029,021,406	3,169,484,056,346
141	1. Inventories		5,450,815,683,238	3,182,457,071,559
149	2. Provision for obsolete inventories		(22,786,661,832)	(12,973,015,213)
150	IV. Other current assets		1,383,202,172,178	414,962,277,916
151	1. Short-term prepaid expenses	8	74,422,775,292	63,632,969,870
152	2. Value-added tax deductible	16	1,308,779,396,886	351,329,308,046
200	B. NON-CURRENT ASSETS		5,043,205,602,817	4,113,482,116,707
210	I. Long-term receivables		74,974,967,200	27,012,549,901
215	1. Long-term loan receivables	9	74,974,967,200	25,000,000,000
216	2. Other long-term receivable	6	-	2,012,549,901
220	II. Fixed assets		2,746,644,774,699	2,793,334,988,207
221	1. Tangible fixed assets	10	2,463,196,998,804	2,440,269,368,323
222	Cost		4,566,370,722,477	4,145,255,413,314
223	Accumulated depreciation		(2,103,173,723,673)	(1,704,986,044,991)
224	2. Finance leases	11	24,855,221,380	85,446,238,657
225	Cost		39,019,437,785	135,252,035,604
226	Accumulated depreciation		(14,164,216,405)	(49,805,796,947)
227	3. Intangible assets	12	258,592,554,515	267,619,381,227
228	Cost		281,826,289,976	288,233,543,976
229	Accumulated amortisation		(23,233,735,461)	(20,614,162,749)
240	III. Long-term asset in progress		247,666,367,726	45,622,693,380
242	1. Construction in progress	13	247,666,367,726	45,622,693,380
250	IV. Long-term investments	14	1,724,245,102,467	1,051,478,371,384
251	1. Investments in subsidiaries	14.1	1,633,276,000,000	1,025,576,000,000
252	2. Investment in associates	14.2	80,302,178,134	52,852,178,134
254	3. Provision for diminution in value of	14.2	(35,933,075,667)	(26,949,806,750)
255	long-term investments			
	4. Held-to-maturity investments	14	46,600,000,000	-
260	V. Other long-term assets		249,674,390,725	196,033,513,835
261	1. Long-term prepaid expenses	8	216,697,658,464	131,621,472,215
262	2. Deferred tax assets	27.3	32,976,732,261	64,412,041,620
270	TOTAL ASSETS		17,025,026,051,420	10,880,237,615,622

**SEPARATE BALANCE SHEET** (continued)

As at 30 September 2017

B01 - DN

VND

Code	Resources	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		11,720,086,045,466	6,603,350,910,164
310	I. Current liabilities		11,480,180,605,636	6,215,159,598,085
311	1. Current liabilities	15.1	3,308,069,444,117	1,501,886,154,837
312	2. Short-term advances from customers	15.2	357,924,180,945	130,240,194,421
313	3. Statutory obligations	16	146,954,619,391	164,411,640,149
314	4. Payables to employees		80,555,222,032	62,752,064,223
315	5. Short-term accrued expenses	17	62,825,939,966	187,888,512,542
319	6. Other short-term payables	18	60,239,346,258	34,427,569,550
320	7. Short-term loans and finance lease obligations	19	7,402,317,620,460	4,102,697,779,164
322	8. Bonus and welfare fund		61,294,232,467	30,855,683,199
330	II. Non-current liabilities		239,905,439,830	388,191,312,079
338	1. Long-term loans and finance lease obligations	19	237,114,284,830	385,490,114,579
342	2. Long-term provisions		2,791,155,000	2,701,197,500
400	D. OWNERS' EQUITY		5,304,940,005,954	4,276,886,705,458
410	I. Capital	20.1	5,304,940,005,954	4,276,886,705,458
411	1. Share capital		3,499,966,830,000	1,965,398,290,000
411a	- Shares with voting rights		3,499,966,830,000	1,965,398,290,000
412	2. Share premium		151,583,183,521	551,571,933,521
420	3. Other funds belonging to owners' equity		34,535,741,195	6,784,575,670
421	4. Other funds belonging to owners' equity		1,618,854,251,238	1,753,131,906,267
421a	- Undistributed earnings up to prior year-end		265,082,554,604	177,198,643,612
421b	- Undistributed earnings of current year		1,353,418,976,634	1,575,933,262,655
440	TOTAL LIABILITIES AND OWNERS' EQUITY		17,025,026,051,420	10,880,237,615,622

Nguyen Thi Thanh Tuyen  
PreparerNguyen Thi Ngoc Lan  
Chief AccountantTran Ngoc Chu  
General Director

25 December 2017



VND

Code	Items	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	21.1	47,077,679,965,050	30,259,054,800,256
02	2. Deductions	21.1	(179,072,251,662)	(105,803,558,650)
10	3. Net revenues from sale of goods and rendering of services	21.1	46,898,607,713,388	30,153,251,241,606
11	4. Costs of goods sold and services rendered	22	(43,680,064,063,459)	(26,953,271,230,658)
20	5. Gross profit from sale of goods and rendering of services		3,218,543,649,929	3,199,980,010,948
21	6. Finance income	21.2	601,781,666,924	589,479,991,294
22	7. Finance expenses	23	(420,377,177,127)	(209,784,749,306)
23	<i>In which: Interest expense</i>		(317,503,841,647)	(163,766,749,605)
25	8. Selling expenses	24	(1,235,820,173,529)	(974,622,573,218)
26	9. General and administrative expenses	24	(639,173,453,876)	(724,634,725,092)
30	10. Operating profit		1,524,954,512,321	1,880,417,954,626
31	11. Other income	25	73,096,842,741	11,210,529,464
32	12. Other expenses	25	(3,244,149,612)	(23,493,402,813)
40	13. Other profit (loss)	25	69,852,693,129	(12,282,873,349)
50	14. Accounting profit before tax		1,594,807,205,450	1,868,135,081,277
51	15. Current corporate income tax expense	27.1	(209,600,199,457)	(316,730,543,611)
52	16. Deferred tax (expense) income	27.3	(31,435,309,359)	24,528,724,989
60	17. Net profit after tax		1,353,771,696,634	1,575,933,262,655

  
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Nguyen Thi Thanh Tuyen  
Preparer

  
\_\_\_\_\_  
Nguyen Thi Ngoc Lan  
Chief Accountant

  
  
\_\_\_\_\_  
Tran Ngoc Chu  
General Director

25 December 2017



**SEPARATE CASH FLOW STATEMENT**

For the year ended 30 September 2017

B03- DN

VND

Code	Items	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Accounting profit before tax		1,594,807,205,450	1,868,135,081,277
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10,11,12	408,968,204,482	385,326,494,125
03	Provisions		18,796,915,536	11,104,236,738
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	23	7,111,244,819	4,354,280,912
05	Profits from investing activities		(572,462,153,161)	(558,086,065,677)
06	Interest expense	23	317,503,841,647	163,766,749,605
08	Operating profit before changes in working capital		1,774,725,258,773	1,874,600,776,980
09	(Increase) decrease in receivables		(2,700,787,407,363)	79,609,350,350
10	Increase in inventories		(2,268,358,611,679)	(888,721,776,242)
11	Increase in payables		1,919,983,405,482	1,115,842,465,230
12	Increase in prepaid expenses		(88,508,540,606)	(72,363,512,787)
14	Interest expense paid		(309,453,183,836)	(164,756,559,795)
15	Corporate income tax paid	16	(255,210,120,483)	(271,132,777,209)
17	Other cash outflows for operating activities		(82,041,727,870)	(32,821,856,159)
20	Net cash flows (used in) from operating activities		(2,009,650,927,582)	1,640,256,110,368
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets		(605,945,288,394)	(256,487,914,209)
22	Proceeds from disposals of fixed assets		56,619,348,886	7,326,355,468
25	Payments for investment in other entities		(635,150,000,000)	(415,200,000,000)
26	Proceeds from sale of investment in other entity		-	4,367,000,000
27	Interest received	21.2	2,943,903,852	8,515,622,891
30	Net cash flows used in investing activities		(1,181,532,035,656)	(651,478,935,850)

**SEPARATE CASH FLOW STATEMENT** (continued)

For the year ended 30 September 2017

B03- DN

			VND	
Code	Items	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares		34,601,710,000	116,395,667,397
32	Capital redemption		-	(508,729)
33	Drawdown of borrowings		21,829,974,818,155	11,548,329,293,474
34	Repayment of borrowings		(18,658,018,091,475)	(12,091,389,075,962)
35	Finance lease payments		(20,996,563,609)	(21,036,343,932)
36	Dividends paid		196,362,984,225)	(327,038,699,875)
40	Net cash flows from (used in) financing activities	20.2	2,989,198,888,846	(774,739,667,627)
50	Net (decrease) increase in cash and cash equivalents		(201,984,074,392)	214,037,506,891
60	Cash and cash equivalents at beginning of year		447,518,356,022	233,828,787,007
61	Impact of exchange rate fluctuation		(5,615,293,109)	(347,937,876)
70	Cash and cash equivalents at end of year	4	239,918,988,521	447,518,356,022

Nguyen Thi Thanh Tuyen  
PreparerNguyen Thi Ngoc Lan  
Chief AccountantTran Ngoc Chu  
General Director

25 December 2017



## 1. CORPORATE INFORMATION

Hoa Sen Group (“the Company”) is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate (“BRC”) No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company’s current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange with code HSG in accordance with the Decision No. 117/QD-SGDHCM dated 5 November 2008.

The Company’s registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and forty three (343) branches located in various provinces in Vietnam.

The number of the Company’s employees as at 30 September 2017 was 5,164 (30 September 2016: 4,536).

### **Corporate structure**

The Company’s corporate structure includes 17 subsidiaries, as follows:

- Hoa Sen Steel Sheet One Member Limited Liability Company (“HSS”)

HSS is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700763651 issued by the Department of Planning and Investment of Binh Duong Province on 9 November 2006, as amended. HSS’s registered head office is located at No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HSS are manufacturing and trading cold rolled steel products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSS (30 September 2016: 100%).

- Hoa Sen Building Materials One Member Limited Liability Company (“HSBM”)

HSBM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3500786179 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 26 March 2007, as amended. HSBM’s registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSBM are manufacturing and trading in plastic building materials and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSBM (30 September 2016: 100%).

- Hoa Sen Binh Dinh One Member Limited Liability Company (“HSBD”)

HSBD is a one-member limited liability established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101425750 issued by the Department of Planning and Investment of Binh Dinh Province on 14 May 2014. HSBD’s registered head office is located at Lot A1.1 and TT 6.2 & 7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam. The current principal activities of HSBD are manufacturing and trading in plastic building materials and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in

## **1. CORPORATE INFORMATION** *(continued)*

### **Corporate structure** *(continued)*

HSBD (30 September 2016: 100%).

- Hoa Sen Transportation and Engineering One Member Limited Liability Company (“HTME”)

HTME is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, as amended. HTME’s registered head office is located at No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HTME are providing transportation services and civil, industrial construction projects.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HTME (30 September 2016: 100%).

- Hoa Sen Nghe An One Member Limited Liability Company (“HSNA”)

HSNA is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 2901788319 issued by the Department of Planning and Investment of Nghe An Province on 12 June 2015, as amended. HSNA’s registered head office is located at Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province, Vietnam. The current principal activities of HSNA are manufacturing and trading in metal roofing sheets and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSNA (30 September 2016: 100%).

- Hoa Sen Ha Nam One Member Limited Liability Company (“HSHN”)

HSHN is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 0700759219 issued by the Department of Planning and Investment of Ha Nam Province on 15 September 2015. HSHN’s registered head office is located at Kien Khe I Industrial Complex, Kien Khe Town, Thanh Liem District, Ha Nam Province, Vietnam. The current principal activities of HSHN are manufacturing and trading in plastic building materials and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSHN (30 September 2016: 100%).

- Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company (“HSNH”)

HSNH is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101453370 issued by the Department of Planning and Investment of Binh Dinh Province on 26 November 2015. HSNH’s registered head office is located at Hoi Son Village, Nhon Hoi Commune, Quy Nhon City, Vietnam. The current principal activities of HSNH are manufacturing and trading in metal roofing sheets.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in

**1. CORPORATE INFORMATION** (continued)**Corporate structure** (continued)

HSNH (30 September 2016: 100%).

- Hoa Sen Van Hoi Joint Stock Company (“HSVH”)

HSVH is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861301 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSVH’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSVH are trading in real estate and rendering of real estate services and supporting services for trading real estate.

As at 30 September 2017, the Company holds 70% equity interests and 70% voting rights in HSVH (30 September 2016: 70%).

- Hoa Sen Yen Bai Joint Stock Company (“HSYB”)

HSYB is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861319 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSYB’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB are operating a hotel, restaurant services and commercial center.

As at 30 September 2017, the Company holds 70% equity interests and 70% voting rights in HSYB (30 September 2016: 70%).

- Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company (“HSRE”)

HSRE is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSRE’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSRE are manufacturing, transmitting and distributing electricity.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSRE (30 September 2016: 100%).

- Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company (“HSCC”)

HSCC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607946 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSCC’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSCC are manufacturing cement, lime and plaster.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSCC (30 September 2016: 100%).

- Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company (“HSIP”)

HSIP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607978 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIP’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIP are trading in real estate and land use right for use or rent.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSIP (30 September 2016: 100%).

## **1. CORPORATE INFORMATION** *(continued)*

### **Corporate structure** *(continued)*

- Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company (“HSSP”)

HSSP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607985 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSSP’s registered head office is located at Thuong Diem 2 Village, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSSP are investing riverport, seaport.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSSP (30 September 2016: 100%).

- Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company (“HSIC”)

HSIC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607953 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIC’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIC are manufacturing iron, steel, cast iron products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSIC (30 September 2016: 100%).

- Hoa Sen Phu My One Member Limited Liability Company (“HSPM”)

HSPM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3502313442 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province on 8 August 2016. HSPM’s registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSPM are manufacturing steel for building materials and consumer goods.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSPM (30 September 2016: 100%).

- Hoa Sen Yen Bai Building Materials One Member Liability Company (“HSYB-LTD”)

HSYB-LTD is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200870602 issued by the Department of Planning and Investment of Yen Bai Province on 6 January 2017. HSYB-LTD’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB-LTD are manufacturing and trading steel pipes.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSYB-LTD.

- Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Liability Company (“HSDL”)

HSDL is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500272658 – second amendment issued by the Department of Planning and Investment of Ninh Thuan Province on 26 September 2017. HSDL’s registered head office is located at 65 Tran Quang Dieu street, Thanh Son Ward, Phan Rang – Thap Cham City, Ninh Thuan Province, Vietnam. The current principal activities of HSDL are investing, construction and developing industrial park infrastructure.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSDL.





## **2. BASIS OF PREPARATION**

### **2.1 Purpose of preparing the separate financial statements**

The Company has subsidiaries as disclosed in Note 14.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 30 September 2017.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

### **2.2 Applied accounting standards and system**

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying separate financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### **2.3 Applied accounting documentation system**

The Company's applied accounting documentation system is the Voucher Journal system.

### **2.4 Fiscal year**

The Company's fiscal year applicable for the preparation of its annual separate financial statements starts on 1 October and ends on 30 September.

### **2.5 Accounting currency**

The separate financial statements are prepared in VND which is also the Company's accounting currency.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

#### **3.2 Inventories**

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Merchandises, raw materials, tools and supplies	- cost of purchase on a weighted average basis.
Finished goods and work-in-process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

##### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (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.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the separate income statement.

#### **3.3 Receivables**

Receivables are presented in the separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

#### **3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.5 Leased assets**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

*Where the Company is the lessee*

Assets held under finance leases are capitalised in the separate balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the separate income statement over the lease term to achieve a flexible rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the separate income statement on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets subject to operating leases are included as the Company's fixed assets in the separate balance sheet. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset for amortisation to the separate income statement over the lease term.

Lease income is recognised in the separate income statement on a straight-line basis over the lease term.

**3.6 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the separate income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

Land use rights are recorded as intangible assets representing the value of the right to use the lands acquired or leased by the Company. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful lives representing the land lease are amortised over the lease term while the land use rights with indefinite useful lives are not amortised.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and finance leases, and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	10 - 40 years
Machinery and equipment	5 - 15 years
Means of transportation	7 - 10 years
Office equipment	3 - 5 years
Others	5 - 8 years
Land use rights	14 - 55 years
Computer software	3 - 10 years

#### 3.8 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

#### 3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

#### 3.10 Investments

##### *Investments in subsidiaries*

Investments in subsidiaries over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised to the Company's separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *Investments in associates*

Investments in associates over which the Company has significant influence are carried at cost. Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised to the Company's separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *Investments in other entities*

Investments in other entities are stated at their acquisition costs.

##### *Provision for diminution in value of investments*

Provision for any diminution in value of the investments in other entities at the balance sheet date is made in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the separate income statement.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 Payables and accruals

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

#### 3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase or decrease to the accrued amount will be taken to the separate income statement.

**This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.**

#### 3.13 Foreign currency transactions

Transactions in currencies other than the Company's accounting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the separate income statement.

#### 3.14 Treasury shares

Own equity instruments which are reacquired (known as treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **3.15 Appropriation of net profit**

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following fund which is appropriated from the Company's net profit as proposed by the Board of Directors and subject to the approval of shareholders at the annual general meeting.

##### *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the separate balance sheet.

#### **3.16 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

##### *Rendering of services*

Revenue is recognised when the services have been performed and completed.

##### *Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

##### *Dividends*

Revenue is recognised when the Company is entitled to receive dividends.

##### *Dividends*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.17 Taxation***Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial statement purpose.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 4. CASH AND CASH EQUIVALENTS

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Cash on hand	13,538,266,107	11,585,393,615
Cash in banks	225,389,115,824	385,789,440,532
Cash in transit	848,084,715	50,000,000,000
Cash equivalents (*)	143,521,875	143,521,875
<b>TOTAL</b>	<b>239,918,988,521</b>	<b>447,518,356,022</b>

(\*) Cash equivalents represent the deposits at commercial banks with original maturity of less than three (3) months and earn interest at the rates of 5% per annum.

#### 5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

##### 5.1 Short-term trade receivables

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Due from related parties (Note 28)	2,892,316,502,137	1,517,220,453,750
Due from third parties	1,083,122,220,681	469,438,553,660
<b>TOTAL</b>	<b>3,975,438,722,818</b>	<b>1,986,659,007,410</b>
Provision for doubtful short-term receivables	(4,063,602,565)	(4,063,602,565)
<b>NET</b>	<b>3,971,375,120,253</b>	<b>1,982,595,404,845</b>

##### 5.2 Short-term advances to suppliers

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Due from related parties (Note 28)	38,705,908,131	6,795,198,682
Due from third parties	58,880,324,991	67,489,103,919
<b>TOTAL</b>	<b>97,586,233,122</b>	<b>74,284,302,601</b>

**6. OTHER RECEIVABLES**

	VND	
	Ending balance	Beginning balance
Short-term	837,048,193,123	678,251,101,185
Profits shared from subsidiaries	547,165,072,432	509,778,179,025
Deposits	138,798,428,600	53,187,465,900
Advance for purchase of lands	90,183,227,000	90,183,227,000
Compensation	31,520,000,000	-
Advances to employees	26,741,318,349	19,858,438,997
Others	2,640,866,742	5,243,790,263
Long-term	-	2,012,549,901
Deposits	-	2,012,549,901
<b>TOTAL</b>	<b>837,048,193,123</b>	<b>680,263,651,086</b>
Provision for doubtful other receivables	(740,000,000)	(740,000,000)
<b>NET</b>	<b>836,308,913,123</b>	<b>679,523,651,086</b>
<i>In which</i>		
<i>Due from related parties (Note 28)</i>	<i>639,008,129,274</i>	<i>600,946,505,775</i>
<i>Due from third parties</i>	<i>197,300,783,849</i>	<i>78,577,145,311</i>

**7. INVENTORIES**

	VND	
	Ending balance	Beginning balance
Goods in transit	2,529,588,787,627	1,424,402,924,775
Finished goods	1,175,209,610,528	992,881,622,867
Raw materials	843,767,940,021	305,548,805,026
Merchandises	677,488,468,657	275,747,646,476
Tools and supplies	224,760,876,405	183,876,072,415
<b>TOTAL</b>	<b>5,450,815,683,238</b>	<b>3,182,457,071,559</b>
Provision for obsolete inventories	(22,786,661,832)	(12,973,015,213)
<b>NET</b>	<b>5,428,029,021,406</b>	<b>3,169,484,056,346</b>

As disclosed in Note 19, the Company has pledged inventories with the carrying amount as at 30 September 2017 amounting to VND 1,640,403,457,739 to secure its bank loans.

## 8. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>74,422,775,292</b>	<b>63,632,969,870</b>
Advertising expenses	26,925,691,491	23,835,246,313
Rental expenses	19,734,754,783	11,971,103,911
Tools and equipment	11,418,276,450	12,457,928,551
Advisory fee	5,022,641,070	1,615,463,792
Insurance fee	1,650,845,702	1,082,517,262
Others	9,670,565,796	12,670,710,041
<b>Long-term</b>	<b>216,697,658,464</b>	<b>131,621,472,215</b>
Rental expense	89,433,311,060	65,147,659,827
Tools and equipment	67,552,199,499	50,315,244,895
Advertising expenses	25,377,730,855	-
Repairing and maintenance	20,638,965,085	11,079,041,450
Others	13,695,451,965	5,079,526,043
<b>TOTAL</b>	<b>291,120,433,756</b>	<b>195,254,442,085</b>

## 9. LOAN RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Finance Department of Nghe An Province (*)	25,000,000,000	-
Other	400,000,000	400,000,000
<b>Long-term</b>		
Due from related parties (Note 28)	74,974,967,200	-
Finance Department of Nghe An Province (*)	-	25,000,000,000
<b>TOTAL</b>	<b>100,374,967,200</b>	<b>25,400,000,000</b>

(\*) The ending balance of short-term loan receivable represented the unsecured and non-interest bearing lending to the Finance Department of Nghe An Province for the purpose of compensating the clearance costs of the land located at Dong Hoi Industrial Park, Nghe An Province, Vietnam. This lending will be due on 25 June 2018.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

As at and for the year ended 30 September 2017

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**10. TANGIBLE FIXED ASSET**

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
						VND
<b>Total</b>						
Beginning balance	620,092,251,986	3,174,255,498,187	310,270,251,683	21,883,292,617	18,754,118,841	4,145,255,413,314
New purchase	2,185,289,765	162,313,111,244	65,327,751,333	10,861,890,416	563,130,430	241,251,173,188
Transfer from construction in progress	28,016,752,538	121,916,977,256	5,359,260,001	-	-	155,292,989,795
Transfer from financial lease fixed assets	-	84,032,961,457	12,199,636,362	-	-	96,232,597,819
Disposal	(1,186,236,211)	(56,713,853,937)	(13,624,767,963)	(136,593,528)	-	(71,661,451,639)
Ending balance	649,108,058,078	3,485,804,694,207	379,532,131,416	32,608,589,505	19,317,249,271	4,566,370,722,477
<i>In which:</i>						
Fully depreciated	2,716,651,573	262,518,008,908	19,207,485,836	1,095,360,370	5,424,985,811	290,962,492,498
<b>Accumulated depreciation:</b>						
Beginning balance	(218,297,241,782)	(1,385,067,803,192)	(81,715,948,876)	(6,416,338,968)	(13,488,712,173)	(1,704,986,044,991)
Depreciation for the year	(37,409,293,522)	(309,807,262,906)	(39,660,346,427)	(4,220,612,357)	(2,723,812,159)	(393,821,327,371)
Transfer from financial lease fixed assets	-	(44,646,719,661)	(3,522,165,280)	-	-	(48,168,884,941)
Disposal	608,436,698	38,287,436,563	4,770,066,841	136,593,528	-	43,802,533,630
Ending balance	(255,098,098,606)	(1,701,234,349,196)	(120,128,393,742)	(10,500,357,797)	(16,212,524,332)	(2,103,173,723,673)
<b>Net carrying amount:</b>						
Beginning balance	401,795,010,204	1,789,187,694,995	228,554,302,807	15,466,953,649	5,265,406,668	2,440,269,368,323
Ending balance	394,009,959,472	1,784,570,345,011	259,403,737,674	22,108,231,708	3,104,724,939	2,463,196,998,804

As disclosed in Note 19, the Company has pledged its buildings and structures, machinery and equipment and means of transportation with their respective carrying amounts as at 30 September 2017 of VND 88,732,264,086, VND 735,582,902,703 and VND 115,734,473,671 to secure its bank loan facilities.

## 11. FINANCE LEASES

	VND		
	<b>Machinery and equipment</b>	<b>Means of transportation</b>	<b>Total</b>
<b>Cost:</b>			
Beginning balance	114,919,308,334	20,332,727,270	135,252,035,604
Transfer to fixed assets	(84,032,961,457)	(12,199,636,362)	(96,232,597,819)
Ending balance	30,886,346,877	8,133,090,908	39,019,437,785
<b>Accumulated depreciation:</b>			
Beginning balance	(45,699,813,686)	(4,105,983,261)	(49,805,796,947)
Depreciation for the year	(10,664,118,428)	(1,863,185,971)	(12,527,304,399)
Transfer to fixed assets	44,646,719,661	3,522,165,280	48,168,884,941
Ending balance	(11,717,212,453)	(2,447,003,952)	(14,164,216,405)
<b>Net carrying amount:</b>			
Beginning balance	69,219,494,648	16,226,744,009	85,446,238,657
Ending balance	19,169,134,424	5,686,086,956	24,855,221,380

## 12. INTANGIBLE ASSETS

	VND		
	<b>Land use rights</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost:</b>			
Beginning balance	286,888,786,265	1,344,757,711	288,233,543,976
Disposal	(6,407,254,000)	-	(6,407,254,000)
Ending balance	280,481,532,265	1,344,757,711	281,826,289,976
<i>In which:</i>			
<i>Fully amortised</i>	456,396,144	1,344,757,711	1,801,153,855
<b>Accumulated amortisation:</b>			
Beginning balance	(19,269,405,038)	(1,344,757,711)	(20,614,162,749)
Amortisation for the year	(2,619,572,712)	-	(2,619,572,712)
Ending balance	(21,888,977,750)	(1,344,757,711)	(23,233,735,461)
<b>Net carrying amount:</b>			
Beginning balance	267,619,381,227	-	267,619,381,227
Ending balance	258,592,554,515	-	258,592,554,515

As disclosed in Note 19, the Company has pledged its land use rights with their carrying amounts as at 30 September 2017 of VND 117,751,215,648 to secure its bank loan facilities.



**13. CONSTRUCTION IN PROGRESS**

	VND	
	Ending balance	Beginning balance
Purchases of fixed assets	241,007,879,131	42,037,817,373
Construction expenses	1,307,543,169	-
Major repair of fixed assets	4,874,878,475	3,031,321,051
Others	476,066,951	553,554,956
<b>TOTAL</b>	<b>247,666,367,726</b>	<b>45,622,693,380</b>

**14. LONG-TERM INVESTMENTS**

	VND	
	Ending balance	Beginning balance
Investments in subsidiaries (Note 14.1)	1,633,276,000,000	1,025,576,000,000
Investment in associates (Note 14.2)	80,302,178,134	52,852,178,134
Bonds at Bank for Foreign Trade of Vietnam (*)	46,600,000,000	-
<b>TOTAL</b>	<b>1,760,178,178,134</b>	<b>1,078,428,178,134</b>
Provision for diminution in value of long-term investments	(35,933,075,667)	(26,949,806,750)
<b>NET</b>	<b>1,724,245,102,467</b>	<b>1,051,478,371,384</b>

(\*) Bonds at Bank for Foreign Trade of Vietnam with original maturity of ten (10) year and earn interest at the floating rates +1% per annum.

## 14. LONG-TERM INVESTMENTS (continued)

### 14.1 Investments in subsidiaries

Details of the Company's investments in subsidiaries were as follows:

VND

Name of subsidiaries	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment (VND)	% of interest	Cost of investment (VND)		
Hoa Sen Steel Sheet One Member Co., Ltd	100	280,000,000,000	100	280,000,000,000	Binh Duong Province, Vietnam	Manufacturing and trading in cold rolled steel products
Hoa Sen Nghe An One Member Co., Ltd.	100	450,000,000,000	100	300,000,000,000	Nghe An Province, Vietnam	Manufacturing and trading in metal roofing sheets and steel pipe products
Hoa Sen Building Materials One Member Co., Ltd.	100	150,000,000,000	100	150,000,000,000	Ba Ria – Vung Tau Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Binh Dinh One Member Co., Ltd.	100	55,000,000,000	100	55,000,000,000	Binh Dinh Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Nam Cam Nghe An One Member Co., Ltd.	-	-	100	30,000,000,000	Nghe An Province, Vietnam	Manufacturing and trading in steel pipe products
Hoa Sen Transportation and Engineering One Member Co., Ltd.	100	16,276,000,000	100	16,276,000,000	Binh Duong Province, Vietnam	Providing services of cargo transportation by road
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	100	200,000,000,000	100	136,000,000,000	Binh Dinh Province, Vietnam	Manufacturing and trading in metal roofing sheets
Hoa Sen Ha Nam One Member Co., Ltd.	100	200,000,000,000	100	50,000,000,000	Ha Nam Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Van Hoi Joint Stock Company	70	2,800,000,000	70	2,800,000,000	Yen Bai Province, Vietnam	Trading in real estate and rendering of supporting services for trading real estate
Hoa Sen Yen Bai Joint Stock Company	70	84,000,000,000	70	5,500,000,000	Yen Bai Province, Vietnam	Operating hotel, restaurant services and commercial center



**14. LONG-TERM INVESTMENTS** (continued)  
**14.1 Investments in subsidiaries** (continued)

Details of the Company's investments in subsidiaries were as follows (continued):

Name of subsidiaries	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment (VND)	% of interest	Cost of investment (VND)		
Hoa Sen Phu My One Member Co., Ltd.	100	100,000,000,000	-	-	Ba Ria – Vung Tau Province, Vietnam	Manufacturing steel for building materials and consumer goods
Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Co., Ltd.	100	15,000,000,000	-	-	Ninh Thuan Province, Vietnam	Manufacturing iron, steel and cast iron products
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Co., Ltd.	100	3,000,000,000	-	-	Ninh Thuan Province, Vietnam	Trading in real estate and land use right for use or rent
Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Co., Ltd	100	2,500,000,000	-	-	Ninh Thuan Province, Vietnam	Investing riverport, seaport
Hoa Sen Yen Bai Building Materials One Member Co., Ltd.	100	50,000,000,000	-	-	Yen Bai Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Co., Ltd.	100	24,700,000,000	-	-	Ninh Thuan Province, Vietnam	Investing, construction and developing industrial park infrastructure
<b>TOTAL</b>		<b>1,633,276,000,000</b>		<b>1,025,576,000,000</b>		

VND

## 14. LONG-TERM INVESTMENTS (continued)

### 14.2 Investment in associates

Detail of the Company's investment in the associates was as follows:

VND

Name of associate	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment VND	% of interest	Cost of investment VND		
Hoa Sen-Gemadept Logistics and International Port Corporation	45	51,952,178,134	45	51,952,178,134	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Hoa Sen Hoi Van Joint Stock Company	45	450,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and rendering of real estate services and supporting services for trading real estate
Hoa Sen Quy Nhon Joint Stock Company	45	27,900,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and to render real estate services and supporting services for trading real estate
Provision for diminution in value of long-term investments		(35,933,075,667)		(26,949,806,750)		
<b>TOTAL</b>		<b>44,369,102,467</b>		<b>25,902,371,384</b>		

## 15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

### 15.1 Short-term trade payables

VND

	Ending balance	Beginning balance
Due to third parties	2,926,831,509,306	1,286,862,909,994
In which:		
Hangzhou Cogeneration (HongKong) Co.,LTD	645,971,085,812	-
Arcelormittal International Singapore Private Limited	441,107,265,180	-
Kim Quoc Steel Co., Ltd.	354,762,942,484	59,267,168,719
Cumic Steel Limited	281,538,763,799	319,967,802
Baosteel Singapore Pte Ltd.	116,938,036,052	256,372,215,014
Ep Steel Trading Co., Ltd.	-	489,859,708,622
Hongkong Grand International Co., Ltd.	-	181,747,126,994
Others	1,086,513,415,979	299,296,722,843
Due to related parties (Note 28)	381,237,934,811	215,023,244,843
<b>TOTAL</b>	<b>3,308,069,444,117</b>	<b>1,501,886,154,837</b>



**15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS** (continued)

**15.2 Short-term advances from customers**

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Due to third parties	133,208,633,634	121,845,912,372
Due to related parties (Note 28)	224,715,547,311	8,394,282,049
<b>TOTAL</b>	<b>357,924,180,945</b>	<b>130,240,194,421</b>

**16. TAXES**

	VND			
	<b>Beginning balance</b>	<b>Increase during the year</b>	<b>Decrease during the year</b>	<b>Ending balance</b>
Payables				
Corporate income tax	85,377,201,933	209,600,199,457	(255,210,120,483)	39,767,280,907
Value-added tax	74,546,062,946	1,355,957,693,529	(1,325,934,006,935)	104,569,749,540
Personal income tax	2,574,386,936	35,669,716,078	(36,629,810,171)	1,614,292,843
Other taxes	1,913,988,334	94,129,296,676	(95,039,988,909)	1,003,296,101
<b>TOTAL</b>	<b>164,411,640,149</b>	<b>1,695,356,905,740</b>	<b>(1,712,813,926,498)</b>	<b>146,954,619,391</b>
Receivables				
Value-added tax deductible	351,329,308,046	957,450,088,840	-	1,308,779,396,886

**17. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Bonuses and 13th month salary	36,886,740,000	133,842,548,580
Loan interest	10,761,599,776	2,710,941,965
Electricity fee	9,628,754,210	9,619,132,214
Payable relating to construction in progress	5,322,145,980	7,125,696,789
Others	226,700,000	34,590,192,994
<b>TOTAL</b>	<b>62,825,939,966</b>	<b>187,888,512,542</b>

## 18. OTHER SHORT-TERM PAYABLES

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Deposit received for Gemadept's share transfer	15,776,367,206	-
Tender deposits received	7,076,760,110	26,301,326,100
Dividends	4,598,464,925	4,421,620,150
Social insurance, health insurance, unemployment insurance, and trade union fees	777,656,800	297,013,000
Other payables to related parties (Note 28)	25,716,800,000	1,009,084,000
Others	6,293,297,217	2,398,526,300
<b>TOTAL</b>	<b>60,239,346,258</b>	<b>34,427,569,550</b>

## 19. LOANS AND FINANCE LEASES

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Short-term loans and finance leases	7,402,317,620,460	4,102,697,779,164
Loans from banks (Note 19.1)	7,204,366,078,759	3,829,686,778,983
Current portion of long-term loans (Note 19.2)	193,321,275,085	255,864,471,340
Current portion of finance leases (Note 19.3)	4,630,266,616	17,146,528,841
Long-term loans and finance leases	237,114,284,830	385,490,114,579
Loans from banks (Note 19.2)	234,156,032,907	374,051,561,272
Finance leases (Note 19.3)	2,958,251,923	11,438,553,307
<b>TOTAL</b>	<b>7,639,431,905,290</b>	<b>4,488,187,893,743</b>

Movements of loans and finance leases during the year were as follows:

	VND
	<b>Amount</b>
Beginning balance	4,488,187,893,743
Drawdown from borrowings	21,829,974,818,155
Repayment from borrowings	(18,679,014,655,084)
Foreign exchange differences	283,848,476
<b>Ending balance</b>	<b>7,639,431,905,290</b>

**19. LOANS AND FINANCE LEASES** (continued)**19.1 Short-term loans from banks**

Details of short-term loans from banks are as follows:

<b>Name of bank</b>	<b>Ending balance VND</b>	<b>Maturity date</b>	<b>Interest rate (% p.a.)</b>	<b>Description of collateral</b>
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</b>				
Loan in VND	839,559,946,773	From 5 October 2017 to 28 February 2018	From 5.0 to 5.4	Land use rights, and machinery and equipment
Loan in USD	66,798,910,753	From 21 October 2017 to 29 October 2017	2.4	Land use rights, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</b>				
Loan in VND	1,931,100,509,250	From 7 January 2018 to 29 March 2018	From 5.0 to 5.2	Land use rights, buildings and structures, and machinery and equipment
Loan in VND	1,097,974,099,673	From 3 January 2018 to 28 February 2018	2.2	Land use rights, buildings and structures, and machinery and equipment
<b>HSBC Bank (Vietnam) Limited</b>				
Loan in VND	560,998,382,668	From 24 November 2017 to 27 January 2018	From 4.3 to 4.5	Inventories, machinery and equipment, land use rights, and associated assets
<b>ANZ Bank (Vietnam) Limited</b>				
Loan in VND	411,180,558,828	from 5 october 2017 to 28 January 2018	From 3.54 to 5.1	Land use rights
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh City Branch</b>				
Loan in VND	195,000,000,000	18 December 2017	4.1	Inventories, and machinery and equipment
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in VND	73,944,484,501	From 4 October 2017 to 28 February 2018	From 5.1 to 5.3	Land use rights, means of transportation, and inventories
Loan in USD	205,467,521,673	From 28 November 2017 to 11 March 2018	From 2.1 to 2.7	Land use rights, and means of transportation



## 19. LOANS AND FINANCE LEASES (continued)

### 19.1 Short-term loans from banks (continued)

Details of short-term loans from banks are as follows (continued):

Name of bank	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
<b>Vietnam Technological and Commercial Joint Stock Bank</b>				
Loan in VND	356,192,812,511	From 20 January 2018 to 29 March 2018	From 5.1 to 5.2	Unsecured
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch</b>				
Loan in VND	338,787,032,800	From 4 October 2017 to 31 December 2017	From 5.1 to 5.4	Unsecured
<b>Vietnam Bank for Agriculture and Rural Development – Saigon Branch</b>				
Loan in VND	46,000,000,000	14 October 2017	5.2	Unsecured
<b>Ho Chi Minh Development Joint Stock Commercial Bank</b>				
Loan in USD	183,738,960,831	10 November 2017	2.4	Unsecured
<b>Vietnam Prosperity Joint Stock Commercial Bank</b>				
Loan in USD	231,551,797,178	From 30 November 2017 to 11 February 2018	2.3	Inventories
<b>United Overseas Bank – Ho Chi Minh City Branch</b>				
Loan in VND	128,277,652,539	From 10 December 2017 to 25 January 2018	From 4.3 to 4.7	Inventories
<b>Orient Commercial Joint Stock Bank</b>				
Loan in USD	101,116,342,236	From 8 December 2017 to 11 January 2018	2.2	Unsecured
<b>Vietnam Maritime Commercial Joint Stock Bank</b>				
Loan in VND	69,552,012,717	25 December 2017	5.2	Unsecured
Loan in USD	100,028,241,700	11 January 2018	2,3	Unsecured
<b>Vietnam International Commercial Joint Stock Bank– Ho Chi Minh City Branch</b>				
Loan in USD	267,096,812,128	From 26 December 2017 to 13 March 2018	From 2.2 to 2.3	Land use rights, and inventories
<b>TOTAL</b>	<b>7,204,366,078,759</b>			

The Company used these loans to finance its working capital requirements.

**19. LOANS AND FINANCE LEASES** (continued)**19.2 Long-term loans from banks**

Details of long-term loans from banks are as follows:

Name of bank	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</b>				
Loan in VND	75,909,193,591	7 February 2022	8.0	Land use rights, and machinery and equipment
<b>Viet Capital Commercial Joint Stock Bank</b>				
Loan in VND	28,681,419,500	From 4 February 2018 to 26 November 2019	8.0	Means of transportation
<b>Asia Commercial Joint Stock Bank – Tan Thuan Branch</b>				
Loan in VND	15,650,582,000	From 6 January 2020 to 17 June 2020	8.5	Means of transportation
<b>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</b>				
Loan in VND	277,924,771,861	16 July 2019	9.0	Land use rights, buildings and structures, and machinery and equipment
<b>Vietnam Development Bank – Binh Duong Branch</b>				
Loan in USD	12,967,201,065	20 June 2018	1.7	Land use right, buildings and structures, and machinery and equipment
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in USD	16,344,139,975	7 January 2019	8.0	Means of transportation
<b>TOTAL</b>	<b>427,477,307,992</b>			
<i>In which:</i>				
<i>Current portion</i>				
<i>Non-current</i>	193,321,275,085			
<i>Portion</i>	234,156,032,907			

The Company used these loans to finance its constructions and purchases of fixed assets.

## 19. LOANS AND FINANCE LEASES (continued)

### 19.3 Finance leases

*Details of finance leases were as follows:*

The Company leases machinery and equipment and means of transportation under finance leases arrangements. Future obligations due under finance leases agreements as at the balance sheet dates were as follows:

VND

	Ending balance		Beginning balance	
	Total minimum lease payments	Finance charges	Total minimum lease payments	Finance charges
				Lease liabilities
<b>Current liabilities</b>				<b>Lease liabilities</b>
Less than 1 year	5,059,482,950	429,216,334	18,718,404,629	1,571,875,788
				17,146,528,841
<b>Non-current liabilities</b>				
From 1 - 5 years	3,050,680,643	92,428,720	12,229,792,718	791,239,411
				11,438,553,307
<b>TOTAL</b>	<b>8,110,163,593</b>	<b>521,645,054</b>	<b>30,948,197,347</b>	<b>2,363,115,199</b>
				<b>28,585,082,148</b>

**20. OWNERS' EQUITY****20.1 Movements in owners' equity**

Previous year:	VND							Total
	Issued share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Other funds belongs to equity	Undistributed earnings	
Beginning balance (previously presented)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	-	8,525,313,060	6,605,155,369	1,531,127,724,105	2,989,342,867,387
Beginning balance (reclassified) (*)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	8,525,313,060	-	6,605,155,369	1,531,127,724,105	2,989,342,867,387
Net profit for the year	-	-	-	-	-	-	1,575,933,262,655	1,575,933,262,655
Stock dividends	957,490,390,000	-	-	-	-	-	(957,490,390,000)	-
Dividends declared	-	-	-	-	-	-	(327,567,667,500)	(327,567,667,500)
Repurchase of treasury shares	-	-	(508,729)	-	-	-	-	(508,729)
Reissuance of treasury shares	-	64,281,463,158	52,114,204,239	-	-	-	-	116,395,667,397
Reversal of fund	-	-	-	(8,525,313,060)	-	-	8,525,313,060	-
Transferred to bonus and welfare fund	-	-	-	-	-	-	(26,114,981,672)	(26,114,981,672)
Appropriated to other funds	-	-	-	-	-	29,379,354,381	(29,379,354,381)	-
Performance bonus	-	-	-	-	-	-	(21,902,000,000)	(21,902,000,000)
Use of other funds during the year	-	-	-	-	-	(29,199,934,080)	-	(29,199,934,080)
Ending balance	1,965,398,290,000	551,571,933,521	-	-	-	6,784,575,670	1,753,131,906,267	4,276,886,705,458

(\*) The reclassification was carried out in accordance with the Circular No. 200/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

## 20. OWNERS' EQUITY (continued)

### Movements in owners' equity (continued)

Current year	Issued share capital	Share premium	Other funds belongs to equity	Undistributed earnings	Total
Beginning balance	1,965,398,290,000	551,571,933,521	6,784,575,670	1,753,131,906,267	4,276,886,705,458
Net profit for the year	-	-	-	1,353,771,696,634	1,353,771,696,634
Stock dividends (**)	1,099,978,080,000	-	-	(1,099,978,080,000)	-
Dividends declared	-	-	-	(196,539,829,000)	(196,539,829,000)
Share premium (**)	399,988,750,000	(399,988,750,000)	-	-	-
The issuance of new ordinary shares to the Company's employees (*)	34,601,710,000	-	-	-	34,601,710,000
Transferred to bonus and welfare fund	-	-	-	(60,167,737,724)	(60,167,737,724)
Appropriated to other funds	-	-	80,063,704,939	(80,063,704,939)	-
Performance bonus (***)	-	-	-	(51,300,000,000)	(51,300,000,000)
Use of funds	-	-	(52,312,539,414)	-	(52,312,539,414)
Ending balance	3,499,966,830,000	151,583,183,521	34,535,741,195	1,618,501,531,238	5,304,940,005,954

(\*) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the relevant the Board of Directors' Resolutions approved the Company issued bonus shares to its employees under Employee Stock Ownership Plan ("ESOP"). Accordingly, the Company completed the issuance of 3,460,171 new shares on 12 April 2017 at price of VND 10,000 per share with the total amount VND 34,601,710,000. The Company also received the 27th amended BRC dated 20 April 2017 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(\*\*) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the Resolution of Board of Directors No. 38/N-Q/HDQT/2017 dated 3 May 2017 approved the payments of stock dividends to its existing shareholders, which were appropriated from the undistributed earnings, at a ratio of 100:75 (i.e. issuing 75 new shares for every 100 shares holding by existing shareholders) and carrying forward of the share premium to supplement the charter company. Accordingly, the Company completed the issuance of 149,996,683 new shares on 8 June 2017 at price of VND 10,000 per share with the total amount VND 1,499,966,830,000. The Company also received the 29th amended BRC dated 26 June 2017 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(\*\*\*) In accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2016 dated 18 January 2016, the Company's shareholders approved the performance bonus at 4% of profit after tax.

VND



**20. OWNERS' EQUITY** (continued)

**20.2 Capital transactions with owners and distribution of dividends, profits**

	VND	
	<b>Current year</b>	<b>Previous year</b>
Contributed capital		
Beginning balances	1,965,398,290,000	1,007,907,900,000
Increase	1,534,568,540,000	957,490,390,000
Ending balance	3,499,966,830,000	1,965,398,290,000
Dividends		
Dividends declared	196,539,829,000	327,567,667,500
Dividends paid by cash	196,362,984,225	327,038,699,875

**20.3 Share capital**

	<b>Number of shares</b>	
	<b>Ending balance</b>	<b>Beginning balance</b>
Issued shares		
Shares issued and paid-up shares		
Ordinary shares	349,996,683	196,539,829
Treasury shares		
Ordinary shares	-	-
Shares in circulation		
Ordinary shares	349,996,683	196,539,829

The par value of the Company's issued shares is VND 10,000 per share. The holders of the Company's ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

## 21. REVENUES

### 21.1 Revenues from sale of goods and rendering of services

	VND	
	<b>Current year</b>	<b>Previous year</b>
Gross revenues	47,077,679,965,050	30,259,054,800,256
Of which:		
Sale of finished goods	17,915,937,715,175	14,948,831,938,260
Sale of merchandises	28,936,150,602,420	15,099,244,760,060
Others	225,591,647,455	210,978,101,936
Sales deduction	(179,072,251,662)	(105,803,558,650)
Of which:		
Sales discount	(168,048,151,825)	(89,757,637,334)
Sales allowances	(1,600,272,797)	(10,157,008,501)
Sales returns	(9,423,827,040)	(5,888,912,815)
<b>NET</b>	<b>46,898,607,713,388</b>	<b>30,153,251,241,606</b>
Of which:		
Sale to third parties	21,135,214,803,228	14,878,268,074,336
Sale to related parties	25,763,392,910,160	15,274,983,167,270

### 21.2 Finance income

	VND	
	<b>Current year</b>	<b>Previous year</b>
Profits shared from subsidiaries	547,165,072,432	548,133,487,154
Foreign exchange gains	51,672,690,640	32,830,881,249
Financial income from investments	2,483,309,967	5,955,721,596
Interest income	460,593,885	2,559,901,295
<b>TOTAL</b>	<b>601,781,666,924</b>	<b>589,479,991,294</b>

## 22. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<b>Current year</b>	<b>Current year</b>
Costs of sale of finished goods	15,751,202,412,685	12,214,685,246,583
Costs of sale of merchandises	27,779,529,536,731	14,597,078,296,815
Others	149,332,114,043	141,507,687,260
<b>TOTAL</b>	<b>43,680,064,063,459</b>	<b>26,953,271,230,658</b>



**23. FINANCE EXPENSES**

	VND	
	<b>Current year</b>	<b>Previous year</b>
Interest expense	317,503,841,647	163,766,749,605
Foreign exchange losses	86,778,821,744	32,680,449,872
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	7,111,244,819	4,354,280,912
Provision for long-term investments	8,983,268,917	8,983,268,917
<b>TOTAL</b>	<b>420,377,177,127</b>	<b>209,784,749,306</b>

**24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<b>Current year</b>	<b>Previous year</b>
Selling expenses	1,235,820,173,529	974,622,573,218
Labour costs	292,108,792,713	232,671,874,390
Depreciation and amortisation	72,442,980,982	42,173,596,773
Expenses for external services	593,014,446,591	452,817,160,265
Other expenses	278,253,953,243	246,959,941,790
General and administrative expenses	639,173,453,876	724,634,725,092
Labour costs	318,188,060,303	382,214,003,741
Depreciation and amortisation	34,910,163,952	30,677,554,848
Expenses for external services	23,333,620,677	30,063,731,011
Other expenses	262,741,608,944	281,679,435,492
<b>TOTAL</b>	<b>1,874,993,627,405</b>	<b>1,699,257,298,310</b>

**25. OTHER INCOME AND EXPENSES**

	VND	
	<b>Current year</b>	<b>Previous year</b>
Other income	73,096,842,741	11,210,529,464
Compensation	46,938,922,223	5,088,647,015
Gain from disposed fixed assets	22,353,176,877	2,019,050,541
Others	3,804,743,641	4,102,831,908
Other expenses	(3,244,149,612)	(23,493,402,813)
Others	(3,244,149,612)	(23,493,402,813)
<b>NET</b>	<b>69,852,693,129</b>	<b>(12,282,873,349)</b>

## 26. PRODUCTION AND OPERATING COSTS

	VND	
	<b>Current year</b>	<b>Previous year</b>
Raw materials	14,997,112,273,572	11,213,306,244,528
Labour costs	730,185,246,256	724,705,315,960
Depreciation and amortisation (Notes 10,11 and 12)	408,968,204,482	385,326,494,125
Expense for external services	1,095,325,907,080	913,252,352,659
Others	836,244,964,815	791,794,434,019
<b>TOTAL</b>	<b>18,067,836,596,205</b>	<b>14,028,384,841,291</b>

## 27. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits. The tax returns filed by the Company are subjected to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

### 27.1 CIT expense

	VND	
	<b>Current year</b>	<b>previous year</b>
Current CIT expense	209,236,418,604	316,730,543,611
Adjusted CIT from previous year	363,780,853	-
Deferred CIT expense (benefit)	31,435,309,359	(24,528,724,989)
<b>TOTAL</b>	<b>241,035,508,816</b>	<b>292,201,818,622</b>

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	VND	
	<b>Current year</b>	<b>Previous year</b>
Accounting profit before tax	1,594,807,205,450	1,868,135,081,277
At CIT rate of 20% (2016: 22% for quarter I and 20% for quarter II, III, IV)	318,961,441,090	382,967,691,662
<i>Adjustments</i>		
Non-deductible expenses	31,143,301,359	21,242,891,389
Profits shared from subsidiaries	(109,433,014,486)	(112,367,364,866)
Adjusted CIT from previous year	363,780,853	-
Effect of change applicable tax rate	-	358,600,437
<b>Current CIT expense</b>	<b>241,035,508,816</b>	<b>292,201,818,622</b>

**27. CORPORATE INCOME TAX** (continued)**27.2 Current tax**

The current CIT payable is based on taxable profit for the current year. The taxable profit of the Company for the year differs from the accounting profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

**27.3 Deferred CIT**

The following are the deferred tax assets recognized by the Company, and the movements thereon, during the current and previous year:

VND

	Separate balance sheet		Separate income statement	
	Ending balance	Beginning balance	Current year	Previous year
Unrealised profits	2,302,446,294	12,352,884,544	(10,050,438,250)	(1,879,731,043)
Accrued operating expenses	14,347,792,714	37,498,959,182	(23,151,166,468)	23,119,590,888
Provisions	12,704,668,012	8,945,284,906	3,759,383,106	2,220,847,348
Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency	1,135,161,780	68,118,757	1,067,043,023	(1,842,355,992)
Others	2,486,663,461	5,546,794,231	(3,060,130,770)	2,910,373,788
<b>Deferred tax assets</b>	<b>32,976,732,261</b>	<b>64,412,041,620</b>		
<b>Deferred CIT (expenses) benefit</b>			<b>(31,435,309,359)</b>	<b>24,528,724,989</b>

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions with related parties during the current year and previous year were as follows:

<b>Related party</b>	<b>Relationship</b>	<b>Transactions</b>	<b>Current year</b>	<b>Previous year</b>
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Purchase of goods	14,901,254,604,796	10,304,345,500,272
		Sale of goods	13,643,025,632,712	9,629,215,808,671
		Leasing of assets	139,296,000,000	169,105,200,000
		Payment on behalf	166,530,762,965	145,015,701,307
		Profit shared	76,653,509,042	79,655,811,634
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Purchase of gas	8,213,145,624	7,491,200,000
		Purchase of fixed assets	1,436,070,000	-
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Sale of goods	3,618,783,885,490	3,188,289,759,622
		Purchase of goods	3,260,772,053,282	2,791,794,909,369
		Profit shared	205,519,465,050	357,177,111,985
		Leasing of assets	678,545,460	810,545,460
		Sale of fixed assets	200,000,000	2,631,860,000
		Sales return	397,974,795	1,115,427,301
Hoa Sen Nam Cam Nghe An One Member Co., Ltd	Subsidiary	Transportation expenses	44,995,715,904	66,876,788,930
		Purchase of goods	4,611,416,810	-
		Leasing of assets	8,565,000,000	13,954,400,000
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Profit shared	5,895,764,638	3,423,095,400
		Purchase of goods	-	435,450,834,190
Hoa Sen Hoi Van Joint Stock Company	Associate	Sale of goods	-	33,806,898,516
		Purchase of goods	794,881,373,702	580,619,631,706
		Sale of goods	51,434,073,556	314,828,115,320
		Profit shared	34,967,674,962	69,522,160,006
		Capital contributed	-	450,000,000

VND



**28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES** (continued)

Significant transactions with related parties during the current year and previous year were as follows (continued):

<b>Related party</b>	<b>Relationship</b>	<b>Transactions</b>	<b>Current year</b>	<b>Previous year</b>
Hoa Sen Nghe An One Member Co., Ltd.	Subsidiary	Capital contribution Collection of lending Lending of money Sale of goods Purchase of goods Profit shared Leasing of assets	120,000,000,000 - - 5,599,890,071,479 4,551,651,709,046 224,128,658,740 3,948,000,000	220,000,000,000 287,500,000,000 187,500,000,000 825,719,284,191 383,536,049,083 - 1,328,800,000
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Capital contribution Purchase of goods Sale of goods Collection of lending Lending of money Sale of fixed assets Leasing of assets Interest income	64,000,000,000 145,744,606,172 505,020,866,183 42,967,623,260 42,967,623,260 8,435,500,000 300,000,000 201,781,047	136,000,000,000 - 2,212,334,024 - - - - -
Hoa Sen Ha Nam One Member Co., Ltd	Subsidiary	Capital contribution Purchase of goods Sale of goods Collection of lending Lending of money Interest income	150,000,000,000 154,761,409,425 11,076,398,202 64,852,176,516 64,869,376,516 1,565,011,328	50,000,000,000 - - - - -
Hoa Sen Van Hoi Joint Stock Company	Subsidiary	Capital contribution	-	2,800,000,000
Hoa Sen Yen Bai Joint Stock Company	Subsidiary	Capital contribution Lending of money Interest income	78,500,000,000 45,663,826,935 551,616,708	5,500,000,000 - -
Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Co., Ltd.	Subsidiary	Capital contribution	24,700,000,000	-

VND

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions with related parties during the current year and previous year were as follows (continued):

VND

<b>Related party</b>	<b>Relationship</b>	<b>Transactions</b>	<b>Current year</b>	<b>Previous year</b>
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Capital contribution	100,000,000,000	-
		Lending of money	29,311,140,265	-
		Sale of goods	6,005,111,813	-
		Interest income	164,900,884	-
Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Co., Ltd	Subsidiary	Capital contribution	15,000,000,000	-
Ca Na – Ninh Thuan International General Seaport One Member Co., Ltd	Subsidiary	Capital contribution	2,500,000,000	-
Hoa Sen Yen Bai Building Materials One Member Co., Ltd	Subsidiary	Capital contribution	50,000,000,000	-
		Sale of goods	2,527,910,381	-
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	Subsidiary	Capital contribution	3,000,000,000	-
Hoa Sen Quy Nhon Joint Stock Company	Associate	Capital contribution	27,450,000,000	450,000,000
Hoa Sen Holdings Group	Related party	Sale of goods	2,245,091,246,176	1,121,417,115,101
		Purchase of goods	2,868,716,011,902	928,800,964,406
		Trade discount	73,059,929,459	26,270,140,994
		Receiving of services	28,255,009,089	17,503,495,807
		Sale of fixed assets	36,386,756,005	2,617,000,000
		Transportation expenses	49,363,717,493	-
		Leasing of assets	1,718,377,268	1,709,372,720
Hoa Sen Nghe An Investment One Member Co., Ltd	Related party	Transportation expenses	620,677,877	-
Viet Capital Health Care Fund	Related party	Reclaim of investment	-	4,367,000,000



**28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES** (continued)

Amounts due from and due to related parties at the balance sheet date were as follows:

<b>Related party</b>	<b>Relationship</b>	<b>Transaction</b>	<b>Ending balance</b>	<b>Beginning balance</b>	<b>VND</b>
<b>Short-term trade receivables</b>					
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Sales of goods	1,372,719,862,467	800,534,662,997	
Hoa Sen Nghe An One Member Co., Ltd.	Subsidiary	Sales of goods	666,455,845,353	420,889,853,059	
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Sales of goods	423,765,967,282	232,002,562,858	
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Sales of goods	416,327,068,751	2,433,567,426	
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Sales of goods	10,215,237,917	-	
Hoa Sen Yen Bai Building Materials One Member Co., Ltd	Subsidiary	Sales of goods	2,380,875,132	-	
Hoa Sen Holdings Group	Related party	Sales of goods	451,645,235	27,493,400	
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Sales of goods	-	60,250,074,913	
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Sales of goods	-	585,685,088	
Hoa Sen Ha Nam One Member Co., Ltd.	Subsidiary	Sales of goods	-	496,554,009	
<b>TOTAL</b>			<b>2,892,316,502,137</b>	<b>1,517,220,453,750</b>	
<b>Short-term advances to suppliers</b>					
Hoa Sen Ha Nam One Member Co., Ltd.	Subsidiary	Advances	38,705,908,131	-	
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Advances	-	5,492,058,000	
Hoa Sen Holdings Group	Related party	Advances	-	1,303,140,682	
<b>TOTAL</b>			<b>38,705,908,131</b>	<b>6,795,198,682</b>	
<b>Long-term loan receivables</b>					
Hoa Sen Yen Bai Joint Stock Company	Subsidiary	Lending of money	45,663,826,935	-	
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Lending of money	29,311,140,265	-	
<b>TOTAL</b>			<b>74,974,967,200</b>	<b>-</b>	



## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the separate balance sheet dates were as follows (continued):

Related party	Relationship	Transaction	Ending balance	Beginning balance
VND				
<b>Other short-term receivables</b>				
Hoa Sen Nghe An One Member Co., Ltd.	Subsidiary	Profit shared	224,128,658,740	-
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Profit shared	205,519,465,050	357,177,111,985
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Profit shared	76,653,509,042	79,655,811,634
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Profit shared	34,967,674,962	69,522,160,006
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Profit shared	5,895,764,638	3,423,095,400
		Payment on behalf	-	36,787,500
Hoa Sen Ca Na – Ninh Thuan Intergrated Iron and Steel Complex Investment One Member Limited Liabilities Company	Subsidiary	Payment on behalf	923,312,250	923,312,250
Hoa Sen Yen Bai Joint Stock Company	Subsidiary	Loan interest	551,616,708	-
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Loan interest	164,900,884	-
		Payment on behalf	-	5,000,000
		Payment on behalf	10,000,000	5,000,000
Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company	Subsidiary	Payment on behalf	10,000,000	5,000,000
Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company	Subsidiary	Payment on behalf	-	5,000,000
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	Subsidiary	Payment on behalf	-	5,000,000
Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company	Subsidiary	Payment on behalf	-	5,000,000
<b>TOTAL</b>			<b>639,008,129,274</b>	<b>600,946,505,775</b>

**28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

Amounts due from and due to related parties at the separate balance sheet dates were as follows (continued):

<b>Related party</b>	<b>Relationship</b>	<b>Transaction</b>	<b>Ending balance</b>	<b>Beginning balance</b>	VND
<b>Short-term trade payables</b>					
Hoa Sen Binh Dinh One Member Co, Ltd.	Subsidiary	Purchases of goods	200,641,334,445	56,093,633,619	
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Purchases of goods	56,166,912,937	-	
Hoa Sen Holdings Group	Related party	Purchases of goods	54,215,530,025	6,115,897,221	
Hoa Sen Ha Nam One Member Co., Ltd.	Subsidiary	Purchases of goods	53,560,995,083	-	
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Purchases of goods	14,226,066,980	9,331,853,822	
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Purchases of goods	2,000,000,000	14,500,000,000	
Hoa Sen Nghe An Investment One Member Co., Ltd	Related party	Purchases of goods	427,095,341	-	
Hoa Sen Nam Cam Nghe An One Member Co., Ltd.	Subsidiary	Purchases of goods	-	128,981,860,181	
<b>TOTAL</b>			<b>381,237,934,811</b>	<b>215,023,244,843</b>	
<b>Short-term advances from customers</b>					
Hoa Sen Holdings Group	Related party	Advance	145,963,739,883	8,394,282,049	
Hoa Sen Binh Dinh One Member Co, Ltd.	Subsidiary	Advance	78,751,807,428	-	
<b>TOTAL</b>			<b>224,715,547,311</b>	<b>8,394,282,049</b>	
<b>Other short-term payables</b>					
Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Co., Ltd.	Subsidiary	Capital contribution	24,700,000,000	-	
Huong Sen Real Estate	Related party	Payable of advance	1,000,000,000	1,000,000,000	
Hoa Sen Yen Bai Building Materials One Member Co., Ltd	Subsidiary	Payment on behalf	16,800,000	-	
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Receivable on behalf	-	6,000,000	
Hoa Sen Holdings Group	Related party	Receivable on behalf	-	2,300,000	
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Receivable on behalf	-	784,000	
<b>TOTAL</b>			<b>25,716,800,000</b>	<b>1,009,084,000</b>	

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

### Transactions with other related parties

Details of salaries and remuneration of the Boards of Directors, the Board of Supervision and the Management during the year are as set out below:

	VND	
	Current year	Previous year
Salaries of the Management	15,910,226,680	13,233,255,424
Bonuses of the Management	14,580,000,000	5,968,000,000
Remuneration of the Board of Directors and the Board of Supervision	2,000,000,000	1,859,000,000
Bonuses of the Board of Directors and the Board of Supervision	26,810,000,000	11,636,460,000
<b>TOTAL</b>	<b>59,300,226,680</b>	<b>32,696,715,424</b>

## 29. COMMITMENTS

### Operating lease commitment - the Company as lessee

The Company leases land and factories under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under operating lease arrangements are as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	102,622,704,600	75,550,440,800
From 1 to 5 years	360,182,972,527	266,600,521,480
More than 5 years	247,322,009,333	182,710,585,480
<b>TOTAL</b>	<b>710,127,686,460</b>	<b>524,861,547,760</b>

### Operating lease commitment - the Company as lessor

The Company leases out buildings and structures, machinery and equipment, and means of transportation under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements are as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	155,269,354,547	186,859,086,366
From 1 to 5 years	616,331,681,818	741,692,236,365
More than 5 years	341,516,000,000	593,967,700,000
<b>TOTAL</b>	<b>1,113,117,036,365</b>	<b>1,522,519,022,731</b>

### Capital commitments

As at 30 September 2017, the Company had commitments of VND 35,525,754,918 (30 September 2016: VND 200,919,905,078) mainly related to the acquisition of new machinery for its operations.



**29. COMMITMENTS** (continued)

**Capital commitments**

As at 30 September 2017, the Company has capital-contributed commitments into subsidiaries and associates which have not been contributed as follows:

	Cost of investment		VND
			Contributed
	Amount	%	Amount
Hoa Sen Van Hoi Joint Stock Company	70,000,000,000	70%	2,800,000,000
Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company	20,000,000,000	100%	-
Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company	30,000,000,000	100%	-
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	50,000,000,000	100%	3,000,000,000
Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company	50,000,000,000	100%	2,500,000,000
Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	100,000,000,000	100%	15,000,000,000
Hoa Sen Hoi Van Joint Stock Company	22,500,000,000	45%	450,000,000
Hoa Sen Quy Nhon Joint Stock Company	45,000,000,000	45%	27,900,000,000
<b>TOTAL</b>	<b>387,500,000,000</b>		<b>51,650,000,000</b>

**30. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

Nguyen Thi Thanh Tuyen  
Preparer

Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Ngoc Chu  
General Director

25 December 2017