

# HOA SEN GROUP

## CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017

### CONTENTS

	Pages
General information	1
Report of the General Director	2
Independent auditors' report	3 - 4
Consolidated balance sheet	5 - 6
Consolidated income statement	7
Consolidated cash flow statement	8 - 9
Notes to the consolidated financial statements	10 - 49



## 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 and its subsidiaries 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 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 at 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 consolidated financial statements for the year ended 30 September 2017 in accordance with the Letter of Authorisation No. 51/UQ/CT-HDQT/2016 dated 23 March 2016.

### AUDITORS

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

## REPORT OF GENERAL DIRECTOR

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for year ended 30 September 2017.

### THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The General Director is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated 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 consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. He is also responsible for safeguarding the assets of the Group 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 consolidated financial statements.

### STATEMENTS BY THE GENERAL DIRECTOR

The General Director does hereby state that, in his opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2017 and of the consolidated results of its operations and its consolidated 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 consolidated financial statements.



Tran Ngoc Chu  
General Director

25 December 2017

## **INDEPENDENT AUDITORS' REPORT**

To: The Shareholders of Hoa Sen Group

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries ("the Group") as prepared on 25 December 2017 and set out on pages 5 to 47, which comprise the consolidated balance sheet as at 30 September 2017, and the consolidated income statement and consolidated 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 consolidated financial statements 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, and for such internal control as the General Director determines is necessary to enable the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group'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 consolidated 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 consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 30 September 2017, and of the consolidated results of its operations and its consolidated 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 consolidated financial statements.

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

Ho Chi Minh City, Vietnam

25 December 2017

**CONSOLIDATED BALANCE SHEET**

As at 30 September 2017

B01-DN/HN

VND

Code	Assets	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		12,763,371,131,704	7,057,496,113,079
110	I. Cash and cash equivalents	5	292,371,319,351	576,620,705,083
111	1. Cash		292,227,797,476	576,477,183,208
112	2. Cash equivalents		143,521,875	143,521,875
130	II. Current account receivables		1,827,514,998,306	1,097,734,614,933
131	1. Short term trade receivable	6.1	1,147,622,356,201	512,883,028,481
132	2. Short-term advances to suppliers	6.2	349,063,969,833	418,334,564,354
135	3. Short-term loan receivables		25,400,000,000	400,000,000
136	4. Other short-term receivables	7	312,189,952,182	172,878,302,008
137	5. Provision for doubtful short-term receivables		(6,761,279,910)	(6,761,279,910)
140	III. Inventories	8	8,871,078,567,586	4,821,500,983,389
141	1. Inventories		8,898,028,802,451	4,835,669,252,872
149	2. Provision for obsolete inventories		(26,950,234,865)	(14,168,269,483)
150	IV. Other current assets		1,772,406,246,461	561,639,809,674
151	1. Short-term prepaid expenses	9	109,041,648,878	89,057,046,906
152	2. Value-added tax deductible	18	1,663,363,850,523	472,570,764,899
153	3. Tax and other receivables from the State	18	747,060	11,997,869
200	B. NON-CURRENT ASSETS		8,675,084,741,950	5,252,489,822,394
210	I. Long-term receivables		1,458,000,000	28,470,549,901
215	1. Long-term loan receivables		-	25,000,000,000
216	2. Other long-term receivables	7	1,458,000,000	3,470,549,901
220	II. Fixed assets		6,760,466,142,666	4,590,256,155,671
221	1. Tangible fixed assets	11	6,396,829,534,741	4,010,721,553,262
222	Cost		9,400,950,244,633	6,334,589,034,551
223	Accumulated depreciation		(3,004,120,709,892)	(2,323,867,481,289)
224	2. Finance lease assets	12	79,990,575,402	286,223,132,542
225	Cost		156,586,057,440	390,450,105,019
226	Accumulated depreciation		(76,595,482,038)	(104,226,972,477)
227	3. Intangible assets	13	283,646,032,523	293,311,469,867
228	Cost		316,828,687,046	322,941,011,046
229	Accumulated amortisation		(33,182,654,523)	(29,629,541,179)
240	III. Long-term asset in progress		1,333,535,754,767	294,089,597,497
242	1. Construction in progress	14	1,333,535,754,767	294,089,597,497
250	IV. Long-term investments	16	90,969,102,467	25,902,371,384
252	1. Investments in associates		44,369,102,467	25,902,371,384
255	2. Held-to-maturity investment		46,600,000,000	-
260	V. Other long-term assets		488,655,742,050	313,771,147,941
261	1. Long-term prepaid expenses	9	412,307,081,315	218,966,831,302
262	2. Deferred tax assets	29.3	64,981,164,590	94,804,316,639
269	3. Goodwill	15	11,367,496,145	-
270	TOTAL ASSETS		21,438,455,873,654	12,309,985,935,473



**CONSOLIDATED BALANCE SHEET** (continued)

As at 30 September 2017

B01-DN/HN

VND

Code	Resources	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		16,268,653,940,969	8,180,013,371,207
310	I. Current liabilities		13,427,903,865,258	6,757,387,367,397
311	1. Short-term trade payables	17.1	3,482,818,939,548	1,620,489,926,985
312	2. Short-term advances from customers	17.2	417,642,163,076	152,344,207,252
313	3. Statutory obligations	18	167,199,725,948	196,510,882,399
314	4. Payables to employees		105,069,186,683	82,046,846,238
315	5. Short-term accrued expenses	19	101,223,708,394	262,426,636,612
319	6. Other short-term payables	20	77,593,435,079	46,540,401,931
320	7. Short-term loans and finance lease obligations	21	9,015,062,474,063	4,366,172,782,781
322	8. Bonus and welfare fund		61,294,232,467	30,855,683,199
330	II. Non-current liabilities		2,840,750,075,711	1,422,626,003,810
338	1. Long-term loans and finance lease obligations	21	2,835,803,760,461	1,418,572,001,810
342	2. Long-term provisions		4,946,315,250	4,054,002,000
400	D. OWNERS' EQUITY		5,169,801,932,685	4,129,972,564,266
410	I. Capital		5,169,801,932,685	4,129,972,564,266
411	1. Share capital	22.1	3,499,966,830,000	1,965,398,290,000
411a	<i>Shares with voting rights</i>		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. Undistributed earnings		1,446,534,555,355	1,602,771,684,847
421a	- <i>Undistributed earnings up to prior year-end</i>		114,870,643,184	98,578,241,748
421b	- <i>Undistributed earnings of current year</i>		1,331,663,912,171	1,504,193,443,099
429	5. Non-controlling interests	22.3	37,181,622,614	3,446,080,228
440	TOTAL LIABILITIES AND OWNERS' EQUITY		21,438,455,873,654	12,309,985,935,473

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

25 December 2017

**CONSOLIDATED INCOME STATEMENT**

For the year ended 30 September 2017

B02-DN/HN

VND

Code	Items	Notes	Current year	Previous year
01	1.Revenues from sale of goods and rendering of services	23.1	26,336,984,183,123	18,006,498,541,322
02	2. Deductions	23.1	(187,939,347,844)	(112,783,060,369)
10	3. Net revenues from sale of goods and rendering of services	23.1	26,149,044,835,279	17,893,715,480,953
11	4. Costs of goods sold and services rendered	24	(21,730,791,206,018)	(13,717,393,786,963)
20	5. Gross profit from sale of goods and rendering of services		4,418,253,629,261	4,176,321,693,990
21	6. Finance income	23.2	53,912,840,001	38,428,728,972
22	7. Finance expenses	25	(589,176,690,666)	(255,684,384,136)
23	<i>In which: Interest expense</i>		<i>(482,275,637,847)</i>	<i>(209,035,437,498)</i>
25	8. Selling expenses	26	(1,512,517,323,076)	(1,139,602,275,640)
26	9. General and administrative expenses	26	(801,479,758,048)	(900,715,660,702)
30	10. Operating profit		1,568,992,697,472	1,918,748,102,484
31	11. Other income	27	78,166,099,473	12,438,447,274
32	12. Other expenses	27	(4,519,323,205)	(24,436,799,077)
40	13. Other profit (loss)	27	73,646,776,268	(11,998,351,803)
50	14. Profit before tax		1,642,639,473,740	1,906,749,750,681
51	15. Current corporate income tax expense	29.1	(281,166,867,134)	(437,894,050,149)
52	16. Deferred income tax (expense) benefit	29.3	(29,823,152,049)	35,333,822,795
60	17. Net profit after tax		1,331,649,454,557	1,504,189,523,327
61	18. Net profit after tax attributable to shareholders of the parent		1,331,663,912,171	1,504,193,443,099
62	19. Net loss after tax attributable to non-controlling interests		(14,457,614)	(3,919,772)
70	20.Earnings per share (VND/share)	22.5		
	- Basic earnings per share		3,672	4,226
	- Diluted earnings per share		3,672	4,226

Nguyen Thi Thanh Tuyen  
Tran Ngoc ChuNguyen Thi Ngoc Lan  
Chief AccountantTran Ngoc Chu  
General Director

25 December 2017



**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 30 September 2017

B03-DN/HN

VND

Code	Items	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Accounting profit before tax		1,642,639,473,740	1,906,749,750,681
	Adjustments for:			
02	Depreciation and amortisation of fixed assets and goodwill	11, 12, 13, 15	705,280,876,622	548,687,219,681
03	Provisions		21,765,234,299	11,863,839,459
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		7,247,689,692	4,522,119,842
05	Profits from investing activities		(23,207,483,003)	(6,762,148,291)
06	Interest expense	25	482,275,637,847	209,035,437,498
08	Operating profit before changes in working capital		2,836,001,429,197	2,674,096,218,870
09	Increase in receivables		(1,940,119,982,438)	(275,398,648,744)
10	Increase in inventories		(4,062,359,549,579)	(1,278,775,737,798)
11	Increase in payables		1,990,194,619,701	1,251,763,256,721
12	Increase in prepaid expenses		(104,000,439,171)	(110,709,151,095)
14	Interest expense paid		(470,782,599,301)	(209,357,317,508)
15	Corporate income tax paid		(340,323,719,741)	(377,577,508,418)
17	Other cash outflows for operating activities		(82,041,727,870)	(32,821,856,159)
20	Net cash flows (used in) from operating activities		(2,173,431,969,202)	1,641,219,255,869
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets		(4,016,935,385,411)	(1,306,700,247,402)
22	Proceeds from disposals of fixed assets		49,677,813,863	5,357,567,669
25	Payments for investments in other entities		(27,450,000,000)	(900,000,000)
26	Proceeds from sale of investments in other entities		-	4,367,000,000
27	Interest received		700,711,525	4,781,142,242
30	Net cash flows used in investing activities		(3,994,006,860,023)	(1,293,094,537,491)

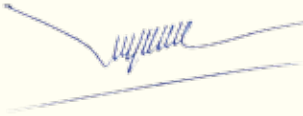
**CONSOLIDATED CASH FLOW STATEMENT** (continued)

For the year ended 30 September 2017

B03-DN/HN

VND

Code	Items	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Reissuance of treasury shares		34,601,710,000	116,395,667,397
32	Capital redemption		-	(508,729)
33	Drawdown of borrowings		27,410,327,886,870	12,715,960,175,942
34	Repayment of borrowings		(21,212,709,164,619)	(12,485,356,652,060)
35	Finance lease payments		(147,033,010,824)	(67,794,496,495)
36	Dividends paid		(196,362,984,225)	(327,038,699,875)
40	Net cash flows from (used in) financing activities		5,888,824,437,202	(47,834,513,820)
50	Net (decrease) increase in cash and cash equivalents		(278,614,392,023)	300,290,204,558
60	Cash and cash equivalents at beginning of year	5	576,620,705,083	276,693,474,303
61	Impact of exchange rate fluctuation		(5,634,993,709)	(362,973,778)
70	Cash and cash equivalents at end of year	5	292,371,319,351	576,620,705,083



Nguyen Thi Thanh Tuyen  
Preparer



Nguyen Thi Ngoc Lan  
Chief Accountant




Tran 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 and its subsidiaries 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; manufacturing PVC ceiling; 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 in accordance with 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 at various provinces of Vietnam.

The number of employees of the Company and its subsidiaries (“the Group”) as at 30 September 2017 was 8,200 (30 September 2016: 7,095).

### Corporate structure

The Group’s corporate structure includes the Company and the following 17 subsidiaries:

▶ Hoa Sen Steel Sheet One Member Limited Liabilities 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 in 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 Liabilities 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 Liabilities 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 interest and 100% voting rights in HSBD (30 September 2016: 100%).



## 1. CORPORATE INFORMATION (continued)

### Corporate structure (continued)

▶ 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 interest and 100% voting rights in HTME (30 September 2016: 100%).

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

HHSNA is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 29011788319 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

As at 30 September 2017, the Company holds 100% equity interest 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 interest 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 HSNH (30 September 2016: 100%).



## 1. CORPORATE INFORMATION (continued)

### Corporate structure (continued)

▶ 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 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 Civil 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 in construction and developing industrial park.

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





## 2. BASIS OF PREPARATION

### 2.1 Applied accounting standards and system

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

Accordingly, the accompanying consolidated 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 consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 2.2 Applied accounting documentation system

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

### 2.3 Fiscal year

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

### 2.4 Accounting currency

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

### 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 30 September 2017.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in retained earnings.



### 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 realisable 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:

Raw materials, tools and supplies, and merchandise	- 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.

##### *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 Group, based on appropriate evidence of impairment available at the balance sheet date.

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

#### 3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, along with the 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 consolidated 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 Group is the lessee*

Assets held under finance leases are capitalised in the consolidated 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 consolidated income statement over the lease term to achieve a constant 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 Group will obtain ownership by the end of the lease term.

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

##### *Where the Group is the lessor*

Assets subject to operating leases are included as the Group's fixed assets in the consolidated 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 consolidated income statement over the lease term.

Lease income is recognised in the consolidated 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 consolidated 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 consolidated income statement.

##### *Land use rights*

Land use rights are recorded as intangible assets representing the value of the right to use the lands acquired or leased by the Group. 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 financial 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	5 - 50 years
Machinery and equipment	5 - 20 years
Means of transportation	6 - 10 years
Office equipment	3 - 8 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 Group 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 consolidated 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 associates*

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associate is presented on the face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend or profit sharing received or receivable from the associate reduce the carrying amount of the investment.

##### *Investment in other entity*

Investment in other entity is are stated at their acquisition costs.

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

Provision for any diminution in value of the investments in capital of 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 consolidated 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 Group.

#### **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 consolidated 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 Group's reporting 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 Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated 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 Group'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 and reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

The Group maintains the following fund which is appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by 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 consolidated balance sheet.

#### **3.16 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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*

Income is recognised when the Group is entitled to receive dividends.

##### *Rental income*

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

#### **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 consolidated 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 Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.





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

#### **3.17 Taxation (continued)**

##### *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 consolidated financial statements 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 asset 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 consolidated 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 Group to set off 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 Group 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.

#### **3.18 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### **3.19 Segment information**

A segment is a component determined consolidated by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.



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

#### 3.20 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 3-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement

### 4. BUSINESS COMBINATION

#### Acquisition of shares of HSDL

On 26 September 2017, the Group acquired 100% equity interest of Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Liability Company ("HSDL") for a total consideration of VND 24,700,000,000. Accordingly, HSDL became a subsidiary of the Group from that date.

As at 30 September 2017, the Group is still in process to determine the fair values of the identifiable assets, liabilities, and contingent liabilities of HSDL at the acquisition date. Accordingly, the Group applied provisional fair values of this subsidiary for consolidation purpose. The provisional fair values of identifiable assets and liabilities of HSDL at the acquisition date were as follows:

	VND
	<b>Provisional fair value recognized on acquisition</b>
<b>Assets</b>	<b>38,351,654,211</b>
Cash	3,842,441
Trade receivables	24,786,359,197
Other current assets	21,000,000
Construction in progress	13,540,452,573
<b>Liabilities</b>	<b>30,702,898,428</b>
Other short – term payables	30,702,898,428
<b>Total identifiable net assets at fair value</b>	<b>7,648,755,783</b>
Goodwill arising on acquisition	17,051,244,217
<b>Purchase consideration transferred</b>	<b>24,700,000,000</b>



## 5. CASH AND CASH EQUIVALENTS

	Ending balance	Beginning balance
		VND
Cash on hand	14,395,109,469	12,729,078,269
Cash in banks	276,984,603,292	513,748,104,939
Cash in transit	848,084,715	50,000,000,000
Cash equivalents (*)	143,521,875	143,521,875
<b>TOTAL</b>	<b>292,371,319,351</b>	<b>576,620,705,083</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.

## 6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

### 6.1 Short-term trade receivables

	Ending balance	Beginning balance
		VND
Due from third parties	1,147,137,710,966	512,855,535,081
Due from related parties (Note 30)	484,645,235	27,493,400
<b>TOTAL</b>	<b>1,147,622,356,201</b>	<b>512,883,028,481</b>
Provision for doubtful short-term trade receivables	(6,021,279,910)	(6,021,279,910)
<b>NET</b>	<b>1,141,601,076,291</b>	<b>506,861,748,571</b>

### 6.2 Short-term advances to suppliers

	Ending balance	Beginning balance
		VND
Advances to third parties	349,063,969,833	413,718,365,689
Advance to a related party (Note 30)	-	4,616,198,665
<b>TOTAL</b>	<b>349,063,969,833</b>	<b>418,334,564,354</b>



## 7. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>312,189,952,182</b>	<b>172,878,302,008</b>
Deposits	139,310,128,600	53,959,892,062
Advance for purchase of lands	90,183,227,000	90,183,227,000
Compensation	31,520,000,000	-
Advances to employees	27,744,442,409	20,846,911,314
Compensation and clear the ground	20,000,000,000	-
Others	3,432,154,173	7,888,271,632
<b>Long-term</b>	<b>1,458,000,000</b>	<b>3,470,549,901</b>
Deposits	1,458,000,000	3,470,549,901
<b>TOTAL</b>	<b>313,647,952,182</b>	<b>176,348,851,909</b>
Provision for doubtful other short-term receivables	(740,000,000)	(740,000,000)
<b>NET</b>	<b>312,907,952,182</b>	<b>175,608,851,909</b>
<i>In which:</i>		
<i>Due from third parties</i>	222,724,725,182	85,425,624,909
<i>Due from a related party (Note 30)</i>	90,183,227,000	90,183,227,000

## 8. INVENTORIES

	VND	
	Ending balance	Beginning balance
Raw materials	2,785,840,233,964	1,211,410,567,699
Goods in transit	2,582,630,028,127	1,576,075,705,558
Finished goods	2,111,432,921,511	1,358,911,213,509
Tools and supplies	727,542,052,803	385,159,981,694
Merchandises	690,583,566,046	273,447,375,269
Work in process	-	30,664,409,143
<b>TOTAL</b>	<b>8,898,028,802,451</b>	<b>4,835,669,252,872</b>
Provision for obsolete inventories	(26,950,234,865)	(14,168,269,483)
<b>Provision for obsolete inventories</b>	<b>8,871,078,567,586</b>	<b>4,821,500,983,389</b>

As disclosed in Note 21, the Company has pledged inventories with the carrying amount as at 30 September 2017 amounting to VND 2,981,550,094,254 to secure its bank loans.



## 9. PREPAID EXPENSES

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Short-term</b>	<b>109,041,648,878</b>	<b>89,057,046,906</b>
Tools and equipment	31,879,306,315	30,110,567,566
Advertising expenses	27,486,428,721	24,585,328,927
Rental expenses	21,096,714,881	13,439,356,204
Repair and maintenance	9,816,289,531	2,352,783,842
Advisory fee	5,022,641,070	1,615,463,792
Insurance fee	1,822,964,857	1,272,363,610
Others	11,917,303,503	15,681,182,965
<b>Long-term</b>	<b>412,307,081,315</b>	<b>218,966,831,302</b>
Tools, materials and equipment	132,158,152,780	101,715,319,644
Rental expense	130,330,964,983	96,224,400,019
Ground clearing expense	81,632,371,044	-
Marketing	25,377,730,855	-
Repairing and maintenance	21,983,972,896	12,044,617,510
Others	20,823,888,757	8,982,494,129
<b>TOTAL</b>	<b>521,348,730,193</b>	<b>308,023,878,208</b>

## 10. LOAN RECEIVABLE

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Short-term</b>		
Finance Department of Nghe An Province (*)	25,000,000,000	-
Others	400,000,000	400,000,000
<b>Long-term</b>		
Long-term	-	25,000,000,000
<b>TOTAL</b>	<b>25,400,000,000</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.

**11. TANGIBLE FIXED ASSET**

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total	VND
<b>Cost:</b>							
Beginning balance	1,208,349,888,248	4,668,890,879,333	410,415,542,405	25,462,748,305	21,469,976,260	6,334,589,034,551	
New purchase	3,372,754,965	224,477,005,875	93,080,080,023	12,529,749,707	563,130,430	334,022,721,000	
Transfer from construction in progress	376,501,078,794	2,141,187,274,345	22,886,152,237	1,441,453,442	1,973,220,700	2,543,989,179,518	
Transfer from financial lease fixed assets	-	240,335,738,629	12,199,636,362	-	-	252,535,374,991	
Disposal	(1,290,540,099)	(59,266,121,019)	(3,372,084,449)	(257,319,860)	-	(64,186,065,427)	
Ending balance	1,586,933,181,908	7,215,624,777,163	535,209,326,578	39,176,631,594	24,006,327,390	9,400,950,244,633	
<i>In which:</i>							
Fully depreciated	29,219,873,789	561,898,448,187	23,184,455,902	1,761,065,426	6,663,605,856	622,727,449,160	
<b>Accumulated depreciation:</b>							
Beginning balance	(298,403,104,538)	(1,888,702,822,164)	(112,384,028,145)	(9,048,250,503)	(15,329,275,939)	(2,323,867,481,289)	
Depreciation for the year	(69,180,695,020)	(508,145,736,403)	(53,987,604,958)	(5,620,121,613)	(2,950,746,880)	(639,884,904,874)	
Transfer from finance leases	-	(80,268,435,491)	(3,522,165,280)	-	-	(83,790,600,771)	
Disposals	618,577,353	40,384,104,633	2,276,893,350	142,701,706	-	43,422,277,042	
Ending balance	(366,965,222,205)	(2,436,732,889,425)	(167,616,905,033)	(14,525,670,410)	(18,280,022,819)	(3,004,120,709,892)	
<b>Net carrying amount:</b>							
Beginning balance	909,946,783,710	2,780,188,057,169	298,031,514,260	16,414,497,802	6,140,700,321	4,010,721,553,262	
Ending balance	1,219,967,959,703	4,778,891,887,738	367,592,421,545	24,650,961,184	5,726,304,571	6,396,829,534,741	
<i>In which:</i>							
Pledged (Note 21)	812,836,204,518	3,042,494,800,180	174,991,407,846	5,248,107,694	2,315,640,574	4,037,886,160,812	



**12. FINANCE LEASES**

			VND
	Machinery and equipment	Means of transportation	Total
<b>Cost:</b>			
Beginning balance	370,117,377,749	20,332,727,270	390,450,105,019
Additions	18,671,327,412	-	18,671,327,412
Transfer to fixed assets	(240,335,738,629)	(12,199,636,362)	(252,535,374,991)
Ending balance	148,452,966,532	8,133,090,908	156,586,057,440
<b>Accumulated depreciation:</b>			
Beginning balance	(100,120,989,216)	(4,105,983,261)	(104,226,972,477)
Depreciation for the year	(54,295,924,361)	(1,863,185,971)	(56,159,110,332)
Transfer to fixed assets	80,268,435,491	3,522,165,280	83,790,600,771
Ending balance	(74,148,478,086)	(2,447,003,952)	(76,595,482,038)
<b>Net carrying amount:</b>			
Beginning balance	269,996,388,533	16,226,744,009	286,223,132,542
Ending balance	74,304,488,446	5,686,086,956	79,990,575,402

**13. INTANGIBLE ASSETS**

			VND
	Land use rights	Computer software	Total
<b>Cost:</b>			
Beginning balance	321,122,786,265	1,818,224,781	322,941,011,046
Additions	-	294,930,000	294,930,000
Disposals	(6,407,254,000)	-	(6,407,254,000)
Ending balance	314,715,532,265	2,113,154,781	316,828,687,046
<i>In which: Fully amortised</i>	456,396,144	1,818,224,781	2,274,620,925
<b>Accumulated amortisation:</b>			
Beginning balance	(27,827,904,998)	(1,801,636,181)	(29,629,541,179)
Amortisation for the year	(3,520,467,444)	(32,645,900)	(3,553,113,344)
Ending balance	(31,348,372,442)	(1,834,282,081)	(33,182,654,523)
<b>Net carrying amount:</b>			
Beginning balance	293,294,881,267	16,588,600	293,311,469,867
Ending balance	283,367,159,823	278,872,700	283,646,032,523

As disclosed in Note 21, the Group has pledged its land use rights with their carrying amounts as at 30 September 2017 of VND 167,300,426,264 to secure its bank loan facilities.



## 14. CONSTRUCTION IN PROGRESS

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Purchases of fixed assets	623,945,764,106	173,966,203,042
Plant construction	661,097,249,383	112,969,902,665
Major repair of fixed assets	8,540,174,075	6,599,936,834
Others	39,952,567,203	553,554,956
<b>TOTAL</b>	<b>1,333,535,754,767</b>	<b>294,089,597,497</b>

## 15. GOODWILL

Goodwill is amortized over 3-year period on a straight-line basis. The amortisation charges of goodwill during the year and the accumulated amortisation as at the balance sheet date are as follows:

	VND
	<b>Amount</b>
<b>Cost</b>	
Beginning balance	-
Increase due to business combination (Notes 4)	17,051,244,217
Ending balance	17,051,244,217
<b>Accumulated amortisation</b>	
Beginning balance	-
Amortisation for the year	(5,683,748,072)
Ending balance	(5,683,748,072)
<b>Net carrying amount</b>	
Beginning balance	-
Ending balance	11,367,496,145



## 16. LONG-TERM INVESTMENTS

VND

	<b>Ending balance</b>	<b>Beginning balance</b>
Investment in associates (*)	44,369,102,467	25,902,371,384
Bonds at Bank for Foreign Trade of Vietnam (**)	46,600,000,000	-
<b>TOTAL</b>	<b>90,969,102,467</b>	<b>25,902,371,384</b>

(\*) Details of investments in the associates were as follow:

VND

<b>Name of associate</b>	<b>Ending balance</b>		<b>Beginning balance</b>		<b>Location</b>	<b>Business activities</b>
	<b>% of interest</b>	<b>Cost of investment VND</b>	<b>% of interest</b>	<b>Cost of investment VND</b>		
Hoa Sen-Gemad- ept Logistics and International Port Corporation	45	16,019,102,467	45	25,002,371,384	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
<b>TOTAL</b>		<b>44,369,102,467</b>		<b>25,902,371,384</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.

**17. TRADE PAYABLES AND ADVANCE FROM CUSTOMERS****17.1 Short-term trade payables**

	VND	
	Ending balance	Beginning balance
Due to third parties	3,418,891,156,478	1,609,231,521,388
Due to related parties (Note 30)	63,927,783,070	11,258,405,597
<b>TOTAL</b>	<b>3,482,818,939,548</b>	<b>1,620,489,926,985</b>

**17.2 Short-term advances from customers**

	VND	
	Ending balance	Beginning balance
Due to a related party (Note 30)	278,163,648,717	26,413,121,165
Due to third parties	139,478,514,359	125,931,086,087
<b>TOTAL</b>	<b>417,642,163,076</b>	<b>152,344,207,252</b>

**18. TAXES**

	VND			
	Beginning balance	Increase during the year	Decrease during the year	Ending balance
<b>Payables</b>				
Corporate income tax	114,928,828,914	281,166,867,134	(340,323,719,741)	55,771,976,307
Value-added tax	76,547,803,465	1,682,389,184,523	(1,651,498,077,413)	107,438,910,575
Personal income tax	3,119,851,654	42,726,095,047	(43,129,030,389)	2,716,916,312
Other taxes	1,914,398,366	190,369,980,850	(191,012,456,462)	1,271,922,754
<b>TOTAL</b>	<b>196,510,882,399</b>	<b>2,196,652,127,554</b>	<b>(2,225,963,284,005)</b>	<b>167,199,725,948</b>
<b>Receivables</b>				
Value-added tax deductible	472,570,764,899	1,391,557,182,622	(200,764,096,998)	1,663,363,850,523
Personal income tax	11,997,869	747,060	(11,997,869)	747,060
<b>TOTAL</b>	<b>472,582,762,768</b>	<b>1,391,557,929,682</b>	<b>(200,776,094,867)</b>	<b>1,663,364,597,583</b>

## 19. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
Bonuses and 13th month salary	53,536,809,000	187,345,248,580
Payables relating to construction in progress	18,008,495,530	13,043,613,180
Loan interest	15,657,863,150	4,164,824,604
Electricity fee	10,315,223,937	11,627,442,689
Transportation	2,843,019,695	3,587,787,177
Others	862,297,082	42,657,720,382
<b>TOTAL</b>	<b>101,223,708,394</b>	<b>262,426,636,612</b>

## 20. OTHER SHORT-TERM PAYABLES

	VND	
	Ending balance	Beginning balance
Capital transfer to buy Hoa Sen Du Long	24,700,000,000	-
Deposit to buy Gemandep's share ownership	15,776,367,206	-
Tender deposits received	10,192,386,680	28,888,223,493
Dividends	4,731,068,925	4,702,534,150
Social insurance, health insurance, unemployment insurance, and trade union fees	1,425,763,500	761,223,150
Other payables to related parties (Note 30)	1,000,000,000	1,002,300,000
Others	19,767,848,768	11,186,121,138
<b>TOTAL</b>	<b>77,593,435,079</b>	<b>46,540,401,931</b>

## 21. LOANS AND FINANCE LEASES

	VND	
	Ending balance	Beginning balance
<b>Short-term loans and finance leases</b>	9,015,062,474,063	4,366,172,782,781
Loans from banks (Note 21.1)	8,502,860,876,262	3,954,271,503,856
Current portion of long-term loans (Note 21.2)	485,500,382,125	340,564,271,336
Current portion of finance leases (Note 21.3)	26,701,215,676	71,337,007,589
<b>Long-term loans and finance leases</b>	2,835,803,760,461	1,418,572,001,810
Loans from banks (Note 21.2)	2,821,013,820,224	1,316,636,732,692
Finance leases (Note 21.3)	14,789,940,237	101,935,269,118
<b>TOTAL</b>	<b>11,850,866,234,524</b>	<b>5,784,744,784,591</b>

**21. LOANS AND FINANCE LEASES (continued)**

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

	VND
	<b>Amount</b>
Beginning balance	5,784,744,784,591
Drawdown from borrowings	27,410,327,886,870
Addition of finance lease obligations	15,251,890,030
Repayment from borrowings	(21,212,709,164,619)
Repayment from finance lease obligation	(147,033,010,824)
Foreign exchange differences	283,848,476
<b>Ending balance</b>	<b>11,850,866,234,524</b>

**21.1 Short-term loans from banks**

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

Name of banks	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	986,309,498,640	From 5 October 2017 to 28 February 2018	From 5.0 to 5.4	Land use rights, machinery and equipment, inventories
Loan in USD	66,798,910,753	From 21 October 2017 to 29 October 2017	2.4	Land use rights, machinery and equipment
<b>Vietnam Joint Stock Commercial 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, 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, machinery and equipment
<b>Vietnam Joint Stock Commercial Bank for Industry and Trade – Ha Nam Branch</b>				
Loan in VND	52,757,493,746	From 6 November 2017 to 26 March 2018	5.0	Inventories
<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 transport and Inventories
Loan in VND	205,467,521,673	From 28 November 2017 to 11 March 2018	From 2.1 to 2.7	Land use rights, means of transport



## 21. LOANS AND FINANCE LEASES (continued)

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

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

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	195,000,000,000	18 December 2017	4.1	Inventories, machinery and equipment
<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>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>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 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>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>Vietnam Joint Stock Commercial Bank for Industrial Trade of Vietnam – Vung Tau Branch</b>				
Loan in VND	88,337,190,470	25 September 2018	5.2	Inventories
<b>Vietnam Joint Stock Commercial Bank for Industry and Trade – Phu Tai Industrial Zone Branch</b>				
Loan in VND	228,182,628,564	From 2 October 2017 to 5 March 2018	From 5.0 to 5.2	Unsecured

**21. LOANS AND FINANCE LEASES** (continued)**21.1 Short-term loans from banks** (continued)

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

<b>Name of banks</b>	<b>Ending balance VND</b>	<b>Maturity date</b>	<b>Interest rate (% p.a.)</b>	<b>Description of collateral</b>
<b>HSBC Bank (Vietnam) Ltd</b>				
Loan in VND	560,998,382,668	From 24 November 2017 to 27 January 2018	From 4.3 to 4.5	Inventories, machinery, equipment, land use rights and construction on land
<b>HD Bank Ltd</b>				
Loan in USD	183,738,960,831	10 November 2017	2.4	Unsecured
<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 Bank</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>Vietnam Bank for Industry and Trade – Nghe An Branch</b>				
Loan in VND	782,467,932,856	From 22 December 2017 to 28 March 2018	From 5.0 to 5.2	Inventories
<b>TOTAL</b>	<b>8,502,860,876,262</b>			

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

**21. LOANS AND FINANCE LEASES** (continued)**21.2 Long-term loans from banks**

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

<b>Name of banks</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	438,207,376,490	From 14 November 2018 to 7 December 2022	From 8.0 to 8.8	Land use rights, 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	2,521,016,619,591	From 25 December 2017 to 5 January 2026	From 7.5 to 9.0	Land use rights, buildings and structures, 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 rights, buildings and structures, machinery and equipment
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in VND	16,344,139,975	7 January 2019	8.0	Means of transportation
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vung Tau Branch</b>				
Loan in VND	72,011,652,214	30 August 2024	8.0	Machinery and equipment

**21. LOANS AND FINANCE LEASES** (continued)**21.2 Long-term loans from banks** (continued)

Details of long-term loans from banks are as follow (continued):

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Hình thức đảm bảo
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	52,083,333,341	From 9 October 2017 to 10 September 2019	From 4.45 to 8.0	All the assets of Hoa Sen Binh Dinh steel pipe plant project
<b>Vietnam Joint Stock Commercial Bank for Industry and Trade – Phu Tai Industrial Zone Branch</b>				
Loan in VND	2,834,650,000	From 25 October 2017 to 28 April 2019	8.0	Means of transportation
<b>Vietnam Joint Stock Commercial Bank for Industry and Trade – Ba Ria Vung Tau Branch</b>				
Loan in VND	146,717,228,173	From 18 October 2017 to 19 July 2021	From 7.5 to 8.8	machinery and equipment
<b>TOTAL</b>	<b>3,306,514,202,349</b>			
<i>In which:</i>				
<i>Current portion</i>	<i>485,500,382,125</i>			
<i>Non-current portion</i>	<i>2,821,013,820,224</i>			

The Group used these loans to finance its constructions and purchase of fixed assets.



## 21. LOANS AND FINANCE LEASES (continued)

### 21.3 Finance leases

Details of finance leases were as follows:

The Group 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:

	Ending balance			Beginning balance			VND
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities	
<b>Current liabilities</b>							
Less than 1 year	29,186,748,807	2,485,533,131	26,701,215,676	82,543,681,008	11,206,673,419	71,337,007,589	
<b>Non-current liabilities</b>							
From 1 - 5 years	15,388,778,781	598,838,544	14,789,940,237	110,918,984,884	8,983,715,766	101,935,269,118	
<b>TOTAL</b>	<b>44,575,527,588</b>	<b>3,084,371,675</b>	<b>41,491,155,913</b>	<b>193,462,665,892</b>	<b>20,190,389,185</b>	<b>173,272,276,707</b>	

**22. OWNERS' EQUITY****22.1 Movements in owners' equity**

	Issued share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Other funds belonging to equity	Undistributed earning	Total
<b>Previous year</b>								
Beginning balance 1,007,907,900,000 (previously presented)	487,290,470,363	(52,113,695,510)	-	8,525,313,060	6,605,155,369	1,452,507,322,241	2,910,722,465,523	
Beginning balance 1,007,907,900,000 (reclassified) (*)	487,290,470,363	(52,113,695,510)	8,525,313,060	-	6,605,155,369	1,452,507,322,241	2,910,722,465,523	
Net profit for the year	-	-	-	-	-	1,504,193,443,099	1,504,193,443,099	
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)
<b>Ending balance</b>	<b>1,965,398,290,000</b>	<b>551,571,933,521</b>	<b>-</b>	<b>-</b>	<b>6,784,575,670</b>	<b>1,602,771,684,847</b>	<b>4,126,526,484,038</b>	

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



**22. OWNERS' EQUITY** (continued)  
**22.1 Movements in owners' equity (continued)**

	Share capital	Share premium	Other funds belonging to owners' equity	Undistributed earnings	Total
					VND
<b>Current year</b>					
Beginning balance	1,965,398,290,000	551,571,933,521	6,784,575,670	1,602,771,684,847	4,126,526,484,038
Net profit for the year	-	-	-	1,331,663,912,171	1,331,663,912,171
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
Reversal of fund	-	-	-	148,310,000	148,310,000
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	1,446,534,555,355	5,132,620,310,071



**22. OWNERS' EQUITY** (continued)**22.1 Movements in owners' equity (continued)**

(\*) 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/NQ/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 10:5 (i.e. issuing 5 new shares for every 10 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/2017 dated 06 January 2017, the Company's shareholders approved the performance bonus at 4% of profit after tax.

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

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

**22.3 Non-controlling interests**

	VND	
	Current year	Previous year
<b>Beginning balance</b>	<b>3,446,080,228</b>	-
Contributed charter capital	33,750,000,000	3,450,000,000
Profit attributable to non-controlling interests	(14,457,614)	(3,919,772)
<b>Ending balance</b>	<b>37,181,622,614</b>	<b>3,446,080,228</b>

**22. OWNERS' EQUITY** (continued)**22.4 Share capital**

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

**22.5 Earnings per share**

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<b>Current year</b>	<b>Previous year</b>
Net profit attributable to ordinary equity holders of the Company (VND)	1,331,663,912,171	1,504,193,443,099
Distribution to bonus and welfare fund (VND) (*)	(53,266,556,487)	(60,167,737,724)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	1,278,397,355,684	1,444,025,705,375
Weighted average number of ordinary shares (shares) (**)	348,167,058	341,725,667
<b>Earnings per share (VND/share)</b>		
Basic	3,672	4,226
Diluted	3,672	4,226

(\*) Profit used to compute earnings per share for the year ended 30 September 2017 as presented in the consolidated financial statements of previous year was restated to reflect the actual allocation to bonus and welfare fund from previous year's net profit after tax in accordance with the Resolution of Annual General Meeting No. 01/N-Q/DHDCD/2017 dated 06 January 2017.

(\*\*) The weighted average number of ordinary shares in the previous years has been retrospectively adjusted for the payments of stock dividends to the Company's existing shareholders during the year.

**23. REVENUES****23.1 Revenues from sale of goods and rendering of services**

VND

	<b>Current year</b>	<b>Previous year</b>
<b>Gross revenues</b>	<b>26,336,984,183,123</b>	<b>18,006,498,541,322</b>
Of which:		
<i>Sale of finished goods</i>	16,428,207,199,548	13,186,708,856,497
<i>Sale of merchandises</i>	9,829,348,382,934	4,788,804,258,942
<i>Others</i>	79,428,600,641	30,985,425,883
<b>Sales deduction</b>	<b>(187,939,347,844)</b>	<b>(112,783,060,369)</b>
Of which:		
<i>Sales discount</i>	(176,829,729,476)	(97,697,573,236)
<i>Sales returns</i>	(9,163,655,524)	(4,928,478,632)
<i>Sales allowances</i>	(1,945,962,844)	(10,157,008,501)
<b>NET</b>	<b>26,149,044,835,279</b>	<b>17,893,715,480,953</b>
Of which:		
<i>Sale to third parties</i>	22,073,429,131,341	15,461,462,955,111
<i>Sale to related parties (Note 28)</i>	4,075,615,703,938	2,432,252,525,842

**23.2 Finance income**

VND

	<b>Current year</b>	<b>Previous year</b>
Foreign exchange gains	53,212,128,476	33,647,586,730
Interest income	700,711,525	2,954,531,757
Finance income from investments	-	1,826,610,485
<b>TOTAL</b>	<b>53,912,840,001</b>	<b>38,428,728,972</b>

**24. COST OF GOODS SOLD AND SERVICES RENDERED**

VND

	<b>Current year</b>	<b>Previous year</b>
Costs of sale of finished goods	13,079,930,345,990	9,483,644,403,917
Costs of sale of merchandises	8,637,735,118,160	4,208,202,828,538
Others	13,125,741,868	25,546,554,508
<b>TOTAL</b>	<b>21,730,791,206,018</b>	<b>13,717,393,786,963</b>

**25. FINANCE EXPENSES**

	VND	
	<b>Current year</b>	<b>Previous year</b>
Interest expense	482,275,637,847	209,035,437,498
Foreign exchange losses	90,670,094,210	33,143,557,879
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	7,247,689,692	4,522,119,842
Provision for long-term investments	8,983,268,917	8,983,268,917
<b>TOTAL</b>	<b>589,176,690,666</b>	<b>255,684,384,136</b>

**26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<b>Current year</b>	<b>Previous year</b>
<b>Selling expenses</b>	<b>1,512,517,323,076</b>	<b>1,139,602,275,640</b>
Expenses for external services	782,988,770,276	551,250,173,010
Labour costs	349,218,520,788	273,388,599,137
Depreciation and amortisation	82,096,541,208	48,244,020,726
Other expenses	298,213,490,804	266,719,482,767
<b>General and administrative expenses</b>	<b>801,479,758,048</b>	<b>900,715,660,702</b>
Labour costs	384,005,935,553	482,969,462,270
Expenses for external services	59,043,138,814	56,362,244,197
Depreciation and amortisation	43,990,072,469	38,808,799,980
Other expenses	314,440,611,212	322,575,154,255
<b>TOTAL</b>	<b>2,313,997,081,124</b>	<b>2,040,317,936,342</b>

**27. OTHER INCOME AND EXPENSES**

	VND	
	<b>Current year</b>	<b>Previous year</b>
<b>Other income</b>	<b>78,166,099,473</b>	<b>12,438,447,274</b>
Compensation	47,003,413,223	5,088,647,015
Disposed fixed assets	22,506,771,478	2,057,909,801
Others	8,655,914,772	5,291,890,458
<b>Other expenses</b>	<b>(4,519,323,205)</b>	<b>(24,436,799,077)</b>
Others	(4,519,323,205)	(24,436,799,077)
<b>NET</b>	<b>73,646,776,268</b>	<b>(11,998,351,803)</b>



## 28. PRODUCTION AND OPERATING COSTS

	VND	
	<b>Current year</b>	<b>Previous year</b>
Raw materials	15,580,007,670,287	12,819,482,741,240
Expenses for external services	2,026,745,443,051	1,587,140,983,390
Labour costs	1,057,402,851,870	987,026,559,466
Depreciation and amortisation (Notes 11, 12, 13 and 15)	705,280,876,622	548,687,219,681
Others	1,293,457,339,052	1,088,873,335,950
<b>TOTAL</b>	<b>20,662,894,180,882</b>	<b>17,031,210,839,727</b>

## 29. CORPORATE INCOME TAX

The Company and its subsidiaries have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits, except for the following:

- HSBD is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following 4 years.
- The CIT rate applicable to HSNA and HSNH is 10% of taxable profits in 15 years since the first year of revenue and the applicable tax rate for the years thereafter. These subsidiaries are entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 9 years.
- The CIT rate applicable to HSHN is 17% of taxable profits in 10 years since year 2016 and the applicable tax rate for the years thereafter. This subsidiary is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 4 years.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

### 29.1 CIT expense

	VND	
	<b>Current year</b>	<b>Previous year</b>
Current CIT expense	280,803,086,281	438,192,658,926
Adjustment for under (over) accrued CIT from prior years	363,780,853	(298,608,777)
Deferred tax expense (income)	29,823,152,049	(35,333,822,795)
<b>TOTAL</b>	<b>310,990,019,183</b>	<b>402,560,227,354</b>

**29. CORPORATE INCOME TAX (continued)****29.1 CIT expense (continued)**

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

	VND	
	<b>Current year</b>	<b>Previous year</b>
<b>Accounting profit before tax</b>	<b>1,642,639,473,740</b>	<b>1,906,749,750,681</b>
At CIT rate applied for companies in the Group	302,180,473,505	390,883,698,890
<i>Adjustments to increase (decrease)</i>		
Non-deductible expenses	33,645,046,649	23,228,820,414
Adjustment for under (over) accrued CIT from prior years	363,780,853	(298,608,777)
Amortisation of goodwill in business combination	1,136,749,614	-
Losses of subsidiaries	5,348,761,607	9,166,327,299
Tax exempted	(28,138,737,931)	(22,541,884,611)
Tax loss carried forward	(2,066,677,799)	-
Others	(1,479,377,315)	2,121,874,139
<b>Current CIT expense</b>	<b>310,990,019,183</b>	<b>402,560,227,354</b>

**29.2 Current CIT**

The current tax payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the income as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

**29.3 Deferred CIT**

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

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Unrealised profits	30,855,331,987	33,017,132,333	(2,161,800,346)	2,986,561,521
Accrued operating expenses	17,194,324,156	45,849,491,271	(28,655,167,115)	28,159,566,767
Provisions	13,309,683,206	13,760,789,860	(451,106,654)	6,557,686,524
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	2,108,784,418	377,879,043	(527,636,025)
<b>Deferred tax assets</b>	<b>64,981,164,590</b>	<b>94,804,316,639</b>		
<b>Deferred CIT (expense) income</b>			<b>(29,823,152,049)</b>	<b>35,333,822,795</b>

**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

Related party	Relationship	Transaction	Current year	Previous year
Hoa Sen Holdings Group	Related party	Sales of goods	4,147,238,165,577	2,458,482,180,432
		Purchase of goods	2,868,198,606,916	929,183,348,655
		Transportation fee	72,074,570,683	27,949,504,004
		Trade discount	73,088,884,008	26,301,990,998
		Sales of fixed asset	36,386,756,005	2,617,000,000
		Purchase of tourist services	40,442,810,907	22,275,932,398
		Sales of services rendered	1,718,377,268	1,400,609,480
		Other sales	149,800,426	67,464,274
		Other purchase	70,434,559	189,184,542
		Sales return	391,570,015	1,395,737,346
		Purchase of fixed asset	-	656,000,000
		Operating leases	447,272,724	447,272,724
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Transportation fee	33,969,937,191	-
		Sales of services rendered	144,000,000	-
Viet Capital Health Care Fund	Related party	Reclaim of investment	-	4,367,000,000
Hoa Sen Quy Nhon Joint Stock Company	Associate	Capital contribution	27,450,000,000	450,000,000
Hoa Sen Hoi Van Joint Stock Company	Associate	Capital contribution	-	450,000,000

VND



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

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

Related party	Relationship	Transaction	Ending balance	Beginning balance	VND
<b>Short-term trade receivables</b>					
Hoa Sen Holdings Group	Related party	Sales of goods	451,645,235	27,493,400	
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Sales of service	33,000,000	-	
<b>TOTAL</b>			<b>484,645,235</b>	<b>27,493,400</b>	
<b>Short-term advance to a supplier</b>					
Hoa Sen Holdings Group	Related party	Purchases of goods	-	4,616,198,665	
<b>Other short-term receivable</b>					
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000	
<b>Short-term trade payables</b>					
Hoa Sen Holdings Group	Related party	Purchase of goods	56,910,755,597	11,258,405,597	
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Purchase of service	7,017,027,473	-	
<b>TOTAL</b>			<b>63,927,783,070</b>	<b>11,258,405,597</b>	
<b>Short-term advance from a customer</b>					
Hoa Sen Holdings Group	Related party	Sales of goods	278,163,648,717	26,413,121,165	
<b>Other short-term payables</b>					
Huong Sen Real Estate	Related party	Payable of advance	1,000,000,000	1,000,000,000	
Hoa Sen Holdings Group	Related party	Others	-	2,300,000	
<b>TOTAL</b>			<b>1,000,000,000</b>	<b>1,002,300,000</b>	



**30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES** (continued)**Transactions with other related parties**

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

	VND	
	<b>Current year</b>	<b>Previous year</b>
Salaries of management	19,015,551,104	13,233,255,424
Bonuses of 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>62,405,551,104</b>	<b>32,696,715,424</b>

**31. COMMITMENTS****Operating lease commitments**

The Group leases land under operating lease arrangements. The minimum lease commitments as at the balance sheet date under operating lease arrangements is as follows:

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Less than 1 year	109,150,036,089	82,759,697,967
From 1 to 5 years	378,856,719,212	287,468,710,149
More than 5 years	466,809,457,041	301,261,164,310
<b>TOTAL</b>	<b>954,816,212,343</b>	<b>671,489,572,426</b>

**Operating lease commitments**

The Group lets out assets under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements is as follows:

	VND	
	<b>Ending balance</b>	<b>Beginning balance</b>
Less than 1 year	2,304,329,547	1,871,286,366
From 1 to 5 years	3,890,081,818	2,209,036,365
More than 5 years	2,587,200,000	-
<b>TOTAL</b>	<b>8,781,611,365</b>	<b>4,080,322,731</b>

**Capital expenditure commitments**

As at 30 September 2017, the Group had commitments of VND 785,047,782,983 (30 September 2016: VND 836,113,556,098) mainly related to the acquisition of new machinery for its operation.



### 32. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segment. The primary format, geographical segments, is based on the Company's management and internal reporting structure,

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

#### *Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Export").

	Domestic		Export		Total		VND
	Current year	Previous year	Current year	Previous year	Current year	Previous year	
Sales revenue	16,519,595,874,091	11,693,250,961,546	9,629,448,961,188	6,200,464,519,407	26,149,044,835,279	17,893,715,480,953	
Cost of sales	(13,491,918,361,364)	(7,869,961,490,057)	(8,238,872,844,654)	(5,847,432,296,906)	(21,730,791,206,018)	(13,717,393,786,963)	
Gross profit	3,027,677,512,727	3,823,289,471,489	1,390,576,116,534	353,032,222,501	4,418,253,629,261	4,176,321,693,990	



### 33. 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 consolidated financial statements.

Nguyen Thi Thanh Tuyen  
Nguyen Thi Ngoc Lan

Nguyen Thi Ngoc Lan  
Chief Accountant

Trần Ngọc Chu  
General Director

25 December 2017



**For the sake of sustainable development,  
The annual report of Hoa Sen Group is shown by  
electronic version and published on the Group's website to  
minimize printing, contributing to environmental protection.**