



Hoa Sen Group and its subsidiaries

Consolidated Financial Statements
for the year ended 30 September 2022



Hoa Sen Group Corporate Information

Enterprise Registration Certificate 3700381324

8 August 2001

The Enterprise Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 3700381324 dated 16 November 2022. The Enterprise Registration Certificate and its updates were issued by the Department of Planning and Investment of Binh Duong Province.

Board of Directors	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri Mr. Ly Van Xuan Mr. Nguyen Van Luan Mr. Dinh Viet Duy	Chairman Vice Chairman Member Member Member Member
Board of Management	Mr. Tran Quoc Tri Mr. Vu Van Thanh Mr. Hoang Duc Huy Mr. Tran Quoc Pham Mr. Nguyen Ngoc Huy Mr. Tran Thanh Nam Mr. Nguyen Tan Hoa Mr. Nguyen Minh Phuc Mr. Ho Thanh Hieu	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Acting Deputy General Director (from 21 February 2022) Deputy General Director (until 6 October 2022)
Legal Representative	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri	Chairman Vice Chairman General Director
Registered Office	No. 9, Thong Nhat Boulevard Song Than II Industrial Park Di An Ward, Di An City Binh Duong Province Vietnam	
Auditor	KPMG Limited Vietnam	

Hoa Sen Group Statement of Board of Management

The Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 30 September 2022.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the consolidated financial statements set out on pages 5 to 59 give a true and fair view of the consolidated financial position of the Group as at 30 September 2022, and of its consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.



On behalf of the Board of Management

Tran Quoc Tri
General Director

Ho Chi Minh City, 27 December 2022



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Hoa Sen Group

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 30 September 2022, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 27 December 2022, as set out on pages 5 to 59.

Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of material misstatement.

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

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



Auditor's Opinion


In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Sen Group and its subsidiaries as at 30 September 2022 and of their consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 22-01-00194-22-2




Phạm Thị Hoàng Anh
Practicing Auditor Registration
Certificate No. 3434-2022-007-1
Deputy General Director



Trần Thị Lê Hằng
Practicing Auditor Registration
Certificate No. 3782-2022-007-1

Ho Chi Minh City, 27 December 2022



Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 30 September 2022

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/9/2022 VND	1/10/2021 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		9,834,993,231,398	18,655,160,349,585
Cash and cash equivalents	110	5	330,134,957,719	492,796,782,190
Cash	111		312,367,302,226	461,926,662,510
Cash equivalents	112		17,767,655,493	30,870,119,680
Short-term financial investments	120		8,698,661,821	28,003,792,159
Held-to-maturity investments	123	6(a)	8,698,661,821	28,003,792,159
Accounts receivable – short-term	130		1,452,105,119,089	4,534,902,423,539
Accounts receivable from customers	131	7(a)	1,185,661,917,716	4,323,663,158,680
Prepayments to suppliers	132	8	117,395,280,068	68,897,236,027
Other short-term receivables	136	9(a)	162,755,089,894	159,191,323,984
Allowance for doubtful debts	137	7(c)	(13,707,168,589)	(16,849,295,152)
Inventories	140	10	7,395,309,339,966	12,349,095,948,022
Inventories	141		8,110,988,499,714	12,555,990,962,429
Allowance for inventories	149		(715,679,159,748)	(206,895,014,407)
Other current assets	150		648,745,152,803	1,250,361,403,675
Short-term prepaid expenses	151	14(a)	139,831,025,949	136,435,025,777
Deductible value added tax	152		372,839,784,442	1,108,616,194,136
Taxes receivable from State Treasury	153	17(b)	136,074,342,412	5,310,183,762

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

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 30 September 2022 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/9/2022 VND	1/10/2021 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		7,190,417,956,533	7,962,869,653,354
Accounts receivable – long-term	210		171,495,291,600	179,887,837,400
Other long-term receivables	216	9(b)	171,495,291,600	179,887,837,400
Fixed assets	220		5,958,828,374,791	6,662,061,653,393
Tangible fixed assets	221	11	5,754,616,934,906	6,442,809,695,940
Cost	222		14,086,733,048,716	13,671,862,519,864
Accumulated depreciation	223		(8,332,116,113,810)	(7,229,052,823,924)
Intangible fixed assets	227	12	204,211,439,885	219,251,957,453
Cost	228		293,960,791,261	294,517,358,918
Accumulated amortisation	229		(89,749,351,376)	(75,265,401,465)
Long-term work in progress	240		603,535,433,172	660,329,384,725
Construction in progress	242	13	603,535,433,172	660,329,384,725
Long-term financial investments	250		17,000,000,000	17,000,000,000
Held-to-maturity investments	255	6(a)	17,000,000,000	17,000,000,000
Other long-term assets	260		439,558,856,970	443,590,777,836
Long-term prepaid expenses	261	14(b)	295,431,936,752	263,776,212,655
Deferred tax assets	262	15	144,126,920,218	179,814,565,181
TOTAL ASSETS (270 = 100 + 200)	270		17,025,411,187,931	26,618,030,002,939

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

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 30 September 2022 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/9/2022 VND	1/10/2021 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,141,841,220,117	15,786,236,174,085
Current liabilities	310		6,009,187,395,647	14,372,246,601,418
Accounts payable to suppliers	311	16	1,039,714,645,178	4,293,881,185,244
Advances from customers	312		192,124,686,232	268,020,163,980
Taxes payable to State Treasury	313	17(a)	81,565,802,418	346,182,368,564
Payables to employees	314		86,424,884,228	79,744,676,730
Accrued expenses	315	18	297,172,261,839	298,559,691,259
Other payables – short-term	319	19	34,991,769,952	3,574,141,589,235
Short-term borrowings	320	20(a)	4,070,493,519,978	5,436,688,415,777
Bonus and welfare fund	322	21	206,699,825,822	75,028,510,629
Long-term liabilities	330		132,653,824,470	1,413,989,572,667
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings	338	20(b)	116,525,575,061	1,399,362,118,340
Provisions – long-term	342	22	15,418,749,409	13,917,954,327
EQUITY (400 = 410)	400		10,883,569,967,814	10,831,793,828,854
Owners' equity	410	23	10,883,569,967,814	10,831,793,828,854
Share capital	411	24	5,980,549,860,000	4,934,818,960,000
- Ordinary shares with voting rights	411a		5,980,549,860,000	4,934,818,960,000
Share premium	412		157,292,539,068	157,292,539,068
Other equity funds	420		187,499,009,876	90,695,201,265
Retained profits	421		4,542,183,640,565	5,633,071,186,571
- Retained profits brought forward	421a		4,290,842,310,436	1,383,841,163,863
- Retained profits for the current year	421b		251,341,330,129	4,249,230,022,708
Non-controlling interest	429		16,044,918,305	15,915,941,950
TOTAL RESOURCES (440 = 300 + 400)	440		17,025,411,187,931	26,618,030,002,939

27 December 2022

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant

Approved by:



Nguyen Thi Ngoc Lan
Chief Accountant



TR. D. AN - T. BINH DUONG

TR. QUOC TRI

General Director

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

Hoa Sen Group and its subsidiaries
Consolidated statement of income for the year ended 30 September 2022

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Year ended	
			30/9/2022 VND	30/9/2021 VND
Revenue from sales of goods and provision of services	01	26	50,090,135,318,501	48,987,333,712,285
Revenue deductions	02	26	379,499,367,034	260,811,478,549
Net revenue (10 = 01 - 02)	10	26	49,710,635,951,467	48,726,522,233,736
Cost of sales	11	27	44,771,944,789,711	39,853,124,052,753
Gross profit (20 = 10 - 11)	20		4,938,691,161,756	8,873,398,180,983
Financial income	21	28	266,806,826,568	366,296,112,404
Financial expenses	22	29	520,873,319,472	552,008,300,634
<i>In which: Interest expense</i>	23		260,241,924,339	355,048,548,813
Selling expenses	25	30	3,832,642,500,065	3,344,487,236,554
General and administration expenses	26	31	522,227,362,422	425,816,363,938
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		329,754,806,365	4,917,382,392,261
Other income	31	32	58,502,790,706	14,708,414,685
Other expenses	32		7,128,135,611	16,607,736,066
Results of other activities (40 = 31 - 32)	40		51,374,655,095	(1,899,321,381)
Accounting profit before tax (50 = 30 + 40)	50		381,129,461,460	4,915,483,070,880
Income tax expense – current	51	34	94,121,510,013	702,566,164,265
Income tax expense/(benefit) – deferred	52	34	35,687,644,963	(100,577,155,644)
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		251,320,306,484	4,313,494,062,259

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

Hoa Sen Group and its subsidiaries

Consolidated statement of income for the year ended 30 September 2022 (continued)

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Year ended	
			30/9/2022 VND	30/9/2021 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward)	60		251,320,306,484	4,313,494,062,259
In which:				
Equity holders of the Company	61		251,341,330,129	4,313,507,233,783
Non-controlling interest	62		(21,023,645)	(13,171,524)
Earnings per share				
Basic earnings per share	70	35	405	7,032

27 December 2022

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant

Approved by:



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director

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

Hoa Sen Group and its subsidiaries
Consolidated statement of cash flows for the year ended 30 September 2022
(Indirect method)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code Note	Year ended	
		30/9/2022 VND	30/9/2021 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	381,129,461,460	4,915,483,070,880
Adjustments for			
Depreciation and amortisation	02	1,159,936,099,089	1,185,959,400,847
Allowances and provisions	03	507,142,813,860	156,375,293,473
Gains arising from revaluation of monetary items denominated in foreign currencies	04	(4,628,540,304)	(4,523,936,793)
Profits from investing activities	05	(26,083,512,624)	(111,174,418,192)
Interest expense	06	260,241,924,339	355,048,548,813
Operating profit before changes in working capital	08	2,277,738,245,820	6,497,167,959,028
Change in receivables and other assets	09	3,842,273,521,768	(2,857,778,927,583)
Change in inventories	10	4,445,002,462,715	(6,987,119,321,159)
Change in payables and other liabilities	11	(6,956,019,847,718)	5,855,275,980,310
Change in prepaid expenses	12	4,410,046,030	33,403,745,158
		3,613,404,428,615	2,540,949,435,754
Interest paid	14	(267,259,703,670)	(351,638,503,121)
Income tax paid	15	(384,553,756,705)	(629,606,456,169)
Other payments for operating activities	17	(117,030,852,331)	(63,628,027,964)
Net cash flows from operating activities	20	2,844,560,115,909	1,496,076,448,500

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

Hoa Sen Group and its subsidiaries
Consolidated statement of cash flows for the year ended 30 September 2022
(Indirect method – continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Year ended	
			30/9/2022 VND	30/9/2021 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(463,432,669,800)	(476,856,734,594)
Proceeds from disposals of fixed assets	22		27,693,105,782	7,727,197,097
Payments for granting loans	23		-	(14,446,000,000)
Payments for term deposits and purchase of debt instruments of other entities	23		-	(23,015,588,323)
Collections on loans receivable	24		19,305,130,338	19,446,000,000
Proceeds from disposals of subsidiaries	26		-	188,062,042,687
Receipts of interest on term deposits and bond coupons	27		8,080,954,013	3,424,914,740
Net cash flows from investing activities	30		(408,353,479,667)	(295,658,168,393)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares issuance	31		49,008,000,000	44,000,000,000
Proceeds from sales of treasury shares	32		-	8,980,355,547
Proceeds from capital contributions in a subsidiary by non-controlling interest	32		150,000,000	14,446,000,000
Proceeds from borrowings	33		32,656,059,182,202	38,252,605,550,541
Payments to settle loan principals	34		(35,355,532,973,645)	(39,543,878,574,152)
Payments to settle finance lease liabilities	35		-	(60,381,309,809)
Payments of dividends	36		(393,643,500)	(307,131,948)
Net cash flows from financing activities	40		(2,650,709,434,943)	(1,284,535,109,821)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(214,502,798,701)	(84,116,829,714)
Cash and cash equivalents at the beginning of the year	60		492,796,782,190	574,767,066,704
Effect of exchange rate fluctuations on cash and cash equivalents	61		51,840,974,230	2,146,545,200
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	330,134,957,719	492,796,782,190

27 December 2022

Prepared by:


 Nguyen Thi Thanh Tuyen
 Accountant

Approved by:


 Nguyen Thi Ngoc Lan
 Chief Accountant




 Tran Quoc Tri
 General Director

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

Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2022

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. Reporting entity

(a) Ownership structure

Hoa Sen Group (“Company”) is incorporated as a joint stock company in Vietnam.

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

The consolidated financial statements for the year ended 30 September 2022 comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activities of the Group are to manufacturing roofing sheets by galvanised steel, zinc alloy, paint galvanised zinc plating and plating of other alloys; producing steel purlins, galvanised purlins; manufacturing black steel pipes, galvanised steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; providing warehousing and transportation services; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

(c) Normal operating cycle

The normal operating cycle of the Group is within 12 months.

(d) Group structure

As at 30 September 2022, the Group has 9 subsidiaries and 1 associate (1/10/2021: 9 subsidiaries and 1 associate), as follows:



Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2022 (continued)

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Name	Principal activities	Percentage of ownership/ voting rights	
		30/9/2022	1/10/2021
Subsidiaries			
▪ Hoa Sen Nghe An One Member Limited Liabilities Company	Manufacturing and trading metal roofing sheets and steel pipe products.	100%	100%
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	Manufacturing and trading metal roofing sheets.	100%	100%
▪ Hoa Sen Steel One Member Company Limited	Manufacturing and trading in cold rolled steel products.	100%	100%
▪ Hoa Sen Phu My One Member Limited Liabilities Company	Manufacturing steel for building materials and consumer goods.	100%	100%
▪ Hoa Sen Ha Nam One Member Limited Liability Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Plastics Joint Stock Company (formerly known as Hoa Sen Building Materials Company Limited)	Manufacturing and trading in plastic building materials and steel pipe products.	99.95%	100%
▪ Hoa Sen Binh Dinh Sole Member Limited Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Yen Bai Joint Stock Company	Operating a hotel, restaurant services and commercial center.	95%	95%
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	Manufacturing and trading in steel pipe products.	100%	100%
Associate			
▪ Hoa Sen International Port Joint Stock Company	Providing supporting services related to transportation.	49%	49%

As at 30 September 2022, the Group had 7,994 employees (1/10/2021: 7,584 employees).

Hoa Sen Group and its subsidiaries
Notes to the consolidated financial statements for the year ended 30 September 2022
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 October to 30 September.

(d) Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Hoa Sen Group and its subsidiaries
Notes to the consolidated financial statements for the year ended 30 September 2022
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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(ii) *Non-controlling interests*

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in associates, the carrying amount of that interest (including any long-term investments, if any) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

(iv) *Transactions eliminated on consolidation*

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee.

Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2022 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Group most frequently conduct transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Held-to-maturity investments

Held-to-maturity investments are those that the Group's management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and bank bonds. These investments are stated at cost less allowance for doubtful debts.

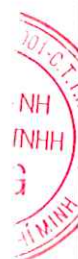
(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and estimated costs to sell.

The Group applies the perpetual method of accounting for inventories.



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(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ buildings and structures	5 – 50 years
▪ machinery and equipment	2 – 25 years
▪ motor vehicles	2 – 10 years
▪ office equipment	3 – 10 years
▪ others	3 – 20 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Definite land use rights are amortised on a straight-line basis over period ranging from 14 to 55 years. Indefinite land use rights are not amortised.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over period ranging from 3 to 6 years.

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(i) Construction in progress

Construction in progress represents the cost of tangible and intangible fixed assets which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepaid expenses

(i) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Costs of tools and instruments are amortised on a straight-line basis over period ranging from 2 to 3 years.

(ii) Land clearance cost

Land clearance cost including cost for ground clearing before construction which is amortised on a straight-line basis over the land lease term of 49 years 8 months.

(iii) Rental expenses

Rental expenses include prepaid warehouse rentals for use of the warehouse during the Group's business operations and are initially recognised at cost. Rental expenses are amortised on a straight-line basis over the lease term ranging from 2 to 3 years.

(iv) Advertising panels

Advertising panels are recognised at costs and are amortised on a straight-line basis over period ranging from 2 to 3 years.

(v) Maintenance expenses

Maintenance expenses of fixed assets represent the cost of repairing and replacing machinery, equipment and other fixed assets but do not meet the capitalisation requirements of fixed assets. Maintenance expenses are initially recognised at cost and are amortised on a straight-line basis over period ranging from 2 to 3 years.

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(k) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis not more than 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

(l) Trade and other payables

Trade and other payables are stated at their costs.

(m) Provisions

A provision, except for provisions mentioned in other notes, is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

(n) Share capital

(i) Ordinary shares

Ordinary shares are recognised at par value.

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(ii) Share premium

Excess of cash receipt from share issues over par value is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(o) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Revenue and other income

(i) Goods sold

Revenue from the sales of goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Services rendered

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

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(iii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(q) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense, over the term of the lease.

(r) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(s) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) of the Group by the weighted average number of ordinary shares outstanding during the year.

The Group has no potential dilutive shares. Therefore, regulations on presentation of diluted earnings per share are not applied.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group’s primary format for segment reporting is based on business segments.

(u) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.



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(v) Comparative information

Comparative information in these consolidated financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year consolidated financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Group's consolidated financial position, results of operation or cash flows for the prior year.

4. Segment reporting

(a) Business segments

The Group's principal activities are buying and selling steel roofing sheets, steel pipes, building materials. Other activities are asset leasing and service provision. During the year, other activities accounted for an insignificant proportion of total revenue and business operating results of the Group, accordingly, the financial information presented in the consolidated balance sheets as at 30 September 2022 and 1 October 2021 and all revenue, expenses presented in the consolidated statements of income for the year ended 30 September 2022 and 30 September 2021 were mainly related to the Group's principal business activities.

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(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
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The Group's geographical segments were based on the locations of customers as follows:

	Geographical segments		
	Domestic VND	Export VND	Total VND
Year ended 30 September 2022			
Net revenue	24,718,845,662,520	24,991,790,288,947	49,710,635,951,467
Cost of sales	(22,730,547,636,903)	(22,041,397,152,808)	(44,771,944,789,711)
	<hr/>	<hr/>	<hr/>
	1,988,298,025,617	2,950,393,136,139	4,938,691,161,756
	<hr/>	<hr/>	<hr/>
Year ended 30 September 2021			
Net revenue	20,397,366,150,732	28,329,156,083,004	48,726,522,233,736
Cost of sales	(14,272,927,853,826)	(25,580,196,198,927)	(39,853,124,052,753)
	<hr/>	<hr/>	<hr/>
	6,124,438,296,906	2,748,959,884,077	8,873,398,180,983
	<hr/>	<hr/>	<hr/>

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5. Cash and cash equivalents

	30/9/2022	1/10/2021
	VND	VND
Cash on hand	16,020,557,918	14,457,442,293
Cash in banks	296,346,744,308	447,299,736,438
Cash in transit	-	169,483,779
Cash equivalents (*)	17,767,655,493	30,870,119,680
	330,134,957,719	492,796,782,190

(*) Cash equivalents represented term deposits dominated in VND at banks with original terms to maturity of three months or less from their transaction dates and earned annual interest at rates ranging from 3.3% to 4.6% (1/10/2021: from 3.0% to 4.0%).

As at 30 September 2022, term deposits of VND 17,768 million (1/10/2021: VND 30,870 million) were secured over guarantee contracts issued by Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch.

6. Investments

(a) Held-to-maturity investments

(i) Held-to-maturity investments – short-term

Held-to-maturity investments – short-term represented term deposits in VND at banks with original terms to maturity of more than three months from transaction dates and less than 12 months from the end of the annual accounting period. These term deposits earned annual interest at rates ranging from 4% to 4.9% (1/10/2021: from 3.7% to 4.9%).

As at 30 September 2022, term deposits of VND3,132 million and VND566 million were secured over guarantee contracts issued by Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch and Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch, respectively (1/10/2021: term deposits of VND 4,472 million were secured over guarantee contracts issued by Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch).

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(ii) Held-to-maturity investments – long-term

	30/9/2022	1/10/2021
	VND	VND
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	16,000,000,000	16,000,000,000
Bonds issued by Vietnam Bank for Agriculture Joint Stock Company (**)	1,000,000,000	1,000,000,000
	<hr/>	<hr/>
	17,000,000,000	17,000,000,000
	<hr/>	<hr/>

(*) These bonds have 10 year tenor, are denominated in VND and earn interest at the average interest rate of 12 months Vietnam Dong individual saving deposits quoted by 4 local banks (Agribank, Vietcombank, Vietinbank and BIDV) plus an annual margin of 1.2%.

(**) These bonds have 7 year tenor, are denominated in VND and earn interest at the average interest rate of 12 months Vietnam Dong individual saving deposits quoted by 4 local banks (Agribank, Vietcombank, Vietinbank and BIDV) plus an annual margin of 1.2%.

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(b) Long-term investments

	30/9/2022			1/10/2021				
	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND
Investment in an associate								
▪ Hoa Sen International Port Joint Stock Company (*)	49%	-	-	-	49%	-	-	-

(*) Hoa Sen International Port Joint Stock Company was incorporated under Enterprise Registration Certificate No. 3502399898 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 5 July 2019, in which the Group owned 49% ownership. As at 30 September 2022, the Group has not contributed capital to Hoa Sen International Port Joint Stock Company.

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7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	30/9/2022	1/10/2021
	VND	VND
Duferco Sa	244,637,500,168	579,108,806,311
Posco International Corporation	-	439,530,448,796
Hanwa Co., Ltd – Nagoya Branch	-	641,244,798,681
Others	941,024,417,548	2,663,779,104,892
	<hr/> 1,185,661,917,716	<hr/> 4,323,663,158,680 <hr/>

(b) Accounts receivable from customers who are related parties

	30/9/2022	1/10/2021
	VND	VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Nghe An Investment Company Limited	-	51,333,808
		<hr/> 51,333,808 <hr/>

The trade related amounts due from the related company were unsecured, interest free and are receivable in 45 days from invoice date.

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	Overdue days	30/9/2022			1/10/2021		
		Cost VND	Allowance VND	Recoverable amount VND	Cost VND	Allowance VND	Recoverable amount VND
Overdue debts							
Me Kong Consultant Trading Construction Joint Stock Company	More than 4 years	1,648,743,436	(1,648,743,436)	-	1,648,743,436	(1,648,743,436)	-
Hai Thuy Limited Liability Company	More than 6 years	1,545,000,625	(1,545,000,625)	-	1,545,000,625	(1,545,000,625)	-
Hiep Loan Steel Construction Limited Liability Company	More than 3 years	1,243,508,106	(1,243,508,106)	-	1,243,508,106	(1,243,508,106)	-
Hoang Thai Private Enterprise	More than 6 years	1,023,359,294	(1,023,359,294)	-	1,023,359,294	(1,023,359,294)	-
Others	From 2 to more than 5 years	8,246,557,128	(8,246,557,128)	-	11,388,683,691	(11,388,683,691)	-
		13,707,168,589	(13,707,168,589)	-	16,849,295,152	(16,849,295,152)	-

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Movements of allowance for doubtful debts during the year were as follows:

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Opening balance	16,849,295,152	25,697,687,528
Allowance reversed during the year	(3,142,126,563)	(8,848,392,376)
Closing balance	13,707,168,589	16,849,295,152

8. Prepayments to suppliers

	30/9/2022 VND	1/10/2021 VND
Trung Nguyen Mining and Building Materials Production Joint Stock Company	15,600,000,000	-
Vicenza Investment Development Joint Stock Company	14,763,244,800	-
Other suppliers	87,032,035,268	68,897,236,027
	117,395,280,068	68,897,236,027

9. Other receivables

(a) Other short-term receivables

	30/9/2022 VND	1/10/2021 VND
Advances for purchases of lands	53,832,470,000	54,319,725,000
Advances to employees	32,492,267,608	26,773,764,951
Receivables from transfer of land use rights	12,818,775,000	12,818,775,000
Advances for compensations and ground clearance costs	20,000,000,000	20,000,000,000
Short-term deposits and rental deposits	35,975,205,196	38,929,346,750
Other receivables	7,636,372,090	6,349,712,283
	162,755,089,894	159,191,323,984

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Other short-term receivables from related parties

	30/9/2022	1/10/2021
	VND	VND
<i>Companies owned by the Group’s Chairman</i>		
Hoa Sen Holdings Group	1,448,000,000	1,470,000,000
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	45,462,225,000

Other receivables from the related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	30/9/2022	1/10/2021
	VND	VND
Rental deposits	161,495,291,600	178,887,837,400
Others	10,000,000,000	1,000,000,000
	171,495,291,600	179,887,837,400

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10. Inventories

	30/9/2022		1/10/2021	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	121,427,071,099	-	1,105,140,612,021	-
Raw materials	3,048,486,580,997	(417,399,664,065)	4,603,302,420,591	(29,198,980,627)
Tools and supplies	603,798,226,059	-	554,815,549,339	-
Work in progress	4,834,046	-	-	-
Finished goods	2,788,849,194,981	(224,568,764,408)	4,068,877,356,961	(167,365,717,233)
Merchandises goods	1,548,422,592,532	(73,710,731,275)	2,223,855,023,517	(10,330,316,547)
	<u>8,110,988,499,714</u>	<u>(715,679,159,748)</u>	<u>12,555,990,962,429</u>	<u>(206,895,014,407)</u>

As at 30 September 2022, inventories with carrying value of VND4,603,003 million (1/10/2021: VND8,449,472 million) were pledged with banks as security for loans granted to the Group (Note 20).

Movements of allowance for inventories during the year were as follows:

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Opening balance	206,895,014,407	45,033,969,069
Allowance made during the year	508,784,145,341	161,861,045,338
Closing balance	<u>715,679,159,748</u>	<u>206,895,014,407</u>

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11. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	2,544,183,265,230	10,533,618,286,279	479,413,547,512	87,597,045,920	27,050,374,923	13,671,862,519,864
Additions	5,414,939,528	62,094,207,226	11,396,210,000	-	-	78,905,356,754
Transfers from construction in progress	296,985,647,887	65,610,464,471	23,347,005,222	-	1,472,949,719	387,416,067,299
Disposals	(2,354,196,948)	(39,197,837,991)	(5,981,500,000)	-	-	(47,533,534,939)
Written off	(1,107,911,758)	(2,809,448,504)	-	-	-	(3,917,360,262)
Closing balance	2,843,121,743,939	10,619,315,671,481	508,175,262,734	87,597,045,920	28,523,324,642	14,086,733,048,716
Accumulated depreciation						
Opening balance	816,565,666,987	6,011,871,404,702	320,794,574,143	57,152,377,505	22,668,800,587	7,229,052,823,924
Charge for the year	129,746,625,447	947,426,570,617	55,216,944,250	10,565,077,271	2,460,524,716	1,145,415,742,301
Disposals	(2,354,196,948)	(30,866,554,913)	(5,735,707,551)	-	-	(38,956,459,412)
Written off	(974,284,666)	(2,421,708,337)	-	-	-	(3,395,993,003)
Closing balance	942,983,810,820	6,926,009,712,069	370,275,810,842	67,717,454,776	25,129,325,303	8,332,116,113,810
Net book value						
Opening balance	1,727,617,598,243	4,521,746,881,577	158,618,973,369	30,444,668,415	4,381,574,336	6,442,809,695,940
Closing balance	1,900,137,933,119	3,693,305,959,412	137,899,451,892	19,879,591,144	3,393,999,339	5,754,616,934,906

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Included in tangible fixed assets were assets costing VND1,974,982 million which were fully depreciated as at 30 September 2022 (1/10/2021: VND1,700,044 million), but which are still in active use.

As at 30 September 2022, tangible fixed assets with net book value of VND4,165,082 million (1/10/2021: VND5,317,975 million) were pledged with banks as security for loans granted to the Group (Note 20).

12. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	235,025,409,765	59,491,949,153	294,517,358,918
Disposals	(556,567,657)	-	(556,567,657)
Closing balance	234,468,842,108	59,491,949,153	293,960,791,261
Accumulated amortisation			
Opening balance	44,524,503,020	30,740,898,445	75,265,401,465
Charge for the year	3,453,290,992	11,067,065,796	14,520,356,788
Disposals	(36,406,877)	-	(36,406,877)
Closing balance	47,941,387,135	41,807,964,241	89,749,351,376
Net book value			
Opening balance	190,500,906,745	28,751,050,708	219,251,957,453
Closing balance	186,527,454,973	17,683,984,912	204,211,439,885

Included in intangible fixed assets were assets costing VND751 million which were fully amortised as at 30 September 2022 (1/10/2021: VND456 million), but which are still in active use.

As at 30 September 2022, intangible fixed assets with net book value of VND86,072 million (1/10/2021: VND88,587 million) were pledged with banks as security for loans granted to the Group (Note 20).

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13. Construction in progress

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Opening balance	660,329,384,725	575,955,787,725
Additions	370,155,829,650	356,566,427,659
Transfers to tangible fixed assets	(387,416,067,299)	(175,043,795,046)
Transfers to short-term prepaid expenses	(4,090,028,316)	(3,716,322,363)
Transfers to long-term prepaid expenses	(35,371,741,983)	(15,526,908,150)
Disposals	(71,943,605)	-
Decreases through disposal of a subsidiary	-	(77,905,805,100)
	<hr/>	<hr/>
Closing balance	603,535,433,172	660,329,384,725

Major constructions in progress were as follows:

	30/9/2022 VND	1/10/2021 VND
Machinery and equipment waiting for installation	36,415,101,440	39,849,832,160
Construction and renovation costs of Hoa Sen Home project	73,383,240,019	169,996,445,030
Construction and renovation costs of Hoa Sen Yen Bai project	382,406,762,021	368,688,188,434
Land clearance costs of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Land clearance costs of Hoa Sen Phu My project	11,500,000,000	11,500,000,000
Major maintenance expenses of fixed assets	19,269,541,640	7,669,310,346
Others	41,766,716,052	23,831,536,755
	<hr/>	<hr/>
	603,535,433,172	660,329,384,725

During the year, borrowing costs were capitalised into the construction in progress amounting to VND5,249 million (year ended 30/9/2021: VND15,080 million).

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14. Prepaid expenses

(a) Short-term prepaid expenses

	30/9/2022 VND	1/10/2021 VND
Rental expenses	66,582,136,763	61,118,651,512
Tools and instruments	36,899,099,334	47,490,066,391
Advertising expenses	7,532,677,931	4,977,085,978
Maintenance expenses	6,857,793,038	5,401,342,918
Insurance fees	7,713,933,585	2,708,146,140
Consultancy expenses	815,945,168	430,991,668
Others	13,429,440,130	14,308,741,170
	139,831,025,949	136,435,025,777

(b) Long-term prepaid expenses

	30/9/2022 VND	1/10/2021 VND
Tools and instruments	92,167,184,244	82,143,471,550
Land clearance costs	73,245,496,479	74,922,871,392
Rental expenses	52,877,446,322	49,633,658,164
Maintenance expenses	28,347,650,038	19,284,076,785
Advertising panels	25,982,420,589	15,059,349,254
Others	22,811,739,080	22,732,785,510
	295,431,936,752	263,776,212,655

Movements of long-term prepaid expenses during the year were as follows:

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Opening balance	263,776,212,655	272,734,770,282
Additions during the year	111,289,231,475	95,839,433,370
Transfers from construction in progress	35,371,741,983	15,526,908,150
Transfers to short-term prepaid expenses	-	(3,500,000)
Amortisation during the year	(110,828,182,745)	(118,232,051,179)
Disposals and written off	(4,177,066,616)	(2,089,347,968)
	295,431,936,752	263,776,212,655

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	30/9/2022 VND	1/10/2021 VND
<i>Deferred tax assets are recognised for:</i>		
▪ Unrealised profits	4,864,444,988	80,651,828,368
▪ Accrued expenses	90,736,147,414	74,249,427,448
▪ Allowance and provisions	48,526,327,816	24,913,309,365
	144,126,920,218	179,814,565,181

16. Accounts payable to suppliers**(a) Accounts payable to suppliers detailed by significant suppliers**

	30/9/2022 Cost/amount within repayment capacity VND	1/10/2021 Cost/amount within repayment capacity VND
Formosa Ha Tinh Steel Corporation	484,333,050,520	1,779,225,472,530
Kim Quoc Steel Company Limited	-	622,557,774,639
Xiamen ITG Group Corporation Limited	-	630,195,444,218
Other suppliers	555,381,594,658	1,261,902,493,857
	1,039,714,645,178	4,293,881,185,244

(b) Accounts payable to suppliers who are related parties

	30/9/2022 Cost/amount within repayment capacity VND	1/10/2021 Cost/amount within repayment capacity VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	3,670,024,946	8,280,625,262
Hoa Sen Nghe An Investment Company Limited	4,350,064,783	6,872,127,178

The trade related amounts due to the related parties were unsecured, interest free and are payable within 45 days from invoice date.

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17. Taxes payable to and receivable from State Treasury

(a) Taxes payable to State Treasury	1/10/2021 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	30/9/2022 VND
Value added tax	172,833,692,038	12,393,356,895,819	(1,472,076,372,459)	(11,027,101,924,754)	-	67,012,290,644
Import-export tax	165,867,784	2,433,689,867	(2,519,983,542)	-	-	79,574,109
Corporate income tax	171,530,100,652	94,121,510,013	(384,553,756,705)	-	130,713,156,863	11,811,010,823
Personal income tax	1,563,187,370	45,268,074,576	(42,955,560,725)	(1,263,298,157)	50,052,418	2,662,455,482
Other taxes	89,520,720	2,948,992,059	(3,038,990,788)	-	949,369	471,360
	346,182,368,564	12,538,129,162,334	(1,905,144,664,219)	(11,028,365,222,911)	130,764,158,650	81,565,802,418
(b) Taxes receivable from State Treasury			1/10/2021 VND	Paid VND	Reclassified VND	30/9/2022 VND
Corporate income tax			5,296,564,045	-	130,713,156,863	136,009,720,908
Personal income tax			13,619,717	-	50,052,418	63,672,135
Other taxes			-	-	949,369	949,369
			5,310,183,762	-	130,764,158,650	136,074,342,412

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	30/9/2022	1/10/2021
	VND	VND
Salary and bonus	232,043,282,166	211,122,463,563
Electricity expenses	14,202,019,186	643,394,816
Transportation expenses	8,961,490,341	43,680,114,673
Construction in progress	8,810,441,608	13,331,759,284
Interest expense	3,811,101,871	10,828,881,202
Tax provision	-	5,543,056,774
Others	29,343,926,667	13,410,020,947
	<hr/>	<hr/>
	297,172,261,839	298,559,691,259
	<hr/>	<hr/>

19. Other payables – short-term

	30/9/2022	1/10/2021
	VND	VND
Short-term deposits received	16,095,878,082	54,628,952,727
Dividend payables	3,546,546,977	3,940,190,477
Social insurance, health insurance, unemployment insurance and union funds	2,590,979,890	1,270,131,710
Import financing payables (*)	-	3,503,256,652,175
Other payables	12,758,365,003	11,045,662,146
	<hr/>	<hr/>
	34,991,769,952	3,574,141,589,235
	<hr/>	<hr/>

- (*) These amounts represented amounts payable for Usance payable at sight Letters of credit (UPAS L/C) provided by Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch, Ho Chi Minh City Development Joint Stock Commercial Bank, Vietnam International Commercial Joint Stock Bank - Ho Chi Minh City Branch, Vietnam Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch, Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch, Ho Chi Minh City Development Joint Stock Commercial Bank - Nghe An Branch and Tien Phong Commercial Joint Stock Bank - Ben Thanh Branch with tenors from 90 to 120 days after sight. If the Company cannot make payment on the due date, these amounts will be automatically converted into bank loans.

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20. Borrowings

(a) Short-term borrowings

	1/10/2021		Movements during the year		30/9/2022	
	Carrying amount/ Amount within repayment capacity VND	Increases VND	Decreases VND	Foreign exchange differences VND	Carrying amount/ Amount within repayment capacity VND	
Short-term borrowings	4,829,888,415,777	32,656,059,182,202	(33,900,832,799,628)	50,442,352,365	3,635,557,150,716	
Current portion of long-term borrowings (b)	606,800,000,000	1,062,936,369,262	(1,234,800,000,000)	-	434,936,369,262	
	5,436,688,415,777	33,718,995,551,464	(35,135,632,799,628)	50,442,352,365	4,070,493,519,978	

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Terms and conditions of outstanding short-term borrowings were as follows:

Lenders	Note	Currency	30/9/2022 VND	1/10/2021 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	67,760,505,201	75,643,458,480
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	1,299,533,881,430	777,548,744,645
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	1,338,014,916,558	60,000,000,000
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	USD	151,710,297,416	1,453,181,080,932
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	-	347,681,380,658
▪ HSBC Bank (Vietnam) Ltd.	(iv)	VND	421,607,418,953	1,186,536,814,890
▪ Sinopac Bank - Ho Chi Minh City Branch	(v)	VND	-	56,000,000,000
▪ United Overseas Bank (Vietnam) Limited	(vi)	VND	266,930,131,158	34,366,092,843
▪ United Overseas Bank (Vietnam) Limited	(vi)	USD	-	384,498,035,750
▪ United Overseas Bank (Vietnam) Limited	(vii)	VND	-	66,934,425,013
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(viii)	VND	-	60,626,701,580
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(viii)	USD	-	73,836,076,658
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(ix)	VND	-	8,440,160,000
▪ Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(x)	VND	-	67,617,983,015
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xi)	VND	-	75,695,575,053
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xi)	USD	-	101,281,886,260
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	(xii)	VND	90,000,000,000	-
			3,635,557,150,716	4,829,888,415,777

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Terms and conditions of outstanding short-term borrowings were as follows:

Lenders	Currency	Credit limit	Interest rate		Pledged assets
			30/9/2022	1/10/2021	
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND USD	VND4,000 billion	3.86% - 4.10% 2.50%	3.50% 1.50% - 2.00%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers
ii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	VND USD	VND2,400 billion	4.50% - 5.0% 1.60% - 1.90%	3.50% 1.30%	Land use rights, machinery and equipment and inventories, buildings, structures, accounts receivable from customers
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND1,500 billion	-	3.50% - 3.80%	Inventories, machinery and equipment and a part of the construction on land of Hoa Sen Nghe An One Member Limited Liabilities Company, a subsidiary
iv. HSBC Bank (Vietnam) Ltd.	VND	USD60 million	4.30% - 5.0%	3.35%	Inventories, machinery and equipment, land use rights and construction on land and a part of the fixed assets of Hoa Sen Binh Dinh Sole Member Limited Company, a subsidiary
v. Sinopac Bank - Ho Chi Minh City Branch	VND	USD6 million	-	3.30%	Unsecured
vi. United Overseas Bank (Vietnam) Limited	VND USD	USD23 million	4.30% - 5.20%	3.00% 1.60%	Inventories
vii. United Overseas Bank (Vietnam) Limited	VND	USD3 million	-	3.00%	Inventories

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Lenders	Currency	Credit limit	Interest rate		Pledged assets
			30/9/2022	1/10/2021	
viii. Malayan Banking Berhad Ho Chi Minh City Branch	VND USD	USD6.6 million	-	3.20% - 3.30% 1.40%	Inventories
ix. Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND200 billion	-	3.10% - 4.40%	Fixed assets and inventories
x. Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	VND	VND500 billion	-	3.90%	Unsecured
xi. CTBC Bank Limited - Ho Chi Minh City Branch	VND USD	USD15 million	-	3.60% 1.50%	Unsecured
xii. Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	VND	VND800 billion	5.50%	-	Inventories

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(b) Long-term borrowings

	30/9/2022	1/10/2021
	VND	VND
Long-term borrowings	551,461,944,323	2,006,162,118,340
Repayable within twelve months	(434,936,369,262)	(606,800,000,000)
Repayable after twelve months	116,525,575,061	1,399,362,118,340

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Terms and conditions of outstanding long-term borrowings were as follows:

Lenders	Note	Currency	Year of maturity	30/9/2022 VND	1/10/2021 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2021 – 2024	477,211,274,881	1,589,211,274,881
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch		VND	2025 – 2026	-	43,143,626,357
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch		VND	2022 – 2023	-	167,056,547,660
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch	(ii)	VND	2024	74,250,669,442	206,750,669,442
				551,461,944,323	2,006,162,118,340

(i) This loan was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest at 7.6% (1/10/2021: 7.6%).

(ii) This loan was secured by buildings and structures, machinery and equipment and bore annual interest at rates ranging from 7.7% to 9.1% (1/10/2021: from 8.2% to 9.2%).

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21. Bonus and welfare funds

Movements of bonus and welfare funds during the year were as follows:

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Opening balance	75,028,510,629	43,062,695,661
Appropriation from retained profits (Note 23)	172,540,289,352	46,120,560,692
Utilisation of funds during the year	(40,868,974,159)	(14,154,745,724)
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Closing balance	206,699,825,822	75,028,510,629

22. Provisions – long-term

Provisions – long-term represented provision for severance allowance. Movements of provision for severance allowance during the year as follows:

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Opening balance	13,917,954,327	10,555,313,816
Provision made during the year	1,500,795,082	3,362,640,511
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Closing balance	15,418,749,409	13,917,954,327

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23. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 October 2020	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	1,954,018,045,161	6,620,370,817	6,590,738,511,323
Net profit/(loss) for the year	-	-	-	-	4,313,507,233,783	(13,171,524)	4,313,494,062,259
Share dividends (i)	444,566,830,000	-	-	-	(444,566,830,000)	-	-
Shares issued under employee stock ownership plans (ii)	44,000,000,000	-	-	-	-	-	44,000,000,000
Re-issuance of treasury shares	-	5,709,355,547	3,271,000,000	-	-	-	8,980,355,547
Appropriation to bonus and welfare fund	-	-	-	-	(46,120,560,692)	-	(46,120,560,692)
Appropriation for performance bonus	-	-	-	-	(39,134,000,000)	-	(39,134,000,000)
Appropriation to equity funds (iii)	-	-	-	104,632,701,681	(104,632,701,681)	-	-
Utilisation of funds	-	-	-	(49,473,282,240)	-	-	(49,473,282,240)
Capital contributed to a subsidiary by non-controlling interest shareholders	-	-	-	-	-	14,446,000,000	14,446,000,000
Decrease due to disposal of a subsidiary	-	-	-	-	-	(5,137,257,343)	(5,137,257,343)
Balance at 1 October 2021	4,934,818,960,000	157,292,539,068	-	90,695,201,265	5,633,071,186,571	15,915,941,950	10,831,793,828,854

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	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 October 2021	4,934,818,960,000	157,292,539,068	-	90,695,201,265	5,633,071,186,571	15,915,941,950	10,831,793,828,854
Net profit/(loss) for the year	-	-	-	-	251,341,330,129	(21,023,645)	251,320,306,484
Share dividends (i)	996,722,900,000	-	-	-	(996,722,900,000)	-	-
Shares issued under employee stock ownership plans (ii)	49,008,000,000	-	-	-	-	-	49,008,000,000
Appropriation to bonus and welfare fund	-	-	-	-	(172,540,289,352)	-	(172,540,289,352)
Appropriation to equity funds (iii)	-	-	-	172,965,686,783	(172,965,686,783)	-	-
Utilisation of funds	-	-	-	(76,161,878,172)	-	-	(76,161,878,172)
Capital contributed to a subsidiary by non-controlling interest shareholders	-	-	-	-	-	150,000,000	150,000,000
Balance at 30 September 2022	5,980,549,860,000	157,292,539,068	-	187,499,009,876	4,542,183,640,565	16,044,918,305	10,883,569,967,814

(i) In accordance with the Resolution of the Board of Directors dated 29 September 2022, the Company increased its share capital from issuing share dividends. There were 99,672,290 shares issued with par value of VND10,000/share (for the year ended 30 September 2021: in accordance with the Resolution of the General Meeting of Shareholders dated 13 January 2020 and the Resolution of Board of Directors dated 24 May 2021, the Company issued 44,456,683 shares with par value of VND10,000/share).

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- (ii) In accordance with the Resolution of the General Meeting of Shareholders dated 21 March 2022 and the Resolution of the Board of Directors dated 25 April 2022, the Company issued shares under the employee stock ownership plans (“ESOP”) for directors and management personnel of Hoa Sen Group in 2022. Accordingly, the Company issued 4,900,800 shares with par value of VND10,000/share (for the year ended 30 September 2021: in accordance with the Resolution of the General Meeting of Shareholders dated 21 January 2021 and the Resolution of the Board of Directors dated 4 August 2021, the Company issued 4,400,000 shares under the employee stock ownership plans with a par value of VND10,000/share).
- (iii) In accordance with the Resolution of the Board of Directors dated 16 November 2021, the Company has appropriated VND172,966 million from retained profits brought forward (for the year ended 30 September 2021: the Company has appropriated VND40,356 million from retained profits brought forward according to the Resolution of the Board of Directors dated 1 October 2020 and VND64,277 million from profit after tax of the year according to the Resolution of the Board of Directors dated 1 April 2021) to other equity funds to finance the remuneration, charitable activities and operating expenses of the Board of Directors.

24. Share capital

The Company’s authorised and issued share capital are:

	30/9/2022		1/10/2021	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	598,054,986	5,980,549,860,000	493,481,896	4,934,818,960,000
Shares in circulation				
Ordinary shares	598,054,986	5,980,549,860,000	493,481,896	4,934,818,960,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders’ meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company’s residual assets. In respect of shares bought back by the Company prior to 1 January 2021, all rights are suspended until those shares are reissued.

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Movements of share capital during the year were as follows:

	Year ended			
	30/9/2022		30/9/2021	
	Number of shares	VND	Number of shares	VND
Opening balance	493,481,896	4,934,818,960,000	444,625,213	4,446,252,130,000
Share dividends	99,672,290	996,722,900,000	44,456,683	444,566,830,000
Shares issued under employee stock ownership plans	4,900,800	49,008,000,000	4,400,000	44,000,000,000
Closing balance	598,054,986	5,980,549,860,000	493,481,896	4,934,818,960,000

25. Off balance sheet items**(a) Lease**

The future minimum lease payments under non-cancellable operating leases were:

	30/9/2022 VND	1/10/2021 VND
Within one year	198,973,265,573	183,481,962,474
From two to five years	703,574,405,633	691,377,536,840
More than five years	686,945,120,839	693,964,700,288
	1,589,492,792,045	1,568,824,199,602

(b) Foreign currency

	30/9/2022		1/10/2021	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,958,901	46,478,174,548	10,572,802	239,562,452,177

Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2022
(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(c) Capital expenditure commitments**

At the reporting date, the Group had the following outstanding capital expenditure commitments approved for the purpose of purchasing new machinery that will be used for the Group's business operation and construction projects:

	30/9/2022 VND	1/10/2021 VND
Approved and contracted	70,506,807,558	135,317,792,924

26. Revenue from sales of goods and provision of services

Total revenue represents the gross value of goods sold and services provided, exclusive of value added tax.

Net revenue comprised:

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Total revenue		
▪ Sales of finished goods	23,391,212,646,138	22,762,662,833,195
▪ Sales of merchandise goods	26,679,991,736,818	26,204,556,855,059
▪ Others	18,930,935,545	20,114,024,031
	<hr/> 50,090,135,318,501	<hr/> 48,987,333,712,285
Less revenue deductions		
▪ Sales discounts	354,367,561,104	238,263,060,549
▪ Sales returns	22,089,020,245	21,567,893,928
▪ Sales allowances	3,042,785,685	980,524,072
	<hr/> 379,499,367,034	<hr/> 260,811,478,549
Net revenue	<hr/> 49,710,635,951,467	<hr/> 48,726,522,233,736

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	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Total cost of sales:		
▪ Finished goods sold	20,323,022,949,353	16,700,658,638,817
▪ Merchandises goods sold	23,925,122,178,748	22,971,222,896,369
▪ Others	15,015,516,269	19,381,472,229
▪ Allowance made during the year	508,784,145,341	161,861,045,338
	<hr/>	<hr/>
	44,771,944,789,711	39,853,124,052,753
	<hr/>	<hr/>

28. Financial income

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Interest income from term deposits	6,986,154,013	1,663,048,987
Gains from financial investments	1,094,800,000	1,761,865,753
Gains from disposal of a subsidiary	-	107,731,519,386
Realised foreign exchange gains	252,349,907,257	244,563,630,062
Unrealised foreign exchange gains	4,628,540,304	4,523,936,793
Other financial income	1,747,424,994	6,052,111,423
	<hr/>	<hr/>
	266,806,826,568	366,296,112,404
	<hr/>	<hr/>

29. Financial expenses

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Interest expense	260,241,924,339	355,048,548,813
Realised foreign exchange losses	259,505,091,281	196,240,358,014
Other financial expenses	1,126,303,852	719,393,807
	<hr/>	<hr/>
	520,873,319,472	552,008,300,634
	<hr/>	<hr/>

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Notes to the consolidated financial statements for the year ended 30 September 2022
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30. Selling expenses

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Export expenses	1,794,587,785,556	1,704,544,466,093
Staff costs	900,753,976,328	643,035,977,672
Domestic transportation expenses	340,407,152,000	356,516,789,419
Rental expenses	195,838,571,571	162,547,696,297
Depreciation and amortisation	166,651,322,612	165,968,395,956
Advertising expenses	94,603,895,769	60,905,209,032
Outside services	82,336,100,980	69,488,023,995
Other selling expenses	257,463,695,249	181,480,678,090
	3,832,642,500,065	3,344,487,236,554

31. General and administration expenses

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Staff costs	201,458,245,191	160,841,770,891
Depreciation and amortisation	64,433,530,407	62,481,994,024
Rental expenses	28,253,170,952	27,137,721,765
Guest reception expenses	13,688,805,283	13,002,378,112
Business trip expenses	10,379,350,253	5,314,297,362
Professional services	6,231,783,240	7,581,013,556
Outside services	80,729,125,866	51,815,526,915
Other general and administration expenses	117,053,351,230	97,641,661,313
	522,227,362,422	425,816,363,938

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	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Gains from disposals of fixed assets	18,002,558,611	17,984,066
Gains from disposals of tools and instruments	9,687,889,329	-
Compensations received	13,264,861,862	7,190,639,755
Others	17,547,480,904	7,499,790,864
	<hr/>	<hr/>
	58,502,790,706	14,708,414,685

33. Production and business costs by elements

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Raw material costs	39,321,166,757,145	42,143,228,874,022
Labour costs and staff costs	1,392,802,608,806	1,090,357,716,427
Depreciation and amortisation	1,159,936,099,089	1,185,959,400,847
Outside services	3,271,112,972,379	3,389,673,536,999
Others	1,168,310,371,154	949,824,551,140

Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2022
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	Year ended	
	30/9/2022 VND	30/9/2021 VND
Current tax expense		
Current year	93,010,478,757	701,081,358,149
Under provision in prior years	1,111,031,256	1,484,806,116
	94,121,510,013	702,566,164,265
Deferred tax expense/(benefit)		
Origination and (reversal) of temporary differences	35,687,644,963	(100,577,155,644)
	129,809,154,976	601,989,008,621

(b) Reconciliation of effective tax rate

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Accounting profit before tax	381,129,461,460	4,915,483,070,880
Tax at the Company's tax rate	76,225,892,292	983,096,614,175
Effect of different tax rates in subsidiaries	(8,333,778,017)	(180,599,986,752)
Non-deductible expenses	26,107,027,425	19,772,352,262
Tax incentives	(15,421,057,778)	(150,545,861,692)
Unrecognised deferred tax assets	50,732,146,903	3,580,744,724
Tax losses utilised	(612,107,105)	(10,443,765,911)
Utilisation of previous unrecognised deferred tax assets	-	(64,355,894,301)
Under provision in prior years	1,111,031,256	1,484,806,116
	129,809,154,976	601,989,008,621

Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2022
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(c) Unrecognised deferred tax assets

	30/9/2022		1/10/2021	
	Temporary difference VND	Tax value VND	Temporary difference VND	Tax value VND
Deductible temporary differences	520,276,221,130	55,956,413,431	65,738,844,199	7,445,578,390
Tax losses	77,070,259,211	13,101,944,065	64,003,718,845	10,880,632,203
	<hr/>	<hr/>	<hr/>	<hr/>
	597,346,480,341	69,058,357,496	129,742,563,044	18,326,210,593

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of deductible temporary differences and tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(d) Applicable tax rates

Under the terms of Income Tax Law, the Company has an obligation to pay the government income tax rate of 20% of taxable profits. Subsidiaries have obligations to pay the government income tax at rates ranging from 10% to 20% of taxable profits, as follows:

- Hoa Sen Binh Dinh Sole Member Limited Company has an obligation to pay the government income tax at the rate of 20% of taxable profits. This subsidiary is exempt from income tax for 2 years starting from the first year it generates a taxable profit (2014 – 2015) and entitled to a 50% reduction in income tax for the 4 succeeding years (2016 – 2019).
- Hoa Sen Nghe An One Member Limited Liabilities Company has an obligation to pay the government income tax at 10% of taxable profits for 15 years starting from the first year it generates revenue and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 4 years starting from the first year it generates a taxable profit (2016 – 2019) and entitled to a 50% reduction in income tax for the 9 succeeding years (2020 – 2028).
- Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company has an obligation to pay the government income tax at 10% of taxable profits for 15 years starting from the first year it generates revenue and the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 4 years starting from the first year it generates a taxable profit (2019 – 2022) and entitled to a 50% reduction in income tax for the 9 succeeding years (2023 – 2031).

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- Hoa Sen Ha Nam One Member Limited Liability Company has an obligation to pay the government income tax at 17% of taxable profits for the first 10 years starting 2016 and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2019 – 2020) and entitled to a 50% reduction in income tax for the 4 succeeding years (2021 – 2024).
- Hoa Sen Phu My One Member Limited Liabilities Company has an obligation to pay the government income tax at 17% of taxable profits for the first 10 years starting from the first year it generates revenue and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2020 – 2021) and entitled to a 50% reduction in income tax for the 4 succeeding years (2022 – 2025).
- Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company has an obligation to pay the government income tax at 17% of taxable profits for the first 10 years starting from the first year it generates revenue and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2020 – 2021) and entitled to a 50% reduction in income tax for the 4 succeeding years (2022 – 2025).
- Other subsidiaries have obligations to pay the government income tax at 20% of taxable profits.

The usual income tax rate applicable to enterprises excluding any incentives is 20%.

35. Basic earnings per share

The calculation of basic earnings per share for the years ended 30 September 2022 and 30 September 2021 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund for the annual accounting periods and a weighted average number of outstanding ordinary shares, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Net profit for the year	251,341,330,129	4,313,507,233,783
Appropriation to bonus and welfare fund (*)	(10,053,653,205)	(172,540,289,351)
Net profit attributable to ordinary shareholders	241,287,676,924	4,140,966,944,432

- (*) Appropriation to bonus and welfare fund was estimated at 4% of the Group's profit after tax. This appropriation rate is consistent with the actual rate approved by the shareholders in the previous years.

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(ii) Weighted average number of ordinary shares

	Year ended	
	30/9/2022	30/9/2021
	Number of shares	Number of shares Restated (*)
Ordinary shares issued at the beginning of the year	493,481,896	444,298,113
Effect of share dividends for the year ended 30 September 2022	99,672,290	99,672,290
Effect of share dividends for the year ended 30 September 2021	-	44,456,683
Effect of shares issued under employee stock ownership plans	2,134,869	289,315
Effect of re-issuance of treasury shares	-	164,894
Weighted average number of ordinary shares	595,289,055	588,881,295

(iii) Basic earnings per share

	30/9/2022	Year ended 30/9/2020	30/9/2021
	VND	VND Restated (*)	VND As previously reported
Basic earnings per share	405	7,032	8,465

(*) The restatement represented the impact of share dividends issued after the annual accounting period.

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36. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Year ended	
	30/9/2022	30/9/2021
	VND	VND
Companies owned by the Company's Chairman		
Hoa Sen Holdings Group		
Sales of merchandise and finished goods	4,491,502,543,753	3,491,098,491,681
Income from asset leasing	3,486,352,344	3,486,352,344
Purchases of merchandise and finished goods	13,030,000	65,433,048
Sales discounts	61,952,016,618	29,951,547,928
Purchases of transportation service	69,512,797,002	71,877,987,424
Operating lease expenses	11,735,093,390	10,324,829,089
Sale returns	4,584,783,491	7,332,794,966
Late payment interest	4,855,265	4,314,972,614
Sale allowance	54,727,273	-
Proceeds from sales of fixed assets	836,100,000	278,700,000
Other sales	149,588,019	217,541,773
Other purchases	7,004,452	4,028,182
Hoa Sen Nghe An Investment One Member Co., Ltd.		
Purchases of transportation service	52,736,771,622	56,691,234,612
Income from asset leasing	223,500,000	227,000,000
Members of the Board of Directors		
Remuneration		
Mr. Le Phuoc Vu – Chairman	360,000,000	360,000,000
Mr Tran Ngoc Chu – Vice chairman	300,000,000	300,000,000
Mr. Tran Quoc Tri – Member	240,000,000	240,000,000
Mr. Ly Van Xuan – Member	300,000,000	290,000,000
Mr. Nguyen Van Luan – Member	360,000,000	340,000,000
Mr. Dinh Viet Duy – Member	300,000,000	290,000,000
General Director		
Salary, bonuses and other allowances	2,706,721,532	1,967,900,022
Other members of the Board of Management		
Salary, bonuses and other allowances	16,587,416,081	34,209,331,101

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37. Non-cash investing activities

	Year ended	
	30/9/2022 VND	30/9/2021 VND
Costs of fixed assets and construction in progress acquired through occurrence of liabilities	131,482,180,414	138,696,752,863
Prepayments for purchases of fixed assets	37,477,825,146	30,320,914,199

38. Comparative information

The comparative information as at 1 October 2021 were derived from the Group's consolidated financial statements as at and for the year ended 30 September 2021.

27 December 2022

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant

Approved by:



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director

