



ANNUAL REPORT
THE FISCAL YEAR 2012 - 2013

CREATE A FOUNDATION FOR *Further* PROGRESS



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Golden LOTUS
QUALITY



CULTURE OF

10 T letter

Integrity

Loyalty

Dedication

Talent

Friendliness

Vision

To become a leading economic group in building materials sector in Vietnam and in the region driven by sustainable development strategy that focuses on traditional products such as steel sheet, steel, plastic and is based on building and developing core competitive advantages: vertically integrated value chain; retail network; strong, friendly and community - oriented brand; unique corporate governance and corporate culture as well as pioneering in technological innovation investment in order to maximize added value for shareholders, employees and society.

Mission

To provide Hoa Sen branded products with international quality and reasonable prices in order to meet customers' demand and contribute to changing the country's architectural landscape and developing the community.

Core Values

Integrity - Community - Development

Business Philosophy

- ⊗ Products' quality is the focus
- ⊗ Customers' benefit is the key
- ⊗ Employees' income is the responsibility
- ⊗ Sharing with community is the obligation



“ Impressive business result in the last fiscal year created a foundation for further progress of Hoa Sen Group on the way to achieve the targets of one million tons in sales volume and one billion dollars in net sales ”

MESSAGE FROM CHAIRMAN

Dear esteemed shareholders,

The fiscal year 2012 - 2013 marked an important progress of Hoa Sen Group on the way to achieve the targets of one million tons in sales volume and one billion dollars in net sales. In the context of the domestic economy where there has not been any positive sign yet, the consumption demand for steel has been still weak, there has been no way out for inventory and the increased production costs have made many domestic enterprises face difficulties. Thus, setting up and implementing the above targets have been considered a breakthrough decision of the Group.

In order to overcome difficulties and challenges, the Board of Directors, the Board of Management and over 3,700 employees of Hoa Sen Group made great attempts to accomplish the targets set by the General Assembly of Shareholders. In contrast to the gloomy picture of the economy, the fiscal year 2012 - 2013, once again, witnessed the outstanding development of Hoa Sen Group in sales volume, net sales and profit. Specifically, in the fiscal year 2012 - 2013, Hoa Sen Group achieved 601,671 tons in sales volume of finished products and VND 11,760 billion in net sales accomplishing the business plan by 111% and 107% respectively. Especially, profit after - tax continued growing impressively and reached VND 581 billion which outperformed 45% in comparison with the business plan and increased 58% in comparison with the previous fiscal year.

In addition to the development of domestic market, in recent years, the Group has always focused on enhancing export activities that made export's volume and sales increase continuously over the years. Particularly, in the fiscal year 2012 - 2013, Hoa Sen Group exported nearly 280,000 tons of products to foreign markets and reached the export sales of approximately USD 252 million which were equivalent to 45% of the total net sales. These have helped Hoa Sen Group continue to affirm its position as a leading exporter of steel sheets in Southeast Asia. Currently, Hoa Sen branded products have a presence in 40 countries and regions around the world. Thanks to international quality products, reasonable prices and fast lead time, Hoa Sen Group is making further progress and affirming its strong position in international markets.

With outstanding development in business and positive contributions to the socio-economic development of the country, Hoa Sen Group honorably received many noble awards in 2013 such as Third - Class Labor Medal, Certificate of Merit for Typical Enterprises of Binh Duong Province in 2013, Vietnam Gold Star 2013: Top 10 Brands of Vietnam and Top 10 of Corporate Social Responsibility 2013 and a number of other awards. These achievements are the great pride of Hoa Sen Group's staff and the evidence which affirms a commitment of a brand to create the highest value for consumers and society.

Entering 2014, it is forecasted that the growth of domestic economy will have signs of recovery. However, the key current

issues of the economy such as weak domestic purchasing power, low credit growth, etc., are generally difficult to improve clearly next year. Regarding steel and steel sheet industries, apart from long-lasting frozen situation of domestic real estate market during the last time, the concerns of enterprises also come from the possibility of facing trade barriers in export markets. In addition, the influx of cheap steel and steel sheet products being imported from China into Vietnam market massively creates significant challenges for domestic steel and steel sheet enterprises.

Based on the forecasts about the complicated economic situation in 2014, the management and administration need to be very prudent. With the target of sustainable development, the policies of the Board of Directors will be aiming at enhancing governance of the Group in depth to create a basis for strengthening competitive advantages as well as creating a launch pad for the Group to make a breakthrough in new development phases. Accordingly, the core tasks of Hoa Sen Group in 2014 will be to continue improving technique; further enhance productivity and products' quality; strictly control production process; improve on production norms in order to minimize the costs and reduce production costs; enhance the effectiveness of sales channels through expanding and professionalizing the activities of the retail network, searching new export markets and reducing the dependence on traditional markets; improve the quality of human resources in accordance with orientation of "being better, more professional and having higher income"; maintaining diversified and creative media and communication activities to increase the frequency of Hoa Sen brand name in the minds of community and consumers.

With core competitive advantages, the experienced and market well-informed leadership, young employees who increasingly improve their professional qualifications as well as penetrating corporate culture, and especially the trust and support of esteemed shareholders, partners and customers, I believe that we will attain greater achievements to affirm the brand name and position of Hoa Sen Group in the fiscal year 2013 - 2014.

On behalf of the Board of Directors, the Board of Management and all the employees of Hoa Sen Group, I would like to thank for the trust and support of esteemed shareholders throughout the years. On the occasion of New Year, I would like to wish you a happy and joyful spring and I hope that you are always companions of Hoa Sen Group on the way to new success.

Best regards,

Chairman



LE PHUOC VU

In May 2013, Hoa Sen Group organized and sponsored "Nick Vujicic comes to Vietnam" event. This event inspired and motivated millions of Vietnamese people, especially those who were underprivileged people in order to help them overcome themselves and achieve their dreams and success in life.



The background of the page is a photograph of a pond. In the upper left, there are several large, green lily pads floating on the water. In the lower center, a vibrant pink lotus flower is in full bloom, surrounded by more green lily pads. The water is a light, clear green color.

...laying the *foundations*

INTRODUCTION

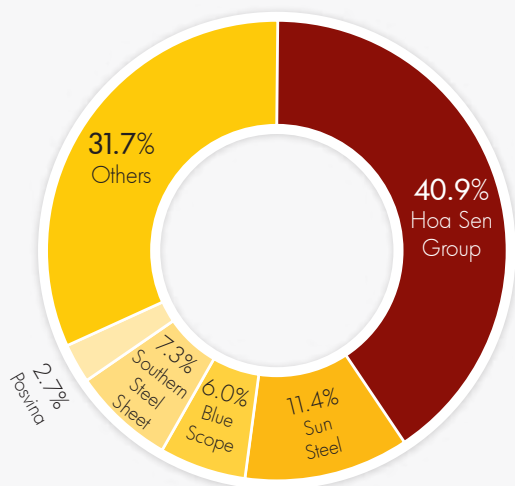
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OUTSTANDING FINANCIAL FIGURES

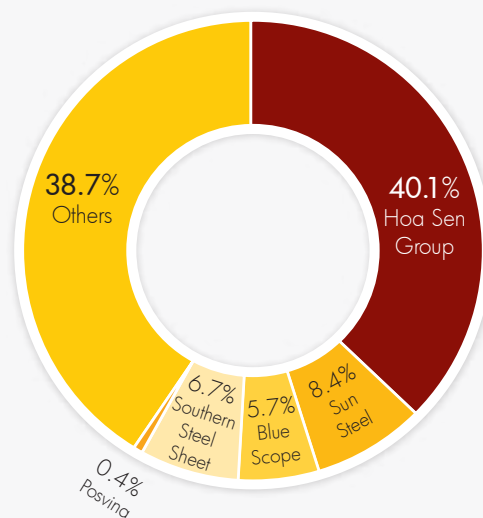
OF THE FISCAL YEAR 2012 - 2013

CHART OF STEEL SHEET MARKET SHARE

YEAR 2012

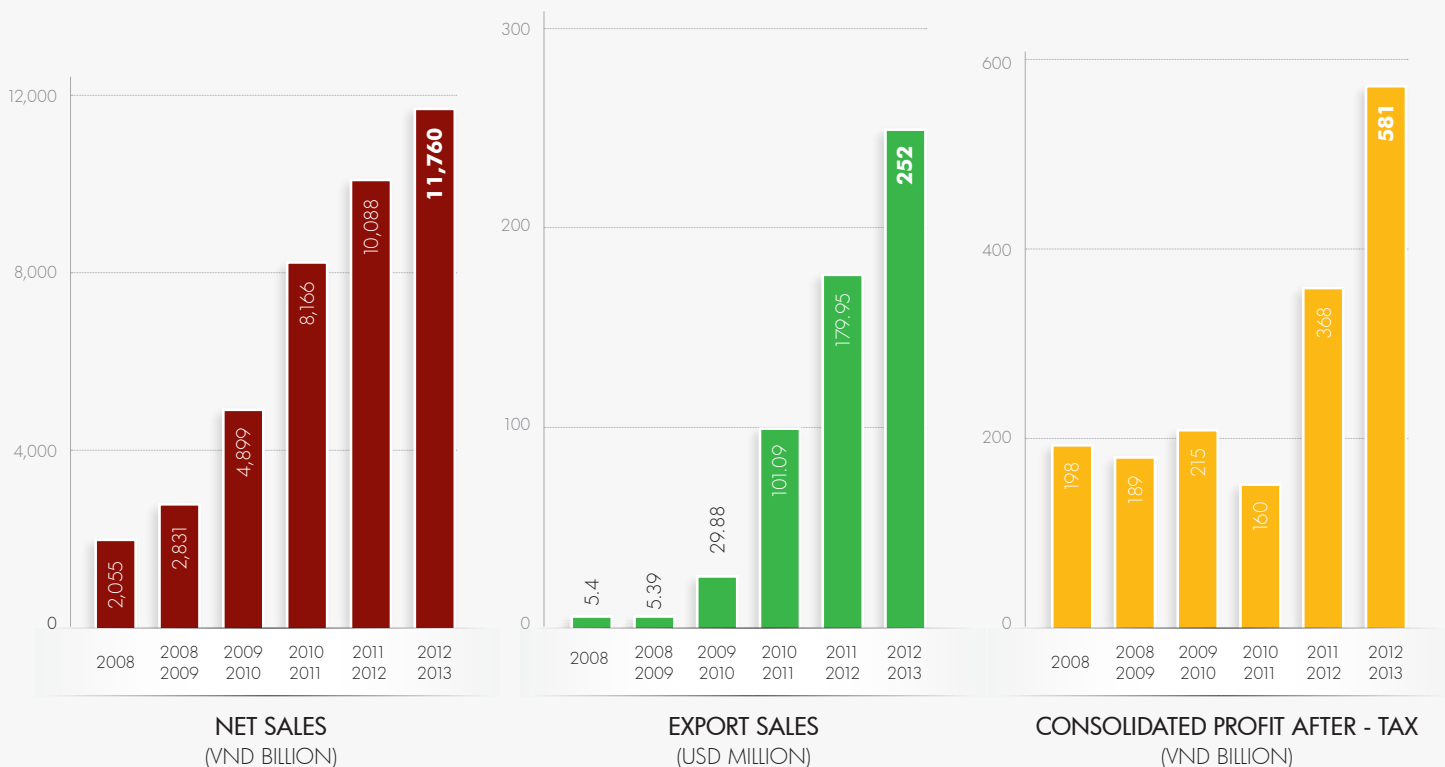


THE FIRST 11 MONTHS OF 2013



Source: Internal Bulletin of Vietnam Steel Association in 2012 and in December 2013

Note: Above statistics only consists of sales volumes of members of Vietnam Steel Association and excludes sales volume of Perstima Vietnam because tin plates are not used for construction industry and excluded sales volume of Posco VST because stainless steels are not coated steel sheet.





Number **1**
position in Vietnamese steel sheet
market and the leading steel sheet
exporter in Southeast Asia.

3rd Class
Labor
Medal

Top **10**
of Vietnam Gold Star 2013 and
Top 10 of Corporate Social
Responsibility 2013

Inaugurated the **115th** branch

USD 252 million
in export sales, an increase of nearly 40% in
comparison with the previous fiscal year

In the fiscal year 2012 - 2013, Hoa Sen Group continued to affirm its number one position in Vietnamese steel sheet market and was a leading steel sheet exporter in Southeast Asia.

On September 9th, 2013, Hoa Sen Group honorably received the Third - Class Labor Medal according to Decision No. 1602 QD/CTN dated on September 05th, 2013 and signed by Madam Nguyen Thi Doan - State Vice President. This medal has great significance and is the recognition from the Government and the Society for the Group's contributions to the development of the country as well as the society over 12 years of development in accordance with its criteria of sustainability.

On September 02nd, 2013, Hoa Sen Group honorably received "Top 10 of Vietnam Gold Star 2013" award and "Top 10 of Corporate Social Responsibility 2013" award. This was the second time that Hoa Sen Group achieved "Top 10 of Vietnam Gold Star" award (the first time was in 2009) and "Top 10 of Corporate Social Responsibility" award (the first time was in 2011).

In the fiscal year 2012 - 2013, Hoa Sen Group established seven more distribution - retail branches that made the total number of distribution - retail branches of the Group increase to 115 branches and contributed to increasing the sales capacity and core competitive advantages of the Group.

Export sales of the fiscal year 2012 - 2013 was approximately USD 252 million which increased 40% in comparison with the previous fiscal year.

12 YEAR HISTORY

OF ESTABLISHMENT AND DEVELOPMENT

On May 18th 1994, Mr. Le Phuoc Vu's family (he is currently the Chairman of the Board of Directors of Hoa Sen Group) started their business with a very little fund saved from his wage. His family utilized their rented house as the retail steel sheet outlet at the An Suong crossroads, District 12, Ho Chi Minh City. Then, their business turned good. With the money saved from his business, his family bought an old rolling machine on hire-purchase, cut steel sheets themselves and retailed everywhere. When the business became favorable, his family decided to set up a company to expand their production and business activities.

On August 8th 2001, Hoa Sen Joint Stock Company was established. After 12 years of establishment and development, Hoa Sen Group successfully built a manufacturing system with advanced technology, created a strong, friendly and community-oriented series of brands and affirmed the number one position in domestic steel sheet market and the leading position in steel sheet exports in Southeast Asia. From the date of establishment, with an initial charter capital of VND 30 billion, 22 employees and 3 distribution - retail branches, by the end of 2003, the Group owned 34 distribution - retail branches. With a firm and creative business strategy, Hoa Sen Group will continue to develop outstandingly in the coming time.

Established 15 more branches to increase the total number of distribution - retail branches to 49.

Inaugurated and put the color coating line No. 01 with a capacity of 45,000 tons/year into operation and inaugurated the Group's headquarters at No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An District, Binh Duong Province.

1994

2001 - 2003

2004

2008

Established 4 more branches to increase the total number of distribution - retail branches to 79.

Cooperated with Gemadep Joint Stock Company to establish Hoa Sen - Gemadep International Port & Logistics Joint Stock Company with a charter capital of VND 39 billion, in which Hoa Sen Group owns 45%.

Inaugurated Phase 1 of Hoa Sen Steel Pipe, Plastic Pipe and Building Material Plant Project at Phu My 1 Industrial Park, Ba Ria - Vung Tau Province.

Inaugurated galvanizing line (NOF technology) with a capacity of 150,000 tons/year and color coating line No. 02 with a capacity of 45,000 tons/year.

2008 - 2009

Established 3 more branches to increase the total number of distribution - retail branches to 82.

On December 5th 2008: 57,038,500 stocks of Hoa Sen Group (code: HSG) were listed on Ho Chi Minh City Stock Exchange.

Started the construction of Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project at Phu My 1 Industrial Park, Ba Ria - Vung Tau Province.

2009 - 2010

Established 11 more branches to increase the total number of distribution - retail branches to 93.

Issued private placement for major investors and Hoa Sen Group's employees; increased the charter capital from VND 570 billion to VND 700 billion.

Inaugurated and put the hot galvanizing line (NOF technology) with a capacity of 450,000 tons/year and color coating line with a

Established 16 more branches to increase the total number of distribution - retail branches to 75.

Established Hoa Sen Building Material Joint Stock Company and Hoa Sen Engineering - Construction Joint Stock Company.

Inaugurated Hoa Sen Cold Rolling Mill with a capacity of 180,000 tons/year and started construction of Galvanizing line (NOF technology) with capacity of 150,000 tons/year.

Started the construction of Phase 1 of Hoa Sen Steel Pipe, Plastic Pipe and Building Material Plant Project at Phu My 1 Industrial Park, Ba Ria - Vung Tau Province.

In December 2007, Hoa Sen Joint Stock Company was renamed as Hoa Sen Group. Hoa Sen Group then merged with its 3 subsidiaries: Hoa Sen Steel Sheet Joint Stock Company, Hoa Sen Building Material Joint Stock Company and Hoa Sen Engineering - Construction Joint Stock Company.

Established 3 more branches to increase the total number of distribution - retail branches to 59.

Started the construction of Cold Rolling Mill with a capacity of 180,000 tons/year at Song Than 2 Industrial Park, Di An District, Binh Duong Province.

Established Hoa Sen Steel Sheet Joint Stock Company.

Established 7 more branches to increase the total number of distribution - retail branches to 56.

2005

2006

2007



2010 - 2011

Celebrated the 10th year anniversary of Hoa Sen Group.

Established 13 more branches to increase the total number of distribution - retail branches to 106.

Inaugurated Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project.

Export sales achieved USD 101 million.

2011 - 2012

Export sales achieved USD 180 million; Hoa Sen Group became one of the leading steel sheet exporters in Southeast Asia.

Implemented an additional investment in Galvanizing line (NOF technology) with a capacity of 120,000 tons/year in order to meet the market's demand.

Announced the new brand identity system.

Established 02 more branches to increase the total number of distribution - retail branches to 108.

► capacity of 180,000 tons/year at Hoa Sen Phu My Steel Sheet Plant project into operation.

Issue bonus shares and shares for dividend payment of the fiscal year 2008 to shareholders; increase the charter capital from VND 700 billion to VND 839,960 billion.

Issue shares for dividend payment of the fiscal year 2008 - 2009 to shareholders; increase the charter capital from VND 839,960 billion to VND 1,007.907 billion.



01 Inaugurated and put the Galvanizing line (NOF technology) with a capacity of 120,000 tons/year into operation.

02 Established 07 more branches to increase the total number of distribution - retail branches to 115 and 3 base depots.

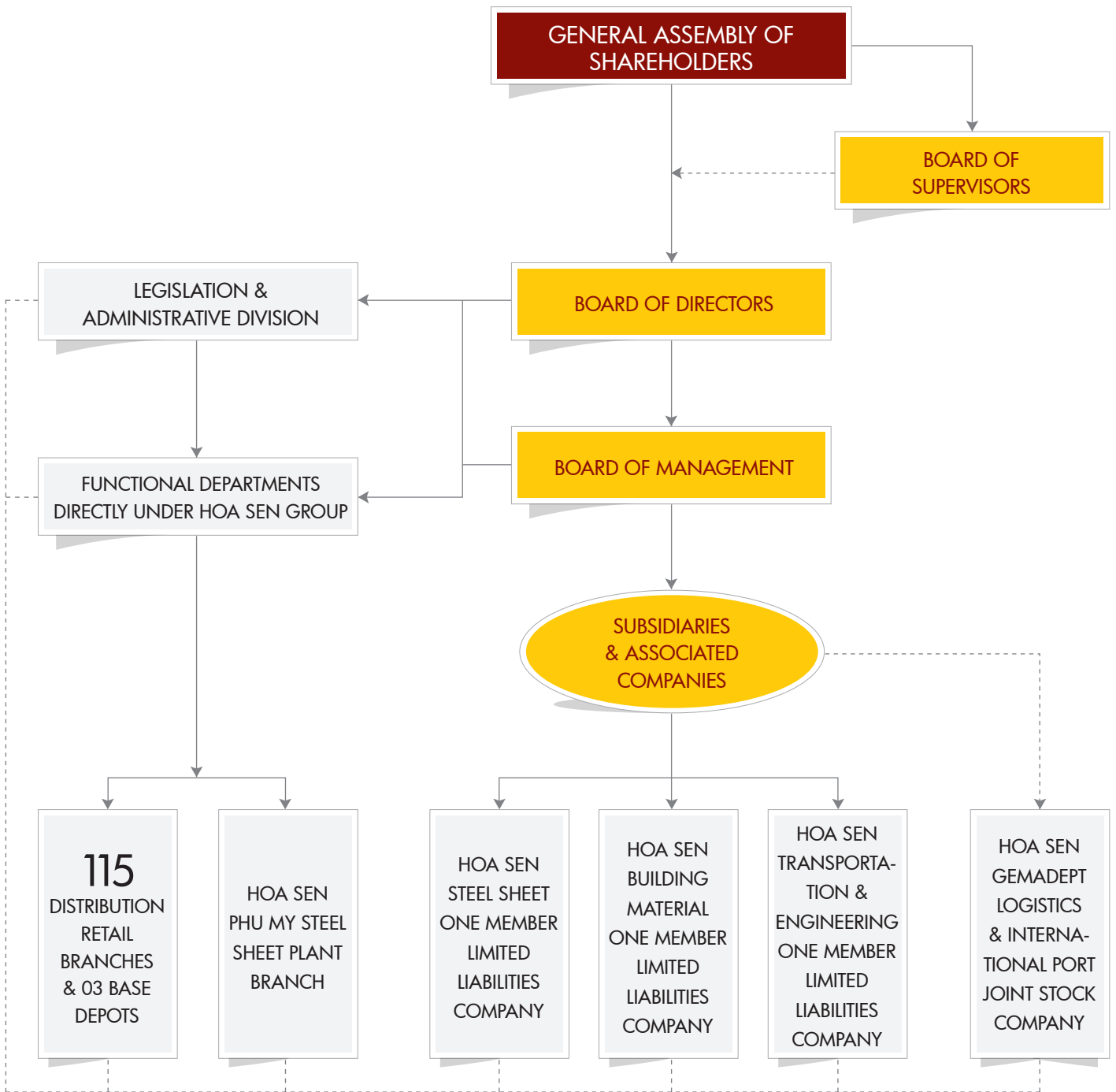
03 Hoa Sen Group achieved Top 100 of Largest Vietnamese Enterprises and Top 30 of Largest Vietnamese Private Enterprises 2012.

04 Hoa Sen Group honorably achieved Top 10 of Vietnam Gold Star 2013 and Top 10 of Corporate Social Responsibility.

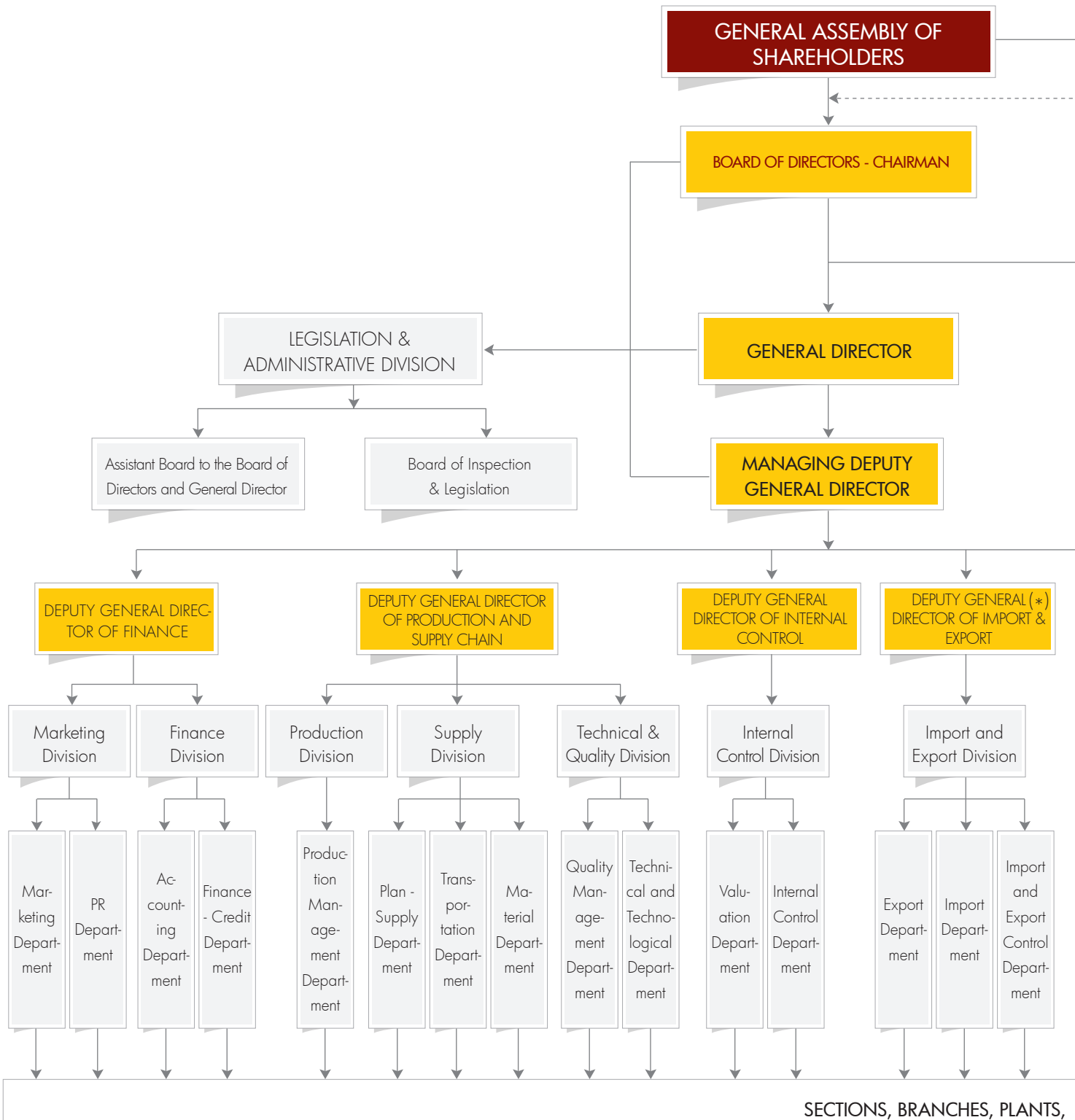
05 On September 9th 2013, Hoa Sen Group honorably received the Third - Class Labor Medal presented by State Vice President.

06 Implemented Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project to create a basis for achieving the targets of one million ton in sales volume and one billion dollar in net sales.

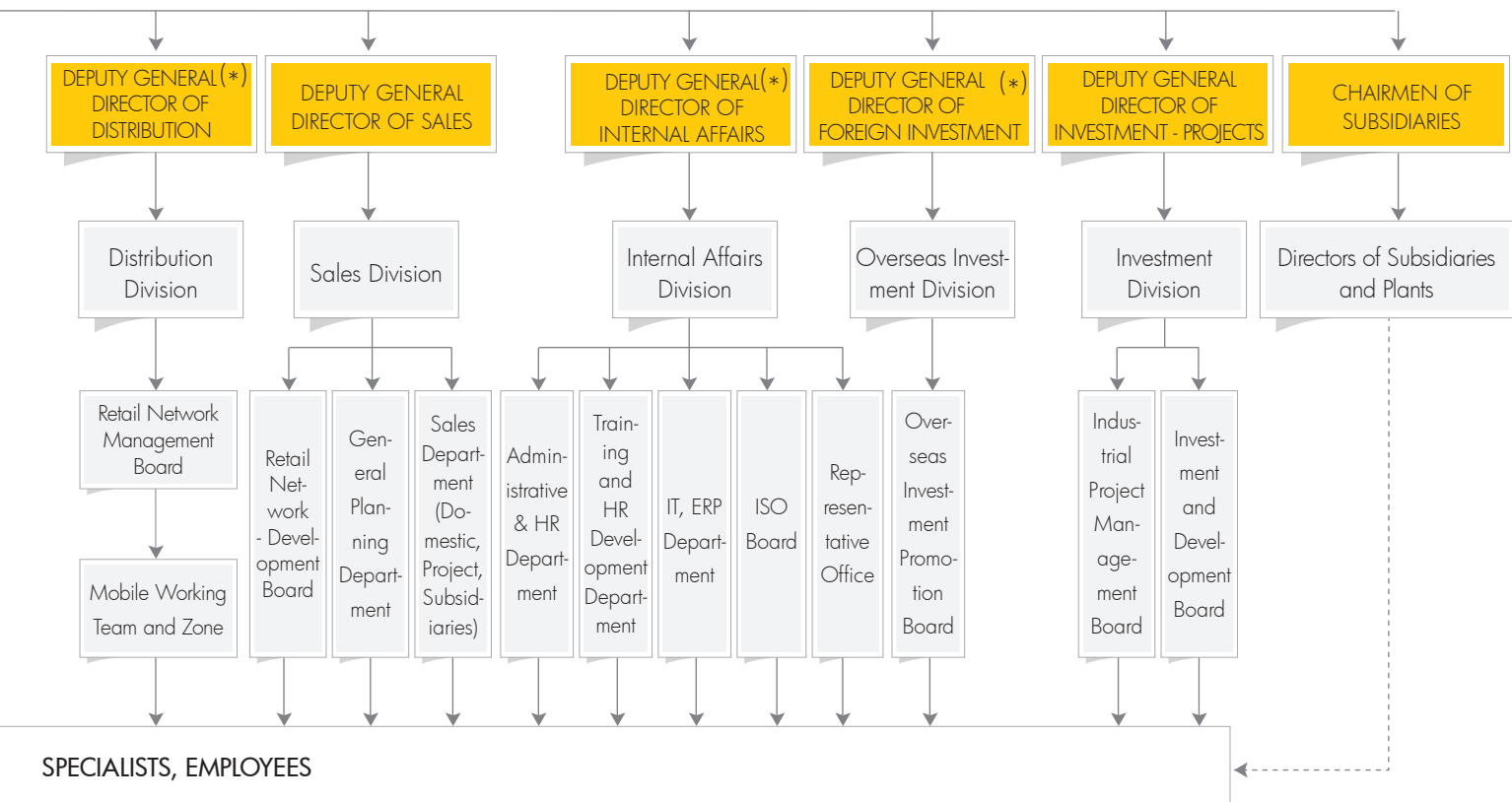
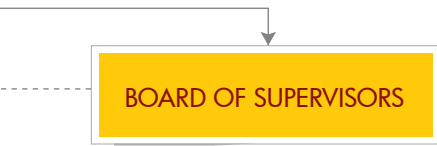
MODEL OF
HOA SEN GROUP



Note: — : Direct control - - - - : Coordination, inspection



(*) These positions are vacant. Other Deputy General Directors or Directors are currently in charge of these positions



PRODUCTION CAPACITY

Location of production lines	Production line	Total designed capacity (ton/year)
1. HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An District, Binh Duong Province	Cold rolling line No. 01	180,000
	Pickling line No. 01	250,000
	Annealing furnace No. 01	42,000
2. HOA SEN GROUP No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An District, Binh Duong Province	Galvanizing line No. 01	150,000
	Color coating line No. 01	45,000
	Color coating line No. 02	45,000
3. BRANCH OF HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY - PHU MY COLD ROLLING STEEL PLANT Street No. 1B, Phu My 1 Industrial Park, Tan Thanh District, Ba Ria - Vung Tau Province	Cold rolling line No. 02	200,000
	Cold rolling line No. 03	200,000
	Pickling line No. 02	700,000
4. BRANCH OF HOA SEN GROUP - HOA SEN PHU MY STEEL SHEET PLANT Street No. 1B, Phu My 1 Industrial Park, Tan Thanh District, Ba Ria - Vung Tau Province.	Acid recycling line	5,000 liters/hour
	Hot galvanizing line No. 02	450,000
	Galvanizing line No. 03	100,000
	Galvanizing line No. 04	120,000
	Color coating line No. 03	180,000
	Annealing furnace No. 02	42,000
	Annealing furnace No. 03	100,000
5. HOA SEN BUILDING MATERIAL ONE MEMBER LIMITED LIABILITIES COMPANY Street No. 1B, Phu My 1 Industrial Park, Tan Thanh District, Ba Ria - Vung Tau Province	10 steel pipe lines	101,000
	12 plastic pipe lines	30,000
6. BRANCH OF HOA SEN BUILDING MATERIAL ONE MEMBER LIMITED LIABILITIES COMPANY IN BINH DUONG No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An District, Binh Duong Province.	6 steel pipe lines	48,000
7. BRANCH OF HOA SEN BUILDING MATERIAL ONE MEMBER LIMITED LIABILITIES COMPANY IN HAI DUONG Phuong Do Hamlet, Hung Thinh Commune, Binh Giang District, Hai Duong Province.	6 steel pipe lines	48,000



634,128 TONS
IN SALES VOLUME OF THE
FISCAL YEAR 2012 - 2013



THE MODERN TECHNOLOGY YIELDS DIVERSE PRODUCTS WITH INTERNATIONAL QUALITY.

COLD ROLLED COIL



By applying the modern 6 high single-stand reversing cold rolling technology, cold rolled coils of the Group meet the strict requirements of quality.

PRE-PAINTED GALVALUME STEEL SHEET (Pre-painted GL)



Applying the most advanced technology of color coating on zinc-aluminum alloy surface makes the products outstandingly durable and highly aesthetic.

GALVALUME STEEL SHEET (GL)



Manufactured by the advanced NOF technology, galvalume steel sheets of the Group meet the U.S standard of ASTM A792M, Australian standard of AS 1397 (G550) - AS 1365 (G300) and Japanese standard of JIS G3321. The products are glossy and reflective in silvery surface which is highly anti-erosion, effectively heat-resistant and flexibly designed with 4 time higher durability than other common kinds of steel sheet.

GALVANIZED STEEL SHEET (GI)



Manufactured by the advanced NOF technology, the products meet the strictest requirements of galvanized steel sheet in accordance with the Japanese standard (JIS G3302). With the effective anti-erosion and smoothly coated surface, Hoa Sen galvanized steel sheet is the first choice of consumers.

PRE-PAINTED GALVANIZED STEEL SHEET (Pre-painted GI)



The variety in color and specifications of Hoa Sen pre-painted galvanized steel sheet always satisfy the customers' demands.

METALLIC STEEL SHEET



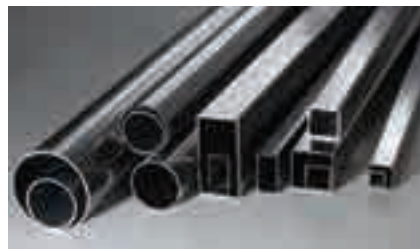
Hoa Sen Group has just researched, manufactured and introduced metallic steel sheets to the market. An outstanding feature of metallic steel sheet is that its metallic surface creates a very high aestheticism and is widely favored by the consumers. In addition to the use for roofing, metallic steel sheet is also applied to interior decoration which brings the elegance and sophistication to the houses.

HOT DIP GALVANIZED STEEL (HGI)



With the input material of high quality cold rolled coil of Hoa Sen Group and the advanced NOF technology, Hoa Sen hot dip galvanized steel meets diversified requirements in industrial and civil construction.

STEEL PIPE AND SQUARE STEEL PIPE



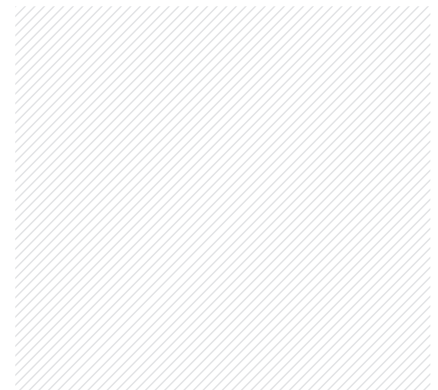
Following the production process: pickling, cold rolling, annealing, galvanizing, slitting, formed rolling, Hoa Sen steel pipe and square steel pipe have clean and smooth surface, steady thickness, high plasticity and good adhesion as well as high quality in accordance with standards:

- JIS G3344:2004 (Japan)
- JIS G3466:2006 (Japan)
- ASTM A53/A53M-07 (America)
- ASTM A500/A 500M-07 (America)

PLASTIC PIPE AND ACCESSORIES



Manufactured by the modern line with the advanced European technology and the centralized blending system, the products are homogeneous and high-quality in accordance with standards: BS 3505:1968/BS EN 1452-2:2009 (England); AS/NZS 1477:2006 (Australia), TCVN 6151-2:2002 (Vietnam). By applying the modern technology of adjusting central heat, Hoa Sen Group successfully produced the biggest uPVC pipes in the world with 630 mm in diameter, 30 mm in thickness and 12.5 bar in pressure. Hoa Sen Group's plastic pipes are widely used in various fields such as public and civil drainage system, electricity, telecommunication and sand pumping, etc.





...foundation for sustainable
DEVELOPMENT

CORE COMPETITIVE ADVANTAGES

- 1 | Vertically integrated value chain
- 2 | Owning 115 retail network, 3 domestic base depots and distribution channels in 40 countries over the world
- 3 | The strong, friendly and community - oriented brand
- 4 | Professional corporate governance and unique corporate culture
- 5 | Pioneer in advanced technology investment

VERTICALLY INTEGRATED VALUE CHAIN

Currently, Hoa Sen Group becomes the leading exporter of steel sheet in Southeast Asia

Hoa Sen Group's steel sheet - steel production process begins from cold rolling lines. Imported hot rolled coils which were put through this line will create cold rolled coils.

Cold rolled coils are the input materials for coating lines which produce steel sheets.

At each stage of the production process, the products of Hoa Sen Group meet the international quality standards of U.S, Australia and Japan. Therefore, these

products can meet the diverse demands of the market for cold rolled coils and steel sheets

Through 115 nationwide distribution - retail branches and 3 base depots, high quality products of Hoa Sen Group are delivered to end - users.

Since 2008, Hoa Sen Group has exported its products to more than 40 countries and territories all over the world in Southeast Asia, Western Asia, Middle East, Eastern Africa, Western Africa,

South America, Australia, etc. Currently, Hoa Sen Group is the leading exporter of steel sheets in Southeast Asia.

With the vertically integrated value chain, Hoa Sen Group takes the initiative to tightly control the costs of each stage of the production process. This helps the Group minimize costs and achieve economic effect of the scope. This is the foundation for Hoa Sen Group to implement the manufacturing cost-leadership strategy.



IMPLEMENT THE
MANUFACTURING
COST-LEADERSHIP
STRATEGY





OWNING 115 DISTRIBUTION - RETAIL BRANCHES, 3 DOMESTIC BASE DEPOTS AND DISTRIBUTION CHANNELS IN 40 COUNTRIES OVER THE WORLD

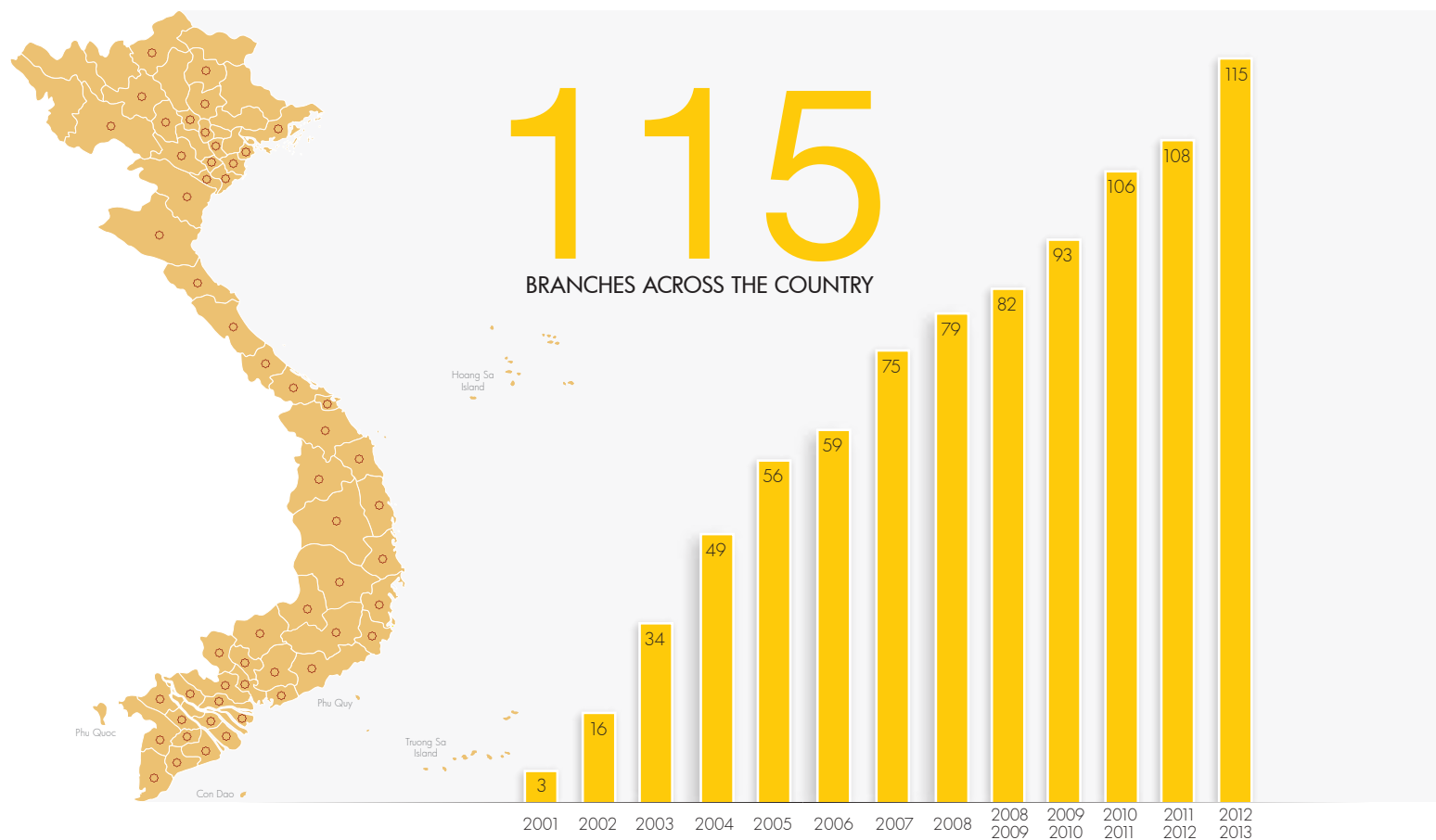


CHART OF THE DEVELOPMENT OF RETAIL NETWORK OVER THE YEARS

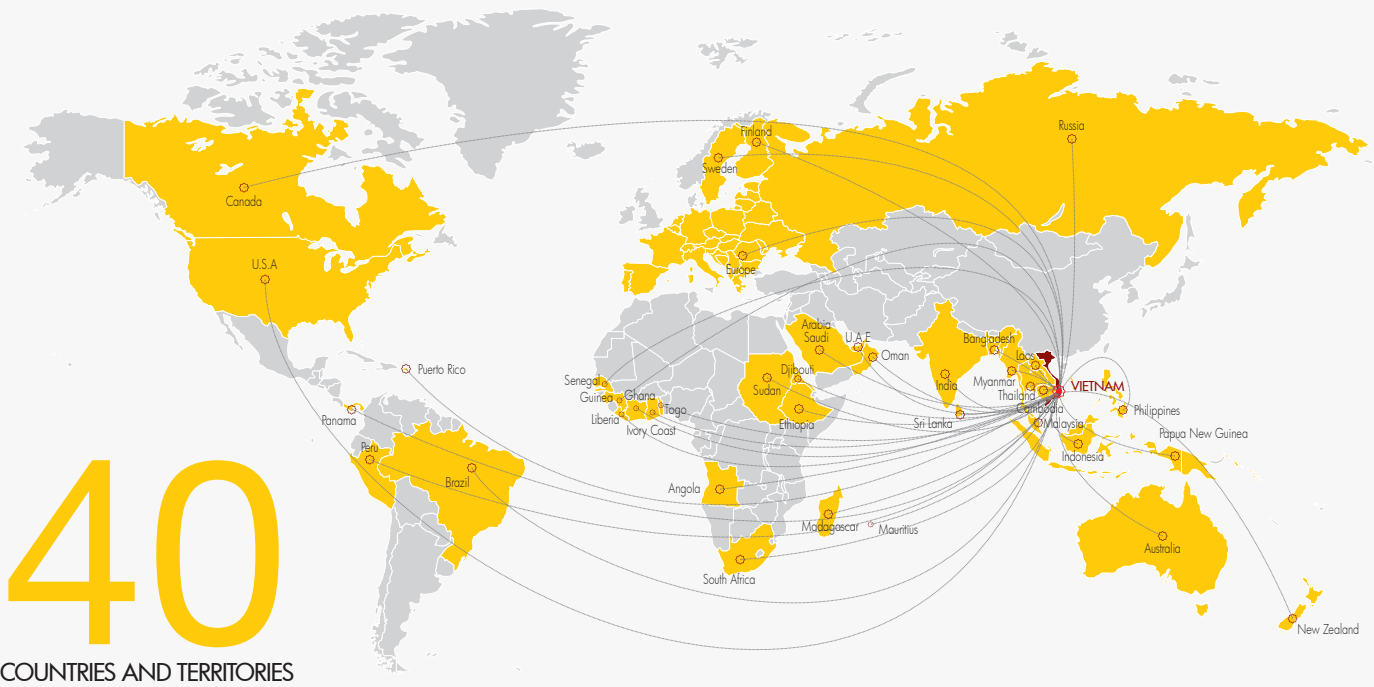
From the initial days of establishment, Hoa Sen Group implemented the strategy of “buying directly from producers and selling to end - users” based on the distribution - retail branches. Since 2012, the Group has begun to implement franchise network. With the centralized and unified management in accordance with the general policies, through the distribution - retail branches and franchise network, Hoa Sen Group has tightly controlled the quality of the products to end - users. This has helped the Group establish consumers’ trust in its products.

Over the past twelve years, the nationwide distribution - retail branches have become an outstanding competitive advantage of the Group in directly approaching to end - users and promptly delivering

RELENTLESS DEVELOPMENT AND MARKET SHARE GROWTH

new products to the market. Thanks to the distribution - retail branches, despite the fluctuating economic environment, the Group was able to flexibly apply sales policies to maintain the liquidity and create the stable cash flow. This is a basis that enables the Group to quickly settle the manufacturing and business activities when macroeconomic conditions become unfavorable and keep on affirming the number one position in Vietnam coated steel sheet market.

In addition to maintaining domestic market, Hoa Sen Group also continuously strengthens export activities to traditional markets and expands market share to potential markets in Middle East, Southern Asia, Africa, Australia, Europe and America. Currently, Hoa Sen Group’s products are present in 40 countries and territories.



DISTRIBUTION CHANNELS IN COUNTRIES OVER THE WORLD

3

THE STRONG, FRIENDLY AND COMMUNITY - ORIENTED BRAND

☞ Being aware of corporate responsibilities to the community, Hoa Sen Group has not only focused on its business and manufacturing activities but also focused on implementing diversified and practical social activities. ☞

In many consecutive years, through diversified and creative marketing programs and by sponsoring the community activities and social charity activities, the Hoa Sen brand name has embedded deeply into consumers' hearts as the strong, friendly and community-oriented brand names.

Especially, Hoa Sen Steel Sheet honorably received "Vietnam Value 2012". This was the pride of Hoa Sen Group which affirmed the quality

of Hoa Sen Steel products Sheet in domestic and foreign markets as well as contributed to enhancing the value of Vietnamese brand names.

Especially, in May 2013, Hoa Sen Group co-organized and sponsored VND 36 billion for "Nick Vujicic comes to Vietnam" event with 7 programs in Hanoi and Ho Chi Minh City for different types of audience such as businessmen, students, pupils, underprivileged children and disabled people. The motivational speaker

Nick Vujicic has inspired the disabled people, underprivileged people and Vietnamese community to help them overcome themselves to achieve their dreams and successes in their lives.

Moreover, Hoa Sen Group was honored to achieve Top 10 of Vietnam Gold Star 2013 and Top 10 of Corporate Social Responsibility. This award once again confirmed and recognized the positive contribution of Hoa Sen Group to the society throughout the year.



THE UNIQUE BRANDING STRATEGY



4 PROFESSIONAL CORPORATE GOVERNANCE AND UNIQUE CORPORATE CULTURE

CORPORATE CULTURE

Hoa Sen Group established its governance system upon the foundation of corporate culture of 10 "T" letters: Integrity - Loyalty - Dedication - Talent - Friendliness. This is an important factor contributing to the rapid and sustainable development of Hoa Sen Group over the past 12 years.

INTEGRITY

Be honest and transparent in all activities.

COMMUNITY

Always sharing Hoa Sen Group's achievements with the community is the humanistic beauty which has embedded deeply into many Vietnamese people's minds.

DEVELOPMENT

Continuously develop and bring the Hoa Sen brand name to new heights.





COMMUNITY
ORIENTED
DEVELOPMENT





PIONEER IN ADVANCED TECHNOLOGY INVESTMENT

☞ In Vietnam, Hoa Sen Group is always the pioneer in investing in modern equipment line and applying new technology. ☞

In 2006, Hoa Sen Group was the first non-state-owned enterprise investing in cold rolling line.

In 2007, Hoa Sen Group was the first Vietnamese enterprise investing in the galvanizing line (NOF technology) in Vietnam.

In 2009, Hoa Sen Group was the first enterprise investing in hot the galvanizing line (NOF technology) in Southeast Asia.

In 2010, Hoa Sen Group was the first enterprise synchronously investing in the centralized blending system and plastic pipe manufacturing line of Battenfeld - Cincinnati with European technology and the laboratory meeting Japanese standards so as to bring plastic pipes with high quality and competitive price to the consumers.

In 2011, Hoa Sen Group continued to invest in two cold rolling lines and inaugurated Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project. At the moment, this is the largest steel sheet plant in Southeast Asia with modern and synchronous lines and equipment.

In March 2013, Hoa Sen Group inaugurated and put the galvanizing line No. 4 (NOF technology - for GI/GL) into operation with the designed capacity of 120,000 tons/year at Hoa Sen Phu My Steel Sheet Plant. At the same time, Hoa Sen Group continued to implement Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project.

In July 2013, That Hoa Sen Hai Duong Steel Pipe Plant with the designed capacity of 48,000 tons/year was put into operation contributed to increasing the output and expanding

the market of steel pipes of the Group in the North.

It is expected that hot dip galvanizing line (NOF technology) with the designed capacity of 400,000 tons/year will be completed and put into operation in February 2014. Color coating line with the designed capacity of 150,000 tons/year will be put into operation in March 2014.

In order to guarantee products' quality and show social responsibilities, the Group applied and maintained ISO 9001:2008 standards of quality management system, practised ISO 14000 standards of environmental management system strictly and performed OHSAS 18000 standards of occupational health and safety management system.



DEVELOP
SUSTAINABLY
WITH
ADVANCED
TECHNOLOGY







...develop internal
resources

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MEMBERS OF
THE BOARD OF DIRECTORS



Mr. **LE PHUOC VU**
Chairman

Mr. Le Phuoc Vu started his business with a steel sheet retail outlet in 1994. In 2001, after 7 years of accumulating capital and experience, he founded Hoa Sen Joint Stock Company with an initial charter capital of VND 30 billion. Up to now, after over 12 years of building and developing, with the accumulated experience and the sound and flexible leadership, he developed the small company into Hoa Sen Group - a leading economic group in Vietnam. For his dedication and considerable contributions to the development of the Group, the General Assembly of Shareholders elected him as Chairman of the Board of Directors for many consecutive terms.



Mr. **TRAN NGOC CHU**
Deputy Chairman

Joining Hoa Sen Group since the early days of its establishment, Mr. Tran Ngoc Chu has made important contributions during the process of development of Hoa Sen Group. With over 25 years of experience in the sectors of finance, accounting, taxation and corporate governance, he was elected as Deputy Chairman of the Board of Directors for many consecutive terms by the General Assembly of Shareholders as well as entrusted with many great responsibilities in the Group. Currently, he is General Director of Hoa Sen Group and Chairman of the Board of Members of Hoa Sen Building Materials One Member Limited Liabilities Company. He graduated from Finance & Accounting University of Ho Chi Minh City.



Mr. LY DUY HOANG
Member

Mr. Ly Duy Hoang graduated from university with the major of Finance in Canada and is an experienced financial expert with nearly 12 years working in large multinational financial organizations. At present, he represents STIC Investments of Korea and SSF Capital of Malaysia. Mr. Ly Duy Hoang is an independent member of the Board of Directors and responsible for Restructuring, HR, Salary and Reward Sub-board.



Mr. PHAM GIA TUAN
Member

Mr. Pham Gia Tuan is a member of Certified Practising Accountants of Australia with over 10 years of experience in taxation and auditing in leading companies such as VinaCapital, Dutch Lady Vietnam and PricewaterhouseCoopers... He currently holds position of CEO of Viet Capital Healthcare Fund (VCHF) and directly supervises financial investment activities and private enterprises of the Fund. In Hoa Sen Group, he is an independent member of the Board of Directors and responsible for Investor Relations Sub-board as well as Finance Subcommittee. He graduated from Sydney University of Technology (Australia) with major of Accounting.



Mr. JEAN-ERIC JACQUEMIN
Member

Mr. Jean-Eric Jacquemin has over 25 years of experience in managing and restructuring the leading corporations in US and Europe. He has made many investments in Vietnam within 5 recent years. Currently, Mr. Jean-Eric Jacquemin is Chairman of the Board of Directors of Temasia Capital Limited, CEO of Jade River Management cum Chairman of the Board of Directors of Red River Holding - Major shareholder of Hoa Sen Group. On March 6th, 2013, at Annual General Meeting of the fiscal year 2012 - 2013 of Hoa Sen Group, Mr. Jean-Eric Jacquemin was elected as member of the Board of Directors and is responsible for Investor Relations Sub-board and Finance Sub-board of the Group. Mr. Jean-Eric Jacquemin graduated from Western New England University (US) with major of Business Administration.



OVERVIEW

In 2013, the world economic situation was still difficult and challenging. Consumption markets narrowed and consumption demand decreased, global economic recovery was generally lower than expected. Domestic macro economy improved but the economic growth was not strong. Domestic enterprises had to still face many disadvantages such as low market's purchasing power, increasing costs and difficulties in accessing to capital. Moreover, bank interest rates decreased, and yet, they were still high.

Last year, steel industry also faced many difficulties due to weak purchasing power, surplus supply, and fierce competition between domestic steel products and imported cheap steel products from China. On the other

hand, the real estate market has been frozen without coming to an end and exports of steel and steel sheet products always faced the probability of protectionist barriers from regional countries.

In such situations, the leaders of Hoa Sen Group has actively proposed sound policies and business strategies and constructed a number of scenarios in order to respond timely to complex changes of market and ensure the accomplishment of production and business plan set by the General Assembly of Shareholders.

Ending the fiscal year 2012 - 2013, Hoa Sen Group once again excellently achieved the set targets and continued to affirm the strong and sustainable development of the Group.

BUSINESS RESULT OF THE FISCAL YEAR 2012 - 2013

Business performance of the fiscal year 2012 - 2013 in comparison with the business plan

Item	Unit	Performance of FY 2011 - 2012	Performance of FY 2012 - 2013	Performance of FY 2012 - 2013 versus Performance of FY 2011 - 2012
(1)	(2)	(3)	(4)	(5 = 4/3*100)
Sales volume, in which	Ton	568,890	634,128	111%
- Finished products	Ton	541,800	601,671	111%
- By-products	Ton	27,090	32,457	120%
Net sales	VND billion	11,000	11,760	107%
Consolidated profit after tax	VND billion	400	581	145%

Ending the fiscal year 2012 - 2013, Hoa Sen Group accomplished the production and business plan set by the General Assembly of Shareholders. Business performance

outperformed the plan. Specifically, the sales volume and net sales of the Group achieved the plan by 111% and 107% respectively. Particularly, profit after-tax of the last

fiscal year outperformed the plan to VND 581 billion and accounted for 145% of the plan set by the General Assembly of Shareholders.

Business performance of the fiscal year 2012 - 2013 in comparison with business performance of the fiscal year 2011 - 2012

Item	Unit	Performance of FY 2011 - 2012	Performance of FY 2012 - 2013	Performance of FY 2012 - 2013 versus Performance of FY 2011 - 2012
(1)	(2)	(3)	(4)	(5 = 4/3*100)
Sales volume in which	Ton	479,201	634,128	132%
- Finished products	Ton	450,980	601,671	133%
- By-products	Ton	28,221	32,457	115%
Net sales	VND billion	10,088	11,760	117%
Consolidated profit after tax	VND billion	368	581	158%

In comparison with the fiscal year 2011 - 2012, business performance of the Group in the fiscal year 2012 - 2013 increased sharply. Specifically, the sales volume

and net sales of the last fiscal year increased 32% and 17% respectively in comparison with the performance of the fiscal year 2011 - 2012. Especially, profit after-tax

continued to grow impressively to VND 581 billion, increasing 58% compared to the previous fiscal year and affirmed the strong and firm development of the Group.

IMPLEMENTATION RESULTS OF INVESTMENT PROJECTS

The implementation results of investment projects in the fiscal year 2012 - 2013 of Hoa Sen Group up to September 30th, 2013 as follows:

Hoa Sen Phu My Steel Sheet Plant Project

Hoa Sen Phu My Steel Sheet Plant Project is one of the largest investment projects in Southeast Asia in the steel sheet industry. This Project has had many impressive records such as largest plant in Southeast Asia, shortest construction time, most advanced technology and lowest investment expenditure.

Until September 30th, 2013, all items of machinery and production lines of the Phase 1 of the Project was completed, inspected and put into operation.

Phase 2 Implementation

Being approved by the General Assembly of Shareholders at Annual General Meeting on March 06th, 2013, Hoa Sen Group implemented the Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project including the main production lines as follows:

Main production lines	Designed capacity (ton/year)	Estimated operational time
Galvanizing line (NOF technology) - completed	120,000	March 2013
Hot galvanizing line (NOF technology)	400,000	February 2013
Color coating line	150,000	March 2014
Cold rolling line	200,000	June 2014
Cold rolling line	200,000	September 2014

Expansion project of Hoa Sen Building Material One Member Limited Liabilities Company

On June 07th, 2013, Hoa Sen Group also invested in the expansion project of Hoa Sen Building Material One Member Limited Liabilities Company including the main items as follows:

Main production lines	Designed capacity (ton/year)	Estimated operational time
06 steel pipe production lines at Hoa Sen Hai Duong Building Material Plant - completed	48,000	July 2013
03 steel pipe production lines at Hoa Sen Phu My Building Material Plant - completed	24,000	October 2013
01 Slitting line at Phu My Building Material Plant	96,000	February 2014



Expansion project of Retail Network

Based on the policy on expanding retail network to increase the supply capability of Hoa Sen Group's products to consumers, last fiscal year, the Group established more distribution - retail branches in provinces. Until September 30th, 2013, the total number of distribution - retail branches of the Group has reached 115 with 3 base depots.

Real estate projects and Hoa Sen - Gemadept International Port Project

Projects	Main progress of projects	Disbursements up to September 30 th , 2013	Transfer progress
1. Hoa Sen Group's Headquarter Office			
<ul style="list-style-type: none"> - Developer: Hoa Sen Group - Location: 123 Tran Nao Street, Binh An Ward, District 2, Ho Chi Minh City - Area: 969 m² 	<ul style="list-style-type: none"> - Received the land use right of 969 m² - Worked on the architecture design 	VND 52.26 billion	Preparing for transfer
2. Hoa Sen Phuoc Long B Apartment Building			
<ul style="list-style-type: none"> - Developer: Hoa Sen Group - Location: Phuoc Long B Ward, District 9, Ho Chi Minh City - Area: 8,016 m² - Size: 19-storey building, 44,000 m² of floor construction, 400 flats - Land use coefficient: 5.5 	<ul style="list-style-type: none"> - Got the project approval from Ho Chi Minh City People's Committee - Transferred the land use right of 7,856 m² - Received the approval document for planning criteria from the Office of Planning and Architecture - Ho Chi Minh City People's Committee 	VND 45.85 billion	Seeking partners
3. Hoa Sen Riverview Apartment Building			
<ul style="list-style-type: none"> - Developer: Hoa Sen Group - Location: Bung Ong Thoan Street, Phu Huu Ward, District 9, Ho Chi Minh City - Area: 15,076.4 m² 	<ul style="list-style-type: none"> - Got the approval for the planning task from Ho Chi Minh City People's Committee - Received land use right of 15,076.4 m² - Expediting the investment procedures 	VND 45.46 billion	Seeking partners
4. Hoa Sen - Gemadept International Port			
<ul style="list-style-type: none"> - Developer: Hoa Sen - Gemadept Logistics & International Port JSC - Hoa Sen Group has 45% ownership - Location: Cai Mep Industrial Park, Tan Thanh District, Ba Ria Vung Tau Province - Area: 7 hectares 	<ul style="list-style-type: none"> - Completed the whole architecture design and detailed drawings of port construction items - Finished the construction of the access road leading to the port. 	VND 44.45 billion	Seeking partners
TOTAL		VND 188.02 billion	

“Ending the fiscal year 2012 - 2013, Hoa Sen Group once again excellently completed the targets and continued to affirm the strong and sustainable development of the Group”



MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT

Members of the Board of Directors

At the Annual General Meeting held on March 06th 2013, the General Assembly of Shareholders elected the Board of Directors for the tenure of 2013 - 2017. Accordingly, the structure of the Board of Directors for the tenure of 2013 - 2017 consists of 05 members as follows:

- Mr. **Le Phuoc Vu** : Chairman of the Board of Directors
- Mr. **Tran Ngoc Chu** : Deputy Chairman of the Board of Directors
- Mr. **Pham Gia Tuan** : Member of the Board of Directors
- Mr. **Ly Duy Hoang** : Member of the Board of Directors
- Mr. **Jean-Eric Jacquemin** : Member of the Board of Directors

Members of the Board of Management

In the last fiscal year, the Board of Directors appointed Mr. Nguyen Van Quy as Deputy General Director of Investment and Projects. The Board of Management consists of the following members:

- Mr. **Tran Ngoc Chu** : General Director
- Mr. **Tran Quoc Tri** : Managing Deputy General Director
- Mr. **Hoang Duc Huy** : Deputy General Director of Internal Control
- Mr. **Nguyen Van Quy** : Deputy General Director of Investment and Projects
- Mr. **Nguyen Minh Khoa** : Deputy General Director of Production and Supply Chain
- Mr. **Vu Van Thanh** : Deputy General Director of Finance
- Mr. **Ho Thanh Hieu** : Deputy General Director of Sales

REPORT ON THE IMPLEMENTATION PROGRESS OF THE GENERAL ASSEMBLY OF SHAREHOLDERS' RESOLUTIONS IN THE FISCAL YEAR 2012 - 2013

The progress of implementation of Resolution No. 01/NQ/DHĐCD/HSG/2013 set by the General Assembly of Shareholders at Annual General Meeting on March 06th, 2013 as follows:

No.	Main contents	Progress
1	Business plan of the fiscal year 2012 - 2013 and implementation of development orientation for the period 2013 - 2017	Reported as above
2	Implementation of investment projects of the Group	To be reported in details in next part
3	Dividend payment of the fiscal year 2011 - 2012	Made 3 payments of cash dividend on April 19 th , 2013; June 20 th , 2013 and September 12 th , 2013. The total payments were of 25% of share's face value
4	Audit company selection for the fiscal year 2012 - 2013	Selected PricewaterhouseCoopers Vietnam as the audit unit for the fiscal year 2012 - 2013
5	Amendment to some contents of the Group's Charter	Amended the Charter in accordance with the Resolution

CONSOLIDATED BUSINESS PLAN OF THE FISCAL YEAR 2013 - 2014

Based on the forecast for the growth rate of domestic market and export markets, production capacity and sales capacity of the Group, the Board of Directors submitted the consolidated business plan of the fiscal year 2013 - 2014 to the General Assembly of Shareholders as follows:

Item	Unit	Performance of FY 2012 - 2013	Plan of FY 2013 - 2014	In comparison with the performance of FY 2012 - 2013	
				Absolute number	Relative number
(1)	(2)	(3)	(4)	(5 = 4-3)	(6 = 4/3* 100)
Sales volume, in which:	Ton	634,128	737,763	103,635	116%
- Finished products	Ton	601,671	700,000	98,329	116%
- By-products	Ton	32,457	37,763	5,306	116%
Net sales	VND billion	11,760	14,000	2,240	119%
Consolidated profit before tax	VND billion	679	777	98	114%
Consolidated profit after tax	VND billion	581	600	19	103%

ORIENTATION TOWARDS IMPLEMENTATION OF BUSINESS PLAN OF THE FISCAL YEAR 2013 - 2014 AND THE FOLLOWING FISCAL YEARS

It is forecasted that the economic situation will not be able to change positively in coming periods. In order to ensure the completion of the production and business plan and prepare for the long-term targets of the Group, the Board of Directors orientates to implement policies as follows:

IN TERM OF PRODUCTION

To strengthen production system and improve technique in order to enhance the effectiveness of lines, increase products' quality, minimize raw material consumption costs and machinery operation costs, reduce costs of production and ensure safe and continuous production.

To continue to control expenses; closely monitor the fluctuation of material prices in the market; forecast the demand and timing to purchase raw materials at the best price and ensure production and business demand of the Group

IN TERM OF BUSINESS

To expand export markets; flexibly allocate volume supply between domestic market and export markets in order to accomplish the business targets.

To continue to implement necessary preparations in order to actively respond to the probability of protectionist barriers in some export markets including the enhancement of media activities

in association with this issue, proactively making campaign to gain the support of authority bodies, improving on accounting and auditing work, and diversification of export markets.

To enhance the performance effectiveness of the retail network by improving on the management mechanism through policies and supervision.

To continue to develop retail network. The target of the fiscal year 2013 - 2014 is to establish 15 more distribution - retail branches.

To enhance brand name development; continue to implement diversified, effective and humanistic communication programs in order to build a series of strong, friendly and community - oriented Hoa Sen brand names

IN TERM OF INVESTMENT

To continue to implement the Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project in order to enhance production capacity and

competitive abilities of the Group and meet the increasing demand of domestic and international markets.

To seek the General Assembly of Shareholders' approval of conducting pre-feasibility studies for Hoa Sen Steel Sheet Plant Project in the North and for Investment Projects in Myanmar, Indonesia and Thailand.

To establish the Board of Overseas Investment Promotion to conduct pre-feasibility studies for overseas investment projects.

IN TERM OF HUMAN RESOURCE DEVELOPMENT

To train management successors and management trainees; enhance professional qualifications and management skills of employees; strengthen the cooperation with Ho Chi Minh City National University in order to seek and prepare young and qualified workforce.

To improve on ISO - Quality Management System in the whole Group; prepare to apply Enterprise Resource Planning (ERP) system

MEMBERS OF THE BOARD OF MANAGEMENT



Mr. TRAN NGOC CHU
General Director

Joining Hoa Sen Group since the early days of its establishment, Mr. Tran Ngoc Chu has made important contributions during the development period of Hoa Sen Group. With over 25 years of experience in the sectors of finance, accounting, taxation and corporate governance, he was elected as the Deputy Chairman for many consecutive terms by the General Assembly of Shareholders as well as entrusted with many great responsibilities in the Group. Currently, he is General Director of Hoa Sen Group and Chairman of the Board of Members of Hoa Sen Building Materials One Member Limited Liabilities Company. He graduated from Finance & Accounting University Ho Chi Minh City



Mr. TRAN QUOC TRI
Managing Deputy General Director

Mr. Tran Quoc Tri graduated from University of Economics Ho Chi Minh City with the major of Accounting and Auditing. Joining Hoa Sen Group from 2004 up to now, after almost 10 years, he has proved his ability in many positions such as Manager of Planning Department of the Distribution Network, Director of the Distribution Network, and Deputy General Director of Sales. He is currently Managing Deputy General Director.



Mr. HOANG DUC HUY
Deputy General Director
of Internal Control

Mr. Hoang Duc Huy accumulated more than 25 years of experience in organization control. He also has 13 years of experience in finance and accounting as well as implementing internal audit for big companies under the Department of Transportation of Tay Ninh Province prior to joining Hoa Sen Group. In 2001, he was one of the founders of Hoa Sen Joint Stock Company, the precursor of Hoa Sen Group. Being in the position of Deputy General Director of Internal Control, he has made great contributions to the Group's development.



Mr. NGUYEN VAN QUY

Deputy General Director
of Project and Investment

Mr. Nguyen Van Quy graduated from university with a double degree in Business Administration and Electricity. With the deep knowledge and experience accumulated from many years in some companies such as Southern Steel Sheet Co., Ltd, Nippovina..., it can be said that he is a leading expert in production technique of steel sheet - steel in Vietnam. In Hoa Sen Group, he plays an important role in implementing projects such as Cold Rolling Mill Project, Galvanizing line (NOF technology - for galvanized steel sheet/galvalume steel sheet) Project and Hoa Sen Phu My Steel Sheet Plant Project...In March 2013, he was appointed as Deputy General Director of Project and Investment.



Mr. NGUYEN MINH KHOA

Deputy General Director
of Production and Supply Chain

Mr. Nguyen Minh Khoa took a construction engineering degree from University of Architecture Ho Chi Minh City and took a Master Business Administration degree from Industrial Management Department of University of Technology Ho Chi Minh City. Joining Hoa Sen Group in early 2008, he is currently in charge of these positions: Deputy General Director of Production and Supply, Chain Chairman of the Board of Members of Hoa Sen Steel Sheet One Member Limited Liabilities Company, Member of the Board of Members and Director of Hoa Sen Building Materials One Member Limited Liabilities Company.



Mr. VU VAN THANH

Deputy General Director
of Finance

In 2008, Mr. Vu Van Thanh joined Hoa Sen Group with the position of Chief Financial Officer and made positive contributions to the Group based on his experience in operating businesses previously. In April 2011, the Board of Directors appointed him as Deputy General Director of Finance. He took a Master degree in Development Economics. He has been the visiting lecturer of a number of universities in Ho Chi Minh City.



Mr. HO THANH HIEU

Deputy General Director
of Sales

Mr. Ho Thanh Hieu graduated from University of Economics Ho Chi Minh City with the major of Accounting and Auditing. Joining Hoa Sen Group in early 2002, he was appointed to many positions such as Deputy Director of Distribution system, Director of Distribution system, Director of Sales of Hoa Sen Group. In June 2012, he was appointed as Deputy General Director of Sales.

“Ending the fiscal year 2012 - 2013, despite the difficulties of economy, under the right direction of the Board of Directors, the Board of Management applied many flexible management solutions in order to deal with the complexity of economic situation and excellently completed business plan approved by the General Assembly of Shareholders”



BUSINESS PERFORMANCE

Business performance of the fiscal year 2012 - 2013 in comparison with the business plan

Item	Unit	Plan of FY 2012 - 2013	Performance of FY 2012 - 2013	The performance versus the plan
(1)	(2)	(3)	(4)	(5 = 4/3*100)
Sales volume, in which:	Ton	568,890	634,128	111%
- Finished products	Ton	541,800	601,671	111%
- By-products	Ton	27,090	32,457	120%
Net sales	VND billion	11,000	11,760	107%
Consolidated profit after tax	VND billion	400	581	145%

Business performance of the fiscal year 2012 - 2013 in comparison with the performance of the fiscal year 2011 - 2012

Item	Unit	Performance of FY 2011 - 2012	Performance of FY 2012 - 2013	The performance of FY 2012 - 2013 versus the performance of FY 2011 - 2012
(1)	(2)	(3)	(4)	(5 = 4/3*100)
Sales volume, in which	Ton	479,201	634,128	132%
- Finished products	Ton	450,980	601,671	133%
- By-products	Ton	28,221	32,457	115%
Net sales	VND billion	10,088	11,760	117%
Consolidated profit after tax	VND billion	368	581	158%

Ending the fiscal year 2012 - 2013, thanks to the relentless efforts of the Board of Management and all employees, important targets for production and business of the Group outperformed the business plan. In comparison with the business result of the fiscal year 2011 - 2012, the targets for sales volume, net sales and profit after tax in the fiscal year 2012 - 2013 grew remarkably with an increase of 32%, 17%, and 58% respectively.

In order to achieve an impressive growth as above, last fiscal year, Hoa Sen Group put one more galvanizing line (NOF technology) with the designed capacity of 120,000 tons/year into operation on March 15th, 2013 at Hoa Sen Phu My Steel Sheet Plant and steel pipe lines of Northern Steel Pipe Plant Project in July 2013. These new lines have contributed to enhancing the production capacity of the Group and creating the basis for raising sales volume.

In the previous fiscal year, the Group's

sales channels continued to operate effectively. Therefore, in the fiscal year 2012 - 2013, although market demand still decreased, sales volume of the Group increased dramatically. The retail network was continuously expanded. The number of branches was increased from 108 to 115 enlarging market coverage and promptly delivering the Group's products to end-users. In addition, the Group's exports also had an impressive growth. Nearly 280,000 tons of products were exported to 40 countries and territories contributing approximately USD 252 million in export sales which were equivalent to 45% of net sales in the fiscal year 2012 - 2013.

The impressive growth of profit after tax of 58% compared to the previous fiscal year was contributed significantly by factors as follows:

- In the context of the complicated fluctuation of input material prices under the impact of the world economic situation in past times, with

core competitive advantages and the prestige of brand name, the Group was able to stabilize selling prices and ensure gross profit margin.

- Moreover, improving on production norm system, strengthening the supervision and control of branches' performance as well as cost reduction activities including reviewing production process, bids, competitive bidding, timing material procurement, fast treatment of slow-moving inventories, etc. continued to be enhanced and brought effectiveness in optimizing production costs and operating costs of the Group.
- The strong development of exports helped the Group to have reciprocal foreign currency source and to be able to borrow USD with low interest rates. Thus, the Group could adjust its flexible and proper capital structure in order to achieve the lowest average interest rate at the end of period and minimize the interest expenses of the Group.

Market share of Hoa Sen Group in the fiscal year 2012 - 2013

STEEL SHEET MARKET SHARE

In 2013, Hoa Sen Group continued to maintain the number one position in domestic steel sheet market share by dominating 40.1% of the market share.

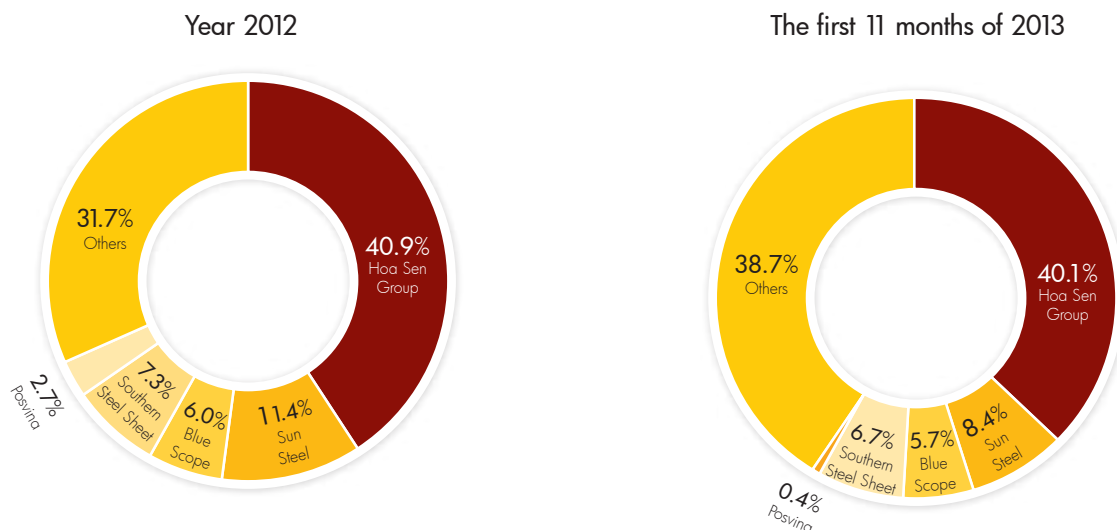


CHART OF STEEL SHEET MARKET SHARE IN 2012 AND 11 MONTHS OF 2013
 Source: Internal bulletins of Vietnam Steel Association in 2012 and in December 2013

Note: Above statistics consisted of sales volumes of Vietnam Steel Association's members only and excluded sales volume of Perstima Vietnam because tinplates are not used in construction industry and also excluded sales volume of Posco VST because stainless steels are not coated steel sheets.

STEEL PIPE MARKET SHARE

In 2013, Hoa Sen Group's steel pipe market share accounted for 14.2% helping the Group to maintain its position as one of the three leading enterprises in domestic steel pipe market share.

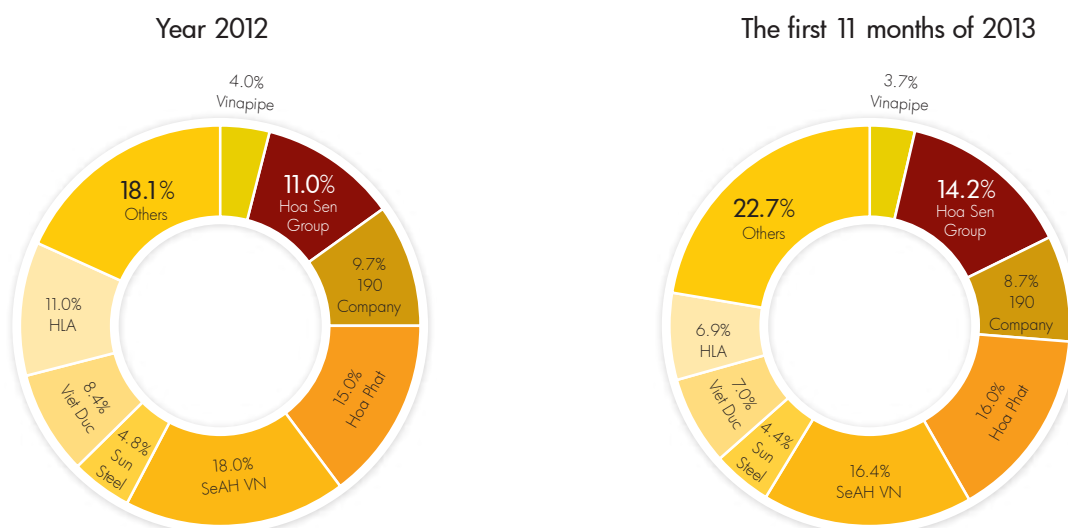


CHART OF STEEL PIPE MARKET SHARE IN 2012 AND 11 MONTHS OF 2013
 Source: Internal bulletins of Vietnam Steel Association in 2012 and in December 2013

Net sales structure of Hoa sen Group in the fiscal year 2012 - 2013

NET SALES STRUCTURE BY SALES CHANNELS

In the fiscal year 2012 - 2013, exports made outstanding progress, bringing in approximately USD 252 million in sales which accounted for 45% of the Group's net sales. Together with the retail network which accounted for 33% of net sales, these were the two key sales channels of Hoa Sen Group.

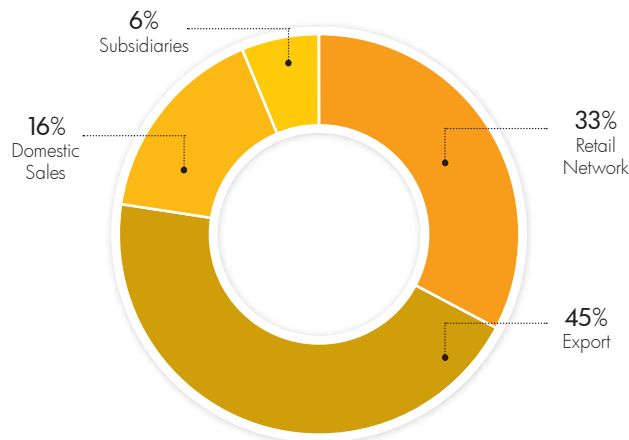


CHART OF NET SALES STRUCTURE BY SALES CHANNELS

NET SALES STRUCTURE BY PRODUCT CATEGORIES

The categories of steel sheet products consist of galvanized steel sheets (GI), galvalume steel sheets (GL), pre-painted galvanized steel sheets (pre-painted GI), pre-painted galvalume steel sheets (pre-painted GL) and pre-painted cold rolled coils (pre-painted CRC). These continued to be the core product categories and contributed 63% to the Group's net sales. The categories of steel products consist of hot dip galvanized steels, galvanized steel pipes, black steel pipes, galvanized purlins and purlins contributing 32% to the Group's net sales.

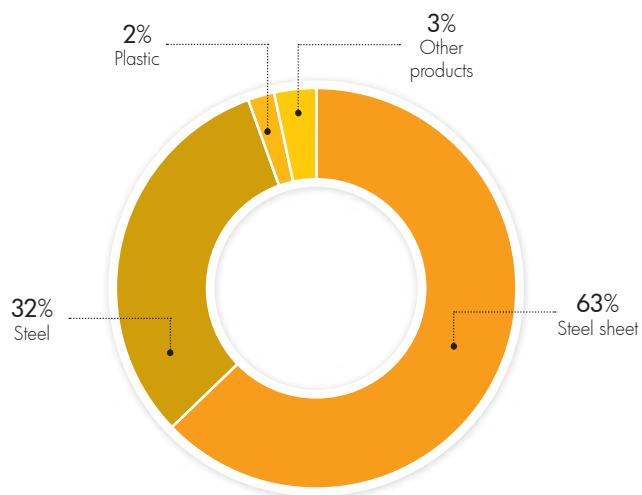


CHART OF NET SALES STRUCTURE BY PRODUCT CATEGORIES

Expenses to net sales ratios as per the consolidated financial statements

No	Item	Unit	Fiscal year 2011 - 2012	Fiscal year 2012 - 2013
1	Sales volume	Ton	479,201	634,128
1.1	- Finished products	Ton	450,980	601,671
1.2	- By-products	Ton	28,221	32,457
2	Net sales	VND billion	10,088	11,760
3	Gross profit/Net sales	%	13.9	14.5
4	Financial expenses/Net sales	%	4.1	2.1
	Interest expenses/Net sales	%	3.4	1.4
5	Sales expenses/Net sales	%	3.8	4.2
6	General and Administration Expenses/Net sales	%	2.6	3.0

Main financial ratios as per the consolidated financial statements

No	Ratio	Unit	Fiscal year 2011 - 2012	Fiscal year 2012 - 2013
LIQUIDITY RATIOS				
1	Current ratio		1.0	1.0
	Quick ratio	Time	0.4	0.3
OPERATING RATIOS				
2	Inventory turnover ratio	Time	4.9	4.4
FINANCIAL LEVERAGE RATIOS				
3	Total debt/Total assets		62	69
	Total debt/Equity	%	164	223
	Total assets/Equity		264	323
PROFITABILITY RATIOS				
4	Net profit after tax/Total assets		6.6	9.3
	Net profit after tax/Net sales	%	3.7	4.9
	Net profit after tax/Equity		19.4	27.5
	Earnings per share	VND/ share	3,761	5,941

MANAGEMENT ACTIVITIES IN THE FISCAL YEAR 2012 - 2013

In order to accomplish production and business targets set by the General Assembly of Shareholders, under the direction of the Board of Directors, the Board of Management executed management solutions as follows:

Solutions for production and business management

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • To assign monthly production and sales targets to every production and sales units. Weekly supervise and assess the performance. • To strengthen the expansion of export markets. Divide the export markets into 5 regions and assign staff to be in charge of each region. • To catch the demand and the taste of markets; monitor the sales volume, selling prices, profit, inventory and specifications of each product in each market so as to develop the corresponding production plan, deploy goods and ensure that sales channels' demand are timely met with | <p>proper specifications, categories and appropriate selling prices.</p> <ul style="list-style-type: none"> • To increase the proportion of products having high profit margin based on advantages of the vertically integrated value chain and prestige of brand name. • To carry out maintenance of machinery and equipments periodically; regularly supervise the implementation of the regulations on occupational safety, environmental sanitation and fire protection. • To apply ISO 9001:2008 - Quality management systems; practise | <p>strictly ISO 14000 - Environment management systems; implement OHSAS 18000 - Occupational health and safety advisory services; continue to improve on policy system, regulations and procedures.</p> <ul style="list-style-type: none"> • To complete the application for standards on product quality such as SNI (Indonesia) and SIRIM (Malaysia). • To enhance brand name development; continue to implement diversified, effective and humanistic communication programs in order to build a series of strong, friendly and community - oriented Hoa Sen brand names. |
|---|---|--|

Solutions for investment activities

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • To continue to expand the retail network by increasing the total number of the Group's distribution - retail branches to 115 and 3 base depots. In addition, to focus on strengthening the effectiveness of performance of retail network through increasing the supervision and control of branches, forming | <p>and improving on salary and reward policies that connect business performance with income of employees.</p> <ul style="list-style-type: none"> • In order to enhance production capacity, the Group has expanded current vertically integrated value chain through implementing the | <p>Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project - one of the largest investment project in Southeast Asia in the steel sheet industry. A series of production lines of the Project's Phase 2 will be alternately put into operation prior to September 2014 as follows:</p> |
|---|---|--|

Main production lines	Designed capacity (ton/year)	Estimated operational time
Galvanizing line (NOF technology) - completed	120,000	March 2013
Hot galvanizing line (NOF technology)	400,000	February 2014
Color coating line	150,000	March 2014
Cold rolling line	200,000	June 2014
Cold rolling line	200,000	September 2014

Solutions of investment activities (continue)

- Hoa Sen Hai Duong Steel Pipe Plant, which has the designed capacity of 48,000 tons/year, has been officially put into operation since July 2013 and will continue to increase steel pipe market share of Hoa Sen Group in North Vietnam.
- To undertake Pre-feasibility Studies for Hoa Sen Steel Sheet Plant Project in the North and for Investment Projects in Myanmar, Indonesia and Thailand.
- To continue to look for partners to transfer real estate projects under the direction of the Board of Directors.

Solutions for controlling and reducing expenses

- To balance inventory norm reasonably so as to optimize short-term borrowing demand; balance the structure of short-term borrowings denominated in USD and VND in each period in order to limit interest expenses and minimize the risk of exchange rate fluctuation.
- To strengthen export activities in order to partly stabilize foreign currency source used for raw material imports and help the Group to minimize the risk of exchange rate fluctuation.
- To review the production norm and monitor the performance monthly, quarterly and semi-annually so as to improve on the norm; to establish appropriate reward and incentive policy to encourage units and individuals to research and propose ideas on improving technique, increasing capacity, quality of products and reducing production costs.
- To monitor and forecast changes in raw material prices, thereof, decide the quantity and timing to purchase materials properly in order to ensure production and business activities with the best purchase price and proper quality and minimize the impact of raw material prices and reduce production costs.
- To closely supervise and timely handle slow-moving inventories in order to reduce interest expenses and ensure the stability of the cash flow.
- To regularly assess debt limits, collection periods; receivables classification; monitor and speed up debt collection so as to minimize overdue receivables and receivables risks.
- To diversify markets; thoroughly apply "cost-leadership strategy" and "Buying directly from producers and selling to end users" based on the existing competitive advantages.

Solutions for developing human resources

In the fiscal year 2012 - 2013, in order to implement the policy of the Board of Directors on establishing the staff in accordance with orientation of "Being better, more professional, and having higher income", the Board of Management has directed Internal Affairs Division and related departments to perform the tasks as follows:

- To increase recruitment criteria and human resource selection standards; strengthen the training for employees; recruit Training Director; increase training budget; make plan of budget and build specific training program.
- Apply sales commission policy;

employees' incomes were paid based on their performance.

- For employees at branches and zones: to form reasonable income policy in which gradually the income will be paid based on performance in order to enhance the responsibilities of employees and encourage the employees' efforts to their work; review and assess staff at branches and zones through inspection and control.

To build up and develop the staff who meets the 3 "K" competence criteria (Knowledge, Skills, Experience) and deeply penetrate the 10 "T" corporate

culture (Integrity- Loyalty - Dedication -Talent - Friendliness).

To prepare the competent successors and reserve force in order to ensure a solid continuation between the generations of employees in general and management levels in particular.

To cooperate with human resource training centres: Hoa Sen Group has signed a strategic cooperation with Ho Chi Minh City National University, universities and colleges in Binh Duong Province and Ba Ria - Vung Tau Province in order to prepare young workforce having appropriate competence and morality.

BUSINESS PLAN OF THE FISCAL YEAR 2013 - 2014

Based on the growth rate forecasts on the demand of domestic market and export markets, production capacity of the Group as well as forecasts on upcoming changes of the economy, the Board of Directors assigned the consolidated business plan of the fiscal year 2013 - 2014 as follows:

Item	Unit	Performance of FY 2012 - 2013	Plan of FY 2013 - 2014	In comparison with the performance of FY 2012 - 2013	
				Absolute numbers	Relative numbers
(1)	(2)	(3)	(4)	(5 = 4-3)	(6 = 4/3*100)
Sales volume, in which:	Ton	634,128	737,763	103,635	116%
- Finished products	Ton	601,671	700,000	98,329	116%
- By-products	Ton	32,457	37,763	5,306	116%
Net sales	VND billion	11,760	14,000	2,240	119%
Consolidated profit before tax	VND billion	679	777	98	114%
Consolidated profit after tax	VND billion	581	600	19	103%

In order to implement targets for the fiscal year 2013 - 2014, under the direction of the Board of Directors, the Board of Management proposed management solutions as follows:

- To prepare flexible and active production and business plans in order to promptly deal with market fluctuation; focus on developing key business lines of the Group such as steel sheets, steels (HGI, galvanized steel pipes, purlins), and plastics.
- To continue to further improve governance activities; strengthen the supervision of production process to reduce expenses; implement the structure of borrowings logically as performed in the previous fiscal year.
- To enhance exports; continue to affirm the position in traditional markets, search and expand to new potential markets in America, Europe and Africa; flexibly allocate volume supply between domestic market and export markets in order to accomplish the business targets.
- To continue to expand the retail

network; improve the efficiency of the retail network through establishing and improving on the management mechanism as well as proper salary and reward policy in order to enhance the performance of this key sales channel.

- To implement the investment in production lines of the Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project and additional lines in order to enhance production capacity of the Group.
- To further strengthen marketing programs and brand name promotion in order to consolidate the presence of Hoa Sen brand name in the minds of consumers.
- To develop human resources and focus on successors and reserve staff; increase training and improve professional competences and skills for employees.

700,000 TONS
IN SALES VOLUME
OF FINISHED PRODUCTS IN THE
FISCAL YEAR 2013 - 2014

VND **14,000** BILLION
IN NET SALES
IN THE FISCAL YEAR 2013 - 2014

VND **600** BILLION
IN CONSOLIDATED
PROFIT AFTER-TAX
IN THE FISCAL YEAR 2013 - 2014

MEMBERS OF
THE BOARD OF SUPERVISORS



Mr. Ly Van Xuan
Member of the Board of Supervisors

Mr. Ly Van Xuan is Associated Professor and Doctor of Medicine. He is a loyal individual shareholder of Hoa Sen Group. He is currently Head of Training Department of University of Medicine and Pharmacy Ho Chi Minh City. With his personal reputation and dedication for the Group, he was elected as a member of the Board of Supervisors by the General Assembly of Shareholders at the Annual General Meeting held on 27th March 2010.



Mr. Le Vu Nam
Head of the Board of Supervisors

Mr. Le Vu Nam is Associate Professor and Doctor of Law with major of Economics Law. He successfully defended his PhD thesis in a foreign country with the topic "The law adjusts investment activities in the stock market". He is currently Dean of the Faculty of Law and Head of Banking-Financial-Security Law Subject of University of Economics and Law, Vietnam National University Ho Chi Minh City. His research areas are: Securities Law, Banking Law, Corporate Law and Corporate Governance. He was formerly Head of Market Research and Development Department - HOSE.



Mr. Le Dinh Hanh
Member of the Board of Supervisors

Mr. Le Dinh Hanh graduated from University of Economics Ho Chi Minh City in Finance-Currency-Credit major. He has profound experience in controlling and auditing at the Group through the following positions: Internal Auditing Associate, Deputy Director of Internal Control and Director of Internal Control. He was elected as a member of the Board of Supervisors by the General Assembly of Shareholders at the Annual General Meeting held on 22th March 2010.

REPORT ON SUPERVISING THE OPERATIONS IN THE FISCAL YEAR 2012 - 2013

1. MANAGEMENT TASK OF THE BOARD OF DIRECTORS

The Board of Directors consists of 5 members. 2 out of 5 members are independent members. This structure is in compliance with the Law and Charter of Hoa Sen Group.

The Board of Supervisors attended all meetings of the Board of Directors. Issues discussed and voted in the meetings fell within the competence of the Board of Directors as stipulated by the law or were authorized by the General Assembly of

Shareholders. The discussion and vote were conducted publicly in accordance with the functions, duties and rights of the Board of Directors and complied with the Enterprise Law and Hoa Sen Group's Charter.

2. EXECUTIVE TASK OF GENERAL DIRECTOR

General Director implemented completely and timely Resolutions of the General Assembly of Shareholders and the Board of Directors in accordance with functions, duties and rights as

stipulated in the Charter of Hoa Sen Group.

In order to improve on the organizing structure of the management, last fiscal year, General Director set

up, implemented, amended and submitted to the Board of Directors for approvals of regulations and internal management process in compliance with the Enterprise Law and Hoa Sen Group's Charter.

ASSESSMENT OF FINANCIAL STATEMENTS OF THE FISCAL YEAR 2012 - 2013

1. FINANCE AND ACCOUNTING:

Hoa Sen Group fully complied with requirements on accounting standards and current enterprise accounting system of Vietnam in applying finance and accounting activities and preparing financial statements.

The payment and collection of cash and bank deposits were carried out in accordance with regulations.

Hoa Sen Group opened accounting ledgers and cash books in accordance with current stipulations. The Group also timely and accurately recorded, updated receipt vouchers, payment vouchers, credit/ debit notices of the bank daily.

Vietnam, the Board of Supervisors supposed that the financial health of Hoa Sen Group was in good condition.

The basic figures of receivables, loans, liquidity, asset utilization efficiency, provisions and owners' equity achieved high standards.

2. ACCOUNTING RECORDS:

Receipt vouchers, payment vouchers, subsidiary ledgers and other related documents were well managed and systematically archived by Hoa Sen Group in compliance with regulations and fully met inspections.

4. FINANCIAL STATUS AND BUSINESS RESULT IN THE FISCAL YEAR 2012 - 2013:

Based on reports presented by the Board of Management at periodic meetings of the Board of Directors and figures audited by PricewaterhouseCoopers (PWC)

According to the consolidated business performance of the fiscal year 2012 - 2013, the Group achieved VND 11,760 billion in net sales and VND 581 billion in consolidated profit after-tax accounting for 111% and 107% respectively in comparison with the business plan of the fiscal year 2012 - 2013 set by the General Assembly of Shareholders.

3. CASH AND BANK DEPOSIT MANAGEMENT:

Cash counting was conducted periodically and the report was made in accordance with stipulations.

RECOMMENDATION

Hoa Sen Group needs to further strengthen the task of inspecting and controlling the compliance with regulations on environment, occupational safety and fire prevention at branches and plants in accordance

with the law. The Group also needs to maintain and supervise information announcement performance as it performed well in the previous years to ensure that the information is published timely, accurately and honestly. The

Group should build up and improve on current support and development policies on human resources in order to improve on human resources and bring higher efficiency to production and business activities.



...together we
shoulder

CORPORATE GOVERNANCE

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ACTIVITIES OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS' MEETINGS

In the fiscal year 2012 - 2013, the Board of Directors organized 88 regular and extraordinary meetings in order to timely make policies and decisions on production and business activities of the Group including:

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> Invest in main lines of Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project and additional lines and items in order to enhance production capacity of the Group and meet the demand of market. Prioritize to develop domestic market; focus on expanding Northern market with the investment of Steel Pipe Production Plant in Hai Duong and the establishment of more branches at this area. Develop export activities; strengthen and expand export | <p>activities to many countries and continents; enhance products' quality in order to meet the requirements of international markets.</p> <ul style="list-style-type: none"> Continue to develop Retail Network and increase the total of number of branches of the Group to 115 and the total number of base depots to 3. Strengthen the check and control of debts at branches and sales units Encourage the research and | <p>improvement of technology; enhance products' quality; strictly control production stages in order to minimize the costs and maximize the profit.</p> <ul style="list-style-type: none"> Continue to carry out human resources developing policy; select and train management trainees who have high professional qualifications. Carry out diversified and creative marketing programs in order to affirm a strong and friendly Hoa Sen brand name. |
|---|--|--|

Besides, Chairman of the Board of Directors usually participated in weekly meetings with the Board of Management in order to closely monitor production and business situation and direct the implementation of the Board of Directors' orientations and policies timely.

MEMBERS OF THE BOARD OF DIRECTORS

At Annual General Meeting held on March 06th, 2013, the General Assembly of Shareholders elected the Board of Directors and the Board of Supervisors for the tenure of 2013 - 2017 with the structure and members as follows:

Members

The Board of Directors:

Mr. Le Phuoc Vu	:	Chairman
Mr. Tran Ngoc Chu	:	Deputy Chairman
Mr. Pham Gia Tuan	:	Member
Mr. Ly Duy Hoang	:	Member
Mr. Jean-Eric Jacquemin	:	Member

The Board of Supervisors:

Mr. Le Vu Nam	:	Head
Mr. Ly Van Xuan	:	Member
Mr. Le Dinh Hanh	:	Member

REMUNERATION AND OTHER INCOMES OF THE BOARD OF DIRECTORS

Remuneration and bonus for surpassing the plan for members of the Board of Directors

No	Title	Remuneration (VND/month)	Bonus (VND)
1	Chairman	20,000,000	The payments were made after the General Assembly of Shareholders approved the audited consolidated financial statements
2	Deputy Chairman	13,000,000	
3	Member of the Board of Directors	11,000,000	

Other incomes of members of the Board of Directors

No	Full name	Title	Salary/Remuneration (VND/month)	Bonus (VND)
1	Le Phuoc Vu	Head of the Project Management Board	100,000,000	The payments were made after the General Assembly of Shareholders approved the audited consolidated financial statements
		Head of the Restructuring Board	7,000,000	
2	Tran Ngoc Chu	General Director	100,000,000	
		Chairman of the Board of Members - Hoa Sen Building Material One Member Limited Liabilities Company	8,000,000	
		Deputy Head of the Restructuring Board	5,000,000	



Activities of the Board of Supervisors

In the fiscal year 2012 - 2013, the Board of Supervisors continued to fulfill the mission of supervising and controlling the activities of the Group to ensure the benefits of shareholders. Specifically, in the last fiscal year, the Board of Supervisors carried out the following tasks:

- Participated in periodic meetings and extraordinary meetings of the Board of Directors fully and positively through raising questions, requesting members of the Board of Directors and members of the Board of Management to give explanations and raising opinions and timely appropriate proposals in order to make production and business activities stable and effective, thereby the benefits of shareholders and investors were guaranteed.
- Reviewed and verified the financial statements of the Group including the semi - annual consolidated financial statements, yearly consolidated financial statements, separate financial statements of parent company and its subsidiaries, debts, inventories, receipt vouchers, payment vouchers, import and export, etc.
- Supervised and checked activities relating to investor relation such as update on shareholders' information, issues relating to shares - stocks and information announcement.
- Coordinated with Internal Control Department to conduct inspections of branches and subsidiaries of the Group; verified and confirmed completion vouchers and payment vouchers of the projects and supervised the implementation as well as effectiveness of the projects in order to propose appropriate and timely adjustment.

THE REMUNERATIONS AND BONUS FOR SURPASSING THE PLAN

No	Job title	Remuneration (VND/month)	Bonus (VND)
1	Head of the Board of Supervisors	9,000,000	The payments were made after General Assembly of Shareholders approved the audited consolidated financial statements.
2	Member of the Board of Supervisors	7,000,000	

OTHER INCOMES OF MEMBERS OF THE BOARD OF SUPERVISORS

No	Full name	Title	Salary/Remuneration (VND/month)
1	Le Dinh Hanh	Director of Internal Control	20,000,000 (From October 01 st 2012 to May 31 st 2013)
		Director of Internal Control Division	30,000,000 (From June 01 st 2013)
		Head of the Board of Supervisors of Hoa Sen Building Material One Member Limited Liabilities Company	2,000,000

Shareholder and investor relations

- Organized Annual General Meeting of the fiscal year 2012 - 2013 successfully.
- Implemented information announcement in accordance with Circular 52/2012/TT-BTC dated on April 05th 2012.
- Made Hoa Sen Group's investor bulletin quarterly to provide information to shareholders and investors.
- Implemented dividend payments of the fiscal year 2011 - 2012 in accordance with Resolution of General Assembly of Shareholders dated on March 06th 2013.
- Held meetings with investors to tighten cooperative relationship with investors.



Community relations

- Sponsored and co-organized "Nick Vujicic comes to Vietnam" event which was taken place from May 22nd 2013 to May 26th 2013.
- Organized "Viet families' sweet homes - the Year of the Snake 2013" program for the fourth consecutive year for over 1,500 children from orphanages, the Blind's Associations, reformatory schools in Dong Nai and Long An and for students who were away from home; sponsor charity funds and study promotion funds.
- As a part of the annual program of "Viet families' sweet homes", on September 19th 2013, Mid-Autumn Festival 2013 was organized for the first time. The festival was taken place in an exciting atmosphere at Military Zone No. 07 Stadium with the participation of over 2,500 orphans, disabled children and underprivileged children. The program was organized by Ho Chi Minh City Police Newspaper, Hoa Sen Group and Let's Viet Channel.
- Moreover, the Group also sponsored the programs of Ho Chi Minh City Television such as "Overcome ourselves", "Replace your words to say", "Viet families' sweet homes" and the program of Vietnam Television such as "Daily happy living" and "Today's city".



“In order to minimize possible risks, the Group has developed a strategy of risk management, which not only guarantees business objectives but also creates a competitive advantage in order to ensure the best operational efficiency. The establishment of the functional departments like Internal Control Department, Legal Department, Valuation Department, the Materials department aims to control the possible risks and bring the positive outcomes in the business activities and supervision of the whole Group.”

Managing business risk

The economic growth rate is a factor that directly affects the aggregate demand. As the economy grows, the demand of steel sheet and building materials including the products of Hoa Sen Group will increase. Otherwise, when the economy goes down, the demand of steel sheet and building material products will decline. Therefore, the Group has always prepared operational scenarios in order to actively respond

to any situations to ensure the best operational efficiency.

The Group has imported the majority of hot rolled coils (the main raw materials) from foreign countries, therefore the update and analysis of hot rolled coils' in domestic and foreign countries, prices the selection of right time to buy with the best price and the limitation of the raw material risks have always got the particular attention of

the Board of Directors and the Board of Management.

The commodity price fluctuations in the market directly affect the Hoa Sen Group's business activities. Therefore, the flexible selling price policy in accordance with the fluctuations market price is always considered and adjusted by the Board of Directors and the Board of Management according to the market situation at specific time.

Managing production risk

In production activities, Hoa Sen Group always focuses on reviewing, improving and standardizing the consumption norms of raw materials in order to reduce the production cost. The Valuation Department and Material Department co-ordinate and consider

choosing the raw material suppliers which have suitable quality and reasonable price in order to minimize the raw material risks. At the same time, the Internal Control Department would check all the expenses of buying raw materials to guarantee the integrity,

accuracy and transparency.

The Group always has regular and periodic maintenance and repair plans so that the equipment is always in the best condition in order to ensure the safe and efficient operation.



Managing financial risks

In production and business activities, the Group may be subject to the risks of exchange rate, interest rate, bad debts and liquidity.

Based on the export sales, the Board of Management balances the structure of borrowings denominated in VND and USD to ensure the lowest average interest rate but still have enough USD to pay the foreign currency loans, minimize the impact of interest rate and exchange rate risks and submit to the Board of Directors to consider and give the direction of

borrowing structure monthly.

For new customers, the Group requires the payment guarantee from bank for delivery. For the traditional customers, based on the financial situation, collateral, transaction reputation of each customer and proposal of sales units, the Group issues the debt limit for each customer in each period. The Board of Management reviews the debt limit monthly. The sales units are responsible for collecting the debts on time. The Internal Control

Department inspects, supervises, and reports to the Board of Management the debts which need to be collected daily. If bad debts occurred, the Legal Department would implement some measures to collect the debts including bringing the case to the Law.

The Finance Department develops and reports the cash flow statement weekly so that the Board of Management has flexible business operating measures in order not to have overdue payables.

Managing policy risk

Legal documents in the field of business and securities have been in the process of improvement so that changing policy could always happen and they could

somehow affect to management, production, and business activities of Hoa Sen Group. The Assistant Department has played an important role in updating and

consulting new legal documents to minimize the risks of changing policy affecting to production and business activities of the Group directly.

Managing other risks

In order to minimize unavoidable risks such as natural disasters, fires,

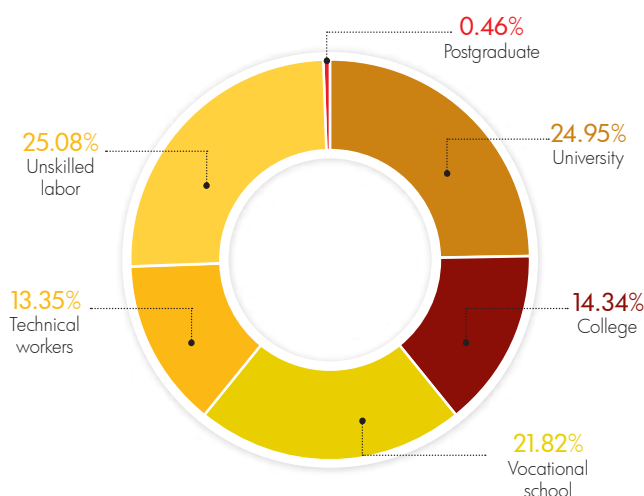
accidents, etc., the Group always spends an amount of expenses to buy

24 hour accident insurance for all employees and the asset insurance of the Group.

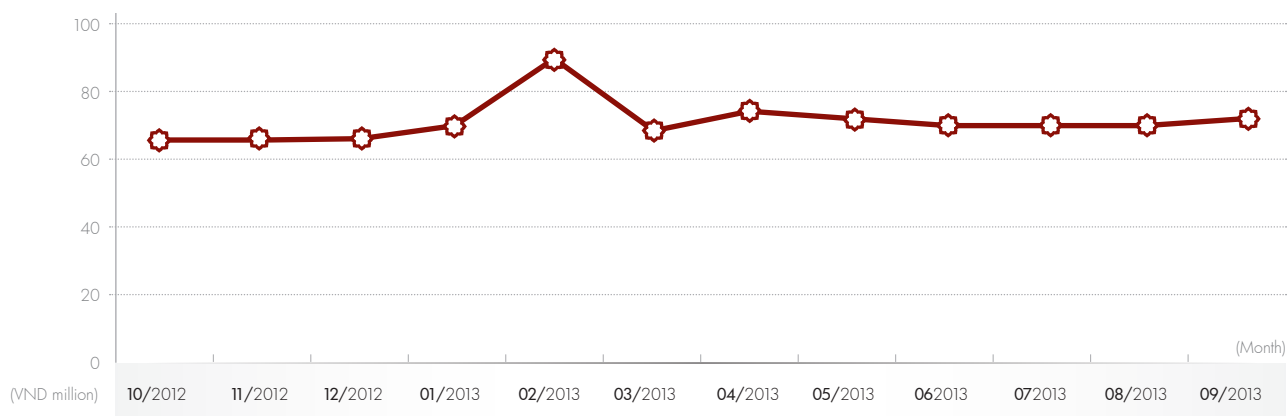
The number of employees

As at September 30th, 2013, the total number of employees of Hoa Sen Group was 3,731

Structure of qualifications level of employees in the fiscal year 2012 - 2013



The average income of the Board of Management



Note: The income in February 2013 increased in comparison with the other months due to payments for working overtime and working on holidays.

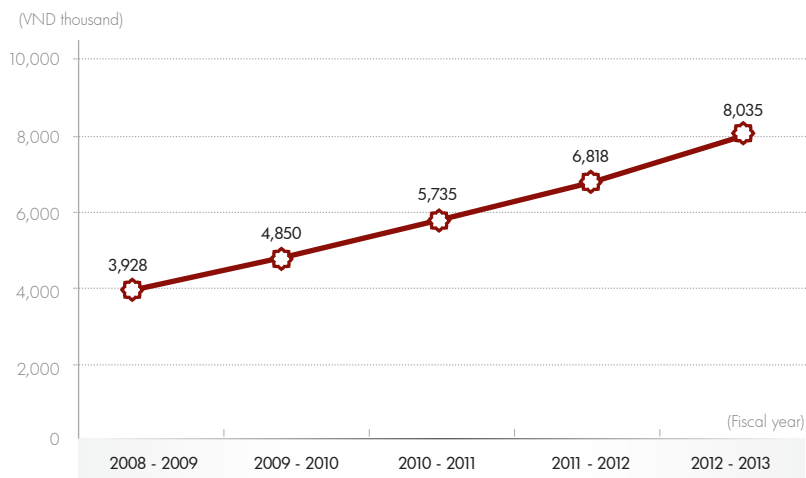


3,731

THE TOTAL NUMBER OF EMPLOYEES OF HOA SEN GROUP AS AT SEPTEMBER 30TH, 2013

The average income of employees throughout fiscal years

Fiscal year	Average income (VND/person/month)
2008 - 2009	3,928,000
2009 - 2010	4,850,000
2010 - 2011	5,735,000
2011 - 2012	6,818,000
2012 - 2013	8,035,000



Human resource training and development policy



In the fiscal year 2012 - 2013, Hoa Sen Group continued to implement 'Management Trainees' program and recruited good and excellent students from prestigious universities over the country (Ho Chi Minh City University of Technology, Ho Chi Minh City University of Economics and Law - Ho Chi Minh City National University, Ho Chi Minh City University of Economics, Foreign Trade University - Ho Chi Minh City Campus) and overseas students from Australia, Thailand, the United States of America and Singapore in order to train, monitor, orient and develop them into core managers in the future.

The Group continued to cooperate with member universities of Ho Chi Minh City National University, universities, colleges in Binh Duong Province and Ba Ria - Vung Tau Province through providing scholarships, organising job fairs, etc.,.

The annual training programs still have

been implemented: Hoa Sen Group culture integration combined with ISO awareness, mandatory training courses on occupational safety, radiation safety, chemical safety, electrical safety, pressure equipment safety, fire protection, first aid ..., training courses on sales skills, product knowledge and regular training courses on skills and professional knowledge for employees.

In the fiscal year 2012 - 2013, there were 3,430 (out of 3,731) employees participating in 20 training programs. Among them, there were 147 (out of 544) managerial officers participating in training programs accounting for 27% of total number of managerial officers of the Group.

Especially, in this fiscal year, the Group successfully held the training course on professional sales skills for 225 sales employees and market development staff across the country.

Policy to employees

SALARY AND ALLOWANCE POLICY

In the fiscal year 2012 - 2013, Hoa Sen Group invited a consulting company to build a new grade salary system and piece wage system applied to Production System of the parent company, Hoa Sen Phu My Steel Sheet Plant and Hoa Sen Steel Sheet One Member Limited Liabilities Company. The application of the piece wage system was to enhance

production efficiency of these units. Besides, the Group also issued and amended a number of salary policies of sales in order to be suitable for sales situation in each period and motivate and encourage sales team to work more positively.

Allowance policy has been maintained as the previous year

including: allowance for attraction, allowance for mobility, allowance for holding concurrently, allowance for responsibility, allowance for toxicity, allowance for reserve and allowance for telephone, allowance for work, allowance for seniority... These types of allowances are an addition to the Monthly income help which employees feel secure to work.

INSURANCE POLICY

Hoa Sen Group performed the social insurance, medical insurance and unemployment insurance in accordance with the Law and ensured that all employees fully received

insurance policies. In many consecutive years, the Group has carried out insurance policies well and received certificate of merit of Binh Duong Social Insurance. In the fiscal year

2012 - 2013, the Group continued to adjust the insurance premium for employees in accordance with the Government's minimum salary regulation in January 2013.

BONUS POLICY

Basing on working achievements and production and sales efficiency, bonus policy was applied in order to motivate employees. The Group

has applied bonus policies such as bonus for effectiveness at work monthly, bonus for quarterly and yearly sales, bonus for completing

projects ahead of schedule, the 13th month salary, bonus for excellent employees and bonus for technical innovation.

OTHER POLICIES

In addition to the implementation of salary policy, bonus policy, social insurance, medical insurance and unemployment insurance in compliance with the Law, Hoa Sen Group has applied the welfare policy such as

bonus on major holidays: Lunar New Year, anniversary of establishment of the Group, annual leaves...; maintained and ensured other policies such as allowance for lunch and mid-shift meal, providing uniforms and labor

protection, periodic health examination, 24/24 accident insurance, support for employees' bereavement. Furthermore, female employees were supported on International Women's Day, Vietnamese Women's Day and maternity leave.

Activities for employees

In the fiscal year 2012 - 2013, the Trade Union coordinated with the Group to hold musical performances and sport events to take care of physical and mental life for employees such as:

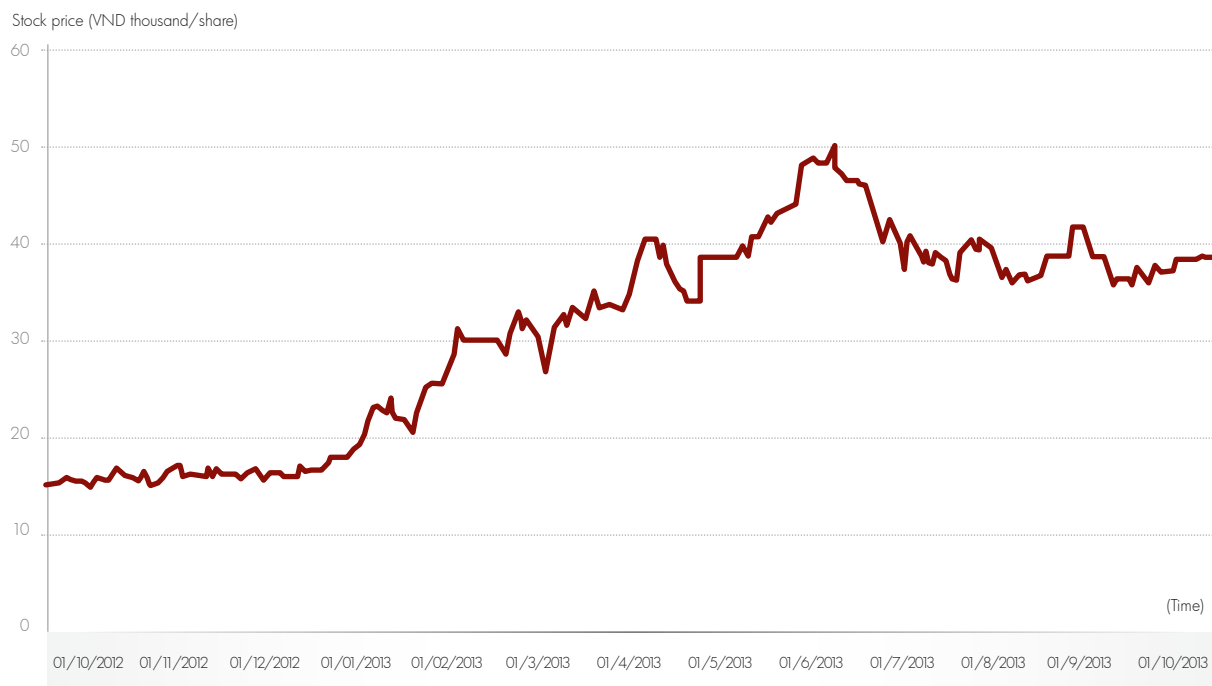
- Held sport events and musical performance to celebrate the 12th anniversary of establishment of the Group.
- Organised recreational activities and presented gifts for female

employees on International Women's Day (March 08th) and Vietnamese Women's Day (October 20th).

- Presented gifts for employees' children on International Children's Day.

- Honoured and presented gifts to employees' children of the Group who had excellent academic achievements.
- Organised the Mid-Autumn Festival for children of employees of the Group.

Stock information



Source: VNDIRECT Securities Corporation

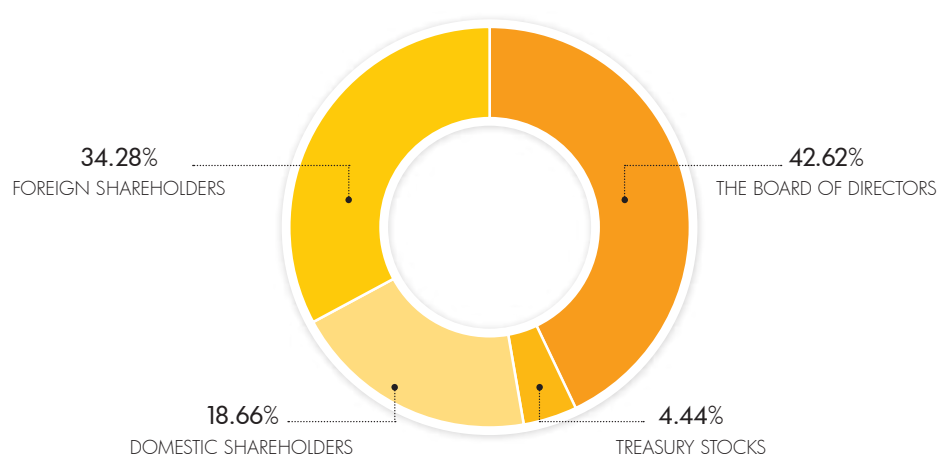
PRICE CHART OF HSG IN THE FISCAL YEAR 2012 - 2013

Dividend information

No	Dividend	Dividend pay - out ratio	Payment method	Record date	Payment date
1	The 4 th dividend payment according to the plan of "adding up undistributed dividends of the fiscal year 2009 - 2010 and the fiscal year 2010 - 2011"	5% (VND 500/share)	In cash	November 28 th , 2012	December 20 th , 2012
2	The 1 st dividend payment of the fiscal year 2011 - 2012	10% (VND 1,000/share)	In cash	March 20 th , 2013	April 19 th , 2013
3	The 2 nd dividend payment of the fiscal year 2011 - 2012	10% (VND 1,000/share)	In cash	May 20 th , 2013	June 20 th , 2013
4	The 3 rd dividend payment of the fiscal year 2011 - 2012	5% (VND 500/share)	In cash	August 29 th , 2013	September 12 th , 2013

Shareholder structure as at November 08th, 2013

No	Shareholder structure	Number of shares	Percentage
1	The Board of Directors	42,953,552	42.62%
2	Domestic shareholders	18,811,843	18.66%
	- Domestic individuals	18,153,107	-
	- Domestic organizations	658,736	-
3	Foreign shareholders	34,547,703	34.28%
4	Treasury stocks	4,477,692	4.44%
	Total	100,790,790	100%



Shareholders owning over 5% of share capital as at November 08th, 2013

No	Name of organisation/ Individual	ID No./ Passport No./ Business Registration Certificate Number	Address	Number of shares	Percentage
1	Le Phuoc Vu	023327821	No. 19 Giang Van Minh Street, An Phu Ward, District 2, Ho Chi Minh City	42,867,152	42.53%
3	Red River Holding	CA1288	No. 9A Tu Xuong Street, Ward 7, District 3, Ho Chi Minh City	16,463,959	16.33%
4	Hoang Thi Xuan Huong	023148011	No. 19 Giang Van Minh Street, An Phu Ward, District 2, Ho Chi Minh City	6,717,940	6.67%

Founding shareholders

No	Full name	Number of shares	Percentage
1	Le Phuoc Vu	42,867,152	42.53%
2	Ho Van Hoang	506,169	0.502%
3	Hoang Duc Huy	36,400	0.04%

Number and percentage of shares owned by the Board of Directors

No	Full name	Title	Number of shares	Percentage
1	Le Phuoc Vu	Chairman	42,867,152	42.53%
2	Tran Ngoc Chu	Deputy Chairman of the Board of Directors	86,400	0.09%
3	Pham Gia Tuan	Member of the Board of Directors	-	0.00%
4	Jean Eric Jacquemin	Member of the Board of Directors	-	0.00%
5	Ly Duy Hoang	Member of the Board Of Directors	-	0.00%

Number and percentage of shares owned by the Board of Management and Chief Accountant

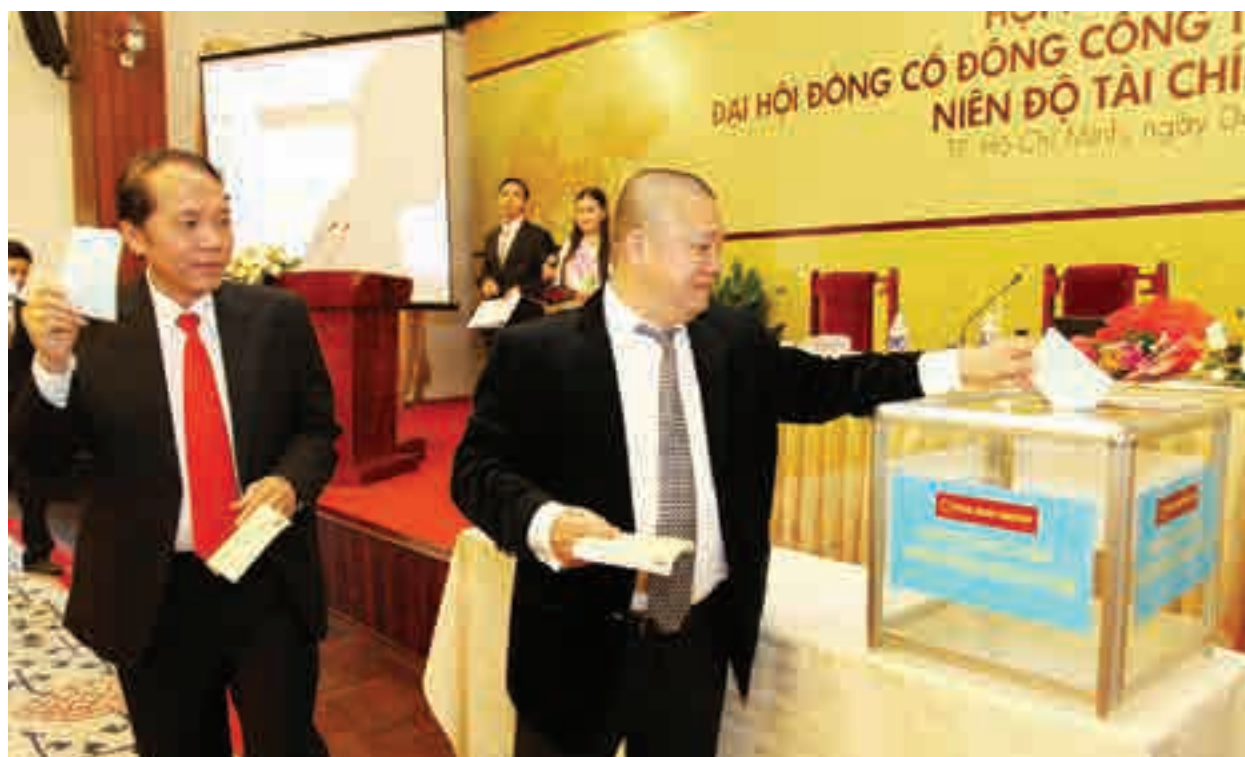
No	Full name	Title	Number of shares	Percentage
1	Tran Ngoc Chu	General Director	86,400	0.09%
2	Hoang Duc Huy	Deputy General Director	36,400	0.04%
3	Tran Quoc Tri	Deputy General Director	8	0.00%
4	Vu Van Thanh	Deputy General Director	15,552	0.02%
5	Nguyen Minh Khoa	Deputy General Director	6,100	0.01%
6	Nguyen Van Quy	Deputy General Director	2,000	0.00%
7	Ho Thanh Hieu	Deputy General Director	-	0.00%
8	Nguyen Thi Ngoc Lan	Chief Accountant	3,184	0.00%

Number and percentage of shares owned by the Board of Supervisors

No	Full name	Title	Number of shares	Percentage
1	Le Vu Nam	Head of the Board of Supervisors	9,000	0.01%
2	ly Van Xuan	Member of the Board of Supervisors	86,400	0.09%
3	Le Dinh Hanh	Member of the Board of Supervisors	2,138	0.00%

Number and percentage of shares owned by shareholders who are related to internal shareholders

No	Internal shareholders	Name of related people/ organizations	Relationship with internal shareholders	Number of shares	Percentage
1	le Phuoc Vu	Hoang Thi Xuan Huong	Spouse	6,717,940	6.67%
2	ly Van Xuan	Vo Thi Son Ca	Spouse	18,000	0.02%
		ly Khanh Van	Daughter	9,000	0.01%
3	Hoang Duc Huy	Hoang Thi Xuan Huong	Younger sister	6,717,940	6.67%
		Hoang Duc Hoang	Younger brother	2	0.00%
		Hoang Duc Canh	Younger brother	4	0.00%
4	Nguyen Minh Khoa	Nguyen Thi Minh Thu	Younger sister	9	0.00%





Address: Street No. 1B, Phu My 1 Industrial Park, Tan Thanh District, Ba Ria - Vung Tau Province.

Telephone: (064) 3 924 790 - Fax: (064) 3 924 796

Business Registration Certificate: No. 3700381324-095 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province on July 19th, 2010.

Legal representative: Mr. **Nguyen Minh Khoa** - Director.

Business activities: Producing galvanized steel sheet, galvalume steel sheet, pre-painted galvanized steel sheet, pre-painted galvalume steel sheet, hot rolled coil, cold rolled coil.

Hoa Sen Group owns : 100%

CONSTRUCTION PROCESS

The Group successfully built the steel sheet plant with the largest size in Southeast Asia up to now. It covers an area of 16.7 hectares including 87,542 square meters for workshops,

690 square meters for office, a 110 KV transformer station, waste water treatment and water recycling system and vertically integrated value chain. Moreover, the plant has applied the

most advanced technology in the industry in Vietnam as well as was invested with the lowest cost and constructed in the shortest time but the quality of works were still ensured.



In the fiscal year 2012 - 2013,
Hoa Sen Phu My Steel Sheet
Plant supplied

516,994 tons

OF FINISHED PRODUCTS

an increase of 9.94% in comparison
with the fiscal year 2011 - 2012

Date	Content
December 2007	Investment License No. 49221000080 of Hoa Sen Phu My Steel Sheet Plant Project issued by the Management Board of Industrial Parks of Ba Ria - Vung Tau Province.
May 2009	Officially started to construct Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project.
From December 2009 to February 2010	The annealing furnace No. 01 with a capacity of 42,000 tons/year; the shearing line with a capacity of 50,000 tons/year; the slitting line with a capacity of 150,000 tons/year the were put into operation.
From March 2010 to April 2010	The hot galvanizing line (NOF technology) with a capacity of 450,000 tons/year and color coating line with a capacity of 180,000 tons/year were put into operation.
From January 2011 to February 2011	The galvanizing line (NOF technology) with a capacity of 100,000 tons/year, the pickling line with a capacity of 700,000 tons/year and the cold rolling line No. 01 with a capacity of 200,000 tons/year into operation.
March 2011	The rewinding and trimming line with a capacity of 180,000 tons/year was put into operation.
From July 2011 to August 2011	The acid recyding line with a capacity of 5,000 liters/hour and the cold rolling line No. 02 with a capacity of 200,000 tons/year were put into operation.
June 2012	The annealing furnace with a capacity of 100,000 tons/year were put into operation.
March 2013	The galvanizing line (NOF technology) with the designed capacity of 120,000 tons/year was put into operation.

SUBSIDIARIES

Hoa Sen Steel Sheet

One Member Limited Liabilities Company



Address:	No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An District, Binh Duong Province.
Telephone:	(0650) 3 737 200 - Fax: (0650) 3 737 904
Charter capital:	VND 280,000,000,000 (two hundred and eighty billion VND).
Business Registration Certificate:	No. 3700763651 issued by the Department of Planning and Investment of Binh Duong Province on December 24 th , 2007. The 5 th amendment was on June 29 th , 2011.
Legal representative:	Mr. NGUYEN MINH KHOA - Chairman of the Board of Members.
Director:	Mr. HOANG DUC HOANG
Main production lines:	<ol style="list-style-type: none">PICKLING LINE, with current capacity of 950,000 tons/year. + At Phu My: 700,000 tons/year. + In Binh Duong: 250,000 tons/year.COLD ROLLING LINE, with current capacity of 580,000 tons/year. + At Phu My: 400,000 tons/year. + In Binh Duong: 180,000 tons/year.REWINDING AND TRIMMING LINE, with current capacity of 360,000 tons/year. + At Phu My: 180,000 tons/year. + In Binh Duong: 180,000 tons/year.ANNEALING FURNACE, in Binh Duong with current capacity of 42,000 tons/year. <p>Hoa Sen Steel Sheet One Member Limited Liabilities Company will have two more cold rolling lines located at Phu My with the total capacity of 400,000 tons/year in June and September, 2014 respectively.</p>
Hoa Sen Group owns:	100%.



In the fiscal year 2013 - 2014, Hoa Sen Steel Sheet One Member Limited Liabilities Company proposes the sales volume of

689,801 TONS



Business performance in the fiscal year 2012 - 2013 and plan in the fiscal year 2013 - 2014

No	Item	Unit	Performance of the fiscal year 2012 - 2013	Plan of the fiscal year 2013 - 2014	Compare the performance with the plan	
					Absolute number	Relative number (%)
(1)	(2)	(3)	(4)	(5)	(6 = 5-4)	(7 = 5/4*100)
1	Sales volume of cold rolled coils	Ton	609,134	689,801	80,667	113%
2	Net sales	VND billion	8,524	9,795	1,271	115%
3	Profit before tax	VND billion	75	103	28	137%

SUBSIDIARIES (continue)

HOA SEN BUILDING MATERIAL

One Member Limited Liabilities Company



Address:	Street 2B, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria - Vung Tau Province.
Telephone:	(064) 3 923 231 - Fax: (064) 3 923 230
Charter capital:	VND 150.000.000.000 (one hundred and fifty billion VND).
Business Registration Certificate:	No. 3500786179 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province on December 18 th , 2007.
Legal representative:	Mr. TRAN NGOC CHU - Chairman of the Board of Members.
Director:	Mr. CAO QUANG SANG.
Business activities:	Manufacturing and trading building material products including steel pipes, galvanized steel pipes, plastic pipes and accessories of plastic pipes.
Hoa Sen Group owns:	100%.

With the strategic orientation to become a leading Manufacturer - Supplier of building material in Vietnam and ASEAN region. In 2007, the Company inaugurated and put the Steel Pipe Production Plant No. 01 with capacity of 101,000 tons/year into operation at Phu My 1 Industrial Park, Ba Ria - Vung Tau Province. In 2010, the Company continued to put the Steel Pipe Production Plant No. 2 with capacity of 48,000 tons/year into operation at Song Than 2 Industrial Park, Di An Ward, Binh Duong Province and put Hoa Sen uPVC Plastic Pipe Production Plant with capacity of 30,000 tons/year into operation at Phu My 1 Industrial Park, Ba Ria-Vung Tau Province. In July 2013, the Company officially put Hoa Sen Hai Duong Steel Pipe Plant with capacity of 48,000 tons/year into operation at industrial cluster of Binh Giang District in Hai Duong Province to increase production capacity and timely meet the demand of domestic and foreign markets.

In October 2013, the Company officially put 3 steel pipe production lines with the total capacity of 41,000 tons/year into operation at Phu My Plant.

With modern machinery and equipment system, the production lines of the Company originated mainly from leading countries in Europe and East Asia. The Company has provided domestic and export markets with core products such as black steel pipes, galvanized steel pipes, plastic pipes and Hoa Sen accessories of plastic pipes (which are used in civil construction, drainage system, electricity, etc.) and other categories of building material with outstanding quality, diversified designs and consumer-friendliness.

By applying flexible business policy, the product lines such as steel pipes, galvanized steel pipes, plastic pipes and accessories of plastic pipes have been step by step introduced to consumers through the Retail Network spreading across the country. Besides, the distributors, contractors and nationwide agent network have met rapidly and timely the demand of domestic and foreign

customers with the best services.

Apart from production and business activities, the Company has also positively sponsored charity and social activities such as sponsoring National Football Cup - Hoa Sen Plastic (2010 - 2012), Futsal Football Tournament for underprivileged children (2007 - 2012), "Overcome ourselves" program; accompanying "Nick Vujcic comes to Vietnam" program and supporting economic conferences and cultural, social and sport activities held by local and central organizations.

Up to now, the product lines of Hoa Sen Building Material One Member Limited Liabilities Company has been gradually trusted and used widely through national, civil and major construction works. Besides, the product lines of Hoa Sen Plastic Pipe also achieved noble titles and awards such as Vietnam Excellent Brand 2007, Gold Medals of VIETBUILD exhibitions 2008, 2009, 2011 and VTop Build 2012 (in Ho Chi Minh City) and Silver Award of National Quality 2012.

Moreover, with outstanding strength in quality and technology, Hoa Sen Plastic Pipe was granted certificates for current products which met international standards in the same industry such as ISO 4422:1996, TCVN 6151-2:2002, BS 3505:1968 and AS/NZS 1477:2006 by

Directorate for Standards, Metrology and Quality (STAMEQ) and Vietnam Certification Center (QUACERT). At the same time, the Company received certificate of "Automatic technology – vertically integrated value chain for Plastic Pipes and accessories of Hoa Sen uPVC Plastic Pipe" from Institute of Applied Materials Science.

With these achievements, the Company has committed to constantly endeavoring to satisfy customers with high quality, reasonable prices, and diversified after-sale services and striving to be one of the leading suppliers of Hoa Sen steel pipes, plastic pipes and accessories of plastic pipes in domestic and ASEAN markets.

Hoa Sen Building Material One Member Limited Liabilities Company which is one of the subsidiaries of Hoa Sen Group was established on December 18th, 2007 with its initial charter capital of VND 150 billion. The head office and main factory are located in the area of 11 hectares on Street No. 2B, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria - Vung Tau Province.

SUBSIDIARIES (continue)

BUSINESS PERFORMANCE OF THE FISCAL YEAR 2012 - 2013 AND BUSINESS PLAN OF THE FISCAL YEAR 2013 - 2014

PERFORMANCE OF THE FISCAL YEAR 2012 - 2013 AND PLAN OF THE FISCAL YEAR 2013 - 2014

No	Item	Unit	Performance of the fiscal year 2012 - 2013	Plan of the fiscal year 2013 - 2014	In comparison with the performance of the fiscal year 2012 - 2013	
					Absolute number	Relative number
(1)	(2)	(3)	(4)	(5)	(6 = 5-4)	(7 = 5/4*100)
1	Sales volume	Ton	106,765	140,096	33,331	131%
2	Net sales	VND billion	1,870	2,329	459	125%
3	Profit before tax	VND billion	63	65	2	103%



HOA SEN TRANSPORTATION AND ENGINEERING ONE MEMBER LIMITED LIABILITIES COMPANY



Address:	No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An District, Binh Duong Province.
Telephone:	(0650) 3 737 999 - Fax: (0650) 3 737 999
Charter capital:	VND 16,276,000,000 (sixteen billion and two hundred and seventy six million VND).
Business Registration Certificate:	No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on December 24 th , 2007.
Legal representative:	Mr. BUI THANH TAM - Chairman of the Board of Members.
Business activities:	Goods and passengers transport by road and by waterway; warehouses; customs declaration, inspecting and counting goods services; Agent of goods purchasing and consigning; vehicles transport for leasing; motors repairing, motors materials and spare parts trading.
Hoa Sen Group owns :	100%.

In the fiscal year 2012 - 2013, Hoa Sen Transportation and Engineering One Member Limited Liabilities Company transported 170,000 tons, achieved 100% of the plan and achieved net sales of VND 9,623,000,000.

In the fiscal year 2013 - 2014, the Company is expected to transport 185,000 tons and achieve net sales of VND 10,600,000,000.

SOUTHWEST

NAM CAN	Cai Nai Cluster, Nam Can Town, Nam Can District, Ca Mau Province.	Tel: (0780) 3 876 703
CA MAU	No. 39 ly Thuong Kiet, Cluster 7, Ward 6, Ca Mau City, Ca Mau Province.	Tel: (0780) 3 826 699
BAC LIEU	D01/10 Highway 1A, Tra Kha, Ward 8, Bac Lieu City, Bac Lieu Province.	Tel: (0781) 3 829 843
SOC TRANG	Highway 1A, Ward 2, Soc Trang City, Soc Trang Province.	Tel: (079) 3 611 212
PHUNG HIEP	Area 3, Hiep Thanh Ward, Nga Bay Town, Hau Giang Province.	Tel: (0711) 3 867 887
VI THANH	Tran Hung Dao Street, Area 3, Ward 5, Vi Thanh City, Hau Giang Province.	Tel: (0711) 3 870 137
VINH THUAN	Group 39, Vinh Dong 2 Hamlet, Vinh Thuan Town, Vinh Thuan District, Kien Giang Province.	Tel: (077) 3 561 336
AN BIEN	Group 17, Dong Thanh Hamlet, Dong Thai Commune, An Bien District, Kien Giang Province.	Tel: (077) 3 524 259
CAN THO	No. 143, Area 5, Cach Mang Thang Tam Street, An Thoi Ward, Binh Thuy District, Can Tho City.	Tel: (0710) 3 887 581
CAI RANG	Highway 1A, Area 2, Ba Lang Ward, Cai Rang District, Can Tho City.	Tel: (0710) 3910 001
VINH CHAU	Block 1, Vinh Chau Town, Vinh Chau District, Soc Trang Province.	Tel: (079) 3 861 828 (079) 3 861 829
KIEN LUONG	Group 13, Tam Thuc Quarter, Kien Luong Town, Kien Luong District, Kien Giang Province.	Tel: (077) 3 765 055
RACH GIA	No. 67 Cach Mang Thang Tam Street, Vinh Lai Ward, Rach Gia City, Kien Giang Province.	Tel: (077) 3 912 450
LO TE	No. 454, Group 16, Thoi Hoa Area, Thoi Thuan Ward, Thot Not District, Can Tho City.	Tel: (076) 3 831 844
VINH THANH	Vinh Tien Hamlet, Vinh Thanh town, Vinh Thanh District, Can Tho City.	Tel: (0710) 3 641 828
TRI TON	Cluster 1, Tri Ton Town, Tri Ton District, An Giang Province.	Tel: (076) 3 772 949
CHAU DOC	Highway 91, Hoa Binh Cluster, Vinh My Ward, Chau Doc Town, An Giang Province.	Tel: (076) 3 560 510
PHU TAN	Long Hung 2 Cluster, Long Son Ward, Tan Chau Town, An Giang Province.	Tel: (076) 3 533 435
LONG XUYEN	Group 12, Binh Duc 5 Cluster, Binh Duc Ward, Long Xuyen City, An Giang Province.	Tel: (076) 3 650 738
CHO MOI	My Hoa Hamlet, My Luong Town, Cho Moi District, An Giang Province.	Tel: (076) 3 626 376
MY HOA	Tay Hue 1 Cluster, My Hoa Ward, Long Xuyen City, An Giang Province.	Tel: (076) 3 949 952
HONG NGU	Highway 30, An Loc Ward, Hong Ngu Town, Dong Thap Province.	Tel: (067) 3 836 771
TAM NONG	Tram Chim Town, Tam Nong District, Dong Thap Province.	Tel: (067) 3 829 658
CAO LANH	Highway 30, My Phu Ward, Cao lanh City, Dong Thap Province.	Tel: (067) 3 857 316
SA DEC	Highway 80, An Hoa Nhat Hamlet, Tan Binh Commune, Chau Thanh District, Dong Thap Province.	Tel: (067) 3 868 156
BINH MINH	622A, Thuan Tien B Hamlet, Thuan An Commune, Binh Minh Town, Vinh Long Province.	Tel: (070) 3 750 711
VUNG LIEM	Trung Xuan Hamlet, Trung Thanh Commune, Vung Liem District, Vinh Long Province.	Tel: (070) 3 976 283
TRA VINH	Highway 60, Cluster 6, Ward 8, Tra Vinh Town, Tra Vinh Province.	Tel: (074) 3 842 546
VINH LONG	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh long City, Vinh Long Province.	Tel: (070) 3 816 434
CAI BE	Highway 1, An Thoi Hamlet, An Cu Commune, Cai Be District, Tien Giang Province.	Tel: (073) 3 923 409
CHAU THANH - BEN TRE	Hamlet 5, An Khanh Commune, Chau Thanh District, Ben Tre Province.	Tel: (075) 3 612 698
BEN TRE	109D Nguyen Dinh Chieu Street, Quarter 3, Ward 8, Ben Tre City, Ben Tre Province.	Tel: (075) 3 811 794
BINH DAI	Hamlet 2, Binh Thoi Commune, Binh Dai District, Ben Tre Province.	Tel: (075) 3 750 705

SOUTHEAST

THU THUA	Binh Cang 1 Hamlet, Binh Thanh Commune, Thu Thua District, Long An Province.	Tel: (072) 3 820 522
TAN THANH	Quarter 3, Tan Thanh Town, Tan Thanh District, Long An Province.	Tel: (072) 3 941 013
TRANG BANG	Group 6, An Binh Hamlet, An Tinh Commune, Trang Bang District, Tay Ninh Province.	Tel: (066) 3 896 733
GO DAU	Phuoc Duc B Hamlet, Phuoc Dong Commune, Go Dau District, Tay Ninh Province.	Tel: (066) 3 533 838
BEN LUC	Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province.	Tel: (072) 3 647 778 (072) 3 647 779
BINH CHANH	D1/29 Highway 1A, Quarter 4, Tan Tuc Town, Binh Chanh District, Ho Chi Minh City.	Tel: (08) 3 7594 250 (08) 3 7594 251
TAY NINH	371 Pham Hung, Long Chi Hamlet, Long Thanh Trung Commune, Hoa Thanh District, Tay Ninh Province.	Tel: (066) 3 837 123
TAN CHAU	No. 282, 785 Street, Tan Hoa Hamlet, Tan Phu Commune, Tan Chau District, Tay Ninh Province.	Tel: (066) 3 759 689
PHU GIAO	DT741 Road, Group 5, Vinh An Hamlet, Vinh Hoa Commune, Phu Giao District, Binh Duong Province.	Tel: (0650) 3 695 113 (0650) 3 695 114
DISTRICT 9	No. 99, Highway 1A, Quarter 3, An Phu Dong Ward, District 12, Ho Chi Minh City.	Tel: (08) 3 7251 296
PHUOC LONG	Group 1, Quarter 9, Long Phuoc Ward, Phuoc Long District, Binh Phuoc Province.	Tel: (0651) 3 713 006 (0651) 3 713 007
BINH DUONG	612 Binh Duong Boulevard, Hiep Thanh Commune, Thu Dau Mot City, Binh Duong Province.	Tel: (0650) 3 824 495 (0650) 3 872 259
BEN CAT	Binh Duong Boulevard, 3B Hamlet, Thoi Hoa Commune, Ben Cat District, Binh Duong Province.	Tel: (0650) 3 577 112 (0650) 3 577 113
CHON THANH	No. 31, Group 1, Hamlet 1, Thanh Tam Commune, Chon Thanh District, Binh Phuoc Province.	Tel: (0651) 3 668 494
THUAN AN	84A Binh Duong Boulevard, Dong Ba Quarter, Binh Hoa Ward, Thuan An Town, Binh Duong Province.	Tel: (0650) 3 765 943 (0650) 3 765 944
BINH LONG	Highway 13, Group 4, Phu Long Hamlet, Thanh Phu Commune, Binh Long Town, Binh Phuoc Province.	Tel: (0651) 3 650 555
DAU TIENG	Quarter 7, Dau Tieng Town, Dau Tieng District, Binh Duong Province.	
THONG NHAT	No. 65, Highway 1A, Hung Nghia Hamlet, Hung Loc Commune, Thong Nhat District, Dong Nai Province.	Tel: (061) 3 768 503
DINH QUAN	SKK 97A Lot, Dinh Quan Industrial Park, La Nga Commune, Dinh Quan District, Dong Nai Province.	Tel: (061) 3 633 855 (061) 3 633 858
NGAI GIAO	Highway 56, Tan Phu Hamlet, Bau Chinh Commune, Chau Duc District, Ba Ria - Vung Tau Province.	Tel: (064) 3 962 358
TAN THANH	Ben Dinh Hamlet, My Xuan Commune, Tan Thanh District, Ba Ria - Vung Tau Province.	Tel: (064) 3 931 828
XUYEN MOC	Highway 55, Phuoc Thuan Commune, Xuyen Moc District, Ba Ria - Vung Tau Province.	Tel: (064) 3 782 888 (064) 3 782 999
DUC LINH	Hamlet 4, Duc Chinh Commune, Duc Linh District, Binh Thuan Province.	Tel: (062) 3 887 898
HAM TAN	Da Mai Hamlet, Tan Xuan Commune, Ham Tan District, Binh Thuan Province.	Tel: (062) 3 872 888
PHAN THIET	Plot 4/1, Phan Thiet Industrial Park, Phan Thiet City, Binh Thuan Province.	Tel: (062) 3 829 124
PHAN RI	Binh Liem Hamlet, Phan Ri Thanh Commune, Bac Binh District, Binh Thuan Province.	Tel: (062) 3 862 151
HAM THUAN NAM	Highway 1A, Ham My Commune, Ham Thuan Nam District, Binh Thuan Province.	Tel: (062) 3 899 559
TRANG BOM	834 B, Ngu Phuc Hamlet, Ho Nai 3 Commune, Trang Bom District, Dong Nai Province.	Tel: (061) 3 981 701
BA RIA	Hai Dinh Quarter, Kim Dinh Ward, Ba Ria City, Ba Ria - Vung Tau Province.	Tel: (064) 3 717 001

CENTRAL HIGHLANDS

PHAN RANG	Quarter 6, Phu Ha Ward, Phan Rang - Thap Cham City, Ninh Thuan Province.	Tel:	(068) 3 833 845 (068) 3 833 846
CAM RANH	Phuc Ninh Group, Cam Phuc Nam Ward, Cam Ranh City, Khanh Hoa Province.	Tel:	(058) 3 976 402
GIA NGHIA	Tong Duy Tan Street, Group 9, Nghia Thanh Ward, Gia Nghia Town, Dak Nong Province.	Tel:	(0501) 3 545 016
DAK MIL	Hamlet 1, Duc Manh Commune, Dak Mil District, Dak Nong Province.	Tel:	(0501) 3 750 878 (0501) 3 870 888
CU JUT	Highway 14, Tam Thang Commune, Cu Jut District, Dak Nong Province.	Tel:	(0501) 3 692 567 (0501) 3 692 568
DAK LAK	Km No. 09, Highway 14, Ea Tur Commune, Buon Me Thuot City, Dak Lak Province.	Tel:	(0500) 3 954 056 (0500) 3 954 057
EARKA	An Cu Hamlet, Cu Hue Commune, Ea Kar District, Dak Lak Province.	Tel:	(0500) 3 627 064 (0500) 3 627 065
KRÔNG PAK	Phuoc An Town, Krong Pak District, Dak Lak Province.	Tel:	(0500) 3 519 743 (0500) 3 519 744
BUON HO	No. 517 Hung Vuong Street, Buon Ho District, Dak Lak Province.	Tel:	(0500) 3 870 010
DIEN KHANH	Phu Khanh Hamlet, Dien Thanh Commune, Dien Khanh District, Khanh Hoa Province.	Tel:	(058) 3 750 526 (058) 3 750 527
SON HOA	Tan Thanh Hamlet, Suoi Bac Commune, Son Hoa District, Phu Yen Province.	Tel:	(057) 3 640 427 (057) 3 640 428
TUY HOA	229 Nguyen Tat Thanh Street, Ward 8, Tuy Hoa City, Phu Yen Province.	Tel:	(057) 3 820 586 (057) 3 820 361
TUY AN	Chi Duc Hamlet, Chi Thanh Town, Tuy An District, Phu Yen Province	Tel:	(057) 3 767 477 (057) 3 767 478"
GIA LAI	No. 174 Truong Chinh street, Group 4, Tra Ba Ward, Pleiku City, Gia Lai Province.	Tel:	(059) 3 747 170
CHU SE	Hamlet 7, Ia Blang Commune, Chu Se District, Gia Lai Province.	Tel:	(059) 3 768 778
KON TUM	No. 293 Phan Dinh Phung Street, Kon Tum City, Kon Tum Province.	Tel:	(060) 3 856 372
NGOC HOI	Group 3, Plei Kan Town, Ngoc Hoi District, Kon Tum Province	Tel:	(060) 3 832 772
TUY PHUOC	My Dien Hamlet, Tuy Phuoc Town, Tuy Phuoc District, Binh Dinh Province.	Tel:	(056) 3 833 008 (056) 3 833 009
AN KHE	Group 3, Ngo May Ward, An Khe Town, Gia Lai Province.	Tel:	(059) 3 533 511 (059) 3 533 512
PHU CAT	Hoa Dong Hamlet, Cat Tan Commune, Phu Cat District, Binh Dinh Province.	Tel:	(056) 3538 178
PHU MY	Diem Tieu Hamlet, Phu My Town, Phu My District, Binh Dinh Province.	Tel:	(056) 3755 089
BONG SON	Thiet Dinh Hamlet, Bong Son Town, Hoai Nhon District, Binh Dinh Province.	Tel:	(056) 3761 841
SON TINH	Tuong Tho Dong Hamlet, Son Tinh Town, Son Tinh District, Quang Ngai Province.	Tel:	(055) 3 670 097 (055) 3 670 098
TAM KY	No. 16 Phan Bai Chau Street, Hoa Thuan Ward, Tam Ky City, Quang Nam Province.	Tel:	(0510) 3 810 842 (0510) 3 810 843
DA NANG	No. 281A Truong Chinh Street, An Khe Ward, Thanh Khe District, Da Nang City.	Tel:	(0511) 3 721 101 (0511) 3 721 102

NORTH CENTRAL COAST

HUE	Highway 1A, Huong Van Commune, Huong Tra District, Thua Thien Hue Province.	Tel:	(054) 3 777 156 (054) 3 777 157
QUANG TRI	An Binh Hamlet, Cam Thanh Commune, Cam Lo District, Quang Tri Province.	Tel:	(053) 3 565 222
QUANG BINH	F325 Street, Bac ly Ward, Dong Hoi City, Quang Binh Province.	Tel:	(052) 3 859 356 (052) 3 859 357
HA TINH	Tan Phu Hamlet, Thach Trung Commune, Ha Tinh City , Ha Tinh Province.	Tel:	(039) 3 690 617 (039) 3 690 618

NGHE AN	Hamlet 14, Nghi Kim Commune, Vinh City, Nghe An Province.	Tel:	(038) 3 516 469
THANH HOA	Highway 1A, Quyet Thang Hamlet, Quang Thinh Commune, Quang Xuong District, Thanh Hoa Province.	Tel:	(037) 8 755 667 (037) 8 755 668
BIM SON	Block 6, Bac Son Ward, Bim Son Town, Thanh Hoa Province.	Tel:	(037) 3 763 996 (037) 3 763 997
DIEN CHAU	Nho Industrial Park, Dien Hong Commune, Dien Chau District, Nghe An Province.	Tel:	(038) 3 620 685 (038) 3 620 686

NORTHWEST

HANOI	Lot A6 - 2, Hanoi - Dai Tu Industrial Park, No. 386 Nguyen Van Linh Street, Phuc Loi Ward, Long Bien District, Hanoi City.	Tel:	(04) 3 6559 905 (04) 3 6559 906
SON LA	Chieng Sinh Industrial Park, Chieng Sinh Ward, Son La City, Son La Province.	Tel:	(022) 3 774 280
HOA BINH	Trung Hamlet, Trung Minh Commune, Hoa Binh City, Hoa Binh Province.	Tel:	(0218) 3 843 737
YEN BAI	Hamlet 2, Hop Minh Commune, Yen Bai City , Yen Bai Province.	Tel:	(029) 3 710 456 (029) 3 710 468
PHU THO	Block 12, Kim Duc Commune, Viet Tri City , Phu Tho Province	Tel:	(0210) 3 736 386
THAI NGUYEN	Hamlet 3, Luong Son Commune, Thai Nguyen City, Thai Nguyen Province.	Tel:	(0280) 3 645 657 (0280) 3 645 658
VINH PHUC	Huong Loc Hamlet, Dao Duc Commune, Binh Xuyen District, Vinh Phuc Province.	Tel:	(0211) 3 593 234 (0211) 3 593 567
HA GIANG	Tan An Hamlet, Hung An Commune, Bac Quang District, Ha Giang Province.	Tel:	(0219) 3 892 956 (0219) 3 892 957
BAC KAN	Group 15, Phung Chi Kien Ward, Bac Kan Town, Bac Kan Province	Tel:	(0281) 3 812 556 (0281) 3 812 558
CHUONG MY	Yen Kien Hamlet, Dong Son Commune, Chuong My District, Hanoi City.	Tel:	(04) 3 3911 353
PHUC THO	Cluster 8, Phuc Tho Town, Phuc Tho District, Hanoi City.	Tel:	(04) 3 3643 360-1
THUONG TIN	Ha Binh Phuong Industrial Cluster, Ha Hoi Commune, Thuong Tin District, Hanoi City.	Tel:	(04) 3 3760 318
NINH BINH	Highway 1A, Thien Ton Town, Hoa Lu District, Ninh Binh Province.	Tel:	(030) 3 626 668 (030) 3 626 669
QUANG NINH	Trai Thanh 1 Hamlet, Dong Mai Ward, Quang Yen Town, Quang Ninh Province.	Tel:	(033) 3 553 768 (033) 3 553 769
HA NAM	Lao Cau Hamlet, Tien Tan Commune, Duy Tien District, Ha Nam Province.	Tel:	(0351) 3 595 616 (0351) 3 595 618
THAI BINH	Gia La Hamlet, Dong My Commune, Thai Binh City, Thai Binh Province.	Tel:	(036) 3 568 866 (036) 3 568 867
HUNG YEN	Pho Noi Industrial Park, Di Su Commune, My Hao District, Hung Yen Province.	Tel:	(0321) 3 744 206 (0321) 3 744 207
NAM DINH	Lot 21, N1 Street, An Xa Industrial Cluster, My Xa Commune, Nam Dinh City, Nam Dinh Province.	Tel:	(0350) 3 672 317
HAI PHONG	Kien Bai Commune, Thuy Nguyen District, Hai Phong City.	Tel:	(031) 3 645 566 (031) 3 645 567
BAC GIANG	Highway 1A, Tan My Industrial Cluster, Tan My Commune, Bac Giang City, Bac Giang Province.	Tel:	(0240) 3 99 2567

BASE DEPOTS

LO TE	No. 454, Group 16, Thai Hoa Area, Thai Thuan Ward, That Not District, Can Tho City.	Tel:	(076) 3 930 180
TRUNG LUONG	Long My Hamlet, Phuoc Thanh Commune, My Tho City, Tien Giang Province.	Tel:	(073) 3 955 899
LONG BIEN	Lot A6-2, Hanoi - Dai Tu Industrial Park, No. 386 Nguyen Van Linh Street, Phuc Loi Ward, Long Bien District, Hanoi City.	Tel:	(04) 3 655 6180



...accumulate *faith*

REPORT ON SUSTAINABLE DEVELOPMENT

Improvement of production system and enhancement of products' quality	87
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“ Sustainable development must be the top target to which enterprises give priority. Orientation of sustainable development not only helps enterprises outline a clear and specific pathway for development from which guidelines and policies are set up accordingly for each stage, but also creates a foundation for long-term development of enterprises.

Being aware of such importance, right from the beginning of establishment, Hoa Sen Group has orientated itself towards sustainable development in its activities and sustainable development has become Hoa Sen Group’s commitment to community, employees and customers through the Group’s business philosophy and core.

The sustainable development target of Hoa Sen Group is clearly demonstrated through four basic tasks. ”



IMPROVEMENT ON PRODUCTION SYSTEM AND ENHANCEMENT OF PRODUCTS' QUALITY

ADVANCED MACHINERY SYSTEM

“In order to provide consumers with the best quality products, to compete based on quality and affirm the position in the market, Hoa Sen Group has paid close attention to investment in advanced production line and machinery system and apply new technology to production.”

- In 2007, Hoa Sen Group was Vietnam's first private enterprise which invested in the galvanizing line using Non - oxidizing furnace (NOF) technology.
- In 2009, Hoa Sen Group was Southeast Asia's first enterprise which invested in the hot galvanizing line using Non - oxidizing furnace (NOF) technology.
- In 2010, Hoa Sen Group was the first enterprise which synchronously invested in the centralized blending system, the plastic pipe production line of Battenfeld - Cincinnati using European technology and laboratory in accordance with Japanese standards in order to bring consumers high quality products with competitive prices.
- In 2011, Hoa Sen Group completed Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project. At present, this is the largest steel sheet plant in Southeast Asia with modern and synchronous production line and machinery system.

PRODUCTION PROCESS WITH ADVANCEMENT, ENVIRONMENTAL FRIENDLINESS AND SAFETY FOR WORKERS' HEALTH

In addition to quality assurance, the advantages of production process at Hoa Sen Group are energy saving, environmental friendliness and safety for workers. Throughout the years, the Group has applied and maintained the quality management system - ISO 9001:2008; practiced the environment management system

- ISO 14000 and occupational health and safety advisory services - OHSAS 18000. The Group has also periodically reviewed the production process and production norms, and technical improvement to reduce production costs and minimize material - fuel consumption. Moreover, the Group's Internal Control

Department in coordination with the Inspectorate - Legislation Board frequently carried out inspection of occupational safety and environmental sanitation at plants and branches. Thus, production process of Hoa Sen Group has been operated safely and continuously to ensure occupational safety and environmental friendliness as well.



HUMAN RESOURCE DEVELOPMENT

“Being aware that human factor is the center and core of development, apart from investment in advanced machinery and technology system, Hoa Sen Group also paid close attention to the development of human resources by applying proper remuneration and benefit policy that created motivation for employees and a work environment of friendliness, solidarity and development.”

POLICIES ON RECRUITMENT, SALARY, REWARD AND WELFARE

In order to build the human resources with the orientation of "being better, more professional and having higher income", in the fiscal year 2012 - 2013, Hoa Sen Group implemented a number of policies to develop human resources as follows:

- Increasing criteria in recruiting, assessing and refining the existing staff.
- Strengthening the staff training through increasing training budget,

recruiting Training Director to make the budget plan and set up specific and appropriate training programs.

- For employees at branches and regions: reforming the income policy in which the income is paid based on the performance in order to enhance the responsibilities of employees and encourage the employees' efforts.
- Reviewing and assessing employees at branches and regions through

the periodic inspection in order to improve the operational effectiveness of the retail network.

Besides, the Group continued to cooperate with member universities of Ho Chi Minh City National University, universities, colleges in Binh Duong Province and Ba Ria - Vung Tau Province through providing scholarships, organizing job fairs, etc... in order to create young workforce with suitable competence and qualification for the Group.

FRIENDLY AND SOLIDARY WORK ENVIRONMENT

Each employee of Hoa Sen Group is always aware of building a friendly and solidary work environment. Deeply penetrating the Group's culture of 10 "T" letters in relationships among colleagues as well as between superiors and subordinates,

the employees of Hoa Sen Group are always open - minded and willing to learn and respect each other. The Group always maintains the friendliness and solidarity of work environment.

In addition, employees of Hoa Sen Group also have participated in activities which have been regularly organized and provided an opportunity for them to learn from each other as well as tightening colleague relationships.



3K KNOWLEDGE
SKILLS
EXPERIENCE



MAXIMIZATION OF BENEFITS OF SHAREHOLDERS AND INVESTORS

“ Shareholders and investors are the owners and companions of the Group in the development process. Therefore, Hoa Sen Group always strives to maximize the benefits of its shareholders and investors. In the fiscal year 2012 - 2013, a number of shareholder and investor relation activities were implemented by Hoa Sen Group as follows: ”

DIVIDEND PAYMENT

Until September 12th, 2013, Hoa Sen Group has carried out three dividend payments with the ratio of 25%/ par value in accordance with the maximum dividend payment of the fiscal year 2011 - 2012. Thus, until September 12th 2013, Hoa Sen Group carried out dividend payment for 3 times with total payment ratio of 25%/par value

in accordance with the maximum level of dividend payment of the fiscal year 2011 - 2012 as stipulated in the Resolution of the General Assembly of Shareholders at the Annual General Meeting on March 06th, 2013.

Moreover, Sub-board of Shareholder Relations under the management of

the Board of Directors also positively guided and helped shareholders to solve related issues such as adjustment of shareholder information, guidance on securities depository procedures, assisting shareholders whose shares had not been deposited to receive dividend in cash or rapid bank transfer under simple procedures.

INFORMATION ANNOUNCEMENT

In order to ensure timely provision of information to shareholders and investors and ensure transparency in operations, Hoa Sen Group always pays attention to fully implement procedures of periodic and extraordinary information announcements in compliance with

the Circular 52/2012/TT-BTC of the Ministry of Finance (guiding the disclosure of information on securities market).

Apart from the disclosing information as stipulated, Hoa Sen Group also

actively carried out the disclosure of important information which could directly or indirectly affect the benefits and decisions of investors and helped shareholders and investors to timely update and monitor operations of the Group.

OTHER ACTIVITIES

Hoa Sen Group also organized other activities to help investors to have a more comprehensive view of the Group's operation as well as development strategy in the next periods such as:

- Successfully organized the Annual General Meeting of the General Assembly of Shareholders: arranged convenient time and location at which the meeting was held for shareholders to attend; fully disclosed meeting documents as stipulated on the Group's website for shareholders' reference and which were the basis for discussing and voting at the meeting; fully and thoughtfully answered all the questions raised by shareholders at the meeting.
- Compiled Hoa Sen Group's quarterly bulletins to provide shareholders and investors with information and ensured that investors have sufficient information to make appropriate investment decisions.
- Organized investor meetings to build up and strengthen cooperative relationship with investors.
- Met and discussed with domestic and foreign investors; presented and answered investors' questions; created investors' confidence.





COMMUNITY DEVELOPMENT

“Community development is not only the responsibility but also the target of the Group. With the desire to build a friendly and community-oriented Hoa Sen brand name, throughout the years, Hoa Sen Group paid close attention to sponsorship and charity activities in order to develop community and implement social responsibility of the Group.”

In May 2013, Hoa Sen Group was a sponsor and co-organizer of “Nick Vujicic comes to Vietnam” event which consisted of a series of 8 exchange talks in Hanoi and Ho Chi Minh City for businessmen, students, pupils, underprivileged children and disabled people. Motivational speaker Nick Vujicic encouraged ill-fated people and those who were in difficult circumstances and inspired Vietnamese community for a sound

ideal of life as the message that Nick brought to Vietnam: “Live for something more meaningful”.

Moreover, in the fiscal year 2012 - 2013, Hoa Sen Group sponsored and organized a number of community - oriented and humanistic programs such as organizing “Vietnamese families’ sweet homes - Year of the Snake 2013” in the fourth consecutive year, sponsoring “Football Tournament

for underprivileged children in 2013” and holding “Vietnamese families’ sweet homes - 2013 Mid-Autumn Festival”.

In addition, Hoa Sen Group also sponsored a number of television programs such as “Overcome ourselves”, “Daily Happy Living”, “Today’s City” and other television programs of Ho Chi Minh City Television and Vietnam Television.

With positive contributions and activities to the community, Hoa Sen Group honorably received many noble awards such as Third – Class Labor Medal, Certificate of Merit for Typical Enterprises of Binh Duong Province in 2013, Vietnam Gold Star 2013: Top 10 Brands of Vietnam and Top 10 of Corporate Social Responsibility 2013 and a number of other awards. These achievements are the great pride of Hoa Sen Group and the evidence which affirms a commitment of a brand to create the highest value for consumers and society.



APPENDIX: PHOTOS OF "NICK VUJICIC
COMES TO VIETNAM" EVENT

“In May 2013, Hoa Sen Group organized and sponsored “Nick Vujicic comes to Vietnam” event. This event inspired and motivated millions of Vietnamese people, especially underprivileged people in order to help them overcome themselves and achieve their dreams and success in life.”



HELLO VIETNAM
(Ho Chi Minh City)



NEVER GIVE UP
(Ho Chi Minh City)





UNSTOPPABLE
(Hanoi)

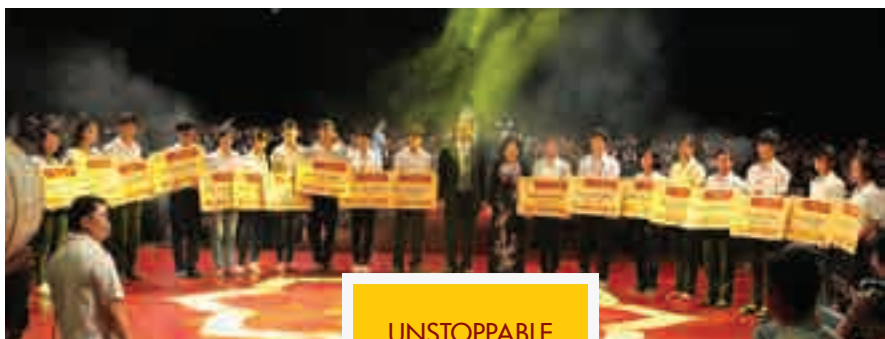


NEVER GIVE UP
(Hanoi)

APPENDIX: PHOTOS OF "NICK VUJICIC
COMES TO VIETNAM" EVENT (continue)



LIVE LIKE NICKY
(Hanoi)



UNSTOPPABLE
(Ho Chi Minh City)





LIVE LIKE NICKY
(Ho Chi Minh City)



SMILES STAY FOREVER
(Ho Chi Minh City)





SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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CORPORATE INFORMATION

Business Registration Certificate No. 3700381324 dated 21 June 2012
First issued on 8 August 2001

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 21 June 2012. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

Board of Directors	Mr Le Phuoc Vu Mr Tran Ngoc Chu Mr Pham Gia Tuan Mr Ly Duy Hoang Mr Jean Eric Jacquemin Mr Le Phung Hao	Chairman Vice Chairman Member Member Member (Appointed on 6 March 2013) Member (Resigned on 6 March 2013)
Board of Management	Mr Tran Ngoc Chu Mr Hoang Duc Huy Mr Tran Quoc Tri Mr Vu Van Thanh Mr Nguyen Minh Khoa Mr Ho Thanh Hieu Mr Nguyen Van Quy	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director (Appointed on 21 January 2013) Deputy General Director (Appointed on 21 January 2013) Deputy General Director (Appointed on 20 March 2013)
Legal representative	Mr Le Phuoc Vu	Chairman
Registered office	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The legal representative of Hoa Sen Group (“the Company”) authorized the General Director to be responsible for the separate financial statements which give a true and fair view of the financial position of the Company as at 30 September 2013 and the results of its operations and cash flows for the year then ended. In preparing these separate financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 45 which give a true and fair view of the financial position of the Company as at 30 September 2013 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in the Socialist Republic of Vietnam (“SR Vietnam”).

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 30 September 2013 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.



Tran Ngoc Chu 
General Director

Binh Duong Province, SR Vietnam
3 December 2013



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOA SEN GROUP

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company") which were approved by the General Director on 3 December 2013. The separate financial statements comprise the balance sheet as at 30 September 2013, the income statement and cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 45.

The General Director's Responsibility for the Separate Financial Statements

The General Director of the Company is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at as at 30 September 2013, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Quach Thanh Chau
Audit Practising Licence No.
0875-2013-006-1
Deputy General Director
Authorised signatory

Nguyen Hoang Nam
Audit Practising Licence No.
0849-2013-006-1

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3844
3 December 2013

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

		As at 30 September		
Code	ASSETS	Note	2013 VND	2012 VND
100	CURRENT ASSETS		4,288,691,574,352	2,687,785,701,677
110	Cash and cash equivalents	3	163,502,687,316	62,322,761,267
111	Cash		163,502,687,316	62,322,761,267
120	Short-term investments		-	3,975,059,008
121	Short-term investments		-	3,975,059,008
130	Accounts receivable		1,763,640,430,336	1,060,986,322,198
131	Trade accounts receivable	4	1,461,495,129,149	851,514,345,464
132	Prepayments to suppliers	5	173,493,643,718	132,204,331,550
135	Other receivables	6	130,299,478,043	84,214,681,047
139	Provision for doubtful debts		(1,647,820,574)	6,947,035,863
140	Inventories	7	2,125,679,208,524	1,346,471,979,331
141	Inventories		2,126,570,098,340	1,348,257,580,603
149	Provision for decline in value of inventories		(890,889,816)	(1,785,601,272)
150	Other current assets		235,869,248,176	214,029,579,873
151	Short-term prepayments	8	59,400,280,788	24,941,573,704
152	Value Added Tax to be reclaimed		156,371,440,445	181,182,026,226
154	Other taxes receivable		-	836,185,561
158	Other current assets	9	20,097,526,943	7,069,794,382
200	LONG-TERM ASSETS		2,825,726,447,003	2,618,397,191,638
220	Fixed assets		2,270,885,344,911	2,049,080,566,012
221	Tangible fixed assets	10(a)	1,799,842,639,303	1,734,733,389,181
222	Cost		2,539,216,612,080	2,268,486,591,891
223	Accumulated depreciation		(739,373,972,777)	(533,753,202,710)
224	Finance lease assets	10(b)	70,296,414,036	78,249,367,215
225	Cost		84,032,961,457	84,032,961,457
226	Accumulated depreciation		(13,736,547,421)	(5,783,594,242)
227	Intangible fixed assets	10(c)	205,946,044,163	210,778,072,533
228	Cost		218,814,965,473	220,918,698,551
229	Accumulated amortisation		(12,868,921,310)	(10,140,626,018)
230	Construction in progress	10(d)	194,800,247,409	25,319,737,083
250	Long-term investments	11	505,732,331,634	505,732,331,634
251	Investments in subsidiaries		446,276,000,000	446,276,000,000
252	ventures		44,456,331,634	44,456,331,634
258	Other long-term investments		15,000,000,000	15,000,000,000
260	Other long-term assets		49,108,770,458	63,584,293,992
261	Long-term prepayments	12	38,647,763,126	56,290,140,917
262	Deferred income tax assets	13	8,448,457,431	5,281,603,174
268	Other long-term assets		2,012,549,901	2,012,549,901
270	TOTAL ASSETS		7,114,418,021,355	5,306,182,893,315

		As at 30 September		
Code	RESOURCES	Note	2013 VND	2012 VND
300	LIABILITIES		4,846,313,039,006	3,255,130,650,996
310	Current liabilities		4,275,999,268,615	2,649,950,276,006
311	Short-term borrowings	14(a)	2,813,966,562,869	2,031,073,752,460
312	Trade accounts payable	15	1,291,606,258,507	470,105,482,411
313	Advances from customers		68,781,306,096	9,153,814,784
314	Taxes and other payables to the State Budget	16	37,829,589,409	71,348,792,426
315	Payable to employees		29,728,804,427	20,893,335,354
316	Accrued expenses	17	19,435,294,206	23,697,643,116
319	Other payables	18	10,187,671,586	18,452,204,256
323	Bonus and welfare fund	19	4,463,781,515	5,225,251,199
330	Long-term liabilities		570,313,770,391	605,180,374,990
334	Long-term borrowings	14(b)	566,147,231,641	601,196,647,490
336	Provision for severance allowances		4,166,538,750	3,983,727,500
400	SHAREHOLDERS' EQUITY		2,268,104,982,349	2,051,052,242,319
410	Capital and reserves		2,268,104,982,349	2,051,052,242,319
411	Share capital	20,21	1,007,907,900,000	1,007,907,900,000
412	Share premium	21	451,543,290,363	451,543,290,363
414	Treasury shares	21	(81,035,546,498)	(56,716,723,982)
418	Financial reserve funds	21	8,525,313,060	8,525,313,060
419	Other funds	21	2,007,734,351	2,148,326,909
420	Undistributed earnings	21	879,156,291,073	637,644,135,969
440	TOTAL RESOURCES		7,114,418,021,355	5,306,182,893,315

OFF BALANCE SHEET ITEMS

Cash and cash equivalents are balances held in foreign currencies as follows:

	As at 30 September	
	2013	2012
US\$	3,912,296.44	134,081.53
EUR	223.83	221.58
AUD	84.78	84.78



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
3 December 2013

Code	ASSETS	Note	As at 30 September	
			2013 VND	2012 VND
01	Sales		21,088,540,751,496	12,619,830,306,445
02	Less deductions		(9,701,879,066)	(14,325,992,176)
10	Net sales	22(a)	21,078,838,872,430	12,605,504,314,269
11	Cost of sales	23	(19,623,508,945,055)	(11,375,653,501,501)
20	Gross profit		1,455,329,927,375	1,229,850,812,768
21	Financial income	22(b)	153,911,101,809	113,585,114,098
22	Financial expenses	24	(244,294,199,811)	(404,065,310,249)
23	<i>In which: Interest expense</i>		(165,766,703,044)	(335,861,045,260)
24	Selling expenses	25	(428,747,629,257)	(337,646,105,793)
25	General and administration expenses	26	(288,914,910,770)	(218,616,359,161)
30	Operating profit		647,284,289,346	383,108,151,663
31	Other income	27	199,428,929,409	36,234,559,574
32	Other expenses	28	(163,225,799,527)	(30,083,781,517)
40	Net other income		36,203,129,882	6,150,778,057
50	Net accounting profit before tax		683,487,419,228	389,258,929,720
51	Business income tax - current	29	(80,670,557,845)	(27,562,434,241)
52	Business income tax - deferred	13, 29	3,166,854,257	410,373,877
60	Net profit after tax		605,983,715,640	362,106,869,356
70	Earnings per share	30	6,198	3,700



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
3 December 2013

HOA SEN GROUP
CASH FLOW STATEMENT
 (Indirect method)

Form B 03 - DN

		As at 30 September		
Code	ASSETS	Note	2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Net profit before tax		683,487,419,228	389,258,929,720
	Adjustments for:			
02	Depreciation and amortisation		229,160,859,384	212,417,240,760
03	Provisions		577,132,027	5,099,242,878
04	Unrealised foreign exchange losses/(gains)		5,958,802,171	(4,232,103,846)
05	Gains from investing activities		(120,166,548,001)	(68,516,940,194)
06	Interest expense		196,311,669,273	335,861,045,260
07	Losses from disposals of fixed assets		1,630,233,766	42,857,574
08	Operating profit before changes in working capital		996,959,567,848	869,930,272,152
09	(Increase)/decrease in receivables		(570,978,932,465)	139,461,328,873
10	(Increase)/decrease in inventories		(778,312,517,737)	417,017,642,569
11	Increase/(decrease) in payables		833,343,926,072	(617,120,711,077)
12	Increase in prepaid expenses		(10,364,531,068)	(3,602,928,727)
13	Interest paid		(197,977,307,958)	(341,746,932,318)
14	Business income tax paid		(72,472,586,000)	(21,453,868,690)
16	Other payments on operating activities		(26,422,339,778)	(9,336,896,699)
20	Net cash inflows from operating activities		173,775,278,914	433,147,906,083
CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases of fixed assets		(483,034,671,208)	(57,038,858,220)
22	Proceeds from disposals of fixed assets		23,661,877,723	3,248,224,565
27	Interest received		5,725,644,808	3,675,541,465
30	Net cash outflows from investing activities		(453,647,148,677)	(50,115,092,190)
CASH FLOWS FROM FINANCING ACTIVITIES				
32	Purchases of treasury shares		(24,318,822,516)	(28,128,541,137)
33	Proceeds from borrowings		9,174,310,259,028	6,583,550,959,039
34	Repayments of borrowings		(8,414,550,209,722)	(6,877,969,336,715)
35	Finance lease payments		(11,669,446,320)	(26,350,002,329)
36	Dividends paid		(337,811,193,325)	(96,593,160,025)
40	Net cash inflows/(outflows) from financing activities		385,960,587,145	(445,490,081,167)
50	Net increase/(decrease) in cash and cash equivalents		106,088,717,382	(62,457,267,274)
60	Cash and cash equivalents at beginning of year	3	62,322,761,267	126,343,395,167
61	Effect of foreign exchange differences		(4,908,791,333)	(1,563,366,626)
70	Cash and cash equivalents at end of year	3	163,502,687,316	62,322,761,267



Nguyen Thi Ngoc Lan
 Chief Accountant



Tran Ngoc Chu
 General Director
 3 December 2013

1 GENERAL INFORMATION

Hoa Sen Group - Vietnamese name is Cong ty Co phan Tap doan Hoa Sen - (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province. The latest amendment was on 21 June 2012.

On 5 December 2008, the Company’s shares were listed and traded on the Ho Chi Minh City Stock Exchange pursuant to Decision No. 117/QD-SGDHCM dated 5 November 2008.

The principal activities of the Company are:

- Manufacture roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys
- Produce steel purlins, galvanized purlins
- Manufacture black steel pipes, galvanized steel pipes, and other alloys
- Manufacture steel mesh, galvanized steel wire, steel wire
- Manufacture PVC ceiling
- Produce building materials
- Buying and selling of building materials, capital goods and consumer goods
- Rent store and transport goods
- Industrial and civil construction
- Produce cold rolled steel coils.

As at 30 September 2013, the Company had 2,765 employees (30 September 2012: 2,432 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of separate financial statements

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 30 September 2013 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

2.2 Fiscal year

The Company's fiscal year is from 1 October to 30 September.

2.3 Form of records applied

The Company uses journal vouchers to record its transactions.

2.4 Use of accounting estimates

The preparation of the separate financial statements requires the General Director to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of separate financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the General Director's best knowledge of current events and actions, actual results may differ from those estimates.

2.5 Currency

The separate financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.7 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the year end. Bad debts are written off when identified.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.9 Investments

(a) Short-term investments

Short-term investments are investments with maturities less than 12 months from the balance sheet date and investments that are held with the intention to dispose of them within 12 months from the balance sheet date. Short-term investments are initially accounted for at cost. Provision for diminution is recognised for short term equity securities where the cost exceeds the fair value of such securities.

(b) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less provision for diminution in value.

(c) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for at cost less provision for diminution in value.

(d) Long-term investments

Long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose of them within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

2.10 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	5 - 30 years
Machinery & equipment	3 - 10 years
Motor vehicles	6 - 10 years
Office equipment	6 - 8 years
Others	5 - 20 years

Land use rights which have definite term are amortised, using the straight-line method over number of years in accordance with the terms indicated in each land use right certificate. Land use rights which are granted for an indefinite term are carried at cost and not amortised.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.11 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.12 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.13 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the 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 the possible return of goods.

(b) Interest income

Interest income is recognised on an earned basis.

(c) Dividend income

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

(d) Income from operating lease

Income from operating leases is recognised by the straight line method over the entire lease term, regardless of the payment methods.

2.14 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that SR Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15 Share capital and treasury shares

Share capital consists of all issued shares. Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity.

Treasury shares are shares that are issued and repurchased by the Company. The amount of the consideration paid, which includes directly attributable cost, net off any tax effects, is recognised and presented as a deduction from equity. Total amount received from the reissue or sales of treasury shares less directly attributable costs are recorded as equity.

2.16 Other funds

Other funds are appropriated from undistributed earnings and used upon the approval of the General Assembly of Shareholders.

2.17 Dividend distribution

The Company's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's General Assembly of Shareholders and after making appropriation to reserve funds in accordance with the Company's Charter.

Interim dividends are declared and paid based on the estimated earnings of the year, which is approved by the Board of Directors. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's General Assembly of Shareholders.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements of the financial year that are approved by the Company's General Assembly of Shareholders.

2.18 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.19 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.20 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2013 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

3 CASH AND CASH EQUIVALENTS

	30.9.2013 VND	30.9.2012 VND
Cash on hand	14,274,631,095	23,231,700,912
Cash at bank	94,548,110,623	38,382,025,210
Cash in transit	54,679,945,598	709,035,145
	163,502,687,316	62,322,761,267

4 TRADE ACCOUNTS RECEIVABLE

	30.9.2013 VND	30.9.2012 VND
Third parties	507,280,860,674	561,878,374,848
Related parties (Note 33(b))	954,214,268,475	289,635,970,616
	1,461,495,129,149	851,514,345,464

5 PREPAYMENTS TO SUPPLIERS

	30.9.2013 VND	30.9.2012 VND
Third parties	83,310,416,718	42,020,148,804
Related parties (Note 33(b))	90,183,227,000	90,184,182,746
	<u>173,493,643,718</u>	<u>132,204,331,550</u>

6 OTHER RECEIVABLES

	30.9.2013 VND	30.9.2012 VND
Third parties	13,316,001,803	19,028,419,661
Related parties (Note 33(b))	116,983,476,240	65,186,261,386
	<u>130,299,478,043</u>	<u>84,214,681,047</u>

7 INVENTORIES

	30.9.2013 VND	30.9.2012 VND
Goods in transit	978,344,797,756	340,678,259,856
Raw materials	83,782,659,001	147,022,796,976
Tools	141,008,837,842	128,830,080,317
Finished goods	797,033,275,564	654,483,300,362
Merchandises (*)	126,400,528,177	77,243,143,092
	<u>2,126,570,098,340</u>	<u>1,348,257,580,603</u>
Provision for decline in value of inventories	(890,889,816)	(1,785,601,272)
	<u>2,125,679,208,524</u>	<u>1,346,471,979,331</u>

(*) Included in merchandises is an amount of VND17,268,969,715 representing 15 apartments the Company received as a part of settlement of other receivables from the liquidation contract of Pho Dong - Hoa Sen Building Project.

As at 30 September 2013, inventories with a carrying amount of VND820,719,777,712 (As at 30 September 2012: VND1,070,169,056,955) have been pledged as security for the bank loans.

8 SHORT-TERM PREPAYMENTS

	Year ended 30 September	
	30.9.2013 VND	30.9.2012 VND
Opening balance	24,941,573,704	25,348,615,065
Additions	142,581,716,702	88,699,354,244
Transferred from fixed assets (*)	1,525,072,582	-
Other increase	-	36,138,876
Amortisation	(103,147,562,579)	(89,142,534,481)
Disposals	(6,500,519,621)	-
Closing balance	59,400,280,788	24,941,573,704

(*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to short-term prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

Short-term prepayments mainly comprise advertising expenses, rental expenses and tools and equipment.

9 OTHER CURRENT ASSETS

	30.9.2013 VND	30.9.2012 VND
Short-term deposits (*)	15,962,822,128	2,486,311,258
Advances to employees	4,134,704,815	4,583,483,124
	20,097,526,943	7,069,794,382

(*) Short-term deposits represent amounts deposited at commercial banks to guarantee for letters of credit for importing materials.

10 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
Historical cost						
As at 1 October 2012	507,797,152,593	1,695,395,571,625	48,669,506,417	3,134,728,690	13,489,632,566	2,268,486,591,891
New purchases	-	22,951,742,177	7,509,881,722	208,490,908	5,287,754,569	35,957,869,376
Transferred from construction in progress	27,716,127,603	224,437,791,004	22,148,365,633	-	-	274,302,284,240
Transferred to prepayments (*)	(32,075,840)	(2,798,915,861)	(3,259,106,862)	(547,568,655)	-	(6,637,667,218)
Disposals	(2,115,610,383)	(28,493,571,641)	(1,888,339,300)	-	(42,857,142)	(32,540,378,466)
Other decreases	(33,495,248)	(303,342,950)	(15,249,545)	-	-	(352,087,743)
As at 30 September 2013	533,332,098,725	1,911,189,274,354	73,165,058,065	2,795,650,943	18,734,529,993	2,539,216,612,080
Accumulated depreciation						
As at 1 October 2012	81,689,087,257	422,967,159,859	24,036,816,869	2,105,916,994	2,954,221,731	533,753,202,710
Charge for the year	30,985,660,052	178,303,839,228	6,368,656,934	379,534,361	2,394,934,388	218,432,624,963
Transferred to prepayments (*)	(13,632,300)	(1,112,658,047)	(1,262,329,036)	(342,560,166)	-	(2,731,179,549)
Disposals	(165,322,554)	(9,646,785,759)	(192,368,220)	-	(42,857,142)	(10,047,333,675)
Other decreases	(24,656,218)	-	(8,685,454)	-	-	(33,341,672)
As at 30 September 2013	112,471,136,237	590,511,555,281	28,942,091,093	2,142,891,189	5,306,298,977	739,373,972,777
Net book value						
As at 1 October 2012	426,108,065,336	1,272,428,411,766	24,632,689,548	1,028,811,696	10,535,410,835	1,734,733,389,181
As at 30 September 2013	420,860,962,488	1,320,677,719,073	44,222,966,972	652,759,754	13,428,231,016	1,799,842,639,303

(*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

10 FIXED ASSETS (continued)

(a) Tangible fixed assets (continued)

As at 30 September 2013, the cost of tangible fixed assets fully depreciated but still in use was VND60,396,167,716 (As at 30 September 2012: VND45,143,822,732).

As at 30 September 2013, tangible fixed assets with net book value of VND683,123,759,502 and VND15,805,195,264 (As at 30 September 2012: Nil) have been leased to Hoa Sen Steel Sheet One Member Co., Ltd. and Hoa Sen Building Materials One Member Co., Ltd, respectively under operating lease agreements.

As at 30 September 2013, tangible fixed assets with a carrying value of VND1,183,999,995,907 have been pledged as security for the bank loans (As at 30 September 2012: VND1,133,687,229,165).

(b) Finance lease assets

	Machinery and equipment VND
Historical cost	
As at 1 October 2012 and as at 30 September 2013	84,032,961,457
Accumulated depreciation	
As at 1 October 2012	5,783,594,242
Charge for the year	7,952,953,179
As at 30 September 2013	13,736,547,421
Net book value	
As at 1 October 2012	78,249,367,215
As at 30 September 2013	70,296,414,036

As at 30 September 2013, all these finance lease assets have been leased to Hoa Sen Steel Sheet One Member Co., Ltd under an operating lease agreement (As at 30 September 2012: Nil).

(c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 October 2012	219,528,224,817	1,390,473,734	220,918,698,551
Increase	748,696,710	-	748,696,710
Disposals	(2,846,052,648)	-	(2,846,052,648)
Other decreases	(6,377,140)	-	(6,377,140)
As at 30 September 2013	217,424,491,739	1,390,473,734	218,814,965,473
Accumulated amortisation			
As at 1 October 2012	9,175,128,705	965,497,313	10,140,626,018
Charge for the year	2,553,258,718	222,022,524	2,775,281,242
Disposals	(46,985,950)	-	(46,985,950)
As at 30 September 2013	11,681,401,473	1,187,519,837	12,868,921,310
Net book value			
As at 1 October 2012	210,353,096,112	424,976,421	210,778,072,533
As at 30 September 2013	205,743,090,266	202,953,897	205,946,044,163

As at 30 September 2013, the cost of intangible fixed assets fully amortised but still in use was VND280,361,120 (As at 30 September 2012: VND280,361,120).

As at 30 September 2013, tangible fixed assets with net book value of VND13,618,499,882 (As at 30 September 2012: Nil) have been leased to Hoa Sen Building Materials One Member Co., Ltd. under an operating lease agreement.

As at 30 September 2013, land use rights with net book value of VND151,229,816,792 (As at 30 September 2012: VND134,832,214,689) have been pledged as security for the bank loans.

10 FIXED ASSETS (continued)

(d) Construction in progress

	30.9.2013 VND	30.9.2012 VND
Opening balance	25,319,737,083	437,172,811,226
Additions	446,328,105,122	44,599,050,044
Transferred to long-term prepayments (Note 12)	(2,545,310,556)	(4,923,653,232)
Transferred to tangible fixed assets (Note 10(a))	(274,302,284,240)	(451,528,470,955)
Closing balance	194,800,247,409	25,319,737,083

Major projects include:

	30.9.2013 VND	30.9.2012 VND
Machinery and equipment for Hoa Sen Phu My Steel Sheet Plant	154,161,951,042	18,569,355,451
Hoa Sen Phu My Steel Sheet Plant Project	15,404,412,315	5,113,690,655

Borrowing costs capitalised in fixed assets and construction in progress for the year ended 30 September 2013 was VND6,815,357,992 (Year ended 30 September 2012: VND8,715,760,598).

Details of investments in subsidiaries, associates and other long-term investments are as follows:

Investee	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2013 VND	30.9.2012 VND
Subsidiaries:					
Hoa Sen Steel Sheet One Member Co., Ltd	Manufacture and trade in cold rolled steel products	Business Registration Certificate No. 4604000225 and No. 3700763651 issued by Department of Planning and Investment of Binh Duong Province on 24 December 2007, and 27 December 2012 respectively.	100	280,000,000,000	280,000,000,000
Hoa Sen Building Materials One Member Co., Ltd.	Manufacture and trade in plastic building materials and steel pipe products	Business Registration Certificate No. 49221000032 and No. 3500786179 issued by the Board of Management of Ba Ria Vung Tau Industrial Park on 18 December 2007; and by Department of Planning and Investment of Ba Ria Vung Tau Province on 18 March 2013, respectively.	100	150,000,000,000	150,000,000,000
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment	Business Registration Certificate No. 4603000325, 4604000224 and 3700785528 issued by Department of Planning and Investment of Binh Duong Province on 26 March 2007, 24 December 2007, and 25 April 2013 respectively.	100	16,276,000,000	16,276,000,000
				446,276,000,000	446,276,000,000

11 LONG-TERM INVESTMENTS (continued)	Investee	Principal activities	Business License	% ownership and voting rights	Amount	
					30.9.2013 VND	30.9.2012 VND
	Associates:					
	Hoa Sen-Gemadep Logistics and International Port Corporation (*)	Provide sea cargo agency services	Business Registration Certificate No. 3500751828 issued by Department of Planning and Investment of Ba Ria-Vung Tau Province on 20 June 2006 and amended on 13 October 2009	45	44,456,331,634	44,456,331,634
	Other long-term investment:					
	Viet Capital Health Care Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam	Decision No. 08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008	3	15,000,000,000	15,000,000,000
	TOTAL				59,456,331,634	59,456,331,634

(*) Investment in Hoa Sen - Gemadep Logistics and International Port Corporation is awaiting for disposal according to Resolution of The General Assembly of Shareholders No. 02/NQ/DHDCD/HSG/2011 dated 16 June 2011.

12 LONG-TERM PREPAYMENTS

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	56,290,140,917	47,356,517,597
Additions	22,729,276,802	33,698,894,183
Transferred from construction in progress (Note 10(d))	2,545,310,556	4,923,653,232
Transferred from fixed assets (*)	2,381,415,087	-
Other increases	127,200,500	-
Amortisation	(32,641,637,997)	(29,688,924,095)
Disposals	(12,783,942,739)	
Closing balance	38,647,763,126	56,290,140,917

(*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to long-term prepayments and have been allocated within three years in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

Long-term prepayments mainly comprise fixed assets overhaul and tools and equipment in use.

13 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax is as follows:

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	5,281,603,174	4,871,229,297
Credited to income statement	3,166,854,257	410,373,877
Closing balance	8,448,457,431	5,281,603,174

Deferred income tax assets arise mainly from the temporary differences relating to unrealised profits on sales among branches, accrued interest expense and other accrued expenses.

14 BORROWINGS

(a) Short-term borrowings

	30,9,2013 VND	30,9,2012 VND
Short-term bank loans (*)	2,468,854,540,949	1,874,783,164,492
Current portion of long-term loans (Note 14(b))	298,642,575,600	144,621,141,648
Finance lease liabilities (Note 14(b))	11,669,446,320	11,669,446,320
Other short-term borrowings (**)	34,800,000,000	-
	<u>2,813,966,562,869</u>	<u>2,031,073,752,460</u>

(*) Details of short-term borrowings are as follows:

Loan No	Currency	Annual interest	30,9,2013 VND	30,9,2012 VND
1	USD	4% - 7%	211,410,740,800	397,349,294,200
2	VND	11% - 18.5%	-	66,800,000,000
3	USD	4.15% - 5.5%	317,842,593,447	132,506,031,645
4	VND	7% - 12.5%	130,280,111,484	10,007,000,000
5	USD	3.8% - 6%	441,089,851,000	256,450,792,619
6	VND	6.75% - 12%	158,246,647,827	184,210,428,571
7	USD	4.5% - 5.7%	-	115,637,056,000
8	USD	3.3% - 4%	227,817,968,103	99,490,344,783
9	VND	6.15% - 10%	150,360,360,683	28,390,000,000
10	USD	3.8% - 5%	59,957,213,921	39,573,200,000
11	USD	3.8% - 6%	56,013,170,601	13,954,760,000
12	USD	3.4% - 3.8%	15,154,363,000	-
13	USD	4.2%	25,443,265,372	-
14	USD	3.3% - 4.5%	118,899,619,612	183,498,218,052
15	VND	6.4% - 11.2%	28,700,000,000	29,400,000,000
16	USD	6.00%	-	28,364,976,082
17	USD	3.8% - 5.1%	145,515,382,898	57,818,528,000
18	USD	3.8% - 6.3%	184,507,457,516	231,332,534,540
19	VND	7% - 11.9%	12,540,583,701	-
20	USD	4.00%	34,004,044,702	-
21	USD	3.25%	48,722,541,665	-
22	USD	3.80%	102,348,624,617	-
			<u>2,468,854,540,949</u>	<u>1,874,783,164,492</u>

Short-term borrowings are secured by fixed assets and inventories of the Company.

(**) Details of other short-term borrowings are as follows:

- (i) The loan balance of VND8,500,000,000 (As at 30 September 2012: Nil) from a subsidiary is unsecured and bears an interest rate of 6%p.a. (Note 33(b)).
- (ii) The loan balance of VND26,300,000,000 (As at 30 September 2012: Nil) from an individual is unsecured, bears interest at the rate 8% p.a. and due for repayment in December 2013.

(b) Long-term borrowings

		30,9,2013 VND	30,9,2012 VND
Bank loans	(*)	789,545,123,372	638,262,330,949
Finance lease liabilities	(**)	42,787,970,189	54,457,416,509
Other long-term loans	(***)	44,126,160,000	64,767,488,000
		876,459,253,561	757,487,235,458
Less: Current portion of long-term loans (Note 14(a))		(298,642,575,600)	(144,621,141,648)
Less: Current portion of finance lease liabilities (Note 14(a))		(11,669,446,320)	(11,669,446,320)
		566,147,231,641	601,196,647,490

(*) Details of long-term bank loans are as below:

Loan	Currency	Repayment	Annual interest	30,9,2013 VND	30,9,2012 VND
1	VND	25/9/2017	10,5% - 15%	326,339,516,000	155,288,986,000
2	USD	16/7/2019	4,15%	58,081,311,390	-
3	VND	16/7/2019	10,00%	52,220,357,395	-
4	USD	15/9/2013	7,2%	-	1,564,516,048
5	VND	11/6/2016	9,7% - 15%	212,001,916,695	290,697,516,695
6	USD	8/9/2018	1,7%	80,621,411,392	96,581,300,106
7	VND	24/10/2015	7,8% - 8,4%	21,280,000,000	35,500,000,000
8	VND	16/7/2017	11% - 16%	39,000,610,500	49,400,122,100
9	VND	26/4/2015	13% - 14%	-	9,229,890,000
				789,545,123,372	638,262,330,949

All long-term bank loans are secured by the assets financed by these loans.

14 BORROWINGS (continued)

(b) Long-term borrowings (continued)

(**) Finance lease liabilities

The minimum lease payments relating to non-cancellable finance lease agreements are as follows:

	30.9.2013		
	Total finance lease liabilities VND	Interest VND	Principal VND
Within 1 year	15,902,131,774	4,232,685,454	11,669,446,320
Between 1 and 5 years	35,959,305,011	4,840,781,142	31,118,523,869
	51,861,436,785	9,073,466,596	42,787,970,189
	30.9.2012		
	Total finance lease liabilities VND	Interest VND	Principal VND
Within 1 year	18,834,143,228	7,164,696,908	11,669,446,320
Between 1 and 5 years	54,494,608,924	11,706,638,735	42,787,970,189
	73,328,752,152	18,871,335,643	54,457,416,509

(***) Other long-term loans include:

- (i) A loan balance of EUR1,560,000 equivalent to VND44,126,160,000 (As at 30 September 2012: VND58,267,488,000) from a Company's supplier for purchases of fixed assets, bearing interest at the rate of 5.8% p.a and to be repaid in six-month instalments to May 2016.
- (ii) A loan balance of VND6,500,000,000 from a subsidiary as at 30 September 2012 was fully repaid during the year ended 30 September 2013 (Note 33(b)).

15 TRADE ACCOUNTS PAYABLE

	30.9.2013 VND	30.9.2012 VND
Third parties	1,281,112,190,653	457,703,656,349
Related parties (Note 33(b))	10,494,067,854	12,401,826,062
	<u>1,291,606,258,507</u>	<u>470,105,482,411</u>

16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2013 VND	30.9.2012 VND
VAT on imported goods	11,189,715,893	46,827,168,659
Business income tax	17,764,117,495	9,566,145,650
Output VAT	3,520,815,664	14,496,567,330
Import - export duties	94,673	76,358,503
Other taxes	5,354,845,684	382,552,284
	<u>37,829,589,409</u>	<u>71,348,792,426</u>

17 ACCRUED EXPENSES

	30.9.2013 VND	30.9.2012 VND
Electricity	38,193,240	3,733,871,837
Payable relating to construction in progress	334,545,454	1,623,564,318
Transportation fee	582,558,457	-
Audit fee	420,000,000	400,000,000
13th month salary	12,513,797,000	9,881,678,000
Loan interest	2,227,290,276	3,892,928,961
Other accrued expenses	3,318,909,779	4,165,600,000
	<u>19,435,294,206</u>	<u>23,697,643,116</u>

18 OTHER PAYABLES

	30.9.2013 VND	30.9.2012 VND
Dividends	3,353,947,200	2,213,857,525
Social insurance, health insurance, unemployment insurance, and trade union fee	1,294,753,800	915,190,369
Other payables to related parties (Note 33(b))	383,850	-
Tender deposits received	3,580,000,000	3,182,161,759
Unpaid tax from the liquidation of a subsidiary	-	11,039,479,294
Other payables	1,958,586,736	1,101,515,309
	10,187,671,586	18,452,204,256

19 BONUS AND WELFARE FUND

This fund is established by appropriating retained profits as approved by shareholders at the General Assembly of Shareholders. This fund is used to pay bonus and welfare to the Company's and subsidiaries employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	5,225,251,199	7,946,458,110
Appropriated from undistributed earnings	14,724,134,716	6,406,734,996
Transferred to other funds (Note 21)	-	(707,980,636)
Reversed to undistributed earnings	-	(4,055,557,395)
Utilisation	(15,485,604,400)	(4,364,403,876)
Closing balance	4,463,781,515	5,225,251,199

20 NUMBER OF SHARES

Detailed registered and issued shares of the Company are as follows:

	30.9.2013		30.9.2012	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(4,477,692)	-	(3,859,212)	-
Number of existing shares in issue	96,313,098	-	96,931,578	-

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 received dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares repurchased by the Company, all rights are suspended until those shares are reissued.

21 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Undistributed earnings VND	Other funds VND	Treasury shares VND	Financial Reserves VND	Total VND
As at 1 October 2011	1,007,907,900,000	451,543,290,363	381,858,701,310	-	(28,588,182,845)	8,525,313,060	1,821,247,021,888
Net profit for the year	-	-	362,106,869,356	-	-	-	362,106,869,356
Dividend declared	-	-	(97,557,418,000)	-	-	-	(97,557,418,000)
Repurchase of treasury shares	-	-	-	-	(28,128,541,137)	-	(28,128,541,137)
Appropriated to bonus and welfare funds (Note 19)	-	-	(6,406,734,996)	-	-	-	(6,406,734,996)
Appropriated to other funds	-	-	(6,412,839,096)	6,412,839,096	-	-	-
Used of other funds during the year	-	-	-	(4,972,492,823)	-	-	(4,972,492,823)
Reversal of bonus and welfare funds (Note 19)	-	-	4,055,557,395	-	-	-	4,055,557,395
Transferred from bonus and welfare funds (Note 19)	-	-	-	707,980,636	-	-	707,980,636
As at 30 September 2012	1,007,907,900,000	451,543,290,363	637,644,135,969	2,148,326,909	(56,716,723,982)	8,525,313,060	2,051,052,242,319
Net profit for the year	-	-	605,983,715,640	-	-	-	605,983,715,640
Dividend declared (*)	-	-	(338,951,283,000)	-	-	-	(338,951,283,000)
Repurchase of treasury shares	-	-	-	-	(24,318,822,516)	-	(24,318,822,516)
Appropriated to bonus and welfare funds (Note 19)	-	-	(14,724,134,716)	-	-	-	(14,724,134,716)
Appropriated to other funds	-	-	(10,796,142,820)	10,796,142,820	-	-	-
Used of other funds during the year (**)	-	-	-	(10,936,735,378)	-	-	(10,936,735,378)
As at 30 September 2013	1,007,907,900,000	451,543,290,363	879,156,291,073	2,007,734,351	(81,035,546,498)	8,525,313,060	2,268,104,982,349

(*) Pursuant to Resolution No. 01/NQ/DHDCD/HSG/2012 dated 22 March 2012 and Resolution No. 01/NQ/DHDCD/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders, Board of Directors issued Resolution No. 41/NQ/HĐQT/2012 dated 17 August 2012, Resolution No. 56/NQ/HĐQT/2012 dated 29 October 2012, Resolution No. 11/NQ/HĐQT/2013 dated 6 March 2013, Resolution No. 41/NQ/HĐQT/2013 dated 14 August 2013 to declare the dividends.

(**) The amount includes performance bonus of VND 6,404,713,970 that the Company has made to key management personnels for over achievement of the Company's target during the year pursuant to Meeting Minutes No. 10/BB/HĐQT/2012 dated 17 October 2012 and No. 12/BB/HĐQT/2012 dated 12 December 2012, Decision No. 206A dated 29 October 2012 and No. 1316 dated 20 December 2012 of Board of Management, and Resolution No. 01/NQ/ĐHĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

22 REVENUE

(a) Net sales

	Year ended 30 September	
	2013 VND	2012 VND
Sales		
Finished goods	11,082,285,583,575	9,579,445,220,466
Merchandises	10,006,255,167,921	3,040,385,085,979
	<u>21,088,540,751,496</u>	<u>12,619,830,306,445</u>
Sales deductions		
Trade discounts	-	(109,570,991)
Sales returns	(7,828,484,379)	(13,825,512,110)
Sales allowances	(1,873,394,687)	(390,909,075)
	<u>(9,701,879,066)</u>	<u>(14,325,992,176)</u>

(b) Financial income

	Year ended 30 September	
	2013 VND	2012 VND
Interest income from deposits	5,725,644,808	3,675,541,465
Dividends income from Hoa Sen Steel Sheet One Member Co., Ltd.	58,460,323,352	52,213,284,884
Dividends income from Hoa Sen Building Materials One Member Co., Ltd.	54,978,258,214	11,487,184,884
Dividends income from Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,327,444,838	1,485,791,618
Gain from foreign exchange differences	33,419,430,597	44,723,311,247
	<u>153,911,101,809</u>	<u>113,585,114,098</u>

23 COST OF SALES

	Year ended 30 September	
	2013 VND	2012 VND
Cost of finished goods sold	9,917,599,488,276	8,586,088,509,737
Cost of merchandises sold	9,705,909,456,779	2,789,564,991,764
	19,623,508,945,055	11,375,653,501,501

24 FINANCIAL EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Interest expense	165,766,703,044	335,861,045,260
Provision/(reversal) for diminution in value of long-term investments	-	(1,126,940,680)
Losses from foreign exchange differences	78,527,496,767	69,331,205,669
	244,294,199,811	404,065,310,249

25 SELLING EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Staff costs	94,374,306,096	78,144,103,712
Depreciation and amortisation expenses	15,906,158,616	17,794,064,368
Material expenses	1,766,796,258	1,907,889,808
Outside service expenses	312,647,231,596	233,023,749,707
Other expenses	4,053,136,691	6,776,298,198
	428,747,629,257	337,646,105,793

26 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Staff costs	134,002,109,964	103,044,831,180
Office supplies	4,868,071,359	4,616,984,264
Depreciation and amortisation expenses	17,651,279,750	15,936,719,550
Outside service expenses	85,586,357,559	73,028,620,941
Other expenses	46,807,092,138	21,989,203,226
	<u>288,914,910,770</u>	<u>218,616,359,161</u>

27 OTHER INCOME

	Year ended 30 September	
	2013 VND	2012 VND
Sales of scraps	8,842,139,197	6,802,832,226
Proceeds from disposal of used tools and equipments to a subsidiary (Note 33(b))	19,284,462,563	-
Proceeds from disposal of fixed assets (*)	23,661,877,723	3,248,224,565
Income from operating lease of assets to subsidiaries	128,195,000,000	-
Others	19,445,449,926	26,183,502,783
	<u>199,428,929,409</u>	<u>36,234,559,574</u>

(*) Included proceeds from disposal of fixed assets to a subsidiary amounting to VND18,051,384,898 (Year ended 30 September 2012: nil).

28 OTHER EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Net book value of used tools and equipments Disposed	19,284,462,360	-
Net book value of disposed fixed assets	25,292,111,489	3,291,082,139
Other expenses from operating lease of assets to subsidiaries (*)	111,676,913,597	-
Others	6,972,312,081	26,792,699,378
	<u>163,225,799,527</u>	<u>30,083,781,517</u>

(*) Included depreciation charge of VND80,943,337,547 and other lease expenses of VND30,733,576,050 relating to the fixed assets leased to the subsidiaries.

29 TAXATION

Under the terms of its Investment Incentives Certificate No,108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 25% on taxable profit. The provisions of the Company's Investment Incentive Certificate allow the Company to be exempt from business income tax for three years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for seven subsequent years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% as follows:

	Year ended 30 September	
	2013 VND	2012 VND
Net accounting profit before tax	683,487,419,228	389,258,929,720
Tax calculated at a rate of the Company	170,871,854,807	58,388,839,458
Effect of:		
Income not subject to tax	(35,391,629,919)	(13,755,469,574)
Expenses not deductible for tax purposes	30,051,231,755	15,362,727,895
Impact of tax reduction	(80,124,926,735)	(27,562,434,241)
Business income tax from transfer of land use rights	986,723	-
Under provision from previous years	544,644,387	-
Other impacts	(8,448,457,430)	(5,281,603,174)
Business income tax charge	77,503,703,588	27,152,060,364
In which:		
Business income tax - Current	80,670,557,845	27,562,434,241
Business income tax - Deferred	(3,166,854,257)	(410,373,877)

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 September	
	2013 VND	2012 VND
Net profit attributable to shareholders (VND)	605,983,715,640	362,106,869,356
Weighted average number of ordinary shares in issue (shares)	97,766,865	97,872,861
Basic earnings per share (VND)	6,198	3,700

31 COST OF GOODS MANUFACTURED BY FACTORS

	Year ended 30 September	
	2013 VND	2012 VND
Raw materials	9,601,410,193,031	7,090,668,169,410
Labour costs	287,901,927,038	244,555,613,141
Depreciation and amortisation expenses	142,053,821,105	201,868,400,350
Outside service expenses	683,076,148,179	587,851,209,315
Other expenses	258,665,444,978	135,825,870,224
	10,973,107,534,331	8,260,769,262,440

32 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Board of Management is responsible for setting the objectives and underlying principles of financial risk management for the Company. They establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies.

The finance department measures actual exposures against the limits set and prepare regular reports for the review of the Board of Management.

The information presented below is based on information received by the Board of Management.

32 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign exchange risk

The Company's business is exposed to foreign exchange risk arising from United States Dollar ("USD") and Euro ("EUR") as certain purchases of raw materials and borrowings are denominated in these currencies. The Company manages this risk by promoting export sales to generate USD cash inflows to settle against USD-denominated creditors. In addition, from time to time, the Company reviews the market conditions to forecast the fluctuation of the interest rates in order to minimise the risk by appropriate actions.

The Company's foreign exchange exposure is as follows:

	30.9.2013		
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	Total VND
Financial assets			
Cash and bank	82,459,473,159	6,331,255	82,465,804,414
Trade accounts receivable	230,532,796,358	-	230,532,796,358
Prepayments to suppliers	83,003,936,948	-	83,003,936,948
	395,996,206,465	6,331,255	396,002,537,720
Financial liabilities			
Borrowings	(2,127,429,560,036)	(44,126,160,000)	(2,171,555,720,036)
Trade accounts payable	(1,081,691,062,033)	-	(1,081,691,062,033)
Advances from customers	(50,986,078,470)	-	(50,986,078,470)
	(3,260,106,700,539)	(44,126,160,000)	(3,304,232,860,539)
Foreign exchange exposure	(2,864,110,494,074)	(44,119,828,745)	(2,908,230,322,819)

	30.9.2012		
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	Total VND
Financial assets			
Cash and bank	2,792,663,980	6,021,880	2,798,685,860
Trade accounts receivable	201,145,081,799	-	201,145,081,799
Prepayments to suppliers	32,684,495,210	-	32,684,495,210
	236,622,240,989	6,021,880	236,628,262,869
Financial liabilities			
Borrowings	(1,654,121,552,075)	(58,267,488,000)	(1,712,389,040,075)
Trade accounts payable	(335,345,977,364)	-	(335,345,977,364)
Advances from customers	(2,605,798,786)	-	(2,605,798,786)
	(1,992,073,328,225)	(58,267,488,000)	(2,050,340,816,225)
Foreign exchange exposure	(1,755,451,087,236)	(58,261,466,120)	(1,813,712,553,356)

The foreign exchange exposure represents the total net amount of financial assets and financial liabilities denominated in foreign currencies. Its expected value would change when the exchange rates of VND/USD or VND/EUR fluctuates.

As at 30 September 2013, if the USD had increased/decreased by 1% against the VND with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND25,060,966,823 (year ended 30 September 2012: VND16,216,106,162).

As at 30 September 2013, if the EUR had increased/decreased by 1% against the VND, with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND386,048,502 (year ended 30 September 2012: VND539,374,651).

(ii) *Price risk*

The Company is not exposed to equity security price risk arising from the investments classified as available-for-sale because the Company does not invest in listed securities.

32 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) *Interest rate risk*

The Company is exposed to interest rate risk on its borrowings. The Company maintains balances of raw material, finished goods and spare parts at appropriate levels in order to minimise the demand for short-term loans and balance the VND and USD short-term loan structure, conformity with the fluctuation of interest and foreign exchange rates to have reasonable interest expenses. Most loans for which the interest rate changes are in VND and USD.

As at 30 September 2013, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND9,085,805,517 (year ended 30 September 2012: VND13,026,542,571).

As at 30 September 2013, if the USD interest rates had increased/decreased by 0,5% with all other variables being held constant, the Company's profit after tax the financial year would have been lower/higher by VND8,451,016,886 (year ended 30 September 2012: VND7,003,069,527).

(b) *Receivable risk*

The Company manages receivable risk by taking the following actions:

- Establish a credit limit for each customer and require daily reports of payment progress for re-assessing credit limits, categorising as well as forcing the collection;
- Charge interest on debtors and establish the monthly average outstanding debt amount for each business unit and retail-distribution branch;
- Refuse credit sales for customers with over-90-day overdue debtors, except in special cases as approved by the Boards of Management;
- Involve the authorities when necessary.

Trade and other trade receivables include:

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings in Vietnam. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities paid by cash or other financial assets.

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below categorises the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	30.9.2013			
	Within 1 year VND	Between 1 and 5 years VND	Over 5 years VND	Total VND
Trade accounts payable	1,291,606,258,507	-	-	1,291,606,258,507
Short-term borrowings	2,503,654,540,949	-	-	2,503,654,540,949
Long-term borrowings	310,312,021,920	566,147,231,641	-	876,459,253,561
	<u>4,105,572,821,376</u>	<u>566,147,231,641</u>	<u>-</u>	<u>4,671,720,053,017</u>

	30.9.2012			
	Within 1 year VND	Between 1 and 5 years VND	Over 5 years VND	Total VND
Trade accounts payable	470,105,482,411	-	-	470,105,482,411
Short-term borrowings	1,874,783,164,492	-	-	1,874,783,164,492
Long-term borrowings	156,290,587,968	601,196,070,400	577,090	757,487,235,458
	<u>2,501,179,234,871</u>	<u>601,196,070,400</u>	<u>577,090</u>	<u>3,102,375,882,361</u>

33 RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, shareholders, members of Board of Directors, and key personnels.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

	Year ended 30 September	
	2013 VND	2012 VND
<i>i) Sales of goods and other services</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	8,623,848,678,756	2,123,440,304,032
Hoa Sen Building Materials One Member Co., Ltd.	1,522,146,927,731	1,073,740,050,090
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,361,457,252	2,940,296,181
<i>ii) Purchases of goods and other services</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	8,460,722,893,071	2,280,366,978,072
Hoa Sen Building Materials One Member Co., Ltd.	1,099,873,757,571	757,690,547,533
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	344,786,101	10,298,596,751
<i>iii) Sales of fixed assets</i>		
Hoa Sen Building Materials One Member Co., Ltd.	18,051,384,898	-
<i>iv) Purchases of fixed assets</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	24,560,590	-
Hoa Sen Building Materials One Member Co., Ltd.	564,508,053	233,794,473

		Year ended 30 September	
		2013	2012
		VND	VND
v)	<i>Others</i>		
	Hoa Sen Steel Sheet One Member Co., Ltd.		
	Income from operating leases	124,427,000,000	-
	Other purchases	7,136,657,537	-
	Other sales	24,096,824	127,831,144
	Income from tools disposed	19,284,462,563	-
	Hoa Sen Building Materials One Member Co., Ltd.		
	Sales returned	1,587,397,915	897,455,836
	Income from operating leases	3,768,000,000	-
	Other sales	-	6,313,662,432
	Other purchases	1,003,606,875	-
	Goods returned	56,115,632	4,010,927,659
	Loan proceeds	-	55,190,000,000
	Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.		
	Other purchases	8,536,066,523	-
	Interest expenses	218,583,333	-
	Repayment of a loan	6,500,000,000	-
	Loan proceeds	8,500,000,000	1,500,000,000
vi)	<i>Compensation of key management</i>		
	Compensation for Board of Directors, Board of Advisors and Board of Supervisors	958,000,000	1,072,200,000
	Bonus for Board of Directors, Board of Advisors and Board of Supervisors	5,705,000,000	-
	Gross salary of Board of Management	7,474,632,000	6,358,681,967
	Bonus for Board of Management	2,865,200,000	-

33 RELATED PARTY TRANSACTIONS (continued)

(b) Year end balances with related parties

	30.9.2013 VND	30.9.2012 VND
Trade accounts receivable (Note 4)		
Hoa Sen Steel Sheet One Member Co., Ltd.	617,103,340,689	-
Hoa Sen Building Materials One Member Co., Ltd.	337,110,927,786	289,635,970,616
	954,214,268,475	289,635,970,616
Prepayments to suppliers (Note 5)		
Mr Hoang Duc Huy (Deputy General Director) - Advance for purchase of land use rights	90,183,227,000	90,183,227,000
Hoa Sen Building Materials One Member Co., Ltd.	-	955,746
	90,183,227,000	90,184,182,746
Other receivables (Note 6)		
<i>Dividends receivable from subsidiaries</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	58,460,323,352	52,213,284,884
Hoa Sen Building Materials One Member Co., Ltd.	54,978,258,214	11,487,184,884
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,327,444,838	1,485,791,618
<i>Others</i>		
Hoa Sen Building Materials One Member Co., Ltd.	2,216,705,836	-
Hoa Sen Building Materials One Member Co., Ltd.	744,000	-
	116,983,476,240	65,186,261,386
Short term loans (Note 14(b))		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	8,500,000,000	-

	30.9.2013 VND	30.9.2012 VND
Long term loans (Note 14(b))		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	-	6,500,000,000
Trade accounts payable (Note 15)		
Hoa Sen Steel Sheet One Member Co., Ltd.	6,000,000,000	10,655,332,192
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	4,494,067,854	1,746,493,870
	10,494,067,854	12,401,826,062
Other payables (Note 18)		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	383,850	-

34 SEGMENT REPORTING

The General Director is of the opinion that the Company operates in one single business segment, which is the manufacture and sale of coated steel sheet, steel and building materials and one single geographical segment, which is Vietnam.

35 COMMITMENTS UNDER OPERATING LEASES

- (a) The future minimum lease payments under non-cancellable operating leases that the Company has to pay are as follows:

	30.9.2013 VND	30.9.2012 VND
Within 1 year	22,873,345,777	18,846,143,567
Between 1 and 5 years	52,321,739,337	50,657,547,840
Over 5 years	176,131,828,498	148,336,057,822
Total minimum payments	251,326,913,612	217,839,749,229

HOA SEN GROUP
 NOTES TO THE SEPARATE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2013

35 COMMITMENTS UNDER OPERATING LEASES (continued)

(b) The future minimum lease payments under non-cancellable operating leases that the Company will receive are as follows:

	30.9.2013 VND	30.9.2012 VND
Within 1 year	106,680,000,000	-
Between 1 and 5 years	423,120,000,000	-
Over 5 years	412,320,000,000	-
Total minimum receipts	942,120,000,000	-

36 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	30.9.2013 VND	30.9.2012 VND
Buildings, machinery and equipment	615,558,105,177	186,444,843,145

The separate financial statements were approved by the General Director on 3 December 2013.



Nguyen Thi Ngoc Lan
 Chief Accountant



Tran Ngoc Chu
 General Director
 3 December 2013



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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CORPORATE INFORMATION

Business Registration Certificate No. 3700381324 dated 21 June 2012
First issued on 8 August 2001

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 21 June 2012. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

Board of Directors	Mr Le Phuoc Vu	Chairman
	Mr Tran Ngoc Chu	Vice Chairman
	Mr Pham Gia Tuan	Member
	Mr Ly Duy Hoang	Member
	Mr Jean Eric Jacquemin	Member (appointed on 6 March 2013)
	Mr Le Phung Hao	Member (resigned on 6 March 2013)

Board of Management	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 (appointed on 21 January 2013)
	Mr Ho Thanh Hieu	Deputy General Director (appointed on 21 January 2013)
	Mr Nguyen Van Quy	Deputy General Director (appointed on 20 March 2013)

Legal representative	Mr Le Phuoc Vu	Chairman
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Registered office No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park,
Di An Ward, Di An Town, Binh Duong Province, Vietnam

Auditor PricewaterhouseCoopers (Vietnam) Limited

STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The legal representative of Hoa Sen Group (“the Company”) authorized the General Director to be responsible for the consolidated financial statements which give a true and fair view of the financial position of the Company and its subsidiaries (together “the Group”) as at 30 September 2013 and the results of their operations and cash flows for the year then ended. In preparing these consolidated financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The General Director 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.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 5 to 42 which give a true and fair view of the financial position of the Group as at 30 September 2013 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Tran Ngoc Chu
General Director

Binh Duong Province, SR Vietnam
9 December 2013



INDEPENDENT AUDITOR'S 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 (together "the Group") which were approved by the General Director on 9 December 2013. The consolidated financial statements comprise the consolidated balance sheet as at 30 September 2013, the consolidated income statement and consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 42.

The General Director's Responsibility for the Consolidated Financial Statements

The General Director is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 in order to obtain reasonable assurance as to 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 an 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 controls relevant to the entity'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 entity's internal controls. 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.

*PricewaterhouseCoopers (Vietnam) Ltd.,
4th Floor, Saigon Tower, 29 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
T: +84 (8)38230796, F:+84 (8) 38251947, www.pwc.com/vn*



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2013, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Quach Thanh Chau
Audit Practising Licence No.
0875-2013-006-1
Deputy General Director
Authorised signatory

Nguyen Hoang Nam
Audit Practising Licence No.
0849-2013-006-1

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3847
9 December 2013

As indicated in Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

		As at 30 September		
Code	ASSETS	Note	2013 VND	2012 VND
100	CURRENT ASSETS		4,214,832,811,102	2,606,071,890,530
110	Cash and cash equivalents	3	177,312,594,189	67,431,992,847
111	Cash		177,312,594,189	67,431,992,847
120	Short-term investments		-	3,975,059,008
121	Short-term investment		-	3,975,059,008
130	Accounts receivable		748,158,629,178	757,901,543,650
131	Trade accounts receivable		548,362,562,681	607,105,628,000
132	Prepayments to suppliers	4	187,574,760,737	137,402,828,308
135	Other receivables	5	15,225,431,240	21,707,204,091
139	Provision for doubtful debts		(3,004,125,480)	(8,314,116,749)
140	Inventories	6	3,019,573,646,607	1,539,822,107,871
141	Inventories		3,020,464,536,423	1,541,607,709,143
149	Provision for decline in value of inventories		(890,889,816)	(1,785,601,272)
150	Other current assets		269,787,941,128	236,941,187,154
151	Short-term prepayments	7	79,882,282,268	37,748,239,662
152	Value Added Tax to be reclaimed		169,583,730,029	190,977,572,774
154	Other taxes receivable	8	3,821,219	856,983,479
158	Other current assets	9	20,318,107,612	7,358,391,239
200	LONG-TERM ASSETS		2,927,338,171,070	2,716,867,560,343
220	Fixed assets		2,789,679,562,937	2,585,419,833,744
221	Tangible fixed assets	10(a)	2,235,719,440,684	2,199,542,140,363
222	Cost		3,304,809,510,491	3,002,603,873,975
223	Accumulated depreciation		(1,069,090,069,807)	(803,061,733,612)
224	Financial lease assets	10(b)	122,416,298,653	119,589,366,865
225	Cost		141,197,532,904	133,541,500,504
226	Accumulated depreciation		(18,781,234,251)	(13,952,133,639)
227	Intangible fixed assets	10(c)	234,454,547,464	240,284,444,612
228	Cost		253,522,432,543	255,669,692,921
229	Accumulated amortisation		(19,067,885,079)	(15,385,248,309)
230	Construction in progress	10(d)	197,089,276,136	26,003,881,904
250	Long-term investments	11	59,456,331,634	59,456,331,634
252	Investments in associates and joint ventures		44,456,331,634	44,456,331,634
258	Other long-term investments		15,000,000,000	15,000,000,000
260	Other long-term assets		78,202,276,499	71,991,394,965
261	Long-term prepayments	12	57,767,508,898	61,094,031,932
262	Deferred income tax assets	13	16,019,217,700	7,539,813,132
268	Other long-term assets		4,415,549,901	3,357,549,901
270	TOTAL ASSETS		7,142,170,982,172	5,322,939,450,873

		As at 30 September		
Code	RESOURCES	Note	2013 VND	2012 VND
300	LIABILITIES		4,931,735,187,568	3,304,412,330,536
310	Current liabilities		4,338,668,254,238	2,693,075,577,757
311	Short-term borrowings	14(a)	2,814,413,724,769	2,039,925,750,068
312	Trade accounts payable		1,317,685,051,025	484,411,293,421
313	Advances from customers		73,221,290,326	10,597,895,943
314	Taxes and other payables to the State Budget	15	51,640,398,454	84,651,397,571
315	Payable to employees		38,337,483,577	24,185,784,602
316	Accrued expenses	16	22,392,802,462	26,740,904,843
319	Other payables	17	16,513,722,110	17,337,300,110
323	Bonus and welfare fund	18	4,463,781,515	5,225,251,199
330	Long-term liabilities		593,066,933,330	611,336,752,779
334	Long-term borrowings	14(b)	588,026,924,580	606,309,432,779
336	Provision for severance allowances		5,040,008,750	5,027,320,000
400	SHAREHOLDERS' EQUITY		2,210,435,794,604	2,018,527,120,337
410	Capital and reserves		2,210,435,794,604	2,018,527,120,337
411	Shareholders' capital	19, 20	1,007,907,900,000	1,007,907,900,000
412	Share premium	20	451,543,290,363	451,543,290,363
414	Treasury shares	20	(81,035,546,498)	(56,716,723,982)
418	Financial reserve funds	20	8,525,313,060	8,525,313,060
419	Other funds		2,007,734,351	2,148,326,909
420	Undistributed earnings	20	821,487,103,328	605,119,013,987
440	TOTAL RESOURCES		7,142,170,982,172	5,322,939,450,873

OFF BALANCE SHEET ITEMS

Cash and cash equivalents are balances held in foreign currencies as follows:

			As at 30 September	
			2013	2012
US\$			3,915,198,11	137,559,19
EUR			223,83	221,58
AUD			84,78	84,78



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
9 December 2013

Code		Note	Year ended 30 September	
			2013 VND	2012 VND
01	Sales		11,772,644,300,807	10,110,988,306,667
02	Less deductions		(12,745,708,265)	(23,032,075,122)
10	Net sales	21(a)	11,759,898,592,542	10,087,956,231,545
11	Cost of sales	22	(10,052,386,178,283)	(8,682,822,005,970)
20	Gross profit		1,707,512,414,259	1,405,134,225,575
21	Financial income	21(b)	39,687,232,366	48,591,843,754
22	Financial expenses	23	(246,584,741,097)	(409,241,900,486)
23	<i>Included: interest expense</i>		<i>(167,862,447,942)</i>	<i>(340,390,787,401)</i>
24	Selling expenses	24	(491,346,997,958)	(386,396,571,842)
25	General and administration expenses	25	(350,540,024,416)	(261,226,742,015)
30	Operating profit		658,727,883,154	396,860,854,986
31	Other income	26	37,177,802,534	31,785,941,720
32	Other expense	27	(16,908,741,004)	(17,090,439,659)
40	Net other income		20,269,061,530	14,695,502,061
50	Net accounting profit before tax		678,996,944,684	411,556,357,047
51	Business income tax - current	28	(106,636,699,375)	(43,377,160,455)
52	Business income tax - deferred	13	8,479,404,568	(75,828,704)
60	Net profit after tax		580,839,649,877	368,103,367,888
70	Earnings per share	29	5,941	3,761



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
9 December 2013


CONSOLIDATED CASH FLOW STATEMENT


(Indirect method)

Form B 03 - DN/HN

Code	Note	Year ended 30 September	
		2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	678,996,944,684	411,556,357,047
	Adjustments for:		
02	Depreciation and amortisation	290,579,709,448	273,954,782,521
03	Provisions	566,356,047	5,109,784,753
04	Unrealised foreign exchange losses/(gains)	5,951,795,789	(4,119,532,487)
05	Gains from investing activities	(2,777,208,102)	(3,402,049,696)
06	Interest expense	167,862,447,942	340,390,787,401
	Operating profit before changes in working capital		
08	capital	1,141,180,045,808	1,023,490,129,539
09	Decrease/(increase) in receivables	22,278,890,459	(74,065,954,408)
10	(Increase)/decrease in inventories	(1,478,856,827,280)	474,052,545,190
11	Increase/(decrease) in payables	863,895,232,096	(583,675,444,144)
12	Increase in prepaid expenses	(30,435,599,644)	(3,359,473,874)
13	Interest paid	(169,528,086,627)	(346,276,674,459)
14	Business income tax paid	(101,210,750,769)	(28,530,747,597)
16	Other payments on operating activities	(26,422,339,778)	(9,336,896,699)
20	Net cash inflows from operating activities	220,900,564,265	452,297,483,548
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(492,271,535,137)	(63,186,091,525)
22	Proceeds from disposals of fixed assets	7,248,031,779	3,248,224,565
27	Interest received	5,940,385,291	3,862,359,199
30	Net cash outflows from investing activities	(479,083,118,067)	(56,075,507,761)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Purchases of treasury shares	(24,318,822,516)	(28,128,541,137)
33	Proceeds from borrowings	9,167,945,362,267	6,526,860,959,039
34	Repayments of borrowings	(8,408,050,209,722)	(6,822,779,336,715)
35	Finance lease payments	(24,793,510,017)	(34,996,166,525)
36	Dividends paid	(337,811,193,325)	(96,593,160,025)
	Net cash inflows/(outflows) from financing activities		
40	activities	372,971,626,687	(455,636,245,363)
50	Net increase/(decrease) in cash and cash equivalents	114,789,072,885	(59,414,269,576)
60	Cash and cash equivalents at beginning of year	67,431,992,847	128,408,998,636
61	Effect of foreign exchange differences	(4,908,471,543)	(1,562,736,213)
70	Cash and cash equivalents at end of year	177,312,594,189	67,431,992,847

Major non-cash transaction in the year was acquisition of finance lease assets with value of VND21,351,032,400 (year ended 30 September 2012: VND84,032,961,457).


 Nguyen Thi Ngoc Lan
 Chief Accountant


 Tran Ngoc Chu
 General Director
 9 December 2013

1 GENERAL INFORMATION

Hoa Sen Group - Vietnamese name is Cong ty Co phan Tap doan Hoa Sen - (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province. The latest amendment is on 21 June 2012.

On 5 December 2008, the Company’s shares were listed and traded on the Ho Chi Minh

City Stock Exchange pursuant to Decision No. 117/QD-SGDHCM dated 5 November 2008.

The principal activities of the Company are to:

- Manufacture roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys
- Produce steel purlins, galvanized purlins
- Manufacture black steel pipes, galvanized steel pipes, and other alloys
- Manufacture steel mesh, galvanized steel wire, steel wire
- Manufacture PVC ceiling
- Produce building materials
- Buy and sell building materials, capital goods and consumer goods
- Rent store and transport goods
- Industrial and civil construction
- Produce cold rolled steel coils

As at 30 September 2013, the Company had the following subsidiaries:

Subsidiary name	Location	Principal activities	% ownership and voting rights	
			30.9.2013	30.9.2012
Hoa Sen Steel Sheet One Member Co., Ltd.	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam	Manufacture and trade in cold rolled steel products	100	100
Hoa Sen Building Materials One Member Co., Ltd.	Phu My Industrial Park I, Phu My Town, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	Manufacture and trade in plastic building materials and steel pipe products	100	100
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	No. 9 Thong Nhat Boulevard, Song Than II Industrial Park II, Di An Ward, Di An Town, Binh Duong Province, Vietnam	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment	100	100

All subsidiaries are incorporated in Vietnam.

As at 30 September 2013, the Company and its subsidiaries (together “the Group”) had 3,731 employees (30 September 2012: 2,949 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

2.2 Fiscal year

The Group's fiscal year is from 1 October to 30 September

2.3 Consolidation

The Group prepared its consolidated financial statements in accordance with the Vietnamese Accounting Standard 25 - *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures and associates

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.3 Consolidation (continued)

Joint ventures and associates (continued)

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealised gains and losses on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Form of records applied

The Group uses journal vouchers to record its transactions.

2.5 Use of accounting estimates

The preparation of the consolidated financial statements requires the General Director to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the General Director's best knowledge of current events and actions, actual results may differ from those estimates.

2.6 Currency

The consolidated financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.8 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the year end. Bad debts are written off when identified.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.10 Investments

(a) Short-term investments

Short-term investments are investments with maturities less than 12 months from the balance sheet date and investments that are held with the intention to dispose of them within 12 months from the balance sheet date. Short-term investments are initially accounted for at cost. Provision for diminution is recognised for short term equity securities where the cost exceeds the fair value of such securities.

(b) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using equity method. The investments in joint ventures and associates which are acquired and held exclusively with a view to its disposal in the near future (under 12 months) are accounted for at cost less provision for diminution in value.

(c) Long-term investments

Long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose of them within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

2.11 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.11 Fixed assets (continued)

Depreciation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	5 - 30 years
Machinery & equipment	3 - 10 years
Motor vehicles	6 - 10 years
Office equipment	6 - 8 years
Others	5 - 20 years

Land use rights which have definite term are amortised, using the straight-line method over number of years in accordance with the terms indicated in each land use right certificate. Land use rights which are granted for an indefinite term are carried at cost and not amortised.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.12 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.13 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.14 Long-term prepayments

Long-term prepayments represent the expenditure relating to periods more than one year but unqualified for being classified as fixed assets. These items are recognised at historical cost and amortised over their estimated useful life.

2.15 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the 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 the possible return of goods.

(b) Sales of services

Revenue from the sales of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

2.16 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that SR Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.17 Share capital and treasury shares

Share capital consists of all issued shares. Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity.

Treasury shares are shares that are issued and repurchased by the Group. The amount of the consideration paid, which includes directly attributable cost, net off any tax effects, is recognised and presented as a deduction from equity. Total amount received from the reissue or sales of treasury shares less directly attributable costs are recorded as equity.

2.18 Dividend distribution

The Group's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the General Assembly of Shareholders and after making appropriation to reserve funds in accordance with the Group's Charter.

Interim dividends are declared and paid based on the estimated earnings of the year, which is approved by the Board of Directors. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Group's General Assembly of Shareholders.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements of the financial year that are approved by the Company's General Assembly of Shareholders.

2.19 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.21 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Group. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Group is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2013 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

3 CASH AND CASH EQUIVALENTS

	30.9.2013 VND	30.9.2012 VND
Cash on hand	14,705,019,494	23,431,416,059
Cash at bank	107,927,629,097	43,100,528,271
Cash in transit	54,679,945,598	900,048,517
	<u>177,312,594,189</u>	<u>67,431,992,847</u>

4 PREPAYMENTS TO SUPPLIERS

	30.9.2013 VND	30.9.2012 VND
Third parties	97,391,533,737	47,219,601,308
Related parties (Note 32(b))	90,183,227,000	90,183,227,000
	<u>187,574,760,737</u>	<u>137,402,828,308</u>

5 OTHER RECEIVABLES

Other receivables as at 30 September 2013 include an amount of VND6,671,456,240 due from Vietnam Joint Stock Commercial Bank for Industry and Trade Finance Lease One Member Co., Ltd. ("Vietinbank Finance Lease Company") for the import on consignment of steel tube mill chain.

Other receivables as at 30 September 2012 include an amount of VND13,279,135,464 from liquidation contract of Pho Dong - Hoa Sen Building Project.

6 INVENTORIES

	30.9.2013 VND	30.9.2012 VND
Goods in transit	999,031,492,810	340,678,259,856
Raw materials	658,962,090,300	190,622,980,418
Tools	219,682,548,931	221,482,551,071
Work in progress	-	56,468,240
Finished goods	1,023,718,161,252	710,083,474,030
Merchandises (*)	119,070,243,130	78,683,975,528
	<u>3,020,464,536,423</u>	<u>1,541,607,709,143</u>
Provision for decline in value of inventory	(890,889,816)	(1,785,601,272)
	<u>3,019,573,646,607</u>	<u>1,539,822,107,871</u>

(*) Included in merchandises is an amount of VND17,268,969,715 representing 15 apartments the Group received as a part of settlement of other receivables from the liquidation contract of Pho Dong - Hoa Sen Building Project.

As at 30 September 2013, inventories with a carrying amount of VND820,719,777,712 (As at 30 September 2012: VND1,070,169,056,955) have been pledged as security for the bank loans.

7 SHORT-TERM PREPAYMENTS

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	37,748,239,662	34,577,517,459
Additions	192,998,954,765	116,473,531,106
Other increases	-	43,958,876
Transferred from fixed assets (*)	2,590,784,552	-
Amortisation	(153,455,696,711)	(113,346,767,779)
	<u>79,882,282,268</u>	<u>37,748,239,662</u>

(*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to short-term prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

Short-term prepayments mainly comprise advertising expenses, rental expenses and tools and equipment.

8 TAX AND OTHER RECEIVABLE TO THE STATE BUDGET

	30.9.2013 VND	30.9.2012 VND
Business income tax refundable	-	20,797,918
Other receivables from the State	3,821,219	836,185,561
	3,821,219	856,983,479

9 OTHER CURRENT ASSETS

	30.9.2013 VND	30.9.2012 VND
Short-term deposits (*)	15,962,822,128	2,486,311,258
Advances to employees	4,355,285,484	4,872,079,981
	20,318,107,612	7,358,391,239

(*) Short-term deposits represent amounts deposited at commercial banks to guarantee for letters of credit for importing materials.

10	FIXED ASSETS	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 October 2012	656,158,901,412	2,251,141,612,453	73,886,365,528	5,551,884,827	15,865,109,755	3,002,603,873,975
	New purchases	1,064,814,719	25,287,242,439	10,540,790,853	434,756,772	5,389,194,569	42,716,799,352
	Transferred from construction in progress	28,023,892,039	224,437,791,004	22,148,365,633	-	-	274,610,048,676
	Transferred from finance lease assets (Note 10(b))	-	13,705,000,000	-	-	-	13,705,000,000
	Transferred to prepayments (*)	(167,602,341)	(4,982,972,019)	(3,271,868,767)	(836,612,962)	(134,931,385)	(9,393,987,474)
	Disposals	(500,000,000)	(17,919,216,769)	(209,438,040)	(41,019,100)	(42,857,142)	(18,712,531,051)
	Other decreases	(33,495,248)	(657,130,012)	(15,249,545)	-	(13,818,182)	(719,692,987)
	As at 30 September 2013	684,546,510,581	2,491,012,327,096	103,078,965,662	5,109,009,537	21,062,697,615	3,304,809,510,491
	Accumulated depreciation						
	As at 1 October 2012	114,048,081,661	646,797,598,843	34,794,783,446	3,593,832,600	3,827,437,062	803,061,733,612
	Charge for the year	37,608,818,733	225,645,226,609	9,018,075,734	569,790,894	2,722,492,957	275,564,404,927
	Transferred from finance lease assets (Note 10(b))	-	6,431,495,968	-	-	-	6,431,495,968
	Transferred to prepayments (*)	(64,535,492)	(2,387,378,671)	(1,272,453,461)	(463,791,531)	(80,147,137)	(4,268,306,292)
	Disposals	(165,322,554)	(10,892,770,972)	(192,368,220)	(40,285,808)	(42,857,142)	(11,333,604,696)
	Other decreases	(24,656,218)	(318,493,858)	(8,685,454)	-	(13,818,182)	(365,653,712)
	As at 30 September 2013	151,402,386,130	865,275,677,919	42,339,352,045	3,659,546,155	6,413,107,558	1,069,090,069,807
	Net book value						
	As at 1 October 2012	542,110,819,751	1,604,344,013,610	39,091,582,082	1,958,052,227	12,037,672,693	2,199,542,140,363
	As at 30 September 2013	533,144,124,451	1,625,736,649,177	60,739,613,617	1,449,463,382	14,649,590,057	2,235,719,440,684

- (*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

As at 30 September 2013, cost of tangible fixed assets fully depreciated but are still in use was VND65,035,423,772 (As at 30 September 2012: VND49,172,810,851).

As at 30 September 2013, tangible fixed assets with net book value of VND1,415,732,334,554 (As at 30 September 2012: VND1,137,287,394,652) have been pledged as security for the borrowings.

(b) **Finance lease assets**

	Machinery and equipment VND
Historical cost	
As at 1 October 2012	133,541,500,504
Additions	21,351,032,400
Other increases	10,000,000
Transferred to tangible fixed assets (Note 10(a))	(13,705,000,000)
As at 30 September 2013	<u>141,197,532,904</u>
Accumulated depreciation	
As at 1 October 2012	13,952,133,639
Charge for the year	11,260,596,580
Transferred to tangible fixed assets (Note 10(a))	(6,431,495,968)
As at 30 September 2013	<u>18,781,234,251</u>
Net book value	
As at 1 October 2012	119,589,366,865
As at 30 September 2013	<u><u>122,416,298,653</u></u>

10 FIXED ASSETS (continued)

(c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 October 2012	253,762,224,817	1,907,468,104	255,669,692,921
Increase	748,696,710	-	748,696,710
Transferred to prepayments (*)	-	(43,527,300)	(43,527,300)
Disposals	(2,846,052,648)	-	(2,846,052,648)
Other decreases	(6,377,140)	-	(6,377,140)
As at 30 September 2013	251,658,491,739	1,863,940,804	253,522,432,543
Accumulated amortisation			
As at 1 October 2012	14,129,847,457	1,255,400,852	15,385,248,309
Charge for the year	3,454,355,730	300,352,211	3,754,707,941
Transferred to prepayments (*)	-	(25,085,221)	(25,085,221)
Disposals	(46,985,950)	-	(46,985,950)
As at 30 September 2013	17,537,217,237	1,530,667,842	19,067,885,079
Net book value			
As at 1 October 2012	239,632,377,360	652,067,252	240,284,444,612
As at 30 September 2013	234,121,274,502	333,272,962	234,454,547,464

(*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

As at 30 September 2013, the cost of intangible fixed assets fully amortised but still in use was VND424,934,120 (As at 30 September 2012: VND280,361,120).

As at 30 September 2013, land use rights with net book value of VND179,608,001,028 (As at 30 September 2012: VND164,111,293,657) have been pledged as security for the bank loans.

(d) Construction in progress

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	26,003,881,904	470,916,943,034
Additions	448,796,039,075	48,855,722,581
Transferred to long-term prepayments (Note 12)	(3,100,596,167)	(4,923,653,232)
Transferred to tangible fixed assets (Note 10(a))	(274,610,048,676)	(488,845,130,479)
Closing balance	197,089,276,136	26,003,881,904

Major projects include:

	30.9.2013 VND	30.9.2012 VND
Machinery and equipment for Hoa Sen Phu My Steel Sheet Plant	154,161,951,042	18,569,355,451
Hoa Sen Phu My Steel Sheet Plant Project	15,404,412,315	5,113,690,655

Borrowing costs capitalised in construction in progress for the year ended 30 September 2013 was VND6,815,357,992 (for the year ended 30 September 2012: VND8,715,760,598).

11 LONG-TERM INVESTMENTS

	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2013 VND	30.9.2012 VND
Investee					
Associates:					
Hoa Sen-Gemadepht Logistics and International Port Corporation (*)	Provide sea cargo agency services	Business Registration Certificate No. 3500751828 issued by Department of Planning and Investment of Ba Ria-Vung Tau Province on 20 June 2006 and amended on 13 October 2009	45	44,456,331,634	44,456,331,634
Other long-term investment:					
Viet Capital Health Care Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam	Decision No. 08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008	3	15,000,000,000	15,000,000,000
TOTAL				59,456,331,634	59,456,331,634

(*) Investment in Hoa Sen - Gemadepht Logistics and International Port Corporation is awaiting for disposal according to Resolution of The General Assembly of Shareholders No. 02/NQ/DHDCD/HSG/2011 dated 16 June 2011.

12 LONG-TERM PREPAYMENTS

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	61,094,031,932	55,981,627,029
Additions	38,681,223,302	37,971,342,489
Transferred from construction in progress (Note 10(d))	3,100,596,167	4,923,653,232
Transferred from tangible fixed assets (*)	2,553,338,709	-
Other increases	127,200,500	-
Amortisation	(47,788,881,712)	(37,782,590,818)
Closing balance	57,767,508,898	61,094,031,932

(*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to long-term prepayments and have been allocated within three years in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

Long-term prepayments mainly comprise fixed assets overhaul, computers, and tools and equipment in use.

13 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax is as follows:

	Year ended 30 September	
	2013 VND	2012 VND
Opening balance	7,539,813,132	7,615,641,836
Credited/(debited) to income statement	8,479,404,568	(75,828,704)
Closing balance	16,019,217,700	7,539,813,132

Deferred income tax assets arise mainly from the temporary differences relating to unrealised profits on sales to branches of the Company, accrued interest expense and other accrued expenses.

14 BORROWINGS

(a) Short-term borrowings

		30.9.2013 VND	30.9.2012 VND
Bank loans	(*)	2,468,854,540,949	1,874,783,164,492
Current portion of long-term loans (Note 14(b))		298,642,575,600	144,621,141,648
Current portion of finance lease liabilities (Note 14(b))		20,616,608,220	20,521,443,928
Other short-term borrowings	(**)	26,300,000,000	-
		<u>2,814,413,724,769</u>	<u>2,039,925,750,068</u>

(*) Detail of short-term bank loans is as follows:

No	Currency	Annual interest	30.9.2013 VND	30.9.2012 VND
1	USD	4% - 7.0%	211.410.740.800	397,349,294,200
2	VND	11% - 18.5%	-	66,800,000,000
3	USD	4.15% - 5.5%	317.842.593.447	132,506,031,645
4	VND	7% - 12.5%	130.280.111.484	10,007,000,000
5	USD	3.8% - 6%	441.089.851.000	256,450,792,619
6	VND	6.75% - 12%	158.246.647.827	184,210,428,571
7	USD	4.5% - 5.7%	-	115,637,056,000
8	USD	3.3% - 4%	227.817.968.103	99,490,344,783
9	VND	6.15% - 10%	150.360.360.683	28,390,000,000
10	USD	3.8% - 5%	59.957.213.921	39,573,200,000
11	USD	3.8% - 6%	56.013.170.601	13,954,760,000
12	USD	3.4% - 3.8%	15.154.363.000	-
13	USD	4.2%	25.443.265.372	-
14	USD	3.3% - 4.5%	118.899.619.612	183,498,218,052
15	VND	6.4% - 11.2%	28.700.000.000	29,400,000,000
16	USD	6.00%	-	28,364,976,082
17	USD	3.8% - 5.1%	145.515.382.898	57,818,528,000
18	USD	3.8% - 6.3%	184.507.457.516	231,332,534,540
19	VND	7% - 11.9%	12.540.583.701	-
20	USD	4.00%	34.004.044.702	-
21	USD	3.25%	48.722.541.665	-
22	USD	3.80%	102.348.624.617	-
			<u>2.468.854.540.949</u>	<u>1,874,783,164,492</u>

All above short-term bank loans are secured by Group's fixed assets and inventories.

(**) Details of other short-term borrowings are as follows:

(i) The loan balance of VND26,300,000,000 (As at 30 September 2012: Nil) from an individual is unsecured, due for repayment in December 2013, and bears interest at the rate 8% p.a.

(b) Long-term borrowings

		30.9.2013 VND	30.9.2012 VND
Bank loans	(*)	789,545,123,372	638,262,330,949
Finance lease liabilities	(**)	73,614,825,028	74,922,199,406
Other long-term debts	(***)	44,126,160,000	58,267,488,000
		907,286,108,400	771,452,018,355
Less: Current portion of long-term loans (Note 14(a))		(298,642,575,600)	(144,621,141,648)
Less: Current portion of finance lease liabilities (Note 14(a))		(20,616,608,220)	(20,521,443,928)
		588,026,924,580	606,309,432,779

(*) Details of long-term bank loans as below:

No	Currency	Repayment	Annual interest	30.9.2013 VND	30.9.2012 VND
1	VND	25/9/2017	10.5% - 15%	326,339,516,000	155,288,986,000
2	USD	16/7/2019	4.15%	58,081,311,390	-
3	VND	16/7/2019	10.00%	52,220,357,395	-
4	USD	15/9/2013	7.2%	-	1,564,516,048
5	VND	11/6/2016	9.7% - 15%	212,001,916,695	290,697,516,695
6	USD	8/9/2018	1.7%	80,621,411,392	96,581,300,106
7	VND	24/10/2015	7.8% - 8.4%	21,280,000,000	35,500,000,000
8	VND	16/7/2017	11% - 16%	39,000,610,500	49,400,122,100
9	VND	26/4/2015	13% - 14%	-	9,229,890,000
				789,545,123,372	638,262,330,949

All long-term bank loans are secured by the assets financed by these loans.

14 BORROWINGS (continued)

(b) Long-term borrowings (continued)

(**) Finance lease liabilities

The minimum lease payments relating to non-cancellable finance lease agreements are as follows:

	30.9.2013		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	27,224,643,135	6,608,034,915	20,616,608,220
Between 1 and 5 years	60,316,844,271	7,318,627,463	52,998,216,808
	<u>87,541,487,406</u>	<u>13,926,662,378</u>	<u>73,614,825,028</u>

	30.9.2012		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	30,258,852,744	9,737,408,816	20,521,443,928
Between 1 and 5 years	67,908,490,149	13,507,734,671	54,400,755,478
	<u>98,167,342,893</u>	<u>23,245,143,487</u>	<u>74,922,199,406</u>

(***) Other long-term debt of EUR1,560,000 equivalent to VND44,126,160,000 (As at 30 September 2012: EUR2,144,000 equivalent to VND58,267,488,000) is from a supplier for purchases of fixed assets, bearing interest at the rate 5.8% p.a. and to be paid in 6-month instalments to May 2016.

15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2013 VND	30.9.2012 VND
VAT on imported goods	11,189,715,893	46,827,168,659
Output VAT	9,823,141,547	17,603,888,915
Import - export duties	94,673	76,358,503
Business income tax	25,104,924,169	19,678,975,563
Other taxes	5,522,522,172	465,005,931
	<u>51,640,398,454</u>	<u>84,651,397,571</u>

16 ACCRUED EXPENSES

	30.9.2013 VND	30.9.2012 VND
Electricity	117,193,240	3,855,747,726
Payable relating to construction in progress	334,545,454	1,623,564,318
Transportation fee	582,558,457	1,981,006,445
Audit fee	711,496,656	785,454,544
13 th month salary	14,993,297,000	10,262,949,429
Loan interest	2,227,290,276	3,892,928,961
Other accrued expenses	3,426,421,379	4,339,253,420
	22,392,802,462	26,740,904,843

17 OTHER PAYABLES

	30.9.2013 VND	30.9.2012 VND
Dividends	3,634,861,200	2,494,771,525
Social insurance, health insurance, unemployment insurance, and trade union fee	1,436,549,180	949,195,838
Tender deposits received	3,580,000,000	3,182,161,759
Unpaid tax from the liquidation of a subsidiary	-	2,431,698,169
Other payables	7,862,311,730	8,279,472,819
	16,513,722,110	17,337,300,110

18 BONUS AND WELFARE FUND

This fund is established by appropriating from retained profits as approved by shareholders at the General Assembly of Shareholders. This fund is used to pay bonus and welfare to the Company's and subsidiaries' employees in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare fund during the year were as below:

	30.9.2013 VND	30.9.2012 VND
Opening balance	5,225,251,199	7,946,458,110
Appropriated from undistributed earnings	14,724,134,716	6,406,734,996
Utilisation	(15,485,604,400)	(4,364,403,876)
Reversed to undistributed earnings (Note 20)	-	(4,055,557,395)
Transferred to other funds (Note 20)	-	(707,980,636)
Closing balance	4,463,781,515	5,225,251,199

19 NUMBER OF SHARES

	30.9.2013		30.9.2012	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(4,477,692)	-	(3,859,212)	-
Number of existing shares in issue	96,313,098	-	96,931,578	-

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meeting of the Group. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares re-purchased by the Group, all rights are suspended until those shares are re-issued.

20 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Other funds VND	Undistributed earnings VND	Treasury shares VND	Financial reserves VND	Total VND
As at 1 October 2011	1,007,907,900,000	451,543,290,363	343,337,080,796	-	(28,588,182,845)	8,525,313,060	1,782,725,401,374
Net profit for the year	-	368,103,367,888	-	-	-	-	368,103,367,888
Dividends declared	-	-	(97,557,418,000)	-	-	-	(97,557,418,000)
Repurchase of treasury shares	-	-	-	-	(28,128,541,137)	-	(28,128,541,137)
Appropriated to bonus and welfare funds (Note 18)	-	-	(6,406,734,996)	-	-	-	(6,406,734,996)
Appropriated to other funds	-	-	(6,412,839,096)	6,412,839,096	-	-	-
Used of other funds during the year	-	-	-	(4,972,492,823)	-	-	(4,972,492,823)
Reversal of bonus and welfare funds (Note 18)	-	-	4,055,557,395	-	-	-	4,055,557,395
Transferred from bonus and welfare funds (Note 18)	-	-	-	707,980,636	-	-	707,980,636
As at 30 September 2012	1,007,907,900,000	451,543,290,363	605,119,013,987	2,148,326,909	(56,716,723,982)	8,525,313,060	2,018,527,120,337
Net profit for the year	-	-	580,839,649,877	-	-	-	580,839,649,877
Dividends declared (*)	-	-	(338,951,283,000)	-	-	-	(338,951,283,000)
Repurchase of treasury shares	-	-	-	-	(24,318,822,516)	-	(24,318,822,516)
Appropriated to bonus and welfare funds (Note 18)	-	-	(14,724,134,716)	-	-	-	(14,724,134,716)
Appropriated to other funds	-	-	(10,796,142,820)	10,796,142,820	-	-	-
Used of other funds during the year (**)	-	-	-	(10,936,735,378)	-	-	(10,936,735,378)
As at 30 September 2013	1,007,907,900,000	451,543,290,363	821,487,103,328	2,007,734,351	(81,035,546,498)	8,525,313,060	2,210,435,794,604

(*) Pursuant to Resolution No. 01/NQ/DHDCD/HSG/2012 dated 22 March 2012 and Resolution No. 01/NQ/DHDCD/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders, Board of Directors issued Resolution No. 41/NQ/HDQT/2012 dated 17 August 2012, Resolution No. 56/NQ/HDQT/2012 dated 29 October 2012, Resolution No. 11/NQ/HDQT/2013 dated 6 March 2013, Resolution No. 41/NQ/HDQT/2013 dated 14 August 2013 to declare the dividends.

20 MOVEMENTS IN OWNERS' EQUITY (continued)

(**) The amount includes performance bonus of VND 6,404,713,970 that the Group has made to key management personnels for over achievement of the Group's target during the year pursuant to Meeting Minutes No. 10/BB/HĐQT/2012 dated 17 October 2012 and No. 12/BB/HĐQT/2012 dated 12 December 2012, Decision No. 206A dated 29 October 2012 and No. 1316 dated 20 December 2012 of Board of Management, and Resolution No. 01/NQ/ĐHĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

21 REVENUE

(a) Net sales

	Year ended 30 September	
	2013 VND	2012 VND
Sales		
Finished goods	10,487,450,517,931	9,246,014,302,100
Merchandises	1,282,248,639,458	859,638,108,267
Services	2,945,143,418	5,335,896,300
	<u>11,772,644,300,807</u>	<u>10,110,988,306,667</u>
Sales deductions		
Trade discounts	-	(109,570,991)
Sales returns	(10,075,592,636)	(22,531,595,056)
Sales allowances	(2,670,115,629)	(390,909,075)
	<u>(12,745,708,265)</u>	<u>(23,032,075,122)</u>
	<u>11,759,898,592,542</u>	<u>10,087,956,231,545</u>

(b) Financial income

	Year ended 30 September	
	2013 VND	2012 VND
Interest income from deposits	5,940,385,291	3,862,359,199
Gain from foreign exchange differences	33,746,847,075	44,729,484,555
	<u>39,687,232,366</u>	<u>48,591,843,754</u>

22 COST OF SALES

	Year ended 30 September	
	2013 VND	2012 VND
Cost of finished goods sold	9,070,323,972,296	7,891,069,900,293
Cost of merchandises sold	981,192,369,717	787,245,656,610
Cost of services provided	869,836,270	2,720,847,795
Provision for decline in value of inventories	-	1,785,601,272
	10,052,386,178,283	8,682,822,005,970

23 FINANCIAL EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Interest expense	167,862,447,942	340,390,787,401
Losses from foreign exchange differences	78,722,293,155	69,978,053,765
Provision/(reversal) for diminution in value of long-term investments	-	(1,126,940,680)
	246,584,741,097	409,241,900,486

24 SELLING EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Staff costs	112,379,881,503	96,577,676,057
Depreciation and amortisation expenses	17,184,774,819	18,760,384,721
Material expenses	2,009,817,580	1,907,889,808
Outside service expenses	347,696,396,232	249,883,446,862
Other expenses	12,076,127,824	19,267,174,394
	491,346,997,958	386,396,571,842

25 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Staff costs	162,745,207,547	122,823,603,993
Office supplies	5,683,523,403	4,632,842,779
Depreciation and amortisation expenses	20,993,304,362	20,634,879,798
Outside service expenses	96,444,011,493	75,909,659,257
Other expenses	64,673,977,611	37,225,756,188
	<u>350,540,024,416</u>	<u>261,226,742,015</u>

26 OTHER INCOME

	Year ended 30 September	
	2013 VND	2012 VND
Sales of scraps	8,946,444,701	6,803,832,226
Proceeds from disposal of fixed assets	7,248,031,779	3,248,224,565
Others	20,983,326,054	21,733,884,929
	<u>37,177,802,534</u>	<u>31,785,941,720</u>

27 OTHER EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Net book value of disposed fixed assets	10,177,993,053	3,291,082,139
Others	6,730,747,951	13,799,357,520
	<u>16,908,741,004</u>	<u>17,090,439,659</u>

28 TAXATION

Hoa Sen Group

Under the terms of its Investment Incentives Certificate No.108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 25% on taxable profit. The provisions of the Investment Incentive Certificate allow the Company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for the 7 thereafter years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

Hoa Sen Building Materials One Member Co., Ltd

Hoa Sen Building Materials One Member Co., Ltd has an obligation to pay income tax at the rate of 15% on taxable profit in 12 years since the first year of operation and of 25% for the following years. The provisions of the Business Registration Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in business income tax for the 5 thereafter years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

Hoa Sen Steel Sheet One Member Co., Ltd

Hoa Sen Steel Sheet One Member Co., Ltd has an obligation to pay income tax at the rate of 15% on taxable profit in 12 years since the first year of operation and of 25% for the following years. The provisions of its Business Registration Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in business income tax for the 5 thereafter years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

28 TAXATION (continued)

Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd

Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd have an obligation to pay income tax at the rate of 25% on taxable profit.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates of the Company and its subsidiaries as follows:

	Year ended 30 September	
	2013 VND	2012 VND
Net accounting profit before tax	678,996,944,684	411,556,357,047
Tax calculated at rates of the Group	169,749,236,171	69,433,661,677
Effect of:		
Income not subject to tax	(7,365,965,578)	(13,755,469,574)
Expenses not deductible for tax purposes	40,609,921,753	17,560,066,771
Under provision from previous years	884,768,556	8,556,039,864
Impact of increase in tax rate	-	241,898,021
Tax losses for which no deferred tax assets were recognised	-	(4,379,706,492)
Impact of tax reductions	(91,737,371,901)	(29,408,100,515)
Income tax on transfer of land use rights	986,723	-
Other impacts	(13,984,280,917)	(4,795,400,593)
Business income tax charge	98,157,294,807	43,452,989,159
In which:		
Business income tax - Current	106,636,699,375	43,377,160,455
Business income tax - Deferred	(8,479,404,568)	75,828,704

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

29 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 September	
	2013 VND	2012 VND
Net profit attributable to shareholders (VND)	580,839,649,877	368,103,367,888
Weighted average number of ordinary shares in issue (shares)	97,766,865	97,872,861
Basic earnings per share (VND)	5,941	3,761

30 COST OF GOODS MANUFACTURED BY FACTORS

	Year ended 30 September	
	2013 VND	2012 VND
Raw materials	9,461,695,196,929	10,177,050,899,778
Labour costs	389,205,966,441	310,562,325,023
Depreciation and amortisation expenses	203,258,305,042	260,224,527,337
Outside service expenses	991,408,749,441	644,786,710,718
Other expenses	394,071,852,240	185,034,803,092
	11,439,640,070,093	11,577,659,265,948

31 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Board of Management is responsible for setting the objectives and underlying principles of financial risk management for the Group. They establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies.

The finance department measures actual exposures against the limits set and prepare regular reports for the review of the Board of Management.

The information presented below is based on information received by the Board of Management.

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign exchange risk

The Group's business is exposed to foreign exchange risk arising from United States Dollar ("USD") and Euro ("EUR") as certain purchases of raw materials and borrowings are denominated in these currencies. The Group manages this risk by promoting export sales to generate USD cash inflows to settle against USD-denominated creditors. In addition, from time to time, the Group reviews the market conditions to forecast the fluctuation of the interest rates in order to minimise the risk by appropriate actions.

The Group's foreign exchange exposure is as follows:

	30.9.2013		Total VND
	Balance in USD Equivalent to VND	Balance in EUR Equivalent to VND	
Financial assets			
Cash and bank	82,515,498,837	6,331,255	82,521,830,092
Trade accounts receivable	235,670,832,907	-	235,670,832,907
Prepayments to suppliers	87,218,736,948	-	87,218,736,948
	405,405,068,692	6,331,255	405,411,399,947
Financial liabilities			
Borrowings	(2,130,651,394,693)	(44,126,160,000)	(2,174,777,554,693)
Trade accounts payable	(1,081,691,062,033)	-	(1,081,691,062,033)
Advances from customers	(50,986,078,470)	-	(50,986,078,470)
	(3,263,328,535,196)	(44,126,160,000)	(3,307,454,695,196)
Foreign exchange exposure	(2,857,923,466,504)	(44,119,828,745)	(2,902,043,295,249)

	30.9.2013		Total VND
	Balance in USD Equivalent to VND	Balance in EUR Equivalent to VND	
Financial assets			
Cash and bank	2,865,102,635	6,021,880	2,871,124,515
Trade accounts receivable	201,145,081,799	-	201,145,081,799
Prepayments to suppliers	37,532,010,178	39,699,997	37,571,710,175
	<u>241,542,194,612</u>	<u>45,721,877</u>	241,587,916,489
Financial liabilities			
Borrowings	(1,654,121,552,075)	(58,267,488,000)	(1,712,389,040,075)
Trade accounts payable	(335,204,971,804)	-	(335,204,971,804)
Advances from customers	(2,054,807,729)	-	(2,054,807,729)
	<u>(1,991,381,331,608)</u>	<u>(58,267,488,000)</u>	(2,049,648,819,608)
Foreign exchange exposure	(1,749,839,136,996)	(58,221,766,123)	(1,808,060,903,119)

The foreign exchange exposure represents the total net amount of financial assets and financial liabilities denominated in foreign currencies. Its expected value would change when the exchange rates of VND/USD or VND/EUR fluctuates.

As at 30 September 2013, if the USD had strengthened/weakened by 1% against the VND with all other variables being held constant the Group's profit after tax for the financial year would have been lower/higher by VND25,006,830,332 (year ended 30 September 2012: VND16,164,238,728).

As at 30 September 2013, if the EUR had strengthened/weakened by 1% against the VND with all other variables being held constant, the Group's profit after tax for the financial year would have been lower/higher by VND386,048,502 (year ended 30 September 2012: VND539,008,041).

(ii) *Price risk*

The Group is not exposed to equity securities price risk arising from the investments classified as available-for-sale because the Group does not invest in listed securities.

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The Group is exposed to interest rate risk on its borrowings. The Group maintains balances of raw material, finished goods and spare part at appropriate level in order to minimise the demand for short-term loans and balance the VND and USD short-term loan structure, conformity with the fluctuation of interest and foreign exchange rates to have reasonable interest expenses. Most of loans whose interest rate are in VND and USD.

As at 30 September 2013, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the profit after tax for the financial year would have been lower/higher by VND9,231,138,166 (year ended 30 September 2012: VND13,026,542,571).

As at 30 September 2013, if the USD interest rates had increased/decreased by 0.5% with all other variables being held constant, the profit after tax for the financial year would have been lower/higher by VND8,451,016,886 (year ended 30 September 2012: VND7,003,069,527).

(b) Receivable risk

The Group manages receivable risk by taking the following actions:

- Establish a credit limit for each customer and require daily reports of payment progress for re-assessing credit limits, categorising as well as forcing the collection;
- Charge interest on debtors and establish the monthly average outstanding debt amount for each business unit and retail-distribution branch;
- Refuse credit sales for customers with over-90-day overdue debtors, except special cases as approved by the Board of Management;
- Involve the authorities when necessary.

Trade and other trade receivable include:

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings in Vietnam. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(c) Liquidity risk

Liquidation risk is the risk that the Group encounters difficulty in meeting the obligations associated with its financial liabilities that are paid by cash or other financial assets.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirement in short and longer term.

The table below categorises the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	30.9.2013			
	Less than 1 year VND	Between 1 and 5 years VND	Over 5 years VND	Total VND
Trade accounts payable	1,317,685,051,025	-	-	1,317,685,051,025
Short-term borrowings	2,495,154,540,949	-	-	2,495,154,540,949
Long-term borrowings	319,259,183,820	588,026,924,580	-	907,286,108,400
	4,132,098,775,794	588,026,924,580	-	4,720,125,700,374

	30.9.2012			
	Less than 1 year VND	Between 1 and 5 years VND	Over 5 years VND	Total VND
Trade accounts payable	484,411,293,421	-	-	484,411,293,421
Short-term borrowings	1,874,783,164,492	-	-	1,874,783,164,492
Long-term borrowings	165,142,585,576	606,308,855,689	577,090	771,452,018,355
	2,524,337,043,489	606,308,855,689	577,090	3,130,646,476,268

32 RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, associates, shareholders, members of Board of Directors, and key personnels.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Compensation of key management

	Year ended 30 September	
	2013 VND	2012 VND
Compensation for Board of Directors, Board of Advisors and Board of Supervisors	958,000,000	1,072,200,000
Bonus for Board of Directors, and Board of Supervisors	5,705,000,000	-
Gross salary of Board of Management	7,454,632,000	6,358,681,967
Bonus for Board of Management	2,865,200,000	-

(b) Year end balances with related parties

	30.9.2013 VND	30.9.2012 VND
Prepayments to suppliers (Note 4)		
Mr Hoang Duc Huy (Deputy General Director) advance for acquisition of land use rights	90,183,227,000	90,183,227,000

33 SEGMENT REPORTING

The General Director is of the opinion that the Group operates in one single business segment, which is the manufacture and sale of coated steel sheet, steel and building materials and one single geographical segment, which is Vietnam.

34 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	30.9.2013 VND	30.9.2012 VND
Within 1 year	30,199,614,448	21,998,113,123
Between 1 and 5 years	78,858,214,022	66,417,395,619
Over 5 years	285,475,419,963	246,047,114,053
Total minimum payments	394,533,248,433	334,462,622,795

35 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the consolidated financial statements is as follows:

	30.9.2013 VND	30.9.2012 VND
Buildings, machinery and equipment	615,558,105,177	186,444,843,145

The consolidated financial statements were approved by the General Director on 9 December 2013.



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
9 December 2013

HOA SEN GROUP

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