



Hoa Sen Group

Separate Financial Statements
for the year ended 30 September 2019



Hoa Sen Group Corporate Information

Enterprise Registration 3700381324
Certificate No.

8 August 2001

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 3700381324 dated 15 May 2019. The Company's Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Binh Duong Province.

Board of Management	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri Mr. Ly Van Xuan Mr. Nguyen Van Luan Mr. Dinh Viet Duy	Chairman Vice Chairman Member Member Member Member
Board of Internal Audit	Mr. Le Vu Nam Mr. Le Dinh Hanh Ms. Dong Thi Thanh Hang	Head of Department Deputy Head of Department Member
Board of Directors	Mr. Tran Quoc Tri Mr. Hoang Duc Huy Mr. Vu Van Thanh Mr. Nguyen Minh Khoa Mr. Ho Thanh Hieu Mr. Tran Quoc Pham Mr. Nguyen Ngoc Huy	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director
Legal representative	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri	Chairman Vice Chairman General Director
Registered Office	No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province Vietnam	
Auditor	KPMG Limited Vietnam	

Hoa Sen Group

Statement of the Board of Directors

The Board of Directors of Hoa Sen Group ('the Company') presents this statement and the accompanying separate financial statements of the Company for the year ended 30 September 2019.

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

- (a) the separate financial statements set out on pages 5 to 58 give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2019, and of the unconsolidated results of operations and the unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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



On behalf of the Board of Directors

Tran Quoc Tri
General Director

Ho Chi Minh City, 20 December 2019



KPMG Limited Branch
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115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Hoa Sen Group

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company"), which comprise the separate balance sheet as at 30 September 2019, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 20 December 2019, as set out on pages 5 to 58.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Hoa Sen Group as at 30 September 2019 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

Other Matter

The separate financial statements of the Company for the year ended 30 September 2018 were audited by another firm of auditors whose reports dated 28 December 2018 expressed an unqualified opinion on those statements.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 19-01-00214-19-1



Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2018-007-1
Deputy General Director



Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 20 December 2019

Hoa Sen Group
Separate balance sheet as at 30 September 2019

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2019 VND	1/10/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		8,353,422,179,749	10,985,778,871,754
Cash and cash equivalents	110	5	222,264,128,540	171,659,888,989
Cash	111		222,120,606,665	171,516,367,114
Cash and cash equivalents	112		143,521,875	143,521,875
Short-term financial investments	120		75,750,000,000	270,387,032
Held-to-maturity investments	123	6(a)	75,750,000,000	270,387,032
Accounts receivable – short-term	130		5,167,377,333,616	7,860,565,817,787
Accounts receivable from customers	131	7	4,634,961,613,860	7,163,248,999,755
Prepayments to suppliers	132	8	60,553,917,594	184,158,011,340
Loans receivable – short-term	135	9(a)	-	3,660,295,900
Other short-term receivables	136	10(a)	480,496,148,586	515,431,702,357
Allowance for doubtful debts	137		(8,634,346,424)	(5,933,191,565)
Inventories	140	11	2,072,119,656,817	1,787,890,736,309
Inventories	141		2,102,406,071,644	1,806,472,903,289
Allowance for inventories	149		(30,286,414,827)	(18,582,166,980)
Other current assets	150		815,911,060,776	1,165,392,041,637
Short-term prepaid expenses	151	16(a)	78,075,432,104	75,749,637,153
Deductible value added tax	152		732,929,606,602	1,063,819,898,124
Taxes receivable from State Treasury	153	20(b)	4,906,022,070	25,822,506,360

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

Hoa Sen Group
Separate balance sheet as at 30 September 2019 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2019 VND	1/10/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		5,338,121,471,738	5,257,822,222,584
Accounts receivable – long-term	210		292,077,985,517	268,984,943,607
Loans receivable – long-term	215	9(b)	68,956,017,357	66,686,721,457
Other long-term receivables	216	10(b)	223,121,968,160	202,298,222,150
Fixed assets	220		1,725,295,312,625	1,961,681,186,678
Tangible fixed assets	221	12	1,441,875,639,868	1,591,695,704,971
Cost	222		3,390,288,246,734	3,260,932,231,963
Accumulated depreciation	223		(1,948,412,606,866)	(1,669,236,526,992)
Finance lease tangible fixed assets	224	13	65,309,125,812	81,263,218,413
Cost	225		76,397,768,336	98,947,748,174
Accumulated depreciation	226		(11,088,642,524)	(17,684,529,761)
Intangible fixed assets	227	14	218,110,546,945	288,722,263,294
Cost	228		259,599,505,310	320,066,755,310
Accumulated amortisation	229		(41,488,958,365)	(31,344,492,016)
Long-term work in progress	240		16,487,785,421	28,307,339,690
Construction in progress	242	15	16,487,785,421	28,307,339,690
Long-term financial investments	250		3,154,345,000,000	2,769,445,646,684
Investments in subsidiaries	251	6(b)	3,138,345,000,000	2,677,776,000,000
Investments in associates	252	6(b)	-	43,515,000,000
Allowance for diminution in the value of long-term financial investments	254	6(b)	-	(13,445,353,316)
Held-to-maturity investments	255	6(a)	16,000,000,000	61,600,000,000
Other long-term assets	260		149,915,388,175	229,403,105,925
Long-term prepaid expenses	261	16(b)	128,815,049,868	207,352,425,398
Deferred tax assets	262	17	21,100,338,307	22,050,680,527
TOTAL ASSETS (270 = 100 + 200)	270		13,691,543,651,487	16,243,601,094,338

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

Hoa Sen Group
Separate balance sheet as at 30 September 2019 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2019 VND	1/10/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,712,594,884,188	10,859,529,755,393
Current liabilities	310		7,662,216,467,599	10,785,335,064,915
Accounts payable to suppliers	311	18	1,370,637,850,790	1,111,659,624,255
Advances from customers	312	19	84,802,615,349	199,065,234,433
Taxes payable to State Treasury	313	20(a)	61,573,960,649	49,437,391,726
Payables to employees	314		46,039,923,293	63,430,563,768
Accrued expenses	315	21	92,362,758,133	117,856,182,101
Other payables – short-term	319	22	255,621,047,448	191,432,011,486
Short-term borrowings and finance lease liabilities	320	23(a)	5,706,275,512,506	9,010,977,033,379
Bonus and welfare fund	322	24	44,902,799,431	41,477,023,767
Long-term liabilities	330		50,378,416,589	74,194,690,478
Other payables – long-term	337		709,500,000	-
Long-term borrowings and finance lease liabilities	338	23(b)	47,195,880,089	71,352,839,728
Provisions – long-term	342	25	2,473,036,500	2,841,850,750
EQUITY (400 = 410)	400		5,978,948,767,299	5,384,071,338,945
Owners' equity	410	26	5,978,948,767,299	5,384,071,338,945
Share capital	411	27	4,234,694,890,000	3,849,903,280,000
- Ordinary shares with voting rights	411a		4,234,694,890,000	3,849,903,280,000
Share premium	412		151,583,183,521	151,583,183,521
Treasury shares	415		(2,459,000,000)	(1,343,000,000)
Other equity funds	420		55,626,670,135	60,509,750,556
Retained profits	421		1,539,503,023,643	1,323,418,124,868
- Retained profits brought forward	421a		928,395,663,920	818,143,985,703
- Profit for the current year	421b		611,107,359,723	505,274,139,165
TOTAL RESOURCES	440		13,691,543,651,487	16,243,601,094,338
(440 = 300 + 400)				

20 December 2019

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director

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

Hoa Sen Group
Separate statement of income for the year ended 30 September 2019
Form B 02 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Year ended	
			30/9/2019 VND	30/9/2018 VND (Reclassified)
Revenue from sales of goods and provision of services	01	29	44,795,852,916,502	59,977,961,162,366
Revenue deductions	02	29	25,815,045,304	113,760,574,901
Net revenue (10 = 01 - 02)	10	29	44,770,037,871,198	59,864,200,587,465
Cost of sales	11	30	42,509,205,331,768	57,061,310,696,192
Gross profit (20 = 10 - 11)	20		2,260,832,539,430	2,802,889,891,273
Financial income	21	31	400,189,675,049	539,309,325,068
Financial expenses	22	32	439,093,531,704	614,816,857,761
<i>In which: Interest expense</i>	23		399,146,337,196	458,729,805,247
Selling expenses	25	33	1,452,918,463,175	1,710,615,254,221
General and administration expenses	26	34	311,821,718,805	494,847,430,766
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		457,188,500,795	521,919,673,593
Other income	31	35	245,868,531,680	52,932,603,565
Other expenses	32		4,540,253,461	1,114,182,751
Results of other activities (40 = 31 - 32)	40		241,328,278,219	51,818,420,814
Accounting profit before tax (50 = 30 + 40)	50		698,516,779,014	573,738,094,407
Income tax expense – current	51	37	86,459,077,071	57,537,903,508
Income tax expense – deferred	52	37	950,342,220	10,926,051,734
Net profit after tax (60 = 50 - 51 - 52)	60		611,107,359,723	505,274,139,165

20 December 2019

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant



Nguyen Thi Ngoc Lan
Chief Accountant

Approved by: 


Tran Quoc Tri
General Director

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

Hoa Sen Group**Separate statement of cash flows for the year ended 30 September 2019
(Indirect method)****Form B 03 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

		Year ended	
	Code Note	30/9/2019 VND	30/9/2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	698,516,779,014	573,738,094,407
Adjustments for			
Depreciation and amortisation	02	351,886,248,928	322,385,755,534
Allowances and provisions	03	960,049,390	(25,511,932,453)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	1,468,280,700	47,305,340,201
Profits from investing activities	05	(488,127,106,820)	(486,088,302,864)
Interest expense	06	399,146,337,196	458,729,805,247
Operating profit before changes in working capital	08	963,850,588,408	890,558,760,072
Change in receivables	09	2,571,484,034,504	(2,360,829,298,260)
Change in inventories	10	(295,933,168,355)	3,644,342,779,949
Change in payables and other liabilities	11	517,210,365,393	(2,314,955,937,226)
Change in prepaid expenses	12	76,955,554,774	8,018,371,205
		3,833,567,374,724	(132,865,324,260)
Interest paid	14	(405,309,711,905)	(457,469,733,777)
Income tax paid	15	(65,569,893,516)	(123,097,749,073)
Other payments for operating activities	17	(13,390,811,230)	(94,659,631,874)
Net cash flows from operating activities	20	3,349,296,958,073	(808,092,438,984)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(236,953,833,251)	(267,516,192,217)
Proceeds from disposals of fixed assets and other long-term assets	22	281,379,640,355	164,810,675,146
Payment for granting loans and term deposits	23	(105,390,000,000)	(297,965,882,761)
Collections on loans receivable and term deposits	24	76,870,387,032	116,105,320,725
Payments for investments in subsidiaries	25	(14,766,000,000)	(181,954,141,602)
Collections on disposals of investments in other entities	26	18,018,280,991	156,446,681,583
Receipts of interests and dividends	27	13,147,284,616	5,427,688,553
Net cash flows from investing activities	30	32,305,759,743	(304,645,850,573)

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

Hoa Sen Group**Separate statement of cash flows for the year ended 30 September 2019
(Indirect method – continued)****Form B 03 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

		Year ended		
	Code	Note	30/9/2019 VND	30/9/2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares redemptions	32		(1,116,000,000)	(1,343,000,000)
Proceeds from borrowings	33		18,554,179,258,809	26,978,521,614,736
Proceeds from sales and lease back	33		16,652,613,833	57,710,635,046
Payments to settle loan principals	34		(21,860,836,633,450)	(25,622,600,226,615)
Payments to settle finance lease liabilities	35		(36,886,118,070)	(14,177,118,427)
Payments of dividends	36		(225,251,900)	(350,060,974,500)
Net cash flows from financing activities	40		(3,328,232,130,778)	1,048,050,930,240
Net cash flows during the year (50 = 20 + 30 + 40)	50		53,370,587,038	(64,687,359,317)
Cash and cash equivalents at the beginning of the year	60		171,659,888,989	239,918,988,521
Effect of exchange rate fluctuations on cash and cash equivalents	61		(2,766,347,487)	(3,571,740,215)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	222,264,128,540	171,659,888,989

20 December 2019

Prepared by:


 Nguyen Thi Thanh Tuyen
 Accountant


 Nguyen Thi Ngoc Lan
 Chief Accountant

 Approved by: 

 Tran Quoc Tri
 General Director
The accompanying notes are an integral part of these separate financial statements

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

1. Reporting entity

(a) Ownership structure

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

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

(b) Principal activities

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

(c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

(d) Company structure

As at 30 September 2019, the Company had 16 subsidiaries and 1 associate (1/10/2018: 15 subsidiaries and 2 associates) listed in the Note 6(b).

As at 30 September 2019, the Company had 4,489 employees (1/10/2018: 4,406 employees).

2. Basis of preparation

(a) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Basis of measurement

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

(c) Going concern assumption

The separate financial statements have been prepared on a going concern basis. As at the balance sheet date, the Company had significant loans that will require refinancing within the next 12 months (Note 23). The validity of the going concern assumption fundamentally depends on the Company being able to generate sufficient cash flows from its activities and to maintain the credit limit granted by financial institutions to enable the Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future.

The management is implementing the restructuring plans for improving the efficiency in the Company's business operation as well as continue seeking for additional sources of finance.

At the time of this report, there is no reason for Board of Directors to believe that the Company will not be able to generate sufficient cash flows from its activities or maintain credit limit granted by financial institutions.

(d) Annual accounting period

The annual accounting period of the Company is from 1 October to 30 September of following year.

(e) Accounting and presentation currency

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

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019
(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
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3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the buying and selling exchange rates, respectively at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) Cash and cash equivalents

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

(c) Investments

(i) Held-to-maturity investments

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

(ii) Investments in subsidiaries and associates

For the purpose of this separate financial statements, investments in subsidiaries and associates are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

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**Notes to the separate financial statements for the year ended 30 September 2019
(continued)**

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ buildings and structures	5 – 50 years
▪ machinery and equipment	3 – 10 years
▪ motor vehicles	2 – 10 years
▪ office equipment	3 – 10 years
▪ others	3 – 8 years

Hoa Sen Group

**Notes to the separate financial statements for the year ended 30 September 2019
(continued)**

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(g) Finance lease tangible fixed assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 3(f) (ii).

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises the value of the right and any direct attributable costs incurred in conjunction with securing the land use rights. Land use rights with definite term are amortised on a straight-line basis over term of land use rights which is from 14 years to 55 years. Land use rights with indefinite term are not amortised.

(ii) Software

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

(i) Construction in progress

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

Hoa Sen Group

**Notes to the separate financial statements for the year ended 30 September 2019
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(j) Long-term prepaid expenses

(i) Advertising panels

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

(ii) Tools and instruments

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

(iii) Prepaid rental expenses

Prepaid rental expenses comprise prepaid rentals for using warehouse during the Company's production and business operations and are initially recognised at cost. These costs are recognised in the separate statement of income on a straight-line basis over lease term ranging from 2 to 3 years.

(iv) Maintenance expenses

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

(k) Trade and other payables

Trade and other payables are stated at their costs.

(l) Provisions

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

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

(m) Share capital**(i) Ordinary shares**

Ordinary shares are recognised at par value.

(ii) Share premium

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

(iii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019
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(n) Taxation

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

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

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

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

(o) Revenue and other income

(i) *Goods sold*

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

(ii) *Services rendered*

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

(iii) *Interest income*

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

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019
(continued)

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(iv) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(p) Operating lease payments

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

(q) Borrowing costs

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

(r) Segment reporting

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

(s) Related parties

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

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***4. Segment reporting****(a) Business segments**

The Company's principal business activities are buying and selling roofing sheets by steel, steel pipes, building materials. Other activities are asset leasing and service provision. During the year, other activities accounted for an insignificant proportion of total revenue and business operating results of the Company, accordingly, the financial information presented in the separate balance sheet as at 30 September 2019 and 1 October 2018 and all revenue, expenses presented in the separate statement of income for the year ended 30 September 2019 and 30 September 2018 are mainly related to the Company's principal business activities.

(b) Geographical segments

The Company's geographical segments are distinguished based on the locations of customers as follows:

	Geographical segments		
	Local VND	Export VND	Total VND
Year ended 30 September 2019			
Revenue	36,259,554,008,527	8,510,483,862,671	44,770,037,871,198
Cost of sales	(34,311,894,762,774)	(8,197,310,568,994)	(42,509,205,331,768)
	1,947,659,245,753	313,173,293,677	2,260,832,539,430
Year ended 30 September 2018			
Revenue	47,554,460,913,811	12,309,739,673,654	59,864,200,587,465
Cost of sales	(45,735,617,545,530)	(11,325,693,150,662)	(57,061,310,696,192)
	1,818,843,368,281	984,046,522,992	2,802,889,891,273

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***5. Cash and cash equivalents**

	30/9/2019 VND	1/10/2018 VND
Cash on hand	42,895,838,820	48,240,229,076
Cash in banks	177,399,908,259	122,549,584,478
Cash in transit	1,824,859,586	726,553,560
Cash equivalents (*)	143,521,875	143,521,875
	<hr/>	<hr/>
	222,264,128,540	171,659,888,989

- (*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transactions dates and earned annual interest at rate 5% (1/10/2018: 5%).

6. Investments**(a) Held-to-maturity investments****(i) Held-to-maturity investments – short-term**

Held-to-maturity investments – short-term represented term deposits at banks with original terms to maturity of more than 3 months from transaction dates but less than 12 months from the period ended and earned annual interest rate from 5.5 to 6.4 % (1/10/2018: 5.3%).

As at 30 September 2019, held-to-maturity investments – short-term amounting to VND75 billion (1/10/2018: VND270 million) were pledged at banks.

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(ii) Held-to-maturity investments – long-term**

	30/9/2019 VND	1/10/2018 VND
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	15,000,000,000	15,000,000,000
Bonds issued by Vietnam Bank for Agriculture and Rural Development - Saigon Branch (**)	1,000,000,000	-
Bonds issued by Vietnam Joint Stock Commercial Bank For Industry and Trade (***)	-	46,600,000,000
	<hr/> 16,000,000,000	<hr/> 61,600,000,000

(*) Bonds with original term of 10 years, denominated in VND and earned annual interest at floating rate plus 1.2% (1/10/2018: floating rate plus 1.2%)

(**) Bonds with original term of 7 years, denominated in VND and earned annual interest at floating rate plus 1.2%.

(***) Bonds with original term of 10 years, denominated in VND and earned annual interest at floating rate plus 1% at 1 October 2018. During the year, these bonds were liquidated.

Hoa Sen Group

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(b) Long-term financial investments

	30/9/2019			1/10/2018		
	% of equity owned and voting rights	Cost VND	Allowance VND	% of equity owned and voting rights	Cost VND	Allowance VND
Investments in subsidiaries						
▪ Hoa Sen Nghe An One Member Limited Liabilities Company	100%	1,100,000,000,000	-	100%	1,100,000,000,000	-
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	100%	770,000,000,000	-	100%	420,000,000,000	-
▪ Hoa Sen Steel One Member Company Limited	100%	280,000,000,000	-	100%	280,000,000,000	-
▪ Hoa Sen Phu My One Member Limited Liabilities Company	100%	250,000,000,000	-	100%	250,000,000,000	-
▪ Hoa Sen Ha Nam One Member Limited Liabilities Company	100%	200,000,000,000	-	100%	200,000,000,000	-
▪ Hoa Sen Building Materials Company Limited	100%	150,000,000,000	-	100%	150,000,000,000	-
▪ Hoa Sen Binh Dinh Sole Member Limited Company	100%	105,000,000,000	-	100%	105,000,000,000	-
▪ Hoa Sen Yen Bai Joint Stock Company	95%	114,000,000,000	-	70%	84,000,000,000	-
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	100%	50,000,000,000	-	100%	50,000,000,000	-
▪ Hoa Sen Transportation and Engineering One Member Limited Liability Company	-	-	-	100%	16,276,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	100%	15,000,000,000	-	100%	15,000,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	100%	4,000,000,000	-	100%	4,000,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company	100%	6,000,000,000	-	100%	3,500,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company (i)	100%	-	-	100%	-	-
▪ Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company (ii)	100%	-	-	100%	-	-

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019 (continued)

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	30/9/2019			1/10/2018		
	% of equity owned and voting rights	Cost VND	Allowance VND	% of equity owned and voting rights	Cost VND	Allowance VND
▪ Hoa Sen Quy Nhon Joint Stock Company (iv)	99%	61,380,000,000	-	-	-	-
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company (v)	95%	32,965,000,000	-	-	-	-
		3,138,345,000,000	-		2,677,776,000,000	-
Investment in associates						
▪ Hoa Sen Quy Nhon Joint Stock Company	-	-	-	45%	27,900,000,000	-
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	-	-	-	45%	15,615,000,000	(13,445,353,316)
▪ Hoa Sen International Port Joint Stock Company (iii)	49%	-	-	-	-	-
		-	-		43,515,000,000	(13,445,353,316)
		3,138,345,000,000	-		2,721,291,000,000	(13,445,353,316)

(i) Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company was incorporated under the Enterprise Registration Certificate No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016, in which the Company owned 100% ownership. As at 30 September 2019, the Company has not contributed capital to Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company.

(ii) Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company was incorporated under the Enterprise Registration Certificate No. 4500607946 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016, in which the Company owned 100% ownership. As at 30 September 2019, the Company has not contributed capital to Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company.

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
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- (iii) Hoa Sen International Port Joint Stock Company was incorporated under the Enterprise Registration Certificate No. 3502399898 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 5 July 2019, in which the Company owned 49% ownership. As at 30 September 2019, the Company has not contributed capital to Hoa Sen International Port Joint Stock Company.
- (iv) On 6 December 2018, the Company acquired 54% of equity interest of Hoa Sen Quy Nhon Joint Stock Company (“Hoa Sen Quy Nhon”), increasing the percentage of equity interest in Hoa Sen Quy Nhon from 45% to 99% at a purchase price of VND33,480 million.
- (v) On 6 December 2018, the Company acquired 50% of equity interest of Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company (“Hoa Sen Du Long”), increasing the percentage of equity interest in Hoa Sen Du Long from 45% to 95% at a purchase price of VND17,350 million.

Movements in allowance for diminution in the value of long-term financial investments during the year were as follows:

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Opening balance	13,445,353,316	35,933,075,667
Allowance made during the year	-	13,445,353,316
Allowance reversed during the year	(13,445,353,316)	(35,933,075,667)
Closing balance	-	13,445,353,316

7. Accounts receivable from customers**(a) Accounts receivable from customers detailed by significant customers**

	30/9/2019	1/10/2018
	VND	VND
Hoa Sen Nghe An One Member Limited Liabilities Company	1,193,849,773,641	1,200,868,459,695
Hoa Sen Steel One Member Company Limited	891,489,275,891	2,274,374,701,634
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	709,674,610,157	1,307,539,434,530
Hoa Sen Building Materials Company Limited	599,279,619,058	570,934,978,238
Other customers	1,240,668,335,113	1,809,531,425,658
	4,634,961,613,860	7,163,248,999,755

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
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At 30 September 2019, accounts receivable with carrying value of VND570,000 million and receivable arising from export bill collection with the value of VND2,300,000 million (1/10/2018: VND570,000 million of trade receivable and VND2,300,000 million arising from export bill collection) were pledged with banks as security for loan granted to the Company (Note 23).

(b) Accounts receivable from customers who are related parties

	30/9/2019 VND	1/10/2018 VND
<i>Subsidiaries</i>		
Hoa Sen Nghe An One Member Limited Liabilities Company	1,193,849,773,641	1,200,868,459,695
Hoa Sen Steel One Member Company Limited	891,489,275,891	2,274,374,701,634
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	709,674,610,157	1,307,539,434,530
Hoa Sen Building Materials Company Limited	599,279,619,058	570,934,978,238
Hoa Sen Phu My One Member Limited Liabilities Company	350,873,130,558	291,904,280,843
Hoa Sen Binh Dinh Sole Member Limited Company	18,396,882,422	-
Hoa Sen Ha Nam One Member Limited Liabilities Company	120,453,182	15,062,949,385
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	-	775,500

The trade related amounts due from the related party were unsecured, interest free and are receivable in 365 days from invoice date for subsidiaries and 45 days from invoice date for company owned by the Company's Chairman.

8. Prepayments to suppliers

	30/9/2019 VND	1/10/2018 VND
<i>Subsidiaries</i>		
Hoa Sen Binh Dinh Sole Member Limited Company	8,000,000,000	-
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	-	141,210,746,400
Hoa Sen Ha Nam One Member Limited Liabilities Company	-	3,089,692,968
Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	-	425,516,000
<i>Third parties</i>		
Glencore International AG	18,231,447,222	1,781,275,187
Vuong Steel Company Limited	14,070,540,000	-
Vung Tau Low Pressure Gas Distribution Enterprise	11,239,581,644	9,189,153,750
Other suppliers	9,012,348,728	28,461,627,035
	60,553,917,594	184,158,011,340

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	30/9/2019 VND	1/10/2018 VND
Loans receivable from Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company – a subsidiary	-	3,660,295,900

This loan was unsecured, with original term of 12 months and earned annual interest at rate 5.3% (1/10/2018: 5.3%). During the year, this short-term loan receivable was converted to long-term loan receivable.

(b) Loan receivable – long-term

	30/9/2019 VND	1/10/2018 VND
Loans receivable from Hoa Sen Yen Bai Joint Stock Company – a subsidiary (*)	59,386,721,457	66,686,721,457
Loans receivable from Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company – a subsidiary (**)	9,569,295,900	-
	68,956,017,357	66,686,721,457

(*) This loan was unsecured, with original term of 24 months and earned annual interest at rate 8% (1/10/2018: 8%).

(**) This loan was unsecured, with original term of 24 months and earned annual interest at rate 9%.

10. Other receivables**(a) Other short-term receivables**

	30/9/2019 VND	1/10/2018 VND
Profit distribution	335,992,976,173	358,392,102,244
Advances for purchase of lands	45,462,225,000	90,183,227,000
Advances to employees	42,172,559,060	27,619,762,719
Receivables from disposals of associate	-	15,665,290,474
Interest income from banks deposits and loan receivables	4,138,131,142	6,990,313,620
Short-term deposits	47,429,007,100	5,713,929,000
Others	5,301,250,111	10,867,077,300
	480,496,148,586	515,431,702,357

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	30/9/2019 VND	1/10/2018 VND
<i>Subsidiaries</i>		
Hoa Sen Yen Bai Joint Stock Company	3,240,016,429	6,654,971,231
Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	923,312,250	923,312,250
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	898,114,713	335,342,389
Hoa Sen Ha Nam One Member Limited Liabilities Company	89,195,500	118,970,000
Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company	16,000,000	13,000,000
Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company	16,000,000	13,000,000
Hoa Sen Nghe An One Member Limited Liabilities Company	215,594,389,876	161,600,175,097
Hoa Sen Building Materials Company Limited	105,657,512,793	144,875,735,339
Hoa Sen Steel One Member Company Limited	8,123,622,505	34,568,169,073
Hoa Sen Binh Dinh Sole Member Limited Company	6,627,350,999	11,529,995,357
Hoa Sen Transportation and Engineering One Member Limited Liability Company	-	5,818,027,378
<i>Other related parties</i>		
Hoa Sen Holdings Group	1,870,000,000	-
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,474,025,000	91,550,690,256

The other receivable amounts due from the related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	30/9/2019 VND	1/10/2018 VND
Deposits for rental	222,016,729,000	202,093,222,150
Others	1,105,239,160	205,000,000
	223,121,968,160	202,298,222,150

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
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	30/9/2019		1/10/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	456,751,932,912	-	47,688,056,628	-
Raw materials	175,996,261,041	(2,180,301,928)	296,974,292,857	-
Tools and supplies	177,042,260,035	-	215,430,530,762	-
Work in progress	4,817,698	-	17,520,962	-
Finished goods	750,671,538,786	(21,575,247,989)	734,738,921,821	(18,256,823,977)
Merchandise inventories	541,939,261,172	(6,530,864,910)	511,623,580,259	(325,343,003)
	2,102,406,071,644	(30,286,414,827)	1,806,472,903,289	(18,582,166,980)

At 30 September 2019 inventories with carrying value of VND1,285,431 million (1/10/2018: VND1,229,353 million) were pledged with banks as security for loans granted to the Company (Note 23).

Included in inventories at 30 September 2019 was VND95,835 million of raw materials, VND158,926 million of finished goods and VND199,911 million of merchandise inventories (1/10/2018: VND203,965 million of finished goods and VND4,470 million of merchandise inventories) carried at net realisable value.

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

	Year ended	
	30/9/2019 VND	30/9/2018 VND
Opening balance	18,582,166,980	22,786,661,832
Allowance made/(reversed) during the year	11,704,247,847	(4,204,494,852)
Closing balance	30,286,414,827	18,582,166,980

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Notes to the separate financial statements for the year ended 30 September 2019 (continued)

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12. Tangible fixed assets

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Opening balance	484,937,564,384	2,401,947,096,614	307,161,463,198	47,326,150,145	19,559,957,622	3,260,932,231,963
Additions	3,381,778,486	201,571,761,393	2,733,301,370	10,310,558,948	1,177,861,800	219,175,261,997
Transfer from construction in progress	-	18,361,559,980	17,238,507,532	-	-	35,600,067,512
Transfer from finance lease tangible fixed assets	-	32,267,433,454	13,231,994,717	-	-	45,499,428,171
Transfer to long-term prepaid expenses	(889,974,672)	(296,154,645)	-	-	-	(1,186,129,317)
Disposals	(3,112,611,358)	(76,531,265,110)	(88,527,404,706)	-	-	(168,171,281,174)
Written off	(36,799,182)	(1,524,533,236)	-	-	-	(1,561,332,418)
Closing balance	484,279,957,658	2,575,795,898,450	251,837,862,111	57,636,709,093	20,737,819,422	3,390,288,246,734
Accumulated depreciation						
Opening balance	232,341,909,988	1,273,907,881,796	128,672,821,988	16,110,193,040	18,203,720,180	1,669,236,526,992
Charge for the year	25,341,063,591	260,363,613,156	30,916,824,358	8,549,498,504	836,471,148	326,007,470,757
Transfer from finance lease tangible fixed assets	-	17,087,537,128	5,242,661,931	-	-	22,330,199,059
Transfer to long-term prepaid expenses	(315,607,791)	(126,547,331)	-	-	-	(442,155,122)
Disposals	(2,623,230,063)	(30,775,119,976)	(33,818,790,323)	-	-	(67,217,140,362)
Written off	(5,009,091)	(1,497,285,367)	-	-	-	(1,502,294,458)
Closing balance	254,739,126,634	1,518,960,079,406	131,013,517,954	24,659,691,544	19,040,191,328	1,948,412,606,866
Net book value						
Opening balance	252,595,654,396	1,128,039,214,818	178,488,641,210	31,215,957,105	1,356,237,442	1,591,695,704,971
Closing balance	229,540,831,024	1,056,835,819,044	120,824,344,157	32,977,017,549	1,697,628,094	1,441,875,639,868

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
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Included in tangible fixed assets were assets costing VND420,590 million which were fully depreciated as at 30 September 2019 (1/10/2018: VND375,601 million), but which are still in active use.

Net book value of idle tangible fixed assets retired from active use and held for disposal amounted to VND18,869 million as at 30 September 2019 (1/10/2018: 17,634 million).

At 30 September 2019, tangible fixed assets with net book value of VND356,980 million (1/10/2018: VND740,876 million) were pledged with banks as security for loans granted to the Company (Note 23).

13. Finance lease tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost				
Opening balance	32,267,433,454	48,043,951,084	18,636,363,636	98,947,748,174
Addition	13,389,448,333	9,560,000,000	-	22,949,448,333
Transfer to tangible fixed assets	(32,267,433,454)	(13,231,994,717)	-	(45,499,428,171)
Closing balance	13,389,448,333	44,371,956,367	18,636,363,636	76,397,768,336
Accumulated depreciation				
Opening balance	11,513,583,443	5,961,606,343	209,339,975	17,684,529,761
Charge for the year	6,360,216,810	7,510,458,649	1,863,636,363	15,734,311,822
Transfer to tangible fixed assets	(17,087,537,128)	(5,242,661,931)	-	(22,330,199,059)
Closing balance	786,263,125	8,229,403,061	2,072,976,338	11,088,642,524
Net book value				
Opening balance	20,753,850,011	42,082,344,741	18,427,023,661	81,263,218,413
Closing balance	12,603,185,208	36,142,553,306	16,563,387,298	65,309,125,812

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	273,943,659,765	46,123,095,545	320,066,755,310
Disposals	(60,467,250,000)	-	(60,467,250,000)
Closing balance	213,476,409,765	46,123,095,545	259,599,505,310
Accumulated amortisation			
Opening balance	23,802,306,103	7,542,185,913	31,344,492,016
Charge for the year	2,553,074,427	7,591,391,922	10,144,466,349
Closing balance	26,355,380,530	15,133,577,835	41,488,958,365
Net book value			
Opening balance	250,141,353,662	38,580,909,632	288,722,263,294
Closing balance	187,121,029,235	30,989,517,710	218,110,546,945

Included in intangible fixed assets were assets costing VND1,801 million which were fully depreciated as at 30 September 2019 (1/10/2018: VND1,801 million), but which are still in active use.

At 30 September 2019 intangible fixed assets with net book value of VND82,378 million (1/10/2018: VND100,775 million) were pledged with banks as security for loans granted to the Company (Note 23).

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
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dated 22 December 2014 of the Ministry of Finance)***15. Construction in progress**

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Opening balance	28,307,339,690	247,666,367,726
Additions during the year	35,426,731,027	71,050,520,158
Transfer to tangible fixed assets	(35,600,067,512)	(277,353,929,013)
Transfer to intangible fixed assets	-	(700,000,000)
Transfer to long-term prepaid expenses	(11,170,150,833)	(9,827,761,767)
Disposals	(476,066,951)	(2,527,857,414)
Closing balance	16,487,785,421	28,307,339,690

Major constructions in progress were as follows:

	30/9/2019	1/10/2018
	VND	VND
Machinery, equipment waiting for installation	12,381,694,368	23,206,143,020
Construction costs	1,472,949,719	1,932,316,670
Others	2,633,141,334	3,168,880,000
	16,487,785,421	28,307,339,690

16. Prepaid expenses**(a) Short-term prepaid expenses**

	30/9/2019	1/10/2018
	VND	VND
Advertising expenses	17,509,179,783	26,163,164,737
Rental fee	47,383,856,353	24,362,401,677
Tools and instruments	3,702,503,887	9,308,630,023
Consultancy expenses	640,750,877	2,765,970,828
Maintenance expenses	2,600,076,525	2,577,195,640
Prepaid insurance fee	324,931,858	1,679,401,673
Other short-term prepaid expenses	5,914,132,821	8,892,872,575
	78,075,432,104	75,749,637,153

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	30/9/2019 VND	1/10/2018 VND
Advertising pannels	38,709,350,763	47,986,279,155
Tools and instruments	34,804,243,610	57,397,992,492
Rental expenses	24,900,681,838	67,919,903,057
Maintenance expenses	15,735,657,785	23,626,356,355
Other long-term prepaid expenses	14,665,115,872	10,421,894,339
	128,815,049,868	207,352,425,398

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

	Year ended	
	30/9/2019 VND	30/9/2018 VND
Opening balance	207,352,425,398	216,697,658,464
Additions during the year	73,487,584,905	165,884,767,293
Transfer from tangible fixed assets	743,974,195	-
Transfer from construction in progress	11,170,150,833	9,827,761,767
Transfer to short-term prepaid expenses	(2,827,127,400)	-
Amortisation for the year	(152,233,598,531)	(157,599,490,710)
Disposals	(8,878,359,532)	(27,458,271,416)
Closing balance	128,815,049,868	207,352,425,398

17. Deferred tax assets

	Tax rate	30/9/2019 VND	1/10/2018 VND
<i>Deferred tax assets are recognised for:</i>			
▪ Accrued expenses	20%	8,387,596,988	12,107,935,853
▪ Allowances and provisions	20%	7,784,152,250	7,592,142,372
▪ Unrealised profits	20%	3,843,101,926	582,741,890
▪ Foreign exchange differences	20%	559,610,798	714,348,043
▪ Others	20%	525,876,345	1,053,512,369
		21,100,338,307	22,050,680,527

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dated 22 December 2014 of the Ministry of Finance)***18. Accounts payable to suppliers****(a) Accounts payable to suppliers detailed by significant suppliers**

	Cost/Amount within payment capacity	
	30/9/2019	1/10/2018
	VND	VND
Tata Steel Limited	368,481,486,522	-
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	237,095,129,919	61,292,574,787
Hoa Sen Binh Dinh Sole Member Limited Company	154,131,223,375	336,200,056,889
Hoa Sen Ha Nam One Member Limited Liabilities Company	147,286,762,472	137,214,608,808
Other suppliers	463,643,248,502	576,952,383,771
	1,370,637,850,790	1,111,659,624,255

(b) Accounts payable to suppliers who are related parties

	Cost/Amount within payment capacity	
	30/9/2019	1/10/2018
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Binh Dinh Sole Member Limited Company	154,131,223,375	336,200,056,889
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	237,095,129,919	61,292,574,787
Hoa Sen Ha Nam One Member Limited Liabilities Company	147,286,762,472	137,214,608,808
Hoa Sen Building Materials Company Limited	48,550,683,122	36,513,309,235
Hoa Sen Transportation and Engineering One Member Limited Liability Company	-	15,599,670,164
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	3,833,634,483	4,264,268,660
Hoa Sen Nghe An Investment One Member Limited Liability Company	24,421,594	52,819,936

The trade related amounts due to the related parties were unsecured, interest free and are payable within 365 days from invoice date for subsidiaries and are payable within 45 days from invoice date for companies owned by the Company's Chairman.

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	30/9/2019 VND	1/10/2018 VND
PT. Great Fortune	11,985,548,861	4,548,500,000
Other customers	72,817,066,488	194,516,734,433
	<hr/>	<hr/>
	84,802,615,349	199,065,234,433
	<hr/>	<hr/>

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019 (continued)

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20. Taxes payable to and taxes receivable from State Treasury

(a) Taxes payable to State Treasury

	1/10/2018 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	30/9/2019 VND
Value added tax	47,404,709,014	5,120,013,318,154	(1,047,552,234,942)	(4,064,306,002,157)	3,305,017,004	58,864,807,073
Import-export tax	428,139,298	2,022,036,167	(2,371,828,093)	-	-	78,347,372
Corporate income tax	-	86,459,077,071	(65,569,893,516)	-	(20,889,183,555)	-
Personal income tax	1,603,969,286	12,255,060,814	(11,278,430,969)	-	(26,941,277)	2,553,657,854
Other taxes	574,128	3,386,384,287	(3,309,450,607)	-	(359,458)	77,148,350
	49,437,391,726	5,224,135,876,493	(1,130,081,838,127)	(4,064,306,002,157)	(17,611,467,286)	61,573,960,649

(b) Taxes receivable from State Treasury

	1/10/2018 VND	Reclassified VND	30/9/2019 VND
Corporate income tax	25,792,564,658	(20,889,183,555)	4,903,381,103
Other taxes	29,941,702	(27,300,735)	2,640,967
	25,822,506,360	(20,916,484,290)	4,906,022,070

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	30/9/2019 VND	1/10/2018 VND
Tax provision expenses	66,411,611,469	36,097,467,662
Transportation expenses	-	35,712,412,522
Salary and bonus	16,336,050,500	23,755,410,000
Interest expenses	5,858,296,537	12,021,671,246
Construction in progress	3,605,600,000	733,191,060
Electricity expenses	9,305,207	9,412,829,611
Others	141,894,420	123,200,000
	<hr/> 92,362,758,133	<hr/> 117,856,182,101

22. Other payables – short-term

	30/9/2019 VND	1/10/2018 VND
Import sponsor payables (*)	123,526,267,272	136,756,103,216
Discount export documents payables	109,826,375,736	25,996,753,725
Short-term deposits received	5,642,499,933	8,371,520,000
Dividend payables	4,269,621,525	4,494,873,425
Social insurance, health insurance, unemployment insurance and union funds	797,311,160	6,272,088,850
Others	11,558,971,822	9,540,672,270
	<hr/> 255,621,047,448	<hr/> 191,432,011,486

- (*) These amounts represented Usance payable at sight Letter of credit (UPAS L/C) provided by Vietnam Joint Stock Commercial Bank for Industry and Trade – Binh Duong Branch with tenor from 90 to 120 days after sight. If the Company can not make payment on the due date, they will be automatically converted into bank loans.

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	30/9/2019	1/10/2018
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Quy Nhon Joint Stock Company	4,020,304,109	1,256,027,397
Hoa Sen Building Materials Company Limited	-	191,558,095
Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	21,000,000	-
Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company	19,500,000	-
Hoa Sen Binh Dinh Sole Member Limited Company	-	319,600,000
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	320,000,000	-

The other payable amounts due to the related parties were unsecured, interest free and are payable on demand.

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23. Borrowings and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

	1/10/2018	Movements during the year			30/9/2019
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Decreases VND	Foreign exchange differences VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	8,801,119,898,344	18,554,179,258,809	(21,684,624,609,125)	(1,967,601,634)	5,668,706,946,394
Current portion of long-term borrowings (b)	174,491,250,325	21,781,600,000	(174,491,250,325)	-	21,781,600,000
Finance lease principals due within twelve months (c)	35,365,884,710	15,786,966,112	(35,365,884,710)	-	15,786,966,112
	9,010,977,033,379	18,591,747,824,921	(21,894,481,744,160)	(1,967,601,634)	5,706,275,512,506

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

Lenders	Note	Currency	30/9/2019 VND	1/10/2018 VND
Third parties				
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	1,994,915,518,201	2,111,233,891,694
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	129,916,416,765	1,186,079,616,308
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	1,567,097,214,485	966,390,647,671
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	USD	54,253,608,247	691,858,095,360
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	252,269,997,400	1,098,415,797,951
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	USD	-	408,466,309,431
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iv)	VND	395,058,324,455	-
▪ HSBC Bank (Vietnam) Ltd.	(v)	VND	589,496,289,578	1,035,502,713,540
▪ Ho Chi Minh City Development Joint Stock Commercial Bank	(vi)	USD	299,706,629,722	148,320,106,584
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	(vii)	VND	-	390,501,383,564
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	(vii)	USD	-	85,035,839,658
▪ Sinopac Bank - Ho Chi Minh City Branch	(viii)	VND	132,961,671,917	135,900,000,000
▪ United Overseas Bank (Vietnam) Limited	(ix)	VND	114,584,761,996	134,418,629,258
▪ Malaysian Banking Berhad Ho Chi Minh City Branch	(x)	USD	85,446,513,628	-
▪ Sumitomo Mitsu Bank - Ho Chi Minh City Branch	(xi)	VND	-	125,000,000,000
▪ ANZ Bank (Vietnam) Limited	(xii)	VND	-	108,024,412,792
▪ Vietnam Export Import Commercial Joint-Stock Bank - Binh Duong Branch	(xiii)	USD	-	105,972,454,533
▪ Standard Chartered Bank (Vietnam) Limited - Ho Chi Minh City Branch	(xiv)	VND	-	17,000,000,000
Related parties				
▪ Hoa Sen Quy Nhon Joint Stock Company – a subsidiary	(xv)	VND	53,000,000,000	53,000,000,000
			5,668,706,946,394	8,801,119,898,344

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

Lenders	Currency	Credit limit	Interest rate 30/9/2019	Interest rate 1/10/2018	Pledged assets
<i>Third parties</i>					
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND	VND3,000 billion	5.50% - 6.30%	5.50%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers
ii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	USD	VND2,000 billion	3.60% 2.70% - 2.90%	3.60%	Land use rights, machinery and equipment and inventories
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND2,000 billion	6.00% 5.50% - 5.85%	6.00%	Accounts receivable from customers
iv. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	USD	VND1,500 billion	- 3.50% - 3.90%	-	Inventories
v. HSBC Bank (Vietnam) Ltd.	VND	USD50 million	5.80% - 6.15%	4.50% - 4.70%	Inventories, machinery and equipment, land use rights and constructions on land
vi. Ho Chi Minh City Development Joint Stock Commercial Bank	USD	VND500 billion	4.20%	3.20%	Unsecured
vii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	VND	-	6.40% 5.50% - 5.90%	5.50%	Land use rights, machinery and equipment and inventories
viii. Sinopac Bank - Ho Chi Minh City Branch	USD	USD6 million	3.70%	2.90%	Unsecured
ix. United Overseas Bank (Vietnam) Limited	VND	USD9 million	5.90% - 6.19%	4.20% - 4.50%	Inventories
x. Malayan Banking Berhad Ho Chi Minh City Branch	USD	USD6.6 million	4.20%	-	Unsecured
xi. Sumitomo Mitsu Bank - Ho Chi Minh City Branch	VND	-	6.40%	5.60%	Inventories

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Lenders	Currency	Credit limit	Interest rate 30/9/2019	Interest rate 1/10/2018	Pledged assets
Third parties					
xii. ANZ Bank (Vietnam) Limited	VND	-	5.95%	4.95% - 6.50%	Inventories and land use rights
xiii. Vietnam Export Import Commercial Joint-Stock Bank - Binh Duong Branch	USD	-	3.00%	3.00%	Unsecured
xiv. Standard Chartered Bank (Vietnam) Limited - Ho Chi Minh City Branch	VND	-	5.85%	5.85%	Machinery and equipment
Related parties					
xv. Hoa Sen Quy Nhon Joint Stock Company – a subsidiary	VND	-	5.50%	5.00%	Unsecured

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
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	30/9/2019 VND	1/10/2018 VND
Long-term borrowings	53,875,915,280	230,087,939,605
Finance lease liabilities (c)	30,888,530,921	51,122,035,158
	<hr/> 84,764,446,201	<hr/> 281,209,974,763
Repayable within twelve months	(37,568,566,112)	(209,857,135,035)
	<hr/> 47,195,880,089	<hr/> 71,352,839,728

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

Lenders	Note	Currency	Year of maturity	30/9/2019 VND	1/10/2018 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(i)	VND	2022	52,094,315,280	72,094,315,280
Asia Commercial Joint Stock Bank - Tan Thuan Branch	(ii)	VND	2020	1,781,600,000	9,396,578,000
Viet Capital Bank	(iii)	VND	2019	-	9,291,229,500
Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(iv)	VND	2019	-	135,924,771,861
Military Commercial Joint Stock Bank - Binh Duong Branch	(v)	VND	2019	-	3,381,044,964
				<hr/> 53,875,915,280	<hr/> 230,087,939,605

- (i) This loan was secured by the land use rights, machinery and equipment and inventories and bore annual interest rate of 8% (1/10/2018: 8%).
- (ii) This loan was secured by the motor vehicles and bore annual interest rate ranging from 9.5% to 10.1% (1/10/2018: 8.7%).
- (iii) This loan was secured by the motor vehicles and bore annual interest rate of 10% (1/10/2018: 9%). As at 30 September 2019, this loan has been fully paid.
- (iv) This loan was secured by the land use rights, buildings and structures and machinery and equipment and bore annual interest rate of 9%. As at 30 September 2019, this loan has been fully paid.
- (v) This loan was secured by the motor vehicles and bore annual interest rate of 8%. As at 30 September 2019, this loan has been fully paid.

The Company used these long-term borrowings to finance for its purchase of fixed assets.

Notes to the separate financial statements for the year ended 30 September 2019 (continued)

(c) Finance lease liabilities

	30/9/2019		1/10/2018	
	Payments VND	Interest VND	Principal VND	Principal VND
Within one year	17,753,172,825	1,966,206,713	15,786,966,112	2,939,201,979
Within two to five years	16,277,518,116	1,175,953,307	15,101,564,809	952,674,041
	34,030,690,941	3,142,160,020	30,888,530,921	3,891,876,020
				51,122,035,158

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

	Year ended	
	30/9/2019 VND	30/9/2018 VND
Opening balance	41,477,023,767	61,294,232,467
Appropriation from retained profits	4,092,340,379	53,266,556,487
Reversal of unused fund of prior year	1,702,655,525	-
Utilisation of fund during the year	(2,369,220,240)	(73,083,765,187)
Closing balance	44,902,799,431	41,477,023,767

25. Provisions – long-term

Provisions – long-term represented provision for severance allowance.

Hoa Sen Group

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26. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Total VND
Balance at 1 October 2017	3,499,966,830,000	151,583,183,521	-	34,535,741,195	1,618,854,251,238	5,304,940,005,954
Net profit for the year	-	-	-	-	505,274,139,165	505,274,139,165
Shares issued to pay dividends	349,936,450,000	-	-	-	(349,936,450,000)	-
Repurchase of treasury shares	-	-	(1,343,000,000)	-	-	(1,343,000,000)
Dividends	-	-	-	-	(349,957,383,000)	(349,957,383,000)
Appropriation to bonus and welfare fund	-	-	-	-	(53,266,556,487)	(53,266,556,487)
Appropriation to equity funds	-	-	-	47,549,876,048	(47,549,876,048)	-
Utilisation of funds	-	-	-	(21,575,866,687)	-	(21,575,866,687)
Balance at 1 October 2018	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,323,418,124,868	5,384,071,338,945
Net profit for the year	-	-	-	-	611,107,359,723	611,107,359,723
Shares issued to pay dividends (*)	384,791,610,000	-	-	-	(384,791,610,000)	-
Repurchase of treasury shares	-	-	(1,116,000,000)	-	-	(1,116,000,000)
Appropriation to bonus and welfare fund	-	-	-	-	(4,092,340,379)	(4,092,340,379)
Appropriation to equity funds (**)	-	-	-	6,138,510,569	(6,138,510,569)	-
Utilisation of funds	-	-	-	(11,021,590,990)	-	(11,021,590,990)
Balance at 30 September 2019	4,234,694,890,000	151,583,183,521	(2,459,000,000)	55,626,670,135	1,539,503,023,643	5,978,948,767,299

(*) In accordance with the Resolution of Board of Management dated 6 May 2019, the Company increased share capital from shares issued to pay dividends. There were 38,479,161 shares issued with par value of VND10,000.

(**) In accordance with the Resolution of Board of Management dated 19 March 2019, the Company appropriated 1.5% retained profits to other equity funds for the purpose of remuneration and operation expenses of Board of Management.

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***27. Share capital**

The Company's authorised and issued share capital are:

	30/9/2019		1/10/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	423,469,489	4,234,694,890,000	384,990,328	3,849,903,280,000
Treasury share				
Ordinary shares	245,900	2,459,000,000	134,300	1,343,000,000
Shares in circulation				
Ordinary shares	423,223,589	4,232,235,890,000	384,856,028	3,848,560,280,000

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

Movements in share capital during the year were as follows:

	Year ended			
	30/9/2019		30/9/2018	
	Number of shares	VND	Number of shares	VND
Opening balance	384,856,028	3,848,560,280,000	349,996,683	3,499,966,830,000
Shares issued to pay dividends	38,479,161	384,791,610,000	34,993,645	349,936,450,000
Repurchase of treasury shares during the year	(111,600)	(1,116,000,000)	(134,300)	(1,343,000,000)
Closing balance	423,223,589	4,232,235,890,000	384,856,028	3,848,560,280,000

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***28. Off balance sheet items****(a) Lease**

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

	30/9/2019 VND	1/10/2018 VND
Within one year	168,318,890,487	120,530,357,667
Within two to five years	667,739,890,987	432,335,802,440
More than five years	669,893,009,734	449,691,597,286
	1,505,951,791,208	1,002,557,757,393

(b) Foreign currencies

	30/9/2019		1/10/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,014,396	23,480,155,726	921,491	21,441,212,800
EUR	-	-	229	6,193,888
AUD	-	-	0.54	8,974
		23,480,155,726		21,447,415,662

(c) Capital expenditure commitments

At the reporting date, the Company had the following outstanding capital commitments approved for the purpose of purchasing new machineries that use for the Company's operation:

	30/9/2019 VND	1/10/2018 VND
Approved and contracted	2,076,133,500	12,968,628,192

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***29. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Total revenue		
▪ Sales of merchandise goods	28,574,191,796,022	40,327,474,385,158
▪ Sales of finished goods	16,174,770,949,499	19,610,603,182,865
▪ Others	46,890,170,981	39,883,594,343
	44,795,852,916,502	59,977,961,162,366
Less revenue deductions		
▪ Sales discounts	5,993,686,605	91,463,945,910
▪ Sales returns	10,758,092,293	18,018,812,564
▪ Sales allowances	9,063,266,406	4,277,816,427
	25,815,045,304	113,760,574,901
Net revenue	44,770,037,871,198	59,864,200,587,465

30. Cost of sales

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Total cost of sales:		
▪ Merchandise goods sold	27,843,567,769,023	39,027,616,532,190
▪ Finished goods sold	14,650,169,394,905	18,026,161,263,960
▪ Others	3,763,919,993	11,737,394,894
▪ Allowance made/(reversed) during the year	11,704,247,847	(4,204,494,852)
	42,509,205,331,768	57,061,310,696,192

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***31. Financial income**

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Interest income from deposits and loans receivable	9,558,369,470	11,895,595,465
Profit distribution from subsidiaries	336,196,144,385	358,392,102,244
Realised foreign exchange gains	54,435,161,194	66,882,399,885
Income from financial investment	-	102,139,227,474
	<hr/>	<hr/>
	400,189,675,049	539,309,325,068
	<hr/>	<hr/>

32. Financial expenses

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Interest expense	399,146,337,196	458,729,805,247
Realised foreign exchange losses	51,007,238,368	129,354,124,623
Unrealised foreign exchange losses	1,468,280,700	47,305,340,201
Reversal of allowance for diminution of financial investments	(13,445,353,316)	(22,487,722,351)
Other financial expenses	917,028,756	1,915,310,041
	<hr/>	<hr/>
	439,093,531,704	614,816,857,761
	<hr/>	<hr/>

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***33. Selling expenses**

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
		(Reclassified)
Labour costs and staff costs	465,422,257,831	490,320,212,399
Export expenses	342,477,520,100	565,192,324,587
Rental expenses	149,742,260,035	100,450,397,373
Depreciation and amortisation	135,231,920,322	109,169,791,292
Advertising expenses	104,833,377,549	113,452,026,850
Transportation expenses	96,474,932,596	127,286,438,613
Outside service	44,103,924,195	52,916,530,386
Other expenses	114,632,270,547	151,827,532,721
	1,452,918,463,175	1,710,615,254,221

34. General and administration expenses

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
		(Reclassified)
Labour costs and staff costs	103,024,437,567	198,883,844,466
Depreciation and amortisation	36,119,987,900	42,274,183,257
Rental expenses	28,462,957,764	40,582,438,593
Guest reception expenses	14,244,841,954	18,897,878,597
Professional service fees	9,171,517,683	11,705,699,516
Outside service	37,493,678,386	54,108,920,855
Other expenses	83,304,297,551	128,394,465,482
	311,821,718,805	494,847,430,766

35. Other income

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Gain from disposals of fixed assets	142,372,592,965	16,148,077,681
Compensation	2,233,381,031	27,904,180,851
Others	101,262,557,684	8,880,345,033
	245,868,531,680	52,932,603,565

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***36. Production and business costs by elements**

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Raw material costs included in production costs	13,066,484,527,270	16,617,021,783,833
Labour costs and staff costs	635,988,686,522	796,124,614,877
Depreciation and amortisation	351,886,248,928	322,385,755,534
Outside services	821,162,641,453	1,241,247,047,448
Other expenses	614,699,782,838	650,150,547,377

37. Income tax**(a) Recognised in the separate statement of income**

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Current tax expense		
Current year	86,459,077,071	57,537,903,508
Deferred tax expense		
Origination of temporary differences	950,342,220	10,926,051,734
	87,409,419,291	68,463,955,242

(b) Reconciliation of effective tax rate

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Accounting profit before tax	698,516,779,014	573,738,094,407
Tax at the Company's tax rate	139,703,355,803	114,747,618,881
Non-deductible expenses	14,945,292,365	25,394,756,810
Tax exempt income	(67,239,228,877)	(71,678,420,449)
	87,409,419,291	68,463,955,242

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(c) Applicable tax rates**

Under the terms of Income Tax Law, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits.

38. Significant transactions with related parties

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

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Subsidiaries		
Hoa Sen Steel One Member Company Limited		
Sales of goods	10,277,637,796,063	13,779,143,441,900
Purchases of goods	11,771,372,054,729	14,995,785,607,702
Transfer/sales of fixed assets	205,664,635	888,237,430,939
Sale returns	-	1,980,258,020
Purchase returns	297,325,320	2,510,365,445
Income received	8,123,622,505	34,568,169,073
Paid on behalf	130,869,456,620	152,580,172,648
Other income	2,548,006,364	4,783,074,700
Other purchase	144,292,898	80,969,500
Hoa Sen Building Materials Company Limited		
Sales of goods	4,564,914,020,422	4,827,327,999,833
Purchases of goods	3,196,114,481,029	3,715,489,723,137
Sales of fixed assets	4,771,478,579	87,000,000
Purchases of fixed assets	1,389,200,000	136,202,200
Income from leasing of assets	174,500,000	88,409,095
Rental expenses	258,946,015	100,000,010
Sales returns	1,562,510,453	1,329,668,691
Income received	105,647,612,793	144,875,735,339
Purchase deduction	607,336,952	-
Hoa Sen Transportation and Engineering One Member Limited Liability Company		
Purchases of goods	33,406,182	401,957,962
Purchases of fixed assets	2,657,188,816	100,000,000
Income from leasing of assets	3,614,419,336	7,956,000,000
Transportation costs	17,253,777,856	48,534,481,409
Rental expenses	176,000,000	607,696,966
Income received	203,168,212	5,818,027,378

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Hoa Sen Binh Dinh Sole Member Limited Company		
Sales of goods	4,131,136,670	24,296,754,944
Purchases of goods	1,488,664,532,969	1,082,877,495,563
Capital contribution	-	50,000,000,000
Income received	6,627,350,999	11,529,995,357
Sales of fixed assets	10,000,000	-
Hoa Sen Nghe An One Member Limited Liabilities Company		
Sales of goods	4,375,691,067,150	9,626,602,855,004
Purchases of goods	4,983,188,835,106	7,502,610,322,840
Sales of fixed assets	1,156,685,588	5,913,155,809
Purchases of fixed assets	1,138,870,440	-
Income from leasing of assets	-	38,000,000
Purchase returns	4,851,635,477	6,407,186,748
Purchase deduction	251,036,621	168,333,118
Rental expenses	372,111,833	327,272,724
Capital contribution	-	650,000,000,000
Income received	215,594,389,876	161,600,175,097
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company		
Sales of goods	1,710,398,642,772	1,416,755,238,005
Purchases of goods	1,518,416,136,050	1,224,289,168,009
Sales of fixed assets	1,747,943,215	-
Sale returns	275,373,509	154,174,786
Purchase returns	611,276,883	1,804,591,517
Interest income	-	708,702,055
Capital contribution	350,000,000,000	220,000,000,000
Lending loan	-	132,500,000,000
Other sale	68,053,769	-
Hoa Sen Ha Nam One Member Limited Liabilities Company		
Sales of goods	3,130,344,289	44,779,573,986
Purchases of goods	833,780,298,039	849,169,547,389
Sales of fixed assets	-	2,904,000,000
Sale returns	71,190,100	86,112,315
Income from leasing of assets	323,000,000	171,000,000
Operating lease expenses	78,000,000	264,000,000
Hoa Sen Yen Bai Joint Stock Company		
Lending loan	22,700,000,000	84,022,894,522
Interest income	4,583,178,812	6,103,354,523

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Hoa Sen Phu My One Member Limited Liabilities Company		
Sales of goods	283,201,838,656	403,345,547,024
Purchases of goods	191,023,808,607	49,562,550,487
Lending loan	-	43,406,984,582
Capital contribution	-	150,000,000,000
Operating lease expenses	3,417,000,000	1,790,793,080
Other	-	541,587,113
Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company		
Capital contribution	-	1,000,000,000
Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company		
Capital contribution	2,500,000,000	1,000,000,000
Hoa Sen Quy Nhon Joint Stock Company		
Borrowing	53,000,000,000	53,000,000,000
Interest expense	2,764,276,712	1,256,027,397
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company		
Capital transferring	-	13,585,000,000
Lending loan	5,940,000,000	12,160,295,900
Capital contribution	-	4,500,000,000
Interest income	562,772,324	335,342,389
Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company		
Sales of goods	63,832,107	1,704,016,764
Purchases of goods	241,520,896,612	215,951,772,945
Lending loan	-	10,605,320,725
Interest income	-	281,965,103
Purchases of fixed assets	-	657,083,010

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2019
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Company owned by the Company's Chairman		
Hoa Sen Holdings Group		
Sales of goods	2,222,110,174,059	4,247,355,470,991
Purchases of goods	459,762,175,044	2,131,902,739,532
Sales of fixed assets	32,476,307,578	40,961,909,490
Purchases of fixed assets	202,978,077,818	-
Sales discounts	-	43,093,355,162
Sales returns	2,098,483,579	3,595,809,964
Income from leasing of assets	4,198,466,388	1,828,130,909
Transportation costs	41,633,162,447	43,220,427,887
Processing costs	910,242,733	1,146,734,978
Other sale	1,138,936,694	635,617,480
Operating lease expenses	4,486,071,500	447,272,724
Sales allowances	21,245,500	-
Other related parties		
Board of Directors		
Salary and bonus	12,037,488,915	16,987,072,159
Board of Management		
Remuneration	2,340,000,000	2,270,000,000

39. Non-cash investing and financing activities

	Year ended	
	30/9/2019	30/9/2018
	VND	VND
Conversion of trade receivables into investments in subsidiaries	405,377,723,185	880,253,224,847
Net-off trade payables with profits distribution	358,595,270,456	529,548,072,432
Net-off proceeds from disposals of fixed assets with proceeds from sales and lease back	6,296,834,500	15,472,446,001

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2019 (continued)

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40. Corresponding figures

The corresponding figures were derived from the Company's separate financial statements as at and for the year ended 30 September 2018.

Certain corresponding figures have been reclassified to conform to the current year's presentation. A comparison of the amount previously reported and as reclassified is as follow:

Separate statement of income

	Note	Year ended	
		30/9/2018 VND (as reclassified)	30/9/2018 VND (as previously reported)
Selling expenses	25	1,710,615,254,221	1,493,660,136,661
General and administrative expenses	26	494,847,430,766	711,802,548,326

20 December 2019

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant



Nguyen Thi Ngoc Lan
Chief Accountant

Approved by:



Tran Quoc Tri
General Director