

# **Hoa Sen Group**

Interim consolidated financial statements

31 March 2018



# Hoa Sen Group

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# Hoa Sen Group

## THE GENERAL INFORMATION

### THE COMPANY

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

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

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

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and eighty five (385) branches located at various provinces in Vietnam.

### BOARD OF DIRECTORS

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

Mr Le Phuoc Vu	Chairman	
Mr Tran Ngoc Chu	Vice Chairman	
Mr Pham Gia Tuan	Member	resigned on 16 January 2018
Mr Tran Quoc Tri	Member	
Mr Ly Van Xuan	Member	
Mr Nguyen Van Luan	Member	appointed on 16 January 2018
Mr Dinh Viet Duy	Member	appointed on 16 January 2018

### MANAGEMENT

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

Mr Tran Quoc Tri	General Director	appointed on 16 January 2018
Mr Tran Quoc Tri	Deputy General Director	resigned on 16 January 2018
Mr Tran Ngoc Chu	General Director	resigned on 16 January 2018
Mr Hoang Duc Huy	Deputy General Director	
Mr Vu Van Thanh	Deputy General Director	
Mr Nguyen Minh Khoa	Deputy General Director	
Mr Ho Thanh Hieu	Deputy General Director	
Mr Tran Quoc Pham	Deputy General Director	
Mr Nguyen Ngoc Huy	Acting Deputy General Director	

### LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report are as follows:

Mr Le Phuoc Vu	Chairman	
Mr Tran Ngoc Chu	Vice Chairman	appointed on 16 January 2018
Mr Tran Quoc Tri	General Director	appointed on 16 January 2018

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited

# Hoa Sen Group

## REPORT OF THE GENERAL DIRECTOR

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the Company's interim consolidated financial statements and its subsidiaries ("the Group") for six-month period ended 31 March 2018.

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

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

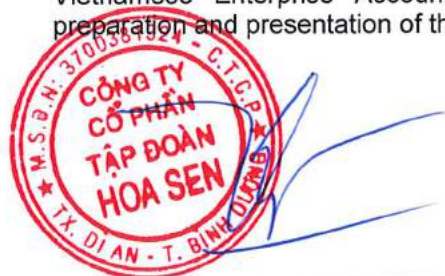
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. He is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Director confirmed that he has complied with the above requirements in preparing the accompanying interim consolidated financial statements.

### APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The General Director approves the accompanying interim consolidated financial statements which give a true and fair view of the interim consolidated financial position of the Group as at 31 March 2018, and of the interim consolidated results of its operations and the interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.



Tran Quoc Tri  
General Director

30 May 2018



Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
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Reference: 61183992/20242753/LR-HN

## **REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**To: The Shareholders of Hoa Sen Group**

We have reviewed the accompanying interim consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries ("the Group") as prepared on 30 May 2018 and set out on pages 5 to 48 which comprise the interim consolidated balance sheet as at 31 March 2018, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

### ***The General Director's responsibility***

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

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Company as at 31 March 2018, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

### **Ernst & Young Vietnam Limited**



Duong Le Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2018-004-1

Ho Chi Minh City, Vietnam

30 May 2018

INTERIM CONSOLIDATED BALANCE SHEET  
as at 31 March 2018

VND

Code	ASSETS	Notes	31 March 2018	30 September 2017
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>14,034,811,904,143</b>	<b>12,763,371,131,704</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>231,709,423,161</b>	<b>292,371,319,351</b>
111	1. Cash		202,543,554,286	292,227,797,476
112	2. Cash equivalents		29,165,868,875	143,521,875
<b>130</b>	<b>II. Current account receivables</b>		<b>2,058,433,007,996</b>	<b>1,827,514,998,306</b>
131	1. Short-term trade receivables	6.1	1,323,771,049,267	1,147,622,356,201
132	2. Short-term advances to suppliers	6.2	360,880,595,393	349,063,969,833
135	3. Short-term loan receivables	10	36,460,295,900	25,400,000,000
136	4. Other short-term receivables	7	344,482,347,346	312,189,952,182
137	5. Provision for doubtful short-term receivables	6.1, 7	(7,161,279,910)	(6,761,279,910)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>9,852,565,484,530</b>	<b>8,871,078,567,586</b>
141	1. Inventories		9,884,273,312,958	8,898,028,802,451
149	2. Provision for obsolete inventories		(31,707,828,428)	(26,950,234,865)
<b>150</b>	<b>IV. Other current assets</b>		<b>1,892,103,988,456</b>	<b>1,772,406,246,461</b>
151	1. Short-term prepaid expenses	9	129,030,601,278	109,041,648,878
152	2. Value-added tax deductible	17	1,756,447,198,928	1,663,363,850,523
153	3. Tax and other receivables from the State	17	6,626,188,250	747,060
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>9,712,989,584,881</b>	<b>8,675,084,741,950</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>1,458,000,000</b>	<b>1,458,000,000</b>
216	1. Other long-term receivables	7	1,458,000,000	1,458,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>7,967,223,570,451</b>	<b>6,760,466,142,666</b>
221	1. Tangible fixed assets	11	7,548,879,080,752	6,396,829,534,741
222	Cost		10,953,987,446,515	9,400,950,244,633
223	Accumulated depreciation		(3,405,108,365,763)	(3,004,120,709,892)
224	2. Finance lease assets	12	105,487,667,441	79,990,575,402
225	Cost		190,635,204,164	156,586,057,440
226	Accumulated depreciation		(85,147,536,723)	(76,595,482,038)
227	3. Intangible assets	13	312,856,822,258	283,646,032,523
228	Cost		349,774,839,244	316,828,687,046
229	Accumulated amortisation		(36,918,016,986)	(33,182,654,523)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>1,092,544,518,595</b>	<b>1,333,535,754,767</b>
242	1. Construction in progress	14	1,092,544,518,595	1,333,535,754,767
<b>250</b>	<b>IV. Long-term investments</b>	<b>15</b>	<b>150,016,384,686</b>	<b>90,969,102,467</b>
252	1. Investments in associates		87,416,384,686	44,369,102,467
255	2. Held-to maturity investments		62,600,000,000	46,600,000,000
<b>260</b>	<b>V. Other long-term assets</b>		<b>501,747,111,149</b>	<b>488,655,742,050</b>
261	1. Long-term prepaid expenses	9	452,749,155,617	412,307,081,315
262	2. Deferred tax assets	28.3	48,997,955,532	64,981,164,590
269	3. Goodwill		-	11,367,496,145
<b>270</b>	<b>TOTAL ASSETS</b>		<b>23,747,801,489,024</b>	<b>21,438,455,873,654</b>

INTERIM CONSOLIDATED BALANCE SHEET (continued)  
as at 31 March 2018

VND

Code	RESOURCES	Notes	31 March 2018	30 September 2017
<b>300</b>	<b>C. LIABILITIES</b>		<b>18,214,417,492,943</b>	<b>16,268,653,940,969</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>15,161,402,565,915</b>	<b>13,427,903,865,258</b>
311	1. Short-term trade payables	16.1	1,373,282,789,521	3,482,818,939,548
312	2. Short-term advances from customers	16.2	323,654,046,607	417,642,163,076
313	3. Statutory obligations	17	135,402,867,660	167,199,725,948
314	4. Payables to employees		79,456,486,463	105,069,186,683
315	5. Short-term accrued expenses	18	82,584,445,017	101,223,708,394
319	6. Other short-term payables	19	342,190,594,110	77,593,435,079
320	7. Short-term loans and finance lease obligations	20	12,747,438,581,501	9,015,062,474,063
322	8. Bonus and welfare fund		77,392,755,036	61,294,232,467
<b>330</b>	<b>II. Non-current liabilities</b>		<b>3,053,014,927,028</b>	<b>2,840,750,075,711</b>
338	1. Long-term loans and finance lease obligations	20	3,047,665,827,653	2,835,803,760,461
342	2. Long-term provisions		5,349,099,375	4,946,315,250
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>5,533,383,996,081</b>	<b>5,169,801,932,685</b>
<b>410</b>	<b>I. Capital</b>	<b>21</b>	<b>5,533,383,996,081</b>	<b>5,169,801,932,685</b>
411	1. Share capital		3,499,966,830,000	3,499,966,830,000
411a	- Shares with voting rights		3,499,966,830,000	3,499,966,830,000
412	2. Share premium		151,583,183,521	151,583,183,521
415	3. Treasury shares		(543,000,000)	-
420	4. Other funds belonging to owners' equity		70,356,612,914	34,535,741,195
421	5. Undistributed earnings		1,774,879,016,600	1,446,534,555,355
421a	- Undistributed earnings up to prior period-end		1,345,718,122,820	114,870,643,184
421b	- Undistributed earnings of current period		429,160,893,780	1,331,663,912,171
429	6. Non-controlling interests	21.3	37,141,353,046	37,181,622,614
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>23,747,801,489,024</b>	<b>21,438,455,873,654</b>

Nguyen Thi Thanh Tuyen  
Preparer

Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Quoc Tri  
General Director

30 May 2018



INTERIM CONSOLIDATED INCOME STATEMENT  
for the six-month period ended 31 March 2018

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2018	For the six-month period ended 31 March 2017
01	1. Revenues from sale of goods and rendering of services	22.1	15,658,399,375,958	12,064,180,908,246
02	2. Deductions	22.1	(107,677,807,940)	(84,652,337,465)
10	3. Net revenues from sale of goods and rendering of services	22.1	15,550,721,568,018	11,979,528,570,781
11	4. Costs of goods sold and services rendered	23	(13,350,342,723,901)	(9,776,047,018,207)
20	5. Gross profit from sale of goods and rendering of services		2,200,378,844,117	2,203,481,552,574
21	6. Finance income	22.2	27,621,151,986	31,352,129,122
22	7. Finance expenses	24	(402,562,361,419)	(276,555,439,488)
23	<i>In which: Interest expense</i>		(387,198,191,405)	(193,855,852,810)
25	8. Selling expenses	25	(856,676,395,949)	(642,563,300,681)
26	9. General and administrative expenses	25	(449,659,196,117)	(323,318,417,202)
30	10. Operating profit		519,102,042,618	992,396,524,325
31	11. Other income	26	25,813,475,559	62,021,735,829
32	12. Other expenses	26	(1,534,739,769)	(890,451,967)
40	13. Other profit	26	24,278,735,790	61,131,283,862
50	14. Profit before tax		543,380,778,408	1,053,527,808,187
51	15. Current corporate income tax expense	28.1	(98,276,945,138)	(163,709,598,747)
52	16. Deferred tax expense	28.3	(15,983,209,058)	(34,080,275,191)
60	17. Net profit after tax		429,120,624,212	855,737,934,249
61	18. Net profit after tax attributable to shareholders of the parent		429,160,893,780	855,742,900,282
62	19. Net loss after tax attributable to non-controlling interests		(40,269,568)	(4,966,033)
70	20. Earnings per share (VND/share)	21.5		
	- Basic earnings per share			2,371
	- Diluted earnings per share			2,371



  
Nguyen Thi Thanh Tuyen  
Preparer

  
Nguyen Thi Ngoc Lan  
Chief Accountant

  
Tran Quoc Tri  
General Director

INTERIM CONSOLIDATED CASH FLOW STATEMENT  
for the six-month period ended 31 March 2018


VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2018	For the six-month period ended 31 March 2017
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>543,380,778,408</b>	<b>1,053,527,808,187</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12, 13	473,457,021,094	321,603,497,318
03	(Reversal of provisions)		(30,775,482,104)	9,647,703,090
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		14,881,932,542	8,105,848,424
05	Profits from investing activities		(10,348,137,732)	(17,409,118,274)
06	Interest expense	24	387,198,191,405	193,855,852,810
08	<b>Operating profit before changes in working capital</b>		<b>1,377,794,303,613</b>	<b>1,569,331,591,555</b>
09	Increase in receivables		(388,989,941,389)	(1,565,876,694,085)
10	Increase in inventories		(986,244,510,507)	(3,630,430,271,634)
11	Decrease in payables		(1,999,967,318,380)	(680,857,036,986)
12	Increase in prepaid expenses		(60,431,026,702)	(87,860,222,497)
14	Interest expense paid		(383,563,649,902)	(185,227,829,959)
15	Corporate income tax paid		(120,201,299,459)	(190,540,377,926)
17	Other cash outflows for operating activities		(48,897,038,247)	(29,537,484,056)
20	<b>Net cash flows used in operating activities</b>		<b>(2,610,500,480,973)</b>	<b>(4,800,998,325,588)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets		(1,488,171,900,732)	(1,948,517,886,894)
22	Proceeds from disposals of fixed assets		92,357,464,525	36,301,468,280
25	Payments for investments in other entities		(3,672,266,449)	(3,150,000,000)
26	Proceeds from sale of investments in other entities		13,585,000,000	-
27	Interest received		4,614,370,016	362,310,072
30	<b>Net cash flows used in investing activities</b>		<b>(1,381,287,332,640)</b>	<b>(1,915,004,108,542)</b>

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the six-month period ended 31 March 2018

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2018	For the six-month period ended 31 March 2017
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Capital redemption		(543,000,000)	-
33	Drawdown of borrowings		17,855,587,251,164	15,298,355,966,508
34	Repayment of borrowings		(13,914,080,254,476)	(8,686,374,327,021)
35	Finance lease payments		(7,696,158,208)	(39,507,020,621)
36	Dividends paid		(293,512,000)	(195,895,385,600)
<b>40</b>	<b>Net cash flows from financing activities</b>		<b>3,932,974,326,480</b>	<b>6,376,579,233,266</b>
<b>50</b>	<b>Net decrease in cash and cash equivalents</b>		<b>(58,813,487,133)</b>	<b>(339,423,200,864)</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of period</b>		<b>292,371,319,351</b>	<b>576,620,705,083</b>
61	Impact of exchange rate fluctuation		(1,848,409,057)	(421,223,526)
<b>70</b>	<b>Cash and cash equivalents at end of the period</b>	<b>5</b>	<b>231,709,423,161</b>	<b>236,776,280,693</b>

  
\_\_\_\_\_  
Nguyen Thi Thanh Tuyen  
Preparer

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

  
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Tran Quoc Tri  
General Director

30 May 2018

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
as at and for the six-month period ended 31 March 2018

**1. CORPORATE INFORMATION**

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

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

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

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and eighty five (385) branches located at various provinces of Vietnam.

The number of employees of the Group as at 31 March 2018 was 8,771 (30 September 2017: 8,200).

**Corporate structure**

The Group's corporate structure includes the Company and the following 16 subsidiaries:

▶ Hoa Sen Steel Sheet One Member Limited Liability Company ("HSS")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSS (30 September 2017: 100%).

▶ Hoa Sen Building Materials One Member Limited Liability Company ("HSBM")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSBM (30 September 2017: 100%).

▶ Hoa Sen Binh Dinh One Member Limited Liability Company ("HSBD")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSBD (30 September 2017: 100%).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

**1. CORPORATE INFORMATION (continued)**

**Corporate structure (continued)**

- ▶ Hoa Sen Transportation and Engineering One Member Limited Liability Company ("HTME")

HTME is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, as amended. HTME's registered head office is located at No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HTME are providing services of cargo transportation by road.

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HTME (30 September 2017: 100%).

- ▶ Hoa Sen Nghe An One Member Limited Liability Company ("HSNA")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSNA (30 September 2017: 100%).

- ▶ Hoa Sen Ha Nam One Member Limited Liability Company ("HSHN")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSHN (30 September 2017: 100%).

- ▶ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company ("HSNH")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSNH (30 September 2017: 100%).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

1. **CORPORATE INFORMATION** (continued)

**Corporate structure** (continued)

▶ Hoa Sen Van Hoi Joint Stock Company ("HSVH")

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

As at 31 March 2018, the Company holds 70% equity interests and 70% voting rights in HSVH (30 September 2017: 70%).

▶ Hoa Sen Yen Bai Joint Stock Company ("HSYB")

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

As at 31 March 2018, the Company holds 70% equity interests and 70% voting rights in HSYB (30 September 2017: 70%).

▶ Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company ("HSRE")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSRE (30 September 2017: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company ("HSCC")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSCC (30 September 2017: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company ("HSIP")

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSIP (30 September 2017: 100%).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

**1. CORPORATE INFORMATION** (continued)

**Corporate structure** (continued)

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

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSSP (30 September 2017: 100%).

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

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSIC (30 September 2017: 100%).

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

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSPM (30 September 2017: 100%).

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

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

As at 31 March 2018, the Company holds 100% equity interests and 100% voting rights in HSYB-LTD (30 September 2017: 100%).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

## **2. BASIS OF PREPARATION**

### **2.1 *Applied accounting standards and system***

The interim consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

### **2.2 *Applied accounting documentation system***

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

### **2.3 *Fiscal year***

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

### **2.4 *Accounting currency***

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

### **2.5 *Basis of consolidation***

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for six-month period the period ended 31 March 2018.

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

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

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

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

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



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Cash and cash equivalents*

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

#### 3.2 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

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

##### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

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

#### 3.3 *Receivables*

Receivables are presented in the interim consolidated financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

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

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

#### 3.5 *Leased assets*

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

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

##### *Where the Group is the lessee*

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

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

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

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

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

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

#### 3.6 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

##### *Land use rights*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

#### 3.7 Depreciation and amortisation

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

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 20 years
Means of transportation	6 - 10 years
Office equipment	3 - 8 years
Others	5 - 8 years
Land use rights	14 - 55 years
Computer software	3 - 10 years

#### 3.8 Borrowing costs

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

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

#### 3.9 Prepaid expenses

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

#### 3.10 Investments

##### *Investment in an associate*

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

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

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

##### *Investment in other entity*

Investment in other entity is stated at their acquisition costs.

##### *Provision for investments*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

#### **3.11 Payables and accruals**

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

#### **3.12 Accrual for severance pay**

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

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

#### **3.13 Foreign currency transactions**

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

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

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

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

All foreign exchange differences incurred during the period and arisen from the translation of monetary accounts denominated in foreign currency at period-end are taken to the interim consolidated income statement.

#### **3.14 Treasury shares**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

#### 3.15 *Appropriation of net profit*

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

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

##### *Bonus and welfare fund*

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

#### 3.16 *Revenue recognition*

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

##### *Sale of goods*

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

##### *Rendering of services*

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

##### *Interest*

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

##### *Dividends*

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

##### *Rental income*

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

#### 3.17 *Taxation*

##### *Current income tax*

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

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

##### *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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

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

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

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

#### **3.19 Segment information**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

#### 3.20 Related parties

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

### 4. SIGNIFICANT DISPOSALS WITH LOSS OF CONTROL DURING THE YEAR

*Reduction of equity interest in and loss of control of in Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company ("HSDL")*

On 26 March 2018, the Group disposed 55% of its ownership interest in HSDL to individuals and company with total consideration of VND 13,585,000,000. Accordingly, the Group's reduced equity interest in HSDL from 100% to 45% and HSDL became an associate of the Group. The loss from this deemed disposal of VND 1,989,311,825 was recognised in the interim consolidated income statement.

### 5. CASH AND CASH EQUIVALENTS

	VND	
	31 March 2018	30 September 2017
Cash on hand	25,087,268,431	14,395,109,469
Cash in banks	176,838,107,362	276,984,603,292
Cash in transit	618,178,493	848,084,715
Cash equivalents (*)	29,165,868,875	143,521,875
<b>TOTAL</b>	<b><u>231,709,423,161</u></b>	<b><u>292,371,319,351</u></b>

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

### 6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

#### 6.1 Short-term trade receivables

	VND	
	31 March 2018	30 September 2017
Due from third parties	1,323,690,598,081	1,147,137,710,966
Due from a related party (Note 29)	80,451,186	484,645,235
<b>TOTAL</b>	<b><u>1,323,771,049,267</u></b>	<b><u>1,147,622,356,201</u></b>
Provision for doubtful short-term receivables	(6,021,279,910)	(6,021,279,910)
<b>NET</b>	<b><u>1,317,749,769,357</u></b>	<b><u>1,141,601,076,291</u></b>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

**6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)**

**6.2 Short-term advances to suppliers**

	VND	
	31 March 2018	30 September 2017
Due from third parties	<u>360,880,595,393</u>	<u>349,063,969,833</u>

**7. OTHER RECEIVABLES**

	VND	
	31 March 2018	30 September 2017
<b>Short-term</b>	<b>344,482,347,346</b>	<b>312,189,952,182</b>
Deposits	194,919,952,472	139,310,128,600
Advance for purchase of lands	90,183,227,000	90,183,227,000
Advances to employees	34,613,188,011	27,744,442,409
Compensation and clear the ground	20,000,000,000	20,000,000,000
Compensation	-	31,520,000,000
Others	4,765,979,863	3,432,154,173
<b>Long-term</b>	<b>1,458,000,000</b>	<b>1,458,000,000</b>
Deposits	<u>1,458,000,000</u>	<u>1,458,000,000</u>
<b>TOTAL</b>	<b>345,940,347,346</b>	<b>313,647,952,182</b>
Provision for doubtful other short-term receivables	<u>(1,140,000,000)</u>	<u>(740,000,000)</u>
<b>NET</b>	<b>344,800,347,346</b>	<b>312,907,952,182</b>
<i>In which:</i>		
Due from third parties	254,442,423,737	222,724,725,182
Due from a related party (Note 29)	90,357,923,609	90,183,227,000

**8. INVENTORIES**

	VND	
	31 March 2018	30 September 2017
Raw materials	3,616,365,047,489	2,785,840,233,964
Goods in transit	362,173,177,014	2,582,630,028,127
Finished goods	4,072,698,310,706	2,111,432,921,511
Tools and supplies	790,857,501,809	727,542,052,803
Merchandises	1,038,773,276,051	690,583,566,046
Work in process	<u>3,405,999,889</u>	<u>-</u>
<b>TOTAL</b>	<b>9,884,273,312,958</b>	<b>8,898,028,802,451</b>
Provision for obsolete inventories	<u>(31,707,828,428)</u>	<u>(26,950,234,865)</u>
<b>NET</b>	<b>9,852,565,484,530</b>	<b>8,871,078,567,586</b>

As disclosed in Note 20, the Group has pledged inventories with the carrying amount as at 31 March 2018 amounting to VND 4,344,486,869,714 to secure its bank loans.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

9. PREPAID EXPENSES

	VND	
	31 March 2018	30 September 2017
<b>Short-term</b>	<b>129,030,601,278</b>	<b>109,041,648,878</b>
Tools and equipment	31,689,312,973	31,879,306,315
Advertising expenses	26,471,760,935	27,486,428,721
Rental expenses	26,138,474,178	21,096,714,881
Repair and maintenance	7,784,709,336	9,816,289,531
Advisory fee	5,107,187,545	5,022,641,070
Insurance fee	4,776,984,055	1,822,964,857
Others	27,062,172,256	11,917,303,503
<b>Long-term</b>	<b>452,749,155,617</b>	<b>412,307,081,315</b>
Tools, materials and equipment	150,842,858,464	132,158,152,780
Rental expense	113,644,015,322	130,330,964,983
Ground clearing expense	80,793,683,586	81,632,371,044
Marketing	43,236,911,111	25,377,730,855
Repairing and maintenance	35,161,286,087	21,983,972,896
Others	29,070,401,047	20,823,888,757
<b>TOTAL</b>	<b>581,779,756,895</b>	<b>521,348,730,193</b>

10. SHORT-TERM LOAN RECEIVABLES

	VND	
	31 March 2018	30 September 2017
Finance Department of Nghe An Province (*)	25,000,000,000	25,000,000,000
Due from a related party (Note 29)	11,460,295,900	-
Other	-	400,000,000
<b>TOTAL</b>	<b>36,460,295,900</b>	<b>25,400,000,000</b>

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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11. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
<b>Cost:</b>						VND
As at 30 September 2017	1,586,933,181,908	7,215,624,777,163	535,209,326,578	39,176,631,594	24,006,327,390	9,400,950,244,633
Additions	3,569,902,965	97,966,375,645	14,829,842,164	5,744,974,000	249,959,260	122,361,054,034
Transfer from construction in progress	293,205,630,861	1,240,591,275,761	10,753,106,240	10,071,940,023	2,032,223,364	1,556,654,176,249
Transfer from financial lease fixed assets	-	13,254,770,658	-	-	-	13,254,770,658
Disposals	(7,350,592,579)	(79,160,827,078)	(51,755,502,788)	(891,640,796)	(74,235,818)	(139,232,799,059)
As at 31 March 2018	1,876,358,123,155	8,488,276,372,149	509,036,772,194	54,101,904,821	26,214,274,196	10,953,987,446,515
<i>In which:</i>						
Fully depreciated	68,591,029,263	567,165,345,788	30,761,910,657	946,530,619	5,583,879,822	673,048,696,149
<b>Accumulated depreciation:</b>						
As at 30 September 2017	(366,965,222,205)	(2,436,732,889,425)	(167,616,905,033)	(14,525,670,410)	(18,280,022,819)	(3,004,120,709,892)
Depreciation for the period	(44,036,950,904)	(376,200,448,083)	(30,462,997,603)	(3,958,560,592)	(1,169,773,459)	(455,828,730,641)
Transfer from financial lease fixed assets	-	(4,693,380,547)	-	-	-	(4,693,380,547)
Disposals	6,286,422,372	32,508,313,168	19,773,843,163	891,640,796	74,235,818	59,534,455,317
As at 31 March 2018	(404,715,750,737)	(2,785,118,404,887)	(178,306,059,473)	(17,592,590,206)	(19,375,560,460)	(3,405,108,365,763)
<b>Net carrying amount:</b>						
As at 30 September 2017	1,219,967,959,703	4,778,891,887,738	367,592,421,545	24,650,961,184	5,726,304,571	6,396,829,534,741
As at 31 March 2018	1,471,642,372,418	5,703,157,967,262	330,730,712,721	36,509,314,615	6,838,713,736	7,548,879,080,752
<i>In which:</i>						
Pledged (Note 20)	1,178,571,396,220	4,201,587,791,587	197,460,269,302	5,616,028,310	2,379,317,741	5,585,614,803,160

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

**12. FINANCE LEASES**

			VND
	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Total</i>
<b>Cost:</b>			
As at 30 September 2017	148,452,966,532	8,133,090,908	156,586,057,440
Additions	14,635,857,235	32,668,060,147	47,303,917,382
Transfer to fixed assets	<u>(13,254,770,658)</u>	-	<u>(13,254,770,658)</u>
As at 31 March 2018	<u>149,834,053,109</u>	<u>40,801,151,055</u>	<u>190,635,204,164</u>
<b>Accumulated depreciation:</b>			
As at 30 September 2017	(74,148,478,086)	(2,447,003,952)	(76,595,482,038)
Depreciation for the period	(12,563,353,187)	(682,082,045)	(13,245,435,232)
Transfer to fixed assets	<u>4,693,380,547</u>	-	<u>4,693,380,547</u>
As at 31 March 2018	<u>(82,018,450,726)</u>	<u>(3,129,085,997)</u>	<u>(85,147,536,723)</u>
<b>Net carrying amount:</b>			
As at 30 September 2017	<u>74,304,488,446</u>	<u>5,686,086,956</u>	<u>79,990,575,402</u>
As at 31 March 2018	<u>67,815,602,383</u>	<u>37,672,065,058</u>	<u>105,487,667,441</u>

**13. INTANGIBLE ASSETS**

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
As at 30 September 2017	314,715,532,265	2,113,154,781	316,828,687,046
Additions	-	38,529,686,198	38,529,686,198
Disposals	<u>(5,583,534,000)</u>	-	<u>(5,583,534,000)</u>
As at 31 March 2018	<u>309,131,998,265</u>	<u>40,642,840,979</u>	<u>349,774,839,244</u>
<i>In which:</i>			
<i>Fully amortised</i>	456,396,144	1,818,224,781	2,274,620,925
<b>Accumulated amortisation:</b>			
As at 30 September 2017	(31,348,372,442)	(1,834,282,081)	(33,182,654,523)
Amortisation for the period	(1,730,440,295)	(2,652,414,926)	(4,382,855,221)
Disposals	<u>647,492,758</u>	-	<u>647,492,758</u>
As at 31 March 2018	<u>(32,431,319,979)</u>	<u>(4,486,697,007)</u>	<u>(36,918,016,986)</u>
<b>Net carrying amount:</b>			
As at 30 September 2017	<u>283,367,159,823</u>	<u>278,872,700</u>	<u>283,646,032,523</u>
As at 31 March 2018	<u>276,700,678,286</u>	<u>36,156,143,972</u>	<u>312,856,822,258</u>

As disclosed in Note 20, the Group has pledged its land use rights with their carrying amounts as at 31 March 2018 of VND 136,008,046,216 to secure the bank loan facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**14. CONSTRUCTION IN PROGRESS**

	VND	
	31 March 2018	30 September 2017
Purchases of fixed assets	554,933,004,655	623,945,764,106
Plant constructions	483,217,478,672	661,097,249,383
Major repair of fixed assets	6,908,802,877	8,540,174,075
Others	47,485,232,391	39,952,567,203
<b>TOTAL</b>	<b><u>1,092,544,518,595</u></b>	<b><u>1,333,535,754,767</u></b>

**15. LONG-TERM INVESTMENTS**

	VND	
	31 March 2018	30 September 2017
Investment in associates ( <i>Note 15.1</i> )	87,416,384,686	44,369,102,467
Bonds at Bank for Foreign Trade of Vietnam (*)	46,600,000,000	46,600,000,000
Bonds at Bank for Industry and Trade (**)	16,000,000,000	-
<b>TOTAL</b>	<b><u>150,016,384,686</u></b>	<b><u>90,969,102,467</u></b>

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

(\*\*) Bonds at Bank for Industry and Trade of Vietnam with original maturity of ten (10) year and earn interest at the floating rates +1.2% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 15. LONG-TERM INVESTMENTS (continued)

### 15.1 Investment in associates (continued)

Details of investments in the associates were as follow:

Name of associate	31 March 2018		30 September 2017		Location	Business activities
	% of interest	Cost of investment VND	% of interest	Cost of investment VND		
Hoa Sen-Gemadep Logistics and International Port Corporation	45	55,624,444,583	45	16,019,102,467	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Hoa Sen Hoi Van Joint Stock Company	45	450,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and rendering of real estate serviced and supporting services for trading real estate
Hoa Sen Quy Nhon Joint Stock Company	45	27,900,000,000	45	27,900,000,000	Binh Dinh Province, Vietnam	Trading in real estate and to render real estate services and supporting services for trading real estate
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	45	3,441,940,103	-	-	Ninh Thuan Province, Vietnam	Investing, construction and developing industrial park infrastructure
<b>TOTAL</b>		<b>87,416,384,686</b>		<b>44,369,102,467</b>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 16. TRADE PAYABLES AND ADVANCE FROM CUSTOMERS

### 16.1 Short-term trade payables

	VND	
	31 March 2018	30 September 2017
Due to third parties	1,360,029,756,096	3,418,891,156,478
Due to related parties (Note 29)	<u>13,253,033,425</u>	<u>63,927,783,070</u>
<b>TOTAL</b>	<b><u>1,373,282,789,521</u></b>	<b><u>3,482,818,939,548</u></b>

### 16.2 Short-term advances from customers

	VND	
	31 March 2018	30 September 2017
Due to a related party (Note 29)	163,581,932,611	278,163,648,717
Due to third parties	<u>160,072,113,996</u>	<u>139,478,514,359</u>
<b>TOTAL</b>	<b><u>323,654,046,607</u></b>	<b><u>417,642,163,076</u></b>

## 17. TAXES

	VND			
	30 September 2017	Increase during the period	Decrease during the period	31 March 2018
<b>Payables</b>				
Corporate income tax	55,771,976,307	98,276,945,138	(113,957,084,670)	40,091,836,775
Value-added tax	107,438,910,575	1,853,288,617,417	(1,870,308,277,413)	90,419,250,579
Personal income tax	2,716,916,312	23,277,783,245	(21,495,737,455)	4,498,962,102
Other taxes	<u>1,271,922,754</u>	<u>31,877,585,109</u>	<u>32,756,689,659</u>	<u>392,818,204</u>
<b>TOTAL</b>	<b><u>167,199,725,948</u></b>	<b><u>2,006,720,930,909</u></b>	<b><u>2,038,517,789,197</u></b>	<b><u>135,402,867,660</u></b>
<b>Receivables</b>				
Value-added tax deductible	1,663,363,850,523	749,385,698,182	(656,302,349,777)	1,756,447,198,928
Corporate income tax	-	6,244,214,789	-	6,244,214,789
Personal income tax	747,060	275,522,300	-	276,269,360
Other taxes	<u>-</u>	<u>105,704,101</u>	<u>-</u>	<u>105,704,101</u>
<b>TOTAL</b>	<b><u>1,663,364,597,583</u></b>	<b><u>756,011,139,372</u></b>	<b><u>(656,302,349,777)</u></b>	<b><u>1,763,073,387,178</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**18. SHORT-TERM ACCRUED EXPENSES**

	VND	
	31 March 2018	30 September 2017
Bonuses and 13th month salary	26,963,775,739	53,536,809,000
Loan interest	19,292,404,653	15,657,863,150
Payables relating to construction in progress	17,326,826,636	18,008,495,530
Electricity fee	13,733,526,652	10,315,223,937
Transportation	3,398,573,401	2,843,019,695
Others	1,869,337,936	862,297,082
<b>TOTAL</b>	<b><u>82,584,445,017</u></b>	<b><u>101,223,708,394</u></b>

**19. OTHER SHORT-TERM PAYABLES**

	VND	
	31 March 2018	30 September 2017
Deposits for Letter of Credit	286,135,654,185	-
Deposit to buy Gemadept's share ownership	15,776,367,206	15,776,367,206
Tender deposits received	12,201,877,448	10,192,386,680
Dividends	4,437,556,925	4,731,068,925
Social insurance, health insurance, unemployment insurance, and trade union fees	2,279,607,740	1,425,763,500
Other payables to related parties (Note 29)	1,000,000,000	1,000,000,000
Others	20,359,530,606	44,467,848,768
<b>TOTAL</b>	<b><u>342,190,594,110</u></b>	<b><u>77,593,435,079</u></b>

**20. LOANS AND FINANCE LEASES OBLIGATIONS**

	VND	
	31 March 2018	30 September 2017
<b>Short-term loans and finance leases</b>	<b>12,747,438,581,501</b>	<b>9,015,062,474,063</b>
Loans from banks (Note 20.1)	12,159,206,014,097	8,502,860,876,262
Current portion of long-term loans (Note 20.2)	546,291,849,001	485,500,382,125
Current portion of finance leases (Note 20.3)	41,940,718,403	26,701,215,676
<b>Long-term loans and finance leases</b>	<b>3,047,665,827,653</b>	<b>2,835,803,760,461</b>
Loans from banks (Note 20.2)	3,026,749,955,456	2,821,013,820,224
Finance leases (Note 20.3)	20,915,872,197	14,789,940,237
<b>TOTAL</b>	<b><u>15,795,104,409,154</u></b>	<b><u>11,850,866,234,524</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**20. LOANS AND FINANCE LEASES OBLIGATIONS (continued)**

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

	VND Amount
As at 30 September 2017	11,850,866,234,524
Drawdown from borrowings	17,819,901,554,205
Addition of finance lease obligations	35,685,696,959
Repayment from borrowings	(13,914,080,254,476)
Repayment for finance lease	(7,696,158,208)
Foreign exchange differences	10,427,336,150
As at 31 March 2018	<b><u>15,795,104,409,154</u></b>

**20.1 Short-term loans from banks**

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

Name of bank	31 March 2018 VND	Maturity date	Interest rate (% p.a.)	Description of collateral
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</b>				
Loan in VND	1,226,311,422,369	From 20 April 2018 to 6 July 2018	From 5.2 to 5.6	Land use rights, machinery and equipment, inventories
Loan in USD	1,176,097,359,447	From 10 April 2018 to 27 August 2018	From 2.5 to 2.9	Land use rights, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</b>				
Loan in VND	1,842,404,343,426	From 4 April 2018 to 30 August 2018	From 5 to 5.5	Land use rights, buildings and machinery and equipment
Loan in USD	1,443,912,148,768	From 4 April 2018 to 26 September 2018	From 2.2 to 2.8	Land use rights, buildings and structures, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Ha Nam Branch</b>				
Loan in VND	178,631,114,888	From 18 December 2018 to 31 March 2018	From 5.1 to 5.5	Inventories
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in USD	77,622,000,000	21 May 2018	2.6	Land use rights and inventories



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 20. LOANS AND FINANCE LEASES OBLIGATIONS (continued)

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

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

Name of bank	31 March 2018 VND	Maturity date	Interest rate (% p.a.)	Description of collateral
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	63,427,041,574	From 26 April 2018 to 18 May 2018	From 4.2 to 4.4	Inventories, and machinery and equipment
<b>ANZ Bank (Vietnam) Limited</b>				
Loan in VND	441,196,174,425	From 7 April 2018 to 28 July 2018	From 3.8 to 4.8	Land use rights and inventories
Loan in USD	17,317,895,266	6 April 2018	2.7	Land use rights and inventories
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch</b>				
Loan in VND	51,436,818,662	From 14 May 2018 to 20 July 2018	From 5.2 to 5.5	Unsecured
Loan in USD	454,329,190,428	From 2 May 2018 to 26 July 2018	From 2.5 to 3	Unsecured
<b>HSBC Bank (Vietnam) Limited</b>				
Loan in VND	758,865,991,502	From 13 April 2018 to 19 July 2018	From 3.8 to 4.8	Inventories, machinery and equipment, land use rights and infrastructure on land
Loan in USD	256,409,335,564	From 12 June 2018 to 29 June 2018	2.57	Inventories, machinery and equipment, land use rights and infrastructure on land
<b>Vietnam Prosperity Joint Stock Commercial Bank</b>				
Loan in USD	47,438,451,143	From 4 May 2018 to 18 May 2018	From 2.3 to 3	Inventories
<b>United Overseas Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	125,677,303,650	From 2 April 2018 to 18 July 2018	From 3.9 to 4.67	Inventories
<b>Vietnam Technological and Commercial Joint Stock Bank</b>				
Loan in VND	115,463,301,947	From 18 April 2018 to 26 April 2018	From 5.2 to 5.3	Unsecured

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**20. LOANS AND FINANCE LEASES OBLIGATIONS (continued)**

**20.1 Short-term loans from banks (continued)**

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

<i>Name of bank</i>	<i>31 March 2018</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND		(% p.a.)	
<b><i>Vietnam Bank for Industry and Trade – Phu Tai Industrial Park Branch</i></b>				
Loan in VND	296,086,724,530	From 10 May 2018 to 23 August 2018	From 5.2 to 5.3	Unsecured
<b><i>Orient Commercial Joint Stock Bank</i></b>				
Loan in USD	127,641,010,207	13 September 2018	3.0	Unsecured
<b><i>Vietnam Bank for Industry and Trade – Nghe An Branch</i></b>				
Loan in VND	1,220,011,439,223	From 2 May 2018 to 29 August 2018	From 5 to 5.5	Inventories
<b><i>Joint Stock Commercial Bank for Investment and Development of Vietnam – Transaction Center No. 2 Branch</i></b>				
Loan in VND	916,153,874,106	From 13 April 2018 to 6 September 2018	5.5	Unsecured
Loan in USD	250,382,423,348	From 26 August 2018 to 14 September 2018	3.5	Unsecured
<b><i>Sumitomo mitsui Banking Corporation – Ho Chi Minh Branch</i></b>				
Loan in VND	298,309,055,103	From 29 July 2018 to 8 August 2018	From 4.0 to 4.2	Unsecured
<b><i>Ho Chi Minh City Development Joint Stock Commercial Bank</i></b>				
Loan in USD	265,967,100,000	From 13 April 2018 to 6 September 2018	3.0	Unsecured
<b><i>Vietnam Bank for Industry and Trade – Ba Ria Vung Tau Branch</i></b>				
Loan in VND	270.492.775.178	From 31 March 2018 to 30 August 2018	5.2	Machinery and equipment
<b><i>BNP Paribas Vietnam – Ho Chi Minh Branch</i></b>				
Loan in USD	237,621,719,343	From 25 May 2018 to 22 June 2018	From 4.25 to 4.7	Unsecured
<b>TOTAL</b>	<b><u>12,159,206,014,097</u></b>			

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**20. LOANS AND FINANCE LEASES (continued)**

**20.2 Long-term loans from banks**

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

<i>Name of bank</i>	<i>31 March 2018</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>VND</i>		<i>(% p.a.)</i>	
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</b>				
Loan in VND	477,618,481,273	From 5 July 2018 to 7 February 2022	From 7.5 to 8.6	Land use rights, and machinery and equipment
<b>Viet Capital Commercial Joint Stock Bank</b>				
Loan in VND	17,765,359,500	From 4 February 2018 to 26 November 2019	8.0	Means of transportation
<b>Asia Commercial Joint Stock Bank – Tan Thuan Branch</b>				
Loan in VND	12,523,580,000	From 6 January 2020 to 17 June 2020	8.5	Means of transportation
<b>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</b>				
Loan in VND	2,577,631,837,964	From 25 April 2018 to 5 January 2026	From 8.3 to 9.0	Land use rights, buildings and structures, and machinery and equipment
<b>Vietnam Development Bank – Binh Duong Branch</b>				
Loan in USD	3,842,327,991	20 June 2018	1.7	Land use rights, buildings and structures, and machinery and equipment
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in VND	9,654,554,970	7 January 2019	8.0	Means of transportation
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Southern Binh Duong Branch</b>				
Loan in VND	255,137,915,550	30 November 2024	8.0	All the assets belonging to Hoa Sen Phu My project

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**20. LOANS AND FINANCE LEASES** (continued)

**20.2 Long-term loans from banks** (continued)

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

<i>Name of bank</i>	<i>31 March 2018</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>(VND)</i>		<i>(% p.a.)</i>	
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	39,583,333,343	From 8 April 2019 to 10 September 2024	From 4.45 to 8.39	Buildings and structures, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Phu Tai Industrial Zone Branch</b>				
Loan in VND	2,024,795,000	From 25 April 2018 to 28 April 2019	8.0	Means of transportation
<b>Vietnam Joint Stock Commercial Bank for Industry and Trade – Yen Bai Branch</b>				
Loan in VND	48,882,044,215	From 27 October 2017 to 28 October 2025	9.0	Land use rights, buildings and structures, and machinery and equipment
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vung Tau Branch</b>				
Loan in VND	128,377,574,651	From 18 September 2017 to 18 July 2021	8.8	Machinery and equipment
<b>TOTAL</b>	<b><u>3,573,041,804,457</u></b>			
<i>In which:</i>				
<i>Current portion</i>	546,291,849,001			
<i>Non-current portion</i>	3,026,749,955,456			

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

20.3 *Finance leases*

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

	31 March 2018			30 September 2017			VND
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities	
<b>Current liabilities</b>							
Less than 1 year	45,442,461,444	3,501,743,041	41,940,718,403	29,186,748,807	2,485,533,131	26,701,215,676	
<b>Non-current liabilities</b>							
From 1-5 years	21,822,043,829	906,171,632	20,915,872,197	15,388,778,781	598,838,544	14,789,940,237	
<b>TOTAL</b>	<b>67,264,505,273</b>	<b>4,407,914,673</b>	<b>62,856,590,600</b>	<b>44,575,527,588</b>	<b>3,084,371,675</b>	<b>41,491,155,913</b>	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

21. OWNERS' EQUITY						VND
21.1 <i>Movements in owners' equity</i>		<i>Issued share capital</i>	<i>Share premium</i>	<i>Other funds belongs to owners' equity</i>	<i>Undistributed earnings</i>	<i>Total</i>
<b>For the six-month period ended 31 March 2017:</b>						
As at 30 September 2016	1,965,398,290,000	551,571,933,521	6,784,575,670	1,602,771,684,847	4,126,526,484,038	
Net profit for the period	-	-	-	855,742,900,282	855,742,900,282	
Dividends	-	-	-	(196,539,829,000)	(196,539,829,000)	
Transferred to bonus and welfare fund	-	-	-	(60,167,737,724)	(60,167,737,724)	
Appropriated to other funds	-	-	67,688,704,939	(67,688,704,939)	-	
Performance bonus	-	-	-	(51,300,000,000)	(51,300,000,000)	
Use of other funds during the period	-	-	(26,571,644,057)	-	(26,571,644,057)	
As at 31 March 2017	<u>1,965,398,290,000</u>	<u>551,571,933,521</u>	<u>47,901,636,552</u>	<u>2,082,818,313,466</u>	<u>4,647,690,173,539</u>	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

21. OWNERS' EQUITY (continued)

21.1 *Movements in owners' equity* (continued)

	Issued share capital	Share premium	Treasury shares	Other funds belongs to owners' equity	Undistributed earnings	VND Total
<b>For the six-month period ended 31 March 2018:</b>						
As at 30 September 2017	3,499,966,830,000	151,583,183,521	-	34,535,741,195	1,446,534,555,355	5,132,620,310,071
Net profit for the period	-	-	-	-	429,160,893,780	429,160,893,780
Buy treasury shares	-	-	(543,000,000)	-	-	(543,000,000)
Transferred to bonus and welfare fund	-	-	-	-	(53,266,556,487)	(53,266,556,487)
Appropriated to other funds	-	-	-	47,549,876,048	(47,549,876,048)	-
Use of funds	-	-	-	(11,729,004,329)	-	(11,729,004,329)
As at 31 March 2018	<b>3,499,966,830,000</b>	<b>151,583,183,521</b>	<b>(543,000,000)</b>	<b>70,356,612,914</b>	<b>1,774,879,016,600</b>	<b>5,496,242,643,035</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
<b>Contributed capital</b>		
Beginning and ending balances	<u>3,499,966,830,000</u>	<u>1,965,398,290,000</u>
<b>Dividends</b>		
Dividends declared	-	196,539,829,000
Dividends paid by cash	293,512,000	195,895,385,600

21.3 Non-controlling interests

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	37,181,622,614	3,446,080,228
Contributed charter capital	-	33,750,000,000
Profit attributable to non-controlling interests	<u>(40,269,568)</u>	<u>(14,457,614)</u>
Ending balance	<u>37,141,353,046</u>	<u>37,181,622,614</u>

21.4 Share capital

	<i>Number of shares</i>	
	<i>31 March 2018</i>	<i>31 March 2017</i>
<b>Issued shares</b>		
Shares issued and paid-up shares		
<i>Ordinary shares</i>	349,996,683	349,996,683
<b>Treasury shares</b>		
<i>Ordinary shares</i>	54,300	-
<b>Shares in circulation</b>		
<i>Ordinary shares</i>	349,942,383	349,996,683

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

**21.4 Earnings per share**

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

	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Net profit after tax attributable to ordinary equity holders (VND)	429,160,893,780	855,742,900,282
Distribution to bonus and welfare fund (VND) (*)	(17,166,435,751)	(34,229,716,011)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	411,994,458,029	821,513,184,271
Weighted average number of ordinary shares (share) (**)	<u>349,957,383</u>	<u>346,536,512</u>
<b>Earnings per share (VND/share)</b>		
Basic	1,177	2,371
Diluted	1,177	2,371

(\*) Net profit used to compute earnings per share for the six-month period ended 31 March 2018 is adjusted for distribution to Bonus and welfare, which is appropriated at 4% of net profit after tax as approved in accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2018 dated 16 January 2018.

(\*\*) The weighted average number of ordinary shares in the previous period has been retrospectively adjusted for the payments of stock dividends to the Company's existing shareholders as at 8 June 2017.

**22. REVENUES**

**22.1 Revenues from sale of goods and rendering of services**

	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
		VND
<b>Gross revenues</b>	<b>15,658,399,375,958</b>	<b>12,064,180,908,246</b>
<i>Of which:</i>		
<i>Sale of finished goods</i>	8,322,932,701,127	7,967,431,655,643
<i>Sale of merchandises</i>	7,291,373,665,967	4,047,694,577,320
<i>Others</i>	44,093,008,864	49,054,675,283
<b>Sales deduction</b>	<b>(107,677,807,940)</b>	<b>(84,652,337,465)</b>
<i>Of which:</i>		
<i>Sales discount</i>	(93,822,748,933)	(79,737,302,640)
<i>Sales returns</i>	(12,054,269,103)	(4,447,891,270)
<i>Sales allowances</i>	(1,800,789,904)	(467,143,555)
<b>NET</b>	<b><u>15,550,721,568,018</u></b>	<b><u>11,979,528,570,781</u></b>
<i>Of which:</i>		
<i>Sale to third parties</i>	12,756,271,756,514	10,167,735,937,669
<i>Sale to related parties</i>	2,794,449,811,504	1,811,792,633,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

22. REVENUES (continued)

22.2 Finance income

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Foreign exchange gains	23,006,781,970	30,461,243,671
Finance income from investments	3,784,097,849	-
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	-	528,575,379
Interest income	830,272,167	362,310,072
<b>TOTAL</b>	<b><u>27,621,151,986</u></b>	<b><u>31,352,129,122</u></b>

23. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Costs of sale of finished goods	6,703,280,070,751	6,233,044,352,566
Costs of sale of merchandises	6,614,439,399,157	3,537,704,566,778
Others	32,623,253,993	5,298,098,863
<b>TOTAL</b>	<b><u>13,350,342,723,901</u></b>	<b><u>9,776,047,018,207</u></b>

24. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Interest expense	387,198,191,405	193,855,852,810
Foreign exchange losses	33,950,960,096	69,573,528,417
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	14,881,932,542	8,634,423,803
Loss on disposal of investment (Reversal of provision) provision for long-term investments	1,989,311,825	-
	(35,933,075,667)	4,491,634,458
Others	475,041,218	-
<b>TOTAL</b>	<b><u>402,562,361,419</u></b>	<b><u>276,555,439,488</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

## 25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
<b>Selling expenses</b>	<b>856,676,395,949</b>	<b>642,563,300,681</b>
Expenses for external services	460,625,302,788	306,877,325,566
Labour costs	199,186,086,101	161,420,235,880
Depreciation and amortisation	61,213,038,195	35,993,633,659
Other expenses	135,651,968,865	138,272,105,576
<b>General and administrative expenses</b>	<b>449,659,196,117</b>	<b>323,318,417,202</b>
Labour costs	243,563,727,418	155,930,668,893
Expenses for external services	38,740,702,687	23,420,880,452
Depreciation and amortisation	27,496,491,570	21,400,731,297
Other expenses	139,858,274,442	122,566,136,560
<b>TOTAL</b>	<b><u>1,306,335,592,066</u></b>	<b><u>965,881,717,883</u></b>

## 26. OTHER INCOME AND EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
<b>Other income</b>	<b>25,813,475,559</b>	<b>62,021,735,829</b>
Disposed fixed assets	7,723,079,541	17,046,808,202
Compensation	11,923,197,562	37,945,082,919
Others	6,167,198,456	7,029,844,708
<b>Other expenses</b>	<b>(1,534,739,769)</b>	<b>(890,451,967)</b>
Others	(1,534,739,769)	(890,451,967)
<b>NET</b>	<b><u>24,278,735,790</u></b>	<b><u>61,131,283,862</u></b>

## 27. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Raw materials	13,240,314,260,690	7,561,353,099,972
Labour costs	632,751,879,561	462,255,184,773
Expenses for external services	1,109,569,642,884	865,625,866,573
Depreciation and amortisation (Notes 11, 12 and 13)	473,457,021,094	321,603,497,318
Others	697,108,050,999	582,248,831,280
<b>TOTAL</b>	<b><u>16,153,200,855,228</u></b>	<b><u>9,793,086,479,916</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

## 28. CORPORATE INCOME TAX

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

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

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

### 28.1 CIT expense

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Current CIT expense	98,276,945,138	163,710,448,747
Adjustment for over accrued CIT from previous periods	-	(850,000)
Deferred CIT expense	15,983,209,058	34,080,275,191
<b>TOTAL</b>	<b><u>114,260,154,196</u></b>	<b><u>197,789,873,938</u></b>

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

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
<b>Accounting profit before tax</b>	<b><u>543,380,778,408</u></b>	<b><u>1,053,527,808,187</u></b>
At CIT rate applied for companies in the Group	108,676,155,681	210,705,561,637
<i>Adjustments to increases (decreases):</i>		
Non-deductible expenses	9,176,423,283	11,937,753,826
Adjustment for over accrued CIT from previous periods	-	(850,000)
Losses of subsidiaries	18,065,689,642	1,676,199,521
Tax exempted	(21,266,222,856)	(35,218,488,799)
Others	(391,891,554)	8,689,697,753
<b>Current CIT expense</b>	<b><u>114,260,154,196</u></b>	<b><u>197,789,873,938</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

## 28. CORPORATE INCOME TAX

### 28.2 Current CIT

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

### 28.3 Deferred CIT

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

	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>		VND
	<i>31 March 2018</i>	<i>30 September 2017</i>	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>	
Unrealised profits	28,136,499,643	30,855,331,987	(2,718,832,344)	(2,631,105,233)	
Accrued operating expenses	14,711,753,602	17,194,324,156	(2,482,570,554)	(29,712,904,145)	
Provisions	4,676,447,401	13,309,683,206	(8,633,235,805)	(2,108,565,708)	
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	155,924,505	1,135,161,780	(979,237,275)	330,134,903	
Others	1,317,330,381	2,486,663,461	(1,169,333,080)	42,164,992	
<b>Deferred tax assets</b>	<b><u>48,997,955,532</u></b>	<b><u>64,981,164,590</u></b>			
<b>Deferred CIT expense</b>			<b><u>(15,983,209,058)</u></b>	<b><u>(34,080,275,191)</u></b>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Hoa Sen Holdings Group	Related party	Sale of goods	2,824,742,627,509	1,810,835,164,934
		Purchase of goods	1,303,333,328,091	1,150,472,006,130
		Trade discount	31,578,990,241	30,338,104,597
		Sales of fixed assets	31,542,647,555	28,338,441,005
		Transportation services provided	24,839,317,629	25,664,857,497
		Services received	-	18,874,499,997
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Transportation fee	37,591,617,790	-
Hoa Sen-Gemadep Logistics and International Port Corporation	Associate	Capital contribution	3,672,266,449	-
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Associate	Capital withdrawal	13,585,000,000	-
		Lending of money	11,460,295,900	-
		Loan interest	174,696,609	-
Amounts due from and due to related parties at the balance sheet dates were as follows:				
<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>31 March 2018</i>	<i>30 September 2017</i>
<b>Short-term trade receivables</b>				
Hoa Sen Holdings Group	Related party	Sales of goods	47,451,186	451,645,235
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Sales of service	33,000,000	33,000,000
<b>TOTAL</b>			<b>80,451,186</b>	<b>484,645,235</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>31 March 2018</i>	<i>30 September 2017</i>
				VND
<b>Short-term advance to a customer</b>				
Hoa Sen Holdings Group	Related party	Sales of goods	<u>163,581,932,611</u>	<u>278,163,648,717</u>
<b>Other short-term receivable</b>				
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Associates	Interest expenses	174,696,609	-
			<u>90,357,923,609</u>	<u>90,183,227,000</u>
<b>Short-term trade payables</b>				
Hoa Sen Holdings Group	Related party	Purchase of goods	2,747,296,647	56,910,755,597
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Purchase of service	10,505,736,778	7,017,027,473
			<u>13,253,033,425</u>	<u>63,927,783,070</u>
<b>Short-term loan receivables</b>				
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Associate	Lending of money	<u>11,460,295,900</u>	-
<b>Other short-term payables</b>				
Huong Sen Real Estate	Related party	Payable of advance	<u>1,000,000,000</u>	<u>1,000,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

### *Transactions with other related parties*

Details of salary and remuneration to members of the Board of Directors, the Board of Supervision and management in the period were as follows:

	VND	
	<i>For the six-month period ended 31 March 2018</i>	<i>For the six-month period ended 31 March 2017</i>
Salaries of management	10,281,821,204	11,081,156,666
Bonuses of management	-	14,580,000,000
Remuneration of the Board of Directors and the Board of Supervision	1,100,000,000	990,000,000
Bonuses of the Board of Directors and the Board of Supervision	-	26,810,000,000
<b>TOTAL</b>	<b><u>11,381,821,204</u></b>	<b><u>53,461,156,666</u></b>

## 30. COMMITMENTS

### *Operating lease commitments - the Company as lessee*

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

	VND	
	<i>31 March 2018</i>	<i>30 September 2017</i>
Less than 1 year	126,952,104,162	109,150,036,089
From 1 to 5 years	430,264,252,387	378,856,719,212
More than 5 years	484,510,871,554	466,809,457,042
<b>TOTAL</b>	<b><u>1,041,727,228,103</u></b>	<b><u>954,816,212,343</u></b>

### *Operating lease commitments - the Company as lessor*

The Group lets out assets under operating lease arrangements. As 31 March 2018, the future minimum rental receivable as at the balance sheet dates under the operating lease agreements is as follows:

	VND	
	<i>31 March 2018</i>	<i>30 September 2017</i>
Less than 1 year	1,321,300,000	2,304,329,547
From 1 to 5 years	2,875,500,000	3,890,081,818
More than 5 years	8,640,000,000	2,587,200,000
<b>TOTAL</b>	<b><u>12,836,800,000</u></b>	<b><u>8,781,611,365</u></b>

### *Capital expenditure commitments*

As at 31 March 2018, the Group has commitments of VND 488,403,811,744 (30 September 2017: VND 785,047,782,983) mainly related to the acquisition of new machinery for the operation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 31. SEGMENT REPORTING

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

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

#### Geographical segments

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

	Domestic		Export		Total		VND
	For the six-month period ended		For the six-month period ended		For the six-month period ended		
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	
Revenue	9,513,591,696,030	7,306,567,433,204	6,037,129,871,988	4,672,961,137,577	15,550,721,568,018	11,979,528,570,781	
Cost of goods sold	(7,890,676,384,099)	(5,850,506,066,393)	(5,459,666,339,802)	(3,925,540,951,814)	(13,350,342,723,901)	(9,776,047,018,207)	
Gross profit	1,622,915,311,931	1,456,061,366,811	577,463,532,186	747,420,185,763	2,200,378,844,117	2,203,481,552,574	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 31 March 2018

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

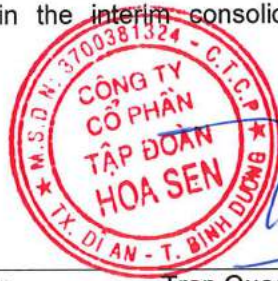
There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim consolidated financial statements.



\_\_\_\_\_  
Nguyen Thi Thanh Tuyen  
Preparer



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




\_\_\_\_\_  
Tran Quoc Tri  
General Director

30 May 2018