



Hoa Sen Group and its subsidiaries

**Consolidated Interim Financial Statements
for the six-month period ended
31 March 2019**



Hoa Sen Group Corporate Information

Business Registration Certificate No. 3700381324 8 August 2001

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

Board of Directors	Mr. Le Phuoc Vu	Chairman
	Mr. Tran Ngoc Chu	Vice Chairman
	Mr. Tran Quoc Tri	Member
	Mr. Ly Van Xuan	Member
	Mr. Nguyen Van Luan	Member
	Mr. Dinh Viet Duy	Member

Board of Management	Mr. Tran Quoc Tri	General Director
	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	Deputy General Director

Legal Representative	Mr. Le Phuoc Vu	Chairman
	Mr. Tran Ngoc Chu	Vice Chairman
	Mr. Tran Quoc Tri	General Director

Registered Office No. 9, Thong Nhat Boulevard,
Song Than II Industrial Park,
Di An Ward, Di An Town,
Binh Duong Province
Vietnam

Auditor KPMG Limited
Vietnam

Hoa Sen Group

Statement of Board of Management

Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the six-month period ended 31 March 2019.

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

- (a) the consolidated interim financial statements set out on pages 5 to 60 give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of the consolidated results of operations and the consolidated cash flows of the Group for the six-month period then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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



On behalf of the Board of Management

Tran Ngoc Chu
Vice Chairman

Ho Chi Minh City, 30 May 2019



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115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Hoa Sen Group

We have reviewed the accompanying consolidated interim financial statements of Hoa Sen Group (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 30 May 2019, as set out on pages 5 to 60.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated interim financial statements based on our audit. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim 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.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Hoa Sen Group and its subsidiaries as at 31 March 2019 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

Other matter

The consolidated financial statements of the Group for the year and the six-month period ended 30 September 2018 and 31 March 2018, respectively, were audited and reviewed by another firm of auditors whose reports dated 28 December 2018 and 29 May 2018 expressed an unqualified opinion and unqualified conclusion on those financial statements.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 19-01-00213-19-2



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

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

Ho Chi Minh City, 30 May 2019

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 31 March 2019

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

	Code	Note	31/3/2019 VND	1/10/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		8,079,401,340,597	10,799,699,101,991
Cash and cash equivalents	110	9	370,385,702,520	492,079,830,667
Cash	111		342,742,180,645	459,271,022,774
Cash equivalents	112		27,643,521,875	32,808,807,893
Short-term financial investments	120		520,387,032	270,387,032
Held-to-maturity investments	123	10(a)	520,387,032	270,387,032
Accounts receivable – short-term	130		1,760,819,636,313	2,118,733,369,445
Accounts receivable from customers	131	11	1,387,627,260,543	1,650,639,947,525
Prepayments to suppliers	132	12	145,998,071,387	296,532,254,907
Loans receivable	135		-	3,660,295,900
Other short-term receivables	136	13(a)	234,799,170,162	175,861,343,972
Allowance for doubtful debts	137		(7,604,865,779)	(7,960,472,859)
Inventories	140	14	4,527,198,003,003	6,606,994,466,635
Inventories	141		4,557,901,161,389	6,647,686,173,500
Allowance for inventories	149		(30,703,158,386)	(40,691,706,865)
Other current assets	150		1,420,477,611,729	1,581,621,048,212
Short-term prepaid expenses	151	19(a)	109,022,789,306	97,836,059,166
Deductible value added tax	152		1,289,955,982,773	1,453,616,036,730
Taxes receivable from State Treasury	153	23(b)	21,498,839,650	30,168,952,316

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

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 31 March 2019 (continued)

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

	Code	Note	31/3/2019 VND	1/10/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		10,286,027,606,130	10,455,122,959,627
Accounts receivable – long-term	210		160,328,954,728	202,370,220,436
Other long-term receivables	216	13(b)	160,328,954,728	202,370,220,436
Fixed assets	220		7,822,929,605,338	8,124,639,435,592
Tangible fixed assets	221	15	7,465,745,232,002	7,671,670,211,535
Cost	222		11,908,964,655,165	11,563,782,152,097
Accumulated depreciation	223		(4,443,219,423,163)	(3,892,111,940,562)
Finance lease tangible fixed assets	224	16	110,372,724,878	140,153,363,491
Cost	225		164,081,312,205	236,206,835,834
Accumulated depreciation	226		(53,708,587,327)	(96,053,472,343)
Intangible fixed assets	227	17	246,811,648,458	312,815,860,566
Cost	228		294,601,902,380	355,069,152,380
Accumulated amortisation	229		(47,790,253,922)	(42,253,291,814)
Long-term work in progress	240		1,797,272,399,195	1,512,774,341,255
Construction in progress	242	18	1,797,272,399,195	1,512,774,341,255
Long-term financial investments	250		16,000,000,000	98,957,678,001
Investments in associates	252	10(b)	-	36,357,678,001
Held-to-maturity investments	255	10(a)	16,000,000,000	62,600,000,000
Other long-term assets	260		489,496,646,869	516,381,284,343
Long-term prepaid expenses	261	19(b)	431,089,482,050	475,698,024,116
Deferred tax assets	262	20	54,027,812,934	40,683,260,227
Goodwill	269	21	4,379,351,885	-
TOTAL ASSETS (270 = 100 + 200)	270		18,365,428,946,727	21,254,822,061,618

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

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 31 March 2019 (continued)

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

	Code	Note	31/3/2019 VND	1/10/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		13,139,161,978,796	16,103,196,342,693
Current liabilities	310		9,877,075,281,656	12,637,507,361,815
Accounts payable to suppliers	311	22	1,340,963,570,524	1,066,621,824,454
Advances from customers	312		155,218,253,959	141,297,692,947
Taxes payable to State Treasury	313	23(a)	101,286,415,246	61,518,263,658
Payables to employees	314		48,779,548,655	85,096,650,336
Accrued expenses	315	24	121,644,800,301	148,220,024,270
Other payables – short-term	319	25	410,265,604,330	213,415,952,496
Short-term borrowings and finance lease liabilities	320	26(a)	7,652,916,338,970	10,879,859,929,887
Bonus and welfare fund	322	27	46,000,749,671	41,477,023,767
Long-term liabilities	330		3,262,086,697,140	3,465,688,980,878
Other payables – long-term	337		336,600,000	-
Long-term borrowings and finance lease liabilities	338	26(b)	3,258,074,522,640	3,461,976,547,378
Provisions – long-term	342	28	3,675,574,500	3,712,433,500
EQUITY (400 = 410)	400		5,226,266,967,931	5,151,625,718,925
Owners' equity	410	29	5,226,266,967,931	5,151,625,718,925
Share capital	411	30	3,849,903,280,000	3,849,903,280,000
- <i>Ordinary shares with voting rights</i>	411a		3,849,903,280,000	3,849,903,280,000
Share premium	412		151,583,183,521	151,583,183,521
Treasury shares	415		(1,615,000,000)	(1,343,000,000)
Other equity funds	420		57,785,400,259	60,509,750,556
Retained profits	421		1,161,076,507,179	1,055,058,327,742
- <i>Retained profits brought forward</i>	421a		1,044,720,251,536	645,824,289,820
- <i>Retained profits for the current period</i>	421b		116,356,255,643	409,234,037,922
Non-controlling interest	429		7,533,596,972	35,914,177,106
TOTAL RESOURCES (440 = 300 + 400)	440		18,365,428,946,727	21,254,822,061,618

30 May 2019

Prepared by

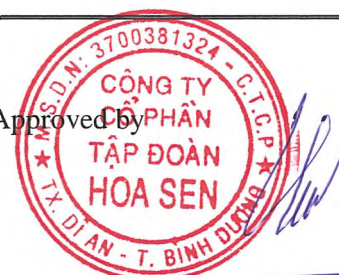


Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
Vice Chairman

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

Hoa Sen Group and its subsidiaries**Consolidated statement of income for the six-month period ended 31 March 2019****Form B 02a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended	
			31/3/2019 VND	31/3/2018 VND (Reclassified)
Revenue from sales of goods and provision of services	01	32	14,480,029,442,288	15,658,399,375,958
Revenue deductions	02	32	23,311,233,667	107,677,807,940
Net revenue from sales of goods and provision of services (10 = 01 - 02)	10	32	14,456,718,208,621	15,550,721,568,018
Cost of sales	11	33	13,068,970,077,235	13,350,342,723,901
Gross profit (20 = 10 - 11)	20		1,387,748,131,386	2,200,378,844,117
Financial income	21	34	31,841,073,024	27,621,151,986
Financial expenses	22	35	403,740,264,217	402,562,361,419
<i>In which: Interest expense</i>	23		382,058,482,066	387,198,191,405
Selling expenses	25	36	869,076,326,042	969,205,087,374
General and administration expenses	26	37	225,858,590,702	337,130,504,692
Net operating (loss)/profit {30 = 20 + (21 - 22) - (25 + 26)}	30		(79,085,976,551)	519,102,042,618
Other income	31	38	248,553,795,923	25,813,475,559
Other expenses	32		21,160,367,318	1,534,739,769
Results of other activities (40 = 31 - 32)	40		227,393,428,605	24,278,735,790
Accounting profit before tax (50 = 30 + 40)	50		148,307,452,054	543,380,778,408
Income tax expense – current	51	40	45,297,448,858	98,276,945,138
Income tax (benefit)/expense – deferred	52	40	(13,344,552,707)	15,983,209,058
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		116,354,555,903	429,120,624,212

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

Hoa Sen Group and its subsidiaries
Consolidated statement of income for the six-month period ended 31 March 2019
(continued)

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

	Code	Note	Six-month period ended	
			31/3/2019 VND	31/3/2018 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward)	60		116,354,555,903	429,120,624,212
Attributable to:				
Equity holders of the Company	61		116,356,255,643	429,160,893,780
Non-controlling interest	62		(1,699,740)	(40,269,568)
Earnings per share				
Basic earnings per share	70	41	264	981

30 May 2019

Prepared by



Nguyen Thi Thanh Tuyen
Accountant

Approved by




Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
Vice Chairman

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

Hoa Sen Group and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 31 March 2019
(Indirect method)

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

	Code Note	Six-month period ended	
		31/3/2019 VND	31/3/2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	148,307,452,054	543,380,778,408
Adjustments for			
Depreciation and amortisation	02	563,663,248,452	473,457,021,094
Allowances and provisions	03	(10,372,155,559)	(30,775,482,104)
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(5,462,942,926)	14,881,932,542
Profits from investing activities	05	(148,503,855,833)	(10,348,137,732)
Interest expense	06	382,058,482,066	387,198,191,405
Operating profit before changes in working capital	08	929,690,228,254	1,377,794,303,613
Change in receivables	09	563,968,475,962	(388,989,941,389)
Change in inventories	10	2,089,785,012,111	(986,244,510,507)
Change in payables and other liabilities	11	463,829,956,218	(1,999,967,318,380)
Change in prepaid expenses	12	34,132,416,674	(60,431,026,702)
		4,081,406,089,219	(2,057,838,493,365)
Interest paid	14	(387,571,569,614)	(383,563,649,902)
Income tax paid	15	(37,920,350,886)	(120,201,299,459)
Other payments for operating activities	17	(10,153,739,866)	(48,897,038,247)
Net cash flows from operating activities	20	3,645,760,428,853	(2,610,500,480,973)

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

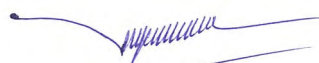
Hoa Sen Group and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 31 March 2019
(Indirect method – continued)

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

	Code Note	Six-month period ended	
		31/3/2019 VND	31/3/2018 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(681,396,513,668)	(1,488,171,900,732)
Collections on disposals of fixed assets	22	249,031,159,754	92,357,464,525
Payments for term deposits	23	(250,000,000)	-
Collections on term deposits	24	46,600,000,000	-
Payments for investments in other entities	25	(11,581,401,220)	(3,672,266,449)
Collections on investments in other entities	26	-	13,585,000,000
Receipts of interest	27	4,925,854,947	4,614,370,016
Net cash flows from investing activities	30	(392,670,900,187)	(1,381,287,332,640)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares redemptions	32	(272,000,000)	(543,000,000)
Proceeds from borrowings	33	9,471,649,644,028	17,855,587,251,164
Payments to settle loan principals	34	(12,803,057,142,060)	(13,914,080,254,476)
Payments to settle finance lease liabilities	35	(41,862,677,622)	(7,696,158,208)
Payments of dividends	36	(171,530,900)	(293,512,000)
Net cash flows from financing activities	40	(3,373,713,706,554)	3,932,974,326,480
Net cash flows during the period (50 = 20 + 30 + 40)	50	(120,624,177,888)	(58,813,487,133)
Cash and cash equivalents at the beginning of the period	60	492,079,830,667	292,371,319,351
Effect of exchange rate fluctuations on cash and cash equivalents	61	(1,069,950,259)	(1,848,409,057)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70 9	370,385,702,520	231,709,423,161

30 May 2019

Prepared by




Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
Vice Chairman 

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

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019

Form B 09a – DN/HN
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These notes form an integral part of and should be read in conjunction with the accompanying consolidated interim financial statements.

1. Reporting Entity

(a) Ownership structure

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

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

The consolidated interim financial statements for the six-month period ended 31 March 2019 comprise the Company and its subsidiaries (collectively referred to as “the Group”).

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Group structure

As at 31 March 2019, the Group has 17 subsidiaries (1/10/2018: 15 subsidiaries, 2 associates), as follows:

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Name	Principal activities	Percentage of ownership/ voting rights	
		31/3/2019	1/10/2018
Subsidiaries			
▪ Hoa Sen Nghe An One Member Limited Liability Company	Manufacturing and trading metal roofing sheets and steel pipe products	100%	100%
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	Manufacturing and trading metal roofing sheets	100%	100%
▪ Hoa Sen Steel Sheet One Member Limited Liability Company	Manufacturing and trading in cold rolled steel products	100%	100%
▪ Hoa Sen Phu My One Member Limited Liability Company	Manufacturing steel for building materials and consumer goods	100%	100%
▪ Hoa Sen Ha Nam One Member Limited Liability Company	Manufacturing and trading in plastic building materials and steel pipe products	100%	100%
▪ Hoa Sen Building Materials One Member Limited Liability Company	Manufacturing and trading in plastic building materials and steel pipe products	100%	100%
▪ Hoa Sen Binh Dinh One Member Limited Liability Company	Manufacturing and trading in plastic building materials and steel pipe products	100%	100%
▪ Hoa Sen Yen Bai Joint Stock Company	Operating a hotel, restaurant services and commercial center	95%	70%
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liability Company	Manufacturing and trading in steel pipe products	100%	100%
▪ Hoa Sen Transportation and Engineering One Member Limited Liability Company	Providing transportation services and civil, industrial construction projects	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liability Company	Manufacturing iron, steel, cast iron products	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liability Company	Trading in real estate and land use right for use or rent	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liability Company	Investing riverport, seaport	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liability Company (*)	Manufacturing, transmitting and distributing electricity	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liability Company (*)	Manufacturing cement, lime and plaster	100%	100%

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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Name	Principal activities	Percentage of ownership/ voting rights 31/3/2019 1/10/2018	
Subsidiaries (continued)			
▪ Hoa Sen Quy Nhon Joint Stock Company	Trading real estate and provide support services for trading real estate	99%	-
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Investing, constructing and trading industrial park infrastructure	95%	-
Associates			
▪ Hoa Sen Quy Nhon Joint Stock Company	Trading real estate and provide support services for trading real estate	-	45%
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Investing, constructing and trading industrial park infrastructure	-	45%

(*) As at 31 March 2019, the Group has not yet contributed capital to these companies. These subsidiaries are in the pre-operating stage.

As at 31 March 2019, the Group has 6,416 employees (1/10/2018: 7,062 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)

Form B 09a – DN/HN
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(c) Going concern assumption

The consolidated interim financial statements have been prepared on a going concern basis. At the balance sheet date, current liabilities exceeded current assets by VND1,797,674 million (1/10/2018: VND1,837,808 million). Furthermore, the Company's share price declined from VND11,500/share to VND8,550/share during the period. The validity of the going concern assumption fundamentally depends on the Group being able to generate cashflow from its activities as forecast and the Company's main shareholder and financial institutions continuing to provide such financial assistance as is necessary.

The management is implementing the restructuring plans for improving the efficiency in the Company's business operation as well as continue seeking for additional sources of finance. The Company's major shareholder also confirmed to continue to provide such financial assistance as is necessary to enable the Company to meet its liabilities as and when they fall due.

At the time of this report, there is no reason for the managements to believe that the financial institutions and the Company's major shareholder will not continue their support.

(d) Annual accounting period

The annual accounting period of the Group is from 1 October to 30 September of next year. The consolidated interim financial statements have been prepared for the six-month period ended 31 March.

(e) Accounting and presentation currency

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

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements. The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

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(ii) Non-controlling interests

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

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

(iii) Associates

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

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency transactions

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

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

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

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(c) Cash and cash equivalents

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

(d) Held-to-maturity investments

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

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

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(ii) Depreciation

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

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

(h) Finance lease tangible fixed assets

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

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

(i) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(ii) Software

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

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(j) Construction in progress

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

(k) Long-term prepaid expenses

(i) Rental expenses

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

(ii) Tools and instruments

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

(iii) Maintenance expenses

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

(iv) Advertising panels

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

(l) Goodwill

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

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

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

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(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

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

Severance allowance

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

(o) Share capital

(i) Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects.

(ii) Share premium

Excess of cash receipt from share issues over par value is recorded as share premium.

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

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

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(p) Taxation

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

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

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

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

(q) Revenue and other income

(i) Goods sold

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

(ii) Services rendered

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

(iii) Interest income

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

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(r) Operating lease payments

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

(s) Borrowing costs

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

(t) Earnings per share

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

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

(u) Segment reporting

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

(v) Related parties

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

4. Seasonality of operations

The Group’s principal activities are to produce and trade in galvanised steel roofing sheet, aluminum zinc alloy, painted galvanised and related products; the Company’s Board of Management is of the opinion that these segments are not subjected to significant seasonal fluctuations.

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In preparing these consolidated interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates.

There were no significant changes in accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

6. Segment reporting**(a) Business segments**

The Group's principal activities are buying and selling steel roofing sheets, steel pipes, building materials. Other activities are asset leasing and service provision. During the period, other activities accounted for a insignificant proportion of total revenue and business operating results of the Group, accordingly, the financial information presented in the consolidated balance sheet as at 31 March 2019 and 1 October 2018 and all revenue, expenses presented in the consolidated statement of income for the six-month period ended 31 March 2019 and 31 March 2018 are mainly related to the Group's principal business activities.

(b) Geographical segments

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

	Geographical segments		
	Domestic VND	Oversea VND	Total VND
Six-month period ended 31 March 2019			
Revenue	9,615,570,388,431	4,841,147,820,190	14,456,718,208,621
Cost of sales	(8,379,458,160,528)	(4,689,511,916,707)	(13,068,970,077,235)
	<hr/>	<hr/>	<hr/>
	1,236,112,227,903	151,635,903,483	1,387,748,131,386
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Six-month period ended 31 March 2018			
Revenue	9,513,591,696,030	6,037,129,871,988	15,550,721,568,018
Cost of sales	(7,890,676,384,099)	(5,459,666,339,802)	(13,350,342,723,901)
	<hr/>	<hr/>	<hr/>
	1,622,915,311,931	577,463,532,186	2,200,378,844,117
	<hr/>	<hr/>	<hr/>

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On 6 December 2018, the Group acquired 54% of equity interest of Hoa Sen Quy Nhon Joint Stock Company (“Hoa Sen Quy Nhon”), increasing the percentage of equity interest in Hoa Sen Quy Nhon from 45% to 99% at a purchase price of VND33,480 million. The principal activities of Hoa Sen Quy Nhon are trading real estate and providing support services for trading real estate. During 4 months until 31 March 2019, acquired activities contributed the profit of VND1,213 million to the Group’s business results.

The acquisition had the following effect on the Group’s assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts VND	Fair value adjustments VND	Recognised value on acquisition VND
Cash and cash equivalents	678,649,772	-	678,649,772
Accounts receivable – short-term	55,758,779,407	-	55,758,779,407
Other current assets	320,338,282	-	320,338,282
Long-term work in progress	6,835,649,529	-	6,835,649,529
Net identifiable assets and liabilities	63,593,416,990	-	63,593,416,990
Net asset value purchased			34,340,445,175
Gain from bargain purchase			(860,445,175)
Total considerations			33,480,000,000
Netted-off with liabilities			(27,590,000,000)
Cash acquired			(678,649,772)
Net cash outflow			5,211,350,228

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On 6 December 2018, the Group acquired 50% of equity interest of Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company (“Hoa Sen Du Long”), increasing the percentage of equity interest in Hoa Sen Du Long from 45% to 95% at a purchase price of VND17,350 million. The principal activities of Hoa Sen Du Long are investing, constructing and trading of industrial park infrastructure. During 4 months until 31 March 2019, acquired activities contributed the loss of VND40 million to the Group's business results.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts VND	Fair value adjustments VND	Recognised value on acquisition VND
Cash and cash equivalents	5,949,008	-	5,949,008
Accounts receivable – short-term	291,135,520	-	291,135,520
Inventories	6,770,000	-	6,770,000
Long-term work in progress	21,318,139,102	-	21,318,139,102
Current liabilities	(4,439,401,173)	-	(4,439,401,173)
Net identifiable assets and liabilities	17,182,592,457	-	17,182,592,457
Net asset value purchased			8,591,296,229
Goodwill on acquisition			8,758,703,771
Total considerations			17,350,000,000
Netted-off with liabilities			(14,574,000,000)
Cash acquired			(5,949,008)
Net cash outflow			2,770,050,992

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8. Transaction with non-controlling interest

Additional acquisition of equity interest in subsidiary

During the period, the Group acquired additional 25% equity interest of Hoa Sen Yen Bai Joint Stock Company (“Hoa Sen Yen Bai”) – a subsidiary.

Identifiable assets and liabilities of the subsidiary at the additional acquisition date are recognised at carrying amounts. The difference between consideration paid and carrying amounts of net assets at the additional acquisition date is recognised in retained profits.

	Hoa Sen Yen Bai VND
Net identifiable assets at the additional acquisition date	119,495,776,747
Additional net identifiable assets acquired (Note 29)	29,873,944,187
Change in retained profits on additional acquisition of equity interest in subsidiaries by the Group (Note 29)	126,055,813
Considerations paid	30,000,000,000
Netted-off with liabilities	26,400,000,000
Net cash outflow	3,600,000,000

9. Cash and cash equivalents

	31/3/2019 VND	1/10/2018 VND
Cash on hand	56,570,026,686	49,171,111,805
Cash in banks	286,163,152,041	409,373,357,409
Cash in transit	9,001,918	726,553,560
Cash and cash equivalents (*)	27,643,521,875	32,808,807,893
	370,385,702,520	492,079,830,667

(*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates and earned annual interest rate from 5 to 5.5% (1/10/2018: 5%).

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10. Investments

(a) Held-to-maturity investments

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

Held-to-maturity investments – short-term represented term deposits at banks with original terms to maturity of more than three months from the transaction date and less than 12 months from the period ended. These term deposits were nominated in VND and earned annual interest rate from 5.3% to 6.4% (1/10/2018: from 6.7% to 7.2%).

As at 31 March 2019, held-to-maturity investments – short-term amounting VND270 million (1/10/2018: VND270 million) were mortgaged at banks.

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

	31/3/2019	1/10/2018
	VND	VND
Bonds at Vietnam Joint Stock Commercial Bank for Industry and Trade (*)	16,000,000,000	16,000,000,000
Bonds at Joint Stock Commercial Bank for Foreign Trade of Vietnam (**)	-	46,600,000,000
	16,000,000,000	62,600,000,000

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

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

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	31/3/2019		1/10/2018				
	% equity owned/ voting rights	Cost VND	Fair value VND	Equity accounted VND	% equity owned/ voting rights	Cost VND	Equity accounted VND
Investments in associates							
Sen Quy Nhon Joint Company	-	-	-	-	45%	27,900,000,000	28,616,923,3
Sen Du Long Industrial Park Infrastructure Investment Stock Company	-	-	-	-	45%	15,615,000,000	7,740,754,6
		-	-	-		43,515,000,000	36,357,678,0

During the period, the Group increased the equity interest in Hoa Sen Quy Nhon Joint Stock Company from 45% to 99% and Hoa Sen Du Long Infrastructure Investment Joint Stock Company from 45% to 95% (Note 7).

The Group has not determined fair values of these financial instruments for disclosure in the consolidated interim financial statements because information about market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. There fair values of these financial instruments may differ from their carrying

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***11. Accounts receivable from customers****(a) Accounts receivable from customers detailed by significant customers**

	31/3/2019 VND	1/10/2018 VND
Hoa Sen Holdings Group	303,105,817,307	1,485,707
Abhay Ispat India Pvt. Ltd	-	184,860,820,705
Other customers	1,084,521,443,236	1,465,777,641,113
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	1,387,627,260,543	1,650,639,947,525
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At 31 March 2019 accounts receivable with carrying value of VND570,000 million and receivable arising from export bill collection with the value of VND2,300,000 million (1/10/2018: VND570,000 million of trade receivable and VND2,300,000 million arising from export bill collection) were pledged with banks as security for loan granted to the Company (Note 26).

(b) Accounts receivable from customers who are related parties

	31/3/2019 VND	1/10/2018 VND
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	303,105,817,307	1,485,707
Hoa Sen Nghe An Investment One Member Limited Liability Company	33,000,000	132,000,000
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The trade related amounts due from the related party were unsecured, interest free and are receivable in 45 days from invoice date.

12. Prepayment to suppliers

	31/3/2019 VND	1/10/2018 VND
Danieli & C.Officine Meccaniche S.P.A	19,400,893,000	9,646,166,400
Vietnam Kinex Construction Joint Stock Company (formerly known as Truong Sa Construction Joint Stock Company)	14,397,931,632	49,006,592,130
Other suppliers	112,199,246,755	237,879,496,377
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	145,998,071,387	296,532,254,907
	<hr/>	

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	31/3/2019	1/10/2018
	VND	VND
Advances for purchase of lands	45,462,225,000	90,183,227,000
Advances to employees	47,059,302,589	28,855,016,820
Receivables from disposals of associate	14,928,557,806	15,665,290,474
Compensation for ground clearing	20,000,000,000	20,000,000,000
Short-term deposits	97,573,882,441	8,524,361,473
Others	9,775,202,326	12,633,448,205
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	234,799,170,162	175,861,343,972
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Other short-term receivables from related parties

	31/3/2019	1/10/2018
	VND	VND
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	91,550,690,256
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The other receivables amounts due from the related parties were unsecured, interest free and are receivable on demand.

(b) Other receivables – long-term

	31/3/2019	1/10/2018
	VND	VND
Deposits for rental	160,051,956,442	202,093,222,150
Others	276,998,286	276,998,286
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	160,328,954,728	202,370,220,436
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14. Inventories

	31/3/2019		1/10/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	372,566,551,048	-	58,359,200,302	-
Raw materials	785,875,033,273	-	3,138,626,504,785	-
Tools and supplies	717,244,318,153	-	762,604,260,869	-
Work in progress	-	-	17,520,962	-
Finished goods	1,877,323,867,097	(24,544,354,039)	2,094,837,111,880	(39,938,971,876)
Merchandise inventories	804,891,391,818	(6,158,804,347)	593,241,574,702	(752,734,989)
	4,557,901,161,389	(30,703,158,386)	6,647,686,173,500	(40,691,706,865)

At 31 March 2019 inventories with carrying value of VND3,259,124 million (1/10/2018: VND2,774,903 million) were pledged with banks as security for loans granted to the Group (Note 26).

Included in inventories at 31 March 2019 was VND674,481 million of finished goods and VND196,974 million of merchandise inventories (1/10/2018: VND851,916 million of finished goods and VND24,239 million of merchandise inventories) carried at net realisable value.

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

	Six-month period ended	
	31/3/2019 VND	31/3/2018 VND
Opening balance	40,691,706,865	26,950,234,865
Allowance made during the period	4,137,077,666	11,624,390,574
Allowance reversed during the period	(14,125,626,145)	(6,866,797,011)
Closing balance	30,703,158,386	31,707,828,428

Group and its subsidiaries
the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

Form B
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Fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND
Balance	2,061,707,595,837	8,935,015,328,466	476,339,327,088	64,460,717,419	26,259,183,287
From construction in progress	33,184,517,772	140,175,273,162	386,233,691	7,769,630,948	-
From finance lease tangible	106,710,598,410	69,850,892,873	6,962,911,550	332,720,000	-
From construction in progress	-	71,908,767,763	216,755,866	-	-
From contribution to long-term prepaid	-	(3,773,993,255)	-	-	-
From disposals	(648,065,313)	(791,123,775)	-	-	-
From impairment	(2,894,040,540)	(62,357,867,433)	(20,823,275,304)	(37,835,000)	(270,606,364)
From impairment reverses	-	(275,027,337)	-	-	(443,964,646)
Balance	2,198,060,606,166	9,149,752,250,464	463,081,952,891	72,525,233,367	25,544,612,277
Accumulated depreciation					
Balance at the beginning of the period	455,597,596,643	3,206,820,420,265	186,785,736,619	22,353,261,855	20,554,925,180
From impairment	57,148,222,722	447,125,667,305	25,673,402,356	5,243,489,291	1,255,894,840
From finance lease tangible	-	59,590,825,326	54,317,634	-	-
From contribution to long-term prepaid	(98,901,716)	(629,682,624)	-	-	-
From impairment	-	(2,139,044,777)	-	-	-
From construction in progress	(2,626,213,129)	(27,345,800,629)	(11,854,539,587)	(37,835,000)	(252,319,411)
Balance	510,020,704,520	3,683,422,384,866	200,658,917,022	27,558,916,146	21,558,500,609
Net book value					
Balance at the beginning of the period	1,606,109,999,194	5,728,194,908,201	289,553,590,469	42,107,455,564	5,704,258,107
Balance	1,688,039,901,646	5,466,329,865,598	262,423,035,869	44,966,317,221	3,986,111,668

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Included in tangible fixed assets were assets costing VND796,868 million which were fully depreciated as at 31 March 2019 (1/10/2018: VND724,651 million), but which are still in active use.

At 31 March 2019 tangible fixed assets with net book value of VND5,747,512 million (1/10/2018: VND6,375,966 million) were pledged with banks as security for loans granted to the Group (Note 26).

16. Finance lease tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost				
Opening balance	145,305,609,552	72,264,862,646	18,636,363,636	236,206,835,834
Transfer to tangible fixed assets	(71,908,767,763)	(216,755,866)	-	(72,125,523,629)
Closing balance	73,396,841,789	72,048,106,780	18,636,363,636	164,081,312,205
Accumulated depreciation				
Opening balance	87,619,756,338	8,224,376,030	209,339,975	96,053,472,343
Charge for the period	10,460,839,335	5,910,153,353	929,265,256	17,300,257,944
Transfer to tangible fixed assets	(59,590,825,326)	(54,317,634)	-	(59,645,142,960)
Closing balance	38,489,770,347	14,080,211,749	1,138,605,231	53,708,587,327
Net book value				
Opening balance	57,685,853,214	64,040,486,616	18,427,023,661	140,153,363,491
Closing balance	34,907,071,442	57,967,895,031	17,497,758,405	110,372,724,878

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***17. Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	308,177,659,765	46,891,492,615	355,069,152,380
Disposals	(60,467,250,000)	-	(60,467,250,000)
Closing balance	247,710,409,765	46,891,492,615	294,601,902,380
Accumulated amortisation			
Opening balance	34,162,595,531	8,090,696,283	42,253,291,814
Charge for the period	1,722,253,117	3,814,708,991	5,536,962,108
Closing balance	35,884,848,648	11,905,405,274	47,790,253,922
Net book value			
Opening balance	274,015,064,234	38,800,796,332	312,815,860,566
Closing balance	211,825,561,117	34,986,087,341	246,811,648,458

Included in intangible fixed assets were assets costing VND2,275 million which were fully depreciated as at 31 March 2019 (1/10/2018: VND2,275 million), but which are still in active use.

At 31 March 2019 intangible fixed assets with net book value of VND57,734 million VND (1/10/2018: VND124,649 million) were pledged with banks as security for loans granted to the Company (Note 26).

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***18. Construction in progress**

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Opening balance	1,512,774,341,255	1,333,535,754,767
Increases from business combination	26,839,374,200	-
Additions during the period	509,266,785,760	1,324,615,760,554
Transfer from tangible fixed assets	1,634,948,478	-
Transfer to tangible fixed assets	(183,857,122,833)	(1,556,654,176,249)
Transfer to long-term prepaid expenses	(8,909,860,714)	(8,952,820,477)
Other decreases (*)	(60,000,000,000)	-
Disposals	(476,066,951)	-
	<hr/>	<hr/>
Closing balance	1,797,272,399,195	1,092,544,518,595

- (*) Other decreases represented prepayment to suppliers to purchase land use rights at the intersection of IC12 Minh Quan Commune and Bao Hung Commune, Tran Yen District, Yen Bai Province in accordance with Decision no. 2014/STNMT-VPĐK dated 15 December 2016 by the Department of Natural Resources and Environment Yen Bai Province, which was refunded during the period.

Major constructions in progress were as follows:

	31/3/2019	1/10/2018
	VND	VND
Machinery, equipment waiting for installation	1,213,529,693,981	980,184,817,070
Factories	329,253,006,251	267,221,030,666
Hoa Sen Yen Bai project	202,104,927,514	215,065,609,415
Ground clearing cost of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Major maintenance expenses of fixed assets	10,620,268,068	8,198,877,595
Others	2,970,431,381	3,309,934,509
	<hr/>	<hr/>
	1,797,272,399,195	1,512,774,341,255

During the period, borrowing costs were capitalised into the construction in progress equivalent to VND29,109 million, identified based on capitalisation ratio from 5% to 9% (six-month period ended 31/3/2018: VND22,766 million, identified based on capitalisation from 5% to 9%).

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)

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19. Prepaid expenses

(a) Short-term prepaid expenses

	31/3/2019	1/10/2018
	VND	VND
Rental fee	45,061,891,967	25,738,770,696
Advertising expenses	29,618,329,697	26,546,794,453
Tools and instruments	14,715,792,084	22,823,742,673
Prepaid insurance fee	4,006,990,065	2,346,408,633
Maintenance expenses	3,543,510,146	4,776,883,774
Consultancy expenses	2,558,853,010	2,765,970,828
Others	9,517,422,337	12,837,488,109
	<hr/>	<hr/>
	109,022,789,306	97,836,059,166
	<hr/>	<hr/>

(b) Long-term prepaid expenses

	31/3/2019	1/10/2018
	VND	VND
Tools and instruments	153,833,034,894	167,262,012,258
Rental fee	91,888,394,833	117,850,134,718
Ground clearing expenses	79,116,308,673	79,954,996,131
Advertising pannels	50,020,993,874	47,956,945,821
Maintenance expenses	29,711,532,603	38,556,758,182
Others	26,519,217,173	24,117,177,006
	<hr/>	<hr/>
	431,089,482,050	475,698,024,116
	<hr/>	<hr/>

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Opening balance	475,698,024,116	412,307,081,315
Additions during the period	72,706,558,460	130,350,706,849
Transfer from tangible fixed assets	710,604,748	1,291,049,858
Transfer from construction in progress	8,909,860,714	8,952,820,477
Amortisation during the period	(126,935,565,988)	(100,152,502,882)
	<hr/>	<hr/>
Closing balance	431,089,482,050	452,749,155,617
	<hr/>	<hr/>

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***20. Deferred tax assets**

	31/3/2019	1/10/2018
	VND	VND
<i>Deferred tax assets are recognised for:</i>		
▪ Unrealised profits	36,292,664,846	16,452,678,151
▪ Accrued expenses	9,132,148,144	13,990,694,550
▪ Allowances and provisions	5,347,656,478	8,472,027,114
▪ Foreign exchange differences	1,381,041,134	714,348,043
▪ Others	1,874,302,332	1,053,512,369
	<hr/>	<hr/>
	54,027,812,934	40,683,260,227
	<hr/>	<hr/>

21. Goodwill

	VND
Cost	
Additions and closing balance	8,758,703,771
	<hr/>
Accumulated amortisation	
Charge for the period and closing balance	4,379,351,886
	<hr/>
Net book value	
Opening balance	-
Closing balance	4,379,351,885
	<hr/>

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)

Form B 09a – DN/HN
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22. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/3/2019 Cost/amount within payment capacity VND	1/10/2018 Cost/amount within payment capacity VND
Formosa Ha Tinh Steel Corporation	258,921,987,280	199,152,165,080
Hangzhou Cogeneration (HongKong) Co, LTD	-	191,161,898,608
Tata Steel Limited	235,285,592,880	-
Other suppliers	846,755,990,364	676,307,760,766
	1,340,963,570,524	1,066,621,824,454

(b) Accounts payable to suppliers who are related parties

	31/3/2019 Cost/amount within payment capacity VND	1/10/2018 Cost/amount within payment capacity VND
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	7,998,306,625	4,787,482,661
Hoa Sen Nghe An Investment One Member Co., Ltd.	3,909,948,345	5,226,877,644

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

Ben Group and its subsidiaries
to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

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Payable to and receivable from State Treasury

Payable to State Treasury

	1/10/2018 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND
Added tax	55,517,778,045	4,081,738,408,619	(634,311,409,221)	(3,403,964,344,590)	-
Export tax	428,139,298	5,377,846,346	(5,500,987,845)	-	-
State income tax	3,544,084,523	45,297,448,858	(37,920,350,886)	-	(10,290,577,955)
Local income tax	2,024,109,408	6,188,284,092	(8,579,567,406)	-	1,633,367,748
Taxes	4,152,384	6,017,437,437	(5,904,501,150)	-	(12,902,459)

61,518,263,658 4,144,619,425,352 (692,216,816,508) (3,403,964,344,590) (8,670,112,666)

Receivable from State Treasury

	1/10/2018 VND	Reclassified VND
State income tax	30,121,058,199	(10,290,577,955)
Local income tax	34,991,658	1,633,367,748
Taxes	12,902,459	(12,902,459)

30,168,952,316 (8,670,112,666)

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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24. Accrued expenses – short-term

	31/3/2019 VND	1/10/2018 VND
Tax provision expenses	52,351,474,257	37,076,242,781
Salary and bonus	21,992,522,000	23,755,410,000
Construction in progress	19,479,390,763	19,168,204,030
Transportation expenses	13,204,724,726	36,448,531,522
Interest expenses	12,995,575,986	18,508,663,534
Electricity expenses	1,456,392,569	10,652,297,935
Others	164,720,000	2,610,674,468
	121,644,800,301	148,220,024,270

25. Other payables – short-term

	31/3/2019 VND	1/10/2018 VND
Import sponsor payables (*)	222,980,404,215	136,756,103,216
Discount export documents payables	124,413,328,193	25,996,753,725
Short-term deposits received	26,226,494,482	21,763,098,327
Dividend payables	4,455,946,525	4,627,477,425
Social insurance, health insurance, unemployment insurance and union funds	1,409,261,540	6,813,958,570
Others	30,780,169,375	17,458,561,233
	410,265,604,330	213,415,952,496

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

Other payables – short-term to related parties

	31/3/2019 VND	1/10/2018 VND
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holding Group	305,000,000	895,000,000

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

Group and its subsidiaries
consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

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Borrowings and finance lease liabilities

	1/10/2018			Movements during the period		Carrying amount/ repayment capacity VND
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Decreases VND	Foreign exchange differences VND	Amortisation VND	
Borrowings	10,112,404,503,735	9,121,577,208,927	(12,304,681,713,122)	(4,575,440,001)	6,921,595,117,539	
Finance lease liabilities	695,634,361,360	509,701,133,265	(520,533,335,589)	-	674,768,058,036	
Total	71,821,064,792	13,431,233,225	(41,862,677,622)	-	7,606,363,175,575	
Total	10,879,859,929,887	9,644,709,575,417	(12,867,077,726,333)	(4,575,440,001)	7,606,363,175,575	

Group and its subsidiaries
consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

Form B
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Conditions of outstanding short-term borrowings were as follows:

	31/3/2019	
	VND	
Note	Currency	
Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	1,248,250,636,435	(i) VND
Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	955,612,019,039	(i) USD
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	1,054,314,381,565	(ii) VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	595,717,855,387	(ii) USD
Investment and Development of Vietnam - Transaction Office 2 Branch	1,009,100,214,433	(iii) VND
Investment and Development of Vietnam - Transaction Office 2 Branch	-	(iii) USD
Bank (Vietnam) Ltd.	784,110,244,247	(iv) VND
Bank (Vietnam) Ltd.	453,293,426,538	(v) USD
Bank (Vietnam) Ltd.	30,312,004,580	(vi) VND
Bank (Vietnam) Ltd.	248,157,174,728	(vi) USD
Bank (Vietnam) Ltd.	181,952,204,925	(vii) VND
Bank (Vietnam) Ltd.	138,532,027,601	(viii) VND
Bank (Vietnam) Ltd.	107,984,481,354	(ix) VND
Bank (Vietnam) Ltd.	73,489,410,263	(x) USD
Bank (Vietnam) Ltd.	43,898,478,444	(xi) USD
Bank (Vietnam) Ltd.	-	(xii) VND
Bank (Vietnam) Ltd.	-	(xiii) VND
Bank (Vietnam) Ltd.	-	(xiv) VND
Bank (Vietnam) Ltd.	-	(xv) VND
Bank (Vietnam) Ltd.	-	(xvi) VND
Bank (Vietnam) Ltd.	-	(xvii) VND
Bank (Vietnam) Ltd.	-	(xviii) VND
Bank (Vietnam) Ltd.	-	(xix) VND

6,924,724,559,539

Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

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

- (i) This loan with a limit of VND3,000,000 million, was secured by the land use rights, buildings, structures, machinery and equipment and accounts receivable from customers and bore annual interest rate from 6.5% to 6.6% for loan in VND and 3.8% for loan in USD (1/10/2018: 5.5% for loan in VND and from 2.7% to 2.9% for loan in USD).
- (ii) This loan with a limit of VND2,000,000 million, was secured by the land use rights, machinery and equipment and inventories and bore annual interest rate from 6.3% to 6.6% for loan in VND and from 3.6% to 3.7% for loan in USD (1/10/2018: from 5.3% to 5.9% for loan in VND and from 2.7% đến 3% for loan in USD).
- (iii) This loan with a limit of VND2,000,000 million, was secured by accounts receivable from customers and bore annual interest rate of 6% for loan in VND (1/10/2018: from 5.5% to 5.85% for loan in VND and from 3.5% to 3.9% for loan in USD).
- (iv) This loan with a limit of VND50 million or equivalent amount in VND, was secured by inventories, machinery and equipment, land use rights and constructions on land and bore annual interest rate from 5.2% to 6.44% (1/10/2018: from 4.5% to 4.8%).
- (v) This loan with a limit of VND500,000 million, unsecured and bore annual interest rate from 3.6% to 4.3% (1/10/2018: 3.2%).
- (vi) This loan with a limit of VND1,000,000 million, was secured by the land use rights, machinery and equipment and inventories and bore annual interest rate of 6.4% for loan in VND and 3.7% for loan in USD (1/10/2018: from 5.5% to 5.9% for loan in VND and 2.9% for loan in USD).
- (vii) This loan with a limit of USD6,003 million or equivalent amount in VND, was secured by inventories and bore annual interest rate from 6% to 6.35% (1/10/2018: from 4.2% to 4.5%).
- (viii) This loan with a limit of USD6 million or equivalent amount in VND, unsecured and bore annual interest rate from 5% to 5.9% (1/10/2018: 5%).
- (ix) This loan with a limit of VND300,000 million, was secured by inventories and bore annual interest rate from 6.6% to 7% (1/10/2018: 5.5%).
- (x) This loan with a limit of VND300,000 million, unsecured and bore annual interest rate of 5.2%.
- (xi) This loan with a limit of USD6.6 million or equivalent amount in VND, unsecured and bore annual interest rate of 4%.
- (xii) This loan was secured by buildings and structures and machinery and equipment and bore annual interest rate of 5.5%. As at 31 March 2019, this loan has been fully paid.
- (xiii) This loan was secured by the inventories and bore annual interest rate of 5.6%. As at 31 March 2019, this loan has been fully paid.
- (xiv) This loan was secured by inventories and land use rights and bore annual interest rate from 5.2% to 6.5%. As at 31 March 2019, this loan has been fully paid.

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

- (xv) This loan was unsecured and bore annual interest rate of 3%. As at 31 March 2019, this loan has been fully paid.
- (xvi) This loan was secured by inventories and accounts receivable from customers and bore annual interest rate from 5.5% to 5.8%. As at 31 March 2019, this loan has been fully paid.
- (xvii) This loan was secured by inventories and bore annual interest rate from 5.1% to 5.5%. As at 31 March 2019, this loan has been fully paid.
- (xviii) This loan was secured by the machinery and equipment and bore annual interest rate of 5.61%. As at 31 March 2019, this loan has been fully paid.
- (xix) This loan was unsecured and bore annual interest rate of 5%.

The Company uses these short-term borrowings to finance its working capital.

(b) Long-term borrowings and finance lease liabilities

	31/3/2019	1/10/2018
	VND	VND
Long-term borrowings	3,934,585,393,090	4,135,888,386,927
Finance lease liabilities (c)	51,680,908,981	93,543,586,603
	<hr/>	<hr/>
	3,986,266,302,071	4,229,431,973,530
Repayable within twelve months	(728,191,779,431)	(767,455,426,152)
	<hr/>	<hr/>
Repayable after twelve months	3,258,074,522,640	3,461,976,547,378
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Vietnam Group and its subsidiaries
to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

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

	Note	Currency	Year of maturity	31/3/2019 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2021 – 2026	2,888,290,066,108
Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	2019 – 2023	463,240,862,940
Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vung Tau Branch	(iii)	VND	2024	330,863,669,442
Vietnam Joint Stock Commercial Bank for Industry and Trade – Yen Bai Branch	(iv)	VND	2025 – 2026	150,350,691,493
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ba Ria Vung Tau Branch	(v)	VND	2021	91,698,267,607
Vietnam Commercial Joint Stock Bank - Tan Thuan Branch	(vi)	VND	2020	5,838,286,000
Vietnam Commercial Joint Stock Bank - Tan Thuan Branch	(vii)	VND	2019	4,303,549,500
Standard Chartered Bank (Vietnam) Limited - Ho Chi Minh City Branch	(viii)	VND	2019	-
Military Commercial Joint Stock Bank - Binh Duong Branch	(ix)	VND	2019	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – Phu Tai Industrial Park Branch	(x)	VND	2019	-

3,934,585,393,090

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Hoa Sen Group and its subsidiaries

**Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)**

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*(Issued under Circular No. 202/2014/TT-BTC
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- (i) This loan was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest rate of 8.8% (1/10/2018: from 8.3% to 9%).
- (ii) This loan was secured by land use rights, machinery and equipment, motor vehicles and inventories and bore annual interest rate from 8% to 9% (1/10/2018: from 8% to 8.6%).
- (iii) This loan was secured by buildings and structures and machinery and equipment and bore annual interest rate from 8.95% to 9.025% (1/10/2018: 8.95%).
- (iv) This loan was secured by land use rights, buildings and structures, machinery and equipment and motor vehicles and bore annual interest rate from 9% to 10% (1/10/2018: from 9% to 10%).
- (v) This loan was secured by buildings and structures and machinery and equipment and bore annual interest rate of 8.8% (1/10/2018: 8.8%).
- (vi) This loan was secured by motor vehicles and bore annual interest rate from 9.9% to 12.02% (1/10/2018: 8.7%).
- (vii) This loan was secured by motor vehicles and bore annual interest rate of 10% (1/10/2018: 9%).
- (viii) This loan was secured by buildings and structures and machinery and equipment and bore annual interest rate from 4.45% to 8.39%. As at 31 March 2019, this loan has been fully paid.
- (ix) This loan was secured by motor vehicles and bore annual interest rate of 8%. As at 31 March 2019, this loan has been fully paid
- (x) This loan was secured by motor vehicles and bore annual interest ratee from 8% to 8.8%. As at 31 March 2019, this loan has been fully paid

The Company uses these long-term borrowings to finance its constructions and purchase of fixed assets.

Ben Group and subsidiaries
to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

For
(Issued under Circular No. 20/
dated 22 December 2014 of the Minis

Finance lease liabilities

Future minimum lease payments under non-cancellable finance leases are:

	31/3/2019		1/10/2018	
	Payments	Interest	Principal	Interest
	VND	VND	VND	VND
in one year	45,819,876,837	2,430,256,442	43,389,620,395	76,968,318,611
in two to five years	8,782,716,920	491,428,334	8,291,288,586	22,839,973,936
	54,602,593,757	2,921,684,776	51,680,908,981	99,808,292,547
				6,264,705,944

Hoa Sen Group and subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***27. Bonus and welfare fund**

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Opening balance	41,477,023,767	61,294,232,467
Appropriation from retained profit (Note 29)	4,092,340,379	53,266,556,487
Reversal of unused fund of prior year	1,713,405,525	-
Utilisation of fund during the period	(1,282,020,000)	(37,168,033,918)
Closing balance	46,000,749,671	77,392,755,036

28. Provisions – long-term

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Opening balance	3,712,433,500	4,946,315,250
Provision made during the period	-	402,784,125
Provision utilised during the period	(8,859,000)	-
Provision reversed during the period	(28,000,000)	-
Closing balance	3,675,574,500	5,349,099,375

**(Group and subsidiaries
the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)**

For
*(Issued under Circular No. 20/2014/TT-CTD
dated 22 December 2014 of the Ministry of Finance)*

es in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non controlling interest VND
at 1 October 2017	3,499,966,830,000	151,583,183,521	-	34,535,741,195	1,446,534,555,355	37,181,622,614
for the period	-	-	-	-	429,160,893,780	(40,269,568)
Issue of treasury shares	-	-	(543,000,000)	-	-	-
Contribution to equity	-	-	-	-	(47,549,876,048)	-
Contribution to bonus and dividend	-	-	-	47,549,876,048	(47,549,876,048)	-
Change of funds	-	-	-	(11,729,004,329)	(53,266,556,487)	-
at 31 March 2018	3,499,966,830,000	151,583,183,521	(543,000,000)	70,356,612,914	1,774,879,016,600	37,141,353,046
for the period	-	-	-	-	(19,926,855,858)	(28,067,415)
Issue of treasury shares	349,936,450,000	-	-	-	(349,936,450,000)	-
Change of funds	-	-	(800,000,000)	-	-	-
Contribution to liquidation of shareholders	-	-	-	(9,846,862,358)	(349,957,383,000)	-
at 30 September	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,055,058,327,742	35,914,177,106

(Group and subsidiaries
the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

For
(Issued under Circular No. 20/2014/SL-CT
dated 22 December 2014 of the Ministry of Finance)

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non controlling interest VND
at 1 October 2018	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,055,058,327,742	35,914,177,106
for the period	-	-	-	-	116,356,255,643	(1,699,740)
use of treasury	-	-	(272,000,000)	-	-	-
contribution to equity	-	-	-	-	(6,138,510,569)	-
contribution to bonus and	-	-	-	6,138,510,569	-	-
and	-	-	-	-	(4,092,340,379)	-
of funds	-	-	-	(8,862,860,866)	-	-
due to increasing	-	-	-	-	-	-
from associates	-	-	-	-	-	-
varies	-	-	-	-	18,830,555	1,495,063,793
in ownership	-	-	-	-	-	-
of non-	-	-	-	-	(126,055,813)	(29,873,944,187)
g interest	-	-	-	-	-	-
at 31 March 2019	3,849,903,280,000	151,583,183,521	(1,615,000,000)	57,785,400,259	1,161,076,507,179	7,533,596,972

In accordance with the Resolution of Annual General Meeting of Shareholders dated 19 March 2019, the Company appropriated 1.5% retained earnings for the purpose of remuneration and operation expenses of Board of Director.

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2019 (continued)

Form B 09a – DN/HN
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30. Share capital

The Company's authorised and issued share capital are:

	31/3/2019		1/10/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	384,990,328	3,849,903,280,000	384,990,328	3,849,903,280,000
Treasury share				
Ordinary shares	161,500	1,615,000,000	134,300	1,343,000,000
Shares in circulation				
Ordinary shares	384,828,828	3,848,288,280,000	384,856,028	3,848,560,280,000

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

Movements in share capital during the period were as follows:

	Six-month period ended			
	31/3/2019		31/3/2018	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	384,856,028	3,848,560,280,000	349,996,683	3,499,966,830,000
Repurchase of treasury shares during the period	(27,200)	(272,000,000)	(54,300)	(543,000,000)
Balance at the end of the period	384,828,828	3,848,288,280,000	349,942,383	3,499,423,830,000

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***31. Off balance sheet items****(a) Lease**

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

	31/3/2019 VND	1/10/2018 VND
Within one year	170,622,366,581	127,001,614,095
Within two to five years	613,712,648,504	464,341,637,708
More than five years	795,548,546,761	690,309,362,270
	<hr/> 1,579,883,561,846	<hr/> 1,281,652,614,073

(b) Foreign currencies

	31/3/2019		1/10/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	5,015,773	116,122,259,663	1,340,199	30,779,446,552
EUR	-	-	229	6,193,888
AUD	1	8,772	1	8,974
		<hr/> 116,122,268,435		<hr/> 30,785,649,414

(c) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/3/2019 VND	1/10/2018 VND
Approved and contracted	537,327,234,907	960,466,484,424
	<hr/> 537,327,234,907	<hr/> 960,466,484,424

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***32. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Total revenue		
▪ Sales of finished goods	7,902,901,038,269	8,322,932,701,127
▪ Sales of merchandise goods	6,520,351,961,362	7,291,373,665,967
▪ Others	56,776,442,657	44,093,008,864
	14,480,029,442,288	15,658,399,375,958
Less revenue deductions		
▪ Sales discounts	13,736,861,641	93,822,748,933
▪ Sales allowances	2,654,125,105	1,800,789,904
▪ Sales returns	6,920,246,921	12,054,269,103
	23,311,233,667	107,677,807,940
Net revenue	14,456,718,208,621	15,550,721,568,018

33. Cost of sales

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Total cost of sales:		
▪ Finished goods sold	6,892,962,996,666	6,698,522,477,188
▪ Merchandise goods sold	6,176,630,524,586	6,614,439,399,157
▪ Others	9,365,104,462	32,623,253,993
▪ (Reversal of allowance)/allowance for inventories during the period	(9,988,548,479)	4,757,593,563
	13,068,970,077,235	13,350,342,723,901

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***34. Financial income**

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Interest income	815,927,893	830,272,167
Interest income from financial investment	4,109,927,054	3,784,097,849
Realised foreign exchange gains	21,450,289,057	23,006,781,970
Unrealised foreign exchange gains	5,462,942,926	-
Other financial income	1,986,094	-
	<hr/>	<hr/>
	31,841,073,024	27,621,151,986

35. Financial expenses

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Interest expense	382,058,482,066	387,198,191,405
Realised foreign exchange losses	21,448,581,323	33,950,960,096
Unrealised foreign exchange losses	-	14,881,932,542
Loss from disposal of financial investments	-	1,989,311,825
Reversal of allowance for diminution of financial investments	-	(35,933,075,667)
Other financial expenses	233,200,828	475,041,218
	<hr/>	<hr/>
	403,740,264,217	402,562,361,419

36. Selling expenses

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Labour costs and staff costs	249,568,313,648	279,528,223,900
Export expenses	227,636,328,643	231,688,862,697
Transportation expenses	80,777,891,737	145,064,507,675
Depreciation and amortisation	77,335,585,850	61,426,596,478
Rental expenses	69,166,214,281	49,472,479,403
Advertising expenses	49,983,224,535	49,860,897,680
Outside service	35,960,214,384	45,820,244,159
Other expenses	78,648,552,964	106,343,275,382
	<hr/>	<hr/>
	869,076,326,042	969,205,087,374

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***37. General and administration expenses**

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
		(Reclassified)
Labour costs and staff costs	93,269,933,091	163,846,437,189
Depreciation and amortisation	34,032,992,834	27,282,933,287
Rental expenses	19,967,685,953	18,457,582,726
Business trip expenses	7,052,798,930	12,732,083,253
Professional service fees	5,176,589,008	6,384,718,034
Outside service	35,085,607,288	50,936,479,393
Other expenses	31,272,983,598	57,490,270,810
	<hr/>	<hr/>
	225,858,590,702	337,130,504,692
	<hr/>	<hr/>

38. Other income

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Gain from disposals of fixed assets	143,578,000,886	7,723,079,541
Compensation	4,741,127,663	11,923,197,562
Gain from bargain purchase	860,445,175	-
Others	99,374,222,199	6,167,198,456
	<hr/>	<hr/>
	248,553,795,923	25,813,475,559
	<hr/>	<hr/>

39. Production and business costs by elements

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Raw material costs included in production costs	11,635,543,312,039	13,240,314,260,690
Labour costs and staff costs	470,698,960,808	632,751,879,561
Depreciation and amortisation	563,663,248,452	473,457,021,094
Outside services	801,702,817,414	1,109,569,642,884
Other expenses	425,167,047,393	697,108,050,999
	<hr/>	<hr/>

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***40. Income tax****(a) Recognised in the consolidated statement of income**

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Current tax expense		
Current period	54,399,032,976	98,276,945,138
Over provision in prior years	(9,101,584,118)	-
	45,297,448,858	98,276,945,138
Deferred tax (benefit)/expense		
Origination of temporary differences	(13,344,552,707)	15,983,209,058
	31,952,896,151	114,260,154,196

(b) Reconciliation of effective tax rate

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Accounting profit before tax	148,307,452,054	543,380,778,408
Tax at the Company's tax rate	29,661,490,411	108,676,155,681
Effect of different tax rates in subsidiaries	1,433,500,916	-
Non-deductible expenses	4,586,378,193	9,176,423,283
Tax incentives	(8,547,956,418)	(21,266,222,856)
Benefit of unrecognised tax losses	14,811,951,400	18,065,689,642
Over provision in prior years	(9,101,584,118)	-
Other adjustments	(890,884,233)	(391,891,554)
Income tax	31,952,896,151	114,260,154,196

Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

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

(c) Applicable tax rates

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

- Hoa Sen Binh Dinh One Member Limited Liabilities Company has an obligation to pay the government income tax at the rate of 20% of taxable profits. This subsidiary is exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 4 succeeding years.
- Hoa Sen Nghe An One Member Limited Liability Company and Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company have an obligation to pay the government income tax at the rate of 10% of taxable profits for the first 15 years of operation and the usual income tax rate for the succeeding years. These subsidiaries are exempt from income tax for 4 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 9 succeeding years.
- Hoa Sen Ha Nam One Member Limited Liability Company has an obligation to pay the government income tax at the rate of 17% of taxable profits for the first 10 years from 2016 and the usual income tax rate for the succeeding years. This subsidiary is exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 4 succeeding years.
- Other subsidiaries have an obligation to pay the government income tax at the rate of 20% of taxable profits.

41. Earnings per share

The calculation of basic earnings per share for the year ended 31 March 2019 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund for the accounting period and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Net profit for the period	116,356,255,643	429,160,893,780
Appropriation to bonus and welfare fund (*)	(4,654,250,226)	(17,166,435,751)
Net profit attributable to ordinary shareholders	111,702,005,417	411,994,458,029

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

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(ii) Weighted average number of ordinary shares**

	Six-month period ended	
	31/3/2019	31/3/2018
	Number of shares	Number of shares Restated (**)
Issued ordinary shares at the beginning of the period	384,856,028	349,996,683
Effect of repurchase of treasury shares	(13,230)	(39,300)
Effect of bonus shares issued after 31 March 2018	-	34,993,645
Effect of bonus shares issued after the period-end (Note 45) (**)	38,479,161	34,994,238
Weighted average number of ordinary shares for the period	423,321,959	419,945,266

(iii) Basic earnings per share

	Six-month period ended		
	31/3/2019	31/3/2018	31/3/2018
	VND	VND	VND
		Restated (**)	As previously stated
Basic earnings per share	264	981	1,177

(**) The restatement represented the impact of bonus shares issued after the period-end and for dividend payments. Basic earnings per share decreased from VND1,177/share to VND1,070/share as result of bonus shares issued after 31 March 2018 and basic earnings per share decreased from VND1,070/share to VND981/share as result of bonus shares issued after 31 March 2019.

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***42. Significant transactions with related parties**

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group		
Sales of goods	2,512,166,884,861	2,824,742,627,509
Purchases of goods	428,285,599,631	1,303,333,328,091
Income from leasing of assets	2,889,246,522	819,590,909
Other income	2,848,802,937	596,413,684
Sales of fixed assets	33,380,244,272	31,542,647,555
Purchase of fixed assets	124,733,458,000	212,727,272
Purchase tools and instruments	28,620,455,838	-
Sales discounts	1,080,149,746	31,578,990,241
Transportation expenses	16,778,748,763	24,839,317,629
Hoa Sen Nghe An One Member Co., Ltd.		
Transportation expenses	20,675,612,661	37,591,617,790
Income from leasing of assets	180,000,000	180,000,000
<i>Other related parties</i>		
Board of Management		
Salary and bonus	6,951,476,400	10,281,821,204
Board of Directors and Board of Supervisors		
Remuneration	1,170,000,000	1,100,000,000

43. Non-cash investing activities

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Conversion of accounts receivable from customers into equity interest in subsidiary	68,564,000,000	-

Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2019 (continued)

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44. Corresponding figures

The corresponding figures as at 1 October 2018 were derived from the Group's consolidated financial statement as at and for the year ended 30 September 2018 and from the Group's consolidated financial statements as at and for the six-month period ended 31 March 2018.

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

Consolidated statement of income

	Note	Six-month period ended	
		31/3/2018 VND (as reclassified)	31/3/2018 VND (as previously reported)
Selling expenses	25	969,205,087,374	856,676,395,949
General and administration expenses	26	337,130,504,692	449,659,196,117


45. Post balance sheet event

Dividends declared after the period end


Subsequent to the financial period-end, on 6 May 2019, the Company announced to issue VND384,792 million share dividends to existing shareholders at a ratio 10:1 (existing shareholder will receive 1 additional bonus share for every 10 shares held). Except for the impact to the calculation of earning per share, these dividends have not been recognised in these consolidated interim financial statements. The Company has received the amended Business Registration Certificate No 32nd issued by the Department of Planning and Investment of Binh Duong Province approving this increase in the charter capital of the Company on 15 May 2019.

30 May 2019

Prepared by


Nguyen Thi Thanh Tuyen
Accountant

Approved by


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
Vice Chairman 

