



Hoa Sen Group

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

M.S.C.

**Hoa Sen Group
Corporate Information**

Enterprise Registration Certificate No. 3700381324

8 August 2001

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

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

Hoa Sen Group

Statement of the Board of Management

The Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying separate interim financial statements of the Company for the six-month period ended 31 March 2019.

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

- (a) the separate interim financial statements set out on pages 5 to 56 give a true and fair view of the unconsolidated financial position of the Company as at 31 March 2019, and of the unconsolidated results of operations and the unconsolidated 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; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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



On behalf of the Board of Management

Tran Ngoc Chu
Vice Chairman

Ho Chi Minh City, 30 May 2019



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Hoa Sen Group

We have reviewed the accompanying separate interim financial statements of Hoa Sen Group (“the Company”), which comprise the separate balance sheet as at 31 March 2019, the separate 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 30 May 2019, as set out on pages 5 to 56.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these separate 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 is necessary to enable the preparation of separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. 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.

Hoa Sen Group
Separate balance sheet as at 31 March 2019

Form B 01a – DN
*(Issued under Circular No. 200/2014/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		9,166,996,026,446	10,985,778,871,754
Cash and cash equivalents	110	7	254,369,998,357	171,659,888,989
Cash	111		254,226,476,482	171,516,367,114
Cash and cash equivalents	112		143,521,875	143,521,875
Short-term financial investments	120		270,387,032	270,387,032
Held-to-maturity investments	123	8(a)	270,387,032	270,387,032
Accounts receivable – short-term	130		5,835,622,862,751	7,860,565,817,787
Accounts receivable from customers	131	9	5,521,852,158,398	7,163,248,999,755
Prepayments to suppliers	132	10	108,062,264,276	184,158,011,340
Loans receivable – short-term	135	11(a)	-	3,660,295,900
Other short-term receivables	136	12(a)	211,632,931,642	515,431,702,357
Allowance for doubtful debts	137		(5,924,491,565)	(5,933,191,565)
Inventories	140	13	2,008,624,438,437	1,787,890,736,309
Inventories	141		2,027,840,604,598	1,806,472,903,289
Allowance for inventories	149		(19,216,166,161)	(18,582,166,980)
Other current assets	150		1,068,108,339,869	1,165,392,041,637
Short-term prepaid expenses	151	18(a)	94,433,259,162	75,749,637,153
Deductible value added tax	152		962,277,067,390	1,063,819,898,124
Taxes receivable from State Treasury	153	22(b)	11,398,013,317	25,822,506,360

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

Hoa Sen Group
Separate balance sheet as at 31 March 2019 (continued)

Form B 01a – DN
(Issued under Circular No. 200/2014/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		5,447,638,760,255	5,257,822,222,584
Accounts receivable – long-term	210		220,312,973,799	268,984,943,607
Loans receivable – long-term	215	11(b)	60,056,017,357	66,686,721,457
Other long-term receivables	216	12(b)	160,256,956,442	202,298,222,150
Fixed assets	220		1,844,253,416,330	1,961,681,186,678
Tangible fixed assets	221	14	1,551,173,639,308	1,591,695,704,971
<i>Cost</i>	222		3,355,888,519,917	3,260,932,231,963
<i>Accumulated depreciation</i>	223		(1,804,714,880,609)	(1,669,236,526,992)
Finance lease tangible fixed assets	224	15	69,883,100,371	81,263,218,413
<i>Cost</i>	225		90,505,310,094	98,947,748,174
<i>Accumulated depreciation</i>	226		(20,622,209,723)	(17,684,529,761)
Intangible fixed assets	227	16	223,196,676,651	288,722,263,294
<i>Cost</i>	228		259,599,505,310	320,066,755,310
<i>Accumulated amortisation</i>	229		(36,402,828,659)	(31,344,492,016)
Long-term work in progress	240		25,740,114,654	28,307,339,690
Construction in progress	242	17	25,740,114,654	28,307,339,690
Long-term financial investments	250		3,153,675,646,684	2,769,445,646,684
Investments in subsidiaries	251	8(b)	3,152,121,000,000	2,677,776,000,000
Investments in associates	252	8(b)	-	43,515,000,000
Allowance for diminution in the value of long-term financial investments	254	8(b)	(13,445,353,316)	(13,445,353,316)
Held-to-maturity investments	255	8(a)	15,000,000,000	61,600,000,000
Other long-term assets	260		203,656,608,788	229,403,105,925
Long-term prepaid expenses	261	18(b)	178,423,641,484	207,352,425,398
Deferred tax assets	262	19	25,232,967,304	22,050,680,527
TOTAL ASSETS (270 = 100 + 200)	270		14,614,634,786,701	16,243,601,094,338

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


Hoa Sen Group
Separate balance sheet as at 31 March 2019 (continued)

Form B 01a – DN
(Issued under Circular No. 200/2014/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		9,100,334,602,964	10,859,529,755,393
Current liabilities	310		9,046,740,086,934	10,785,335,064,915
Accounts payable to suppliers	311	20	1,364,896,330,902	1,111,659,624,255
Advances from customers	312	21	235,445,266,955	199,065,234,433
Taxes payable to State Treasury	313	22(a)	48,600,005,757	49,437,391,726
Payables to employees	314		30,721,318,242	63,430,563,768
Accrued expenses	315	23	73,904,945,929	117,856,182,101
Other payables – short-term	319	24	379,350,124,824	191,432,011,486
Short-term borrowings and finance lease liabilities	320	25(a)	6,867,821,344,654	9,010,977,033,379
Bonus and welfare fund	322	26	46,000,749,671	41,477,023,767
Long-term liabilities	330		53,594,516,030	74,194,690,478
Other payables – long-term	337		336,600,000	-
Long-term borrowings and finance lease liabilities	338	25(b)	50,416,065,280	71,352,839,728
Provisions – long-term	342	27	2,841,850,750	2,841,850,750
EQUITY (400 = 410)	400		5,514,300,183,737	5,384,071,338,945
Owners' equity	410	28	5,514,300,183,737	5,384,071,338,945
Share capital	411	29	3,849,903,280,000	3,849,903,280,000
- Ordinary shares with voting rights	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		1,456,643,319,957	1,323,418,124,868
- Retained profits brought forward	421a		1,313,187,273,920	818,143,985,703
- Retained profit for the current period	421b		143,456,046,037	505,274,139,165
TOTAL RESOURCES (440 = 300 + 400)	440		14,614,634,786,701	16,243,601,094,338

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 separate interim financial statements

Hoa Sen Group

Separate statement of income the six-month period ended 31 March 2019

Form B 02a – DN

(Issued under Circular No. 200/2014/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	31	22,802,933,544,086	29,345,419,687,079
Revenue deductions	02	31	16,452,143,028	99,693,211,691
Net revenue (10 = 01 - 02)	10	31	22,786,481,401,058	29,245,726,475,388
Cost of sales	11	32	21,771,560,225,005	27,650,926,671,954
Gross profit (20 = 10 - 11)	20		1,014,921,176,053	1,594,799,803,434
Financial income	21	33	30,509,304,519	30,508,451,179
Financial expenses	22	34	232,490,037,684	235,185,827,218
<i>In which: Interest expense</i>	23		<i>214,016,646,350</i>	<i>228,290,720,096</i>
Selling expenses	25	35	720,861,167,575	802,371,497,882
General and administration expenses	26	36	143,955,581,680	233,379,848,287
Net operating (loss)/profit {30 = 20 + (21 - 22) - (25 + 26)}	30		(51,876,306,367)	354,371,081,226
Other income	31	37	239,978,744,695	25,741,719,577
Other expenses	32		3,297,752,381	979,313,029
Results of other activities (40 = 31 - 32)	40		236,680,992,314	24,762,406,548
Accounting profit before tax (50 = 30 + 40)	50		184,804,685,947	379,133,487,774
Income tax expense – current	51	39	44,530,926,687	72,504,669,041
Income tax (benefit)/expense – deferred	52	39	(3,182,286,777)	11,563,364,233
Net profit after tax (60 = 50 - 51 - 52)	60		143,456,046,037	295,065,454,500

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 separate interim financial statements

Hoa Sen Group**Separate statement of cash flows for the six-month period ended 31 March 2019****(Indirect method)****Form B 03a – DN***(Issued under Circular No. 200/2014/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	184,804,685,947	379,133,487,774
Adjustments for			
Depreciation and amortisation	02	174,587,241,053	153,632,103,689
Allowances and provisions	03	625,299,181	(42,399,872,678)
Exchange (profits)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(3,697,514,005)	11,944,096,959
Profits from investing activities	05	(148,943,410,251)	(18,830,802,221)
Interest expense	06	214,016,646,350	228,290,720,096
Operating profit before changes in working capital	08	421,392,948,275	711,769,733,619
Change in receivables	09	1,396,746,752,956	(2,170,516,916,118)
Change in inventories	10	(221,367,701,309)	1,241,844,357,389
Change in payables and other liabilities	11	749,746,941,981	(1,867,501,089,594)
Change in prepaid expenses	12	10,935,918,597	(27,496,934,287)
		2,357,454,860,500	(2,111,900,848,991)
Interest paid	14	(218,742,878,499)	(226,433,478,316)
Income tax paid	15	(28,968,726,058)	(84,759,374,895)
Other payments for operating activities	17	(10,144,880,866)	(48,897,038,247)
Net cash flows from operating activities	20	2,099,598,375,077	(2,471,990,740,449)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(160,492,721,678)	(136,047,156,786)
Proceeds from disposals of fixed assets	22	247,410,587,921	77,583,316,413
Payment for granting loans and term deposits at banks	23	(19,740,000,000)	-
Collections on loans receivable and term deposits at banks	24	76,631,000,000	-
Payments for investments in subsidiaries	25	(12,266,000,000)	(214,672,266,449)
Collections on disposals of investments in other entities	26	-	13,585,000,000
Receipts of interests and dividends	27	12,239,027,976	8,204,987,593
Net cash flows from investing activities	30	143,781,894,219	(251,346,119,229)

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

Hoa Sen Group**Separate statement of cash flows for the six-month period ended 31 March 2019
(Indirect method – continued)****Form B 03a – DN***(Issued under Circular No. 200/2014/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 FINANCING ACTIVITIES				
Payments for shares redemptions	32		(272,000,000)	(543,000,000)
Proceeds from borrowings	33		8,787,722,508,437	14,071,743,354,343
Payments to settle loan principals	34		(10,928,830,882,345)	(11,463,595,633,358)
Payments to settle finance lease liabilities	35		(18,408,649,264)	(2,425,433,770)
Payments of dividends	36		(171,530,900)	(293,512,000)
Net cash flows from financing activities	40		(2,159,960,554,072)	2,604,885,775,215
Net cash flows during the period (50 = 20 + 30 + 40)	50		83,419,715,224	(118,451,084,463)
Cash and cash equivalents at the beginning of the period	60		171,659,888,989	239,918,988,521
Effect of exchange rate fluctuations on cash and cash equivalents	61		(709,605,856)	(2,078,897,694)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	7	254,369,998,357	119,389,006,364

30 May 2019

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant



Nguyen Thi Ngoc Lan
Chief Accountant

Approved by:



Tran Ngoc Chu
Vice Chairman

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

Hoa Sen Group
Notes to the separate interim financial statements for the six-month period ended
31 March 2019

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting entity

(a) Ownership structure

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

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 31 March 2019, the Company had 17 subsidiaries (1/10/2018: 15 subsidiaries và 2 associates) listed in the Note 8(b).

As at 31 March 2019, the Company had 4,259 employees (1/10/2018: 4,406 employees).

2. Basis of preparation

(a) Statement of compliance

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(b) Basis of measurement

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

(c) Going concern assumption

The separate interim financial statement have been prepared on a going concern basis. As at the balance sheet date, the Company had significant loans that will require refinancing within the next 12 months (Note 25). 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 Company 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 financing institutions and the Company's major shareholder will not continue their support.

(d) Annual accounting period

The annual accounting period of the Company is from 1 October to 30 September of next year. The separate interim financial statements are prepared for the six-month period ended 31 March.

(e) Accounting and presentation currency

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

Hoa Sen Group

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

Form B 09a – DN

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

The accounting policies that have been adopted by the Company in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements.

(a) 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 buying and selling exchange rates, respectively at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) Cash and cash equivalents

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

(c) Investments

(i) *Held-to-maturity investments*

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

(ii) *Investments in subsidiaries and associates*

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

Hoa Sen Group

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

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
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(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the separate statement of income in the 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.

(ii) Depreciation

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

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

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

Form B 09a – DN
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(g) Finance lease tangible fixed assets

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(ii) Software

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

(i) Construction in progress

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

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

Form B 09a – DN
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(j) Long-term prepaid expenses

(i) Prepaid rental expenses

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

(ii) Tools and instruments

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

(iii) Maintenance expenses

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

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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 Company are excluded.

(m) 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 recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

(n) Taxation

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

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

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

(o) Revenue and other income

(i) Goods sold

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

(ii) Services rendered

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

(iii) Interest income

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

(iv) Dividend income

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

(p) Operating lease payments

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(q) 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.

(r) Segment reporting

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

(s) Related parties

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

4. Seasonality of operations

The Company's principal business activities are to produce and trade roofing sheets by galvanised steel, zinc alloy, paint galvanised zinc plating and related products; the Company's Board of Management is of the opinion that these segments are not subjected to significant seasonal fluctuation.

5. Changes in accounting estimates

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

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

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***6. Segment reporting****(a) Business segments**

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

(b) Geographical segments

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

	Geographical segments		
	Local VND	Export VND	Total VND
Six-month period ended 31 March 2019			
Revenue	18,030,598,890,120	4,755,882,510,938	22,786,481,401,058
Cost of sales	(17,167,760,805,175)	(4,603,799,419,830)	(21,771,560,225,005)
	862,838,084,945	152,083,091,108	1,014,921,176,053
Six-month period ended 31 March 2018			
Revenue	23,288,418,427,656	5,957,308,047,732	29,245,726,475,388
Cost of sales	(22,266,586,924,911)	(5,384,339,747,043)	(27,650,926,671,954)
	1,021,831,502,745	572,968,300,689	1,594,799,803,434

Hoa Sen Group

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

Form B 09a – DN

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

7. Cash and cash equivalents

	31/3/2019 VND	1/10/2018 VND
Cash on hand	55,969,806,018	48,240,229,076
Cash in banks	198,247,668,546	122,549,584,478
Cash in transit	9,001,918	726,553,560
Cash equivalents (*)	143,521,875	143,521,875
	<hr/>	<hr/>
	254,369,998,357	171,659,888,989

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

8. Investments

(a) Held-to-maturity investments

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

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

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

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

	31/3/2019 VND	1/10/2018 VND
Bonds issued by Joint Stock Commercial Bank of Foreign Trade of Vietnam (*)	15,000,000,000	15,000,000,000
Bonds issued by Vietnam Joint Stock Commercial Bank For Industry and Trade (**)	-	46,600,000,000
	<hr/>	<hr/>
	15,000,000,000	61,600,000,000

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

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

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

For
(Issued under Circular No. 200/SL-CTD/TT
dated 22 December 2014 of the Ministry of Finance)

Financial investments

	31/3/2019		1/10/2018	
	% of equity owned and voting rights	Cost VND	Allowance VND	Cost VND
Subsidiaries				
Nghe An One Member Limited Liability Company	100%	1,100,000,000,000	-	1,100,000,000,000
Thon Hoi - Binh Dinh One Member Limited Company	100%	770,000,000,000	-	420,000,000,000
Steel Sheet One Member Limited Liability Company	100%	280,000,000,000	-	280,000,000,000
Thu My One Member Limited Liability Company	100%	250,000,000,000	-	250,000,000,000
Tha Nam One Member Limited Liability Company	100%	200,000,000,000	-	200,000,000,000
Building Materials One Member Limited Liability				
Binh Dinh One Member Limited Liability Company	100%	150,000,000,000	-	150,000,000,000
Ben Bai Joint Stock Company	100%	105,000,000,000	-	105,000,000,000
Ben Bai Building Materials One Member Liability	95%	114,000,000,000	-	84,000,000,000
Transportation and Engineering One Member Liability Company	100%	50,000,000,000	-	50,000,000,000
Tha Na - Ninh Thuan Integrated Iron and Steel Investment One Member Limited Liabilities Company	100%	16,276,000,000	-	16,276,000,000
Tha Na - Ninh Thuan Industrial Park Infrastructure	100%	15,000,000,000	-	15,000,000,000
Tha Na - Ninh Thuan International General Seaport	100%	4,000,000,000	-	4,000,000,000
Tha Na - Ninh Thuan Renewable Energy One Limited Liabilities Company (i)	100%	3,500,000,000	-	3,500,000,000
Tha Na - Ninh Thuan Cement One Member Limited Company (ii)	100%	-	-	-
	100%	-	-	-

Group separate 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)

	31/3/2019		1/10/2018	
	% of equity owned and voting rights	Cost VND	Allowance VND	% of equity owned and voting rights VND
Phu Nhon Joint Stock Company	99%	61,380,000,000	(13,445,353,316)	-
Hu Long Industrial Park Infrastructure Investment Company	95%	32,965,000,000	-	-
		<u>3,152,121,000,000</u>	<u>(13,445,353,316)</u>	<u>2,677,776,000,000</u>
associates				
Phu Nhon Joint Stock Company	-	-	-	45%
Hu Long Industrial Park Infrastructure Investment Company	-	-	-	45%
		<u>-</u>	<u>-</u>	<u>43,515,000,000</u>
		<u>3,152,121,000,000</u>	<u>(13,445,353,316)</u>	<u>2,721,291,000,000</u>

Ca - Ninh Thuan Renewable Energy One Member Limited Liabilities Company was incorporated under the Enterprise Registration Certificate No. 450/2016/QTĐ-CTD issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016, in which the Company owned 100% of the contributed capital. As at 31 March 2019, the Company has not contributed capital to Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company.

Ca - Ninh Thuan Cement One Member Limited Liabilities Company was incorporated under the Enterprise Registration Certificate No. 450/2016/QTĐ-CTD issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016, in which the Company owned 100% of the contributed capital. As at 31 March 2019, the Company has not contributed capital to Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company.

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended 31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Opening balance	13,445,353,316	35,933,075,667
Allowance reversed during the period	-	(35,933,075,667)
Closing balance	13,445,353,316	-

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

	31/3/2019	1/10/2018
	VND	VND
Hoa Sen Nghe An One Member Limited Liability Company	1,223,066,522,130	1,200,868,459,695
Hoa Sen Steel Sheet One Member Limited Liability Company	1,059,251,295,003	2,274,374,701,634
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company	1,006,168,345,299	1,307,539,434,530
Hoa Sen Building Materials One Member Limited Liability Company	922,223,284,145	570,934,978,238
Other customers	1,311,142,711,821	1,809,531,425,658
	5,521,852,158,398	7,163,248,999,755

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 25).

(b) Accounts receivable from customers who are related parties

	31/3/2019	1/10/2018
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Nghe An One Member Limited Liability Company	1,223,066,522,130	1,200,868,459,695
Hoa Sen Steel Sheet One Member Limited Liability Company	1,059,251,295,003	2,274,374,701,634
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company	1,006,168,345,299	1,307,539,434,530
Hoa Sen Building Materials One Member Limited Liability Company	922,223,284,145	570,934,978,238

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	31/3/2019	1/10/2018
	VND	VND
<i>Subsidiaries (continued)</i>		
Hoa Sen Phu My One Member Limited Liability Company	201,085,005,032	291,904,280,843
Hoa Sen Ha Nam One Member Limited Liability Company	-	15,062,949,385
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	135,885,999,958	775,500

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

10. Prepayments to suppliers

	31/3/2019	1/10/2018
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company	82,972,011,197	141,210,746,400
Hoa Sen Ha Nam One Member Limited Liability Company	7,611,927,079	3,089,692,968
Hoa Sen Yen Bai Building Materials One Member Liability Company	46,569,785	425,516,000
Other suppliers	17,431,756,215	39,432,055,972
	108,062,264,276	184,158,011,340

11. Loans receivable**(a) Loans receivable – short-term**

	31/3/2019	1/10/2018
	VND	VND
Loans receivable from Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company – a subsidiary	-	3,660,295,900

This loan was unsecured, with original term of 12 months and earned annual interest at rate 5.3% (1/10/2018: 5.3%). During the period, this loan was fully collected.

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(b) Loan receivable – long-term**

	31/3/2019 VND	1/10/2018 VND
Loans receivable from Hoa Sen Yen Bai Joint Stock Company – a subsidiary (*)	54,786,721,457	66,686,721,457
Loans receivable from Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company – a subsidiary (**)	5,269,295,900	-
	<u>60,056,017,357</u>	<u>66,686,721,457</u>

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

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

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

	31/3/2019 VND	1/10/2018 VND
Dividends receivable	-	358,392,102,244
Advances for purchase of lands	45,462,225,000	90,183,227,000
Advances to employees	46,277,950,133	27,619,762,719
Receivables from disposals of associate	14,928,557,806	15,665,290,474
Interest income from banks and loan receivables	1,493,827,291	6,990,313,620
Short-term deposits	95,242,805,358	5,713,929,000
Others	8,227,566,054	10,867,077,300
	<u>211,632,931,642</u>	<u>515,431,702,357</u>

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)****Other short-term receivables from related parties***

	31/3/2019	1/10/2018
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Yen Bai Joint Stock Company	958,247,656	6,654,971,231
Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	923,312,250	923,312,250
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	535,579,635	335,342,389
Hoa Sen Ha Nam One Member Limited Liability Company	86,265,000	118,970,000
Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company	16,000,000	13,000,000
Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company	16,000,000	13,000,000
Hoa Sen Nghe An One Member Limited Liability Company	-	161,600,175,097
Hoa Sen Building Materials One Member Limited Liability Company	-	144,875,735,339
Hoa Sen Steel Sheet One Member Limited Liability Company	-	34,568,169,073
Hoa Sen Binh Dinh One Member Limited Liability Company	-	11,529,995,357
Hoa Sen Transportation and Engineering One Member Limited Liability Company	-	5,818,027,378
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	91,550,690,256

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

(b) Other long-term receivables

	31/3/2019	1/10/2018
	VND	VND
Deposits for rental	160,051,956,442	202,093,222,150
Others	205,000,000	205,000,000
	160,256,956,442	202,298,222,150

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***13. Inventories**

	31/3/2019		1/10/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	25,556,763,103	-	47,688,056,628	-
Raw materials	115,065,134,842	-	296,974,292,857	-
Tools and supplies	197,745,015,657	-	215,430,530,762	-
Work in progress	-	-	17,520,962	-
Finished goods	889,146,106,350	(15,093,592,255)	734,738,921,821	(18,256,823,977)
Merchandise inventories	800,327,584,646	(4,122,573,906)	511,623,580,259	(325,343,003)
	2,027,840,604,598	(19,216,166,161)	1,806,472,903,289	(18,582,166,980)

At 31 March 2019 inventories with carrying value of VND1,642,616 million (1/10/2018: VND1,229,353 million) were pledged with banks as security for loans granted to the Company.

Included in inventories at 31 March 2019 was VND171,724 million of finished goods and VND174,405 million of merchandise inventories (1/10/2018: VND203,965 million of finished goods and VND4,470 million of merchandise inventories) carried at net realisable value.

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

	Six-month period ended	
	31/3/2019 VND	31/3/2018 VND
Opening balance	18,582,166,980	22,786,661,832
Allowance made during the period	633,999,181	-
Allowance reversed during the period	-	(6,866,797,011)
Closing balance	19,216,166,161	15,919,864,821

Group
the separate 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 Mini

Property and equipment

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND
Balance at the beginning of the period	497,172,422,439	2,389,712,238,559	307,161,463,198	47,326,150,145	19,559,957,622
From construction in progress	255,370,000	134,977,694,487	2,657,188,816	7,769,630,948	-
From finance lease tangible assets	-	10,437,150,913	6,962,911,550	-	-
Disposals	-	8,442,438,080	-	-	-
Impairment (to)/from long-term investments	(648,065,313)	103,876,225	-	-	-
Provision for impairment of cash-generating units	(2,894,040,540)	(52,844,990,259)	(20,262,876,953)	-	-
Balance at the end of the period	493,885,686,586	2,490,828,408,005	296,518,686,611	55,095,781,093	19,559,957,622

Intangible assets

	Identifiable intangible assets VND	Goodwill VND	Total VND
Balance at the beginning of the period	238,203,644,568	1,268,069,877,834	1,506,313,522,402
From finance lease tangible assets	12,963,846,049	127,303,849,208	140,267,695,257
Disposals	-	5,011,806,575	(5,011,806,575)
Impairment (to)/from long-term investments	(98,901,716)	245,469,320	(153,588,396)
Provision for impairment of cash-generating units	(2,626,213,129)	(21,266,194,839)	(23,892,407,968)
Balance at the end of the period	248,442,375,772	1,379,364,808,098	1,627,807,183,870

Property, plant and equipment

	Property, plant and equipment VND	Goodwill VND	Total VND
Balance at the beginning of the period	258,968,777,871	1,121,642,360,725	1,380,611,138,596
From finance lease tangible assets	245,443,310,814	1,111,463,599,907	1,356,906,910,721
Disposals	-	-	-
Impairment (to)/from long-term investments	-	-	-
Provision for impairment of cash-generating units	-	-	-
Balance at the end of the period	258,968,777,871	1,111,463,599,907	1,370,432,377,778

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Included in tangible fixed assets were assets costing VND399,067 million which were fully depreciated as at 31 March 2019 (1/10/2018: VND375,601 million), but which are still in active use.

At 31 March 2019 tangible fixed assets with net book value of VND422,428 million (1/10/2018: VND740,876 million) were pledged with banks as security for loans granted to the Company (Note 25).

15. Finance lease tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost				
Opening balance	32,267,433,454	48,043,951,084	18,636,363,636	98,947,748,174
Transfer to tangible fixed assets	(8,442,438,080)	-	-	(8,442,438,080)
Closing balance	23,824,995,374	48,043,951,084	18,636,363,636	90,505,310,094
Accumulated depreciation				
Opening balance	11,513,583,443	5,961,606,343	209,339,975	17,684,529,761
Charge for the period	3,258,140,356	3,762,080,925	929,265,256	7,949,486,537
Transfer to tangible fixed assets	(5,011,806,575)	-	-	(5,011,806,575)
Closing balance	9,759,917,224	9,723,687,268	1,138,605,231	20,622,209,723
Net book value				
Opening balance	20,753,850,011	42,082,344,741	18,427,023,661	81,263,218,413
Closing balance	14,065,078,150	38,320,263,816	17,497,758,405	69,883,100,371

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

16. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	273,943,659,765	46,123,095,545	320,066,755,310
Disposals	(60,467,250,000)	-	(60,467,250,000)
Closing balance	213,476,409,765	46,123,095,545	259,599,505,310
Accumulated amortisation			
Opening balance	23,802,306,103	7,542,185,913	31,344,492,016
Charge for the period	1,273,039,849	3,785,296,794	5,058,336,643
Closing balance	25,075,345,952	11,327,482,707	36,402,828,659
Net book value			
Opening balance	250,141,353,662	38,580,909,632	288,722,263,294
Closing balance	188,401,063,813	34,795,612,838	223,196,676,651

Included in intangible fixed assets were assets costing VND1,801 million which were fully depreciated as at 31 March 2019 (1/10/2018: VND1,801 million), but which are still in active use.

At 31 March 2019 intangible fixed assets with net book value of VND57,543 million (1/10/2018: VND100,775 million) were pledged with banks as security for loans granted to the Company (Note 25).

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***17. Construction in progress**

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Opening balance	28,307,339,690	247,666,367,726
Additions during the period	23,772,904,378	23,475,028,090
Transfer to tangible fixed assets	(17,400,062,463)	(253,444,163,422)
Transfer to long-term prepaid expenses	(8,464,000,000)	(7,960,398,864)
Disposals	(476,066,951)	(332,825,829)
	<hr/>	<hr/>
Closing balance	25,740,114,654	9,404,007,701
	<hr/>	<hr/>

Major constructions in progress were as follows:

	31/3/2019	1/10/2018
	VND	VND
Machinery, equipment waiting for installation	19,165,390,452	23,206,143,020
Construction costs	1,472,949,719	1,932,316,670
Others	5,101,774,483	3,168,880,000
	<hr/>	<hr/>
	25,740,114,654	28,307,339,690
	<hr/>	<hr/>

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

	31/3/2019	1/10/2018
	VND	VND
Advertising expenses	29,522,422,271	26,163,164,737
Rental fee	45,061,891,967	24,362,401,677
Tools and instruments	5,103,348,652	9,308,630,023
Consultancy expenses	2,558,853,010	2,765,970,828
Maintenance expenses	2,439,821,481	2,577,195,640
Prepaid insurance fee	2,205,869,777	1,679,401,673
Other short-term prepaid expenses	7,541,052,004	8,892,872,575
	<hr/>	<hr/>
	94,433,259,162	75,749,637,153
	<hr/>	<hr/>

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Long-term prepaid expenses

	31/3/2019	1/10/2018
	VND	VND
Advertising pannels	50,020,993,874	47,986,279,155
Tools and instruments	47,902,408,434	57,397,992,492
Rental expenses	44,931,906,265	67,919,903,057
Maintenance expenses	19,021,931,856	23,626,356,355
Other long-term prepaid expenses	16,546,401,055	10,421,894,339
	178,423,641,484	207,352,425,398

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	207,352,425,398	216,697,658,464
Additions during the period	42,679,840,382	71,263,761,317
Transfer from tangible fixed assets	690,756,692	-
Transfer from construction in progress	8,464,000,000	7,960,398,864
Amortisation for the period	(80,763,380,988)	(69,748,518,184)
	178,423,641,484	226,173,300,461

19. Deferred tax assets

	Tax	31/3/2019	1/10/2018
	rate	VND	VND
<i>Deferred tax assets are recognised for:</i>			
▪ Accrued expense	20%	8,330,571,146	12,107,935,853
▪ Allowances and provisions	20%	7,717,202,208	7,592,142,372
▪ Unrealised profits	20%	7,014,458,459	582,741,890
▪ Foreign exchange differences	20%	1,381,041,134	714,348,043
▪ Others	20%	789,694,357	1,053,512,369
		25,232,967,304	22,050,680,527

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

20. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	Cost/Amount within payment capacity	
	31/3/2019	1/10/2018
	VND	VND
Hoa Sen Binh Dinh One Member Limited Liability Company	609,392,289,013	336,200,056,889
Formosa Ha Tinh Steel Corporation	258,921,987,280	199,152,165,080
Hangzhou Cogeneration (HongKong) Co, LTD	-	191,161,898,608
Hoa Sen Ha Nam One Member Limited Liability Company	57,979,230,144	137,214,608,808
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company	157,181,620,907	61,292,574,787
Other suppliers	281,421,203,558	186,638,320,083
	1,364,896,330,902	1,111,659,624,255

(b) Accounts payable to suppliers who are related parties

	Cost/Amount within payment capacity	
	31/3/2019	1/10/2018
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Binh Dinh One Member Limited Liability Company	609,392,289,013	336,200,056,889
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company	157,181,620,907	61,292,574,787
Hoa Sen Ha Nam One Member Limited Liability Company	57,979,230,144	137,214,608,808
Hoa Sen Yen Bai Building Materials One Member Liability Company	44,895,353,044	36,513,309,235
Hoa Sen Transportation and Engineering One Member Limited Liability Company	12,722,009,821	15,599,670,164
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	6,896,396,011	4,264,268,660
Hoa Sen Nghe An Investment One Member Limited Liability Company	7,781,060	52,819,936

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

21. Advances from customers

	31/3/2019	1/10/2018
	VND	VND
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company – a subsidiary	91,479,785,662	85,962,064,553
Hoa Sen Holdings Group – other related party	-	7,646,976,355
Other suppliers	143,965,481,293	105,456,193,525
	<hr/>	<hr/>
	235,445,266,955	199,065,234,433
	<hr/>	<hr/>

an Group
to the separate 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 Mini

payable to and taxes receivable from State Treasury

payable to State Treasury

	1/10/2018	Incurred	Paid	Netted-off	Reclassified
	VND	VND	VND	VND	VND
Added tax	47,404,709,014	2,521,157,028,130	(523,768,455,668)	(1,997,816,546,913)	-
Export tax	428,139,298	1,242,617,100	(1,365,758,599)	-	-
Corporate income tax	-	44,530,926,687	(28,968,726,058)	-	(15,562,200,629)
Income tax	1,603,969,286	5,217,343,924	(6,743,431,341)	-	1,137,707,586
Taxes	574,128	1,766,461,097	(1,664,351,285)	-	-

49,437,391,726 2,573,914,376,938 (562,510,722,951) (1,997,816,546,913) (14,424,493,043)

receivable from State Treasury

	1/10/2018	Reclassified
	VND	VND
Corporate income tax	25,792,564,658	(15,562,200,629)
Taxes	29,941,702	1,137,707,586

25,822,506,360 (14,424,493,043)

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***23. Accrued expenses – short-term**

	31/3/2019	1/10/2018
	VND	VND
Tax provision expenses	36,097,467,662	36,097,467,662
Transportation expenses	10,324,342,051	35,712,412,522
Salary and bonus	15,643,400,000	23,755,410,000
Interest expenses	7,295,439,097	12,021,671,246
Construction in progress	3,605,600,000	733,191,060
Electricity expenses	938,697,119	9,412,829,611
Others	-	123,200,000
	<hr/>	<hr/>
	73,904,945,929	117,856,182,101

24. Other payables – short-term

	31/3/2019	1/10/2018
	VND	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	16,787,650,099	8,371,520,000
Dividend payables	4,323,342,525	4,494,873,425
Social insurance, health insurance, unemployment insurance and union funds	384,881,220	6,272,088,850
Others	10,460,518,572	9,540,672,270
	<hr/>	<hr/>
	379,350,124,824	191,432,011,486

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Other payables – short-term to related parties

	31/3/2019	1/10/2018
	VND	VND
<i>Subsidiary</i>		
Hoa Sen Quy Nhon Joint Stock Company	2,777,200,000	1,256,027,397
Hoa Sen Yen Bai Building Materials One Member Liability Company	401,233,095	191,558,095
Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	21,000,000	-
Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company	19,500,000	-
Hoa Sen Binh Dinh One Member Limited Liability Company	-	319,600,000

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

Group
to the separate 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 Mini

ings and finance lease liabilities

term borrowings and finance lease liabilities

	1/10/2018 Carrying amount/ Amount within repayment capacity VND	Movements during the period			Carrying An repay
		Additions VND	Decreases VND	Foreign exchange differences VND	
term borrowings	8,801,119,898,344	8,787,722,508,437	(10,770,979,093,520)	(4,575,440,001)	6,8
portion of long-term ings (b)	174,491,250,325	12,763,114,000	(157,593,028,825)	-	-
lease principals due twelve months (c)	35,365,884,710	7,914,900,448	(18,408,649,264)	-	-
	9,010,977,033,379	8,808,400,522,885	(10,946,980,771,609)	(4,575,440,001)	6,8

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

For
(Issued under Circular No. 200/SL-CT
dated 22 December 2014 of the Ministry of Finance)

Conditions of outstanding short-term borrowings were as follows:

Parties

	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
Minh City Development Joint Stock Commercial Bank	453,293,426,538	(v) USD
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	30,312,004,580	(vi) VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	248,157,174,728	(vi) USD
Bank - Ho Chi Minh City Branch	138,532,027,601	(vii) VND
Overseas Bank (Vietnam) Limited	125,500,000,000	(viii) VND
Banking Commercial Joint Stock Bank - Ben Thanh Branch	73,489,410,263	(ix) USD
Banking Berhad Ho Chi Minh City Branch	43,898,478,444	(x) USD
Ho Mitsu Bank - Ho Chi Minh City Branch	-	(xi) VND
Bank (Vietnam) Limited	-	(xii) VND
Export Import Commercial Joint-Stock Bank - Binh Duong Branch	-	(xiii) VND
Chartered Bank (Vietnam) Limited - Ho Chi Minh City Branch	-	(xiv) VND
Party		
Quy Nhon Joint Stock Company – a subsidiary	53,000,000,000	(xv) VND

6,813,287,873,260 8,8

Hoa Sen Group

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

Form B 09a – DN

*(Issued under Circular No. 200/2014/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 VND loans and 3.8% for USD loans (1/10/2018: 5.5% for VND loans and from 2.7% to 2.9% for USD loans).
- (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 VND loans and from 3.6% to 3.7% for USD loans (1/10/2018: from 5.3% to 5.9% for VND loans and from 2.7% đến 3% for USD loans).
- (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 VND loans (1/10/2018: from 5.5% to 5.85% for VND loans and from 3.5% to 3.9% for USD loans).
- (iv) This loan with a limit of VND50 million or equivalent amount in VND, was secured by the inventories, machinery and equipment, land use rights and constructions on land and bore annual interest rate from 5.2% đến 6.44% (1/10/2018: from 4.5% đến 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 VND loans and 3.7% for USD loans (1/10/2018: from 5.5% to 5.9% for VND loans and 2.9% for USD loans).
- (vii) 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%).
- (viii) This loan with a limit of USD5 million or equivalent amount in VND, was secured by inventories and bore annual interest rate of 6.35% (1/10/2018: from 4.2% to 4.5%).
- (ix) This loan with a limit of VND300,000 million, unsecured and bore annual interest rate of 5.2%.
- (x) This loan with a limit of USD6.6 million or equivalent amount in VND, unsecured and bore annual interest rate of 4%.
- (xi) 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.
- (xii) This loan was secured by the 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.
- (xiii) This loan was unsecured and bore annual interest rate of 3%. As at 31 March 2019, this loan has been fully paid.
- (xiv) 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.
- (xv) This loan was unsecured and bore annual interest rate of 5.8% (1/10/2018: 5%).

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Long-term borrowings and finance lease liabilities

	31/3/2019	1/10/2018
	VND	VND
Long-term borrowings	72,236,150,780	230,087,939,605
Finance lease liabilities (c)	32,713,385,894	51,122,035,158
	104,949,536,674	281,209,974,763
Repayable within twelve months	(54,533,471,394)	(209,857,135,035)
	50,416,065,280	71,352,839,728
Repayable after twelve months		

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

Lenders	Note	Currency	Year of maturity	31/3/2019	1/10/2018
				VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(i)	VND	2022	62,094,315,280	72,094,315,280
Asia Commercial Joint Stock Bank - Tan Thuan Branch	(ii)	VND	2020	5,838,286,000	9,396,578,000
Viet Capital Bank	(iii)	VND	2019	4,303,549,500	9,291,229,500
Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(iv)	VND	2019	-	135,924,771,861
Military Commercial Joint Stock Bank - Binh Duong Branch	(v)	VND	2019	-	3,381,044,964
				72,236,150,780	230,087,939,605

- (i) This loan was secured by the land use rights, machinery and equipment and inventories and bore annual interest rate of 8% (1/10/2018: 8%).
- (ii) This loan was secured by the motor vehicles and bore annual interest rate of from 9.9% to 12.02% (1/10/2018: 8.7%).
- (iii) This loan was secured by the motor vehicles and bore annual interest rate of 10% (1/10/2018: 9%).
- (iv) This loan was secured by the land use rights, buildings and structures and machinery and equipment and bore annual interest rate of 9%. As at 31 March 2019, this loan has been fully paid.
- (v) This loan was secured by the motor vehicles and bore annual interest rate of 8%. As at 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.

Group
to the separate 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 Mini

Lease liabilities

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

	31/3/2019		1/10/2018	
	Payments	Interest	Principal	Interest
	VND	VND	VND	VND
one year	26,470,658,214	1,598,522,320	24,872,135,894	2,939,201,979
two to five years	8,325,251,156	484,001,156	7,841,250,000	952,674,041
	34,795,909,370	2,082,523,476	32,713,385,894	3,891,876,020

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

26. 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 profits	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)
	<hr/>	<hr/>
Closing balance	46,000,749,671	77,392,755,036
	<hr/>	<hr/>

27. Provisions – long-term

Provisions – long-term represents provision for severance allowance. There were no movements of provision for severance allowance during the period.

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

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

Equity

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND
at 1 October 2017	3,499,966,830,000	151,583,183,521	-	34,535,741,195	1,618,854,251,238
Profit for the period	-	-	-	-	295,065,454,500
Issue of treasury shares	-	-	(543,000,000)	-	-
Contribution to bonus and welfare fund	-	-	-	-	(53,266,556,487)
Contribution to equity funds	-	-	-	47,549,876,048	(47,549,876,048)
Change in equity funds	-	-	-	(11,729,004,329)	-
at 31 March 2018	3,499,966,830,000	151,583,183,521	(543,000,000)	70,356,612,914	1,813,103,273,203
Profit for the period	-	-	-	-	210,208,684,665
Issue of treasury shares	349,936,450,000	-	-	-	(349,936,450,000)
Contribution to equity funds	-	-	(800,000,000)	-	-
Change in equity funds	-	-	-	(9,846,862,358)	(349,957,383,000)
at 30 September 2018	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,323,418,124,868

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

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Total equity VND
at 1 October 2018	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,323,418,124,868	5,389,753,742,725
at the end of the period	-	-	-	-	143,456,046,037	143,456,046,037
Issue of treasury shares	-	-	(272,000,000)	-	-	(272,000,000)
Contribution to bonus and welfare fund	-	-	-	-	(4,092,340,379)	(4,092,340,379)
Contribution to equity funds (*)	-	-	-	6,138,510,569	(6,138,510,569)	-
Change in equity funds	-	-	-	(8,862,860,866)	-	(8,862,860,866)
at 31 March 2019	3,849,903,280,000	151,583,183,521	(1,615,000,000)	57,785,400,259	1,456,643,319,957	5,523,607,073,780

For
 (Issued under Circular No. 200
 dated 22 December 2014 of the Ministry of Finance)

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

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

29. 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**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***30. Off balance sheet items****(a) Lease**

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

	31/3/2019	1/10/2018
	VND	VND
Within one year	164,071,110,153	120,530,357,667
Within two to five years	580,782,346,760	432,335,802,440
More than five years	480,887,632,690	449,691,597,286
	<hr/>	<hr/>
	1,225,741,089,603	1,002,557,757,393
	<hr/>	<hr/>

(b) Foreign currencies

	31/3/2019		1/10/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	4,903,256	113,517,304,638	921,491	21,441,212,800
EUR	-	-	229	6,193,888
AUD	1	8,772	1	8,974
		<hr/>		<hr/>
		113,517,313,410		21,447,415,662
		<hr/>		<hr/>

(c) Capital expenditure commitments

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

	31/3/2019	1/10/2018
	VND	VND
Approved and contracted	6,039,536,010	12,968,628,192
	<hr/>	<hr/>

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***31. 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 merchandise goods	14,174,409,890,035	20,122,036,927,899
▪ Sales of finished goods	8,585,932,161,805	9,191,498,564,583
▪ Others	42,591,492,246	31,884,194,597
	<hr/>	<hr/>
	22,802,933,544,086	29,345,419,687,079
Less revenue deductions		
▪ Sales discounts	7,331,526,648	86,729,016,051
▪ Sales returns	6,525,819,437	11,139,619,355
▪ Sales allowances	2,594,796,943	1,824,576,285
	<hr/>	<hr/>
	16,452,143,028	99,693,211,691
Net revenue	<hr/>	<hr/>
	22,786,481,401,058	29,245,726,475,388

32. Cost of sales

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Total cost of sales:		
▪ Merchandise goods sold	13,829,557,091,843	19,454,854,918,516
▪ Finished goods sold	7,936,460,248,711	8,194,791,966,296
▪ Others	4,908,885,270	8,146,584,153
▪ Allowance/(reversal of allowance) for inventories during the period	633,999,181	(6,866,797,011)
	<hr/>	<hr/>
	21,771,560,225,005	27,650,926,671,954

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***33. Financial income**

	Six-month period ended	
	31/3/2019 VND	31/3/2018 VND
Interest income from deposits and loans receivable	130,967,308	168,843,735
Income from financial investment	6,611,574,339	8,036,143,858
Realised foreign exchange gains	20,069,248,867	22,303,463,586
Unrealised foreign exchange gains	3,697,514,005	-
	<hr/>	<hr/>
	30,509,304,519	30,508,451,179

34. Financial expenses

	Six-month period ended	
	31/3/2019 VND	31/3/2018 VND
Interest expense	214,016,646,350	228,290,720,096
Realised foreign exchange losses	18,240,190,506	30,409,044,612
Unrealised foreign exchange losses	-	11,944,096,959
Reversal of allowance for diminution of financial investments	-	(35,933,075,667)
Other financial expenses	233,200,828	475,041,218
	<hr/>	<hr/>
	232,490,037,684	235,185,827,218

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

35. Selling expenses

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
		(Reclassified)
Labour costs and staff costs	220,941,020,855	245,751,220,872
Export expenses	224,229,679,684	231,363,862,697
Rental expenses	68,264,714,281	48,489,382,810
Depreciation and amortisation	64,708,221,366	52,013,417,465
Advertising expenses	49,666,462,245	49,180,565,770
Transportation expenses	21,146,053,226	59,045,517,910
Outside service	26,223,549,925	33,834,914,886
Other expenses	45,681,465,993	82,692,615,472
	720,861,167,575	802,371,497,882

36. General and administration expenses

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
		(Reclassified)
Labour costs and staff costs	57,191,301,052	112,513,423,860
Depreciation and amortisation	18,600,881,828	20,289,182,542
Rental expenses	16,669,504,338	16,637,840,474
Business trip expenses	6,168,820,348	12,086,105,409
Professional service fees	4,461,205,211	5,565,100,332
Outside service	22,678,691,277	31,128,647,385
Other expenses	18,185,177,626	35,159,548,285
	143,955,581,680	233,379,848,287

37. Other income

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Gain from disposals of fixed assets	142,200,868,604	10,625,814,628
Compensation	1,417,280,146	11,916,097,562
Others	96,360,595,945	3,199,807,387
	239,978,744,695	25,741,719,577

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***38. 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	7,260,170,583,736	8,240,939,221,733
Labour costs and staff costs	313,628,659,177	416,445,743,193
Depreciation and amortisation	174,587,241,053	153,632,103,689
Outside services	437,304,211,349	592,448,614,686
Other expenses	274,188,748,338	410,082,134,382

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Current tax expense		
Current period	44,530,926,687	72,504,669,041
	44,530,926,687	72,504,669,041
Deferred tax (benefit)/expense		
Origination of temporary differences	(3,182,286,777)	11,563,364,233
	41,348,639,910	84,068,033,274

(b) Reconciliation of effective tax rate

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Accounting profit before tax	184,804,685,947	379,133,487,774
Tax at the Company's tax rate	36,960,937,189	75,826,697,555
Non-deductible expenses	4,387,702,721	8,241,335,719
Income tax	41,348,639,910	84,068,033,274

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

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

40. Significant transactions with related parties

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

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Subsidiaries		
Hoa Sen Steel Sheet One Member Limited Liability Company		
Sales of goods	5,354,081,503,108	6,921,878,825,946
Purchases of goods	6,636,152,899,638	7,479,995,422,607
Sales of assets	-	9,138,455,859
Purchase returns	297,325,320	1,378,888,455
Hoa Sen Building Materials One Member Limited Liability Company		
Sales of goods	2,469,322,417,463	2,368,058,101,504
Purchases of goods	1,591,865,361,556	1,998,109,156,956
Sales of fixed assets	4,771,478,579	87,000,000
Income from leasing of assets	74,500,000	65,272,730
Purchase of fixed assets	1,389,200,000	-
Purchase returns	186,624,927	30,061,120
Purchase deduction	23,786,381	-
Sales returns	1,562,510,453	-
Rental expenses	-	54,545,460
Hoa Sen Transportation and Engineering One Member Limited Liability Company		
Income from leasing of assets	3,614,419,336	3,978,000,000
Transportation costs	17,346,868,765	25,263,965,186
Purchase of fixed assets	2,657,188,816	100,000,000
Rental expenses	-	335,636,362
Hoa Sen Binh Dinh One Member Limited Liability Company		
Sales of goods	4,087,912,653	9,346,553,157
Purchases of goods	723,264,411,347	516,748,062,658
Purchase returns	8,225,445	-

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Hoa Sen Nghe An One Member Limited Liability Company		
Sales of goods	2,452,405,642,072	5,252,304,812,268
Purchases of goods	2,780,978,618,001	3,777,035,652,798
Sales of fixed assets	866,031,044	5,820,000,000
Income from leasing of assets	-	38,000,000
Purchase of fixed assets	1,138,870,440	-
Purchase returns	3,565,278,423	67,896,867
Purchase deduction	210,069,346	88,501,301
Rental expenses	-	163,636,362
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company		
Sales of goods	319,945,857,799	793,175,734,003
Purchases of goods	413,970,416,197	490,648,828,284
Interest income	-	708,702,055
Capital contribution	350,000,000,000	120,000,000,000
Purchase returns	221,667,204	710,192,150
Purchase deduction	269,601,509	-
Sales of fixed assets	239,307,144	-
Other income	68,053,769	-
Hoa Sen Ha Nam One Member Limited Liability Company		
Sales of goods	1,593,567,477	404,490,944
Purchases of goods	463,676,777,623	343,996,764,472
Sales of fixed assets	-	2,904,000,000
Rental expenses	171,000,000	-
Purchase returns	1,740,600	-
Purchase deduction	-	3,090,909
Hoa Sen Yen Bai Joint Stock Company		
Interest income	2,301,410,039	2,918,086,194
Hoa Sen Phu My One Member Limited Liability Company		
Sales of goods	52,076,501,703	197,218,930,577
Purchases of goods	123,732,801,055	3,795,686,880
Interest income	-	360,292,657
Capital contribution	-	90,000,000,000
Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company		
Capital contribution	-	1,000,000,000
Hoa Sen Quy Nhon Joint Stock Company		
Interest expense	1,521,172,603	-

Hoa Sen Group**Notes to the separate interim financial statements for the six-month period ended
31 March 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company		
Interest income	200,237,246	-
Hoa Sen Yen Bai Building Materials One Member Liability Company		
Sales of goods	22,166,043	1,536,634,985
Purchases of goods	125,710,166,600	66,283,418,245
Other income	23,327,184	-
Interest income	-	281,965,103
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group		
Sales of goods	1,347,185,053,443	1,735,016,751,376
Purchases of goods	439,739,893,113	1,323,909,747,617
Sales of fixed assets	33,380,244,272	31,542,647,555
Sales discounts	-	31,151,447,142
Income from leasing of assets	2,889,246,522	819,590,909
Rental expenses	2,827,744,593	223,636,362
Purchase of fixed assets	124,733,458,000	-
Purchase tools and instruments	28,620,455,838	-
Sales returns	1,077,304,520	1,320,630,302
Sales discounts	21,245,500	-
<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

41. Non-cash investing activities

	Six-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Conversion of trade receivables into investments in subsidiaries	418,564,000,000	178,418,124,847
Net-off trade payables with profits distributed	358,392,102,244	523,652,307,794

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

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

42. Corresponding figures

The corresponding figures as at 1 October 2018 were derived from the Company’s separate financial statements as at and for the year ended 30 September 2018 and from the Company’s separate 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 follow:

Separate statement of income

	Note	Six-month period ended	
		31/3/2018 VND (as reclassified)	31/3/2018 VND (as previously reported)
Selling expenses	25	802.371.497.882	689.842.806.457
General and administrative expenses	26	233.379.848.287	345.908.539.712

43. 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). These dividends have not been recognised in these separate 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 

