



**Hoa Sen Group and its subsidiaries**

Consolidated Interim Financial Statements  
for the six-month period ended  
31 March 2020



## **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 18 February 2020. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Binh Duong Province.

<b>Board of Directors</b>	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
<b>Board of Management</b>	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 Mr. Tran Thanh Nam	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Acting Deputy General Director
<b>Legal Representative</b>	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri	Chairman Vice Chairman General Director
<b>Registered Office</b>	No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An City, Binh Duong Province Vietnam	
<b>Auditor</b>	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 2020.

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 57 give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, 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.



Chairman of the Board of Management

Tran Quoc Tri  
*General Director*

Ho Chi Minh City, 25 May 2020



KPMG Limited Branch  
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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 2020, 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 25 May 2020, as set out on pages 5 to 57.

### **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 2020 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.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 20-01-00179-20-2



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, 25 May 2020

**Hoa Sen Group and its subsidiaries**  
**Consolidated balance sheet as at 31 March 2020**

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

	Code	Note	31/3/2020 VND	1/10/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>7,655,101,526,991</b>	<b>7,355,652,364,016</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>7</b>	<b>379,875,597,063</b>	<b>288,707,713,172</b>
Cash	111		364,345,350,488	288,564,191,297
Cash equivalents	112		15,530,246,575	143,521,875
<b>Short-term financial investments</b>	<b>120</b>		<b>1,266,043,836</b>	<b>76,250,000,000</b>
Held-to-maturity investments	123	8(a)	1,266,043,836	76,250,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,303,056,271,115</b>	<b>1,339,263,670,053</b>
Accounts receivable from customers	131	9	1,019,451,469,418	1,049,450,621,720
Prepayments to suppliers	132	10	111,623,268,648	135,583,407,831
Other short-term receivables	136	11(a)	190,790,047,701	164,521,607,196
Allowance for doubtful debts	137		(18,808,514,652)	(10,291,966,694)
<b>Inventories</b>	<b>140</b>	<b>12</b>	<b>5,009,203,766,026</b>	<b>4,547,528,637,193</b>
Inventories	141		5,081,441,830,694	4,599,379,745,104
Allowance for inventories	149		(72,238,064,668)	(51,851,107,911)
<b>Other current assets</b>	<b>150</b>		<b>961,699,848,951</b>	<b>1,103,902,343,598</b>
Short-term prepaid expenses	151	17(a)	126,205,030,242	99,299,504,104
Deductible value added tax	152		834,790,871,817	997,416,186,710
Taxes receivable from State Treasury	153	20(b)	703,946,892	7,186,652,784

*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 2020 (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	31/3/2020 VND	1/10/2019 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>9,328,288,293,060</b>	<b>9,869,786,099,023</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>218,861,054,000</b>	<b>226,761,293,160</b>
Other long-term receivables	216	11(b)	218,861,054,000	226,761,293,160
<b>Fixed assets</b>	<b>220</b>		<b>8,040,704,977,587</b>	<b>8,642,006,807,601</b>
Tangible fixed assets	221	13	7,658,496,063,876	8,186,719,713,839
Cost	222		13,190,742,520,151	13,134,211,874,310
Accumulated depreciation	223		(5,532,246,456,275)	(4,947,492,160,471)
Finance lease tangible fixed assets	224	14	159,201,823,767	214,042,830,281
Cost	225		176,595,110,773	237,020,532,992
Accumulated depreciation	226		(17,393,287,006)	(22,977,702,711)
Intangible fixed assets	227	15	223,007,089,944	241,244,263,481
Cost	228		280,098,677,599	294,601,902,380
Accumulated amortisation	229		(57,091,587,655)	(53,357,638,899)
<b>Long-term work in progress</b>	<b>240</b>		<b>662,059,762,690</b>	<b>576,452,872,180</b>
Construction in progress	242	16	662,059,762,690	576,452,872,180
<b>Long-term financial investments</b>	<b>250</b>		<b>22,000,000,000</b>	<b>17,000,000,000</b>
Held-to-maturity investments	255	8(a)	22,000,000,000	17,000,000,000
<b>Other long-term assets</b>	<b>260</b>		<b>384,662,498,783</b>	<b>407,565,126,082</b>
Long-term prepaid expenses	261	17(b)	311,762,800,655	365,534,127,666
Deferred tax assets	262	18	72,899,698,128	42,030,998,416
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>16,983,389,820,051</b>	<b>17,225,438,463,039</b>

*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 2020 (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	31/3/2020 VND	1/10/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>11,142,568,439,043</b>	<b>11,757,157,277,389</b>
<b>Current liabilities</b>	<b>310</b>		<b>8,580,951,236,051</b>	<b>8,767,419,669,924</b>
Accounts payable to suppliers	311	19	1,175,398,281,224	1,379,160,194,955
Advances from customers	312		83,082,721,429	101,394,195,074
Taxes payable to State Treasury	313	20(a)	179,256,184,455	83,658,990,877
Payables to employees	314		37,181,777,379	62,992,350,003
Accrued expenses	315	21	208,179,359,090	124,968,889,487
Other payables – short-term	319	22	822,262,954,743	263,879,077,110
Short-term borrowings and finance lease liabilities	320	23(a)	6,028,827,162,070	6,706,463,172,987
Bonus and welfare fund	322	24	46,762,795,661	44,902,799,431
<b>Long-term liabilities</b>	<b>330</b>		<b>2,561,617,202,992</b>	<b>2,989,737,607,465</b>
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings and finance lease liabilities	338	23(b)	2,557,677,232,132	2,986,131,853,215
Provisions – long-term	342	25	3,230,470,860	2,896,254,250
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>5,840,821,381,008</b>	<b>5,468,281,185,650</b>
<b>Owners' equity</b>	<b>410</b>	<b>26</b>	<b>5,840,821,381,008</b>	<b>5,468,281,185,650</b>
Share capital	411	27	4,234,694,890,000	4,234,694,890,000
- Ordinary shares with voting rights	411a		4,234,694,890,000	4,234,694,890,000
Share premium	412		151,583,183,521	151,583,183,521
Treasury shares	415		(2,721,000,000)	(2,459,000,000)
Other equity funds	420		54,363,395,974	55,626,670,135
Retained profits	421		1,395,346,550,635	1,021,280,774,551
- Retained profits brought forward	421a		1,012,379,575,226	659,928,641,536
- Retained profits for the current period	421b		382,966,975,409	361,352,133,015
Non-controlling interest	429		7,554,360,878	7,554,667,443
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>16,983,389,820,051</b>	<b>17,225,438,463,039</b>

25 May 2020

Prepared by



Nguyen Thi Thanh Tuyen  
Accountant

Approved by



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Quoc Tri  
General Director

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 2020**

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	
			31/3/2020 VND	31/3/2019 VND
Revenue from sales of goods and provision of services	01	29	12,375,686,887,373	14,480,029,442,288
Revenue deductions	02	29	20,877,787,865	23,311,233,667
<b>Net revenue from sales of goods and provision of services (10 = 01 - 02)</b>	<b>10</b>	<b>29</b>	<b>12,354,809,099,508</b>	<b>14,456,718,208,621</b>
Cost of sales	11	30	10,324,964,002,783	13,068,970,077,235
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>2,029,845,096,725</b>	<b>1,387,748,131,386</b>
Financial income	21	31	31,941,034,336	31,841,073,024
Financial expenses	22	32	383,065,115,997	403,740,264,217
<i>In which: Interest expense</i>	23		309,650,318,735	382,058,482,066
Selling expenses	25	33	971,248,613,454	869,076,326,042
General and administration expenses	26	34	260,190,475,526	225,858,590,702
<b>Net operating profit/(loss) {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>447,281,926,084</b>	<b>(79,085,976,551)</b>
Other income	31	35	14,121,376,402	248,553,795,923
Other expenses	32	36	9,552,074,686	21,160,367,318
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>4,569,301,716</b>	<b>227,393,428,605</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>451,851,227,800</b>	<b>148,307,452,054</b>
Income tax expense – current	51	38	99,753,258,668	45,297,448,858
Income tax benefit – deferred	52	38	(30,868,699,712)	(13,344,552,707)
<b>Net profit after tax (60 = 50 - 51 - 52) (carried forward)</b>	<b>60</b>		<b>382,966,668,844</b>	<b>116,354,555,903</b>

*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 2020**  
**(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	
			31/3/2020 VND	31/3/2019 VND
<b>Net profit after tax (60 = 50 - 51 - 52) (brought forward)</b>	<b>60</b>		<b>382,966,668,844</b>	<b>116,354,555,903</b>
<b>Attributable to:</b>				
Equity holders of the Company	61		382,966,975,409	116,356,255,643
Non-controlling losses	62		(306,565)	(1,699,740)
<b>Earnings per share</b>				
Basic earnings per share	70	39	827	251

25 May 2020

Prepared by



Nguyen Thi Thanh Tuyen  
Accountant

Approved by



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Quoc Tri  
General Director

*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 2020**  
**(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	
	31/3/2020	31/3/2019
	VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Accounting profit before tax</b>	<b>451,851,227,800</b>	<b>148,307,452,054</b>
<b>Adjustments for</b>		
Depreciation and amortisation	616,012,527,645	563,663,248,452
Allowances and provisions	29,237,721,325	(10,372,155,559)
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	23,890,883,215	(5,462,942,926)
Profits from investing activities	(720,222,549)	(148,503,855,833)
Written off construction in progress	14,727,480,716	-
Interest expense	309,650,318,735	382,058,482,066
<b>Operating profit before changes in working capital</b>	<b>1,444,649,936,887</b>	<b>929,690,228,254</b>
Change in receivables	225,289,489,858	563,968,475,962
Change in inventories	(487,091,217,909)	2,089,785,012,111
Change in payables and other liabilities	536,730,990,337	463,829,956,218
Change in prepaid expenses	26,702,172,808	34,132,416,674
	<b>1,746,281,371,981</b>	<b>4,081,406,089,219</b>
Interest paid	(309,258,358,875)	(387,571,569,614)
Income tax paid	(44,851,461,278)	(37,920,350,886)
Other payments for operating activities	(8,437,081,256)	(10,153,739,866)
<b>Net cash flows from operating activities</b>	<b>1,383,734,470,572</b>	<b>3,645,760,428,853</b>

*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 2020**  
**(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	
		31/3/2020 VND	31/3/2019 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(246,006,459,702)	(681,396,513,668)
Collections on disposals of fixed assets	22	2,796,950,691	249,031,159,754
Payments for term deposits	23	(5,516,043,836)	(250,000,000)
Collections on term deposits	24	75,500,000,000	46,600,000,000
Payments for investments in other entities	25	-	(11,581,401,220)
Receipts of interest	27	3,695,499,899	4,925,854,947
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(169,530,052,948)</b>	<b>(392,670,900,187)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for repurchase of treasury shares	32	(262,000,000)	(272,000,000)
Proceeds from borrowings	33	9,621,415,662,780	9,471,649,644,028
Payments to settle loan principals	34	(10,720,867,296,535)	(12,803,057,142,060)
Payments to settle finance lease liabilities	35	(31,246,022,101)	(41,862,677,622)
Payments of dividends	36	(22,299,100)	(171,530,900)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(1,130,981,954,956)</b>	<b>(3,373,713,706,554)</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>83,222,462,668</b>	<b>(120,624,177,888)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>288,707,713,172</b>	<b>492,079,830,667</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>7,945,421,223</b>	<b>(1,069,950,259)</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70 7</b>	<b>379,875,597,063</b>	<b>370,385,702,520</b>

25 May 2020

Prepared by



Nguyen Thi Thanh Tuyen  
Accountant

Approved by



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Quoc Tri  
General Director

*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 2020**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/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 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/QĐ-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 2020 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 assets.

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 31 March 2020, the Group had 16 subsidiaries, 1 associate (1/10/2019: 16 subsidiaries, 1 associate), as follows:

**Hoa Sen Group and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**31 March 2020 (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 31/3/2020 1/10/2019	
<b>Subsidiaries</b>			
▪ Hoa Sen Nghe An One Member Limited Liabilities 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 One Member Company Limited	Manufacturing and trading in cold rolled steel products.	100%	100%
▪ Hoa Sen Phu My One Member Limited Liabilities Company	Manufacturing steel for building materials and consumer goods.	100%	100%
▪ Hoa Sen Ha Nam One Member Limited Liabilities Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Building Materials Company Limited	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Binh Dinh Sole Member Limited 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%	95%
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	Manufacturing and trading in steel pipe products.	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	Manufacturing iron, steel, cast iron products.	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities 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 Liabilities Company	Investing riverport, seaport.	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company (*)	Manufacturing, transmitting and distributing electricity.	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities 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 2020 (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	
		31/3/2020	1/10/2019
<b>Subsidiaries (continued)</b>			
▪ Hoa Sen Quy Nhon Joint Stock Company	Trading real estate and provide support services for trading real estate.	99%	99%
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Investing, constructing and trading industrial park infrastructure.	95%	95%
<b>Associates</b>			
▪ Hoa Sen International Port Joint Stock Company (*)	Providing supporting services related to transportation.	49%	49%

(\*) As at 31 March 2020, the Group has not yet contributed capital to these companies. These subsidiaries are in the pre-operating stage.

As at 31 March 2020, the Group has 6,886 employees (1/10/2019: 6,637 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**

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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 VND925,850 million (1/10/2019: VND1,411,767 million). The validity of the going concern assumption fundamentally depends on the Group being able to generate cashflow from its activities as forecast and the financial institutions continuing to provide such financial assistance as is necessary.

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

At the date of this report, there is no reason for the Board of Management to believe that the Group will not be able to generate enough cash flows or will not be able to maintain unused loan facilities.

#### **(d) Annual accounting period**

The annual accounting period of the Group is from 1 October to 30 September of the following 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 associates are eliminated against the investment to the extent of the Group’s interest in the associate.

**(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 – 12 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 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) 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 from 2 to 3 years.

**(ii) 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 from 2 to 3 years.

**(iii) Site restoration**

Site restoration is recognised at costs and amortised on a straight-line basis over a period from 2-3 years.

**(iv) Advertising panels**

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

**(v) 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.

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**(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.

**(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 par value.

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**(ii) Share premium**

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

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

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is 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.

**(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 possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

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**(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.

**(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 fund 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.

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**(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.

**5. Changes in accounting estimates**

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 an 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 2020 and 1 October 2019 and all revenue, expenses presented in the consolidated statement of income for the six-month period ended 31 March 2020 and 31 March 2019 are mainly related to the Group's principal business activities.



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**(b) Geographical segments**

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

	<b>Geographical segments</b>		
	<b>Domestic VND</b>	<b>Oversea VND</b>	<b>Total VND</b>
<b>Six-month period ended</b>			
<b>31 March 2020</b>			
Revenue	8,345,397,551,725	4,009,411,547,783	12,354,809,099,508
Cost of sales	(6,484,015,226,703)	(3,840,948,776,080)	(10,324,964,002,783)
	<b>1,861,382,325,022</b>	<b>168,462,771,703</b>	<b>2,029,845,096,725</b>
<b>Six-month period ended</b>			
<b>31 March 2019</b>			
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)
	<b>1,236,112,227,903</b>	<b>151,635,903,483</b>	<b>1,387,748,131,386</b>

**7. Cash and cash equivalents**

	<b>31/3/2020 VND</b>	<b>1/10/2019 VND</b>
Cash on hand	17,456,101,430	43,581,002,435
Cash in banks	239,750,864,871	243,158,329,276
Cash in transit (*)	107,138,384,187	1,824,859,586
Cash and cash equivalents (**)	15,530,246,575	143,521,875
	<b>379,875,597,063</b>	<b>288,707,713,172</b>

(\*) As at 31 March 2020, cash in transit mainly related to the loan of Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Zone Branch for L/C payment, drawdown and transferred to the Group's bank accounts in Saigon Thuong Tin Commercial Joint Stock Bank - Central Branch, but not yet received.

(\*\*) 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 4.3 to 4.8% (1/10/2019: 5%).

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**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 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 6.3% to 6.4% (1/10/2019: from 5.3% to 6.4%).

As at 31 March 2020, held-to-maturity investments – short-term amounting VND750 million (1/10/2019: VND75 billion) were pledged at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Zone Branch for L/C payment.

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

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	16,000,000,000	16,000,000,000
Bonds issued by Agribank Securities Joint Stock Corporation (**)	1,000,000,000	1,000,000,000
Bonds issued by Bank for Investment and Development Securities Joint Stock Company (***)	5,000,000,000	-
	22,000,000,000	17,000,000,000

(\*) Bonds with original term of 10 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2019: floating interest rate plus 1.2%).

(\*\*) Bonds with original term of 7 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2019: floating interest rate plus 1.2%).

(\*\*) Bonds with original term of 6 years were denominated in VND and earned annual interest at floating interest rate plus 1.25%.

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**(b) Long-term investments**

	31/3/2020			1/10/2019				
	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND
<b>Investment in associates</b>								
▪ Hoa Sen International Port Joint Stock Company (*)	49%	-	-	-	49%	-	-	-

(\*) Hoa Sen International Port Joint Stock Company was incorporated under the Enterprise Registration Certificate No. 3502399898 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 5 July 2019, in which the Company owned 49% ownership. As at 31 March 2020, the Group has not contributed capital to Hoa Sen International Port Joint Stock Company.

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**9. Accounts receivable from customers**

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

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Hoa Sen Holdings Group	253,774,585,117	13,384,000
Other customers	765,676,884,301	1,049,437,237,720
	<u>1,019,451,469,418</u>	<u>1,049,450,621,720</u>

At 31 March 2020 accounts receivable with carrying value of VND570,000 million and receivables arising from export bill collection with the value of VND2,300,000 million (1/10/2019: accounts receivable with carrying value of VND570,000 million and receivable arising from export bill collection with the value of VND2,300,000 million) were pledged with banks as security for loan granted to the Group (Note 23).

**(b) Accounts receivable from customers who are related parties**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	253,774,585,117	13,384,000
Hoa Sen Nghe An Investment Company Limited	19,800,000	19,800,000
	<u>19,800,000</u>	<u>19,800,000</u>

The trade related amounts due from related parties were unsecured, interest free and are receivable in 45 days from invoice date.

**10. Prepayment to suppliers**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Sorin Corporation	15,248,151,504	-
Vietnam Kinex Construction Joint Stock Company	14,348,431,632	14,348,431,632
Other suppliers	82,026,685,512	121,234,976,199
	<u>111,623,268,648</u>	<u>135,583,407,831</u>

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**11. Other receivables**

**(a) Other receivables – short-term**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	47,057,291,152	43,061,645,310
Receivables from transfer of land use rights	12,818,775,000	-
Compensation for ground clearance	31,348,158,000	21,348,158,000
Short-term and rental deposits	42,120,398,217	48,608,966,594
Others	11,983,200,332	6,040,612,292
	<hr/>	<hr/>
	190,790,047,701	164,521,607,196
	<hr/>	<hr/>

*Other short-term receivables from related parties*

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	1,720,000,000	1,870,000,000
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	45,462,225,000
	<hr/>	<hr/>

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

**(b) Other receivables – long-term**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Deposits for rental	200,935,729,000	222,016,729,000
Others	17,925,325,000	4,744,564,160
	<hr/>	<hr/>
	218,861,054,000	226,761,293,160
	<hr/>	<hr/>

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**12. Inventories**

	31/3/2020		1/10/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	583,105,259,660	-	677,285,188,372	-
Raw materials	1,190,965,074,707	(22,025,145,023)	810,129,847,544	(3,196,773,239)
Tools and supplies	619,248,013,239	-	674,389,686,696	-
Work in progress	-	-	4,817,698	-
Finished goods	1,771,364,506,587	(41,646,238,723)	1,904,587,813,297	(40,109,352,098)
Merchandise inventories	916,758,976,501	(8,566,680,922)	532,982,391,497	(8,544,982,574)
	<u>5,081,441,830,694</u>	<u>(72,238,064,668)</u>	<u>4,599,379,745,104</u>	<u>(51,851,107,911)</u>

At 31 March 2020 inventories with carrying value of VND2,559,884 million (1/10/2019: VND2,488,159 million) were pledged with banks as security for loans granted to the Group (Note 23).

Included in inventories at 31 March 2020 was VND437,790 million of raw materials, VND519,012 million of finished goods and VND107,612 million of merchandise inventories (1/10/2019: VND172,695 million of raw materials, VND484,357 million of finished goods and VND224,093 million of merchandise inventories) carried at net realisable value.

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

	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
Opening balance	51,851,107,911	40,691,706,865
Allowance made during the period	36,115,830,764	4,137,077,666
Allowance reversed during the period	(15,728,874,007)	(14,125,626,145)
Closing balance	<u>72,238,064,668</u>	<u>30,703,158,386</u>

**Hoa Sen Group and its subsidiaries**

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**13. Tangible fixed assets**

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Opening balance	2,446,810,631,951	10,173,108,549,352	412,675,421,363	74,566,896,721	27,050,374,923	13,134,211,874,310
Additions	212,892,511	2,759,518,414	46,509,843	-	-	3,018,920,768
Transfer from construction in progress	4,275,260,396	25,042,781,103	667,335,340	-	-	29,985,376,839
Transfer from finance lease tangible fixed assets	-	6,399,925,400	54,025,496,819	-	-	60,425,422,219
Reclassification from long-term prepaid expenses	-	535,510,031	-	-	-	535,510,031
Reclassification	-	5,708,714,437	-	(5,708,714,437)	-	-
Disposals	-	(33,827,270,641)	(2,196,974,581)	-	-	(36,024,245,222)
Written off	-	(1,410,338,794)	-	-	-	(1,410,338,794)
Closing balance	2,451,298,784,858	10,178,317,389,302	465,217,788,784	68,858,182,284	27,050,374,923	13,190,742,520,151
<b>Accumulated depreciation</b>						
Opening balance	563,091,144,114	4,128,553,570,400	200,630,701,973	33,762,296,721	21,454,447,263	4,947,492,160,471
Charge for the period	62,900,439,054	504,068,144,882	24,634,600,657	4,784,915,059	317,751,309	596,705,850,961
Transfer from finance lease tangible fixed assets	-	2,406,259,847	16,932,659,005	-	-	19,338,918,852
Reclassification from long-term prepaid expenses	-	371,881,966	-	-	-	371,881,966
Reclassification	-	1,059,780,286	-	(1,059,780,286)	-	-
Disposals	-	(29,318,186,105)	(1,022,639,372)	-	-	(30,340,825,477)
Written off	-	(1,321,530,498)	-	-	-	(1,321,530,498)
Closing balance	625,991,583,168	4,605,819,920,778	241,175,322,263	37,487,431,494	21,772,198,572	5,532,246,456,275
<b>Net book value</b>						
Opening balance	1,883,719,487,837	6,044,554,978,952	212,044,719,390	40,804,600,000	5,595,927,660	8,186,719,713,839
Closing balance	1,825,307,201,690	5,572,497,468,524	224,042,466,521	31,370,750,790	5,278,176,351	7,658,496,063,876



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Included in tangible fixed assets were assets costing VND863,687 million which were fully depreciated as at 31 March 2020 (1/10/2019: VND849,054 million), but which are still in active use.

Net book value of tangible fixed assets retired from active use and held for disposal amounted to VND22,899 million as at 31 March 2020 (1/10/2019: VND18,869 million).

At 31 March 2020 tangible fixed assets with net book value of VND6,403,651 million (1/10/2019: VND6,821,624 million) were pledged with banks as security for loans granted to the Group (Note 23).

**14. Finance lease tangible fixed assets**

	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	151,525,727,293	66,858,442,063	18,636,363,636	237,020,532,992
Transfer to tangible fixed assets	(6,399,925,400)	(54,025,496,819)	-	(60,425,422,219)
Closing balance	145,125,801,893	12,832,945,244	18,636,363,636	176,595,110,773
<b>Accumulated depreciation</b>				
Opening balance	6,481,723,299	14,423,003,074	2,072,976,338	22,977,702,711
Charge for the period	8,537,712,801	4,284,972,163	931,818,183	13,754,503,147
Transfer to tangible fixed assets	(2,406,259,847)	(16,932,659,005)	-	(19,338,918,852)
Closing balance	12,613,176,253	1,775,316,232	3,004,794,521	17,393,287,006
<b>Net book value</b>				
Opening balance	145,044,003,994	52,435,438,989	16,563,387,298	214,042,830,281
Closing balance	132,512,625,640	11,057,629,012	15,631,569,115	159,201,823,767



**Hoa Sen Group and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended 31 March 2020 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***15. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	247,710,409,765	46,891,492,615	294,601,902,380
Disposals	(12,685,000,000)	-	(12,685,000,000)
Written off	-	(1,818,224,781)	(1,818,224,781)
Closing balance	235,025,409,765	45,073,267,834	280,098,677,599
<b>Accumulated amortisation</b>			
Opening balance	37,616,564,694	15,741,074,205	53,357,638,899
Charge for the period	1,726,984,577	3,825,188,960	5,552,173,537
Written off	-	(1,818,224,781)	(1,818,224,781)
Closing balance	39,343,549,271	17,748,038,384	57,091,587,655
<b>Net book value</b>			
Opening balance	210,093,845,071	31,150,418,410	241,244,263,481
Closing balance	195,681,860,494	27,325,229,450	223,007,089,944

Included in intangible fixed assets were assets costing VND456 million which were fully depreciated as at 31 March 2020 (1/10/2019: VND2,275 million), but which are still in active use.

At 31 March 2020 intangible fixed assets with net book value of VND104,423 million (1/10/2019: VND105,350 million) were pledged with banks as security for loans granted to the Group (Note 23).

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**16. Construction in progress**

Major constructions in progress were as follows:

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Machinery, equipment waiting for installation	203,282,589,343	224,957,322,430
Factories	88,115,055,925	86,859,494,955
Hoa Sen Yen Bai project	316,954,818,730	219,694,039,271
Ground clearing cost of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Major maintenance expenses of fixed assets	12,623,132,894	3,865,509,172
Others	2,290,093,798	2,282,434,352
	<b>662,059,762,690</b>	<b>576,452,872,180</b>

During the period, borrowing costs were capitalised into construction in progress equivalent to VND10,126 million, identified based on capitalisation ratio from 5% to 9% (six-month period ended 31/3/2019: VND29,109 million, identified based on capitalisation ratio from 5% to 9%).

Movements of constructions in progress during the period were as follows:

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	576,452,872,180	1,512,774,341,255
Increases from business combination	-	26,839,374,200
Additions during the period	137,795,007,287	509,266,785,760
Transfer from tangible fixed assets	-	1,634,948,478
Transfer to tangible fixed assets	(29,985,376,839)	(183,857,122,833)
Transfer to long-term prepaid expenses	(7,475,259,222)	(8,909,860,714)
Other decreases (*)	-	(60,000,000,000)
Disposals	-	(476,066,951)
Written off	(14,727,480,716)	-
	<b>662,059,762,690</b>	<b>1,797,272,399,195</b>

- (\*) Other decreases represented prepayments 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.

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**17. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Rental fee	65,308,434,232	48,587,023,377
Advertising expenses	18,703,574,955	17,509,179,783
Tools and instruments	24,754,961,874	18,409,533,006
Insurance fee	2,360,725,311	484,984,056
Maintenance expenses	4,726,500,963	4,924,160,066
Consultancy expenses	3,830,449,216	640,750,877
Others	6,520,383,691	8,743,872,939
	126,205,030,242	99,299,504,104

**(b) Long-term prepaid expenses**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Tools and instruments	117,262,351,689	132,377,002,232
Rental fee	58,560,781,825	71,457,221,006
Site restoration	77,438,933,760	78,277,621,218
Advertising panels	23,882,457,569	38,709,350,763
Maintenance expenses	16,712,675,927	23,475,312,366
Others	17,905,599,885	21,237,620,081
	311,762,800,655	365,534,127,666

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

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	365,534,127,666	475,698,024,116
Additions during the period	41,249,767,360	72,706,558,460
Transfer (to)/from tangible fixed assets	(163,628,065)	710,604,748
Transfer from construction in progress	7,475,259,222	8,909,860,714
Amortisation during the period	(102,332,725,528)	(126,935,565,988)
	311,762,800,655	431,089,482,050

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**18. Deferred tax assets**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i>Deferred tax assets are recognised for:</i>		
▪ Unrealised profits	42,359,578,438	21,926,066,092
▪ Accrued expenses	19,343,556,904	9,022,541,606
▪ Allowances and provisions	9,650,143,254	8,713,422,216
▪ Foreign exchange differences	-	559,610,798
▪ Others	1,546,419,532	1,809,357,704
	<hr/>	<hr/>
	72,899,698,128	42,030,998,416
	<hr/>	<hr/>

**19. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>Cost/amount</b>	<b>Cost/amount</b>
	<b>within payment</b>	<b>within payment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
Samsung C&T Corporation	212,261,828,763	-
Vuong Steel Co., Ltd	119,319,364,779	30,000,000,000
Tata Steel Limited	-	462,568,569,213
Other suppliers	843,817,087,682	886,591,625,742
	<hr/>	<hr/>
	1,175,398,281,224	1,379,160,194,955
	<hr/>	<hr/>

**(b) Accounts payable to suppliers who are related parties**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>Cost/amount</b>	<b>Cost/amount</b>
	<b>within payment</b>	<b>within payment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	631,930,146	5,931,497,565
Hoa Sen Nghe An Investment Company Limited	3,357,584,406	2,957,890,162
	<hr/>	<hr/>

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

**Hoa Sen Group and its subsidiaries**

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**20. Taxes payable to and receivable from State Treasury**

**(a) Taxes payable to State Treasury**

	1/10/2019 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/3/2020 VND
Value added tax	76,622,874,045	3,920,932,329,294	(585,690,758,500)	(3,289,234,312,123)	901,855,929	123,531,988,645
Import-export tax	78,347,372	5,302,788,273	(5,201,858,405)	-	-	179,277,240
Corporate income tax	4,094,140,040	99,753,258,668	(44,851,461,278)	-	(6,455,835,840)	52,540,101,590
Personal income tax	2,785,578,830	14,199,845,812	(13,956,021,290)	-	(26,870,052)	3,002,533,300
Other taxes	78,050,590	2,652,365,936	(2,728,132,846)	-	-	2,283,680
	83,658,990,877	4,042,840,587,983	(652,428,232,319)	(3,289,234,312,123)	(5,580,849,963)	179,256,184,455

**(b) Taxes receivable from State Treasury**

	1/10/2019 VND	Reclassified VND	31/3/2020 VND
Corporate income tax	7,108,371,598	(6,455,835,840)	652,535,758
Personal income tax	78,281,186	(26,870,052)	51,411,134
	7,186,652,784	(6,482,705,892)	703,946,892

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**21. Accrued expenses**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Tax provision expenses	78,692,097,121	68,689,580,004
Salary and bonus	85,212,067,968	22,458,770,000
Construction in progress	15,080,531,989	21,579,861,989
Transportation expenses	9,344,024,000	-
Interest expenses	11,719,270,307	11,327,310,447
Electricity expenses	354,654,101	242,293,646
Others	7,776,713,604	671,073,401
	<hr/>	<hr/>
	208,179,359,090	124,968,889,487
	<hr/>	<hr/>

**22. Other payables – short-term**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Import sponsor payables (*)	780,479,507,708	123,526,267,272
Discount export documents payables	-	109,826,375,736
Short-term deposits received	17,991,021,960	13,910,435,118
Dividend payables	4,247,322,425	4,402,225,525
Social insurance, health insurance, unemployment insurance and union funds	1,804,978,755	1,953,755,850
Others	17,740,123,895	10,260,017,609
	<hr/>	<hr/>
	822,262,954,743	263,879,077,110
	<hr/>	<hr/>

(\*) 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 cannot make payment on the due date, they will be automatically converted into bank borrowings.

***Other payables – short-term to related parties***

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<b><i>Company owned by the Company's Chairman</i></b>		
Hoa Sen Holdings Group	1,161,000,000	863,000,000
	<hr/>	<hr/>

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

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**23. Borrowings and finance lease liabilities**

**(a) Short-term borrowings and finance lease liabilities**

	1/10/2019	Movements during the period		31/3/2020
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Decreases VND	Carrying amount/ Amount within repayment capacity VND
			Foreign exchange differences VND	
Short-term borrowings	5,984,633,062,602	9,621,415,662,780	(10,354,729,843,991)	5,275,925,905,247
Current portion of long-term borrowings (b)	669,132,423,536	393,351,620,195	(352,036,077,818)	710,447,965,913
Finance lease principals due within twelve months (c)	52,697,686,849	21,001,626,162	(31,246,022,101)	42,453,290,910
	6,706,463,172,987	10,035,768,909,137	(10,738,011,943,910)	6,028,827,162,070

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

<b>Lenders</b>	<b>Note</b>	<b>Currency</b>	<b>31/3/2020</b> <b>VND</b>	<b>1/10/2019</b> <b>VND</b>
▪ Vietnam JSC for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	1,357,482,400,380	1,994,915,518,201
▪ Vietnam JSC Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	464,796,206,045	129,916,416,765
▪ JSC Bank for Foreign Trade of Vietnam - Nam Binh Duong Branch	(ii)	VND	608,407,144,845	1,567,097,214,485
▪ JSC Bank for Foreign Trade of Vietnam - Nam Binh Duong Branch	(ii)	USD	790,296,333,081	54,253,608,247
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	661,086,479,129	252,269,997,400
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iv)	VND	-	395,058,324,455
▪ HSBC Bank (Vietnam) Ltd.	(v)	VND	673,429,851,999	589,496,289,578
▪ HSBC Bank (Vietnam) Ltd.	(v)	USD	51,504,745,984	-
▪ Ho Chi Minh City Development JSC Bank	(vi)	USD	260,794,800,000	299,706,629,722
▪ Sinopac Bank - Ho Chi Minh City Branch	(vii)	VND	-	132,961,671,917
▪ United Overseas Bank (Vietnam) Limited	(viii)	VND	158,935,864,094	168,098,218,328
▪ United Overseas Bank (Vietnam) Limited	(viii)	USD	54,387,375,916	-
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	VND	19,331,440,857	-
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	USD	40,417,082,484	85,446,513,628
▪ Vietnam JSC Bank for Industry and Trade - Nghe An Branch	(x)	VND	15,641,341,144	266,182,861,076
▪ Vietnam JSC Bank for Industry and Trade - Ba Ria Vung Tau Branch	(xi)	VND	69,351,316,280	49,229,798,800
▪ Vietnam Bank for Agriculture and Rural Development – Sai Gon Branch	(xii)	VND	34,847,540,601	-
▪ Vietnam Maritime Joint Stock Bank – Ho Chi Minh City Branch	(xiii)	USD	15,215,982,408	-
			<b>5,275,925,905,247</b>	<b>5,984,633,062,602</b>



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

<b>Lenders</b>	<b>Currency</b>	<b>Credit limit</b>	<b>Interest rate</b> 31/3/2020	<b>Interest rate</b> 1/10/2019	<b>Pledged assets</b>
i. Vietnam JSC Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND	VND2,700 billion	5,60% - 5,90%	5,50% - 6,30%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers
ii. JSC Bank for Foreign Trade of Vietnam - Nam Binh Duong Branch	USD	VND1,697 billion	3,00% - 3,60%	3,60%	receivable from customers
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND1,500 billion	5,70% - 6,20%	6,20%	Land use rights, machinery and equipment and inventories
iv. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND1,500 billion	2,50% - 3,40%	3,60%	Accounts receivable from customers
v. HSBC Bank (Vietnam) Ltd.	VND	VND1,500 billion	6,00%	6,00%	Inventories
vi. Ho Chi Minh City Development JSC Bank	VND	USD40 million	4,70% - 5,70%	5,80% - 6,15%	Inventories, machinery and equipment, land use rights and constructions on land
vii. Sinopac Bank - Ho Chi Minh City Branch	USD	VND800 billion	2,90%	-	Unsecured
viii. United Overseas Bank (Vietnam) Limited	VND	USD6 million	3,20% - 4,00%	4,20%	Unsecured
ix. Malaysian Banking Berhad - Ho Chi Minh City Branch	VND	USD9 million	5,30% - 5,52%	5,90% - 6,19%	Inventories
x. Vietnam JSC Bank for Industry and Trade - Nghe An Branch	USD	USD4 million	2,03%	-	Unsecured
	VND	VND800 billion	5,40% - 5,50%	4,20%	Buildings and structures and machinery and equipment

**Hoa Sen Group and its subsidiaries**

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<b>Lenders</b>	<b>Currency</b>	<b>Credit limit</b>	<b>Interest rate</b> <b>31/3/2020</b>	<b>1/10/2019</b>	<b>Pledged assets</b>
xi. Vietnam JSC Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND300 billion	5.50%	5.50%	Inventories
xii. Vietnam Bank for Agriculture and Rural Development – Saigon Branch	VND	VND120 billion	5.50%	-	Unsecured
xiii. Vietnam Maritime Joint Stock Bank – Ho Chi Minh City Branch	USD	VND195 billion	3.70%	-	Unsecured

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**(b) Long-term borrowings and finance lease liabilities**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term borrowings	3,217,322,293,278	3,583,459,745,822
Finance lease liabilities (c)	93,256,195,677	124,502,217,778
	<hr/>	<hr/>
	3,310,578,488,955	3,707,961,963,600
Repayable within twelve months	(752,901,256,823)	(721,830,110,385)
	<hr/>	<hr/>
Repayable after twelve months	2,557,677,232,132	2,986,131,853,215
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**Hoa Sen Group and its subsidiaries**

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

<b>Lenders</b>	<b>Note</b>	<b>Currency</b>	<b>Year of maturity</b>	<b>31/3/2020 VND</b>	<b>1/10/2019 VND</b>
▪ Vietnam JSC Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2024 – 2026	2,368,218,549,616	2,628,554,307,862
▪ JSC Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	2022 – 2023	354,750,862,940	406,350,862,940
▪ JSC Bank for Foreign Trade of Vietnam - Vung Tau Branch	(iii)	VND	2024	311,633,669,442	330,863,669,442
▪ Vietnam JSC Bank for Industry and Trade - Yen Bai Branch	(iv)	VND	2025 – 2026	137,350,691,493	142,550,691,493
▪ Vietnam JSC Bank for Industry and Trade - Ba Ria Vung Tau Branch	(v)	VND	2021	44,888,019,787	73,358,614,085
▪ Asia Commercial JSC - Tan Thuan Branch	(vi)	VND	2020	480,500,000	1,781,600,000
				<b>3,217,322,293,278</b>	<b>3,583,459,745,822</b>

- (i) This borrowing was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest at 8.8% (1/10/2019: from 8.8% to 9%).
- (ii) This borrowing was secured by land use rights, machinery and equipment, motor vehicles and inventories and bore annual interest at 9.1% (1/10/2019: from 7.5% to 8.7%).
- (iii) This borrowing was secured by buildings and structures and machinery and equipment and bore annual interest at rates ranging from 8.95% to 9.025% (1/10/2019: from 8.95% to 9.025%).
- (iv) This borrowing was secured by land use rights, buildings and structures, machinery and equipment and motor vehicles and bore annual interest at rates ranging from 9% to 10% (1/10/2019: from 9% to 11%).
- (v) This borrowing was secured by buildings and structures and machinery and equipment and bore annual interest at 8.8% (1/10/2019: 8.8%).
- (vi) This borrowing was secured by motor vehicles and bore annual interest at 10.10% (1/10/2019: from 9.5% to 10.01%).

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**(c) Finance lease liabilities**

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

	31/3/2020		1/10/2019	
	Payments VND	Interest VND	Principal VND	Interest VND
Within one year	49,312,127,883	6,858,836,973	42,453,290,910	9,017,291,389
Within two to five years	54,112,583,101	3,309,678,334	50,802,904,767	6,187,268,196
	103,424,710,984	10,168,515,307	93,256,195,677	15,204,559,585
			139,706,777,363	124,502,217,778

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**24. Bonus and welfare fund**

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

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	44,902,799,431	41,477,023,767
Appropriation from retained profits (Note 26)	3,613,521,330	4,092,340,379
Reversal of unused fund from accrued expenses of prior year	-	1,713,405,525
Utilisation of fund during the period	(1,753,525,100)	(1,282,020,000)
	<hr/>	<hr/>
Closing balance	46,762,795,661	46,000,749,671
	<hr/> <hr/>	<hr/> <hr/>

**25. Provisions – long-term**

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

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	2,896,254,250	3,712,433,500
Provision made during the period	334,216,610	-
Provision utilised during the period	-	(28,000,000)
Provision reversed during the period	-	(8,859,000)
	<hr/>	<hr/>
Closing balance	3,230,470,860	3,675,574,500
	<hr/> <hr/>	<hr/> <hr/>

**Hoa Sen Group and subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2020 (continued)**

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**26. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non controlling interest VND	Total VND
<b>Balance at 1 October 2018</b>	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	5,151,625,718,925
Net profit for the period	-	-	-	-	116,356,255,643	(1,699,740)	116,354,555,903
Repurchase of treasury shares	-	-	(272,000,000)	-	-	-	(272,000,000)
Appropriation to equity funds	-	-	-	6,138,510,569	(6,138,510,569)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(4,092,340,379)	-	(4,092,340,379)
Utilisation of funds	-	-	-	(8,862,860,866)	-	-	(8,862,860,866)
Increase due to increasing ownership from associates to subsidiaries	-	-	-	-	18,830,555	1,495,063,793	1,513,894,348
Changes in ownership percentage of non-controlling interest	-	-	-	-	(126,055,813)	(29,873,944,187)	(30,000,000,000)
<b>Balance at 31 March 2019</b>	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	5,226,266,967,931
Net profit for the period	-	-	-	-	244,995,877,372	21,070,471	245,016,947,843
Shares issued to pay dividends	384,791,610,000	-	-	-	(384,791,610,000)	-	-
Repurchase of treasury shares	-	-	(844,000,000)	-	-	-	(844,000,000)
Utilisation of funds	-	-	-	(2,158,730,124)	-	-	(2,158,730,124)
<b>Balance at 30 September 2019</b>	4,234,694,890,000	151,583,183,521	(2,459,000,000)	55,626,670,135	1,021,280,774,551	7,554,667,443	5,468,281,185,650

**Hoa Sen Group and subsidiaries**

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	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non controlling interest VND	Total VND
<b>Balance at 1 October 2019</b>	4,234,694,890,000	151,583,183,521	(2,459,000,000)	55,626,670,135	1,021,280,774,551	7,554,667,443	5,468,281,185,650
Net profit for the period	-	-	-	-	382,966,975,409	(306,565)	382,966,668,844
Repurchase of treasury shares	-	-	(262,000,000)	-	-	-	(262,000,000)
Appropriation to equity funds	-	-	-	5,420,281,995	(5,420,281,995)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(3,613,521,330)	-	(3,613,521,330)
Utilisation of funds	-	-	-	(6,683,556,156)	-	-	(6,683,556,156)
Reversal of dividend paid	-	-	-	-	132,604,000	-	132,604,000
<b>Balance at 31 March 2020</b>	4,234,694,890,000	151,583,183,521	(2,721,000,000)	54,363,395,974	1,395,346,550,635	7,554,360,878	5,840,821,381,008



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**27. Share capital**

The Company's authorised and issued share capital are:

	31/3/2020		1/10/2019	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	423,469,489	4,234,694,890,000	423,469,489	4,234,694,890,000
<b>Treasury share</b>				
Ordinary shares	272,100	2,721,000,000	245,900	2,459,000,000
<b>Shares in circulation</b>				
Ordinary shares	423,197,389	4,231,973,890,000	423,223,589	4,232,235,890,000

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			
	31/3/2020		31/3/2019	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	423,223,589	4,232,235,890,000	384,856,028	3,848,560,280,000
Repurchase of treasury shares during the period	(26,200)	(262,000,000)	(27,200)	(272,000,000)
Balance at the end of the period	423,197,389	4,231,973,890,000	384,828,828	3,848,288,280,000

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**28. Off balance sheet items**

**(a) Lease**

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

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Within one year	196,744,844,927	174,713,166,239
Within two to five years	734,447,485,722	691,810,008,358
More than five years	714,878,341,598	936,592,994,134
	<hr/>	<hr/>
	1,646,070,672,247	1,803,116,168,731
	<hr/> <hr/>	<hr/> <hr/>

**(b) Foreign currencies**

	<b>31/3/2020</b>		<b>1/10/2019</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	7,208,386	164,323,583,800	1,173,918	27,171,115,558
EUR	909	23,303,124	-	-
		<hr/>		<hr/>
		164,346,886,924		27,171,115,558
		<hr/> <hr/>		<hr/> <hr/>

**(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:

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted	279,171,113,350	435,509,258,887
	<hr/> <hr/>	<hr/> <hr/>

**Hoa Sen Group and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended 31 March 2020 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***29. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of finished goods	6,213,357,917,776	7,902,901,038,269
▪ Sales of merchandise goods	6,145,483,128,399	6,520,351,961,362
▪ Others	16,845,841,198	56,776,442,657
	<hr/>	<hr/>
	12,375,686,887,373	14,480,029,442,288
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales discounts	10,638,015,382	13,736,861,641
▪ Sales allowances	2,891,114,462	2,654,125,105
▪ Sales returns	7,348,658,021	6,920,246,921
	<hr/>	<hr/>
	20,877,787,865	23,311,233,667
	<hr/>	<hr/>
Net revenue	12,354,809,099,508	14,456,718,208,621
	<hr/>	<hr/>

**30. Cost of sales**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales:		
▪ Finished goods sold	4,546,380,965,379	6,892,962,996,666
▪ Merchandise goods sold	5,755,824,034,725	6,176,630,524,586
▪ Others	2,372,045,922	9,365,104,462
▪ Allowance for inventories (reversed)/made during the period	20,386,956,757	(9,988,548,479)
	<hr/>	<hr/>
	10,324,964,002,783	13,068,970,077,235
	<hr/>	<hr/>

**Hoa Sen Group and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended  
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	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Interest income	2,491,749,899	815,927,893
Interest income from financial investments	1,203,750,000	4,109,927,054
Realised foreign exchange gains	28,245,334,437	21,450,289,057
Unrealised foreign exchange gains	-	5,462,942,926
Other financial income	200,000	1,986,094
	<hr/>	<hr/>
	31,941,034,336	31,841,073,024

**32. Financial expenses**

	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Interest expense	309,650,318,735	382,058,482,066
Realised foreign exchange losses	48,950,260,216	21,448,581,323
Unrealised foreign exchange losses	23,890,883,215	-
Other financial expenses	573,653,831	233,200,828
	<hr/>	<hr/>
	383,065,115,997	403,740,264,217

**33. Selling expenses**

	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Labour costs and staff costs	352,559,005,220	249,568,313,648
Export expenses	181,404,396,755	227,636,328,643
Transportation expenses	105,438,860,623	80,777,891,737
Depreciation and amortisation	83,968,817,177	77,335,585,850
Rental expenses	81,074,982,805	69,166,214,281
Advertising expenses	39,487,245,678	49,983,224,535
Outside service	33,255,494,510	35,960,214,384
Other expenses	94,059,810,686	78,648,552,964
	<hr/>	<hr/>
	971,248,613,454	869,076,326,042

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**34. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Labour costs and staff costs	105,892,803,132	93,269,933,091
Depreciation and amortisation	33,295,456,161	34,032,992,834
Cost of construction of steel refining zone	14,727,480,716	-
Rental expenses	12,344,648,758	19,967,685,953
Guest reception expenses	7,617,588,639	7,052,798,930
Business trip expenses	4,627,800,400	3,221,627,565
Professional service fees	4,289,690,911	5,176,589,008
Outside services	26,238,399,630	35,085,607,288
Other expenses	51,156,607,179	28,051,356,033
	<hr/>	<hr/>
	260,190,475,526	225,858,590,702
	<hr/>	<hr/>

**35. Other income**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Gain from disposals of fixed assets	-	143,578,000,886
Compensation	1,330,953,726	4,741,127,663
Gain from bargain purchase	-	860,445,175
Others	12,790,422,676	99,374,222,199
	<hr/>	<hr/>
	14,121,376,402	248,553,795,923
	<hr/>	<hr/>

**36. Other expenses**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Loss from disposals of fixed assets	2,975,277,350	-
Others	6,576,797,336	21,160,367,318
	<hr/>	<hr/>
	9,552,074,686	21,160,367,318
	<hr/>	<hr/>

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	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
Raw material costs included in production costs	9,952,791,286,229	11,635,543,312,039
Labour costs and staff costs	589,406,684,249	470,698,960,808
Depreciation and amortisation	616,012,527,645	563,663,248,452
Outside services	830,832,733,222	801,702,817,414
Other expenses	468,211,005,063	425,167,047,393

**38. Income tax****(a) Recognised in the consolidated statement of income**

	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
<b>Current tax expense</b>		
Current period	99,753,258,668	54,399,032,976
Over provision in prior years	-	(9,101,584,118)
	<hr/>	<hr/>
	99,753,258,668	45,297,448,858
<b>Deferred tax benefit</b>		
Origination of temporary differences	(30,868,699,712)	(13,344,552,707)
	<hr/>	<hr/>
	68,884,558,956	31,952,896,151

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**(b) Reconciliation of effective tax rate**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	451,851,227,800	148,307,452,054
Tax at the Company's tax rate	90,370,245,560	29,661,490,411
Effect of different tax rates in subsidiaries	(15,140,191,856)	1,433,500,916
Non-deductible expenses	15,861,725,462	4,586,378,193
Tax incentives	(23,590,778,211)	(8,547,956,418)
Deferred tax assets not recognised on tax losses	6,400,080,009	14,811,951,400
Tax losses utilised	(5,016,522,008)	-
Over provision in prior years	-	(9,101,584,118)
Other adjustments	-	(890,884,233)
Income tax	68,884,558,956	31,952,896,151

**(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, detailed as follows:

- Hoa Sen Binh Dinh Sole Member Limited 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 Liabilities Company and Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability 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 Liabilities 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.

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*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***39. Earnings per share**

The calculation of basic earnings per share for the year ended 31 March 2020 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	
	31/3/2020 VND	31/3/2019 VND
Net profit for the period	382,966,975,409	116,356,255,643
Appropriation to bonus and welfare fund (*)	(15,318,679,016)	(4,654,250,226)
Net profit attributable to ordinary shareholders	367,648,296,393	111,702,005,417

(\*) 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.

**(ii) Weighted average number of ordinary shares**

	Six-month period ended	
	31/3/2020 Number of shares	31/3/2019 Number of shares
Issued ordinary shares at the beginning of the period	423,223,589	384,856,028
Effect of repurchase of treasury shares	(4,031)	(13,230)
Effect of bonus shares issued after 31 March 2019	-	38,479,161
Effect of bonus shares issued after the period-end (Note 43) (**)	21,155,724	21,161,179
Weighted average number of ordinary shares for the period	444,375,282	444,483,138

**(iii) Basic earnings per share**

	Six-month period ended		
	31/3/2020 VND	31/3/2019 VND	31/3/2019 VND
		Restated (**)	As previously stated
Basic earnings per share	827	251	264



**Hoa Sen Group and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended 31 March 2020 (continued)**

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- (\*\*) The restatement represented the impact of bonus shares issued after the period-end and for dividend payments. Basic earnings per share for the six-month period ended 31 March 2019 decreased from VND264/share to VND251/share as result of bonus shares issued after 31 March 2020.

**40. 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	
	31/3/2020	31/3/2019
	VND	VND
<b><i>Company owned by the Company's Chairman</i></b>		
<b>Hoa Sen Holdings Group</b>		
Sales of goods	1,540,534,771,474	2,512,166,884,861
Purchases of goods	-	424,944,911,133
Income from leasing of assets	1,435,936,905	2,889,246,522
Other income	169,168,755	2,848,802,937
Sales of fixed assets	-	33,380,244,272
Purchase of fixed assets	-	124,733,458,000
Purchase tools and instruments	4,281,261,820	28,620,455,838
Sales discounts	1,859,005,500	1,080,149,746
Sales returns	3,062,017,304	1,168,948,130
Sales allowances	154,727,273	22,609,136
Transportation expenses	29,610,047,054	16,778,748,763
Operating lease expenses	314,053,742	3,340,688,498
<b>Hoa Sen Nghe An Investment Company Limited</b>		
Transportation expenses	18,055,517,478	20,675,612,661
Income from leasing of assets	108,000,000	180,000,000
<b><i>Other related parties</i></b>		
<b>Board of Management</b>		
Salary and bonus	6,549,158,313	6,951,476,400
<b>Board of Directors and Board of Supervisors</b>		
Remuneration	1,170,000,000	1,170,000,000

**Hoa Sen Group and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**31 March 2020 (continued)**

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**41. Non-cash investing activities**

	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Conversion of accounts receivable from customers into equity interest in subsidiary	-	68,564,000,000
Acquisition of fixed assets and constructions in progress but not yet paid	68,698,351,911	174,866,812,780

**42. Corresponding figures**

The corresponding figures as at 1 October 2019 were derived from the Group's consolidated financial statement as at and for the year ended 30 September 2019 and from the Group's consolidated financial statements as at and for the six-month period ended 31 March 2019.

**43. Post balance sheet event**

**Dividends declared after the period end**

Subsequent to the period end, on 29 April 2020, the Company announced to issue VND211,557 million share dividends to existing shareholders at a ratio 20:1 (existing shareholder will receive 1 additional bonus share for every 20 shares held). Except for the impact to the calculation of earning per share (Note 39), these dividends have not been recognised in these consolidated interim financial statements.

25 May 2020

Prepared by



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Approved by



Nguyen Thi Ngoc Lan  
 Chief Accountant



Tran Quoc Tri  
 General Director