



**Hoa Sen Group**

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



## **Hoa Sen Group Corporate Information**

**Enterprise Registration Certificate No.** 3700381324

8 August 2001

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 3700381324 dated 18 February 2020. The Company's Enterprise Registration Certificate and its amendments 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 the Board of Management**

The Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying separate interim financial statements of the Company for the six-month period ended 31 March 2020.

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

- (a) the separate interim financial statements set out on pages 5 to 58 give a true and fair view of the unconsolidated financial position of the Company as at 31 March 2020, and of the unconsolidated results of operations and the unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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



On behalf of the Board of Management

Trần Quốc Tri  
General Director

Ho Chi Minh City, 25 May 2020



KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
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## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders Hoa Sen Group**

We have reviewed the accompanying separate interim financial statements of Hoa Sen Group ("the Company"), which comprise the separate balance sheet as at 31 March 2020, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management 25 May 2020, as set out on pages 5 to 58.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

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



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Hoa Sen Group as at 31 March 2020 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

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

Vietnam

Review Report No.: 20-01-00179-20-1



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



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

Ho Chi Minh City, 25 May 2020

**Hoa Sen Group**  
**Separate balance sheet as at 31 March 2020**

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

	Code	Note	31/3/2020 VND	1/10/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>9,071,388,571,512</b>	<b>8,353,422,179,749</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>7</b>	<b>316,201,890,734</b>	<b>222,264,128,540</b>
Cash	111		315,501,890,734	222,120,606,665
Cash and cash equivalents	112		700,000,000	143,521,875
<b>Short-term financial investments</b>	<b>120</b>		<b>750,000,000</b>	<b>75,750,000,000</b>
Held-to-maturity investments	123	8(a)	750,000,000	75,750,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>5,581,414,829,284</b>	<b>5,167,377,333,616</b>
Accounts receivable from customers	131	9	5,385,362,529,281	4,634,961,613,860
Prepayments to suppliers	132	10	46,204,322,210	60,553,917,594
Other short-term receivables	136	12(a)	165,493,108,412	480,496,148,586
Allowance for doubtful debts	137		(15,645,130,619)	(8,634,346,424)
<b>Inventories</b>	<b>140</b>	<b>13</b>	<b>2,487,352,611,805</b>	<b>2,072,119,656,817</b>
Inventories	141		2,504,449,018,217	2,102,406,071,644
Allowance for inventories	149		(17,096,406,412)	(30,286,414,827)
<b>Other current assets</b>	<b>150</b>		<b>685,669,239,689</b>	<b>815,911,060,776</b>
Short-term prepaid expenses	151	18(a)	97,053,778,359	78,075,432,104
Deductible value added tax	152		588,614,351,825	732,929,606,602
Taxes receivable from State Treasury	153	21(b)	1,109,505	4,906,022,070

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

**Hoa Sen Group****Separate balance sheet as at 31 March 2020 (continued)**

Form B 01a – DN

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

	Code	Note	31/3/2020 VND	1/10/2019 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>5,213,089,373,752</b>	<b>5,338,121,471,738</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>370,862,735,357</b>	<b>292,077,985,517</b>
Loans receivable – long-term	215	11	169,456,006,357	68,956,017,357
Other long-term receivables	216	12(b)	201,406,729,000	223,121,968,160
<b>Fixed assets</b>	<b>220</b>		<b>1,537,597,039,692</b>	<b>1,725,295,312,625</b>
Tangible fixed assets	221	14	1,301,386,984,429	1,441,875,639,868
Cost	222		3,424,317,745,529	3,390,288,246,734
Accumulated depreciation	223		(2,122,930,761,100)	(1,948,412,606,866)
Finance lease tangible fixed assets	224	15	35,856,741,490	65,309,125,812
Cost	225		41,585,811,969	76,397,768,336
Accumulated depreciation	226		(5,729,070,479)	(11,088,642,524)
Intangible fixed assets	227	16	200,353,313,773	218,110,546,945
Cost	228		245,569,747,599	259,599,505,310
Accumulated amortisation	229		(45,216,433,826)	(41,488,958,365)
<b>Long-term work in progress</b>	<b>240</b>		<b>18,047,549,679</b>	<b>16,487,785,421</b>
Construction in progress	242	17	18,047,549,679	16,487,785,421
<b>Long-term financial investments</b>	<b>250</b>		<b>3,172,617,519,284</b>	<b>3,154,345,000,000</b>
Investments in subsidiaries	251	8(b)	3,166,345,000,000	3,138,345,000,000
Allowance for diminution in the value of long-term financial investments	254	8(b)	(14,727,480,716)	-
Held-to-maturity investments	255	8(a)	21,000,000,000	16,000,000,000
<b>Other long-term assets</b>	<b>260</b>		<b>113,964,529,740</b>	<b>149,915,388,175</b>
Long-term prepaid expenses	261	18(b)	80,155,729,124	128,815,049,868
Deferred tax assets	262	19	33,808,800,616	21,100,338,307
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>14,284,477,945,264</b>	<b>13,691,543,651,487</b>

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

**Hoa Sen Group**  
**Separate balance sheet as at 31 March 2020 (continued)**

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

	Code	Note	31/3/2020 VND	1/10/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>8,156,704,476,455</b>	<b>7,712,594,884,188</b>
<b>Current liabilities</b>	<b>310</b>		<b>8,121,320,278,838</b>	<b>7,662,216,467,599</b>
Accounts payable to suppliers	311	20	1,632,124,835,045	1,370,637,850,790
Advances from customers	312		64,426,436,316	84,802,615,349
Taxes payable to State Treasury	313	21(a)	153,052,130,301	61,573,960,649
Payables to employees	314		31,054,409,508	46,039,923,293
Accrued expenses	315	22	163,791,911,500	92,362,758,133
Other payables – short-term	319	23	813,430,250,639	255,621,047,448
Short-term borrowings and finance lease liabilities	320	24(a)	5,216,677,509,868	5,706,275,512,506
Bonus and welfare fund	322	25	46,762,795,661	44,902,799,431
<b>Long-term liabilities</b>	<b>330</b>		<b>35,384,197,617</b>	<b>50,378,416,589</b>
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings and finance lease liabilities	338	24(b)	31,876,097,257	47,195,880,089
Provisions – long-term	342	26	2,798,600,360	2,473,036,500
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>6,127,773,468,809</b>	<b>5,978,948,767,299</b>
<b>Owners' equity</b>	<b>410</b>	<b>27</b>	<b>6,127,773,468,809</b>	<b>5,978,948,767,299</b>
Share capital	411	28	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		1,689,852,999,314	1,539,503,023,643
- Retained profits brought forward	421a		1,530,469,220,318	928,395,663,920
- Retained profit for the current period	421b		159,383,778,996	611,107,359,723
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>14,284,477,945,264</b>	<b>13,691,543,651,487</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 separate interim financial statements



**Hoa Sen Group**

**Separate statement of income the six-month period ended 31 March 2020**

**Form B 02a – DN**

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

	Code	Note	Six-month period ended	
			31/3/2020 VND	31/3/2019 VND
Revenue from sales of goods and provision of services	01	30	21,013,944,576,347	22,802,933,544,086
Revenue deductions	02	30	15,259,765,523	16,452,143,028
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>30</b>	<b>20,998,684,810,824</b>	<b>22,786,481,401,058</b>
Cost of sales	11	31	19,622,652,367,710	21,771,560,225,005
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>1,376,032,443,114</b>	<b>1,014,921,176,053</b>
Financial income	21	32	33,941,865,345	30,509,304,519
Financial expenses	22	33	239,022,817,220	232,490,037,684
<i>In which: Interest expense</i>	23		155,669,111,066	214,016,646,350
Selling expenses	25	34	800,883,271,882	720,861,167,575
General and administration expenses	26	35	163,213,125,187	143,955,581,680
<b>Net operating profit/(loss) {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>206,855,094,170</b>	<b>(51,876,306,367)</b>
Other income	31	36	11,845,895,193	239,978,744,695
Other expenses	32		6,077,916,086	3,297,752,381
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>5,767,979,107</b>	<b>236,680,992,314</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>212,623,073,277</b>	<b>184,804,685,947</b>
Income tax expense – current	51	38	65,947,756,590	44,530,926,687
Income tax benefit – deferred	52	38	(12,708,462,309)	(3,182,286,777)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>159,383,778,996</b>	<b>143,456,046,037</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 separate interim financial statements*

**Hoa Sen Group**  
**Separate statement of cash flows for the six-month period ended 31 March 2020**  
**(Indirect method)**

**Form B 03a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended	
			31/3/2020 VND	31/3/2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Accounting profit before tax	01		212,623,073,277	184,804,685,947
Adjustments for				
Depreciation and amortisation	02		177,008,011,516	174,587,241,053
Allowances and provisions	03		8,548,256,496	625,299,181
Exchange losses/(profits) arising from revaluation of monetary items denominated in foreign currencies	04		21,035,611,575	(3,697,514,005)
Profits from investing activities	05		(7,769,466,926)	(148,943,410,251)
Interest expense	06		155,669,111,066	214,016,646,350
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>567,114,597,004</b>	<b>421,392,948,275</b>
Change in receivables	09		(563,466,614,295)	1,396,746,752,956
Change in inventories	10		(407,072,078,892)	(221,367,701,309)
Change in payables and other liabilities	11		1,239,521,309,239	749,746,941,981
Change in prepaid expenses	12		29,936,537,872	10,935,918,597
			<b>866,033,750,928</b>	<b>2,357,454,860,500</b>
Interest paid	14		(154,056,592,799)	(218,742,878,499)
Income tax paid	15		(27,279,751,381)	(28,968,726,058)
Other payments for operating activities	17		(8,437,081,256)	(10,144,880,866)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>676,260,325,492</b>	<b>2,099,598,375,077</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(6,593,066,211)	(160,492,721,678)
Proceeds from disposals of fixed assets	22		1,193,179,386	247,410,587,921
Payment for granting loans and term deposits at banks	23		(105,499,989,000)	(19,740,000,000)
Collections on loans receivable and term deposits at banks	24		75,000,000,000	76,631,000,000
Payments for investments in subsidiaries	25		(28,000,000,000)	(12,266,000,000)
Receipts of interests and dividends	27		3,421,381,254	12,239,027,976
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(60,478,494,571)</b>	<b>143,781,894,219</b>

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

**Hoa Sen Group****Separate statement of cash flows for the six-month period ended 31 March 2020  
(Indirect method – continued)**

Form B 03a – DN

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

	Code Note	Six-month period ended	
		31/3/2020 VND	31/3/2019 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for repurchase of treasury shares	32	(262,000,000)	(272,000,000)
Proceeds from borrowings	33	8,827,118,679,911	8,787,722,508,437
Payments to settle loan principals	34	(9,346,176,305,957)	(10,928,830,882,345)
Payments to settle finance lease liabilities	35	(10,467,183,280)	(18,408,649,264)
Payments of dividends	36	(22,299,100)	(171,530,900)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(529,809,108,426)</b>	<b>(2,159,960,554,072)</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>85,972,722,495</b>	<b>83,419,715,224</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>222,264,128,540</b>	<b>171,659,888,989</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>7,965,039,699</b>	<b>(709,605,856)</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70 7</b>	<b>316,201,890,734</b>	<b>254,369,998,357</b>

25 May 2020

Prepared by:

Nguyen Thi Thanh Tuyen  
AccountantNguyen Thi Ngoc Lan  
Chief Accountant

Approved by:

Tran Quoc Tri  
General Director

## **Hoa Sen Group**

### **Notes to the separate interim financial statements for the six-month period ended 31 March 2020**

**Form B 09a – DN**

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

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

## **1. Reporting entity**

### **(a) Ownership structure**

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

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

### **(b) Principal activities**

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

### **(c) Normal operating cycle**

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

### **(d) Company structure**

As at 31 March 2020, the Company had 16 subsidiaries and 1 associate (1/10/2019: 16 subsidiaries and 1 associate) listed in the Note 8(b).

As at 31 March 2020, the Company had 4,144 employees (1/10/2019: 4,489 employees).

## **2. Basis of preparation**

### **(a) Statement of compliance**

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

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

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

**(b) Basis of measurement**

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

**(c) Going concern assumption**

The separate interim financial statement have been prepared on a going concern basis. As at the balance sheet date, the Company had significant loans that will require refinancing within the next 12 months (Note 25). The validity of the going concern assumption fundamentally depends on the Company being able to generate cashflow from its activities as forecast and the financial institutions continuing to provide such financial assistance as is necessary.

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

At the time of this report, there is no reason for the managements to believe that the Company will not be able to generate sufficient cash flows or will not be able to maintain unused loan facilities.

**(d) Annual accounting period**

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

**(e) Accounting and presentation currency**

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

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

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

**3. Summary of significant accounting policies**

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

**(a) Foreign currency transactions**

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

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

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

**(b) Cash and cash equivalents**

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

**(c) Investments**

**(i) *Held-to-maturity investments***

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

**(ii) *Investments in subsidiaries and associates***

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

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

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

**(d) Accounts receivable**

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

**(e) Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets**

**(i) Cost**

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

**(ii) Depreciation**

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

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

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**(g) Finance lease tangible fixed assets**

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

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

**(h) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

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

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

**(ii) Software**

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

**(i) Construction in progress**

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



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

**(i) Advertising panels**

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

**(ii) Tools and instruments**

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

**(iii) Prepaid rental expenses**

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

**(iv) Maintenance expenses**

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

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) Provisions**

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

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***Severance allowance***

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

**(m) Share capital**

**(i) Ordinary shares**

Ordinary shares are recognised at par value.

**(ii) Share premium**

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

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

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

**(n) Taxation**

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

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

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

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

**(o) Revenue and other income**

**(i) Goods sold**

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

**(ii) Services rendered**

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

**(iii) Interest income**

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

**(iv) Dividend income**

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

**(p) Operating lease payments**

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

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**(q) Borrowing costs**

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

**(r) Segment reporting**

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

**(s) Related parties**

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

**4. Seasonality of operations**

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

**5. Changes in accounting estimates**

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

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

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**6. Segment reporting**

**(a) Business segments**

The Company's principal business activities are buying and selling roofing sheets by steel, steel pipes, building materials. Other activities are asset leasing and service provision. During the period, other activities accounted for an insignificant proportion of total revenue and business operating results of the Company, accordingly, the financial information presented in the separate balance sheet as at 31 March 2020 and 1 October 2019 and all revenue, expenses presented in the separate statement of income for the six-month period ended 31 March 2020 and 31 March 2019 are mainly related to the Company's principal business activities.

**(b) Geographical segments**

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

	Geographical segments		
	Local VND	Export VND	Total VND
<b>Six-month period ended</b>			
<b>31 March 2020</b>			
Revenue	17,052,645,929,344	3,946,038,881,480	20,998,684,810,824
Cost of sales	(15,834,432,099,779)	(3,788,220,267,931)	(19,622,652,367,710)
	1,218,213,829,565	157,818,613,549	1,376,032,443,114
<b>Six-month period ended</b>			
<b>31 March 2019</b>			
Revenue	18,030,598,890,120	4,755,882,510,938	22,786,481,401,058
Cost of sales	(17,167,760,805,175)	(4,603,799,419,830)	(21,771,560,225,005)
	862,838,084,945	152,083,091,108	1,014,921,176,053

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#### 7. Cash and cash equivalents

	31/3/2020 VND	1/10/2019 VND
Cash on hand	16,113,834,608	42,895,838,820
Cash in banks	193,849,671,939	177,399,908,259
Cash in transit (*)	105,538,384,187	1,824,859,586
Cash equivalents (**)	700,000,000	143,521,875
	<hr/>	<hr/>
	316,201,890,734	222,264,128,540

(\*) 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 Company'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 transactions dates and earned annual interest at rate 4.8% (1/10/2019: 5%).

#### 8. Investments

##### (a) Held-to-maturity investments

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

Held-to-maturity investments – short-term represented term deposits at banks with terms to maturity of more than 3 months from the transaction date but less than 12 months from the period ended and earned annual interest rate at 6.4% (1/1/2019: 5.5 to 6.4 %).

As at 31 March 2020, all held-to-maturity investments – short-term (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.

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**(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 (*)	15,000,000,000	15,000,000,000
Bonds issued by Vietnam Bank for Agriculture and Rural Development - Saigon Branch (**)	1,000,000,000	1,000,000,000
Bonds issued by Vietnam Joint Stock Commercial Bank for Industry and Trade (***)	5,000,000,000	-
	<b>21,000,000,000</b>	<b>16,000,000,000</b>

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

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

(\*\*\*) Bonds with original term of 6 years, denominated in VND and earned annual interest at floating rate plus 1.25% at 31 March 2020.

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**(b) Long-term financial investments**

	31/3/2020		% of equity owned and voting rights	1/10/2019		
	% of equity owned and voting rights	Cost VND		Allowance VND	% of equity owned and voting rights	Cost VND
<b>Investments in subsidiaries</b>						
▪ Hoa Sen Nghe An One Member Limited Liabilities Company	100%	1,100,000,000,000	-	100%	1,100,000,000,000	-
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	100%	770,000,000,000	-	100%	770,000,000,000	-
▪ Hoa Sen Steel One Member Company Limited	100%	280,000,000,000	-	100%	280,000,000,000	-
▪ Hoa Sen Phu My One Member Limited Liabilities Company	100%	250,000,000,000	-	100%	250,000,000,000	-
▪ Hoa Sen Ha Nam One Member Limited Liabilities Company	100%	200,000,000,000	-	100%	200,000,000,000	-
▪ Hoa Sen Building Materials Company Limited	100%	150,000,000,000	-	100%	150,000,000,000	-
▪ Hoa Sen Binh Dinh Sole Member Limited Company	100%	105,000,000,000	-	100%	105,000,000,000	-
▪ Hoa Sen Yen Bai Joint Stock Company	100%	114,000,000,000	-	95%	114,000,000,000	-
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	100%	50,000,000,000	-	100%	50,000,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	100%	15,000,000,000	(14,727,480,716)	-	15,000,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	100%	5,000,000,000	-	100%	4,000,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company	100%	33,000,000,000	-	100%	6,000,000,000	-
▪ Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company (i)	100%	-	-	100%	-	-
▪ Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company (ii)	100%	-	-	100%	-	-



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	31/3/2020		1/10/2019	
	% of equity owned and voting rights	Cost VND	Allowance VND	% of equity owned and voting rights
				Cost VND
				Allowance VND
▪ Hoa Sen Quy Nhon Joint Stock Company	99%	61,380,000,000	-	99%
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	95%	32,965,000,000	-	95%
		3,166,345,000,000	(14,727,480,716)	3,138,345,000,000
<b>Investment in associates</b>				
▪ Hoa Sen International Port Joint Stock Company (iii)	49%	-	-	49%
		-	-	-
		3,166,345,000,000	(14,727,480,716)	3,138,345,000,000

(i) Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company was incorporated under the Enterprise Registration Certificate No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016, in which the Company owned 100% ownership. As at 31 March 2020, the Company has not contributed capital to Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company.

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

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

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

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

	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
Opening balance	-	13,445,353,316
Allowance reversed during the period	14,727,480,716	-
Closing balance	14,727,480,716	13,445,353,316

## 9. Accounts receivable from customers

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

	31/3/2020 VND	1/10/2019 VND
Hoa Sen Nghe An One Member Limited Liabilities Company	1,063,739,091,288	1,193,849,773,641
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	1,763,527,588,978	891,489,275,891
Hoa Sen Steel One Member Company Limited	855,382,785,406	709,674,610,157
Hoa Sen Building Materials Company Limited	732,882,857,626	599,279,619,058
Other customers	969,830,205,983	1,240,668,335,113
	5,385,362,529,281	4,634,961,613,860

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 loans granted to the Company (Note 25).

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	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i><b>Subsidiaries</b></i>		
Hoa Sen Nghe An One Member Limited Liabilities Company	1,063,739,091,288	1,193,849,773,641
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	1,763,527,588,978	709,674,610,157
Hoa Sen Steel One Member Company Limited	855,382,785,406	891,489,275,891
Hoa Sen Building Materials Company Limited	732,882,857,626	599,279,619,058
Hoa Sen Phu My One Member Limited Liabilities Company	230,445,878,920	350,873,130,558
Hoa Sen Binh Dinh Sole Member Limited Company	10,531,770,438	18,396,882,422
Hoa Sen Ha Nam One Member Limited Liabilities Company	-	120,453,182
<i><b>Company owned by the Company's Chairman</b></i>		
Hoa Sen Holdings Group	120,066,889,772	-

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

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**(c) Bad and doubtful debts**

	31/3/2020			1/10/2019				
	Overdue days	Cost VND	Allowance VND	Recoverable amount VND	Overdue days	Cost VND	Allowance VND	Recoverable amount VND
Overdue debts								
Me Kong Consultant Trading Construction Joint Stock Company	1 – 2 years	1,648,743,436	(1,648,743,436)	-	Over 1 year	1,648,743,436	(1,648,743,436)	-
Hai Thuy Company Limited	Over 1 year	1,545,000,625	(1,545,000,625)	-	6 months	1,545,000,625	(1,545,000,625)	-
Hiep Loan Construction Steel Company Limited	Over 1 year	1,243,508,106	(1,243,508,106)	-	Over 1 year	1,243,508,106	(1,243,508,106)	-
Hoang Thai Private Enterprise	Over 1 year	1,023,359,294	(1,023,359,294)	-	Over 1 year	1,023,359,294	(1,023,359,294)	-
Other customers		10,184,519,158	(10,184,519,158)	-		3,173,734,963	(3,173,734,963)	-
		<u>15,645,130,619</u>	<u>(15,645,130,619)</u>	-		<u>8,634,346,424</u>	<u>(8,634,346,424)</u>	-



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Movements in allowance for doubtful debts during the period were as follows:

	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
Opening balance	8,634,346,424	5,933,191,565
Allowance made during the period	7,434,093,955	-
Allowance reversed during the period	(423,309,760)	(8,700,000)
Closing balance	15,645,130,619	5,924,491,565

**10. Prepayments to suppliers**

	31/3/2020 VND	1/10/2019 VND
<i>Subsidiaries</i>		
Hoa Sen Binh Dinh Sole Member Limited Company	-	8,000,000,000
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	30,000	-
<i>Third parties</i>		
Sorin Corporation	15,248,151,504	-
Trafigura Pte. Ltd.	10,020,149,424	-
Glencore International AG	-	18,231,447,222
Vuong Steel Company Limited	-	14,070,540,000
Vung Tau Low Pressure Gas Distribution Enterprise	8,670,890,986	11,239,581,644
Other suppliers	12,265,100,296	9,012,348,728
	46,204,322,210	60,553,917,594

**11. Loans receivable – long-term**

	31/3/2020 VND	1/10/2019 VND
Loans receivable from Hoa Sen Yen Bai Joint Stock Company – a subsidiary (*)	155,686,721,457	59,386,721,457
Loans receivable from Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company – a subsidiary (**)	13,769,284,900	9,569,295,900
	169,456,006,357	68,956,017,357

(\*) This loan was unsecured, with original term of 24 months and earned annual interest at rate 8% (1/10/2019: 8%).

(\*\*) This loan was unsecured, with original term of 24 months and earned annual interest at rate 9% (1/10/2019: 9%).

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	31/3/2020 VND	1/10/2019 VND
Profit distribution	-	335,992,976,173
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	45,473,622,523	42,172,559,060
Receivables from disposals of land use rights	12,818,775,000	-
Interest income from deposits and loan receivables	8,976,037,415	4,138,131,142
Other short-term deposits and rental deposits	41,470,883,547	47,429,007,100
Others	11,291,564,927	5,301,250,111
	165,493,108,412	480,496,148,586

***Other short-term receivables from related parties***

	31/3/2020 VND	1/10/2019 VND
<b><i>Subsidiaries</i></b>		
Hoa Sen Yen Bai Joint Stock Company	7,547,100,271	3,240,016,429
Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilites Company	923,312,250	923,312,250
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	1,428,937,144	898,114,713
Hoa Sen Ha Nam One Member Limited Liabilities Company	53,650,000	89,195,500
Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilites Company	16,000,000	16,000,000
Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company	16,000,000	16,000,000
Hoa Sen Nghe An One Member Limited Liabilities Company	-	215,594,389,876
Hoa Sen Building Materials Company Limited	59,800,000	105,657,512,793
Hoa Sen Steel One Member Company Limited	-	8,123,622,505
Hoa Sen Binh Dinh Sole Member Limited Company	-	6,627,350,999
<b><i>Companies owned by the Company's Chairman</i></b>		
Hoa Sen Holdings Group	1,720,000,000	1,870,000,000
<b><i>Key management personnel</i></b>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	45,474,025,000

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

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**(b) Other long-term receivables**

	<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	471,000,000	1,105,239,160
	201,406,729,000	223,121,968,160

**13. Inventories**

	<b>31/3/2020</b>		<b>1/10/2019</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Goods in transit	533,821,554,006	-	456,751,932,912	-
Raw materials	245,406,250,623	(930,229,265)	175,996,261,041	(2,180,301,928)
Tools and supplies	175,319,855,297	-	177,042,260,035	-
Work in progress	-	-	4,817,698	-
Finished goods	577,522,734,861	(12,130,513,170)	750,671,538,786	(21,575,247,989)
Merchandise inventories	972,378,623,430	(4,035,663,977)	541,939,261,172	(6,530,864,910)
	2,504,449,018,217	(17,096,406,412)	2,102,406,071,644	(30,286,414,827)

At 31 March 2020 inventories with carrying value of VND1,546,146 million (1/10/2019: VND1,285,431 million) were pledged with banks as security for loans granted to the Company.

Included in inventories at 31 March 2020 was VND2,024 million of materials, VND56,454 million of finished goods and VND87,009 million of merchandise inventories (1/10/2019: VND95,835 million of raw materials, VND158,926 million of finished goods and VND199,911 million of merchandise inventories) carried at net realisable value.

Movements in allowance for inventories 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	30,286,414,827	18,582,166,980
Allowance made during the period	-	633,999,181
Allowance reversed during the period	(13,190,008,415)	-
	17,096,406,412	19,216,166,161

**Hoa Sen Group**

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**14. Tangible fixed assets**

<b>Cost</b>	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Others VND</b>	<b>Total VND</b>
Opening balance	484,279,957,658	2,575,795,898,450	251,837,862,111	57,636,709,093	20,737,819,422	3,390,288,246,734
Additions	67,983,420	1,430,512,341	32,009,843	-	-	1,530,505,604
Transfer from construction in progress	-	1,316,269,561	667,335,340	-	-	1,983,604,901
Transfer from finance lease tangible fixed assets	-	-	34,811,956,367	-	-	34,811,956,367
Reclassification from long-term prepaid expenses	-	535,510,031	-	-	-	535,510,031
Disposals	-	(1,378,520,105)	(2,196,974,581)	-	-	(3,575,494,686)
Written off	-	(1,256,583,422)	-	-	-	(1,256,583,422)
Closing balance	484,347,941,078	2,576,443,086,856	285,152,189,080	57,636,709,093	20,737,819,422	3,424,317,745,529
<b>Accumulated depreciation</b>						
Opening balance	254,739,126,634	1,518,960,079,406	131,013,517,954	24,659,691,544	19,040,191,328	1,948,412,606,866
Charge for the period	12,304,548,732	135,532,034,722	15,970,890,171	3,823,581,012	153,368,320	167,784,422,957
Transfer from finance lease tangible fixed assets	-	-	9,510,927,432	-	-	9,510,927,432
Reclassification from long-term prepaid expenses	-	371,881,966	-	-	-	371,881,966
Disposals	-	(908,280,545)	(1,022,639,372)	-	-	(1,930,919,917)
Written off	-	(1,218,158,204)	-	-	-	(1,218,158,204)
Closing balance	267,043,675,366	1,652,737,557,345	155,472,696,185	28,483,272,556	19,193,559,648	2,122,930,761,100
<b>Net book value</b>						
Opening balance	229,540,831,024	1,056,835,819,044	120,824,344,157	32,977,017,549	1,697,628,094	1,441,875,639,868
Closing balance	217,304,265,712	923,705,529,511	129,679,492,895	29,153,436,537	1,544,259,774	1,301,386,984,429



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Included in tangible fixed assets were assets costing VND429,095 million which were fully depreciated as at 31 March 2020 (1/10/2019: VND420,590 million), but which are still in active use.

Net book value of idle tangible fixed assets retired from active use and held for disposal amounted to VND16,116 million as at 31 March 2020 (1/10/2019: VND18,869 million).

At 31 March 2020 tangible fixed assets with net book value of VND299,974 million (1/10/2019: VND356,980 million) were pledged with banks as security for loans granted to the Company (Note 25).

**15. 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	13,389,448,333	44,371,956,367	18,636,363,636	76,397,768,336
Transfer to tangible fixed assets	-	(34,811,956,367)	-	(34,811,956,367)
Closing balance	13,389,448,333	9,560,000,000	18,636,363,636	41,585,811,969
<b>Accumulated depreciation</b>				
Opening balance	786,263,125	8,229,403,061	2,072,976,338	11,088,642,524
Charge for the period	896,831,380	2,322,705,824	931,818,183	4,151,355,387
Transfer to tangible fixed assets	-	(9,510,927,432)	-	(9,510,927,432)
Closing balance	1,683,094,505	1,041,181,453	3,004,794,521	5,729,070,479
<b>Net book value</b>				
Opening balance	12,603,185,208	36,142,553,306	16,563,387,298	65,309,125,812
Closing balance	11,706,353,828	8,518,818,547	15,631,569,115	35,856,741,490

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**16. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	213,476,409,765	46,123,095,545	259,599,505,310
Disposals	(12,685,000,000)	-	(12,685,000,000)
Written off	-	(1,344,757,711)	(1,344,757,711)
<b>Closing balance</b>	<b>200,791,409,765</b>	<b>44,778,337,834</b>	<b>245,569,747,599</b>
<b>Accumulated amortisation</b>			
Opening balance	26,355,380,530	15,133,577,835	41,488,958,365
Charge for the period	1,276,537,212	3,795,695,960	5,072,233,172
Written off	-	(1,344,757,711)	(1,344,757,711)
<b>Closing balance</b>	<b>27,631,917,742</b>	<b>17,584,516,084</b>	<b>45,216,433,826</b>
<b>Net book value</b>			
Opening balance	187,121,029,235	30,989,517,710	218,110,546,945
Closing balance	173,159,492,023	27,193,821,750	200,353,313,773

Included in intangible fixed assets were assets costing VND456 million which were fully depreciated as at 31 March 2020 (1/10/2019: VND1,801 million), but which are still in active use.

At 31 March 2020 intangible fixed assets with net book value of VND81,901 million (1/10/2019: VND82,378 million) were pledged with banks as security for loans granted to the Company (Note 25).

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**17. 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	11,290,553,629	12,381,694,368
Construction costs	1,472,949,719	1,472,949,719
Overhaul of fixed assets	2,993,952,533	380,815,908
Other constructions in progress	2,290,093,798	2,252,325,426
	<hr/>	<hr/>
	18,047,549,679	16,487,785,421
	<hr/>	<hr/>

Movements of construction 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	16,487,785,421	28,307,339,690
Additions during the period	3,962,560,607	23,772,904,378
Transfer to tangible fixed assets	(1,983,604,901)	(17,400,062,463)
Transfer to long-term prepaid expenses	(419,191,448)	(8,464,000,000)
Disposals	-	(476,066,951)
	<hr/>	<hr/>
Closing balance	18,047,549,679	25,740,114,654
	<hr/>	<hr/>

**18. Prepaid expenses**

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

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Advertising expenses	18,660,074,955	17,509,179,783
Rental fee	63,881,023,380	47,383,856,353
Tools and instruments	3,711,534,176	3,702,503,887
Consultancy expenses	3,830,449,216	640,750,877
Maintenance expenses	2,244,185,141	2,600,076,525
Prepaid insurance fee	1,412,345,225	324,931,858
Other short-term prepaid expenses	3,314,166,266	5,914,132,821
	<hr/>	<hr/>
	97,053,778,359	78,075,432,104
	<hr/>	<hr/>

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	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Advertising pannels	23,882,457,569	38,709,350,763
Tools and instruments	22,584,974,389	34,804,243,610
Prepaid rental expenses	12,820,540,395	24,900,681,838
Maintenance expenses	9,870,717,336	15,735,657,785
Other long-term prepaid expenses	10,997,039,435	14,665,115,872
	<hr/>	<hr/>
	80,155,729,124	128,815,049,868
	<hr/>	<hr/>

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	128,815,049,868	207,352,425,398
Additions during the period	7,465,380,285	42,679,840,382
Transfer from tangible fixed assets	(163,628,065)	690,756,692
Transfer from construction in progress	419,191,448	8,464,000,000
Amortisation for the period	(56,380,264,412)	(80,763,380,988)
	<hr/>	<hr/>
Closing balance	80,155,729,124	178,423,641,484
	<hr/>	<hr/>

**19. Deferred tax assets**

	<b>Tax</b>	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>rate</b>	<b>VND</b>	<b>VND</b>
<i>Deferred tax assets are recognised for:</i>			
▪ Accrued expense	20%	18,515,488,021	8,387,596,988
▪ Allowances and provisions	20%	6,548,307,406	7,784,152,250
▪ Unrealised profits	20%	8,482,067,016	3,843,101,926
▪ Foreign exchange differences	20%	-	559,610,798
▪ Others	20%	262,938,173	525,876,345
		<hr/>	<hr/>
		33,808,800,616	21,100,338,307
		<hr/>	<hr/>

**Hoa Sen Group****Notes to the separate interim financial statements for the six-month period ended  
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	Cost/Amount within payment capacity	
	31/3/2020 VND	1/10/2019 VND
Tata Steel Limited	-	368,481,486,522
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	327,950,129,021	237,095,129,919
Hoa Sen Binh Dinh Sole Member Limited Company	239,138,505,129	154,131,223,375
Hoa Sen Ha Nam One Member Limited Liabilities Company	174,881,356,727	147,286,762,472
Samsung C&T Corporation	212,261,828,763	-
Other suppliers	677,893,015,405	463,643,248,502
	<hr/>	<hr/>
	1,632,124,835,045	1,370,637,850,790

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

	Cost/Amount within payment capacity	
	31/3/2020 VND	1/10/2019 VND
<i>Subsidiaries</i>		
Hoa Sen Binh Dinh Sole Member Limited Company	239,138,505,129	154,131,223,375
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	327,950,129,021	237,095,129,919
Hoa Sen Ha Nam One Member Limited Liabilities Company	174,881,356,727	147,286,762,472
Hoa Sen Building Materials Company Limited	79,866,990,916	48,550,683,122
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	-	3,833,634,483
Hoa Sen Nghe An Investment Company Limited	-	24,421,594

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

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**21. Taxes payable to and taxes 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	58,864,807,073	2,358,428,623,892	(483,300,083,942)	(1,813,233,213,536)	(4,489,753,026)	116,270,380,461
Import-export tax	78,347,372	683,188,172	(582,258,304)	-	-	179,277,240
Corporate income tax	-	65,947,756,590	(27,279,751,381)	-	(4,903,381,103)	33,764,624,106
Personal income tax	2,553,657,854	12,037,954,266	(11,752,232,164)	-	(1,531,462)	2,837,848,494
Other taxes	77,148,350	1,309,435,921	(1,386,584,271)	-	-	-
	61,573,960,649	2,438,406,958,841	(524,300,910,062)	(1,813,233,213,536)	(9,394,665,591)	153,052,130,301

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

	1/10/2019 VND	Reclassified VND	31/3/2020 VND
Corporate income tax	4,903,381,103	(4,903,381,103)	-
Other taxes	2,640,967	(1,531,462)	1,109,505
	4,906,022,070	(4,904,912,565)	1,109,505

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**22. Accrued expenses**

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Tax provision expenses	75,596,739,876	66,411,611,469
Salary and bonus	63,796,334,754	16,336,050,500
Transportation expenses	9,217,565,336	-
Interest expenses	6,109,321,653	5,858,296,537
Construction in progress	2,505,600,000	3,605,600,000
Electricity expenses	38,099,119	9,305,207
Others	6,528,250,762	141,894,420
	<hr/>	<hr/>
	163,791,911,500	92,362,758,133
	<hr/>	<hr/>

**23. 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
Export documents discounted payables	-	109,826,375,736
Short-term deposits received	7,834,630,065	5,642,499,933
Interest payables	5,381,797,260	4,020,304,109
Dividend payables	4,247,322,425	4,269,621,525
Social insurance, health insurance, unemployment insurance and union funds	884,931,140	797,311,160
Others	14,602,062,041	7,538,667,713
	<hr/>	<hr/>
	813,430,250,639	255,621,047,448
	<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.

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

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<b><i>Subsidiaries</i></b>		
Hoa Sen Quy Nhon Joint Stock Company	5,381,797,260	4,020,304,109
Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	12,600,000	-
Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	21,000,000	21,000,000
Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company	19,910,524	19,500,000
<b><i>Companies owned by the Company's Chairman</i></b>		
Hoa Sen Holdings Group	1,020,000,000	320,000,000

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



**Hoa Sen Group**

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**24. Borrowings and finance lease liabilities**

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

	Movements during the period			31/3/2020 Carrying amount/ Amount within repayment capacity VND	
	1/10/2019 Carrying amount/ Amount within repayment capacity VND	Addition VND	Decrease VND		Foreign exchange differences VND
Short-term borrowings	5,668,706,946,394	8,827,118,679,911	(9,334,875,205,957)	24,607,023,856	5,185,557,444,204
Current portion of long-term borrowings (b)	21,781,600,000	10,000,000,000	(11,301,100,000)	-	20,480,500,000
Finance lease principals due within twelve months (c)	15,786,966,112	5,319,782,832	(10,467,183,280)	-	10,639,565,664
	5,706,275,512,506	8,842,438,462,743	(9,356,643,489,237)	24,607,023,856	5,216,677,509,868

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

Lenders	Note	Currency	31/3/2020 VND	1/10/2019 VND
<b>Third parties</b>				
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	1,357,482,400,380	1,994,915,518,201
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	464,796,206,045	129,916,416,765
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	608,407,144,845	1,567,097,214,485
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South 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 Joint Stock Commercial 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	100,560,060,475	114,584,761,996
▪ United Overseas Bank (Vietnam) Limited	(viii)	USD	54,387,375,916	-
▪ Vietnam Bank for Agriculture and Rural Development – Sai Gon Branch	(ix)	VND	34,847,540,601	-
▪ Malaysian Banking Berhad Ho Chi Minh City Branch	(x)	VND	19,331,440,857	-
▪ Malaysian Banking Berhad Ho Chi Minh City Branch	(x)	USD	40,417,082,484	85,446,513,628
▪ Vietnam Maritime Commercial Joint Stock Bank – Ho Chi Minh City Branch	(xi)	USD	15,215,982,408	-
<b>Related parties</b>				
▪ Hoa Sen Quy Nhon Joint Stock Company – a subsidiary	(xv)	VND	53,000,000,000	53,000,000,000
			<b>5,185,557,444,204</b>	<b>5,668,706,946,394</b>

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

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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>1/10/2019</b>	<b>Pledged assets</b>
<i>Third parties</i>					
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND USD	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 - South Binh Duong Branch	VND USD	VND1,697 billion	3.00% - 3.60%	3.60%	Land use rights, machinery and equipment and inventories
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND1,500 billion	6.00%	6.00%	Accounts receivable from customers
iv. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND1,500 billion	-	6.00%	Inventories
v. HSBC Bank (Vietnam) Ltd.	VND USD	USD40 million	4.70% - 5.70%	5.80% - 6.15%	Inventories, machinery and equipment, land use rights and constructions on land
vi. Ho Chi Minh City Development JSC Bank	USD	VND800 billion	3.20% - 4.00%	4.20%	Unsecured
vii. Sinopac Bank - Ho Chi Minh City Branch	VND	USD6 million	-	5.90%	Unsecured
viii. United Overseas Bank (Vietnam) Limited	VND USD	USD9 million	5.30% - 5.52%	5.90% - 6.19%	Inventories
ix. Vietnam Bank for Agriculture and Rural Development – Sai Gon Branch	VND	VND120 billion	2.03%	-	-
x. Malayan Banking Berhad Ho Chi Minh City Branch	USD VND	USD4 million	5.40% - 5.50%	-	Unsecured
			3.80%	4.20%	

**Hoa Sen Group**

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<b>Lenders</b>	<b>Currency</b>	<b>Credit limit</b>	<b>Interest rate</b>	<b>Pledged assets</b>
			<b>31/3/2020</b>	<b>1/10/2019</b>
<b>Third parties</b>				
xi. Vietnam Maritime Commercial Joint Stock Bank – Ho Chi Minh City Branch	USD	VND195 billion	3.70%	- Unsecured
<b>Related parties</b>				
xii. Hoa Sen Quy Nhon Joint Stock Company – a subsidiary	VND	-	5.50%	5.50% Unsecured

**Hoa Sen Group****Notes to the separate interim financial statements for the six-month period ended  
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	31/3/2020 VND	1/10/2019 VND
Long-term borrowings	42,574,815,280	53,875,915,280
Finance lease liabilities (c)	20,421,347,641	30,888,530,921
	<hr/> 62,996,162,921	<hr/> 84,764,446,201
Repayable within twelve months	(31,120,065,664)	(37,568,566,112)
	<hr/> 31,876,097,257	<hr/> 47,195,880,089

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

Lenders	Note	Currency	Year of maturity	31/3/2020 VND	1/10/2019 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(i)	VND	2022	42,094,315,280	52,094,315,280
Asia Commercial Joint Stock Bank - Tan Thuan Branch	(ii)	VND	2020	480,500,000	1,781,600,000
				<hr/> 42,574,815,280	<hr/> 53,875,915,280

- (i) This borrowing was secured by the land use rights, machinery and equipment and inventories and bore annual interest rate of 9.10% (1/10/2019: 8%).
- (ii) This borrowing was secured by the motor vehicles and bore annual interest rate of from 10.10% (1/10/2019: 9.5% to 10.1%).

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

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**(c) Finance lease liabilities**

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

	<b>31/3/2020</b>		<b>1/10/2019</b>	
	<b>Payments</b>	<b>Interest</b>	<b>Payments</b>	<b>Interest</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Within one year	12,055,249,780	1,415,684,116	17,753,172,825	1,966,206,713
Within two to five years	10,384,130,467	602,348,490	16,277,518,116	1,175,953,307
	<b>22,439,380,247</b>	<b>2,018,032,606</b>	<b>34,030,690,941</b>	<b>3,142,160,020</b>
			<b>20,421,347,641</b>	<b>30,888,530,921</b>

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**25. Bonus and welfare fund**

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

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

**26. Provisions – long-term**

Provisions – long-term represented provision for severance allowance.

**Hoa Sen Group**

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**27. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits 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	1,323,418,124,868	5,384,071,338,945
Net profit for the period	-	-	-	-	143,456,046,037	143,456,046,037
Repurchase of treasury shares	-	-	(272,000,000)	-	-	(272,000,000)
Appropriation to bonus and welfare fund	-	-	-	-	(4,092,340,379)	(4,092,340,379)
Appropriation to equity funds (*)	-	-	-	6,138,510,569	(6,138,510,569)	-
Utilisation of funds	-	-	-	(8,862,860,866)	-	(8,862,860,866)
<b>Balance at 31 March 2019</b>	3,849,903,280,000	151,583,183,521	(1,615,000,000)	57,785,400,259	1,456,643,319,957	5,514,300,183,737
Net profit for the period	-	-	-	-	467,651,313,686	467,651,313,686
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	1,539,503,023,643	5,978,948,767,299



**Hoa Sen Group**

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	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits 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	1,539,503,023,643	5,978,948,767,299
Net profit for the period	-	-	-	-	159,383,778,996	159,383,778,996
Repurchase of treasury shares	-	-	(262,000,000)	-	-	(262,000,000)
Appropriation to bonus and welfare fund	-	-	-	-	(3,613,521,330)	(3,613,521,330)
Appropriation to equity funds (*)	-	-	-	5,420,281,995	(5,420,281,995)	-
Utilisation of funds	-	-	-	(6,683,556,156)	-	(6,683,556,156)
<b>Balance at 31 March 2020</b>	4,234,694,890,000	151,583,183,521	(2,721,000,000)	54,363,395,974	1,689,852,999,314	6,127,773,468,809

(\*) In accordance with the Resolution of Annual General Meeting of Shareholders dated 17 December 2019, the Company appropriated 1.5% retained profits to other equity funds for the purpose of remuneration and operation expenses of Board of Director (six-month period ended 31 March 2019: 1.5%).

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**28. 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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**29. 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	192,239,175,675	168,318,890,487
Within two to five years	709,728,445,273	667,739,890,987
More than five years	516,147,975,623	669,893,009,734
	<hr/>	<hr/>
	1,418,115,596,571	1,505,951,791,208
	<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	6,991,512	164,323,583,800	1,014,396	23,480,155,726
EUR	909	23,303,124	-	-
		<hr/>		<hr/>
		164,346,886,924		23,480,155,726
		<hr/> <hr/>		<hr/> <hr/>

**(c) Capital expenditure commitments**

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

	<b>31/3/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted	2,017,356,000	2,076,133,500
	<hr/> <hr/>	<hr/> <hr/>

**Hoa Sen Group****Notes to the separate interim financial statements for the six-month period ended  
31 March 2020 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC  
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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 merchandise goods	14,484,261,374,632	14,174,409,890,035
▪ Sales of finished goods	6,518,016,188,859	8,585,932,161,805
▪ Others	11,667,012,856	42,591,492,246
	<hr/>	<hr/>
	21,013,944,576,347	22,802,933,544,086
Less revenue deductions		
▪ Sales discounts	2,775,281,113	7,331,526,648
▪ Sales returns	9,745,727,847	6,525,819,437
▪ Sales allowances	2,738,756,563	2,594,796,943
	<hr/>	<hr/>
	15,259,765,523	16,452,143,028
Net revenue	<hr/> <hr/>	<hr/> <hr/>
	20,998,684,810,824	22,786,481,401,058

**31. 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:		
▪ Merchandise goods sold	14,046,761,733,791	13,829,557,091,843
▪ Finished goods sold	5,582,400,304,044	7,936,460,248,711
▪ Others	6,680,338,290	4,908,885,270
▪ Allowance for inventories (reversed)/made during the period	(13,190,008,415)	633,999,181
	<hr/>	<hr/>
	19,622,652,367,710	21,771,560,225,005
	<hr/> <hr/>	<hr/> <hr/>

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**32. Financial income**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits and loans receivable	2,217,631,254	130,967,308
Income from financial investments	6,041,656,273	6,611,574,339
Realised foreign exchange gains	25,682,577,818	20,069,248,867
Unrealised foreign exchange gains	-	3,697,514,005
	<hr/>	<hr/>
	33,941,865,345	30,509,304,519
	<hr/>	<hr/>

**33. Financial expenses**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Interest expense	155,669,111,066	214,016,646,350
Realised foreign exchange losses	47,016,960,032	18,240,190,506
Unrealised foreign exchange losses	21,035,611,575	-
Reversal of allowance for diminution of financial investments	14,727,480,716	-
Other financial expenses	573,653,831	233,200,828
	<hr/>	<hr/>
	239,022,817,220	232,490,037,684
	<hr/>	<hr/>

**34. Selling 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	312,434,554,442	220,941,020,855
Export expenses	178,602,805,529	224,229,679,684
Rental expenses	78,552,771,868	68,264,714,281
Depreciation and amortisation	71,485,133,302	64,708,221,366
Advertising expenses	39,456,258,278	49,666,462,245
Transportation expenses	39,573,480,328	21,146,053,226
Outside service	26,552,028,641	26,223,549,925
Other expenses	54,226,239,494	45,681,465,993
	<hr/>	<hr/>
	800,883,271,882	720,861,167,575
	<hr/>	<hr/>

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	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Labour costs and staff costs	73,498,699,167	57,191,301,052
Depreciation and amortisation	17,387,182,888	18,600,881,828
Rental expenses	7,980,446,879	16,669,504,338
Guest expenses	6,805,953,766	6,168,820,348
Business trip expenses	4,339,597,959	3,044,681,662
Professional service fees	3,942,314,864	4,461,205,211
Outside services	17,339,114,449	22,678,691,277
Other expenses	31,919,815,215	15,140,495,964
	<hr/>	<hr/>
	163,213,125,187	143,955,581,680

**36. Other income**

	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Gain from disposals of fixed assets	-	142,200,868,604
Compensation	1,052,425,268	1,417,280,146
Others	10,793,469,925	96,360,595,945
	<hr/>	<hr/>
	11,845,895,193	239,978,744,695

**37. Production and business costs by elements**

	Six-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Raw material costs included in production costs	4,981,670,157,473	7,260,170,583,736
Labour costs and staff costs	421,155,162,180	313,628,659,177
Depreciation and amortisation	177,008,011,516	174,587,241,053
Outside services	408,851,409,550	437,304,211,349
Other expenses	283,572,322,231	274,188,748,338
	<hr/>	<hr/>

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**38. Income tax**

**(a) Recognised in the separate statement of income**

	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
<b>Current tax expense</b>		
Current period	65,947,756,590	44,530,926,687
<b>Deferred tax benefit</b>		
Origination of temporary differences	(12,708,462,309)	(3,182,286,777)
	53,239,294,281	41,348,639,910

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

	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
Accounting profit before tax	212,623,073,277	184,804,685,947
Tax at the Company's tax rate	42,524,614,655	36,960,937,189
Non-deductible expenses	10,714,679,626	4,387,702,721
Income tax	53,239,294,281	41,348,639,910

**(c) Applicable tax rates**

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

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

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
<b>Hoa Sen Steel One Member Company Limited</b>		
Sales of goods	4,469,702,109,055	5,354,081,503,108
Purchases of goods	4,635,313,374,264	6,636,152,899,638
Sales of assets	2,238,054,358	-
Purchase returns	-	297,325,320
Others	14,108,830	
<b>Hoa Sen Building Materials Company Limited</b>		
Sales of goods	1,785,540,412,450	2,469,322,417,463
Purchases of goods	1,679,869,045,454	1,591,865,361,556
Sales of fixed assets	-	4,771,478,579
Income from leasing of assets	66,000,000	74,500,000
Purchase of fixed assets	-	1,389,200,000
Rental expenses	607,102,010	-
Purchase returns	-	186,624,927
Purchase deduction	-	23,786,381
Sales returns	1,898,319,657	1,562,510,453
Others	61,309,896	-
<b>Hoa Sen Transportation and Engineering One Member Limited Liability Company</b>		
Income from leasing of assets	-	3,614,419,336
Transportation costs	-	17,346,868,765
Purchase of fixed assets	-	2,657,188,816
<b>Hoa Sen Binh Dinh Sole Member Limited Company</b>		
Sales of goods	306,586,966	4,087,912,653
Purchases of goods	716,933,673,881	723,264,411,347
Purchase returns	-	8,225,445
<b>Hoa Sen Nghe An One Member Limited Liabilities Company</b>		
Sales of goods	2,875,745,299,952	2,452,405,642,072
Purchases of goods	2,489,374,261,877	2,780,814,981,639
Sales of fixed assets	86,129,750	866,031,044
Purchase of fixed assets	-	1,138,870,440
Purchase returns	1,485,299,380	3,565,278,423
Purchase deduction	77,994,545	210,069,346
Rental expenses	202,069,884	163,636,362



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	Six-month period ended	
	31/3/2020 VND	31/3/2019 VND
<b>Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company</b>		
Sales of goods	1,565,875,762,479	319,945,857,799
Purchases of goods	1,140,949,736,029	413,970,416,197
Transportation expenses	47,243,658	-
Capital contribution	-	350,000,000,000
Purchase returns	846,149,807	221,667,204
Purchase deduction	3,360,000	269,601,509
Sales of fixed assets	-	239,307,144
Other income	-	68,053,769
<b>Hoa Sen Ha Nam One Member Limited Liabilities Company</b>		
Sales of goods	1,462,071,903	1,593,567,477
Purchases of goods	215,086,505,958	463,676,777,623
Sales of fixed assets	280,369,752	-
Revenue from leasing	114,000,000	171,000,000
Rental expenses	108,000,000	10,000,000
Purchase returns	3,911,300	1,740,600
Purchase deduction	8,252,781	-
<b>Hoa Sen Yen Bai Joint Stock Company</b>		
Interest income	4,307,083,842	2,301,410,039
<b>Hoa Sen Phu My One Member Limited Liabilities Company</b>		
Sales of goods	328,398,360,134	52,076,501,703
Purchases of goods	78,445,544,554	123,732,801,055
Rental expenses	300,000,000	-
Purchase deduction	122,727,272	-
<b>Hoa Sen Quy Nhon Joint Stock Company</b>		
Interest expenses	1,461,493,151	1,521,172,603
<b>Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company</b>		
Interest income	530,822,431	200,237,246
<b>Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company</b>		
Sales of goods	12,314,224	22,166,043
Purchases of goods	126,068,957,259	125,710,166,600
Other income	-	23,327,184

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

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	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
<b>Company owned by the Company's Chairman</b>		
<b>Hoa Sen Holdings Group</b>		
Sales of goods	781,669,959,360	1,347,185,053,443
Purchases of goods	-	424,867,278,702
Sales of fixed assets	-	33,380,244,272
Transportation expense	21,106,402,003	14,872,614,411
Income from leasing of assets	1,435,936,905	2,889,246,522
Rental expenses	314,053,742	2,827,744,593
Purchase of fixed assets	-	124,733,458,000
Purchase tools and instruments	4,281,261,820	28,620,455,838
Sales returns	2,922,492,120	1,077,304,520
Sales discounts	154,727,273	21,245,500
<b>Hoa Sen Nghe An Investment Company Limited</b>		
Transportation expense	122,571,451	-
<b>Other related parties</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

**40. Non-cash investing activities**

	<b>Six-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Conversion of trade receivables into investments in subsidiaries	-	418,564,000,000
Net-off trade payables with profits distributed	335,992,976,173	358,392,102,244

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

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**41. Corresponding figures**

The corresponding figures were derived from the Company's separate financial statements as at and for the year ended 30 September 2019 and from the Company's separate interim financial statements as at and for the six-month period ended 31 March 2019.

**42. 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 20:1 ratio (existing shareholder will receive 1 additional bonus share for every 20 shares held). These dividends have not been recognised in these separate interim financial statements.

25 May 2020

Prepared by:



Nguyen Thi Thanh Tuyen  
Accountant

Approved by:



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Quoc Tri  
General Director

