



Hoa Sen Group and its subsidiaries

Consolidated interim financial statements
for the six-month period ended
31 March 2021



Hoa Sen Group Corporate Information

Business Registration Certificate 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 12 June 2020. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Binh Duong Province.

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

Hoa Sen Group Statement of Board of Management

The 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 2021.

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

- (a) the consolidated interim financial statements set out on pages 5 to 60 give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of their consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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



On behalf of the Board of Management

Tran Quoc Tri
General Director

Ho Chi Minh City, 17 May 2021



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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 2021, 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 17 May 2021, as set out on pages 5 to 60.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to 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 a conclusion on these consolidated 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 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 2021 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.: 21-01-00192-21-2



Nelson Rodriguez Casihan
Practicing Auditor Registration
Certificate No. 2225-2018-007-1
Deputy General Director

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

Ho Chi Minh City, 17 May 2021

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 31 March 2021

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

	Code	Note	31/3/2021 VND	1/10/2020 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		13,797,002,912,377	9,022,315,330,402
Cash and cash equivalents	110	7	714,861,175,002	574,767,066,704
Cash	111		676,196,101,620	546,734,145,565
Cash equivalents	112		38,665,073,382	28,032,921,139
Short-term financial investments	120		8,501,781,836	516,043,836
Held-to-maturity investments	123	8(a)	8,501,781,836	516,043,836
Accounts receivable – short-term	130		2,988,496,402,055	2,024,273,013,463
Accounts receivable from customers	131	9(a)	2,718,176,469,532	1,778,136,480,894
Prepayments to suppliers	132	10	111,693,904,186	100,085,092,644
Other short-term receivables	136	11(a)	184,166,084,344	171,749,127,453
Allowance for doubtful debts	137	9(c)	(25,540,056,007)	(25,697,687,528)
Inventories	140	12	9,065,354,198,240	5,523,844,442,201
Inventories	141		9,131,379,585,387	5,568,878,411,270
Allowance for inventories	149		(66,025,387,147)	(45,033,969,069)
Other current assets	150		1,019,789,355,244	898,914,764,198
Short-term prepaid expenses	151	17(a)	142,840,624,905	141,636,982,795
Deductible value added tax	152		875,885,901,844	757,274,781,403
Taxes receivable from State Treasury	153	21(b)	1,062,828,495	3,000,000

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 2021 (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	31/3/2021 VND	1/10/2020 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		8,236,024,962,318	8,734,092,334,529
Accounts receivable – long-term	210		168,320,229,000	184,949,529,000
Other long-term receivables	216	11(b)	168,320,229,000	184,949,529,000
Fixed assets	220		7,150,474,226,096	7,594,742,677,985
Tangible fixed assets	221	13	6,936,287,020,467	7,262,428,277,688
<i>Cost</i>	222		13,597,784,530,795	13,329,437,933,511
<i>Accumulated depreciation</i>	223		(6,661,497,510,328)	(6,067,009,655,823)
Finance lease tangible fixed assets	224	14	-	112,152,264,648
<i>Cost</i>	225		-	130,467,379,881
<i>Accumulated depreciation</i>	226		-	(18,315,115,233)
Intangible fixed assets	227	15	214,187,205,629	220,162,135,649
<i>Cost</i>	228		283,098,677,599	283,098,677,599
<i>Accumulated amortisation</i>	229		(68,911,471,970)	(62,936,541,950)
Long-term work in progress	240		552,621,542,376	575,955,787,725
Construction in progress	242	16	552,621,542,376	575,955,787,725
Long-term financial investments	250		21,472,160,000	26,472,160,000
Held-to-maturity investments	255	8(a)	21,472,160,000	26,472,160,000
Other long-term assets	260		343,136,804,846	351,972,179,819
Long-term prepaid expenses	261	17(b)	233,939,601,111	272,734,770,282
Deferred tax assets	262	18	109,197,203,735	79,237,409,537
TOTAL ASSETS (270 = 100 + 200)	270		22,033,027,874,695	17,756,407,664,931

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 2021 (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	31/3/2021 VND	1/10/2020 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		13,888,142,839,826	11,165,669,153,608
Current liabilities	310		12,084,004,707,670	8,991,488,795,259
Accounts payable to suppliers	311	19	4,964,312,226,185	1,454,938,948,232
Advances from customers	312	20	407,479,273,679	208,728,376,787
Taxes payable to State Treasury	313	21(a)	269,798,299,662	271,827,347,796
Payables to employees	314		75,398,836,922	75,605,377,314
Accrued expenses	315	22	194,336,298,441	480,647,139,892
Other payables – short-term	319	23	1,123,596,205,041	433,234,264,391
Short-term borrowings and finance lease liabilities	320	24(a)	4,963,525,990,444	6,023,444,645,186
Bonus and welfare fund	322	25	85,557,577,296	43,062,695,661
Long-term liabilities	330		1,804,138,132,156	2,174,180,358,349
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings and finance lease liabilities	338	24(b)	1,789,662,118,340	2,162,915,544,533
Provisions – long-term	342	26	13,766,513,816	10,555,313,816
EQUITY (400 = 410)	400		8,144,885,034,869	6,590,738,511,323
Owners' equity	410	27	8,144,885,034,869	6,590,738,511,323
Share capital	411	28	4,446,252,130,000	4,446,252,130,000
- Ordinary shares with voting rights	411a		4,446,252,130,000	4,446,252,130,000
Share premium	412		151,583,183,521	151,583,183,521
Treasury shares	415		(3,271,000,000)	(3,271,000,000)
Other equity funds	420		30,218,596,725	35,535,781,824
Retained profits	421		3,499,030,572,027	1,954,018,045,161
- Retained profits brought forward	421a		1,828,407,993,863	800,689,731,226
- Profit for the current year	421b		1,670,622,578,164	1,153,328,313,935
Non-controlling interest	429		21,071,552,596	6,620,370,817
TOTAL RESOURCES (440 = 300 + 400)	440		22,033,027,874,695	17,756,407,664,931

17 May 2021

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 2021

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	
			31/3/2021 VND	31/3/2020 VND
Revenue from sales of goods and provision of services	01	30	20,028,958,844,684	12,375,686,887,373
Revenue deductions	02	30	83,378,875,717	20,877,787,865
Net revenue from sales of goods and provision of services (10 = 01 - 02)	10	30	19,945,579,968,967	12,354,809,099,508
Cost of sales	11	31	16,492,762,697,265	10,324,964,002,783
Gross profit (20 = 10 - 11)	20		3,452,817,271,702	2,029,845,096,725
Financial income	21	32	78,929,936,475	31,941,034,336
Financial expenses	22	33	239,797,898,145	383,065,115,997
<i>In which: Interest expense</i>	23		168,923,926,578	309,650,318,735
Selling expenses	25	34	1,242,991,877,075	971,248,613,454
General and administration expenses	26	35	174,686,778,903	260,190,475,526
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,874,270,654,054	447,281,926,084
Other income	31	36	10,631,326,599	14,121,376,402
Other expenses	32	37	3,593,386,989	9,552,074,686
Results of other activities (40 = 31 - 32)	40		7,037,939,610	4,569,301,716
Accounting profit before tax (50 = 30 + 40)	50		1,881,308,593,664	451,851,227,800
Income tax expense – current	51	39	240,658,065,865	99,753,258,668
Income tax benefit – deferred	52	39	(29,959,794,198)	(30,868,699,712)
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		1,670,610,321,997	382,966,668,844

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 2021 (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	
			31/3/2021 VND	31/3/2020 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward)	60		1,670,610,321,997	382,966,668,844
Attributable to:				
Equity holders of the Company	61		1,670,622,578,164	382,966,975,409
Non-controlling interest	62		(12,256,167)	(306,565)
Earnings per share				
Basic earnings per share	70	39	3,610	827

17 May 2021

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 2021
(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	
		31/3/2021 VND	31/3/2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	1,881,308,593,664	451,851,227,800
Adjustments for			
Depreciation and amortisation	02	598,025,508,111	616,012,527,645
Allowances and provisions	03	24,044,986,557	29,237,721,325
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(3,866,669,833)	23,890,883,215
Profits from investing activities	05	(1,325,911,873)	(720,222,549)
Construction in progress written off	05	-	14,727,480,716
Interest expense	06	168,923,926,578	309,650,318,735
Operating profit before changes in working capital	08	2,667,110,433,204	1,444,649,936,887
Change in receivables	09	(1,051,503,735,717)	225,289,489,858
Change in inventories	10	(3,562,501,174,117)	(487,091,217,909)
Change in payables and other liabilities	11	4,064,251,318,957	536,730,990,337
Change in prepaid expenses	12	39,232,610,051	26,702,172,808
		2,156,589,452,378	1,746,281,371,981
Interest paid	14	(168,057,989,433)	(309,258,358,875)
Income tax paid	15	(216,920,588,286)	(44,851,461,278)
Other payments for operating activities	17	(49,298,354,762)	(8,437,081,256)
Net cash flows from operating activities	20	1,722,312,519,897	1,383,734,470,572

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 2021
(Indirect method – continued)

Form B 09a – 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		
	31/3/2021 VND	31/3/2020 VND	
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(160,211,949,114)	(246,006,459,702)
Collections on disposals of fixed assets	22	2,053,796,057	2,796,950,691
Payments for term deposits	23	(7,985,738,000)	(5,516,043,836)
Payments for granting loans		(14,446,000,000)	-
Collections on term deposits	24	5,000,000,000	75,500,000,000
Receipts of interests	27	2,438,700,062	3,695,499,899
Net cash flows from investing activities	30	(173,151,190,995)	(169,530,052,948)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for repurchase of treasury shares	32	-	(262,000,000)
Proceeds from receiving capital contributions from non-controlling interest	32	14,446,000,000	-
Proceeds from borrowings	33	15,845,477,555,616	9,621,415,662,780
Payments to settle loan principals	34	(17,228,879,370,313)	(10,720,867,296,535)
Payments to settle finance lease liabilities	35	(60,381,309,809)	(31,246,022,101)
Payments of dividends	36	(170,543,600)	(22,299,100)
Net cash flows from financing activities	40	(1,429,507,668,106)	(1,130,981,954,956)
Net cash flows during the period (50 = 20 + 30 + 40)	50	119,653,660,796	83,222,462,668
Cash and cash equivalents at the beginning of the period	60	574,767,066,704	288,707,713,172
Effect of exchange rate fluctuations on cash and cash equivalents	61	20,440,447,502	7,945,421,223
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70 7	714,861,175,002	379,875,597,063

17 May 2021

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 2021

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

1. Reporting entity

(a) Ownership structure

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

The Company’s shares were listed on Ho Chi Minh City Stock Exchange with the stock code “HSG” in accordance with Decision No. 117/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 2021 comprised the Company and its subsidiaries (collectively referred to as “the Group”).

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Group structure

As at 31 March 2021, the Group had 10 subsidiaries and 1 associate (1/10/2020: 10 subsidiaries and 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 2021 (continued)

Form B 09a – DN/HN
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Name	Principal activities	Percentage of ownership/ voting rights 31/3/2021 1/10/2020	
Subsidiaries			
▪ 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 Liability 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 Du Long Industrial Park Infrastructure Investment Joint Stock Company (*)	Investing, constructing and trading industrial park infrastructure.	95%	95%
Associates			
▪ Hoa Sen International Port Joint Stock Company (**)	Providing supporting services related to transportation.	49%	49%

(*) On 31 March 2021, the Board of Directors of Hoa Sen Group approved the disposal of all shares in Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company. The transaction was completed on 2 April 2021.

(**) As at 31 March 2021, the Group has not yet contributed capital to this company. It is in the pre-operating stage.

As at 31 March 2021, the Group had 7,736 employees (1/10/2020: 7,209 employees).

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2021 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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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.

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

(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.

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2021 (continued)

Form B 09a – DN/HN
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(ii) Non-controlling interests

Non-controlling interests 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. 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 associates.

(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.

Hoa Sen Group and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
31 March 2021 (continued)

Form B 09a – DN/HN
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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 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 year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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(ii) Depreciation

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

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

(h) 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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(i) 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.

(j) 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. Costs of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(ii) Land clearance cost

Land clearance cost including cost for ground clearing before construction which is amortised on a straight-line basis over the land lease term of 49 years 8 months.

(iii) 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 lease term ranging from 2 to 3 years.

(iv) Advertising panels

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

(v) Maintenance expenses

Maintenance expenses of fixed assets represent the cost of repairing and replacing machinery, equipment and other fixed assets but do not meet the capitalisation requirements of fixed asset. 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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(k) 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 not more than 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 associates, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

(l) Trade and other payables

Trade and other payables are stated at their costs.

(m) 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.

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.

(n) 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 recognised 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.

(o) 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 years.

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.

(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the consolidated 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.



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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.

(q) Leases

(i) Leased assets

Leases in terms of which the Group, as lessee, 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 shorter of the lease term and the estimated useful lives of the leased assets unless it is reasonably certain that the Group will obtain ownership by the end of lease term. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in Note 3(g).

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated balance sheet.

(ii) 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, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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(r) 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.

(s) 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 Group by the weighted average number of ordinary shares outstanding during the year.

The Group had no potential dilutive shares. Therefore, regulations on presentation of diluted earnings per share are not applied.

(t) 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.

(u) 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.

(v) Comparative information

Comparative information in these consolidated interim financial statements is presented as corresponding figures. Under this method, comparative information for the prior period are included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current period. Accordingly, the comparative information included in these consolidated interim financial statements is not intended to present the Group’s consolidated financial position, results of operation or cash flows for the prior period.

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4. Seasonality of operations

The Group's principal activities are to manufacturing and trading in galvanized steel roofing sheets, aluminum-zinc alloys, galvanized coatings and related products. The Company's Board of Management assesses that the Company's principal activities are not impacted by seasonality.

5. Changes in accounting estimates

In preparing these interim consolidated financial statements, the Company's 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 annual consolidated 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 year, 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 2021 and 1 October 2020 and all revenue, expenses presented in the consolidated statement of income for the six-month period ended 31 March 2021 and 31 March 2020 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:

	Geographical segments		
	Domestic VND	Overseas VND	Total VND
Six-month period ended 31 March 2021			
Revenue	9,867,401,377,828	10,078,178,591,139	19,945,579,968,967
Cost of sales	(7,220,922,133,279)	(9,271,840,563,986)	(16,492,762,697,265)
	<u>2,646,479,244,549</u>	<u>806,338,027,153</u>	<u>3,452,817,271,702</u>
Six-month period ended 31 March 2020			
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)
	<u>1,861,382,325,022</u>	<u>168,462,771,703</u>	<u>2,029,845,096,725</u>

7. Cash and cash equivalents

	31/3/2021 VND	1/10/2020 VND
Cash on hand	13,660,619,450	38,446,527,451
Cash in banks	661,993,659,672	508,279,639,554
Cash in transit	541,822,498	7,978,560
Cash and cash equivalents (*)	38,665,073,382	28,032,921,139
	<u>714,861,175,002</u>	<u>574,767,066,704</u>

(*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less and earned annual interest rate from 2.8% to 4.0% (1/10/2020: 3.0% to 4.8%).



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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 original terms to maturity of more than three months from transaction date and remaining term of less than 12 months from the period ended. These term deposits were denominated in VND and earned annual interest rate from 3.7% to 6.3% (1/10/2020: from 3.0% to 4.8%).

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

	31/3/2021 VND	1/10/2020 VND
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	16,000,000,000	16,000,000,000
Bonds issued by Vietnam Bank for Agriculture Joint Stock Company (**)	1,000,000,000	1,000,000,000
Bonds issued by Vietnam Bank for Investment and Development Securities Joint Stock Company (***)	-	5,000,000,000
Term deposit at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch (****)	4,472,160,000	4,472,160,000
	21,472,160,000	26,472,160,000

(*) Bonds with original term of 10 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2020: 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% (1/10/2020: 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% as at 1 October 2020.

(****) This represented term deposit with original terms to maturity of more than 12 months from the period ended at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch, and earned annual interest rate of 5.5%. As at 31 March 2021, this deposit was used to secure for the guarantee contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch.

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	31/3/2021			1/10/2020				
	% 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) Long-term investments								
Investment in associates								
▪ 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 2021, the Company has not contributed capital to Hoa Sen International Port Joint Stock Company.

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	31/3/2021	1/10/2020
	VND	VND
Duferco SA	367,455,264,171	2,486,767,208
Hoa Sen Holdings Group	317,512,838,315	34,749,020
Isi Steel Co., Ltd.	134,400,458,961	338,062,125,796
Other customers	1,898,807,908,085	1,437,552,838,870
	<hr/>	
	2,718,176,469,532	1,778,136,480,894
	<hr/>	

As at 31 March 2021, accounts receivable with carrying value of VND570,000 million and receivable arising from export bill collection with the value of VND2,300,000 million (1/10/2020: VND570,000 million of trade receivable and VND2,300,000 million arising from export bill collection) were pledged with banks as security for loan granted to the Group (Note 24).

(b) Accounts receivable from customers who are related parties

	31/3/2021	1/10/2020
	VND	VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	317,512,838,315	34,749,020
Hoa Sen Nghe An Investment Company Limited	19,800,000	19,800,000
	<hr/>	

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

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	31/3/2021			1/10/2020				
	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	2 – 3 years	1,648,743,436	(1,648,743,436)	-	2 – 3 years	1,648,743,436	(1,648,743,436)	-
Joint Stock Company Hai Thuy Limited Liability Company	2 – 3 years	1,545,000,625	(1,545,000,625)	-	More than 1 year	1,545,000,625	(1,545,000,625)	-
Hiep Loan Steel Construction Limited Liability Company	1 – 3 years	1,243,508,106	(1,243,508,106)	-	More than 1 year	1,243,508,106	(1,243,508,106)	-
Phuc Duc Production And Trading One Member Limited Liability Company	1 – 2 years	1,096,410,095	(1,096,410,095)	-	More than 6 months	1,096,410,095	(1,096,410,095)	-
Hoang Thai Private Enterprise	More than 1 year	1,023,359,294	(1,023,359,294)	-	More than 1 year	1,023,359,294	(1,023,359,294)	-
Yen Mai Trading Service and Construction Company Limited	More than 6 months	-	-	-	More than 6 months	839,518,227	(839,518,227)	-
Toan Phat HN Trading & Production Limited Liability Company	1 – 2 years	1,426,131,048	(1,426,131,048)	-	6 months – 1 year	1,426,131,048	(1,426,131,048)	-
Other customers		17,556,903,403	(17,556,903,403)	-		16,875,016,697	(16,875,016,697)	-
		25,540,056,007	(25,540,056,007)	-		25,697,687,528	(25,697,687,528)	-



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10. Prepayments to suppliers

	31/3/2021	1/10/2020
	VND	VND
Posco Vietnam Company Limited	16,148,143,265	-
Vung Tau Low Pressure Gas Distribution Enterprise	9,750,169,835	12,151,382,390
Hoa Phat Hung Yen Steel Limited Liability Company – Binh Duong Branch	10,183,555	21,469,960,714
Vietnam Kinex Construction Joint Stock Company	-	14,348,431,632
Kim Nguon Limited Liability Company	-	11,650,000,000
Other suppliers	85,785,407,531	40,465,317,908
	111,693,904,186	100,085,092,644

11. Other receivables

(a) Other short-term receivables

	31/3/2021	1/10/2020
	VND	VND
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	41,317,196,657	42,103,309,219
Receivables from transfer land use rights	12,818,775,000	12,818,775,000
Compensation and ground clearing	20,000,000,000	20,000,000,000
Short-term deposits and deposits for rental	41,134,030,754	42,305,656,080
Receivables from loans to related parties	14,446,000,000	-
Others	8,987,856,933	9,059,162,154
	184,166,084,344	171,749,127,453

Other short-term receivables from related parties

	31/3/2021	1/10/2020
	VND	VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group (*)	10,187,600,000	2,059,900,000
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director (**)	45,462,225,000	45,462,225,000

(*) The other receivables amount due from the related parties were unsecured, earned interest at 4% per annum and are receivable on demand.

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(**) The non-trade receivables amount due from the related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	31/3/2021	1/10/2020
	VND	VND
Deposits for rental	168,320,229,000	181,758,529,000
Others	-	3,191,000,000
	168,320,229,000	184,949,529,000
	168,320,229,000	184,949,529,000

12. Inventories

	31/3/2021		1/10/2020	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	1,789,363,461,142	-	1,382,843,392,363	-
Raw materials	3,651,041,943,214	(5,788,828,167)	1,130,658,074,684	(16,115,794,147)
Tools and supplies	549,905,888,376	-	569,463,528,312	-
Work in progress	1,270,219,099	-	1,646,096,388	-
Finished goods	2,113,515,180,686	(41,055,995,906)	1,694,167,547,960	(24,672,838,046)
Merchandise	1,026,282,892,870	(19,180,563,074)	790,099,771,563	(4,245,336,876)
	9,131,379,585,387	(66,025,387,147)	5,568,878,411,270	(45,033,969,069)
	9,131,379,585,387	(66,025,387,147)	5,568,878,411,270	(45,033,969,069)

As at 31 March 2021, inventories with carrying value of VND4,286,443 million (1/10/2020: VND2,800,786 million) were pledged with banks as security for loans granted to the Group (Note 24).

Included in inventories at 31 March 2021 was VND193,552 million of raw materials, VND376,177 million of finished goods and VND107,113 million of merchandise (1/10/2020: VND125,360 million of raw materials, VND373,343 million of finished goods and VND67,954 million of merchandise) carried at net realisable value.

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

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Opening balance	45,033,969,069	51,851,107,911
Allowance made during the period	20,991,418,078	20,386,956,757
Closing balance	66,025,387,147	72,238,064,668

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13. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	2,471,415,069,857	10,273,310,183,375	470,065,259,436	87,597,045,920	27,050,374,923	13,329,437,933,511
Additions	124,900,000	17,836,284,595	1,511,835,758	-	-	19,473,020,353
Transfer from construction in progress	64,976,301,652	70,171,079,973	617,648,049	-	-	135,765,029,674
Transfer from finance lease tangible fixed assets	-	120,808,224,881	9,560,000,000	-	-	130,368,224,881
Transfer from prepaid expenses	-	956,506,224	-	-	-	956,506,224
Disposals	-	(12,374,571,518)	(2,818,712,500)	-	-	(15,193,284,018)
Written off	-	(3,751,984,047)	-	-	-	(3,751,984,047)
Increase as a result of construction finalisation	(48,956,033)	778,040,250	-	-	-	729,084,217
Closing balance	2,536,467,315,476	10,467,733,763,733	478,936,030,743	87,597,045,920	27,050,374,923	13,597,784,530,795
Accumulated depreciation						
Opening balance	689,091,528,334	5,040,773,688,555	268,928,936,816	46,144,436,204	22,071,065,914	6,067,009,655,823
Charge for the period	63,256,476,709	491,418,325,233	27,540,819,729	5,501,502,245	298,048,522	588,015,172,438
Transfer from finance lease tangible fixed assets	-	19,988,653,492	2,312,317,061	-	-	22,300,970,553
Disposals	-	(10,299,432,303)	(2,127,056,923)	-	-	(12,426,489,226)
Written off	-	(3,401,799,260)	-	-	-	(3,401,799,260)
Closing balance	752,348,005,043	5,538,479,435,717	296,655,016,683	51,645,938,449	22,369,114,436	6,661,497,510,328
Net book value						
Opening balance	1,782,323,541,523	5,232,536,494,820	201,136,322,620	41,452,609,716	4,979,309,009	7,262,428,277,688
Closing balance	1,784,119,310,433	4,929,254,328,016	182,281,014,060	35,951,107,471	4,681,260,487	6,936,287,020,467



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Included in tangible fixed assets were assets costing VND1,581,126 million which were fully depreciated as at 31 March 2021 (1/10/2020: VND1,166,403 million), but which are still in active use.

As at 31 March 2021, tangible fixed assets with net book value of VND6,813,241 million (1/10/2020: VND6,185,137 million) were pledged with banks as security for loans granted to the Group (Note 24).

14. Finance lease tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost			
Opening balance	120,907,379,881	9,560,000,000	130,467,379,881
Transfer to tangible fixed assets	(120,808,224,881)	(9,560,000,000)	(130,368,224,881)
Written off	(99,155,000)	-	(99,155,000)
Closing balance	-	-	-
Accumulated depreciation			
Opening balance	16,496,773,823	1,818,341,410	18,315,115,233
Charge for the period	3,541,430,002	493,975,651	4,035,405,653
Transfer to tangible fixed assets	(19,988,653,492)	(2,312,317,061)	(22,300,970,553)
Written off	(49,550,333)	-	(49,550,333)
Closing balance	-	-	-
Net book value			
Opening balance	104,410,606,058	7,741,658,590	112,152,264,648
Closing balance	-	-	-

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15. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance and closing balance	235,025,409,765	48,073,267,834	283,098,677,599
Accumulated amortisation			
Opening balance	41,070,533,857	21,866,008,093	62,936,541,950
Charge for the period	1,722,253,117	4,252,676,903	5,974,930,020
Closing balance	42,792,786,974	26,118,684,996	68,911,471,970
Net book value			
Opening balance	193,954,875,908	26,207,259,741	220,162,135,649
Closing balance	192,232,622,791	21,954,582,838	214,187,205,629

Included in intangible fixed assets were assets costing VND456 million which were fully depreciated as at 31 March 2021 (1/10/2020: VND456 million), but which are still in active use.

As at 31 March 2021, intangible fixed assets with net book value of VND88,587 million (1/10/2020: VND99,988 million) were pledged with banks as security for loans granted to the Group (Note 24).

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16. Construction in progress

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Opening balance	575,955,787,725	576,452,872,180
Additions during the period	115,028,373,539	137,795,007,287
Transfer to tangible fixed assets	(135,765,029,674)	(29,985,376,839)
Transfer to long-term prepaid expenses	(2,597,589,214)	(7,475,259,222)
Written off	-	(14,727,480,716)
	<hr/>	<hr/>
Closing balance	552,621,542,376	662,059,762,690

Major constructions in progress were as follows:

	31/3/2021	1/10/2020
	VND	VND
Machinery and equipment waiting for installation	20,113,433,312	67,957,814,979
Factories	101,724,003,359	110,723,594,232
Hoa Sen Yen Bai project	358,851,540,474	347,706,768,372
Ground clearing cost of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Ground clearing cost of Hoa Sen Phu My project	11,500,000,000	-
Major maintenance expenses of fixed assets	9,391,110,585	10,597,766,331
Others	12,247,382,646	175,771,811
	<hr/>	<hr/>
	552,621,542,376	575,955,787,725

During the period, borrowing costs were capitalised into the construction in progress amounting to VND11,620 million (six-month period ended 31/3/2020: VND10,126 million).

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17. Prepaid expenses

(a) Short-term prepaid expenses

	31/3/2021	1/10/2020
	VND	VND
Rental fee	71,232,766,004	59,399,652,052
Advertising expenses	12,533,232,018	24,829,641,795
Tools and instruments	43,855,260,116	43,529,656,120
Insurance fee	1,548,879,769	1,585,945,970
Maintenance expenses	6,042,620,539	5,140,546,849
Consultancy expenses	160,000,000	1,889,338,410
Others	7,467,866,459	5,262,201,599
	142,840,624,905	141,636,982,795

(b) Long-term prepaid expenses

	31/3/2021	1/10/2020
	VND	VND
Tools and instruments	78,609,581,483	100,595,642,595
Rental fee	75,761,558,847	76,600,246,305
Land clearance cost	51,592,736,976	52,465,115,643
Advertising panels	4,824,123,880	15,374,300,149
Maintenance expenses	10,168,602,049	12,292,628,995
Others	12,982,997,876	15,406,836,595
	233,939,601,111	272,734,770,282

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

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Opening balance	272,734,770,282	365,534,127,666
Additions during the period	26,367,125,322	41,249,767,360
Transfer to tangible fixed assets	(173,643,592)	(163,628,065)
Transfer from construction in progress	2,597,589,214	7,475,259,222
Amortisation during the period	(65,536,604,736)	(102,332,725,528)
Disposals	(2,049,635,379)	-
	233,939,601,111	311,762,800,655

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18. Deferred tax assets

	31/3/2021 VND	1/10/2020 VND
<i>Deferred tax assets were recognised for:</i>		
▪ Unrealised profits	57,307,848,855	39,216,457,247
▪ Accrued expenses	34,055,971,285	24,728,361,887
▪ Provisions	14,514,920,008	11,977,576,816
▪ Others	3,318,463,587	3,315,013,587
	109,197,203,735	79,237,409,537

19. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/3/2021 Cost/amount within payment capacity VND	1/10/2020 Cost/amount within payment capacity VND
Kim Quoc Steel Company Limited	1,041,750,376,301	59,872,948,917
Cumic Steel Limited	623,916,029,995	-
Nippon Steel Trading Corporation	-	303,482,841,213
Formosa Ha Tinh Steel Corporation	632,420,126,030	296,702,697,996
Other suppliers	2,666,225,693,859	794,880,460,106
	4,964,312,226,185	1,454,938,948,232

(b) Accounts payable to suppliers who are related parties

	31/3/2021 Cost/amount within payment capacity VND	1/10/2020 Cost/amount within payment capacity VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	1,061,339,996	7,018,375,408
Hoa Sen Nghe An Investment Company Limited	6,874,785,177	2,449,892,438

The trade payable amounts due to the related parties were unsecured, interest free and are payable within 45 days from invoice date.

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	31/3/2021	1/10/2020
	VND	VND
Hoa Sen Holdings Group – a related party	94,104,178,272	279,918,415
Cascadia Metals Ltd	45,269,687,468	-
Aceros Y Overollings De Mexico S.A. De C.V.	229,800	18,179,700,000
Other customers	268,105,178,139	190,268,758,372
	<hr/>	<hr/>
	407,479,273,679	208,728,376,787
	<hr/>	<hr/>

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21. Taxes payable to and receivable from State Treasury

(a) Taxes payable to State Treasury

	1/10/2020 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/3/2021 VND
Value added tax	175,141,284,813	5,521,089,490,808	(873,594,130,534)	(4,669,749,923,921)	(924,629,777)	151,962,091,389
Import-export tax	456,189,132	3,103,486,628	(3,417,985,285)	-	-	141,690,475
Corporate income tax	93,273,828,511	240,658,065,865	(216,920,588,286)	-	-	117,011,306,090
Personal income tax	2,863,365,640	22,887,185,510	(26,026,417,841)	(104,738,416)	1,061,973,055	681,367,948
Other taxes	92,679,700	1,963,934,229	(2,052,625,609)	-	(2,144,560)	1,843,760
	271,827,347,796	5,789,702,163,040	(1,122,011,747,555)	(4,669,854,662,337)	135,198,718	269,798,299,662

(b) Taxes receivable from State Treasury

	1/10/2020 VND	Reclassified VND	31/3/2021 VND
Personal income tax	-	1,061,973,055	1,061,973,055
Other taxes	3,000,000	(2,144,560)	855,440
	3,000,000	1,059,828,495	1,062,828,495

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	31/3/2021	1/10/2020
	VND	VND
Salary and bonus	133,920,741,109	442,569,291,620
Construction in progress	6,055,779,739	10,787,448,808
Interest expenses	8,284,772,655	7,418,835,510
Tax provision expenses	4,725,668,064	3,912,745,955
Electricity expenses	301,843,806	380,529,874
Transportation expenses	28,773,293,097	219,189,613
Certificate of guarantee	8,891,934,514	7,997,581,818
Others	3,382,265,457	7,361,516,694
	<hr/>	<hr/>
	194,336,298,441	480,647,139,892
	<hr/>	<hr/>

23. Other payables – short-term

	31/3/2021	1/10/2020
	VND	VND
Import sponsor payables (*)	1,004,829,527,150	245,638,100,621
Discount export documents payables	54,331,305,000	142,966,821,833
Short-term deposits received	38,353,861,661	23,105,461,713
Dividend payables	4,076,778,825	4,247,322,425
Social insurance, health insurance, unemployment insurance and union funds	2,475,874,630	2,474,430,995
Others	19,528,857,775	14,802,126,804
	<hr/>	<hr/>
	1,123,596,205,041	433,234,264,391
	<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 Industrial Park Branch, Ho Chi Minh City Development Joint Stock Commercial Bank, Vietnam International Commercial Joint Stock Bank – Ho Chi Minh Branch, Tien Phong Commercial Joint Stock Bank – Ben Thanh Branch and Vietnam Joint Stock Commercial Bank for Industry and Trade – Nghe An Branch with tenor of 90 days after sight (1/10/2020: provided by Vietnam International Commercial Joint Stock Bank – Ho Chi Minh Branch, Tien Phong Commercial Joint Stock Bank – Ben Thanh Branch, Vietnam Joint Stock Commercial Bank for Industry and Trade – Nghe An 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 loans.



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24. Borrowings and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

	Movements during the period			31/3/2021 Carrying amount/ Amount within repayment capacity VND
	1/10/2020 Carrying amount/ Amount within repayment capacity VND	Additions VND	Decreases VND	
Short-term borrowings	5,266,057,103,675	15,845,477,555,616	(16,819,547,541,027)	10,611,043,571
Current portion of long-term borrowings (b)	724,728,971,847	334,300,000,000	(398,101,143,238)	-
Finance lease principals due within twelve months (c)	32,658,569,664	8,164,642,416	(40,823,212,080)	-
	6,023,444,645,186	16,187,942,198,032	(17,258,471,896,345)	10,611,043,571
				4,963,525,990,444

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

Lenders	Note	Currency	31/3/2021	1/10/2020
			VND	VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	192,333,211,891	1,171,017,687,810
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	1,200,138,973,406	531,104,907,733
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	100,000,000,000	947,943,944,130
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	USD	716,838,277,738	413,037,687,997
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	259,372,999,518	472,377,287,783
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	USD	-	99,439,545,965
▪ HSBC Bank (Vietnam) Ltd.	(iv)	VND	871,494,746,413	608,438,856,420
▪ Ho Chi Minh City Development Joint Stock Commercial Bank	(v)	USD	25,244,400,000	213,385,900,000
▪ Sinopac Bank - Ho Chi Minh City Branch	(vi)	VND	68,000,000,000	32,300,000,000
▪ United Overseas Bank (Vietnam) Limited	(vii)	VND	242,122,472,591	101,516,310,719
▪ United Overseas Bank (Vietnam) Limited	(vii)	USD	14,116,090,344	57,085,000,000
▪ United Overseas Bank (Vietnam) Limited	(viii)	VND	67,826,259,277	61,832,823,335
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	VND	50,111,040,747	42,323,443,406
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	USD	39,747,579,553	46,084,500,000
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	(x)	VND	-	145,844,804,159
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(xi)	VND	75,440,180,000	-
▪ Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(xii)	VND	59,789,000,000	97,147,784,400
▪ Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(xii)	USD	135,690,642,871	-
▪ Saigon Thuong Tin Joint Stock Commercial Bank - Center Branch	(xiii)	VND	-	50,000,000,000
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	VND	124,320,327,587	19,942,608,592
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	USD	60,011,959,899	155,234,011,226
			4,302,598,161,835	5,266,057,103,675

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

Lenders	Currency	Credit limit	Interest rate 31/3/2021	Interest rate 1/10/2020	Pledged assets
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND	VND3,000 billion	4.00%	4.50% - 4.90%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers
ii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	USD	VND2,387 billion	1.50% - 2.00%	1.85% - 2.00%	Land use rights, machinery and equipment and inventories
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND	VND1,500 billion	3.10%	4.20% - 4.50%	Machinery and equipment and part of the construction on land of Hoa Sen Nghe An One Member Limited Liabilities Company.
iv. HSBC Bank (Vietnam) Ltd.	USD	USD40 million	2.50% - 3.20%	4.10% - 4.90%	Inventories, machinery and equipment, land use rights and a part of the construction on land and fixed assets of Hoa Sen Binh Dinh Sole Member Limited Company.
v. Ho Chi Minh City Development Joint Stock Commercial Bank	USD	VND800 billion	1.90%	1.80%	Unsecured
vi. Sinopac Bank - Ho Chi Minh City Branch	VND	USD6 million	3.20%	5.00%	Unsecured
vii. United Overseas Bank (Vietnam) Limited	VND	USD12 million	3.00%	4.00% - 4.20%	Inventories
viii. United Overseas Bank (Vietnam) Limited	USD	USD3 million	1.60%	1.64%	Inventories
ix. Malayan Banking Berhad Ho Chi Minh City Branch	VND	USD4 million	3%	4.00% - 4.50%	Inventories
	USD		3.00%	4.10% - 4.70%	Inventories
			1.40%	1.80%	

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Lenders	Currency	Credit limit	Interest rate 31/3/2021	Interest rate 1/10/2020	Pledged assets
x. Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	VND	VND800 billion	-	3.20% - 4.50%	Inventories
xi. Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND250 billion	3.10% - 4.00%	-	Inventories
xii. Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	VND USD	VND195 billion	4.00% 2.10%	4.50%	Unsecured
xiii. Saigon Thuong Tin Joint Stock Commercial Bank - Center Branch	VND	VND1,000 billion	-	5.00%	Land use rights and accounts receivable from customers
xiv. CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	VND USD	USD15 million	3.20% - 3.50%	3.80% - 4.00%	Unsecured
			1.40% - 1.45%	1.80% - 1.85%	



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(b) Long-term borrowings and finance lease liabilities

	31/3/2021	1/10/2020
	VND	VND
Long-term borrowings	2,450,589,946,949	2,859,921,776,235
Finance lease liabilities (c)	-	60,381,309,809
	2,450,589,946,949	2,920,303,086,044
Repayable within twelve months	(660,927,828,609)	(757,387,541,511)
	1,789,662,118,340	2,162,915,544,533

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

Lenders	Note	Currency	Year of maturity	31/3/2021 VND	1/10/2020 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2021 – 2026	1,842,447,033,124	2,102,282,791,370
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	2022 – 2023	229,456,547,660	303,150,862,940
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch	(iii)	VND	2024	239,250,669,442	291,633,669,442
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch	(iv)	VND	2025 – 2026	124,343,626,357	132,670,311,741
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(v)	VND	2021	15,092,070,366	30,184,140,742
				2,450,589,946,949	2,859,921,776,235

(i) This loan was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest rate at 7.6% (1/10/2020: from 8.0% to 9.0%).

(ii) This loan was secured by land use rights, machinery and equipment, motor vehicles and inventories and bore annual interest rate ranging from 7.38% to 8.5% (1/10/2020: from 7.5% to 8.7%).

(iii) This loan was secured by buildings and structures and machinery and equipment and bore annual interest rate at 7.775% (1/10/2020: from 8.2% to 9.1%).

(iv) This loan was secured by land use rights, buildings and structures, machinery and equipment and motor vehicles and bore annual interest rate ranging from 8.6% to 9.8% (1/10/2020: from 8.2% to 9.8%).

(v) This loan was secured by buildings and structures, machinery and equipment and bore annual interest rate at 7.6% (1/10/2020: 8.0%).

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(c) Finance lease liabilities

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

	31/3/2021		1/10/2020	
	Payments VND	Interest VND	Principal VND	Interest VND
Within one year	-	-	-	4,181,976,233
Within two to five years	-	-	-	1,212,754,632
				<hr/>
	-	-	-	5,394,730,865
				<hr/>
				60,381,309,809

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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	
	31/3/2021	31/3/2020
	VND	VND
Opening balance	43,062,695,661	44,902,799,431
Appropriation from retained profits (Note 27)	46,120,560,692	3,613,521,330
Utilisation of fund during the period	(3,625,679,057)	(1,753,525,100)
Closing balance	85,557,577,296	46,762,795,661

26. Provisions – long-term

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

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Opening balance	10,555,313,816	2,896,254,250
Provision made during the period	3,211,200,000	334,216,610
Closing balance	13,766,513,816	3,230,470,860

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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	Non-controlling interest VND	Total VND
Balance at 1 October 2019	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 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)
Others increases	-	-	-	-	132,604,000	-	132,604,000
Balance at 31 March 2020	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
Net profit for the period	-	-	-	-	770,361,338,526	(313,990,061)	770,047,348,465
Shares issued to pay dividends	211,557,240,000	-	-	-	(211,557,240,000)	-	-
Repurchase of treasury shares	-	-	(550,000,000)	-	-	-	(550,000,000)
Utilisation of funds	-	-	-	(18,827,614,150)	-	-	(18,827,614,150)
Decrease due to dissolution of subsidiaries	-	-	-	-	-	(620,000,000)	(620,000,000)
Other decreases	-	-	-	-	(132,604,000)	-	(132,604,000)
Balance at 30 September 2020	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	1,954,018,045,161	6,620,370,817	6,590,738,511,323

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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
Balance at 1 October 2020	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	1,954,018,045,161	6,620,370,817	6,590,738,511,323
Net profit for the period	-	-	-	-	1,670,622,578,164	(12,256,167)	1,670,610,321,997
Appropriation to bonus and welfare fund	-	-	-	-	(46,120,560,692)	-	(46,120,560,692)
Appropriation to equity funds (*)	-	-	-	40,355,490,606	(40,355,490,606)	-	-
Utilisation of funds	-	-	-	(45,672,675,705)	-	-	(45,672,675,705)
Bonus for exceeding production and business plan (**)	-	-	-	-	(39,134,000,000)	-	(39,134,000,000)
Contributed capital to subsidiary	-	-	-	-	-	14,446,000,000	14,446,000,000
Other increases	-	-	-	-	-	17,437,946	17,437,946
Balance at 31 March 2021	4,446,252,130,000	151,583,183,521	(3,271,000,000)	30,218,596,725	3,499,030,572,027	21,071,552,596	8,144,885,034,869

(*) In accordance with the Resolution of Board of Directors dated 1 October 2020, the Company appropriated 3.5% retained profits to other equity funds for the purpose of remuneration, charity activities and operation expenses of the Board of Directors (six-month period ended 31 March 2020: 1.5%).

(**) In accordance with the Resolution of Board of Directors dated 27 January 2021, the Company appropriated 3.4% retained profits to appropriation for exceeding production and business plan expenses for financial year 2019 – 2020 for the Board of Directors, Board of Operation and the Board of Management.

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The Company's authorised and issued share capital are:

	31/3/2021		1/10/2020	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	444,625,213	4,446,252,130,000	444,625,213	4,446,252,130,000
Treasury share				
Ordinary shares	327,100	3,271,000,000	327,100	3,271,000,000
Shares in circulation				
Ordinary shares	444,298,113	4,442,981,130,000	444,298,113	4,442,981,130,000

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			
	31/3/2021		31/3/2020	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the period	444,298,113	4,442,981,130,000	423,223,589	4,232,235,890,000
Repurchase of treasury shares during the period	-	-	(26,200)	(262,000,000)
Balance at the end of the period	444,298,113	4,442,981,130,000	423,197,389	4,231,973,890,000

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

	31/3/2021 VND	1/10/2020 VND
Within one year	175,814,889,338	181,023,716,815
Within two to five years	684,540,486,207	691,146,037,199
More than five years	740,883,398,650	770,536,718,044
	1,601,238,774,195	1,642,706,472,058

(b) Foreign currencies

	31/3/2021		1/10/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	4,054,547	93,183,609,871	7,572,153	174,878,082,357
EUR	-	-	909	24,288,480
		93,183,609,871		174,902,370,837

(c) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved for the purpose of purchasing new machineries that use for the Group's operation:

	31/3/2021 VND	1/10/2020 VND
Approved and contracted	111,893,624,503	71,522,424,222

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

Net revenue comprised:

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Total revenue		
▪ Sales of finished goods	10,063,472,719,679	6,213,357,917,776
▪ Sales of merchandise goods	9,957,262,518,747	6,145,483,128,399
▪ Others	8,223,606,258	16,845,841,198
	20,028,958,844,684	12,375,686,887,373
Less revenue deductions		
▪ Sales discounts	73,605,831,524	10,638,015,382
▪ Sales allowances	761,444,844	2,891,114,462
▪ Sales returns	9,011,599,349	7,348,658,021
	83,378,875,717	20,877,787,865
Net revenue	19,945,579,968,967	12,354,809,099,508

31. Cost of sales

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Total cost of sales:		
▪ Finished goods sold	7,610,846,090,232	4,546,380,965,379
▪ Merchandise goods sold	8,859,391,170,530	5,755,824,034,725
▪ Others	1,534,018,425	2,372,045,922
▪ Allowance for inventories	20,991,418,078	20,386,956,757
	16,492,762,697,265	10,324,964,002,783

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32. Financial income

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Interest income	833,700,062	2,491,749,899
Interest income from financial investments	1,605,000,000	1,203,750,000
Realised foreign exchange gains	72,362,230,484	28,245,334,437
Unrealised foreign exchange gains	3,866,669,833	-
Other financial income	262,336,096	200,000
	78,929,936,475	31,941,034,336

33. Financial expenses

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Interest expense	168,923,926,578	309,650,318,735
Realised foreign exchange losses	70,502,771,450	48,950,260,216
Unrealised foreign exchange losses	-	23,890,883,215
Other financial expenses	371,200,117	573,653,831
	239,797,898,145	383,065,115,997

34. Selling expenses

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Export expenses	540,621,418,158	181,404,396,755
Labour costs and staff costs	223,550,181,869	352,559,005,220
Transportation expenses	150,262,283,925	105,438,860,623
Depreciation and amortisation	83,228,588,860	83,968,817,177
Rental expenses	78,913,647,326	81,074,982,805
Advertising expenses	37,504,730,921	39,487,245,678
Outside service	33,698,233,623	33,255,494,510
Other selling expenses	95,212,792,393	94,059,810,686
	1,242,991,877,075	971,248,613,454

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35. General and administration expenses

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Labour costs and staff costs	50,856,537,608	105,892,803,132
Depreciation and amortisation	30,808,096,500	33,295,456,161
Rental expenses	13,740,027,291	12,344,648,758
Guest reception expenses	10,004,327,596	7,617,588,639
Professional service fees	5,133,040,999	4,289,690,911
Business trip expenses	3,279,591,948	4,627,800,400
Cost of construction of steel refining zone	-	14,727,480,716
Outside services	22,703,181,065	26,238,399,630
Other general and administration expenses	38,161,975,896	51,156,607,179
	174,686,778,903	260,190,475,526

36. Other income

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Compensation	6,779,546,665	1,330,953,726
Others	3,851,779,934	12,790,422,676
	10,631,326,599	14,121,376,402

37. Other expenses

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Loss from disposals of fixed assets	1,112,788,189	2,975,277,350
Others	2,480,598,800	6,576,797,336
	3,593,386,989	9,552,074,686

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	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Raw material costs included in production costs	16,020,121,761,972	9,952,791,286,229
Labour costs and staff costs	407,151,669,967	589,406,684,249
Depreciation and amortisation	598,025,508,111	616,012,527,645
Outside services	1,352,778,949,075	830,832,733,222
Other expenses	469,909,914,498	468,211,005,063

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

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Current tax expense		
Current period	239,173,259,749	99,753,258,668
Over provision in prior years	1,484,806,116	-
	240,658,065,865	99,753,258,668
Deferred tax benefit		
Origination of temporary differences	(29,959,794,198)	(30,868,699,712)
	210,698,271,667	68,884,558,956

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(b) Reconciliation of effective tax rate

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Accounting profit before tax	1,881,308,593,664	451,851,227,800
Tax at the Company's tax rate	376,261,718,733	90,370,245,560
Effect of different tax rates applied in subsidiaries	(62,394,468,143)	(15,140,191,856)
Non-deductible expenses	5,969,748,992	15,861,725,462
Tax incentives	(50,256,487,117)	(23,590,778,211)
Deferred tax assets not recognised	49,024,668	6,400,080,009
Tax losses utilised	(5,905,889,699)	(5,016,522,008)
Under provision in prior years	1,484,806,116	-
Utilisation of deferred tax assets previously not recognised	(54,510,181,883)	-
Income tax	210,698,271,667	68,884,558,956

(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 15 years starting from the first year generate revenue 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 they generate a taxable profit and entitled to a 50% reduction in income tax for the 9 succeeding years.
- Hoa Sen Ha Nam One Member Limited Liability Company has an obligation to pay the government income tax at the rate of 17% of taxable profits for the first 10 years from 2016 and the usual income tax rate for the succeeding years. This subsidiary is exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 4 succeeding years.

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- Hoa Sen Phu My One Member Limited Liabilities Company and Hoa Sen Yen Bai Building Materials 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 the first year generate revenue and the usual income tax rate for the succeeding years. These subsidiaries are exempt from income tax for 2 years starting from the first year they generate 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.

40. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 31 March 2021 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	
	31/3/2021	31/3/2020
	VND	VND
Net profit for the period	1,670,622,578,164	382,966,975,409
Appropriation to bonus and welfare fund (*)	(66,824,903,127)	(15,318,679,016)
Net profit attributable to ordinary shareholders	1,603,797,675,037	367,648,296,393

- (*) Appropriation to bonus and welfare fund was 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	
	31/3/2021	31/3/2020
	Number of shares	Number of shares
Issued ordinary shares at the beginning of the period	444,298,113	423,223,589
Effect of repurchase of treasury shares	-	(4,031)
Effect of bonus shares issued after the period-end	-	21,155,724
Weighted average number of ordinary shares for the period	444,298,113	444,375,282

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	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Basic earnings per share	3,610	827

41. 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	
	31/3/2021	31/3/2020
	VND	VND
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group		
Sales of goods	1,792,202,001,459	1,540,534,771,474
Purchases of goods	26,548,182	-
Income from leasing of assets	1,743,176,172	1,435,936,905
Other income	79,947,280	169,168,755
Sales of fixed assets	209,025,000	-
Purchases of tools and instruments	-	4,281,261,820
Sales discounts	21,586,238,060	1,859,005,500
Sales returns	4,397,761,645	3,062,017,304
Sales allowances	-	154,727,273
Transportation expenses	34,900,781,902	29,610,047,054
Operating lease expenses	5,817,436,362	314,053,742
Hoa Sen Nghe An Investment Company Limited		
Transportation expenses	24,525,883,902	18,055,517,478
Income from leasing of assets	108,000,000	108,000,000
<i>Other related parties</i>		
Board of Management		
Salary and bonus	22,794,668,814	6,549,158,313
Board of Directors and Board of Supervisors		
Remuneration	22,270,000,000	1,170,000,000

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42. Non-cash investing activities

	Six-month period ended	
	31/3/2021	31/3/2020
	VND	VND
Acquisition of fixed assets and constructions in progress not yet paid	32,194,223,576	68,698,351,911

43. Comparative information

The comparative information was derived from the Group’s consolidated financial statement as at and for the year ended 30 September 2020 and from the Group’s consolidated financial statements as at and for the six-month period ended 31 March 2020.

17 May 2021

Prepared by



Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director



