



Hoa Sen Group and its subsidiaries

**Consolidated Interim Financial Statements
for the six-month period ended
31 March 2022**



Hoa Sen Group Corporate Information

Business Registration Certificate 3700381324

8 August 2001

The Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 3700381324 dated 16 May 2022. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Binh Duong Province.

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

Board of Management	Mr. Tran Quoc Tri	General Director
	Mr. Vu Van Thanh	Deputy General Director
	Mr. Hoang Duc Huy	Deputy General Director
	Mr. Ho Thanh Hieu	Deputy General Director
	Mr. Tran Quoc Pham	Deputy General Director
	Mr. Nguyen Ngoc Huy	Deputy General Director
	Mr. Tran Thanh Nam	Deputy General Director
	Mr. Nguyen Tan Hoa	Deputy General Director
	Mr. Nguyen Minh Phuc	Acting Deputy General Director (from 21 February 2022)

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

Registered Office No. 9, Thong Nhat Boulevard,
Song Than II Industrial Park,
Di An Ward, Di An 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 2022.

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 interim financial reporting. In the opinion of the Board of Management:

- (a) the consolidated interim financial statements set out on pages 5 to 57 give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated results of operations and its 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; 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, 25 May 2022



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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 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 2022, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 25 May 2022, as set out on pages 5 to 57.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 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 present fairly, in all material respects, the consolidated financial position of Hoa Sen Group and its subsidiaries as at 31 March 2022, 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.: 22-01-00195-22-2



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

Tran Thi Le Hang
Practicing Auditor Registration
Certificate No. 3782-2022-007-1

Ho Chi Minh City, 25 May 2022



Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 31 March 2022

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

	Code	Note	31/3/2022 VND	1/10/2021 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		14,594,182,156,203	18,655,160,349,585
Cash and cash equivalents	110	6	354,992,967,431	492,796,782,190
Cash	111		332,003,030,923	461,926,662,510
Cash equivalents	112		22,989,936,508	30,870,119,680
Short-term financial investments	120		8,677,933,321	28,003,792,159
Held-to-maturity investments	123	7(a)	8,677,933,321	28,003,792,159
Accounts receivable – short-term	130		1,922,198,969,371	4,534,902,423,539
Accounts receivable from customers	131	8(a)	1,505,848,165,950	4,323,663,158,680
Prepayments to suppliers	132	9	276,216,306,170	68,897,236,027
Other short-term receivables	136	10(a)	155,368,373,185	159,191,323,984
Allowance for doubtful debts	137	8(c)	(15,233,875,934)	(16,849,295,152)
Inventories	140	11	11,627,044,084,383	12,349,095,948,022
Inventories	141		11,785,841,147,838	12,555,990,962,429
Allowance for inventories	149		(158,797,063,455)	(206,895,014,407)
Other current assets	150		681,268,201,697	1,250,361,403,675
Short-term prepaid expenses	151	15(a)	152,200,449,004	136,435,025,777
Deductible value added tax	152		528,338,057,194	1,108,616,194,136
Taxes receivable from State Treasury	153		729,695,499	5,310,183,762

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 2022 (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	31/3/2022 VND	1/10/2021 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		7,618,540,046,006	7,962,869,653,354
Accounts receivable – long-term	210		176,754,337,400	179,887,837,400
Other long-term receivables	216	10(b)	176,754,337,400	179,887,837,400
Fixed assets	220		6,215,414,612,107	6,662,061,653,393
Tangible fixed assets	221	12	6,003,411,286,958	6,442,809,695,940
Cost	222		13,796,305,771,804	13,671,862,519,864
Accumulated depreciation	223		(7,792,894,484,846)	(7,229,052,823,924)
Intangible fixed assets	227	13	212,003,325,149	219,251,957,453
Cost	228		294,517,358,918	294,517,358,918
Accumulated amortisation	229		(82,514,033,769)	(75,265,401,465)
Long-term work in progress	240		739,385,289,750	660,329,384,725
Construction in progress	242	14	739,385,289,750	660,329,384,725
Long-term financial investments	250		17,000,000,000	17,000,000,000
Held-to-maturity investments	255	7(a)	17,000,000,000	17,000,000,000
Other long-term assets	260		469,985,806,749	443,590,777,836
Long-term prepaid expenses	261	15(b)	281,076,743,353	263,776,212,655
Deferred tax assets	262	16	188,909,063,396	179,814,565,181
TOTAL ASSETS (270 = 100 + 200)	270		22,212,722,202,209	26,618,030,002,939

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 2022 (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	31/3/2022 VND	1/10/2021 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		10,707,602,410,239	15,786,236,174,085
Current liabilities	310		10,342,722,197,919	14,372,246,601,418
Accounts payable to suppliers	311	17	2,297,717,962,174	4,293,881,185,244
Advances from customers	312		418,671,210,885	268,020,163,980
Taxes payable to State Treasury	313	18	175,017,756,516	346,182,368,564
Payables to employees	314		79,562,789,489	79,744,676,730
Accrued expenses	315	19	373,296,612,013	298,559,691,259
Other payables – short-term	319	20	43,207,161,984	3,574,141,589,235
Short-term borrowings	320	21(a)	6,721,489,365,366	5,436,688,415,777
Bonus and welfare fund	322	22	233,759,339,492	75,028,510,629
Long-term liabilities	330		364,880,212,320	1,413,989,572,667
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings	338	21(b)	349,461,944,323	1,399,362,118,340
Provisions – long-term	342	23	14,708,767,997	13,917,954,327
EQUITY (400 = 410)	400		11,505,119,791,970	10,831,793,828,854
Owners' equity	410	24	11,505,119,791,970	10,831,793,828,854
Share capital	411	25	4,934,818,960,000	4,934,818,960,000
- Ordinary shares with voting rights	411a		4,934,818,960,000	4,934,818,960,000
Share premium	412		157,292,539,068	157,292,539,068
Other equity funds	420		236,507,664,127	90,695,201,265
Retained profits	421		6,160,591,350,474	5,633,071,186,571
- Retained profits brought forward	421a		5,287,565,210,436	1,383,841,163,863
- Retained profits for the current period/year	421b		873,026,140,038	4,249,230,022,708
Non-controlling interest	429		15,909,278,301	15,915,941,950
TOTAL RESOURCES (440 = 300 + 400)	440		22,212,722,202,209	26,618,030,002,939

25 May 2022

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 2022

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	
			31/3/2022	31/3/2021
			VND	VND
Revenue from sales of goods and provision of services	01	27	29,703,689,255,011	20,028,958,844,684
Revenue deductions	02	27	109,407,030,612	83,378,875,717
Net revenue (10 = 01 - 02)	10	27	29,594,282,224,399	19,945,579,968,967
Cost of sales	11	28	26,041,753,716,713	16,492,762,697,265
Gross profit (20 = 10 - 11)	20		3,552,528,507,686	3,452,817,271,702
Financial income	21	29	125,277,845,765	78,929,936,475
Financial expenses	22	30	190,915,130,323	239,797,898,145
<i>In which: Interest expense</i>	23		127,478,392,030	168,923,926,578
Selling expenses	25	31	2,153,804,057,868	1,242,991,877,075
General and administration expenses	26	32	303,086,766,250	174,686,778,903
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,030,000,399,010	1,874,270,654,054
Other income	31		16,284,870,476	10,631,326,599
Other expenses	32		2,453,998,117	3,593,386,989
Results of other activities (40 = 31 - 32)	40		13,830,872,359	7,037,939,610
Accounting profit before tax (50 = 30 + 40)	50		1,043,831,271,369	1,881,308,593,664
Income tax expense – current	51	34	179,906,293,195	240,658,065,865
Income tax benefit – deferred	52	34	(9,094,498,215)	(29,959,794,198)
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		873,019,476,389	1,670,610,321,997

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 2022****(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	
			31/3/2022 VND	31/3/2021 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward)	60		873,019,476,389	1,670,610,321,997
In which:				
Equity holders of the Company	61		873,026,140,038	1,670,622,578,164
Non-controlling interest	62		(6,663,649)	(12,256,167)
Earnings per share				
Basic earnings per share	70	35	1,698	3,610

25 May 2022

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 2022
(Indirect method)

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

		Six-month period ended	
		31/3/2022	31/3/2021
	Code Note	VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	1,043,831,271,369	1,881,308,593,664
Adjustments for			
Depreciation and amortisation	02	581,033,394,433	598,025,508,111
Allowances and provisions	03	(47,416,792,737)	24,044,986,557
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	2,270,065,379	(3,866,669,833)
Profits from investing activities	05	(8,217,773,187)	(1,325,911,873)
Interest expense	06	127,478,392,030	168,923,926,578
Operating profit before changes in working capital	08	1,698,978,557,287	2,667,110,433,204
Change in receivables and other assets	09	3,222,328,662,197	(1,051,503,735,717)
Change in inventories	10	770,149,814,591	(3,562,501,174,117)
Change in payables and other liabilities	11	(5,399,725,273,359)	4,064,251,318,957
Change in prepaid expenses	12	(16,031,090,611)	39,232,610,051
		275,700,670,105	2,156,589,452,378
Interest paid	14	(133,244,384,672)	(168,057,989,433)
Income tax paid	15	(302,615,781,690)	(216,920,588,286)
Other payments for operating activities	17	(40,962,684,410)	(49,298,354,762)
Net cash flows from operating activities	20	(201,122,180,667)	1,722,312,519,897

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 2022
(Indirect method – continued)

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

	Code	Note	Six-month period ended 31/3/2022 VND	31/3/2021 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(201,348,979,290)	(160,211,949,114)
Proceeds from disposals of fixed assets	22		3,819,595,312	2,053,796,057
Payments for term deposits	23		-	(7,985,738,000)
Payments for granting loans	23		-	(14,446,000,000)
Collections on term deposits	24		19,325,858,838	5,000,000,000
Receipts of interest from term deposits and other financial investments	27		7,289,952,791	2,438,700,062
Net cash flows from investing activities	30		(170,913,572,349)	(173,151,190,995)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contributions in a subsidiary by non-controlling shareholders	32		-	14,446,000,000
Proceeds from borrowings	33		20,593,411,934,649	15,845,477,555,616
Payments to settle loan principals	34		(20,385,786,344,056)	(17,228,879,370,313)
Payments to settle finance lease liabilities	35		-	(60,381,309,809)
Payments of dividends	36		(6,128,500)	(170,543,600)
Net cash flows from financing activities	40		207,619,462,093	(1,429,507,668,106)
Net cash flows during the period (50 = 20 + 30 + 40)	50		(164,416,290,923)	119,653,660,796
Cash and cash equivalents at the beginning of the period	60		492,796,782,190	574,767,066,704
Effect of exchange rate fluctuations on cash and cash equivalents	61		26,612,476,164	20,440,447,502
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	6	354,992,967,431	714,861,175,002

25 May 2022

Prepared by:


 Nguyen Thi Thanh Tuyen
 Accountant


 Nguyen Thi Ngoc Lan
 Chief Accountant

Approved by:


 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 2022

Form B 09a – DN/HN

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

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

1. Reporting entity

(a) Ownership structure

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

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

The consolidated interim financial statements for the six-month period ended 31 March 2022 comprise the Company and its subsidiaries (collectively referred to as “the Group”).

(b) Principal activities

The principal activities of the Group are manufacturing roofing sheets by galvanised steel, zinc alloy, paint galvanised zinc plating and plating of other alloys; producing steel purlins, galvanised purlins; manufacturing black steel pipes, galvanised steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; providing warehousing and transportation services; providing industrial and civil construction services; 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 2022, the Group has 9 subsidiaries and 1 associate (1/10/2021: 9 subsidiaries and 1 associate), details as follows:



Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Name	Principal activities	Percentage of ownership/ voting rights		
		31/3/2022	1/10/2021	
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 products for building materials and consumer goods.	100%	100%	
▪ Hoa Sen Ha Nam One Member Limited Liability Company	Manufacturing and trading plastic building materials and steel pipe products.	100%	100%	
▪ Hoa Sen Plastics Joint Stock Company (formerly known as Hoa Sen Building Materials Company Limited)	Manufacturing and trading plastic building materials and steel pipe products.	100%	100%	
▪ Hoa Sen Binh Dinh Sole Member Limited Company	Manufacturing and trading 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 steel pipe products.	100%	100%	
Associate				
▪ Hoa Sen International Port Joint Stock Company	Providing supporting services related to transportation.	49%	49%	

As at 31 March 2022, the Group had 7,922 employees (1/10/2021: 7,584 employees).

Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)

Form B 09a – DN/HN

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

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. 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 statement presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The interim 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 2022 (continued)

Form B 09a – DN/HN

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

(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. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the consolidated interim financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) *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.

(v) *Transactions eliminated on consolidation*

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

Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)

Form B 09a – DN/HN

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

(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.

(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 has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and bonds. These investments are stated at cost less allowance for doubtful debts.

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.



Hoa Sen Group and its subsidiaries

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(g) Tangible fixed assets

(i) Cost

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

(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 are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price 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 the 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 over periods ranging from 3 to 6 years.

Hoa Sen Group and its subsidiaries

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(i) Construction in progress

Construction in progress represents the cost of tangible and intangible fixed assets 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 costs

Land clearance costs are amortised on a straight-line basis over the term of the land lease which is 49 years and 8 months.

(iii) Rental expenses

Prepaid rental expenses comprise prepayments for warehouse rental during the Company's production and business operations and are initially recognised at cost. These prepayments are amortised on a straight-line basis over the lease terms 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 represent costs to repair and replace machinery, equipment and other fixed assets which do not meet the recognition requirements of fixed asset. Maintenance expenses are initially recognised at cost and 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 equity accounted investees, 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 Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

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

(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 under owners' equity. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from 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 periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose 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 sales 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.

Hoa Sen Group and its subsidiaries

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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) 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.

(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 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) by the weighted average number of ordinary shares outstanding during the period.

The Group has 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 segment.

Hoa Sen Group and its subsidiaries

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(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 is included as an integral part of the current period financial statements and is 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 and cash flows for the prior period.

4. Seasonality of operations

The Group operates mainly in the field of manufacturing and trading galvanized steel roofing sheets, aluminum-zinc alloys, galvanized coatings, construction materials and related products. The Board of Directors assesses that this field of activity is not usually significantly affected by seasonality.

5. Segment reporting

(a) Business segments

The Group's principal business activities are buying and selling galvanized steel roofing sheets, aluminum-zinc alloys, galvanized coatings and construction materials. Other activities are asset leasing and service provision. During the period, other activities accounted for an insignificant proportion of the consolidated revenue and consolidated results of operations of the Group, accordingly, the financial information presented in the consolidated balance sheets as at 31 March 2022 and 1 October 2021 and all revenue, expenses presented in the consolidated statements of income for the six-month periods ended 31 March 2022 and 31 March 2021 were mainly related to the Group's principal business activities.

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(b) Geographical segments**

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

	Geographical segments		
	Domestic VND	Export VND	Total VND
Six-month period ended 31 March 2022			
Net revenue	13,449,591,349,443	16,144,690,874,956	29,594,282,224,399
Cost of sales	(11,804,746,662,992)	(14,237,007,053,721)	(26,041,753,716,713)
	1,644,844,686,451	1,907,683,821,235	3,552,528,507,686
Six-month period ended 31 March 2021			
Net 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)
	2,646,479,244,549	806,338,027,153	3,452,817,271,702

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	31/3/2022	1/10/2021
	VND	VND
Cash on hand	13,684,751,980	14,457,442,293
Cash in banks	317,869,630,330	447,299,736,438
Cash in transit	448,648,613	169,483,779
Cash equivalents (*)	22,989,936,508	30,870,119,680
	<hr/>	<hr/>
	354,992,967,431	492,796,782,190

- (*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates and earned annual interest at rates ranging from 2.9% to 3.5% (1/10/2021: from 3.0% to 4.0%).

As at 31 March 2022, term deposits with carrying amounts of VND22,990 million (1/10/2021: VND30,870 million) were secured over a guarantee contract issued by Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch.

7. 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 their transaction dates and less than 12 months from the end of the accounting period. These term deposits were denominated in VND and earned annual interest at rates ranging from 4% to 4.9% (1/10/2021: from 3.7% to 4.9%).

As at 31 March 2022, term deposits of VND3,132 million and VND546 million respectively (1/10/2021: VND4,472 million) were secured over guarantee contracts issued by Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch and Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch.

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(ii) Held-to-maturity investments – long-term**

	31/3/2022 VND	1/10/2021 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 Agribank Securities Corporation (**)	1,000,000,000	1,000,000,000
	<hr/>	<hr/>
	17,000,000,000	17,000,000,000

(*) These bonds have 10 year tenor, are denominated in VND and earn interest at the average interest rate of 12 months Vietnam Dong individual saving deposits of 4 banks (Agribank, Vietcombank, Vietinbank and BIDV) plus an annual margin of 1.2% per annum.

(**) These bonds have 7 year tenor, are denominated in VND and earn interest at the average interest rate of 12 months Vietnam Dong individual saving deposits of 4 banks (Agribank, Vietcombank, Vietinbank and BIDV) plus an annual margin of 1.2% per annum.

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(b) Long-term investments

	31/3/2022			1/10/2021				
	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND
Investment in an associate								
▪ Hoa Sen International Port Joint Stock Company (*)	49%	-	-	-	49%	-	-	-
		-	-	-		-	-	-

(*) Hoa Sen International Port Joint Stock Company, of which the Group owned 49% ownership interest, was incorporated under Enterprise Registration Certificate No. 3502399898 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 5 July 2019. As at 31 March 2022, the Group has not yet contributed capital to Hoa Sen International Port Joint Stock Company.

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	31/3/2022	1/10/2021
	VND	VND
Hoa Sen Holdings Group	283,642,660,860	-
Duferco Sa	48,624,291,072	579,108,806,311
Posco International Corporation	-	439,530,448,796
Hanwa Co., Ltd – Nagoya Branch	-	641,244,798,681
Others	1,173,581,214,018	2,663,779,104,892
	<hr/>	<hr/>
	1,505,848,165,950	4,323,663,158,680
	<hr/>	<hr/>

(b) Accounts receivable from customers who are related parties

	31/3/2022	1/10/2021
	VND	VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	283,642,660,860	-
Hoa Sen Nghe An Investment Company Limited	84,700,000	51,333,808
	<hr/>	<hr/>

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

Hoa Sen Group and its subsidiaries

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(c) Bad and doubtful debts

	Overdue days	31/3/2022			Overdue days	1/10/2021		
		Cost VND	Allowance VND	Recoverable amount VND		Cost VND	Allowance VND	Recoverable amount VND
<i>Overdue debts</i>								
Me Kong Consultant	From 3 – 4 years	1,648,743,436	(1,648,743,436)	-	From 3 – 4 years	1,648,743,436	(1,648,743,436)	-
Trading Construction	More than 5 years	1,545,000,625	(1,545,000,625)	-	More than 5 years	1,545,000,625	(1,545,000,625)	-
Joint Stock Company	From 2 – 3 years	1,243,508,106	(1,243,508,106)	-	From 2 – 3 years	1,243,508,106	(1,243,508,106)	-
Hai Thuy Limited	More than 5 years	1,023,359,294	(1,023,359,294)	-	More than 5 years	1,023,359,294	(1,023,359,294)	-
Liability Company	From 2 to more than 5 years	9,773,264,473	(9,773,264,473)	-	From 2 to more than 5 years	11,388,683,691	(11,388,683,691)	-
Hiep Loan Construction								
Steel Company Limited								
Hoang Thai Private Enterprise								
Others								
		15,233,875,934	(15,233,875,934)	-		16,849,295,152	(16,849,295,152)	-



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

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Opening balance	16,849,295,152	25,697,687,528
Allowance reversed during the period	(109,655,455)	(157,631,521)
Allowance utilised during the period	(1,505,763,763)	-
Closing balance	15,233,875,934	25,540,056,007

9. Prepayments to suppliers

	31/3/2022	1/10/2021
	VND	VND
VAS Group Nghi Son Joint Stock Company	65,131,090,090	-
VAS Steel Viet My Limited Liability Company	64,805,776,365	-
Other suppliers	146,279,439,715	68,897,236,027
	276,216,306,170	68,897,236,027

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

	31/3/2022	1/10/2021
	VND	VND
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	33,941,834,493	35,631,264,951
Receivables from transfers of land use rights	12,818,775,000	12,818,775,000
Advances for land compensation and clearance	20,000,000,000	20,000,000,000
Short-term deposits and rental deposits	34,620,130,753	38,929,346,750
Other receivables	8,525,407,939	6,349,712,283
	155,368,373,185	159,191,323,984

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	31/3/2022 VND	1/10/2021 VND
<i>Company owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	1,548,000,000	1,470,000,000
<i>Key management personnel</i>		
Mr. Hoang Duc Huy - Deputy General Director	45,462,225,000	45,462,225,000

Other receivables from the related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	31/3/2022 VND	1/10/2021 VND
Rental deposits	175,754,337,400	178,887,837,400
Others	1,000,000,000	1,000,000,000
	176,754,337,400	179,887,837,400

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	31/3/2022		1/10/2021	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	682,997,344,312	-	1,105,140,612,021	-
Raw materials	5,306,191,345,939	(22,357,428,384)	4,603,302,420,591	(29,198,980,627)
Tools and supplies	601,777,917,883	-	554,815,549,339	-
Finished goods	3,315,105,167,514	(122,005,167,795)	4,068,877,356,961	(167,365,717,233)
Merchandise goods	1,879,769,372,190	(14,434,467,276)	2,223,855,023,517	(10,330,316,547)
	11,785,841,147,838	(158,797,063,455)	12,555,990,962,429	(206,895,014,407)

As at 31 March 2022, inventories with carrying amounts of VND5,292,078 million (1/10/2021: VND8,449,472 million) were pledged with banks as security for loans granted to the Group (Note 21).

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

	Six-month period ended	
	31/3/2022 VND	31/3/2021 VND
Opening balance	206,895,014,407	45,033,969,069
Allowance made during the period	4,104,150,729	20,991,418,078
Allowance reversed during the period	(52,202,101,681)	-
Closing balance	158,797,063,455	66,025,387,147

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12. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	2,544,183,265,230	10,533,618,286,279	479,413,547,512	87,597,045,920	27,050,374,923	13,671,862,519,864
Additions	375,444,180	38,205,509,216	2,013,390,000	-	-	40,594,343,396
Transfers from construction in progress	66,291,703,569	25,615,738,035	4,776,343,063	-	-	96,683,784,667
Disposals	-	(9,721,169,925)	(1,490,411,943)	-	-	(11,211,581,868)
Written off	(299,916,575)	(1,323,377,680)	-	-	-	(1,623,294,255)
Closing balance	2,610,550,496,404	10,586,394,985,925	484,712,868,632	87,597,045,920	27,050,374,923	13,796,305,771,804
Accumulated depreciation						
Opening balance	816,565,666,987	6,011,871,404,702	320,794,574,143	57,152,377,505	22,668,800,587	7,229,052,823,924
Charge for the period	62,291,287,697	478,457,225,126	27,370,744,978	5,362,232,113	303,272,215	573,784,762,129
Disposals	-	(6,835,571,430)	(1,490,411,943)	-	-	(8,325,983,373)
Written off	(299,916,575)	(1,317,201,259)	-	-	-	(1,617,117,834)
Closing balance	878,557,038,109	6,482,175,857,139	346,674,907,178	62,514,609,618	22,972,072,802	7,792,894,484,846
Net book value						
Opening balance	1,727,617,598,243	4,521,746,881,577	158,618,973,369	30,444,668,415	4,381,574,336	6,442,809,695,940
Closing balance	1,731,993,458,295	4,104,219,128,786	138,037,961,454	25,082,436,302	4,078,302,121	6,003,411,286,958

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Included in tangible fixed assets were assets costing VND1,870,103 million which were fully depreciated as at 31 March 2022 (1/10/2021: VND1,700,044 million), but are still in use.

As at 31 March 2022, tangible fixed assets with net book value of VND4,509,269 million (1/10/2021: VND5,317,975 million) were pledged with banks as security for loans granted to the Group (Note 21).

13. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance and closing balance	235,025,409,765	59,491,949,153	294,517,358,918
Accumulated amortisation			
Opening balance	44,524,503,020	30,740,898,445	75,265,401,465
Charge for the period	1,722,253,117	5,526,379,187	7,248,632,304
Closing balance	46,246,756,137	36,267,277,632	82,514,033,769
Net book value			
Opening balance	190,500,906,745	28,751,050,708	219,251,957,453
Closing balance	188,778,653,628	23,224,671,521	212,003,325,149

Included in intangible fixed assets were assets costing VND456 million which were fully amortised as at 31 March 2022 (1/10/2021: VND456 million), but are still in use.

As at 31 March 2022, intangible fixed assets with net book value of VND86,888 million (1/10/2021: VND88,587 million) were pledged with banks as securities for loans granted to the Group (Note 21).

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	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Opening balance	660,329,384,725	575,955,787,725
Additions	192,774,553,006	115,028,373,539
Transfers to tangible fixed assets	(96,683,784,667)	(135,765,029,674)
Transfers to short-term prepaid expenses	(515,157,275)	-
Transfers to long-term prepaid expenses	(16,519,706,039)	(2,597,589,214)
Closing balance	739,385,289,750	552,621,542,376

Major constructions in progress were as follows:

	31/3/2022	1/10/2021
	VND	VND
Machinery and equipment waiting for installation	57,615,564,074	35,679,907,327
Construction and upgrading costs of Hoa Sen Home project	216,668,865,183	169,750,990,485
Construction costs of Hoa Sen Yen Bai project	376,421,262,545	368,688,188,434
Site clearance costs of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Site clearance costs of Hoa Sen Phu My project	11,500,000,000	11,500,000,000
Major fixed assets maintenance expenses	5,430,629,437	7,669,310,346
Others	32,954,896,511	28,246,916,133
	739,385,289,750	660,329,384,725

During the period, borrowing costs capitalised into the construction in progress amounted to VND2,615 million (for the six-month period ended 31/3/2021: VND11,620 million).

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	31/3/2022	1/10/2021
	VND	VND
Rental expenses	76,770,182,661	61,118,651,512
Tools and instruments	39,262,216,325	47,490,066,391
Advertising expenses	12,458,130,995	4,977,085,978
Maintenance expenses	7,706,656,893	5,401,342,918
Insurance expenses	1,968,402,194	2,708,146,140
Consultancy expenses	975,919,978	430,991,668
Others	13,058,939,958	14,308,741,170
	152,200,449,004	136,435,025,777

(b) Long-term prepaid expenses

	31/3/2022	1/10/2021
	VND	VND
Tools and instruments	81,840,077,672	82,143,471,550
Site clearance costs	74,084,183,934	74,922,871,392
Rental expenses	54,963,950,523	49,633,658,164
Maintenance expenses	25,714,341,213	19,284,076,785
Advertising panels	22,049,726,080	15,059,349,254
Others	22,424,463,931	22,732,785,510
	281,076,743,353	263,776,212,655

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

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Opening balance	263,776,212,655	272,734,770,282
Additions during the period	54,659,672,203	26,367,125,322
Transfers to tangible fixed assets	-	(173,643,592)
Transfers from construction in progress	16,519,706,039	2,597,589,214
Amortisation during the period	(53,835,928,621)	(65,536,604,736)
Disposals	(42,918,923)	(2,049,635,379)
Closing balance	281,076,743,353	233,939,601,111

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16. Deferred tax assets

	31/3/2022 VND	1/10/2021 VND
<i>Deferred tax assets are recognised for:</i>		
▪ Unrealised profits	88,679,627,350	80,651,828,368
▪ Accrued expenses	84,966,672,892	74,249,427,448
▪ Allowance and provisions	15,262,763,154	24,913,309,365
	<hr/>	<hr/>
	188,909,063,396	179,814,565,181

17. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/3/2022 Cost/Amount within repayment capacity VND	1/10/2021 Cost/Amount within repayment capacity VND
Formosa Ha Tinh Steel Corporation	512,343,866,870	1,779,225,472,530
Kim Quoc Steel Company Limited	401,694,977,394	622,557,774,639
Xiamen ITG Group Corp., Ltd.	-	630,195,444,218
Other suppliers	1,383,679,117,910	1,261,902,493,857
	<hr/>	<hr/>
	2,297,717,962,174	4,293,881,185,244

(b) Accounts payable to suppliers who are related parties

	31/3/2022 Cost/Amount within repayment capacity VND	1/10/2021 Cost/Amount within repayment capacity VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	2,701,728,628	8,280,625,262
Hoa Sen Nghe An Investment Company Limited	11,486,572,506	6,872,127,178
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The trade related amounts due to the related parties were unsecured, interest free and are payable within 45 days from invoice dates.

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18. Taxes payable to State Treasury

	1/10/2021 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/3/2022 VND
Value added tax	172,833,692,038	7,213,199,108,060	(668,038,176,335)	(6,587,772,483,093)	-	130,222,140,670
Import-export tax	165,867,784	1,395,878,911	(1,552,548,116)	-	-	9,198,579
Corporate income tax	171,530,100,652	179,906,293,195	(302,615,781,690)	(5,296,564,045)	-	43,524,048,112
Personal income tax	1,563,187,370	27,355,250,463	(26,444,310,576)	(1,942,350,001)	729,695,499	1,261,472,755
Other taxes	89,520,720	1,870,379,208	(1,959,003,528)	-	-	896,400
	346,182,368,564	7,423,726,909,837	(1,000,609,820,245)	(6,595,011,397,139)	729,695,499	175,017,756,516

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	31/3/2022	1/10/2021
	VND	VND
Salary and bonus	224,560,911,703	211,122,463,563
Transportation expenses	62,651,476,042	43,680,114,673
Travelling expenses	33,176,000,000	-
Promotion expenses	23,437,049,688	-
Construction in progress	9,237,923,827	13,331,759,284
Interest expense	5,062,888,560	10,828,881,202
Tax provision	-	5,543,056,774
Electricity expenses	885,395,858	643,394,816
Others	14,284,966,335	13,410,020,947
	373,296,612,013	298,559,691,259

20. Other payables – short-term

	31/3/2022	1/10/2021
	VND	VND
Import financing payables (*)	-	3,503,256,652,175
Payables for discounted export bills	4,961,601,782	-
Short-term deposits received	18,650,928,711	54,628,952,727
Dividend payables	3,934,061,977	3,940,190,477
Social insurance, health insurance, unemployment insurance and union funds	1,468,585,480	1,270,131,710
Other payables	14,191,984,034	11,045,662,146
	43,207,161,984	3,574,141,589,235

- (*) These amounts represented amounts payable for Usance payable at sight Letters 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 City Branch, Vietnam Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch, Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch, Ho Chi Minh City Development Joint Stock Commercial Bank - Nghe An Branch and Tien Phong Commercial Joint Stock Bank - Ben Thanh Branch with a tenor from 90 to 120 days after sight. If the Group cannot make payment on the due date, they will be automatically converted into bank loans.

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21. Borrowings

(a) Short-term borrowings

	1/10/2021	Movements during the period			31/3/2022
	Carrying amount/ Amount within repayment capacity VND	Increases VND	Decreases VND	Foreign exchange differences VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	4,829,888,415,777	20,593,411,934,649	(19,213,086,170,039)	27,275,184,979	6,237,489,365,366
Current portion of long-term borrowings (b)	606,800,000,000	870,000,000,000	(992,800,000,000)	-	484,000,000,000
	5,436,688,415,777	21,463,411,934,649	(20,205,886,170,039)	27,275,184,979	6,721,489,365,366

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

Lenders	Note	Currency	31/3/2022 VND	1/10/2021 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	956,129,681,487	75,643,458,480
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	1,407,618,753,168	777,548,744,645
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	-	60,000,000,000
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	USD	1,929,983,021,970	1,453,181,080,932
▪ Bank for Investment and Development of Vietnam - Transaction Office Branch 2	(iii)	VND	-	347,681,380,658
▪ HSBC Bank (Vietnam) Ltd.	(iv)	VND	1,217,216,431,051	1,186,536,814,890
▪ Sinopac Bank - Ho Chi Minh City Branch	(v)	VND	-	56,000,000,000
▪ United Overseas Bank (Vietnam) Limited	(vi)	VND	259,784,574,537	34,366,092,843
▪ United Overseas Bank (Vietnam) Limited	(vi)	USD	-	384,498,035,750
▪ United Overseas Bank (Vietnam) Limited	(vii)	VND	29,282,750,320	66,934,425,013
▪ Malayan Banking Berhad - Ho Chi Minh City Branch	(viii)	VND	134,656,820,082	60,626,701,580
▪ Malayan Banking Berhad - Ho Chi Minh City Branch	(viii)	USD	-	73,836,076,658
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(ix)	VND	-	8,440,160,000
▪ Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(x)	VND	-	67,617,983,015
▪ CTBC Bank Co., Ltd - Ho Chi Minh City Branch	(xi)	VND	-	75,695,575,053
▪ CTBC Bank Co., Ltd - Ho Chi Minh City Branch	(xi)	USD	189,536,036,054	101,281,886,260
▪ Kasikornbank Public Bank Limited - Ho Chi Minh City Branch	(xii)	USD	113,281,296,697	-
			6,237,489,365,366	4,829,888,415,777

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

Lenders	Currency	Credit limit	Interest rate 31/3/2022	Interest rate 1/10/2021	Pledged assets
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND USD	VND4,000 billion	3.30% 1.30%	3.50% 1.50% - 2.00%	Land use rights, buildings, structures, machinery and equipment
ii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	VND USD	VND2,397 billion	- 1.20%	3.50% 1.30%	Land use rights, machinery and equipment and inventories, buildings, structures
iii. Bank for Investment and Development of Vietnam - Transaction Office Branch 2	VND	VND1,500 billion	-	3.50% - 3.80%	Machinery and equipment and a part of the construction on land of Hoa Sen Nghe An One Member Limited Liabilities Company, a subsidiary
iv. HSBC Bank (Vietnam) Ltd.	VND	USD60 million	3.0% - 3.2%	3.35%	Inventories, machinery and equipment, land use rights and construction on land and a part of the fixed assets of Hoa Sen Binh Dinh Sole Member Limited Company, a subsidiary
v. Sinopac Bank - Ho Chi Minh City Branch	VND	USD6 million	-	3.30%	Unsecured
vi. United Overseas Bank (Vietnam) Limited	VND USD	USD12 million	3.0% - 3.90% -	3.00% 1.60%	Inventories
vii. United Overseas Bank (Vietnam) Limited	VND	USD3 million	3.10%	3.00%	Inventories

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Lenders	Currency	Credit limit	Interest rate 31/3/2022	Interest rate 1/10/2021	Pledged assets
viii. Malayan Banking Berhad - Ho Chi Minh City Branch	VND USD	USD4,6 million	3.10%	3.20% - 3.30% - 1.40%	Inventories
ix. Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND200 billion	-	3.10% - 4.40%	Fixed assets and inventories
x. Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	VND	VND500 billion	-	3.90%	Unsecured
xi. CTBC Bank Co., Ltd - Ho Chi Minh City Branch	VND USD	USD15 million	- 1.35%	3.60% 1.50%	Unsecured
xii. Kasikornbank Public Bank Limited - Ho Chi Minh City Branch	USD	USD10 million	1.22% - 1.60%	-	Inventories

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	31/3/2022 VND	1/10/2021 VND
Long-term borrowings	833,461,944,323	2,006,162,118,340
Repayable within twelve months	(484,000,000,000)	(606,800,000,000)
Repayable after twelve months	349,461,944,323	1,399,362,118,340

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

Lenders	Note	Currency	Year of maturity	31/3/2022 VND	1/10/2021 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2021 – 2024	719,211,274,881	1,589,211,274,881
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch		VND	2025 – 2026	-	43,143,626,357
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch		VND	2022 – 2023	-	167,056,547,660
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch		VND	2024	114,250,669,442	206,750,669,442
	(ii)			833,461,944,323	2,006,162,118,340

(i) This loan was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest at 7.6% (1/10/2021: 7.6%).

(ii) This loan was secured by buildings and structures, machinery and equipment and bore annual interest at rates ranging from 7.7% to 9.1% (1/10/2021: from 8.2% to 9.2%).

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

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Opening balance	75,028,510,629	43,062,695,661
Appropriation from retained profits (Note 24)	172,540,289,352	46,120,560,692
Utilisation of funds during the period	(13,809,460,489)	(3,625,679,057)
Closing balance	233,759,339,492	85,557,577,296

23. 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	
	31/3/2022	31/3/2021
	VND	VND
Opening balance	13,917,954,327	10,555,313,816
Provision made during the period	790,813,670	3,211,200,000
Closing balance	14,708,767,997	13,766,513,816

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24. 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 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	-	-	-	-	-	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(46,120,560,692)	-	(46,120,560,692)
Appropriation to other equity funds	-	-	-	40,355,490,606	(40,355,490,606)	-	-
Utilisation of equity funds	-	-	-	(45,672,675,705)	-	-	(45,672,675,705)
Appropriation for performance bonus	-	-	-	-	(39,134,000,000)	-	(39,134,000,000)
Capital contributed to subsidiaries	-	-	-	-	-	14,446,000,000	14,446,000,000
Other additions	-	-	-	-	-	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
Net profit for the period	-	-	-	-	2,642,884,655,619	(915,357)	2,642,883,740,262
Share dividends	444,566,830,000	-	-	-	(444,566,830,000)	-	-
Shares issued under employee stock ownership plans	44,000,000,000	-	-	-	-	-	44,000,000,000
Reissuance of treasury shares	-	5,709,355,547	3,271,000,000	-	-	-	8,980,355,547
Appropriation to other equity funds	-	-	-	64,277,211,075	(64,277,211,075)	-	-
Utilisation of other equity funds	-	-	-	(3,800,606,535)	-	-	(3,800,606,535)
Decrease due to dissolution of a subsidiary	-	-	-	-	-	(5,154,695,289)	(5,154,695,289)
Balance at 30 September 2021	4,934,818,960,000	157,292,539,068	-	90,695,201,265	5,633,071,186,571	15,915,941,950	10,831,793,828,854

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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 2021	4,934,818,960,000	157,292,539,068	-	90,695,201,265	5,633,071,186,571	15,915,941,950	10,831,793,828,854
Net profit for the period	-	-	-	-	873,026,140,038	(6,663,649)	873,019,476,389
Appropriation to other equity funds (i)	-	-	-	172,965,686,783	(172,965,686,783)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	(172,540,289,352)	-	(172,540,289,352)
Utilisation of other equity funds	-	-	-	(27,153,223,921)	-	-	(27,153,223,921)
Balance at 31 March 2022	4,934,818,960,000	157,292,539,068	-	236,507,664,127	6,160,591,350,474	15,909,278,301	11,505,119,791,970

- (i) According to the Resolution of the Board of Directors dated 16 November 2021, the Company appropriated VND172,966 million from opening retained profits (for the six-month period ended 31 March 2021: in accordance with the Resolution of the Board of Directors dated 1 October 2020, the Company appropriated VND40,356 million from opening retained profits) to other equity funds to finance remuneration, charity and operating expenses of the Board of Directors.

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The Company's authorised and issued share capital are:

	31/3/2022		1/10/2021	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	493,481,896	4,934,818,960,000	493,481,896	4,934,818,960,000
Shares in circulation				
Ordinary shares	493,481,896	4,934,818,960,000	493,481,896	4,934,818,960,000

All ordinary shares have a par value of VND10,000 each. 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 prior to 1 January 2021, all rights are suspended until those shares are reissued.

There was no movement in share capital during the period.

26. Off balance sheet items**(a) Leases**

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

	31/3/2022 VND	1/10/2021 VND
Within one year	192,311,193,398	183,481,962,474
Within two to five years	712,922,073,784	691,377,536,840
More than five years	717,878,445,292	693,964,700,288
	1,623,111,712,474	1,568,824,199,602

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	31/3/2022		1/10/2021	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	4,738,640	107,514,810,153	10,572,802	239,562,452,177

(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 are mainly used for the Group's business activities:

	31/3/2022 VND	1/10/2021 VND
Approved and contracted	301,972,888,833	135,317,792,924

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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	
	31/3/2022	31/3/2021
	VND	VND
Total revenue		
▪ Sales of finished goods	13,448,371,121,487	10,063,472,719,679
▪ Sales of merchandise goods	16,245,271,933,691	9,957,262,518,747
▪ Others	10,046,199,833	8,223,606,258
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	29,703,689,255,011	20,028,958,844,684
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales discounts	97,634,194,928	73,605,831,524
▪ Sales returns	9,631,108,120	9,011,599,349
▪ Sales allowances	2,141,727,564	761,444,844
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	109,407,030,612	83,378,875,717
	<hr/>	<hr/>
Net revenue	29,594,282,224,399	19,945,579,968,967
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28. Cost of sales

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Total cost of sales:		
▪ Finished goods sold	11,274,934,732,582	7,610,846,090,232
▪ Merchandise goods sold	14,811,545,730,274	8,859,391,170,530
▪ Others	3,371,204,809	1,534,018,425
▪ Allowance (reversed)/made during the period	(48,097,950,952)	20,991,418,078
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	26,041,753,716,713	16,492,762,697,265
	<hr/>	<hr/>

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***29. Financial income**

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Interest income	6,262,452,791	833,700,062
Gains from financial investments	1,027,500,000	1,605,000,000
Realised foreign exchange gains	116,841,018,754	72,362,230,484
Unrealised foreign exchange gains	-	3,866,669,833
Other financial income	1,146,874,220	262,336,096
	125,277,845,765	78,929,936,475

30. Financial expenses

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Interest expense	127,478,392,030	168,923,926,578
Realised foreign exchange losses	61,067,810,008	70,502,771,450
Unrealised foreign exchange losses	2,270,065,379	-
Other financial expenses	98,862,906	371,200,117
	190,915,130,323	239,797,898,145

31. Selling expenses

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Export expenses	1,143,379,538,700	540,621,418,158
Staff costs	458,935,402,422	223,550,181,869
Transportation expenses	180,231,800,792	150,262,283,925
Depreciation and amortisation	81,262,743,928	83,228,588,860
Rental expenses	95,633,717,602	78,913,647,326
Advertising expenses	37,200,799,740	37,504,730,921
Outside services	38,700,081,813	33,698,233,623
Other selling expenses	118,459,972,871	95,212,792,393
	2,153,804,057,868	1,242,991,877,075

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***32. General and administration expenses**

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Staff costs	117,616,722,735	50,856,537,608
Depreciation and amortisation	31,846,862,558	30,808,096,500
Rental expenses	13,410,771,789	13,740,027,291
Guest reception expenses	8,358,955,902	10,004,327,596
Professional services	3,149,887,470	5,133,040,999
Business trip expenses	1,753,260,270	3,279,591,948
Outside services	61,128,278,091	22,703,181,065
Other general and administration expenses	65,822,027,435	38,161,975,896
	303,086,766,250	174,686,778,903

33. Production and business costs by element

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Raw material costs	23,113,227,211,644	16,020,121,761,972
Labour costs and staff costs	731,183,447,731	407,151,669,967
Depreciation and amortisation	581,033,394,433	598,025,508,111
Outside services	1,958,474,047,862	1,352,778,949,075
Other expenses	587,073,886,123	469,909,914,498

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***34. Income tax****(a) Recognised in the consolidated statement of income**

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Current tax expense		
Current period	179,906,293,195	239,173,259,749
Under provisions in prior years	-	1,484,806,116
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	179,906,293,195	240,658,065,865
	<hr/>	<hr/>
Deferred tax benefit		
Reversal of temporary differences	(9,094,498,215)	(29,959,794,198)
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	170,811,794,980	210,698,271,667
	<hr/>	<hr/>

(b) Reconciliation of effective tax rate

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Accounting profit before tax	1,043,831,271,369	1,881,308,593,664
	<hr/>	<hr/>
Tax at the Company's tax rate	208,766,254,275	376,261,718,733
Effect of different tax rates in subsidiaries	(26,432,410,093)	(62,394,468,143)
Non-deductible expenses	9,942,729,928	5,969,748,992
Tax incentives	(21,573,520,109)	(50,256,487,117)
Unrecognised deferred tax assets	108,740,979	49,024,668
Tax losses utilised	-	(5,905,889,699)
Under provisions in prior years	-	1,484,806,116
Utilisation of prior year's unrecognised deferred tax assets	-	(54,510,181,883)
	<hr/>	<hr/>
Corporate income tax	170,811,794,980	210,698,271,667
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Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)

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(c) Applicable tax rates

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

- Hoa Sen Binh Dinh Sole Member Limited Company has an obligation to pay the government income tax at 20% of taxable profits. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2014 – 2015) and entitled to a 50% reduction in income tax for the 4 succeeding years (2016 – 2019).
- Hoa Sen Nghe An One Member Limited Liabilities Company has an obligation to pay the government income tax at 10% of taxable profits for 15 years starting from the first year it generates revenue and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 4 years starting from the first year it generates a taxable profit (2016 – 2019) and entitled to a 50% reduction in income tax for the 9 succeeding years (2020 – 2028).
- Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company has an obligation to pay the government income tax at 10% of taxable profits for 15 years starting from the first year it generates revenue and the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 4 years starting from the first year it generates a taxable profit (2019 – 2022) and entitled to a 50% reduction in income tax for the 9 succeeding years (2023 – 2031).
- Hoa Sen Ha Nam One Member Limited Liability Company has an obligation to pay the government income tax at 17% of taxable profits for the first 10 years starting 2016 and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2019 – 2020) and entitled to a 50% reduction in income tax for the 4 succeeding years (2021 – 2024).
- Hoa Sen Phu My One Member Limited Liabilities Company has an obligation to pay the government income tax at 17% of taxable profits for the first 10 years starting from the first year it generates revenue and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2020 – 2021) and entitled to a 50% reduction in income tax for the 4 succeeding years (2022 – 2025).
- Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company has an obligation to pay the government income tax at 17% of taxable profits for the first 10 years starting from the first year it generates revenue and at the usual income tax rate for the succeeding years. This subsidiary is exempted from income tax for 2 years starting from the first year it generates a taxable profit (2020 – 2021) and entitled to a 50% reduction in income tax for the 4 succeeding years (2022 – 2025).
- Other subsidiaries have obligations to pay the government income tax at 20% of taxable profits.

The usual income tax rate applicable to enterprises excluding any incentives is 20%.

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***35. Basic earnings per share**

The calculation of basic earnings per share for the six-month periods ended 31 March 2022 and 31 March 2021 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds for the accounting periods and a weighted average number of outstanding ordinary shares, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Net profit for the period	873,026,140,038	1,670,622,578,164
Appropriation to bonus and welfare funds (*)	(34,921,045,602)	(66,824,903,127)
Net profit attributable to ordinary shareholders	838,105,094,436	1,603,797,675,037

- (*) Appropriation to bonus and welfare funds was estimated at 4% of the Group's profit after tax. This appropriation rate is consistent with the actual rate approved by the shareholders in the previous years.

(ii) Weighted average number of ordinary shares

There was no movement in the number of ordinary shares for the six-month periods ended 31 March 2022 and 31 March 2021.

	Six-month period ended	
	31/3/2022	31/3/2021
	Number of shares	Number of shares
Weighted average number of ordinary shares	493,481,896	444,298,113

(iii) Basic earnings per share

	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Basic earnings per share	1,698	3,610

Hoa Sen Group and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***36. 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	
	31/3/2022	31/3/2021
	VND	VND
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group		
Sales of merchandise and finished goods	2,565,540,298,792	1,792,202,001,459
Purchases of merchandise and finished goods	210,468,400	26,548,182
Assets leasing	1,743,176,172	1,743,176,172
Other sales	174,857,968	79,947,280
Sales of fixed assets	278,700,000	209,025,000
Sales discounts	22,686,404,183	21,586,238,060
Sale returns	2,879,278,206	4,397,761,645
Purchases of transportation services	35,251,159,727	34,900,781,902
Operating leases	6,608,763,636	5,817,436,362
Hoa Sen Nghe An Investment One Member Co., Ltd.		
Purchases of transportation services	31,102,809,848	24,525,883,902
Assets leasing	115,500,000	108,000,000
Members of Board of Management		
<i>Remuneration</i>		
Mr. Le Phuoc Vu – Chairman	252,000,000	252,000,000
Mr. Tran Ngoc Chu – Vice chairman	564,000,000	564,000,000
Mr. Tran Quoc Tri – Member	294,000,000	294,000,000
Mr. Ly Van Xuan – Member	150,000,000	140,000,000
Mr. Nguyen Van Luan – Member	180,000,000	160,000,000
Mr. Dinh Viet Duy – Member	150,000,000	140,000,000
General Director		
Salary, bonuses and other allowances	1,400,795,124	7,232,740,700
Other members of the Board of Management and Board of Directors		
Salary, bonuses and other allowances	8,504,081,728	33,605,528,114

Hoa Sen Group and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 31 March 2022 (continued)

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37. Non-cash investing activities

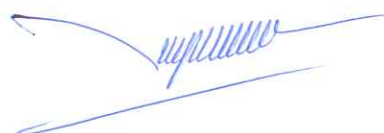
	Six-month period ended	
	31/3/2022	31/3/2021
	VND	VND
Purchases of fixed assets and costs of construction in progress incurred but not yet paid	53,458,175,161	32,194,223,576
Prepayments for purchases of fixed assets	21,438,258,049	-

38. Comparative information

Comparative information has been carried over from the amounts presented in the Group's consolidated financial statements for the year ended 30 September 2021 and the Group's consolidated interim financial statements for the six-month period ended 31 March 2021.

25 May 2022

Prepared by:



Nguyen Thi Thanh Tuyen
Accountant

Approved by:



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director