

**HOA SEN GROUP**

**SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**



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FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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## HOA SEN GROUP

### CORPORATE INFORMATION

#### Business Registration Certificate No.

3700381324 dated 21 June 2012  
First issued on 8 August 2001

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 21 June 2012. The Business Registration Certificate was 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 Pham Gia Tuan	Member
Mr Ly Duy Hoang	Member
Mr Jean Eric Jacquemin	Member (Appointed on 6 March 2013)
Mr Le Phung Hao	Member (Resigned on 6 March 2013)

#### Board of Management

Mr Tran Ngoc Chu	General Director
Mr Hoang Duc Huy	Deputy General Director
Mr Tran Quoc Tri	Deputy General Director
Mr Vu Van Thanh	Deputy General Director
Mr Nguyen Minh Khoa	Deputy General Director (Appointed on 21 January 2013)
Mr Ho Thanh Hieu	Deputy General Director (Appointed on 21 January 2013)
Mr Nguyen Van Quy	Deputy General Director (Appointed on 20 March 2013)

#### Legal representative

Mr Le Phuoc Vu	Chairman
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#### Registered office

No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park,  
Di An Ward, Di An Town, Binh Duong Province, Vietnam

#### Auditor

PricewaterhouseCoopers (Vietnam) Limited

## HOA SEN GROUP

### STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The legal representative of Hoa Sen Group ("the Company") authorized the General Director to be responsible for the separate financial statements which give a true and fair view of the financial position of the Company as at 30 September 2013 and the results of its operations and cash flows for the year then ended. In preparing these separate financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 45 which give a true and fair view of the financial position of the Company as at 30 September 2013 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in the Socialist Republic of Vietnam ("SR Vietnam").

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") as at and for the year ended 30 September 2013 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.



Tran Ngoc Chu  
General Director

Binh Duong Province, SR Vietnam  
3 December 2013



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOA SEN GROUP**

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company") which were approved by the General Director on 3 December 2013. The separate financial statements comprise the balance sheet as at 30 September 2013, the income statement and cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 45.

### **The General Director's Responsibility for the Separate Financial Statements**

The General Director of the Company is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, as well as evaluating the overall presentation of the separate financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at as at 30 September 2013, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



  
Quach Thanh Chau  
Audit Practising Licence No.  
0875-2013-006-1  
Deputy General Director  
Authorised signatory



Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2013-006-1

PricewaterhouseCoopers (Vietnam) Limited  
Ho Chi Minh City, SR Vietnam  
Audit report number HCM3844  
3 December 2013

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

## BALANCE SHEET

Code	ASSETS	Note	As at 30 September	
			2013 VND	2012 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>4,288,691,574,352</b>	<b>2,687,785,701,677</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>163,502,687,316</b>	<b>62,322,761,267</b>
111	Cash		163,502,687,316	62,322,761,267
<b>120</b>	<b>Short-term investments</b>		-	<b>3,975,059,008</b>
121	Short-term investments		-	3,975,059,008
<b>130</b>	<b>Accounts receivable</b>		<b>1,763,640,430,336</b>	<b>1,060,986,322,198</b>
131	Trade accounts receivable	4	1,461,495,129,149	851,514,345,464
132	Prepayments to suppliers	5	173,493,643,718	132,204,331,550
135	Other receivables	6	130,299,478,043	84,214,681,047
139	Provision for doubtful debts		(1,647,820,574)	(6,947,035,863)
<b>140</b>	<b>Inventories</b>	7	<b>2,125,679,208,524</b>	<b>1,346,471,979,331</b>
141	Inventories		2,126,570,098,340	1,348,257,580,603
149	Provision for decline in value of inventories		(890,889,816)	(1,785,601,272)
<b>150</b>	<b>Other current assets</b>		<b>235,869,248,176</b>	<b>214,029,579,873</b>
151	Short-term prepayments	8	59,400,280,788	24,941,573,704
152	Value Added Tax to be reclaimed		156,371,440,445	181,182,026,226
154	Other taxes receivable		-	836,185,561
158	Other current assets	9	20,097,526,943	7,069,794,382
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>2,825,726,447,003</b>	<b>2,618,397,191,638</b>
<b>220</b>	<b>Fixed assets</b>		<b>2,270,885,344,911</b>	<b>2,049,080,566,012</b>
221	Tangible fixed assets	10(a)	1,799,842,639,303	1,734,733,389,181
222	Cost		2,539,216,612,080	2,268,486,591,891
223	Accumulated depreciation		(739,373,972,777)	(533,753,202,710)
224	Finance lease assets	10(b)	70,296,414,036	78,249,367,215
225	Cost		84,032,961,457	84,032,961,457
226	Accumulated depreciation		(13,736,547,421)	(5,783,594,242)
227	Intangible fixed assets	10(c)	205,946,044,163	210,778,072,533
228	Cost		218,814,965,473	220,918,698,551
229	Accumulated amortisation		(12,868,921,310)	(10,140,626,018)
230	Construction in progress	10(d)	194,800,247,409	25,319,737,083
<b>250</b>	<b>Long-term investments</b>	11	<b>505,732,331,634</b>	<b>505,732,331,634</b>
251	Investments in subsidiaries		446,276,000,000	446,276,000,000
	Investments in associates and joint ventures		44,456,331,634	44,456,331,634
252			44,456,331,634	44,456,331,634
258	Other long-term investments		15,000,000,000	15,000,000,000
<b>260</b>	<b>Other long-term assets</b>		<b>49,108,770,458</b>	<b>63,584,293,992</b>
261	Long-term prepayments	12	38,647,763,126	56,290,140,917
262	Deferred income tax assets	13	8,448,457,431	5,281,603,174
268	Other long-term assets		2,012,549,901	2,012,549,901
<b>270</b>	<b>TOTAL ASSETS</b>		<b>7,114,418,021,355</b>	<b>5,306,182,893,315</b>

The notes on pages 9 to 45 are an integral part of these financial statements.

BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at 30 September	
			2013 VND	2012 VND
<b>300</b>	<b>LIABILITIES</b>		<b>4,846,313,039,006</b>	<b>3,255,130,650,996</b>
<b>310</b>	<b>Current liabilities</b>		<b>4,275,999,268,615</b>	<b>2,649,950,276,006</b>
311	Short-term borrowings	14(a)	2,813,966,562,869	2,031,073,752,460
312	Trade accounts payable	15	1,291,606,258,507	470,105,482,411
313	Advances from customers		68,781,306,096	9,153,814,784
314	Taxes and other payables to the State Budget	16	37,829,589,409	71,348,792,426
315	Payable to employees		29,728,804,427	20,893,335,354
316	Accrued expenses	17	19,435,294,206	23,697,643,116
319	Other payables	18	10,187,671,586	18,452,204,256
323	Bonus and welfare fund	19	4,463,781,515	5,225,251,199
<b>330</b>	<b>Long-term liabilities</b>		<b>570,313,770,391</b>	<b>605,180,374,990</b>
334	Long-term borrowings	14(b)	566,147,231,641	601,196,647,490
336	Provision for severance allowances		4,166,538,750	3,983,727,500
<b>400</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>2,268,104,982,349</b>	<b>2,051,052,242,319</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,268,104,982,349</b>	<b>2,051,052,242,319</b>
411	Share capital	20, 21	1,007,907,900,000	1,007,907,900,000
412	Share premium	21	451,543,290,363	451,543,290,363
414	Treasury shares	21	(81,035,546,498)	(56,716,723,982)
418	Financial reserve funds	21	8,525,313,060	8,525,313,060
419	Other funds	21	2,007,734,351	2,148,326,909
420	Undistributed earnings	21	879,156,291,073	637,644,135,969
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>7,114,418,021,355</b>	<b>5,306,182,893,315</b>


## OFF BALANCE SHEET ITEMS

Cash and cash equivalents are balances held in foreign currencies as follows:

	As at 30 September	
	2013	2012
US\$	3,912,296.44	134,081.53
EUR	223.83	221.58
AUD	84.78	84.78

  
 \_\_\_\_\_  
 Nguyen Thi Ngoc Lan  
 Chief Accountant



  
 \_\_\_\_\_  
 Tran Ngoc Chu  
 General Director  
 3 December 2013

The notes on pages 9 to 45 are an integral part of these financial statements.



## INCOME STATEMENT

Code	Note	Year ended 30 September	
		2013 VND	2012 VND
01	Sales	21,088,540,751,496	12,619,830,306,445
02	Less deductions	(9,701,879,066)	(14,325,992,176)
10	Net sales	22(a) 21,078,838,872,430	12,605,504,314,269
11	Cost of sales	23 (19,623,508,945,055)	(11,375,653,501,501)
20	Gross profit	1,455,329,927,375	1,229,850,812,768
21	Financial income	22(b) 153,911,101,809	113,585,114,098
22	Financial expenses	24 (244,294,199,811)	(404,065,310,249)
23	<i>In which: Interest expense</i>	(165,766,703,044)	(335,861,045,260)
24	Selling expenses	25 (428,747,629,257)	(337,646,105,793)
25	General and administration expenses	26 (288,914,910,770)	(218,616,359,161)
30	Operating profit	647,284,289,346	383,108,151,663
31	Other income	27 199,428,929,409	36,234,559,574
32	Other expenses	28 (163,225,799,527)	(30,083,781,517)
40	Net other income	36,203,129,882	6,150,778,057
50	Net accounting profit before tax	683,487,419,228	389,258,929,720
51	Business income tax - current	29 (80,670,557,845)	(27,562,434,241)
52	Business income tax - deferred	13, 29 3,166,854,257	410,373,877
60	Net profit after tax	605,983,715,640	362,106,869,356
70	Earnings per share	30 6,198	3,700



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Ngoc Chu  
General Director  
3 December 2013


The notes on pages 9 to 45 are an integral part of these financial statements.

**CASH FLOW STATEMENT**  
**(Indirect method)**

Code	Note	Year ended 30 September	
		2013 VND	2012 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>683,487,419,228</b>	<b>389,258,929,720</b>
	Adjustments for:		
02	Depreciation and amortisation	229,160,859,384	212,417,240,760
03	Provisions	577,132,027	5,099,242,878
04	Unrealised foreign exchange losses/(gains)	5,958,802,171	(4,232,103,846)
05	Gains from investing activities	(120,166,548,001)	(68,516,940,194)
06	Interest expense	196,311,669,273	335,861,045,260
07	Losses from disposals of fixed assets	1,630,233,766	42,857,574
08	<b>Operating profit before changes in working capital</b>	<b>996,959,567,848</b>	<b>869,930,272,152</b>
09	(Increase)/decrease in receivables	(570,978,932,465)	139,461,328,873
10	(Increase)/decrease in inventories	(778,312,517,737)	417,017,642,569
11	Increase/(decrease) in payables	833,343,926,072	(617,120,711,077)
12	Increase in prepaid expenses	(10,364,531,068)	(3,602,928,727)
13	Interest paid	(197,977,307,958)	(341,746,932,318)
14	Business income tax paid	(72,472,586,000)	(21,453,868,690)
16	Other payments on operating activities	(26,422,339,778)	(9,336,896,699)
20	<b>Net cash inflows from operating activities</b>	<b>173,775,278,914</b>	<b>433,147,906,083</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(483,034,671,208)	(57,038,858,220)
22	Proceeds from disposals of fixed assets	23,661,877,723	3,248,224,565
27	Interest received	5,725,644,808	3,675,541,465
30	<b>Net cash outflows from investing activities</b>	<b>(453,647,148,677)</b>	<b>(50,115,092,190)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Purchases of treasury shares	(24,318,822,516)	(28,128,541,137)
33	Proceeds from borrowings	9,174,310,259,028	6,583,550,959,039
34	Repayments of borrowings	(8,414,550,209,722)	(6,877,969,336,715)
35	Finance lease payments	(11,669,446,320)	(26,350,002,329)
36	Dividends paid	(337,811,193,325)	(96,593,160,025)
40	<b>Net cash inflows/(outflows) from financing activities</b>	<b>385,960,587,145</b>	<b>(445,490,081,167)</b>
50	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>106,088,717,382</b>	<b>(62,457,267,274)</b>
60	Cash and cash equivalents at beginning of year	3 <b>62,322,761,267</b>	<b>126,343,395,167</b>
61	Effect of foreign exchange differences	(4,908,791,333)	(1,563,366,626)
70	<b>Cash and cash equivalents at end of year</b>	3 <b>163,502,687,316</b>	<b>62,322,761,267</b>

  
 \_\_\_\_\_  
 Nguyen Thi Ngoc Lan  
 Chief Accountant



  
 \_\_\_\_\_  
 Tran Ngoc Chu  
 General Director  
 3 December 2013

The notes on pages 9 to 45 are an integral part of these financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013****1 GENERAL INFORMATION**

Hoa Sen Group – Vietnamese name is Cong ty Co phan Tap doan Hoa Sen - ("the Company") was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province. The latest amendment was on 21 June 2012.

On 5 December 2008, the Company's shares were listed and traded on the Ho Chi Minh City Stock Exchange pursuant to Decision No. 117/QD-SGDHCM dated 5 November 2008.

The principal activities of the Company are:

- Manufacture roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys
- Produce steel purlins, galvanized purlins
- Manufacture black steel pipes, galvanized steel pipes, and other alloys
- Manufacture steel mesh, galvanized steel wire, steel wire
- Manufacture PVC ceiling
- Produce building materials
- Buying and selling of building materials, capital goods and consumer goods
- Rent store and transport goods
- Industrial and civil construction
- Produce cold rolled steel coils.

As at 30 September 2013, the Company had 2,765 employees (30 September 2012: 2,432 employees).

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES****2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

Users of these separate separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") as at and for the year ended 30 September 2013 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.2 Fiscal year**

The Company's fiscal year is from 1 October to 30 September.

**2.3 Form of records applied**

The Company uses journal vouchers to record its transactions.

**2.4 Use of accounting estimates**

The preparation of the separate financial statements requires the General Director to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of separate financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the General Director's best knowledge of current events and actions, actual results may differ from those estimates.

**2.5 Currency**

The separate financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

**2.7 Trade receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the year end. Bad debts are written off when identified.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

**2.9 Investments****(a) Short-term investments**

Short-term investments are investments with maturities less than 12 months from the balance sheet date and investments that are held with the intention to dispose of them within 12 months from the balance sheet date. Short-term investments are initially accounted for at cost. Provision for diminution is recognised for short term equity securities where the cost exceeds the fair value of such securities.

**(b) Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less provision for diminution in value.

**(c) Investments in joint ventures and associates**

Investments in joint ventures and associates are accounted for at cost less provision for diminution in value.

**(d) Long-term investments**

Long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose of them within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

**2.10 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.10 Fixed assets (continued)***Depreciation*

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	5 - 30 years
Machinery & equipment	3 - 10 years
Motor vehicles	6 - 10 years
Office equipment	6 - 8 years
Others	5 - 20 years

Land use rights which have definite term are amortised, using the straight-line method over number of years in accordance with the terms indicated in each land use right certificate. Land use rights which are granted for an indefinite term are carried at cost and not amortised.

*Disposals*

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

**2.11 Leased assets**

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**2.12 Borrowing costs**

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.13 Revenue recognition****(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

**(b) Interest income**

Interest income is recognised on an earned basis.

**(c) Dividend income**

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

**(d) Income from operating lease**

Income from operating leases is recognised by the straight line method over the entire lease term, regardless of the payment methods.

**2.14 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that SR Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.15 Share capital and treasury shares**

Share capital consists of all issued shares. Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity.

Treasury shares are shares that are issued and repurchased by the Company. The amount of the consideration paid, which includes directly attributable cost, net off any tax effects, is recognised and presented as a deduction from equity. Total amount received from the reissue or sales of treasury shares less directly attributable costs are recorded as equity.

**2.16 Other funds**

Other funds are appropriated from undistributed earnings and used upon the approval of the General Assembly of Shareholders.

**2.17 Dividend distribution**

The Company's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's General Assembly of Shareholders and after making appropriation to reserve funds in accordance with the Company's Charter.

Interim dividends are declared and paid based on the estimated earnings of the year, which is approved by the Board of Directors. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's General Assembly of Shareholders.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements of the financial year that are approved by the Company's General Assembly of Shareholders.

**2.18 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.



**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.19 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

**2.20 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2013 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

**3 CASH AND CASH EQUIVALENTS**

	<b>30.9.2013</b> <b>VND</b>	<b>30.9.2012</b> <b>VND</b>
Cash on hand	14,274,631,095	23,231,700,912
Cash at bank	94,548,110,623	38,382,025,210
Cash in transit	54,679,945,598	709,035,145
	<u>163,502,687,316</u>	<u>62,322,761,267</u>

**4 TRADE ACCOUNTS RECEIVABLE**

	<b>30.9.2013</b> <b>VND</b>	<b>30.9.2012</b> <b>VND</b>
Third parties	507,280,860,674	561,878,374,848
Related parties (Note 33(b))	954,214,268,475	289,635,970,616
	<u>1,461,495,129,149</u>	<u>851,514,345,464</u>

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5 PREPAYMENTS TO SUPPLIERS

	30.9.2013 VND	30.9.2012 VND
Third parties	83,310,416,718	42,020,148,804
Related parties (Note 33(b))	90,183,227,000	90,184,182,746
	<u>173,493,643,718</u>	<u>132,204,331,550</u>

6 OTHER RECEIVABLES

	30.9.2013 VND	30.9.2012 VND
Third parties	13,316,001,803	19,028,419,661
Related parties (Note 33(b))	116,983,476,240	65,186,261,386
	<u>130,299,478,043</u>	<u>84,214,681,047</u>

7 INVENTORIES

	30.9.2013 VND	30.9.2012 VND
Goods in transit	978,344,797,756	340,678,259,856
Raw materials	83,782,659,001	147,022,796,976
Tools	141,008,837,842	128,830,080,317
Finished goods	797,033,275,564	654,483,300,362
Merchandises (*)	126,400,528,177	77,243,143,092
	<u>2,126,570,098,340</u>	<u>1,348,257,580,603</u>
Provision for decline in value of inventories	(890,889,816)	(1,785,601,272)
	<u>2,125,679,208,524</u>	<u>1,346,471,979,331</u>

(\*) Included in merchadises is an amount of VND17,268,969,715 representing 15 apartments the Company received as a part of settlement of other receivables from the liquidation contract of Pho Dong – Hoa Sen Building Project.

As at 30 September 2013, inventories with a carrying amount of VND820,719,777,712 (As at 30 September 2012: VND1,070,169,056,955) have been pledged as security for the bank loans.

**8 SHORT-TERM PREPAYMENTS**

	<b>Year ended 30 September</b>	
	<b>2013 VND</b>	<b>2012 VND</b>
Opening balance	24,941,573,704	25,348,615,065
Additions	142,581,716,702	88,699,354,244
Transferred from fixed assets (*)	1,525,072,582	-
Other increase	-	36,138,876
Amortisation	(103,147,562,579)	(89,142,534,481)
Disposals	(6,500,519,621)	-
Closing balance	<u>59,400,280,788</u>	<u>24,941,573,704</u>

(\*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to short-term prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

Short-term prepayments mainly comprise advertising expenses, rental expenses and tools and equipment.

**9 OTHER CURRENT ASSETS**

	<b>30.9.2013 VND</b>	<b>30.9.2012 VND</b>
Short-term deposits (*)	15,962,822,128	2,486,311,258
Advances to employees	4,134,704,815	4,583,483,124
	<u>20,097,526,943</u>	<u>7,069,794,382</u>

(\*) Short-term deposits represent amounts deposited at commercial banks to guarantee for letters of credit for importing materials.

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10 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
<b>Historical cost</b>						
As at 1 October 2012	507,797,152,593	1,695,395,571,625	48,669,506,417	3,134,728,690	13,489,632,566	2,268,486,591,891
New purchases	-	22,951,742,177	7,509,881,722	208,490,908	5,287,754,569	35,957,869,376
Transferred from construction in progress	27,716,127,603	224,437,791,004	22,148,365,633	-	-	274,302,284,240
Transferred to prepayments (*)	(32,075,840)	(2,798,915,861)	(3,259,106,862)	(547,568,655)	-	(6,637,667,218)
Disposals	(2,115,610,383)	(28,493,571,641)	(1,888,339,300)	-	(42,857,142)	(32,540,378,466)
Other decreases	(33,495,248)	(303,342,950)	(15,249,545)	-	-	(352,087,743)
As at 30 September 2013	533,332,098,725	1,911,189,274,354	73,165,058,065	2,795,650,943	18,734,529,993	2,539,216,612,080
<b>Accumulated depreciation</b>						
As at 1 October 2012	81,689,087,257	422,967,159,859	24,036,816,869	2,105,916,994	2,954,221,731	533,753,202,710
Charge for the year	30,985,660,052	178,303,839,228	6,368,656,934	379,534,361	2,394,934,388	218,432,624,963
Transferred to prepayments (*)	(13,632,300)	(1,112,658,047)	(1,262,329,036)	(342,560,166)	-	(2,731,179,549)
Disposals	(165,322,554)	(9,646,785,759)	(192,368,220)	-	(42,857,142)	(10,047,333,675)
Other decreases	(24,656,218)	-	(8,685,454)	-	-	(33,341,672)
As at 30 September 2013	112,471,136,237	590,511,555,281	28,942,091,093	2,142,891,189	5,306,298,977	739,373,972,777
<b>Net book value</b>						
As at 1 October 2012	426,108,065,336	1,272,428,411,766	24,632,689,548	1,028,811,696	10,535,410,835	1,734,733,389,181
As at 30 September 2013	420,860,962,488	1,320,677,719,073	44,222,966,972	652,759,754	13,428,231,016	1,799,842,639,303

(\*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to prepayments in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

**10 FIXED ASSETS (continued)****(a) Tangible fixed assets (continued)**

As at 30 September 2013, the cost of tangible fixed assets fully depreciated but still in use was VND60,396,167,716 (As at 30 September 2012: VND45,143,822,732).

As at 30 September 2013, tangible fixed assets with net book value of VND683,123,759,502 and VND15,805,195,264 have been leased to Hoa Sen Steel Sheet One Member Co., Ltd. and Hoa Sen Building Materials One Member Co., Ltd, respectively under operating lease agreements.

As at 30 September 2013, tangible fixed assets with a carrying value of VND1,183,999,995,907 have been pledged as security for the bank loans (As at 30 September 2012: VND1,133,687,229,165).

**(b) Finance lease assets**

	<b>Machinery and equipment VND</b>
<b>Historical cost</b>	
As at 1 October 2012 and as at 30 September 2013	84,032,961,457
<b>Accumulated depreciation</b>	
As at 1 October 2012	5,783,594,242
Charge for the year	7,952,953,179
As at 30 September 2013	13,736,547,421
<b>Net book value</b>	
As at 1 October 2012	78,249,367,215
As at 30 September 2013	70,296,414,036

As at 30 September 2013, all these finance lease assets have been leased to Hoa Sen Steel Sheet One Member Co., Ltd under an operating lease agreement (As at 30 September 2012: Nil).

## 10 FIXED ASSETS (continued)

## (c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
<b>Historical cost</b>			
As at 1 October 2012	219,528,224,817	1,390,473,734	220,918,698,551
Increase	748,696,710	-	748,696,710
Disposals	(2,846,052,648)	-	(2,846,052,648)
Other decreases	(6,377,140)	-	(6,377,140)
	<u>217,424,491,739</u>	<u>1,390,473,734</u>	<u>218,814,965,473</u>
As at 30 September 2013	217,424,491,739	1,390,473,734	218,814,965,473
<b>Accumulated amortisation</b>			
As at 1 October 2012	9,175,128,705	965,497,313	10,140,626,018
Charge for the year	2,553,258,718	222,022,524	2,775,281,242
Disposals	(46,985,950)	-	(46,985,950)
	<u>11,681,401,473</u>	<u>1,187,519,837</u>	<u>12,868,921,310</u>
As at 30 September 2013	11,681,401,473	1,187,519,837	12,868,921,310
<b>Net book value</b>			
As at 1 October 2012	210,353,096,112	424,976,421	210,778,072,533
	<u>205,743,090,266</u>	<u>202,953,897</u>	<u>205,946,044,163</u>
As at 30 September 2013	205,743,090,266	202,953,897	205,946,044,163

As at 30 September 2013, the cost of intangible fixed assets fully amortised but still in use was VND280,361,120 (As at 30 September 2012: VND280,361,120).

As at 30 September 2013, tangible fixed assets with net book value of VND13,618,499,882 have been leased to Hoa Sen Building Materials One Member Co., Ltd. under an operating lease agreement.

As at 30 September 2013, land use rights with net book value of VND151,229,816,792 (As at 30 September 2012: VND134,832,214,689) have been pledged as security for the bank loans.

**10 FIXED ASSETS (continued)****(d) Construction in progress**

	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	25,319,737,083	437,172,811,226
Additions	446,328,105,122	44,599,050,044
Transferred to long-term prepayments (Note 12)	(2,545,310,556)	(4,923,653,232)
Transferred to tangible fixed assets (Note 10(a))	(274,302,284,240)	(451,528,470,955)
Closing balance	<u>194,800,247,409</u>	<u>25,319,737,083</u>

Major projects include:

	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>VND</b>	<b>VND</b>
Machinery and equipment for		
Hoa Sen Phu My Steel Sheet Plant	154,161,951,042	18,569,355,451
Hoa Sen Phu My Steel Sheet Plant Project	15,404,412,315	5,113,690,655
	<u>169,566,363,357</u>	<u>23,683,046,106</u>

Borrowing costs capitalised in fixed assets and construction in progress for the year ended 30 September 2013 was VND6,815,357,992 (Year ended 30 September 2012: VND8,715,760,598).

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**11 LONG-TERM INVESTMENTS**

Details of investments in subsidiaries, associates and other long-term investments are as follows:

Investee	Principal activities	Business License	% ownership and voting rights	Amount 30.9.2013 VND	Amount 30.9.2012 VND
<b>Subsidiaries:</b>					
Hoa Sen Steel Sheet One Member Co., Ltd.	Manufacture and trade in cold rolled steel products	Business Registration Certificate No. 4604000225 and No. 3700763651 issued by Department of Planning and Investment of Binh Duong Province on 24 December 2007, and 27 December 2012 respectively.	100	280,000,000,000	280,000,000,000
Hoa Sen Building Materials One Member Co., Ltd.	Manufacture and trade in plastic building materials and steel pipe products	Business Registration Certificate No. 49221000032 and No. 3500786179 issued by the Board of Management of Ba Ria Vung Tau Industrial Park on 18 December 2007; and by Department of Planning and Investment of Ba Ria Vung Tau Province on 18 March 2013, respectively.	100	150,000,000,000	150,000,000,000
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment	Business Registration Certificate No. 4603000325, 4604000224 and 3700785528 issued by Department of Planning and Investment of Binh Duong Province on 26 March 2007, 24 December 2007, and 25 April 2013 respectively.	100	16,276,000,000	16,276,000,000
				<b>446,276,000,000</b>	<b>446,276,000,000</b>



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11 LONG-TERM INVESTMENTS (continued)

Investee	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2013	30.9.2012
			VND	VND	
<b>Associates:</b>					
Hoa Sen-Gemadep Logistics and International Port Corporation (*)	Provide sea cargo agency services	Business Registration Certificate No. 3500751828 issued by Department of Planning and Investment of Ba Ria-Vung Tau Province on 20 June 2006 and amended on 13 October 2009	45	44,456,331,634	44,456,331,634
<b>Other long-term investment:</b>					
Viet Capital Health Care Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam	Decision No. 08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008	3	15,000,000,000	15,000,000,000
<b>TOTAL</b>				<b>59,456,331,634</b>	<b>59,456,331,634</b>

(\*) Investment in Hoa Sen – Gemadep Logistics and International Port Corporation is awaiting for disposal according to Resolution of The General Assembly of Shareholders No. 02/NQ/DHDCD/HSG/2011 dated 16 June 2011.

**12 LONG-TERM PREPAYMENTS**

	<u>Year ended 30 September</u>	
	2013 VND	2012 VND
Opening balance	56,290,140,917	47,356,517,597
Additions	22,729,276,802	33,698,894,183
Transferred from construction in progress (Note 10(d))	2,545,310,556	4,923,653,232
Transferred from fixed assets (*)	2,381,415,087	-
Other increases	127,200,500	-
Amortisation	(32,641,637,997)	(29,688,924,095)
Disposals	(12,783,942,739)	
Closing balance	<u>38,647,763,126</u>	<u>56,290,140,917</u>

(\*) This was to reclassify the net book value of fixed assets which have historical cost value under VND30 million to long-term prepayments and have been allocated within three years in compliance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

Long-term prepayments mainly comprise fixed assets overhaul and tools and equipment in use.

**13 DEFERRED INCOME TAX ASSETS**

The gross movement in the deferred income tax is as follows:

	<u>Year ended 30 September</u>	
	2013 VND	2012 VND
Opening balance	5,281,603,174	4,871,229,297
Credited to income statement	3,166,854,257	410,373,877
Closing balance	<u>8,448,457,431</u>	<u>5,281,603,174</u>

Deferred income tax assets arise mainly from the temporary differences relating to unrealised profits on sales among branches, accrued interest expense and other accrued expenses.

**14 BORROWINGS****(a) Short-term borrowings**

	<b>30.9.2013</b> <b>VND</b>	<b>30.9.2012</b> <b>VND</b>
Short-term bank loans (*)	2,468,854,540,949	1,874,783,164,492
Current portion of long-term loans (Note 14(b))	298,642,575,600	144,621,141,648
Finance lease liabilities (Note 14(b))	11,669,446,320	11,669,446,320
Other short-term borrowings (**)	34,800,000,000	-
	<u>2,813,966,562,869</u>	<u>2,031,073,752,460</u>

(\*) Details of short-term borrowings are as follows:

<b>Loan No</b>	<b>Currency</b>	<b>Annual interest</b>	<b>30.9.2013</b> <b>VND</b>	<b>30.9.2012</b> <b>VND</b>
1	USD	4% - 7%	211,410,740,800	397,349,294,200
2	VND	11% - 18.5%	-	66,800,000,000
3	USD	4.15% - 5.5%	317,842,593,447	132,506,031,645
4	VND	7% - 12.5%	130,280,111,484	10,007,000,000
5	USD	3.8% - 6%	441,089,851,000	256,450,792,619
6	VND	6.75% - 12%	158,246,647,827	184,210,428,571
7	USD	4.5% - 5.7%	-	115,637,056,000
8	USD	3.3% - 4%	227,817,968,103	99,490,344,783
9	VND	6.15% - 10%	150,360,360,683	28,390,000,000
10	USD	3.8% - 5%	59,957,213,921	39,573,200,000
11	USD	3.8% - 6%	56,013,170,601	13,954,760,000
12	USD	3.4% - 3.8%	15,154,363,000	-
13	USD	4.2%	25,443,265,372	-
14	USD	3.3% - 4.5%	118,899,619,612	183,498,218,052
15	VND	6.4% - 11.2%	28,700,000,000	29,400,000,000
16	USD	6.00%	-	28,364,976,082
17	USD	3.8% - 5.1%	145,515,382,898	57,818,528,000
18	USD	3.8% - 6.3%	184,507,457,516	231,332,534,540
19	VND	7% - 11.9%	12,540,583,701	-
20	USD	4.00%	34,004,044,702	-
21	USD	3.25%	48,722,541,665	-
22	USD	3.80%	102,348,624,617	-
			<u>2,468,854,540,949</u>	<u>1,874,783,164,492</u>

Short-term borrowings are secured by fixed assets and inventories of the Company.

**14 BORROWINGS (continued)****(a) Short-term borrowings (continued)**

(\*\*) Details of other short-term borrowings are as follows:

- (i) The loan balance of VND8,500,000,000 (As at 30 September 2012: Nil) from a subsidiary is unsecured and bears an interest rate of 6%p.a. (Note 33(b)).
- (ii) The loan balance of VND26,300,000,000 (As at 30 September 2012: Nil) from an individual is unsecured, bears interest at the rate 8% p.a. and due for repayment in December 2013.

**(b) Long-term borrowings**

		<b>30.9.2013</b>	<b>30.9.2012</b>
		<b>VND</b>	<b>VND</b>
Bank loans	(*)	789,545,123,372	638,262,330,949
Finance lease liabilities	(**)	42,787,970,189	54,457,416,509
Other long-term loans	(***)	44,126,160,000	64,767,488,000
		<u>876,459,253,561</u>	<u>757,487,235,458</u>
Less: Current portion of long-term loans (Note 14(a))		(298,642,575,600)	(144,621,141,648)
Less: Current portion of finance lease liabilities (Note 14(a))		(11,669,446,320)	(11,669,446,320)
		<u>566,147,231,641</u>	<u>601,196,647,490</u>

(\*) Details of long-term bank loans are as below:

Loan	Currency	Repayment	Annual interest	<b>30.9.2013</b>	<b>30.9.2012</b>
				<b>VND</b>	<b>VND</b>
1	VND	25/9/2017	10.5% - 15%	326,339,516,000	155,288,986,000
2	USD	16/7/2019	4.15%	58,081,311,390	-
3	VND	16/7/2019	10.00%	52,220,357,395	-
4	USD	15/9/2013	7.2%	-	1,564,516,048
5	VND	11/6/2016	9.7% - 15%	212,001,916,695	290,697,516,695
6	USD	8/9/2018	1.7%	80,621,411,392	96,581,300,106
7	VND	24/10/2015	7.8% - 8.4%	21,280,000,000	35,500,000,000
8	VND	16/7/2017	11% - 16%	39,000,610,500	49,400,122,100
9	VND	26/4/2015	13% - 14%	-	9,229,890,000
				<u>789,545,123,372</u>	<u>638,262,330,949</u>

All long-term bank loans are secured by the assets financed by these loans.

**14 BORROWINGS (continued)****(b) Long-term borrowings (continued)****(\*\*) Finance lease liabilities**

The minimum lease payments relating to non-cancellable finance lease agreements are as follows:

	<b>30.9.2013</b>		
	<b>Total finance lease liabilities VND</b>	<b>Interest VND</b>	<b>Principal VND</b>
Within 1 year	15,902,131,774	4,232,685,454	11,669,446,320
Between 1 and 5 years	35,959,305,011	4,840,781,142	31,118,523,869
	<u>51,861,436,785</u>	<u>9,073,466,596</u>	<u>42,787,970,189</u>
		<b>30.9.2012</b>	
	<b>Total finance lease liabilities VND</b>	<b>Interest VND</b>	<b>Principal VND</b>
Within 1 year	18,834,143,228	7,164,696,908	11,669,446,320
Between 1 and 5 years	54,494,608,924	11,706,638,735	42,787,970,189
	<u>73,328,752,152</u>	<u>18,871,335,643</u>	<u>54,457,416,509</u>

**(\*\*\*) Other long-term loans include:**

- (i) A loan balance of EUR1,560,000 equivalent to VND44,126,160,000 (As at 30 September 2012: VND58,267,488,000) from a Company's supplier for purchases of fixed assets, bearing interest at the rate of 5.8% p.a and to be repaid in six-month instalments to May 2016.
- (ii) A loan balance of VND6,500,000,000 from a subsidiary as at 30 September 2012 was fully repaid during the year ended 30 September 2013 (Note 33(b)).

## HOA SEN GROUP

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## 15 TRADE ACCOUNTS PAYABLE

	30.9.2013 VND	30.9.2012 VND
Third parties	1,281,112,190,653	457,703,656,349
Related parties (Note 33(b))	10,494,067,854	12,401,826,062
	<u>1,291,606,258,507</u>	<u>470,105,482,411</u>

## 16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2013 VND	30.9.2012 VND
VAT on imported goods	11,189,715,893	46,827,168,659
Business income tax	17,764,117,495	9,566,145,650
Output VAT	3,520,815,664	14,496,567,330
Import – export duties	94,673	76,358,503
Other taxes	5,354,845,684	382,552,284
	<u>37,829,589,409</u>	<u>71,348,792,426</u>

## 17 ACCRUED EXPENSES

	30.9.2013 VND	30.9.2012 VND
Electricity	38,193,240	3,733,871,837
Payable relating to construction in progress	334,545,454	1,623,564,318
Transportation fee	582,558,457	-
Audit fee	420,000,000	400,000,000
13 <sup>th</sup> month salary	12,513,797,000	9,881,678,000
Loan interest	2,227,290,276	3,892,928,961
Other accrued expenses	3,318,909,779	4,165,600,000
	<u>19,435,294,206</u>	<u>23,697,643,116</u>

**18 OTHER PAYABLES**

	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>VND</b>	<b>VND</b>
Dividends	3,353,947,200	2,213,857,525
Social insurance, health insurance, unemployment insurance, and trade union fee	1,294,753,800	915,190,369
Other payables to related parties (Note 33(b))	383,850	-
Tender deposits received	3,580,000,000	3,182,161,759
Unpaid tax from the liquidation of a subsidiary	-	11,039,479,294
Other payables	1,958,586,736	1,101,515,309
	<u>10,187,671,586</u>	<u>18,452,204,256</u>

**19 BONUS AND WELFARE FUND**

This fund is established by appropriating retained profits as approved by shareholders at the General Assembly of Shareholders. This fund is used to pay bonus and welfare to the Company's and subsidiaries employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	<b>Year ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Opening balance	5,225,251,199	7,946,458,110
Appropriated from undistributed earnings	14,724,134,716	6,406,734,996
Transferred to other funds	-	(707,980,636)
Reversed to undistributed earnings	-	(4,055,557,395)
Utilisation	(15,485,604,400)	(4,364,403,876)
Closing balance	<u>4,463,781,515</u>	<u>5,225,251,199</u>

**20 NUMBER OF SHARES**

Detailed registered and issued shares of the Company are as follows:

	30.9.2013		30.9.2012	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(4,477,692)	-	(3,859,212)	-
Number of existing shares in issue	<u>96,313,098</u>	<u>-</u>	<u>96,931,578</u>	<u>-</u>

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 received dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares repurchased by the Company, all rights are suspended until those shares are reissued.



## 21 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Undistributed earnings VND	Other funds VND	Treasury shares VND	Financial Reserves VND	Total VND
As at 1 October 2011	1,007,907,900,000	451,543,290,363	381,858,701,310	-	(28,588,182,845)	8,525,313,060	1,821,247,021,888
Net profit for the year	-	-	362,106,869,356	-	-	-	362,106,869,356
Dividends declared	-	-	(97,557,418,000)	-	-	-	(97,557,418,000)
Repurchase of treasury shares	-	-	-	-	(28,128,541,137)	-	(28,128,541,137)
Appropriated to bonus and welfare funds (Note 19)	-	-	(6,406,734,996)	-	-	-	(6,406,734,996)
Appropriated to other funds	-	-	(6,412,839,096)	6,412,839,096	-	-	-
Used of other funds during the year	-	-	-	(4,972,492,823)	-	-	(4,972,492,823)
Reversal of bonus and welfare funds (Note 19)	-	-	4,055,557,395	-	-	-	4,055,557,395
Transferred from bonus and welfare funds (Note 19)	-	-	-	707,980,636	-	-	707,980,636
As at 30 September 2012	1,007,907,900,000	451,543,290,363	637,644,135,969	2,148,326,909	(56,716,723,982)	8,525,313,060	2,051,052,242,319
Net profit for the year	-	-	605,983,715,640	-	-	-	605,983,715,640
Dividends declared (*)	-	-	(338,951,283,000)	-	-	-	(338,951,283,000)
Repurchase of treasury shares	-	-	-	-	(24,318,822,516)	-	(24,318,822,516)
Appropriated to bonus and welfare funds (Note 19)	-	-	(14,724,134,716)	-	-	-	(14,724,134,716)
Appropriated to other funds	-	-	(10,796,142,820)	10,796,142,820	-	-	-
Used of other funds during the year (**)	-	-	-	(10,936,735,378)	-	-	(10,936,735,378)
As at 30 September 2013	1,007,907,900,000	451,543,290,363	879,156,291,073	2,007,734,351	(81,035,546,498)	8,525,313,060	2,268,104,982,349

(\*) Pursuant to Resolution No. 01/NQ/DHDCD/HSG/2012 dated 22 March 2012 and Resolution No. 01/NQ/DHDCD/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders, Board of Directors issued Resolution No. 41/NQ/HDQT/2012 dated 17 August 2012, Resolution No. 56/NQ/HDQT/2012 dated 29 October 2012, Resolution No. 11/NQ/HDQT/2013 dated 6 March 2013, Resolution No. 41/NQ/HDQT/2013 dated 14 August 2013 to declare the dividends.

**21 MOVEMENTS IN OWNERS' EQUITY (continued)**

(\*\*) The amount includes performance bonus of VND 6,404,713,970 that the Company has made to key management personnels for over achievement of the Company's target during the year pursuant to Meeting Minutes No. 10/BB/HĐQT/2012 dated 17 October 2012 and No. 12/BB/HĐQT/2012 dated 12 December 2012, Decision No. 206A dated 29 October 2012 and No. 1316 dated 20 December 2012 of Board of Management, and Resolution No. 01/NQ/ĐHĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

**22 REVENUE****(a) Net sales**

	<b>Year ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
<b>Sales</b>		
Finished goods	11,082,285,583,575	9,579,445,220,466
Merchandises	10,006,255,167,921	3,040,385,085,979
	<u>21,088,540,751,496</u>	<u>12,619,830,306,445</u>
<b>Sales deductions</b>		
Trade discounts	-	(109,570,991)
Sales returns	(7,828,484,379)	(13,825,512,110)
Sales allowances	(1,873,394,687)	(390,909,075)
	<u>(9,701,879,066)</u>	<u>(14,325,992,176)</u>

**(b) Financial income**

	<b>Year ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	5,725,644,808	3,675,541,465
Dividends income from Hoa Sen Steel Sheet One Member Co., Ltd.	58,460,323,352	52,213,284,884
Dividends income from Hoa Sen Building Materials One Member Co., Ltd.	54,978,258,214	11,487,184,884
Dividends income from Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,327,444,838	1,485,791,618
Gain from foreign exchange differences	33,419,430,597	44,723,311,247
	<u>153,911,101,809</u>	<u>113,585,114,098</u>

## 23 COST OF SALES

	Year ended 30 September	
	2013 VND	2012 VND
Cost of finished goods sold	9,917,599,488,276	8,586,088,509,737
Cost of merchandises sold	9,705,909,456,779	2,789,564,991,764
	<u>19,623,508,945,055</u>	<u>11,375,653,501,501</u>

## 24 FINANCIAL EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Interest expense	165,766,703,044	335,861,045,260
Provision/(reversal) for diminution in value of long-term investments	-	(1,126,940,680)
Losses from foreign exchange differences	78,527,496,767	69,331,205,669
	<u>244,294,199,811</u>	<u>404,065,310,249</u>

## 25 SELLING EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Staff costs	94,374,306,096	78,144,103,712
Depreciation and amortisation expenses	15,906,158,616	17,794,064,368
Material expenses	1,766,796,258	1,907,889,808
Outside service expenses	312,647,231,596	233,023,749,707
Other expenses	4,053,136,691	6,776,298,198
	<u>428,747,629,257</u>	<u>337,646,105,793</u>

## 26 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Staff costs	134,002,109,964	103,044,831,180
Office supplies	4,868,071,359	4,616,984,264
Depreciation and amortisation expenses	17,651,279,750	15,936,719,550
Outside service expenses	85,586,357,559	73,028,620,941
Other expenses	46,807,092,138	21,989,203,226
	<u>288,914,910,770</u>	<u>218,616,359,161</u>

## 27 OTHER INCOME

	Year ended 30 September	
	2013 VND	2012 VND
Sales of scraps	8,842,139,197	6,802,832,226
Proceeds from disposal of used tools and equipments to a subsidiary (Note 33(b))	19,284,462,563	-
Proceeds from disposal of fixed assets (*)	23,661,877,723	3,248,224,565
Income from operating lease of assets to subsidiaries	128,195,000,000	-
Others	19,445,449,926	26,183,502,783
	<u>199,428,929,409</u>	<u>36,234,559,574</u>

(\*) Included proceeds from disposal of fixed assets to a subsidiary amounting to VND18,051,384,898 (Year ended 30 September 2012: nil).

## 28 OTHER EXPENSES

	Year ended 30 September	
	2013 VND	2012 VND
Net book value of used tools and equipments		
Disposed	19,284,462,360	-
Net book value of disposed fixed assets	25,292,111,489	3,291,082,139
Other expenses from operating lease of assets to subsidiaries (*)	111,676,913,597	-
Others	6,972,312,081	26,792,699,378
	<u>163,225,799,527</u>	<u>30,083,781,517</u>

(\*) Included depreciation charge of VND80,943,337,547 and other lease expenses of VND30,733,576,050 relating to the fixed assets leased to the subsidiaries.

## 29 TAXATION

Under the terms of its Investment Incentives Certificate No,108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 25% on taxable profit. The provisions of the Company's Investment Incentive Certificate allow the Company to be exempt from business income tax for three years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for seven subsequent years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% as follows:

	<u>Year ended 30 September</u>	
	2013 VND	2012 VND
Net accounting profit before tax	683,487,419,228	389,258,929,720
Tax calculated at a rate of the Company	170,871,854,807	58,388,839,458
Effect of:		
Income not subject to tax	(35,391,629,919)	(13,755,469,574)
Expenses not deductible for tax purposes	30,051,231,755	15,362,727,895
Impact of tax reduction	(80,124,926,735)	(27,562,434,241)
Business income tax from transfer of land use rights	986,723	-
Under provision from previous years	544,644,387	-
Other impacts	(8,448,457,430)	(5,281,603,174)
Business income tax charge	<u>77,503,703,588</u>	<u>27,152,060,364</u>
In which:		
Business income tax - Current	80,670,557,845	27,562,434,241
Business income tax - Deferred	<u>(3,166,854,257)</u>	<u>(410,373,877)</u>

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

**30 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	<u>Year ended 30 September</u>	
	2013	2012
Net profit attributable to shareholders (VND)	605,983,715,640	362,106,869,356
Weighted average number of ordinary shares in issue (shares)	97,766,865	97,872,861
Basic earnings per share (VND)	<u>6,198</u>	<u>3,700</u>

**31 COST OF GOODS MANUFACTURED BY FACTORS**

	<u>Year ended 30 September</u>	
	2013 VND	2012 VND
Raw materials	9,601,410,193,031	7,090,668,169,410
Labour costs	287,901,927,038	244,555,613,141
Depreciation and amortisation expenses	142,053,821,105	201,868,400,350
Outside service expenses	683,076,148,179	587,851,209,315
Other expenses	258,665,444,978	135,825,870,224
	<u>10,973,107,534,331</u>	<u>8,260,769,262,440</u>

**32 FINANCIAL RISK MANAGEMENT***Financial risk factors*

The Company's activities expose it to market risk (including foreign exchange risk and interest rate risk), receivable risk and liquidity risk.

The Board of Management is responsible for setting the objectives and underlying principles of financial risk management for the Company. They establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies.

The finance department measures actual exposures against the limits set and prepares regular reports for the review by the Board of Management.

The information presented below is based on information received by the Board of Management.

**32 FINANCIAL RISK MANAGEMENT (continued)****(a) Market risk***(i) Foreign exchange risk*

The Company's business is exposed to foreign exchange risk arising from United States Dollar ("USD") and Euro ("EUR") as certain purchases of raw materials and borrowings are denominated in these currencies. The Company manages this risk by promoting export sales to generate USD cash inflows to settle against USD-denominated creditors. In addition, from time to time, the Company reviews the market conditions to forecast the fluctuation of the interest rates in order to minimise the risk by appropriate actions.

The Company's foreign exchange exposure is as follows:

	30.9.2013		Total VND
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	
<b>Financial assets</b>			
Cash and bank	82,459,473,159	6,331,255	82,465,804,414
Trade accounts receivable	230,532,796,358	-	230,532,796,358
Prepayments to suppliers	83,003,936,948	-	83,003,936,948
	<u>395,996,206,465</u>	<u>6,331,255</u>	<u>396,002,537,720</u>
<b>Financial liabilities</b>			
Borrowings	(2,127,429,560,036)	(44,126,160,000)	(2,171,555,720,036)
Trade accounts payable	(1,081,691,062,033)	-	(1,081,691,062,033)
Advances from customers	(50,986,078,470)	-	(50,986,078,470)
	<u>(3,260,106,700,539)</u>	<u>(44,126,160,000)</u>	<u>(3,304,232,860,539)</u>
<b>Foreign exchange exposure</b>	<u>(2,864,110,494,074)</u>	<u>(44,119,828,745)</u>	<u>(2,908,230,322,819)</u>

## 32 FINANCIAL RISK MANAGEMENT (continued)

## (a) Market risk (continued)

## (i) Foreign exchange risk (continued)

	30.9.2012		Total VND
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	
<b>Financial assets</b>			
Cash and bank	2,792,663,980	6,021,880	2,798,685,860
Trade accounts receivable	201,145,081,799	-	201,145,081,799
Prepayments to suppliers	32,684,495,210	-	32,684,495,210
	<u>236,622,240,989</u>	<u>6,021,880</u>	<u>236,628,262,869</u>
<b>Financial liabilities</b>			
Borrowings	(1,654,121,552,075)	(58,267,488,000)	(1,712,389,040,075)
Trade accounts payable	(335,345,977,364)	-	(335,345,977,364)
Advances from customers	(2,605,798,786)	-	(2,605,798,786)
	<u>(1,992,073,328,225)</u>	<u>(58,267,488,000)</u>	<u>(2,050,340,816,225)</u>
Foreign exchange exposure	<u>(1,755,451,087,236)</u>	<u>(58,261,466,120)</u>	<u>(1,813,712,553,356)</u>

The foreign exchange exposure represents the total net amount of financial assets and financial liabilities denominated in foreign currencies. Its expected value would change when the exchange rates of VND/USD or VND/EUR fluctuates.

As at 30 September 2013, if the USD had strengthened/weakened by 1% against the VND with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND25,060,966,823 (year ended 30 September 2012: VND16,216,106,162).

As at 30 September 2013, if the EUR had strengthened/weakened by 1% against the VND, with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND386,048,502 (year ended 30 September 2012: VND539,374,651).

## (ii) Price risk

The Company is not exposed to equity security price risk arising from the investments classified as available-for-sale because the Company does not invest in listed securities.



**32 FINANCIAL RISK MANAGEMENT (continued)****(a) Market risk (continued)***(iii) Interest rate risk*

The Company is exposed to interest rate risk on its borrowings. The Company maintains balances of raw material, finished goods and spare parts at appropriate levels in order to minimise the demand for short-term loans and balance the VND and USD short-term loan structure, conformity with the fluctuation of interest and foreign exchange rates to have reasonable interest expenses. Most loans for which the interest rate changes are in VND and USD.

As at 30 September 2013, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND9,085,805,517 (year ended 30 September 2012: VND13,026,542,571).

As at 30 September 2013, if the USD interest rates had increased/decreased by 0,5% with all other variables being held constant, the Company's profit after tax the financial year would have been lower/higher by VND8,451,016,886 (year ended 30 September 2012: VND7,003,069,527).

**(b) Receivable risk**

The Company manages receivable risk by taking the following actions:

- Establish a credit limit for each customer and require daily reports of payment progress for re-assessing credit limits, categorising as well as forcing the collection;
- Charge interest on debtors and establish the monthly average outstanding debt amount for each business unit and retail-distribution branch;
- Refuse credit sales for customers with over-90-day overdue debtors, except in special cases as approved by the Boards of Management;
- Involve the authorities when necessary.

Trade and other trade receivables include:

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings in Vietnam. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

*(ii) Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

## 32 FINANCIAL RISK MANAGEMENT (continued)

## (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities paid by cash or other financial assets.

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below categorises the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	30.9.2013			
	Within 1 year VND	Between		Total VND
		1 and 5 years VND	Over 5 years VND	
Trade accounts payable	1,291,606,258,507	-	-	1,291,606,258,507
Short-term borrowings	2,503,654,540,949	-	-	2,503,654,540,949
Long-term borrowings	310,312,021,920	566,147,231,641	-	876,459,253,561
	<u>4,105,572,821,376</u>	<u>566,147,231,641</u>	<u>-</u>	<u>4,671,720,053,017</u>
	<u><u>4,105,572,821,376</u></u>	<u><u>566,147,231,641</u></u>	<u><u>-</u></u>	<u><u>4,671,720,053,017</u></u>
	30.9.2012			
	Within 1 year VND	Between		Total VND
		1 and 5 years VND	Over 5 years VND	
Trade accounts payable	470,105,482,411	-	-	470,105,482,411
Short-term borrowings	1,874,783,164,492	-	-	1,874,783,164,492
Long-term borrowings	156,290,587,968	601,196,070,400	577,090	757,487,235,458
	<u>2,501,179,234,871</u>	<u>601,196,070,400</u>	<u>577,090</u>	<u>3,102,375,882,361</u>
	<u><u>2,501,179,234,871</u></u>	<u><u>601,196,070,400</u></u>	<u><u>577,090</u></u>	<u><u>3,102,375,882,361</u></u>

**33 RELATED PARTY TRANSACTIONS**

Related parties include subsidiaries, shareholders, members of Board of Directors, and key personnels.

**(a) Related party transactions**

During the year, the following transactions were carried out with related parties:

	<u>Year ended 30 September</u>	
	2013 VND	2012 VND
<b><i>i) Sales of goods and other services</i></b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	8,623,848,678,756	2,123,440,304,032
Hoa Sen Building Materials One Member Co., Ltd.	1,522,146,927,731	1,073,740,050,090
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	<u>1,361,457,252</u>	<u>2,940,296,181</u>
<b><i>ii) Purchases of goods and other services</i></b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	8,460,722,893,071	2,280,366,978,072
Hoa Sen Building Materials One Member Co., Ltd.	1,099,873,757,571	757,690,547,533
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	<u>344,786,101</u>	<u>10,298,596,751</u>
<b><i>iii) Sales of fixed assets</i></b>		
Hoa Sen Building Materials One Member Co., Ltd.	<u>18,051,384,898</u>	<u>-</u>
<b><i>iv) Purchases of fixed assets</i></b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	24,560,590	-
Hoa Sen Building Materials One Member Co., Ltd.	<u>564,508,053</u>	<u>233,794,473</u>



## 33 RELATED PARTY TRANSACTIONS (continued)

## (b) Year end balances with related parties

	30.9.2013 VND	30.9.2012 VND
<b>Trade accounts receivable (Note 4)</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	617,103,340,689	-
Hoa Sen Building Materials One Member Co., Ltd.	337,110,927,786	289,635,970,616
	<u>954,214,268,475</u>	<u>289,635,970,616</u>
<b>Prepayments to suppliers (Note 5)</b>		
Mr Hoang Duc Huy (Deputy General Director) - Advance for purchase of land use rights	90,183,227,000	90,183,227,000
Hoa Sen Building Materials One Member Co., Ltd.	-	955,746
	<u>90,183,227,000</u>	<u>90,184,182,746</u>
<b>Other receivables (Note 6)</b>		
<i>Dividends receivable from subsidiaries</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	58,460,323,352	52,213,284,884
Hoa Sen Building Materials One Member Co., Ltd.	54,978,258,214	11,487,184,884
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,327,444,838	1,485,791,618
<i>Others</i>		
Hoa Sen Building Materials One Member Co., Ltd.	2,216,705,836	-
Hoa Sen Building Materials One Member Co., Ltd.	744,000	-
	<u>116,983,476,240</u>	<u>65,186,261,386</u>
<b>Short term loans (Note 14(b))</b>		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	8,500,000,000	-

**33 RELATED PARTY TRANSACTIONS (continued)****(b) Year end balances with related parties (continued)**

	30.9.2013 VND	30.9.2012 VND
<b>Long term loans (Note 14(b))</b>		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	-	6,500,000,000
<b>Trade accounts payable (Note 15)</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	6,000,000,000	10,655,332,192
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	4,494,067,854	1,746,493,870
	<u>10,494,067,854</u>	<u>12,401,826,062</u>
<b>Other payables (Note 18)</b>		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	383,850	-
	<u>383,850</u>	<u>-</u>

**34 SEGMENT REPORTING**

The General Director is of the opinion that the Company operates in one single business segment, which is the manufacture and sale of coated steel sheet, steel and building materials and one single geographical segment, which is Vietnam.

**35 COMMITMENTS UNDER OPERATING LEASES**

(a) The future minimum lease payments under non-cancellable operating leases that the Company has to pay are as follows:

	30.9.2013 VND	30.9.2012 VND
Within 1 year	22,873,345,777	18,846,143,567
Between 1 and 5 years	52,321,739,337	50,657,547,840
Over 5 years	176,131,828,498	148,336,057,822
Total minimum payments	<u>251,326,913,612</u>	<u>217,839,749,229</u>

**35 COMMITMENTS UNDER OPERATING LEASES (continued)**

- (b) The future minimum lease payments under non-cancellable operating leases that the Company will receive are as follows:

	30.9.2013 VND	30.9.2012 VND
Within 1 year	106,680,000,000	-
Between 1 and 5 years	423,120,000,000	-
Over 5 years	412,320,000,000	-
Total minimum receipts	<u>942,120,000,000</u>	<u>-</u>

**36 CAPITAL COMMITMENTS**


Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	30.9.2013 VND	30.9.2012 VND
Buildings, machinery and equipment	<u>615,558,105,177</u>	<u>186,444,843,145</u>

The separate financial statements were approved by the General Director on 3 December 2013.

  
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Nguyen Thi Ngoc Lan  
Chief Accountant



  
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Tran Ngoc Chu  
General Director