

HOA SEN GROUP

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**



HOA SEN GROUP

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

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HOA SEN GROUP

CORPORATE INFORMATION

Business Registration Certificate

No. 3700381324 dated 23 October 2014
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 23 October 2014. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

Board of Management

Mr. Le Phuoc Vu	Chairman
Mr. Tran Ngoc Chu	Vice Chairman
Mr. Pham Gia Tuan	Member
Mr. Ly Duy Hoang	Member (Resigned on 29 April 2014)
Mr. Tran Quoc Tri	Member (Appointed on 29 April 2014)
Mr. Jean Eric Jacquemin	Member

Board of Directors

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
Mr. Ho Thanh Hieu	Deputy General Director
Mr. Nguyen Van Quy	Deputy General Director

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 the Company authorized the General Director of the Company to be responsible for the separate financial statements which give a true and fair view of the financial position of Hoa Sen Group ("the Company") as at 30 September 2014 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 2014 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

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 2014 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
8 December 2014



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 prepared on 30 September 2014 and approved by the General Director on 8 December 2014. The separate financial statements comprise the balance sheet as at 30 September 2014, the income statement, the 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 the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements and for such internal controls which the General Director determines necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 standards and requirements, 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 true 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.

Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2014, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

PricewaterhouseCoopers (Vietnam) Ltd.



Ian S. Lydall
Audit Practising Licence
No. 0559-2013-006-1
Authorised signatory



Dao Quang Huy
Audit Practising Licence
No. 1895-2013-006-1

Audit report number: HCM4370
Ho Chi Minh City, 8 December 2014

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position, 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	
			2014 VND	2013 VND
100	CURRENT ASSETS		6,494,253,273,944	4,288,691,574,352
110	Cash and cash equivalents	3	138,001,647,603	163,502,687,316
111	Cash		121,301,647,603	163,502,687,316
112	Cash equivalents		16,700,000,000	-
130	Accounts receivable		2,049,767,900,951	1,763,640,430,336
131	Trade accounts receivable	4	1,721,171,369,702	1,461,495,129,149
132	Prepayments to suppliers	5	153,846,626,940	173,493,643,718
135	Other receivables	6	176,032,958,092	130,299,478,043
139	Provision for doubtful debts		(1,283,053,783)	(1,647,820,574)
140	Inventories	7	3,710,663,638,443	2,125,679,208,524
141	Inventories		3,711,696,909,201	2,126,570,098,340
149	Provision for decline in value of inventories		(1,033,270,758)	(890,889,816)
150	Other current assets		595,820,086,947	235,869,248,176
151	Short-term prepayments	8	49,779,479,489	59,400,280,788
152	Value Added Tax to be reclaimed		541,948,513,679	156,371,440,445
154	Other taxes receivable		85,557,805	-
158	Other current assets	9	4,006,535,974	20,097,526,943
200	LONG-TERM ASSETS		3,597,395,807,319	2,825,726,447,003
220	Fixed assets		3,006,737,368,454	2,270,885,344,911
221	Tangible fixed assets	10(a)	2,660,458,487,298	1,799,842,639,303
222	Cost		3,666,617,736,204	2,539,216,612,080
223	Accumulated depreciation		(1,006,159,248,906)	(739,373,972,777)
224	Finance lease assets	10(b)	89,590,148,900	70,296,414,036
225	Cost		111,830,901,311	84,032,961,457
226	Accumulated depreciation		(22,240,752,411)	(13,736,547,421)
227	Intangible fixed assets	10(c)	205,560,432,449	205,946,044,163
228	Cost		221,029,378,600	218,814,965,473
229	Accumulated amortisation		(15,468,946,151)	(12,868,921,310)
230	Construction in progress	10(d)	51,128,299,807	194,800,247,409
250	Long-term investments	11	513,200,232,017	505,732,331,634
251	Investments in subsidiaries		467,276,000,000	446,276,000,000
252	Investments in associates and joint ventures		44,456,331,634	44,456,331,634
258	Other long-term investments		8,640,000,000	15,000,000,000
259	Provision for diminution in value of long-term investments		(7,172,099,617)	-
260	Other long-term assets		77,458,206,848	49,108,770,458
261	Long-term prepayments	12	55,134,596,953	38,647,763,126
262	Deferred income tax assets	13	20,311,059,994	8,448,457,431
268	Other long-term assets		2,012,549,901	2,012,549,901
270	TOTAL ASSETS		10,091,649,081,263	7,114,418,021,355

The notes on pages 10 to 45 are an integral part of these financial statements.

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 30 September	
			2014 VND	2013 VND
300	LIABILITIES		7,669,014,734,697	4,846,313,039,006
310	Current liabilities		6,761,688,243,129	4,275,999,268,615
311	Short-term borrowings	14(a)	4,749,052,198,420	2,813,966,562,869
312	Trade accounts payable	15	1,825,290,959,556	1,291,606,258,507
313	Advances from customers		58,831,484,853	68,781,306,096
314	Taxes and other payables to the State Budget	16	33,584,282,621	37,829,589,409
315	Payable to employees		31,366,190,372	29,728,804,427
316	Accrued expenses	17	37,809,893,447	19,435,294,206
319	Other payables	18	16,505,717,402	10,187,671,586
323	Bonus and welfare fund	19	9,247,516,458	4,463,781,515
330	Long-term liabilities		907,326,491,568	570,313,770,391
334	Long-term borrowings	14(b)	902,755,730,318	566,147,231,641
336	Provision for severance allowances		4,570,761,250	4,166,538,750
400	SHAREHOLDERS' EQUITY		2,422,634,346,566	2,268,104,982,349
410	Capital and reserves		2,422,634,346,566	2,268,104,982,349
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	(81,038,848,436)	(81,035,546,498)
418	Financial reserve funds	21	8,525,313,060	8,525,313,060
419	Other funds	21	13,278,012,117	2,007,734,351
420	Undistributed earnings	21	1,022,418,679,462	879,156,291,073
440	TOTAL RESOURCES		10,091,649,081,263	7,114,418,021,355

The notes on pages 10 to 45 are an integral part of these financial statements.

OFF BALANCE SHEET ITEMS

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

	As at 30 September	
	2014	2013
USD	1,887,802.73	3,912,296.44
EUR	226.09	223.83
AUD	306.85	84.78



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
8 December 2014

INCOME STATEMENT

Code	Note	Year ended 30 September	
		2014 VND	2013 VND
01	Sales	27,965,738,124,852	21,088,540,751,496
02	Less deductions	(15,606,362,602)	(9,701,879,066)
10	Net sales	22 27,950,131,762,250	21,078,838,872,430
11	Cost of sales	23 (26,543,957,391,845)	(19,623,508,945,055)
20	Gross profit	1,406,174,370,405	1,455,329,927,375
21	Financial income	24 189,955,101,097	153,911,101,809
22	Financial expenses	25 (251,034,907,307)	(244,294,199,811)
23	<i>In which: Interest expense</i>	(178,732,189,603)	(165,766,703,044)
24	Selling expenses	26 (602,674,781,415)	(428,747,629,257)
25	General and administration expenses	27 (329,681,909,965)	(288,914,910,770)
30	Operating profit	412,737,872,815	647,284,289,346
31	Other income	140,129,321,530	199,428,929,409
32	Other expenses	(76,960,835,550)	(163,225,799,527)
40	Net other income	28 63,168,485,980	36,203,129,882
50	Net accounting profit before tax	475,906,358,795	683,487,419,228
51	Business income tax - current	29 (91,658,631,969)	(80,670,557,845)
52	Business income tax - deferred	13, 29 11,862,602,563	3,166,854,257
60	Net profit after tax	396,110,329,389	605,983,715,640
70	Earnings per share	30 4,113	6,198



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
8 December 2014

CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 30 September	
		2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		475,906,358,795	683,487,419,228
	Net profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	283,038,111,139	229,160,859,384
03	Provisions	6,949,713,768	577,132,027
04	Unrealised foreign exchange losses	8,427,796,677	5,958,802,171
05	Gains from investing activities	(161,366,822,416)	(120,166,548,001)
06	Interest expense	198,308,677,546	196,311,669,273
07	Losses from disposals of fixed assets	3,202,344,252	1,630,233,766
08	Operating profit before changes in working capital	814,466,179,761	996,959,567,848
09	Increase in receivables	(495,765,754,652)	(570,978,932,465)
10	Increase in inventories	(1,585,126,810,861)	(778,312,517,737)
11	Increase in payables	531,113,193,354	833,343,926,072
12	Increase in prepaid expenses	(2,318,187,593)	(10,364,531,068)
13	Interest paid	(197,681,089,060)	(197,977,307,958)
14	Business income tax paid	(78,836,554,680)	(72,472,586,000)
16	Other payments on operating activities	(44,167,732,291)	(26,422,339,778)
20	Net cash (outflows)/inflows from operating activities	(1,058,316,756,022)	173,775,278,914
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(1,064,209,108,441)	(483,034,671,208)
22	Proceeds from disposals of fixed assets	65,210,566,718	23,661,877,723
25	Investment in other entities	(21,000,000,000)	-
26	Proceeds from divestment in other entities	6,360,000,000	-
27	Interest received	1,864,144,549	5,725,644,808
30	Net cash outflows from investing activities	(1,011,774,397,174)	(453,647,148,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Purchases of treasury shares	(3,301,938)	(24,318,822,516)
33	Proceeds from borrowings	12,554,276,636,973	9,174,310,259,028
34	Repayments of borrowings	(10,296,325,989,274)	(8,414,550,209,722)
35	Finance lease payments	(18,039,524,067)	(11,669,446,320)
36	Dividends paid	(192,498,472,300)	(337,811,193,325)
40	Net cash inflows from financing activities	2,047,409,349,394	385,960,587,145
50	Net (decrease)/increase in cash and cash equivalents	(22,681,803,802)	106,088,717,382
60	Cash and cash equivalents at beginning of year	163,502,687,316	62,322,761,267
61	Effect of foreign exchange differences	(2,819,235,911)	(4,908,791,333)
70	Cash and cash equivalents at end of year	138,001,647,603	163,502,687,316

Tran Cong Tien
Preparer

Nguyen Thi Ngoc Lan
Chief Accountant

Tran Ngoc Chu
General Director
8 December 2014



The notes on pages 10 to 45 are an integral part of these financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014****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 and the latest amendment was on 23 October 2014.

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

As at 30 September 2014, the Company had 3,168 employees (as at 30 September 2013: 2,765 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 Corporate Accounting System and applicable regulations over financial reporting. 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 Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than 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 2014 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 of the following year.

2.3 Form of records applied

The Company uses journal ledgers to record its transactions.

2.4 Use of accounting estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards 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 and presented in Vietnam Dong ("VND").

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.

2.8 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.9 Investments****(a) Investments in subsidiaries**

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

(b) Investments in joint ventures and associates

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

(c) Other long-term investments

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose 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.

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 or over the term of project (Investment licence) if shorter. 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 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 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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 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.

2.13 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

Income from dividend is recognised when the Company has established the receiving right from investees.

(d) Income from operating leases

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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 with which the Socialist Republic of 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.

2.15 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 General Meeting of Shareholders.

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders in general meetings.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**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 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.

2.19 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 2014 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.

HOA SEN GROUP

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3 CASH AND CASH EQUIVALENTS

	30.9.2014	30.9.2013
	VND	VND
Cash on hand	18,919,893,997	14,274,631,095
Cash at bank	102,381,753,606	94,548,110,623
Cash in transit	-	54,679,945,598
Cash equivalents (*)	16,700,000,000	-
	<u>138,001,647,603</u>	<u>163,502,687,316</u>

(*) Cash equivalents include term deposits with maturity of 3 months or less.

4 TRADE ACCOUNTS RECEIVABLE

	30.9.2014	30.9.2013
	VND	VND
Third parties	596,483,621,409	507,280,860,674
Related parties (Note 33(b))	1,124,687,748,293	954,214,268,475
	<u>1,721,171,369,702</u>	<u>1,461,495,129,149</u>

5 PREPAYMENTS TO SUPPLIERS

	30.9.2014	30.9.2013
	VND	VND
Third parties	63,663,399,940	83,310,416,718
Related parties (Note 33(b))	90,183,227,000	90,183,227,000
	<u>153,846,626,940</u>	<u>173,493,643,718</u>

6 OTHER RECEIVABLES

	30.9.2014	30.9.2013
	VND	VND
Third parties	12,524,603,338	13,316,001,803
Related parties (Note 33(b))	163,508,354,754	116,983,476,240
	<u>176,032,958,092</u>	<u>130,299,478,043</u>

7 INVENTORIES

	30.9.2014 VND	30.9.2013 VND
Goods in transit	1,492,842,901,982	978,344,797,756
Raw materials	207,712,164,971	83,782,659,001
Tools	171,641,780,379	141,008,837,842
Finished goods	1,617,607,372,114	797,033,275,564
Merchandises (*)	221,892,689,755	126,400,528,177
	<u>3,711,696,909,201</u>	<u>2,126,570,098,340</u>
Provision for decline in value of inventories	(1,033,270,758)	(890,889,816)
	<u><u>3,710,663,638,443</u></u>	<u><u>2,125,679,208,524</u></u>

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

As at 30 September 2014, inventories with a carrying amount of VND1,609,522,370,577 (As at 30 September 2013: VND820,719,777,712) have been pledged with banks as security for the borrowings granted to the Company.

8 SHORT-TERM PREPAYMENTS

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	59,400,280,788	24,941,573,704
Additions	148,755,747,887	142,581,716,702
Transferred from fixed assets	17,247,961	1,525,072,582
Amortisation	(158,393,797,147)	(103,147,562,579)
Disposals	-	(6,500,519,621)
	<u>49,779,479,489</u>	<u>59,400,280,788</u>

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

9 OTHER CURRENT ASSETS

	30.9.2014 VND	30.9.2013 VND
Short-term deposits	75,092,012	15,962,822,128
Advances to employees	3,931,443,962	4,134,704,815
	<u>4,006,535,974</u>	<u>20,097,526,943</u>

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
Historical cost						
As at 1 October 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
New purchases	230,271,581	50,746,546,978	10,523,801,006	1,920,000,000	-	63,420,619,565
Transferred from construction in progress (Note 10(d))	71,980,146,837	1,050,101,751,715	7,672,174,605	7,746,518,386	-	1,137,500,591,543
Disposals	(700,000,000)	(67,332,740,346)	(3,080,331,655)	-	-	(71,113,072,001)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(81,834,502)	(2,407,014,983)
As at 30 September 2014	604,561,707,949	2,944,158,448,120	87,775,075,027	11,469,809,617	18,652,695,491	3,666,617,736,204
Accumulated depreciation						
As at 1 October 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
Charge for the year	33,366,844,748	227,116,291,035	8,123,210,662	515,031,068	2,753,826,669	271,875,204,182
Disposals	(277,177,451)	(1,594,758,368)	(828,225,212)	-	-	(2,700,161,031)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(64,586,541)	(2,389,767,022)
As at 30 September 2014	145,279,994,340	815,486,703,367	35,731,449,549	1,665,562,545	7,995,539,105	1,006,159,248,906
Net book value						
As at 1 October 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
As at 30 September 2014	459,281,713,609	2,128,671,744,753	52,043,625,478	9,804,247,072	10,657,156,386	2,660,458,487,298

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

As at 30 September 2014, the cost of tangible fixed assets fully depreciated but still in use was VND93,081,688,935 (As at 30 September 2013: VND60,396,167,716).

Net book value of tangible fixed assets leased to subsidiaries as following:

	30.9.2014 VND	30.9.2013 VND
Hoa Sen Steel Sheet One Member Co., Ltd.	1,160,119,380,797	683,123,759,502
Hoa Sen Building Materials One Member Co., Ltd.	12,149,736,641	15,805,195,264
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	<u>2,345,781,061</u>	<u>-</u>

As at 30 September 2014, tangible fixed assets with a carrying value of VND2,017,702,800,791 have been pledged as security for the bank loans (As at 30 September 2013: VND1,183,999,995,907).

(b) Finance lease assets

	Machinery and equipment VND	Motor vehicles VND	Total VND
Historical cost			
As at 1 October 2013	84,032,961,457	-	84,032,961,457
Additions	17,631,576,219	10,166,363,635	27,797,939,854
As at 30 September 2014	<u>101,664,537,676</u>	<u>10,166,363,635</u>	<u>111,830,901,311</u>
Accumulated depreciation			
As at 1 October 2013	13,736,547,421	-	13,736,547,421
Charge for the year	7,944,527,611	559,677,379	8,504,204,990
As at 30 September 2014	<u>21,681,075,032</u>	<u>559,677,379</u>	<u>22,240,752,411</u>
Net book value			
As at 1 October 2013	<u>70,296,414,036</u>	<u>-</u>	<u>70,296,414,036</u>
As at 30 September 2014	<u>79,983,462,644</u>	<u>9,606,686,256</u>	<u>89,590,148,900</u>

As at 30 September 2014, finance lease assets with net book value of VND62,343,460,857 have been leased to Hoa Sen Steel Sheet One Member Co., Ltd. under operating lease agreements (As at 30 September 2013: VND70,296,414,036).

10 FIXED ASSETS (continued)

(c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 October 2013	217,424,491,739	1,390,473,734	218,814,965,473
Additions	2,412,000,000	-	2,412,000,000
Other decreases	(151,870,850)	(45,716,023)	(197,586,873)
As at 30 September 2014	219,684,620,889	1,344,757,711	221,029,378,600
Accumulated amortisation			
As at 1 October 2013	11,681,401,473	1,187,519,837	12,868,921,310
Charge for the year	2,455,748,070	202,953,897	2,658,701,967
Other decreases	(12,961,103)	(45,716,023)	(58,677,126)
As at 30 September 2014	14,124,188,440	1,344,757,711	15,468,946,151
Net book value			
As at 1 October 2013	205,743,090,266	202,953,897	205,946,044,163
As at 30 September 2014	205,560,432,449	-	205,560,432,449

As at 30 September 2014, the cost of intangible fixed assets fully amortised but still in use was VND1,801,153,855 (As at 30 September 2013: VND280,361,120).

As at 30 September 2014, tangible fixed assets with net book value of VND13,196,220,818 have been leased to Hoa Sen Building Materials One Member Co., Ltd. under an operating lease agreement (As at 30 September 2013: VND13,618,499,882).

As at 30 September 2014, land use rights with net book value of VND148,361,268,362 (As at 30 September 2013: VND151,229,816,792) have been pledged as security for the bank loans.

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

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	194,800,247,409	25,319,737,083
Additions	998,376,488,876	446,328,105,122
Transferred to long-term prepayments (Note 12)	(4,547,844,935)	(2,545,310,556)
Transferred to tangible fixed assets (Note 10(a))	(1,137,500,591,543)	(274,302,284,240)
Closing balance	<u>51,128,299,807</u>	<u>194,800,247,409</u>

Major projects include:

	30.9.2014 VND	30.9.2013 VND
Machinery and equipment for		
Hoa Sen Phu My Steel Sheet Plant	18,879,194,234	154,161,951,042
Hoa Sen Phu My Steel Sheet Plant Project	<u>1,170,024,655</u>	<u>15,404,412,315</u>

Borrowing costs capitalised in fixed assets and construction during the year ended 30 September 2014 was VND13,481,318,457 (year ended 30 September 2013: VND6,815,357,992).

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 30.9.2014 VND	30.9.2013 VND
Subsidiaries:					
Hoa Sen Steel Sheet One Member Co., Ltd.	Manufacture and trade in cold rolled steel products.	Business Registration Certificate No. 4603000282 and No. 3700763651 issued by Department of Planning and Investment of Binh Duong Province on 09 November 2006, 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. 4903000343 and No. 3500786179 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 26 March 2007, and 03 January 2014 respectively.	100	150,000,000,000	150,000,000,000
Hoa Sen Transportation and 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
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	Manufacture and trade in iron, steel products; Manufacture and trade in plastic building materials and steel pipe products.	Business License No. 4101425750 issued by Binh Dinh Department of Planning and Investment dated 14 May 2014.	100	21,000,000,000	-
Hoa Sen Nghe An Steel Sheet Sole Member Ltd. (*)	Manufacture and trade in iron, steel products.	Business License No. 2901722597 issued by Nghe An Department of Planning and Investment dated 28 May 2014.	100	-	-
				<u>467,276,000,000</u>	<u>446,276,000,000</u>

11 LONG-TERM INVESTMENTS (continued)

Investee	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2014 VND	30.9.2013 VND
Associates:					
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
Other long-term investments:					
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 February 2014.	3	8,640,000,000	15,000,000,000
SUB-TOTAL				53,096,331,634	59,456,331,634
Provision for diminution in value of long-term investments				(7,172,099,617)	-
TOTAL				45,924,232,017	59,456,331,634

(*) Board of Management issued Resolution No. 31/NQ/HĐQT/HSG/2014 dated 21 May 2014 to establish the subsidiary with capital of VND30,000,000,000. Legal representative of the subsidiary is Mr. Tran Quoc Tri. As at 30 September 2014, the capital of Hoa Sen Nghe An Steel Sheet Sole Member Ltd. had not been contributed.

(**) 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

	Year ended	
	30.9.2014	30.9.2013
	VND	VND
Opening balance	38,647,763,126	56,290,140,917
Additions	55,658,044,413	22,729,276,802
Transferred from construction in progress (Note 10(d))	4,547,844,935	2,545,310,556
Transferred from fixed assets	-	2,381,415,087
Other increases	-	127,200,500
Amortisation	(43,716,230,713)	(32,641,637,997)
Disposals	(2,824,808)	(12,783,942,739)
Closing balance	<u>55,134,596,953</u>	<u>38,647,763,126</u>

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:

	Year ended	
	30.9.2014	30.9.2013
	VND	VND
Opening balance	8,448,457,431	5,281,603,174
Credited to income statement	11,862,602,563	3,166,854,257
Closing balance	<u>20,311,059,994</u>	<u>8,448,457,431</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

	30.9.2014 VND	30.9.2013 VND
Short-term bank loans (*)	4,545,014,751,312	2,468,854,540,949
Current portion of long-term loans (Note 14(b))	178,490,520,160	298,642,575,600
Finance lease liabilities (Note 14(b))	14,146,926,948	11,669,446,320
Other short-term borrowings (**)	11,400,000,000	34,800,000,000
	<u>4,749,052,198,420</u>	<u>2,813,966,562,869</u>

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

Loan No.	Currency	Annual interest	30.9.2014 VND	30.9.2013 VND
1	USD	2.8% - 4%	114,932,361,600	211,410,740,800
2	USD	1.7% - 3.6%	731,576,366,093	317,842,593,447
3	VND	5% - 7%	249,683,503,925	130,280,111,484
4	USD	1.8% - 4%	779,430,781,707	441,089,851,000
5	VND	5% - 7.25%	79,003,342,468	158,246,647,827
6	USD	1.75% - 3.5%	848,526,893,732	227,817,968,103
7	VND	5.85% - 7.06%	-	150,360,360,683
8	USD	2.3% - 3.8%	79,747,834,492	59,957,213,921
9	USD	3.7% - 3.8%	-	56,013,170,601
10	USD	2.3% - 3.4%	156,427,906,778	15,154,363,000
11	VND	4.7% - 6%	46,086,099,531	-
12	USD	2.2% - 3.8%	115,314,237,629	25,443,265,372
13	USD	2.2% - 3.3%	203,101,043,517	118,899,619,612
14	VND	5.8% - 8.6%	-	28,700,000,000
15	USD	3.1% - 3.8%	-	145,515,382,898
16	VND	5.2%	19,979,666,369	-
17	USD	2.3% - 3.8%	188,890,776,245	184,507,457,516
18	VND	5% - 7%	85,815,206,886	12,540,583,701
19	USD	3.5% - 4%	-	34,004,044,702
20	USD	2.15% - 2.3%	152,713,598,623	-
21	USD	3.25%	-	48,722,541,665
22	USD	1.8 - 3.8%	449,306,777,483	102,348,624,617
23	VND	5% - 6.5%	244,478,354,234	-
			<u>4,545,014,751,312</u>	<u>2,468,854,540,949</u>

Short-term borrowings are secured by certain 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 VND11,400,000,000 (as at 30 September 2013: VND8,500,000,000) 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 from an individual as at 30 September 2013 was fully repaid during the year ended 30 September 2014.

(b) Long-term borrowings

		30.9.2014 VND	30.9.2013 VND
Bank loans (*)		1,013,296,693,623	789,545,123,372
Finance lease liabilities (**)		55,326,179,963	42,787,970,189
Other long-term loans (***)		26,770,303,840	44,126,160,000
		<u>1,095,393,177,426</u>	<u>876,459,253,561</u>
Less: Current portion of long-term loans (Note 14(a))		(178,490,520,160)	(298,642,575,600)
Less: Current portion of finance lease liabilities (Note 14(a))		(14,146,926,948)	(11,669,446,320)
		<u>902,755,730,318</u>	<u>566,147,231,641</u>

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

Loan	Currency	Repayment	Annual Interest	30.9.2014 VND	30.9.2013 VND
1	VND	25/9/2017	10% - 11.5%	162,350,000,000	326,339,516,000
2	USD	16/7/2019	3.9% - 4.15%	355,589,385,675	58,081,311,390
3	VND	16/7/2019	9.5% - 10%	203,927,766,824	52,220,357,395
4	USD	31/10/2018	3.8% - 4%	45,287,111,012	-
5	VND	14/8/2019	9.5% - 11.6%	135,530,421,695	212,001,916,695
6	USD	8/9/2018	1.7%	64,016,099,517	80,621,411,392
7	VND	25/9/2015	7.8%	10,660,000,000	21,280,000,000
8	VND	17/7/2017	9.5% - 11%	28,601,098,900	39,000,610,500
9	VND	16/9/2019	9% - 9.25%	7,334,810,000	-
				<u>1,013,296,693,623</u>	<u>789,545,123,372</u>

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:

	30.9.2014		
	Total liabilities VND	Interest VND	Principal VND
Under 1 year	17,997,474,657	3,850,547,709	14,146,926,948
Between 1 – 5 years	32,036,710,090	3,550,423,927	28,486,286,163
	<u>50,034,184,747</u>	<u>7,400,971,636</u>	<u>42,633,213,111</u>

As as 30 September 2014, the principal of financial lease liabilities did not include two finance lease contracts with total value as VND12,692,966,852 because the detail payment schedule was not determined.

	30.9.2013		
	Total liabilities VND	Interest VND	Principal VND
Under 1 year	15,902,131,774	4,232,685,454	11,669,446,320
Between 1 – 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>

(***) A loan balance of EUR976,000 equivalent to VND26,770,303,840 (as at 30 September 2013: VND44,126,160,000) 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-monthly instalments to May 2016.

15 TRADE ACCOUNTS PAYABLE

	30.9.2014 VND	30.9.2013 VND
Third parties	1,817,785,651,168	1,281,112,190,653
Related parties (Note 33(b))	7,505,308,388	10,494,067,854
	<u>1,825,290,959,556</u>	<u>1,291,606,258,507</u>

16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2014	30.9.2013
	VND	VND
VAT on imported goods	-	11,189,715,893
Business income tax	30,586,194,784	17,764,117,495
Output VAT	2,200,406,997	3,520,815,664
Import – export duties	-	94,673
Other taxes	797,680,840	5,354,845,684
	<u>33,584,282,621</u>	<u>37,829,589,409</u>

17 ACCRUED EXPENSES

	30.9.2014	30.9.2013
	VND	VND
Electricity	8,669,896,200	38,193,240
Payable relating to construction in progress	10,317,543,485	334,545,454
Transportation fee	-	582,558,457
Audit fee	300,000,000	420,000,000
13 th month salary	13,605,575,000	12,513,797,000
Loan interest	2,854,878,762	2,227,290,276
Other accrued expenses	2,062,000,000	3,318,909,779
	<u>37,809,893,447</u>	<u>19,435,294,206</u>

18 OTHER PAYABLES

	30.9.2014	30.9.2013
	VND	VND
Dividends	3,481,670,900	3,353,947,200
Social insurance, health insurance, unemployment insurance, and trade union fee	1,703,448,900	1,294,753,800
Other payables to related parties (Note 33(b))	74,361,249	383,850
Tender deposits received	3,370,000,330	3,580,000,000
Other payables	7,876,236,023	1,958,586,736
	<u>16,505,717,402</u>	<u>10,187,671,586</u>

19 BONUS AND WELFARE FUND

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

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	4,463,781,515	5,225,251,199
Appropriated from undistributed earnings	23,233,584,000	14,724,134,716
Utilisation	(18,449,849,057)	(15,485,604,400)
Closing balance	<u>9,247,516,458</u>	<u>4,463,781,515</u>

20 NUMBER OF SHARES

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

	30.9.2014		30.9.2013	
	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)	-	(4,477,692)	-
Number of existing shares in issue	<u>96,313,098</u>	<u>-</u>	<u>96,313,098</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	Treasury shares VND	Financial reserves funds VND	Other funds VND	Undistributed earnings VND	Total VND
As at 1 October 2012	1,007,907,900,000	451,543,290,363	(56,716,723,982)	8,525,313,060	2,148,326,909	637,644,135,969	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)	-
Use 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	(81,035,546,498)	8,525,313,060	2,007,734,351	879,156,291,073	2,268,104,982,349
Net profit for the year	-	-	-	-	-	396,110,329,389	396,110,329,389
Dividends declared (*)	-	-	-	-	-	(192,626,196,000)	(192,626,196,000)
Repurchase of treasury shares	-	-	(3,301,938)	-	-	-	(3,301,938)
Appropriated to bonus and welfare funds (Note 19)	-	-	-	-	-	(23,233,584,000)	(23,233,584,000)
Appropriated to other funds	-	-	-	-	36,988,161,000	(36,988,161,000)	-
Use of other funds during the year (**)	-	-	-	-	(25,717,883,234)	-	(25,717,883,234)
As at 30 September 2014	1,007,907,900,000	451,543,290,363	(81,038,848,436)	8,525,313,060	13,278,012,117	1,022,418,679,462	2,422,634,346,566

(*) Pursuant to Resolution No. 01/NQ/ĐHĐCĐ/HSG/2014 dated 8 January 2014 issued by the General Assembly of Shareholders, Board of Management issued Resolution No. 02/NQ/HĐQT/2014 dated 8 January 2014 and Resolution No. 22/NQ/HĐQT/2014 dated 18 April 2014 to declare the dividends.

(**) The amount includes performance bonus of VND10,850,378,000 that the Company has made to members of Board of Directors and Board of Supervisors for over achievement of the Company's earning target during the year 2013 pursuant to Resolution No. 01/NQ/ĐHĐCĐ/HSG/2014 dated 8 January 2014 and Resolution No. 01/NQ/ĐHĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

22 REVENUE

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Sales		
Finished goods	14,273,844,186,822	11,082,285,583,575
Merchandises	13,577,645,192,570	10,006,255,167,921
Revenue from lease of assets to subsidiaries	114,248,745,460	-
	<u>27,965,738,124,852</u>	<u>21,088,540,751,496</u>
Sales deductions		
Trade discounts	(1,069,848,713)	-
Sales returns	(12,622,297,775)	(7,828,484,379)
Sales allowances	(1,914,216,114)	(1,873,394,687)
	<u>(15,606,362,602)</u>	<u>(9,701,879,066)</u>
	<u>27,950,131,762,250</u>	<u>21,078,838,872,430</u>

23 COST OF SALES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Finished goods	13,188,447,373,691	9,917,599,488,276
Merchandises	13,243,596,865,030	9,705,909,456,779
Expenses for lease of assets to subsidiaries	111,913,153,124	-
	<u>26,543,957,391,845</u>	<u>19,623,508,945,055</u>

24 FINANCIAL INCOME

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Interest income from deposits	724,584,549	5,725,644,808
Income from financial investments	1,139,560,000	-
Dividends income from Hoa Sen Steel Sheet One Member Co., Ltd.	111,590,513,050	58,460,323,352
Dividends income from Hoa Sen Building Materials One Member Co., Ltd.	46,126,688,336	54,978,258,214
Dividends income from Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,941,634,189	1,327,444,838
Realised foreign exchange gains	28,432,120,973	33,419,430,597
	<u>189,955,101,097</u>	<u>153,911,101,809</u>

25 FINANCIAL EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Interest expense	178,732,189,603	165,766,703,044
Provision for diminution in value of long-term investments	7,172,099,617	-
Realised foreign exchange losses	56,702,821,410	72,568,694,596
Net loss from foreign currency translation at year-end	8,427,796,677	5,958,802,171
	<u>251,034,907,307</u>	<u>244,294,199,811</u>

26 SELLING EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Staff costs	120,926,308,122	94,374,306,096
Depreciation and amortisation expenses	16,538,614,903	15,906,158,616
Material expenses	1,774,692,230	1,766,796,258
Transportation expenses	256,127,040,197	173,519,548,224
Outside service expenses	80,529,736,899	75,511,939,435
Other expenses	126,778,389,064	67,668,880,628
	<u>602,674,781,415</u>	<u>428,747,629,257</u>

27 GENERAL AND ADMINISTRATION EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Staff costs	163,729,754,746	134,002,109,964
Office supplies	6,189,655,193	4,868,071,359
Depreciation and amortisation expenses	24,592,508,115	17,651,279,750
Outside service expenses	37,585,788,390	60,838,917,703
Other expenses	97,584,203,521	71,554,531,994
	<u>329,681,909,965</u>	<u>288,914,910,770</u>

28 OTHER INCOME/EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Other income		
Sales of scrap	58,783,668,760	8,842,139,197
Proceeds from disposal of used tools and equipment to a subsidiary	-	19,284,462,563
Proceeds from disposal of fixed assets	65,210,566,718	23,661,877,723
Income from operating lease of asset to subsidiaries	-	128,195,000,000
Others	16,135,086,052	19,445,449,926
	<u>140,129,321,530</u>	<u>199,428,929,409</u>
Other expenses		
Net book value of used tools and supplies disposed to Hoa Sen Steel Sheet One Member Co., Ltd.	-	(19,284,462,360)
Net book value of fixed assets disposed	(68,412,910,970)	(25,292,111,489)
Other expenses from operating lease of assets to subsidiaries	-	(111,676,913,597)
Others	(8,547,924,580)	(6,972,312,081)
	<u>(76,960,835,550)</u>	<u>(163,225,799,527)</u>
Net other income	<u>63,168,485,980</u>	<u>36,203,129,882</u>

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 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for the 7 thereafter years. Trading activities are subject to 25% tax rate and are not exempted for business income tax.

According to Decree No. 218/2013/ND-CP dated 26 December 2013 providing details to the Law on CIT, standard tax rate is reduced from 25% to 22% in 2014, and further reduced to 20% from 2016.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (for the period from 1 October 2013 to 31 December 2013) and 22% (for the period from 1 January 2014 to 30 September 2014) as follows:

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Net accounting profit before tax	475,906,358,795	683,487,419,228
Tax calculated at 22%/25%	108,268,696,626	170,871,854,807
Effect of:		
Income not subject to tax	(48,099,463,385)	(35,391,629,919)
Expenses not deductible for tax purposes	19,616,796,165	30,051,231,755
Impact of tax reduction	-	(80,124,926,735)
Business income tax from transfer of land use rights	-	986,723
Under provision from previous years	10,000,000	544,644,387
Other impacts	-	(8,448,457,430)
Business income tax charge	79,796,029,406	77,503,703,588
Charged/(credited) to income statement:		
Business income tax - Current	91,658,631,969	80,670,557,845
Business income tax – Deferred (Note 13)	(11,862,602,563)	(3,166,854,257)

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

30 EARNINGS PER SHARE

Basic earnings per share as at 30 September 2014 are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period as follows:

	Year ended	
	30.9.2014	30.9.2013
	VND	VND
Net profit attributable to shareholders	396,110,329,389	605,983,715,640
Weighted average number of ordinary shares in issue	96,313,098	97,766,865
Basic earnings per share (VND)	<u>4,113</u>	<u>6,198</u>

31 COST OF GOODS MANUFACTURED BY FACTORS

	Year ended	
	30.9.2014	30.9.2013
	VND	VND
Raw materials	13,329,512,973,369	9,601,410,193,031
Labour costs	368,464,398,879	287,901,927,038
Depreciation and amortisation expenses	184,537,661,805	142,053,821,105
Outside service expenses	771,146,234,367	594,712,964,386
Other expenses	495,180,000,201	347,028,628,771
	<u>15,148,841,268,621</u>	<u>10,973,107,534,331</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 Directors 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 Directors.

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

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:

	30.9.2014		
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	Total VND
Financial assets			
Cash and bank deposits	40,108,256,802	6,201,330	40,114,458,132
Trade receivables	368,182,326,694	-	368,182,326,694
Prepayments to supplier and deposits	8,553,399,186	2,983,298,020	11,536,697,206
	<u>416,843,982,682</u>	<u>2,989,499,350</u>	<u>419,833,482,032</u>
Financial liabilities			
Borrowings	(4,284,861,174,103)	(26,770,303,840)	(4,311,631,477,943)
Trade payables	(1,621,518,573,570)	-	(1,621,518,573,570)
Advance from customers	(26,890,480,485)	-	(26,890,480,485)
	<u>(5,933,270,228,158)</u>	<u>(26,770,303,840)</u>	<u>(5,960,040,531,998)</u>
Foreign exchange exposure	<u>(5,516,426,245,476)</u>	<u>(23,780,804,490)</u>	<u>(5,540,207,049,966)</u>

32 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	30.9.2013		
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	Total VND
Financial assets			
Cash and bank deposits	82,459,473,159	6,331,255	82,465,804,414
Trade receivables	230,532,796,358	-	230,532,796,358
Prepayments to supplier and deposits	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>
Financial liabilities			
Borrowings	(2,127,429,560,036)	(44,126,160,000)	(2,171,555,720,036)
Trade payables	(1,081,691,062,033)	-	(1,081,691,062,033)
Advance 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>
Foreign exchange exposure	<u>(2,864,110,494,074)</u>	<u>(44,119,828,745)</u>	<u>(2,908,230,322,819)</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 2014, 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 VND43,028,124,715 (year ended 30 September 2013: VND25,060,966,823).

As at 30 September 2014, 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 VND185,490,275 (year ended 30 September 2013: VND386,048,502).

32 FINANCIAL RISK MANAGEMENT (continued)**(a) Market risk (continued)***(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.

(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 has changes are in VND and USD.

As at 30 September 2014, 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 VND9,460,495,674 (year ended 30 September 2013: VND9,085,805,517).

As at 30 September 2014, 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 VND12,264,593,436 (year ended 30 September 2013: VND8,451,016,886).

(b) Receivable risk

The Company manages receivable risk by taking the following actions:

- Establish a credit limit and maximum due days 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 special cases as approved by the Boards of Directors;
- Involve the authorities when necessary.

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.

	30.9.2014			
	Within 1 year	Between 1 and 5 years	Over 5 years	Total
	VND	VND	VND	VND
Trade and other payables	1,825,290,959,556	-	-	1,825,290,959,556
Short-term borrowings	4,556,414,751,312	-	-	4,556,414,751,312
Long-term borrowings and current portion of long-term loans	192,637,447,108	902,755,730,318	-	1,095,393,177,426
	<u>6,574,343,157,976</u>	<u>902,755,730,318</u>	<u>-</u>	<u>7,477,098,888,294</u>
	30.9.2013			
	Within 1 year	Between 1 and 5 years	Over 5 years	Total
	VND	VND	VND	VND
Trade and other payables	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 and current portion of long-term loans	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>

33 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

	Year ended	
	30.9.2014 VND	30.9.2013 VND
v) Others		
Hoa Sen Steel Sheet One Member Co., Ltd.		
Income from operating leases	110,510,200,000	124,427,000,000
Other purchases	8,479,203,977	7,136,657,537
Other sales	-	24,096,824
Income from tools disposed	-	19,284,462,563
Hoa Sen Building Materials One Member Co., Ltd.		
Sales returned	1,045,538,628	1,587,397,915
Income from operating leases	3,654,545,460	3,768,000,000
Other purchases	678,372,155	1,003,606,875
Other sales	1,576,768,024	-
Returns of goods purchased	9,220,897	56,115,632
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.		
Income from operating leases	84,000,000	-
Other purchases	10,986,287,239	8,536,066,523
Other sales	24,019,194	-
Interest expenses	639,600,000	218,583,333
Repayment of a loan	1,300,000,000	6,500,000,000
Loan proceeds	4,200,000,000	8,500,000,000
vi) Compensation of key management		
Compensation for Board of Management, Board of Advisers and Board of Supervisors	1,145,000,000	958,000,000
Bonus for Board of Management, Board of Advisers and Board of Supervisors	10,850,378,000	5,705,000,000
Gross salary for Board of Directors	8,110,590,009	7,474,632,000
Bonus for Board of Directors	5,540,000,000	2,865,200,000

33 RELATED PARTY TRANSACTIONS (continued)

(b) Year end balances with related parties

	30.9.2014 VND	30.9.2013 VND
Trade accounts receivable (Note 4)		
Hoa Sen Steel Sheet One Member Co., Ltd.	413,269,247,273	617,103,340,689
Hoa Sen Building Materials One Member Co., Ltd.	709,027,555,064	337,110,927,786
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	2,390,945,956	-
	<u>1,124,687,748,293</u>	<u>954,214,268,475</u>
Prepayments to suppliers (Note 5)		
Mr Hoang Duc Huy (Deputy General Director) - Advance for purchase of land use rights	<u>90,183,227,000</u>	<u>90,183,227,000</u>
Other receivables (Note 6)		
<i>Dividends receivable from subsidiaries</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	111,590,513,050	58,460,323,352
Hoa Sen Building Materials One Member Co., Ltd.	46,126,688,336	54,978,258,214
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,941,634,189	1,327,444,838
<i>Others</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	3,849,519,179	744,000
Hoa Sen Building Materials One Member Co., Ltd.	-	2,216,705,836
	<u>163,508,354,754</u>	<u>116,983,476,240</u>
Short term loans (Note 14(a))		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	<u>11,400,000,000</u>	<u>8,500,000,000</u>

33 RELATED PARTY TRANSACTIONS (continued)

(b) Year end balances with related parties (continued)

	30.9.2014 VND	30.9.2013 VND
Trade accounts payable (Note 15)		
Hoa Sen Steel Sheet One Member Co., Ltd.	4,100,000,000	6,000,000,000
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	3,405,308,388	4,494,067,854
	<u>7,505,308,388</u>	<u>10,494,067,854</u>
Other payables (Note 18)		
Hoa Sen Steel Sheet One Member Co., Ltd.	49,291,849	383,850
Hoa Sen Building Materials One Member Co., Ltd.	22,969,400	-
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	2,100,000	-
	<u>74,361,249</u>	<u>383,850</u>

34 SEGMENT REPORTING

Segment information is presented in respect of the Company's geographical segment. The primary format, geographical segments, is based on the Company's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Export").

	Domestic sales		Export sales		Total	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	VND	VND	VND	VND	VND	VND
Sales revenue	22,006,720,314,427	15,858,634,519,415	5,943,411,447,823	5,220,204,353,015	27,950,131,762,250	21,078,838,872,430
Cost of sales	(20,970,909,099,065)	(14,732,012,034,094)	(5,573,048,292,780)	(4,891,496,910,961)	(26,543,957,391,845)	(19,623,508,945,055)
Segment income	<u>1,035,811,215,362</u>	<u>1,126,622,485,321</u>	<u>370,363,155,043</u>	<u>328,707,442,054</u>	<u>1,406,174,370,405</u>	<u>1,455,329,927,375</u>

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:

	30.9.2014 VND	30.9.2013 VND
Within 1 year	28,345,347,738	22,873,345,777
Between 1 and 5 years	80,415,983,201	52,321,739,337
Over 5 years	98,678,363,000	176,131,828,498
Total minimum payments	<u>207,439,693,939</u>	<u>251,326,913,612</u>

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

	30.9.2014 VND	30.9.2013 VND
Within 1 year	165,985,145,460	106,680,000,000
Between 1 and 5 years	655,060,050,000	423,120,000,000
Over 5 years	794,889,300,000	412,320,000,000
Total minimum receipts	<u>1,615,934,495,460</u>	<u>942,120,000,000</u>

36 CAPITAL COMMITMENTS

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

	2014 VND	2013 VND
Buildings, machinery and equipment	<u>61,885,954,624</u>	<u>615,558,105,177</u>

The separate financial statements were approved by the General Director on 8 December 2014.



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director