



Hoa Sen Group

Interim separate financial statements

31 March 2015



Building a better
working world

Hoa Sen Group

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Hoa Sen Group

THE GENERAL INFORMATION

THE COMPANY

Hoa Sen Group ("the Company") is a shareholding company and in accordance with the Business Registration Certificate ("BRC") No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company's current principal activities are manufacturing of roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; production of steel purlins, galvanized purlins; manufacture of black steel pipes, galvanized steel pipes and other alloys; manufacture of steel mesh, galvanized steel wire, steel wire; manufacture of PVC ceiling; buy and sell building materials, capital goods and consumer goods; rent store and transport goods; industrial and civil construction and production of cold rolled steel coils and leasing of machinery and equipment and other tangible belongings.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 117/QĐ-SGDHCM dated 5 November 2008.

The Company's head office is located at No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has one hundred and sixty two (162) branches located in various provinces in Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice Chairman
Mr Pham Gia Tuan	Member
Mr Tran Quoc Tri	Member
Mr Jean Eric Jacquemin	Member

BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

Mr Le Vu Nam	Head of the Board of Supervision
Mr Ly Van Xuan	Member
Mr Le Dinh Hanh	Member

MANAGEMENT

Members of the Management during the period and at the date of this report are:

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

The legal representative of the Company during the period and at the date of this report is Mr Le Phuoc Vu.

Mr Tran Ngoc Chu is authorised by Mr Le Phuoc Vu to sign the accompanying interim separate financial statements for the six-month period ended 31 March 2015 in accordance with the Letter of Authorisation No. 49/UQ/CT-HĐQT/2013 dated 11 November 2013.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Hoa Sen Group

REPORT OF MANAGEMENT

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the Company's interim separate financial statements for the six-month period ended 31 March 2015.

THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

The General Director is responsible for the interim separate financial statements of the Company which give a true and fair view of the interim separate financial position of the Company and of the interim separate results of its operations and its interim separate cash flows for the period. In preparing those interim separate financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim separate financial statements; and
- prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. He 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.

The General Director confirmed that he has complied with the above requirements in preparing the accompanying interim separate financial statements.

STATEMENTS BY THE GENERAL DIRECTOR

The General Director does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Company as at 31 March 2015 and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

The Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 31 March 2015 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.



Tran Ngoc Chu
General Director

28 May 2015

Reference: 61183992/17620833LR-Separate

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The Shareholders of Hoa Sen Group

We have reviewed the interim separate financial statements of Hoa Sen Group ("the Company") as prepared on 28 May 2015 and set out on pages 5 to 44 which comprise the interim separate balance sheet as at 31 March 2015, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim separate financial statements are the responsibility of the Company's General Director. Our responsibility is to issue a report on these interim separate financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim separate financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view of the interim separate financial position of the Company as at 31 March 2015, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

The separate financial statements of the Company for the year ended 30 September 2014 were audited by another auditor who expressed an unmodified opinion on those separate financial statements on 8 December 2014. The interim separate financial statements of the Company for the six-month period ended 31 March 2014 were also reviewed by this auditor who expressed an unmodified conclusion on those interim separate financial statements on 15 May 2014.

As disclosed in Note 2.1 to the interim separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 31 March 2015 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

Ernst & Young Vietnam Limited



Duong Le Anthony
Deputy General Director
Audit Practicing Registration Certificate
No. 2223-2013-004-1



Nguyen Thanh Sang
Auditor
Audit Practicing Registration Certificate
No. 1541-2013-004-1

Ho Chi Minh City, Vietnam

28 May 2015

INTERIM SEPARATE BALANCE SHEET
as at 31 March 2015

VND

Code	ASSETS	Notes	31 March 2015	30 September 2014
100	A. CURRENT ASSETS		6,013,786,817,229	6,494,253,273,944
110	I. Cash and cash equivalents	4	110,423,789,759	138,001,647,603
111	1. Cash		110,423,789,759	121,301,647,603
112	2. Cash equivalents		-	16,700,000,000
130	II. Current account receivables		2,460,912,592,097	2,049,767,900,951
131	1. Trade receivables	5	2,319,760,656,242	1,721,171,369,702
132	2. Advances to suppliers	6	32,484,712,161	153,846,626,940
135	3. Other receivables	7	111,713,636,771	176,032,958,092
139	4. Provision for doubtful debts		(3,046,413,077)	(1,283,053,783)
140	III. Inventories	8	2,495,788,709,593	3,710,663,638,443
141	1. Inventories		2,498,633,538,062	3,711,696,909,201
149	2. Provision for obsolete inventories		(2,844,828,469)	(1,033,270,758)
150	IV. Other current assets		946,661,725,780	595,820,086,947
151	1. Short-term prepaid expenses	9	64,162,934,387	49,779,479,489
152	2. Value-added tax deductible		875,994,658,579	541,948,513,679
154	3. Tax and other receivables from the State		177,997,029	85,557,805
158	4. Other current assets	10	6,326,135,785	4,006,535,974
200	B. NON-CURRENT ASSETS		3,687,248,875,041	3,597,395,807,319
220	I. Fixed assets		3,056,469,496,171	3,006,737,368,454
221	1. Tangible fixed assets	11	2,670,896,626,946	2,660,458,487,298
222	Cost		3,850,588,887,049	3,666,617,736,204
223	Accumulated depreciation		(1,179,692,260,103)	(1,006,159,248,906)
224	2. Finance leases	12	106,567,898,350	89,590,148,900
225	Cost		135,252,035,604	111,830,901,311
226	Accumulated depreciation		(28,684,137,254)	(22,240,752,411)
227	3. Intangible assets	13	266,836,811,554	205,560,432,449
228	Cost		283,550,588,700	221,029,378,600
229	Accumulated amortisation		(16,713,777,146)	(15,468,946,151)
230	4. Construction in progress	14	12,168,159,321	51,128,299,807
250	II. Long-term investments	15	544,120,274,759	513,200,232,017
251	1. Investment in subsidiaries	15.1	501,276,000,000	467,276,000,000
252	2. Investment in an associate	15.2	51,952,178,134	44,456,331,634
258	3. Other long-term investments	15.3	4,367,000,000	8,640,000,000
259	4. Provision for long-term investment	15.2	(13,474,903,375)	(7,172,099,617)
260	III. Other long-term assets		86,659,104,111	77,458,206,848
261	1. Long-term prepaid expenses	16	60,697,114,247	55,134,596,953
262	2. Deferred tax assets	30.3	23,949,439,963	20,311,059,994
268	3. Other long-term assets		2,012,549,901	2,012,549,901
270	TOTAL ASSETS		9,701,035,692,270	10,091,649,081,263

INTERIM SEPARATE BALANCE SHEET (continued)
as at 31 March 2015


VND


Code	RESOURCES	Notes	31 March 2015	30 September 2014
300	A. LIABILITIES		7,203,235,925,801	7,669,014,734,697
310	I. Current liabilities		6,484,247,904,566	6,761,688,243,129
311	1. Short-term loans	17	5,467,527,978,400	4,749,052,198,420
312	2. Trade payables	18	834,535,779,039	1,825,290,959,556
313	3. Advances from customers	19	49,820,114,200	58,831,484,853
314	4. Statutory obligations	20	34,179,395,642	33,584,282,621
315	5. Payable to employees		23,669,158,529	31,366,190,372
316	6. Accrued expenses	21	36,133,457,882	37,809,893,447
319	7. Other payables	22	22,412,349,768	16,505,717,402
323	8. Bonus and welfare fund		15,969,671,106	9,247,516,458
330	II. Non-current liabilities		718,988,021,235	907,326,491,568
334	1. Long-term loans	23	714,417,259,985	902,755,730,318
336	2. Provision for severance allowance		4,570,761,250	4,570,761,250
400	B. OWNERS' EQUITY		2,497,799,766,469	2,422,634,346,566
410	I. Capital	24.1	2,497,799,766,469	2,422,634,346,566
411	1. Issued share capital		1,007,907,900,000	1,007,907,900,000
412	2. Share premium		451,543,290,363	451,543,290,363
414	3. Treasury shares		(81,040,205,395)	(81,038,848,436)
418	4. Financial reserve fund		8,525,313,060	8,525,313,060
418	5. Other funds		14,528,215,808	13,278,012,117
420	6. Accumulated losses		1,096,335,252,633	1,022,418,679,462
440	TOTAL LIABILITIES AND OWNERS' EQUITY		9,701,035,692,270	10,091,649,081,263

OFF BALANCE SHEET ITEM

ITEM	31 March 2015	30 September 2014
Foreign currencies:		
- United States dollar (USD)	1,666,966.56	1,887,802.73
- Euro (EUR)	227.25	226.09
- Australian Dollar (AUD)	306.85	306.85


Tran Cong Tien
Preparer


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
General Director



28 May 2015

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 31 March 2015

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2015	For the six-month period ended 31 March 2014
01	1. Revenues from sale of goods and rendering of services	25.1	16,497,454,892,258	13,410,851,296,283
02	2. Deductions	25.1	(25,325,886,065)	(4,322,567,140)
10	3. Net revenues from sale of goods and rendering of services	25.1	16,472,129,006,193	13,406,528,729,143
11	4. Costs of goods sold and services rendered	26	(15,627,262,526,328)	(12,730,466,423,021)
20	5. Gross profit from sale of goods and rendering of services		844,866,479,865	676,062,306,122
21	6. Financial income	25.2	13,375,429,734	15,639,249,044
22	7. Financial expenses	27	(148,597,428,323)	(117,538,938,365)
23	<i>In which: Interest expense</i>		<i>(95,077,736,574)</i>	<i>(95,632,101,803)</i>
24	8. Selling expenses		(330,630,294,744)	(273,221,906,733)
25	9. General & administrative expenses		(189,217,017,157)	(161,115,929,879)
30	10. Operating profit		189,797,169,375	139,824,780,189
31	11. Other income	28	85,320,316,687	54,503,213,981
32	12. Other expenses	28	(73,592,161,011)	(27,191,185,279)
40	13. Other profit	28	11,728,155,676	27,312,028,702
50	14. Profit before tax		201,525,325,051	167,136,808,891
51	15. Current corporate income tax expense	30.2	(54,366,617,214)	(41,503,761,555)
52	16. Deferred income tax benefit	30.3	3,638,379,969	-
60	17. Net profit after tax		150,797,087,806	125,633,047,336



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director

28 May 2015

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 31 March 2015

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2015	For the six-month period ended 31 March 2014
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		201,525,325,051	167,136,808,891
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11,12,13	182,121,227,035	125,778,827,309
03	Provisions		9,877,720,763	185,970,596
04	Unrealised foreign exchange losses (gains)	25,2,27	15,450,540,252	(646,400,039)
05	Profits from investing activities		(784,692,496)	(1,170,184,850)
06	Interest expense	27	95,077,736,574	106,149,415,903
08	Operating profit before changes in working capital		503,267,857,179	397,434,437,810
09	Increase in receivables		(809,053,230,460)	(1,505,296,909,794)
10	Decrease in inventories		1,213,063,371,139	177,565,806,216
11	(Decrease) increase in payables		(998,470,141,861)	133,787,920,995
12	(Increase) decrease in prepaid expenses		(15,685,912,272)	9,945,293,931
13	Interest expense paid		(93,560,846,995)	(104,499,138,124)
14	Corporate income tax paid	30.2	(59,835,172,284)	(49,944,394,320)
16	Other cash outflows from operating activities		(20,751,607,296)	(35,848,789,467)
20	Net cash flows used in operating activities		(281,025,682,850)	(976,855,772,753)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(219,077,972,202)	(716,091,908,676)
22	Proceeds from disposals of fixed assets		65,109,904,197	23,631,884,963
25	Investment in other entities		(41,495,846,500)	-
26	Proceeds from sales of investment in other entity		4,273,000,000	6,360,000,000
27	Interest received	25.2	2,624,103,578	1,450,567,169
30	Net cash flows used in investing activities		(188,566,810,927)	(684,649,456,544)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
32	Capital redemption		(1,356,959)	(1,646,446)
33	Drawdown of borrowings		7,013,095,243,151	6,064,457,246,845
34	Repayment of borrowings		(6,511,077,831,716)	(4,334,259,265,995)
35	Finance lease payments		(10,065,548,901)	(5,834,723,160)
36	Dividends paid		(47,937,601,575)	(96,384,149,200)
40	Net cash flows from financing activities		444,012,904,000	1,627,977,462,044

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 31 March 2015

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2015	For the six-month period ended 31 March 2014
50	Net decrease in cash and cash equivalent		(25,579,589,777)	(33,527,767,253)
60	Cash and cash equivalent at beginning of year		138,001,647,603	163,502,687,316
61	Impact of exchange rate fluctuation		(1,998,268,067)	(3,902,157,796)
70	Cash and cash equivalent at end of period	4	110,423,789,759	126,072,762,267



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director

28 March 2015

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at and for the six-month period ended 31 March 2015

1. CORPORATE INFORMATION

Hoa Sen Group ("the Company") is a shareholding company and in accordance with the Business Registration Certificate ("BRC") No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company's current principal activities are manufacturing of roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; production of steel purlins, galvanized purlins; manufacture of black steel pipes, galvanized steel pipes and other alloys; manufacture of steel mesh, galvanized steel wire, steel wire; manufacture of PVC ceiling; buy and sell building materials, capital goods and consumer goods; rent store and transport goods; industrial and civil construction and production of cold rolled steel coils and leasing of machinery and equipment and other tangible belongings.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 117/QD-SGDHCM dated 5 November 2008.

The Company's head office is located at No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has one hundred and sixty two (162) branches located in various provinces in Vietnam.

The number of Company's employees as at 31 March 2015 was 3,327 (30 September 2014: 3,168).

2. BASIS OF PREPARATION

2.1 Applied accounting standards and system

The interim separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying interim separate balance sheet, interim separate income statement, interim separate cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim separate financial position and interim separate results of operations and interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 31 March 2015 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

2. BASIS OF PREPARATION (continued)

2.2 Applied accounting documentation system

The Company's applied accounting documentation system is the Voucher Journal system.

2.3 Fiscal year

The Company's fiscal year applicable for the preparation of its interim separate financial statements starts on 1 October and ends on 30 September.

2.4 Accounting currency

The interim separate financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Merchandises, raw materials, tools and supplies	- cost of purchase on a weighted average basis.
Finished goods and work-in-process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the interim separate income statement.

3.3 Receivables

Receivables are presented in the interim separate financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administrative expense in the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim separate income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

3.5 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Company is the lessee

Assets held under finance leases are capitalised in the interim separate balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the interim separate income statement over the lease term to achieve a flexible rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the interim separate income statement on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included as the Company's fixed assets in the interim separate balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the interim separate income statement as incurred/added to the carrying value of the leased asset for amortisation to the interim separate income statement over the lease term.

Lease income is recognised in the interim separate income statement on a straight-line basis over the lease term.

3.6 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim separate income statement as incurred.

When intangible assets are sold or retired, their costs and accumulated amortisation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Intangible assets* (continued)

Land use rights

Land use rights are recorded as intangible fixed assets and investment property representing the value of the right to use the lands acquired by the Group. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful lives representing the land lease are amortised over the lease term while the land use rights with indefinite useful lives are not amortised.

3.7 *Depreciation and amortisation*

Depreciation of tangible fixed assets, finance leases and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	10 - 40 years
Machinery and equipment	5 - 20 years
Means of transportation	7 - 10 years
Office equipment	3 - 5 years
Others	5 - 8 years
Land use rights	14 - 55 years
Computer software	3 - 10 years

3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.10 *Investment*

Investments in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investment in associates

Investments in associates over which the Company has significant influence are carried at cost. Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Other investments

Other investments are stated at their acquisition costs.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Investment* (continued)

Provision for diminution in value of investments

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the interim separate income statement.

3.11 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the six-month period up to the reporting date. Any changes to the accrued amount will be taken to the separate income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labor contract following Article 48 of the Labor Code.

3.13 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the inter-bank exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at buying exchange rate announced by the commercial bank where the Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the interim separate income statement.

3.14 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15 *Appropriation of net profit*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Financial reserve fund

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognised when the services have been performed and completed.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Revenue is recognised when the Company is entitled to receive dividends.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

In respect of taxable temporary differences associated with investments in a subsidiary, and a branch where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future, Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the interim separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans.

Financial instruments – subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Financial instruments* (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. CASH AND CASH EQUIVALENT

	VND	
	31 March 2015	30 September 2014
Cash on hand	16,998,494,580	18,919,893,997
Cash in banks	93,425,295,179	102,381,753,606
Cash equivalent	-	16,700,000,000
TOTAL	<u>110,423,789,759</u>	<u>138,001,647,603</u>

5. TRADE RECEIVABLES

	VND	
	31 March 2015	30 September 2014
Due from related parties (Note 31)	2,010,317,852,799	1,124,687,748,293
Due from other parties	309,442,803,443	596,483,621,409
TOTAL	<u>2,319,760,656,242</u>	<u>1,721,171,369,702</u>

6. ADVANCES TO SUPPLIERS

	VND	
	31 March 2015	30 September 2014
Due from other parties	32,484,712,161	63,663,399,940
Due from related parties	-	90,183,227,000
TOTAL	<u>32,484,712,161</u>	<u>153,846,626,940</u>

7. OTHER RECEIVABLES

	VND	
	31 March 2015	30 September 2014
Amount due from related party (Note 31)	90,961,978,261	163,508,354,754
Others	20,751,658,510	12,524,603,338
TOTAL	<u>111,713,636,771</u>	<u>176,032,958,092</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

8. INVENTORIES

	VND	
	31 March 2015	30 September 2014
Finished goods	1,486,355,524,072	1,617,607,372,114
Goods in transit	471,591,607,941	1,492,842,901,982
Tools and supplies	196,186,454,035	171,641,780,379
Merchandises	175,735,947,166	221,892,689,755
Raw materials	168,764,004,848	207,712,164,971
TOTAL	2,498,633,538,062	3,711,696,909,201
Provision for obsolete inventories	(2,844,828,469)	(1,033,270,758)
NET	2,495,788,709,593	3,710,663,638,443

As noted further in Notes 17 and 23, the Company has pledged inventories with the carrying amount as at 31 March 2015 amounting to VND 1,532,244,088,371 to secure the bank loan facilities.

9. SHORT TERM PREPAID EXPENSES

	VND	
	31 March 2015	30 September 2014
Advertising expenses	34,215,917,143	25,434,658,241
Rental expenses	12,524,131,256	6,061,440,131
Tools and equipment	8,944,438,717	11,082,237,639
Advisory expenses	2,031,789,630	1,602,791,960
Insurance expenses	1,957,267,421	679,821,306
Repair and maintenance expenses	1,674,990,152	546,477,585
Others	2,814,400,068	4,372,052,627
TOTAL	64,162,934,387	49,779,479,489

10. OTHER CURRENT ASSETS

	VND	
	31 March 2015	30 September 2014
Advances to employees	6,323,517,909	3,931,443,962
Short-term deposits	2,617,876	75,092,012
TOTAL	6,326,135,785	4,006,535,974

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

11. TANGIBLE FIXED ASSET

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Cost:						VND
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
New purchase	311,185,610	36,552,604,254	2,292,961,971	414,410,000	168,002,350	39,739,164,185
Transfer from construction in progress	12,855,348,384	109,816,547,365	87,347,656,190	-	-	210,019,551,939
Disposal	-	(65,787,565,279)	-	-	-	(65,787,565,279)
As at 31 March 2015	617,728,241,943	3,024,740,034,460	177,415,693,188	11,884,219,617	18,820,697,841	3,850,588,887,049
<i>In which:</i>						
Fully depreciated	546,509,976	81,310,678,996	16,438,591,019	537,039,347	179,918,238	99,012,737,576
Accumulated depreciation:						
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)
Charges for the period	(18,156,114,854)	(147,712,914,502)	(6,166,065,844)	(1,014,672,933)	(1,383,243,064)	(174,433,011,197)
Disposal	-	900,000,000	-	-	-	900,000,000
As at 31 March 2015	(163,436,109,194)	(962,299,617,869)	(41,897,515,393)	(2,680,235,478)	(9,378,782,169)	(1,179,692,260,103)
Net carrying amount:						
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
As at 31 March 2015	454,292,132,749	2,062,440,416,591	135,518,177,795	9,203,984,139	9,441,915,672	2,670,896,626,946

As noted further in Notes 17 and 23, the Company has pledged its buildings and structures, machinery and equipment and means of transportation with their respective carrying amounts as at 31 March 2015 of VND 143,003,307,437, VND 1,753,073,200,684 and VND 80,139,473,640 to secure the bank loan facilities.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

12. FINANCE LEASES

	VND		
	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Total</i>
Cost:			
As at 30 September 2014	101,664,537,676	10,166,363,635	111,830,901,311
Additions	13,254,770,658	10,166,363,635	23,421,134,293
As at 31 March 2015	<u>114,919,308,334</u>	<u>20,332,727,270</u>	<u>135,252,035,604</u>
Accumulated depreciation:			
As at 30 September 2014	(22,141,910,569)	(98,841,842)	(22,240,752,411)
Depreciation for the period	(5,491,013,223)	(952,371,620)	(6,443,384,843)
As at 31 March 2015	<u>(27,632,923,792)</u>	<u>(1,051,213,462)</u>	<u>(28,684,137,254)</u>
Net carrying amount:			
As at 30 September 2014	<u>79,522,627,107</u>	<u>10,067,521,793</u>	<u>89,590,148,900</u>
As at 31 March 2015	<u>87,286,384,542</u>	<u>19,281,513,808</u>	<u>106,567,898,350</u>

13. INTANGIBLE ASSETS

	VND		
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost:			
As at 30 September 2014	219,684,620,889	1,344,757,711	221,029,378,600
Additions	62,521,210,100	-	62,521,210,100
As at 31 March 2015	<u>282,205,830,989</u>	<u>1,344,757,711</u>	<u>283,550,588,700</u>
<i>In which:</i>			
<i>Fully amortised</i>	456,396,144	1,344,757,711	1,801,153,855
Accumulated amortisation:			
As at 30 September 2014	(14,124,188,440)	(1,344,757,711)	(15,468,946,151)
Amortisation for the period	(1,244,830,995)	-	(1,244,830,995)
As at 31 March 2015	<u>(15,369,019,435)</u>	<u>(1,344,757,711)</u>	<u>(16,713,777,146)</u>
Net carrying amount:			
As at 30 September 2014	<u>205,560,432,449</u>	<u>-</u>	<u>205,560,432,449</u>
As at 31 March 2015	<u>266,836,811,554</u>	<u>-</u>	<u>266,836,811,554</u>

As noted further in Notes 17 and 23, the Company has pledged its land use rights with their carrying amounts as at 31 March 2015 of VND 200,599,986,023 to secure the bank loan facilities.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

14. CONSTRUCTION IN PROGRESS

	VND	
	31 March 2015	30 September 2014
Purchases of fixed assets	4,799,661,907	46,270,410,089
Major repair of fixed assets	5,865,229,467	2,373,686,871
Others	1,503,267,947	2,484,202,847
TOTAL	12,168,159,321	51,128,299,807

15. LONG-TERM INVESTMENTS

	VND	
	31 March 2015	30 September 2014
Investments in subsidiaries (Note 15.1)	501,276,000,000	467,276,000,000
Investments in an associate (Note 15.2)	51,952,178,134	44,456,331,634
Other long-term investments (Note 15.3)	4,367,000,000	8,640,000,000
TOTAL	557,595,178,134	520,372,331,634
Provision for long-term investments	(13,474,903,375)	(7,172,099,617)
NET	544,120,274,759	513,200,232,017

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

15. LONG-TERM INVESTMENTS (continued)

15.1 Investments in subsidiaries

Investments in subsidiaries as at 31 March 2015 comprise the following:

Name of subsidiaries	31 March 2015		30 September 2014		Location	Business activities
	% of interest	Cost of investment (VND)	% of interest	Cost of investment (VND)		
Hoa Sen Steel Sheet One Member Co., Ltd.	100	280,000,000,000	100	280,000,000,000	Binh Duong Province, Vietnam	Manufacture and trade in cold rolled steel products
Hoa Sen Building Materials One Member Co., Ltd.	100	150,000,000,000	100	150,000,000,000	Ba Ria – Vung Tau Province, Vietnam	Manufacture and trade in plastic building materials and steel pipe products
Hoa Sen Nghe An Steel Sheet One Member Co., Ltd.	100	30,000,000,000	100	-	Nghe An Province, Vietnam	Manufacture and trade in steel pipe products
Hoa Sen Binh Dinh Steel Pipe One Member Co., Ltd.	100	25,000,000,000	100	21,000,000,000	Binh Dinh Province, Vietnam	Manufacture and trade steel pipe products
Hoa Sen Transportation and Engineering One Member Co., Ltd.	100	16,276,000,000	100	16,276,000,000	Binh Duong Province, Vietnam	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment
TOTAL		501,276,000,000		467,276,000,000		

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

15. LONG-TERM INVESTMENTS (continued)

15.2 Investments in an associate

Investments in associates as at 31 March 2015 comprise the following:

Name of associates	31 March 2015		30 September 2014		Location	Business activities
	% of interest	Cost of investment VND	% of interest	Cost of investment VND		
Hoa Sen-Gemadep Logistics and International Port Corporation	45	51,952,178,134	45	44,456,331,634	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Provision for decline in value of investment		(13,474,903,375)		(7,172,099,617)		
		38,477,274,759		37,284,232,017		

15.3 Other long-term investments

	31 March 2015		30 September 2014	
	Cost of investment VND	% of ownership	Cost of investment VND	% of ownership
Viet Capital Health Care Fund	4,367,000,000	3	8,640,000,000	3

16. LONG-TERM PREPAID EXPENSES

	VND	
	31 March 2015	30 September 2014
Tools, supplies and spare parts	42,822,821,481	35,442,417,092
Repair and maintenance	11,215,519,905	14,136,510,311
Rental expense	4,632,740,501	3,597,639,959
Others	2,026,032,360	1,958,029,591
TOTAL	60,697,114,247	55,134,596,953

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

17. SHORT-TERM LOANS AND DEBTS

	VND	
	31 March 2015	30 September 2014
Loans from banks (i)	5,121,530,105,212	4,545,014,751,312
Current portion of long-term loans (Note 23)	302,965,176,000	162,472,223,600
Current portion of finance leases (Note 23)	18,389,132,868	14,146,926,948
Current portion of other long-term debts (Note 23)	11,183,564,320	16,018,296,560
Loans from related parties (Note 31) (ii)	13,460,000,000	11,400,000,000
TOTAL	5,467,527,978,400	4,749,052,198,420

(i) Details of loans from banks are as follows:

Name of bank	31 March 2015 (VND)	Maturity date	Interest rate (%/p.a)	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Binh Duong Branch				
Loan in VND	949,263,962,735	From 4 April 2015 to 19 July 2015	From 4.3 to 5.0	Land use rights and Machinery and equipment
Loan in USD	370,961,269,716	Form 6 April 2015 to 31 July 2015	From 1.75 to 2.3	Land use rights and Machinery and equipment
Vietnam Bank for Industry and Trade – Binh Duong Branch				
Loan in VND	860,652,160,044	From 9 April 2015 to 27 August 2015	From 4.5 to 4.9	Land use rights and Buildings and structures
Loan in USD	1,034,489,404,933	From 3 April 2015 to 5 August 2015	From 1.75 to 2.3	Land use rights and Buildings and structures
Military Commercial Joint Stock Bank – Binh Duong Province				
Loan in VND	111,613,567,663	From 4 April 2015 to 26 May 2015	From 4.5 to 4.7	Inventory, land use rights and machinery and equipment
Loan in USD	207,098,862,066	From 23 April 2015 to 18 July 2015	From 1.75 to 2.3	Inventory, land use rights and machinery and equipment
Far East National Bank				
Loan in USD	56,738,692,344	12 April 2015	1.8	Inventory

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

17. SHORT-TERM LOANS AND DEBTS (continued)

(i) Details of loans from banks are as follows (continued):

Name of bank	31 March 2015 (VND)	Maturity date	Interest rate (%/p.a)	Description of collateral
Joint Stock Commercial Bank for Investment and Development of Vietnam – Ho Chi Minh Branch				
Loan in USD	106,986,583,880	12 July 2015	1.75	Inventory
Vietnam International Commercial Joint Stock Bank – Ho Chi Minh Branch				
Loan in VND	152,138,721,633	From 13 April 2015 to 21 May 2015	4.9	Land use rights
Standard Chartered Bank (Vietnam) Limited				
Loan in USD	107,996,449,503	22 May 2015	1.6	Inventory and machinery and equipment
ANZ Bank (Vietnam) Limited				
Loan in VND	55,585,330,865	From 13 June 2015 to 25 July 2015	4.4	Unsecured
Loan in USD	163,848,461,881	From 17 April 2015 to 25 July 2015	From 1.4 to 1.6	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch				
Loan VND	306,206,268,139	From 6 April 2015 to 12 July 2015	From 4.3 to 4.5	Unsecured
Loan in USD	464,835,860,510	From 7 April 2015 to 12 July 2015	From 1.75 to 2.3	Unsecured
Vietnam Prosperity Joint-Stock Commercial Bank				
Loan in USD	82,198,032,338	9 June 2015	1.75	Unsecured
HSBC Bank (Vietnam) Limited				
Loan in USD	90,916,476,962	26 June 2015	1.7	Inventory, Land use rights and machinery and equipment
TOTAL	<u>5,121,530,105,212</u>			

The Company used these loans to finance its working capital requirements.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

17. SHORT-TERM LOANS AND DEBTS (continued)

(ii) Details of loans from related parties are as follows:

Related party	31 March 2015 (VND)	Maturity date	Interest rate (%/p.a)	Description of collateral
Ho Sen Transportation and Engineering One Member Co., Ltd.	9,460,000,000	1 April 2015	6.0	Unsecured
Ho Sen Nghe An Steel Sheet One Member Co., Ltd.	<u>4,000,000,000</u>	4 February 2016	7.8	Unsecured
TOTAL	<u>13,460,000,000</u>			

The company used these loans to finance its working capital requirements.

18. TRADE PAYABLES

	VND	
	31 March 2015	30 September 2014
Due to third parties	782,660,894,926	1,817,785,651,168
Due to related parties (Note 31)	<u>51,874,884,113</u>	<u>7,505,308,388</u>
TOTAL	<u>834,535,779,039</u>	<u>1,825,290,959,556</u>

19. ADVANCES FROM CUSTOMERS

	VND	
	31 March 2015	30 September 2014
Due to third parties	49,251,634,429	58,827,634,876
Due to related parties (Note 31)	<u>568,479,771</u>	<u>3,849,977</u>
TOTAL	<u>49,820,114,200</u>	<u>58,831,484,853</u>

20. STATUTORY OBLIGATIONS

	VND	
	31 March 2015	30 September 2014
Corporate income tax (Note 30.2)	25,117,639,714	30,586,194,784
Value-added tax	7,211,858,269	2,200,406,997
Personal income tax	1,762,770,710	796,784,040
Other taxes	<u>87,126,949</u>	<u>896,800</u>
TOTAL	<u>34,179,395,642</u>	<u>33,584,282,621</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

21. ACCRUED EXPENSES

	VND	
	31 March 2015	30 September 2014
Electricity	10,871,235,374	8,669,896,200
13 th month salary	10,098,500,500	13,605,575,000
Payable relating to construction in progress	8,443,590,031	10,317,543,485
Loan interest	4,371,768,341	2,854,878,762
Audit fee	286,363,636	300,000,000
Others	2,062,000,000	2,062,000,000
TOTAL	36,133,457,882	37,809,893,447

22. OTHER PAYABLES

	VND	
	31 March 2015	30 September 2014
Dividends	3,700,618,325	3,481,670,900
Social insurance, health insurance, unemployment insurance, and trade union fee	2,282,812,350	1,703,448,900
Other payables to related parties (Note 31)	1,482,690,575	74,361,249
Tender deposits received	4,394,416,125	3,370,000,330
Others	10,551,812,393	7,876,236,023
TOTAL	22,412,349,768	16,505,717,402

23. LONG-TERM LOANS AND DEBTS

	VND	
	31 March 2015	30 September 2014
Loans from banks (i)	972,502,885,851	1,013,296,693,623
Finance leases (ii)	58,776,923,562	55,326,179,963
Other long-term debts	15,675,323,760	26,770,303,840
TOTAL	1,046,955,133,173	1,095,393,177,426
<i>In which:</i>		
<i>Current portion of loans from banks</i> <i>(Note 17)</i>	302,965,176,000	162,472,223,600
<i>Current portion of finance leases</i> <i>(Note 17)</i>	18,389,132,868	14,146,926,948
<i>Current portion of other long-term debts</i> <i>(Note 17)</i>	11,183,564,320	16,018,296,560
<i>Non-current portion</i>	714,417,259,985	902,755,730,318

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

23. LONG-TERM LOANS AND DEBTS (continued)

(i) Details of long-term loans from banks are as follow:

Name of bank	31 March 2015 (VND)	Maturity date	Interest rate (%/p.a)	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch				
Loan in VND	95,017,516,695	15 August 2019	From 8.5 to 9.0	Land use rights and machinery and equipment
Loan in USD	39,053,560,000	15 August 2018	3.55	Machinery and equipment
Viet Capital Commercial Joint Stock Bank				
Loan in VND	50,809,200,000	From 26 February 2018 to 26 November 2019	From 8.0 to 9.0	Means of transportation
Asia Commercial Joint Stock Bank				
Loan in VND	15,707,000,000	6 January 2020	8.5	Means of transportation
Vietnam Bank for Industry and Trade				
Loan in VND	193,947,099,624	16 July 2019	8.5	Machinery and equipment
Loan in USD	373,425,583,041	16 July 2019	3.65	Machinery and equipment
Vietnam Development Bank				
Loan in USD	55,942,926,491	8 September 2018	1.7	Machinery and equipment
Loan in VND	5,350,000,000	25 September 2015	7.8	Machinery and equipment
Vietnam Bank for Agriculture and Rural Development				
Loan in VND	143,250,000,000	25 September 2017	9.0	Land use rights, machinery and equipment
TOTAL	972,502,885,851			

The company used these loans to finance its constructions and purchase of fixed assets.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

23. LONG-TERM LOANS AND DEBTS (continued)

(ii) Details of finance leases are as follow:

The Company leases machinery and equipment and means of transportation under finance leases arrangements. Future obligations due under finance leases agreements as at the balance sheet dates were as follows:

	31 March 2015			30 September 2014			VND:
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities	
Current liabilities							
Less than 1 year	22,801,524,828	4,412,391,960	18,389,132,868	17,997,474,657	3,850,547,709	14,146,926,948	
Non-current liabilities							
From 1-5 years	45,228,326,800	4,840,536,106	40,387,790,694	47,621,513,354	6,442,260,339	41,179,253,015	
TOTAL	68,029,851,628	9,252,928,066	58,776,923,562	65,618,988,011	10,292,808,048	55,326,179,963	

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

24. OWNERS' EQUITY

24.1 *Movements in owners' equity*

	Issued share capital	Share premium	Treasury shares	Financial reserve fund	Other funds belongs to equity	Undistributed earnings	VND Total
For the six-month period ended 31 March 2014:							
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 period	-	-	-	-	-	125,633,047,336	125,633,047,336
Dividends declared	-	-	-	-	-	(96,313,098,000)	(96,313,098,000)
Repurchase of treasury shares	-	-	(1,646,446)	-	-	-	(1,646,446)
Transferred to bonus and welfare fund	-	-	-	-	-	(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 period	-	-	-	-	(19,032,542,467)	-	(19,032,542,467)
As at 31 March 2014	1,007,907,900,000	451,543,290,363	(81,037,192,944)	8,525,313,060	19,963,352,884	848,254,495,409	2,255,157,158,772
For the six-month period ended 31 March 2015:							
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
Net profit for the period	-	-	-	-	-	150,797,087,806	150,797,087,806
Dividends declared	-	-	-	-	-	(48,156,549,000)	(48,156,549,000)
Repurchase of treasury shares	-	-	(1,356,959)	-	-	-	(1,356,959)
Transferred to bonus and welfare fund	-	-	-	-	-	-	-
Appropriated to other funds	-	-	-	-	-	(16,413,694,648)	(16,413,694,648)
Use of other funds during the period	-	-	-	-	12,310,270,987	(12,310,270,987)	-
Other decreases	-	-	-	-	(11,060,067,296)	-	(11,060,067,296)
As at 31 March 2015	1,007,907,900,000	451,543,290,363	(81,040,205,395)	8,525,313,060	14,528,215,808	1,096,335,252,633	2,497,799,766,469

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

24 OWNERS' EQUITY (continued)

24.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Contributed capital		
Beginning and ending balances	<u>1,007,907,900,000</u>	<u>1,007,907,900,000</u>
Dividends declared	48,156,549,000	96,313,098,000

24.3 Share capital

	Number of shares	
	<u>31 March 2015</u>	<u>30 September 2014</u>
Issued shares		
Shares issued and paid-up shares		
<i>Ordinary shares</i>	100,790,790	100,790,790
Treasury shares		
<i>Ordinary shares</i>	(4,477,692)	(4,477,692)
Shares in circulation		
<i>Ordinary shares</i>	96,313,098	96,313,098

The Company's shares are issued with par value of VND 10,000 per share. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

25. REVENUES

25.1 Revenues from sale of goods and rendering of services

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Gross revenues	16,497,454,892,258	13,410,851,296,283
<i>Of which:</i>		
<i>Sale of finished goods</i>	8,532,463,887,989	6,273,591,110,510
<i>Sale of merchandises</i>	7,879,604,831,539	7,086,625,313,043
<i>Leasing of assets</i>	85,386,172,730	50,634,872,730
Less:	(25,325,886,065)	(4,322,567,140)
<i>Of which:</i>		
<i>Sales returns</i>	(18,366,076,135)	(3,681,739,890)
<i>Sales allowances</i>	(3,915,511,523)	(640,827,250)
<i>Trade discount</i>	(2,805,550,340)	-
<i>Export taxes</i>	(238,748,067)	-
NET	<u>16,472,129,006,193</u>	<u>13,406,528,729,143</u>

25.2 Financial income

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Realised foreign exchange gains	10,751,326,156	13,542,281,836
Financial income from investments	1,755,000,000	1,139,560,000
Interest income	869,103,578	311,007,169
Unrealised foreign exchange gains	-	646,400,039
TOTAL	<u>13,375,429,734</u>	<u>15,639,249,044</u>

26. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Costs of sale of finished goods	7,785,668,700,436	5,786,488,734,357
Costs of sale of merchandises	7,758,531,582,692	6,892,593,985,770
Costs of leasing of assets	83,062,243,200	51,383,702,894
TOTAL	<u>15,627,262,526,328</u>	<u>12,730,466,423,021</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

27. FINANCIAL EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Loan interest	95,077,736,574	95,632,101,803
Realised foreign exchange losses	31,766,347,739	21,906,836,562
Unrealised foreign exchange losses	15,450,540,252	-
Provision for long-term investments	6,302,803,758	-
TOTAL	<u>148,597,428,323</u>	<u>117,538,938,365</u>

28. OTHER INCOME & EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Other income	85,320,316,687	54,503,213,981
Proceeds from disposal of fixed assets	65,109,904,197	23,631,884,963
Sales of scrap	10,495,319,834	25,183,000,738
Compensation income	8,417,399,436	2,896,416,323
Others	1,297,693,220	2,791,911,957
Other expenses	(73,592,161,011)	(27,191,185,279)
Net book value of fixed assets disposed	(64,887,565,279)	(23,912,267,282)
Others	(8,704,595,732)	(3,278,917,997)
NET OTHER PROFIT	<u>11,728,155,676</u>	<u>27,312,028,702</u>

29. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Raw materials	6,933,893,194,403	5,898,206,338,439
Labour costs	214,896,018,053	173,000,974,736
Depreciation and amortisation (Notes 11, 12 and 13)	182,121,227,035	84,599,478,749
Expenses for external services	430,523,508,097	333,751,006,965
Others	259,616,604,876	239,675,548,872
TOTAL	<u>8,021,050,552,464</u>	<u>6,729,233,347,761</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

30. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits.

The Company's tax returns are subjected to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the interim separate financial statements could be changed at a later date upon final determination by the tax authorities.

30.1 CIT expense

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Current CIT expense	54,366,602,712	41,493,761,555
Adjusted CIT from previous periods	14,502	10,000,000
Deferred CIT benefit	<u>(3,638,379,969)</u>	<u>-</u>
TOTAL	<u>50,728,237,245</u>	<u>41,503,761,555</u>

30.2 Current CIT

The current tax payable is based on taxable profit for the current period. The taxable profit of the Company for the period differs from the profit as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

A reconciliation between the profit before tax and taxable profit is presented below:

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Profit before tax	201,525,325,051	167,136,808,891
Adjustments increase (decrease) accounting profit		
Non-deductible expenses	29,057,505,600	1,465,930,164
Change in unrealised profits	9,210,145,381	201,477,241
Change in provisions	9,877,720,763	-
Change in accrual	47,517,889	-
Change in unrealised foreign exchange difference	(1,278,203,204)	-
Others	<u>(1,319,090,062)</u>	<u>-</u>
Estimated current taxable profit	<u>247,120,921,418</u>	<u>168,804,216,296</u>
Estimated current CIT	54,366,602,712	41,493,761,555
Adjusted CIT from previous periods	14,502	10,000,000
Total estimated current CIT	54,366,617,214	41,503,761,555
CIT payables at beginning of year	30,586,194,784	17,764,117,495
CIT paid during the period	<u>(59,835,172,284)</u>	<u>(49,944,394,320)</u>
CIT payables at end of period	<u>25,117,639,714</u>	<u>9,323,484,730</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

30. CORPORATE INCOME TAX (continued)

30.3 Deferred CIT

The following are the major deferred tax assets recognized by the Company, and the movements thereon, during the current and previous periods.

	Interim separate balance sheet		Interim separate income statement
	31 March 2015	30 September 2014	
	For the six-month period ended 31 March 2015		
Unrealised profits	10,522,736,739	8,496,504,755	2,026,231,984
Accruals for operating expenses	5,605,130,927	5,594,676,992	10,453,935
Provisions	4,260,551,883	2,087,453,315	2,173,098,568
Unrealised foreign exchange differences	370,758,113	651,962,818	(281,204,705)
Others	3,190,262,301	3,480,462,114	(290,199,813)
Deferred tax assets	23,949,439,963	20,311,059,994	
Deferred income tax benefit			3,638,379,969

VND

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions with related parties during the period were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Sales of goods	6,331,782,747,211
		Purchases of goods	6,080,130,363,362
		Leasing of assets	81,914,400,000
		Payment on behalf	78,596,487,897
		Purchases of gas	4,568,240,000
		Others	6,973,623
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Sales of goods	1,735,775,511,410
		Purchases of goods	1,607,993,894,919
		Sales of fixed assets	59,511,953,656
		Sales return	13,472,930,120
		Sales of scraps	1,294,975,433
		Leasing of assets	690,272,730
		Payment on behalf	796,926,951
		Warehouse rental	381,818,181
		Purchases of fixed assets	212,138,720
		Processing fees	194,322,736
		Car rental	54,545,460
		Goods return	54,158,834
		Others	59,411,906
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Transportation expenses	25,375,437,349
		Leasing of assets	2,532,000,000
		Repayment of short-term loans	1,940,000,000
		Sales of goods	531,512,150
		Car rental	379,636,362
		Loan interest	286,953,333
Hoa Sen Nghe An Steel Sheet One Member Co., Ltd.	Subsidiary	Sales of goods	41,774,191,838
		Capital contribution	30,000,000,000
		Short-term loans	19,500,000,000
		Repayment of short-term loans	15,500,000,000
		Lending of money	10,000,000,000
		Collection of lending	10,000,000,000
		Purchases of goods	1,230,275,834
Others	25,363,630		
Hoa Sen Binh Dinh Steel Pipe One Member Co., Ltd.	Subsidiary	Sales of goods	148,692,259,193
		Purchases of goods	93,366,075,390
		Lending of money	6,000,000,000
		Collection of lending	6,000,000,000
		Capital contribution	4,000,000,000
		Leasing of assets	63,000,000
		Interest income	28,000,000
		Purchase discounts	848,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

31. **TRANSACTIONS AND BALANCES WITH RELATED PARTIES** (continued)

Significant transactions with related parties during the period were as follows (continued):

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
Hoa Sen Investment and Tourism Co., Ltd	Related party	Sales of goods	431,424,028,069
		Purchases of goods	5,803,783,613
		Sales of fixed assets	258,000,000
		Rental of assets	209,090,908
		Leasing of assets	150,500,000
		Sales return	149,802,231
		Sales rebate	30,960,931
		Sales of scraps	13,690,909
		Others	813,701
Hoa Sen-Gemadept Logistics and International Port Corporation	Associate	Capital contribution	7,495,846,500
Viet Capital Health Care Fund	Related party	Reclaim of investment	4,273,000,000
Huong Sen Real Estate Pte	Related party	Land returned	60,000,000,000

Amounts due from and due to related companies at the interim separate balance sheet date were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Receivable (payable)</i>
Trade receivables			
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Sales of goods	1,117,753,121,997
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Sales of goods	745,569,588,421
Hoa Sen Binh Dinh Steel Pipe One Member Co., Ltd.	Subsidiary	Sales of goods	100,306,702,390
Hoa Sen Nghe An Steel Sheet One Member Co., Ltd.	Subsidiary	Sales of goods	43,740,504,383
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Sales of goods	2,785,200,000
Hoa Sen Investment and Tourism Co., Ltd	Related party	Sales of goods	162,735,608
			2,010,317,852,799
Other receivables			
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Receipt on behalf	778,285,061
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Payment on behalf	466,200
			90,961,978,261

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related companies at the interim separate balance sheet date were as follows (continued):

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i> <i>Receivable</i> <i>(payable)</i>
Trade payables			
Hoa Sen Binh Dinh Steel Pipe One Member Co, Ltd.	Subsidiary	Purchases of goods	(33,444,876,144)
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Purchases of goods	(11,859,518,618)
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Purchases of goods	(5,200,000,000)
Hoa Sen Nghe An Steel Sheet One Member Co, Ltd.	Subsidiary	Purchases of goods	(1,330,489,351)
Hoa Sen Investment and Tourism Co., Ltd	Related party	Purchases of goods	(40,000,000)
			<u>(51,874,884,113)</u>
Advance from customers			
Hoa Sen Investment and Tourism Co., Ltd	Related party	Advance	<u>(568,479,771)</u>
Other payables			
Huong Sen Real Estate Pte	Related party	Payable of advance	(1,000,000,000)
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Payment on behalf	(309,810,800)
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Payment on behalf	(130,241,000)
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Payment on behalf	(22,650,000)
Hoa Sen Binh Dinh Steel Pipe One Member Co., Ltd.	Subsidiary	Payment on behalf	(19,988,775)
			<u>(1,482,690,575)</u>
Short-term loans			
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Short-term loans	(9,460,000,000)
Hoa Sen Nghe An Steel Sheet One Member Co., Ltd.	Subsidiary	Short-term loans	(4,000,000,000)
			<u>(13,460,000,000)</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Transactions with other related parties

Details of salaries and remuneration of the Boards of Directors, the Board of Supervision and the Management during the year are as set out below:

	VND	
	<i>For the six-month period ended 31 March 2015</i>	<i>For the six-month period ended 31 March 2014</i>
Salaries of the Management	4,122,590,415	4,335,663,000
Bonuses of the Management	950,000,000	5,540,000,000
Remuneration of the Board of Directors and the Board of Supervision	534,000,000	534,000,000
Bonuses of the Board of Directors and the Board of Supervision	-	10,850,378,000
TOTAL	<u>5,606,590,415</u>	<u>21,260,041,000</u>

32. OPERATING LEASE COMMITMENTS

Operating lease commitment

The Company leases land under operating lease arrangements. The minimum lease commitment as at 31 March 2015 under operating lease arrangements is as follows:

	VND	
	<i>31 March 2015</i>	<i>30 September 2014</i>
Less than 1 year	34,673,097,166	28,345,347,738
From one to five years	95,251,399,273	80,415,983,201
More than five years	112,074,735,000	98,678,363,000
TOTAL	<u>241,999,231,439</u>	<u>207,439,693,939</u>

Operating expenses commitments

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

	VND	
	<i>31 March 2015</i>	<i>30 September 2014</i>
Less than 1 year	178,662,218,184	165,985,145,460
From one to five years	683,631,104,550	655,060,050,000
More than five years	810,683,700,000	794,889,300,000
TOTAL	<u>1,672,977,022,734</u>	<u>1,615,934,495,460</u>

Capital expenditure commitments

As at 31 March 2015, Company has commitments of VND 18,643,910,718 (30 September 2014: VND 61,885,954,624) mainly related to the acquisition of new machinery for the operation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities are trade payables, loans and borrowings and other payables. The main purpose of these financial liabilities is to finance the Company's working capital requirements. The Company has loan receivable, trade and other receivables, trade and other payable and cash that arise directly from its operations. The Company does not hold or issue any derivative financial instruments.

In its normal operation, the Company may be exposed to market risk, credit risk and liquidity risk.

The General Director reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign currency risk, goods price risk and other price risk. Financial instruments affected by market risk include bank deposits and loans.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and cash equivalents and loans with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	<i>Increase/decrease in basis points</i>	<i>VND Effect on profit before tax</i>
Current period		
USD	+50	(10,177,347,710)
VND	+100	(10,092,108,185)
USD	-50	10,177,347,710
VND	-100	10,092,108,185
Previous period		
USD	+50	(6,523,795,481)
VND	+100	(7,228,836,400)
USD	-50	6,523,795,481
VND	-100	7,228,836,400

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue and expense are denominated in a different currency from the Company's accounting currency).

The Company is exposed to foreign currency risk in relation to purchases of raw materials and sales of goods which are denominated in currencies other than its accounting currency as disclosed in Note 2.4. The Company manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future purchases of goods denominated in foreign currencies.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	<i>Change in USD rate</i>	<i>Change in EUR rate</i>	<i>VND Effect on profit before tax</i>
Current period	+1%	+1%	(35,771,459,506)
	-1%	-1%	35,771,459,506
Previous period	+1%	+1%	(46,055,602,877)
	-1%	-1%	46,055,602,877

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company may be exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including cash, bank deposit and loans.

Trade receivables

Customer credit risk is managed by the Company based on its established policy and procedures relating to customer credit risk management. Outstanding customer receivables are regularly monitored. In addition, the requirement for impairment is analyzed at each reporting date on an individual. The Company seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. The Company's maximum exposure to credit risk for the components of the interim separate statement of financial position at each reporting dates is the carrying amounts as disclosed in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

Other financial instruments

Except for the financial assets for which provision have been made, the General Director evaluates all financial assets are neither past due nor impaired.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk and maintains a level of cash, cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities:

	<i>Less than 1 year</i>	<i>Over 1 year</i>	<i>VND Total</i>
As at 31 March 2015			
Loans and borrowings	5,467,527,978,400	714,417,259,985	6,181,945,238,385
Trade payables	834,535,779,039	-	834,535,779,039
Other payables and accrued expenses	42,463,876,475	-	42,463,876,475
	<u>6,344,527,633,914</u>	<u>714,417,259,985</u>	<u>7,058,944,893,899</u>
As at 30 September 2014			
Loans and borrowings	4,749,052,198,420	902,755,730,318	5,651,807,928,738
Trade payables	1,825,290,959,556	-	1,825,290,959,556
Other payables and accrued expenses	35,524,916,049	-	35,524,916,049
	<u>6,609,868,074,025</u>	<u>902,755,730,318</u>	<u>7,512,623,804,343</u>

Collateral

The Company has pledged inventories, fixed assets and land use rights in order to fulfil the collateral requirements for the short-term and long-term loan obtained from banks (*Notes 17 and 23*).

The Company did not hold collateral at 31 March 2015 and 30 September 2014.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the interim separate financial statements.

	Carrying amount		Fair value		VND
	31 March 2015	30 September 2014	31 March 2015	30 September 2014	
	Cost	Provision	Cost	Provision	
Financial assets					
Trade receivables	309,442,803,443	(2,306,413,077)	596,483,621,409	(1,283,053,783)	307,136,390,366
Receivable from related parties	2,101,279,831,060	-	1,288,196,103,047	-	2,101,279,831,060
Other receivables	20,754,276,386	-	12,599,695,350	-	20,754,276,386
Other financial assets	2,012,549,901	-	2,012,549,901	-	2,012,549,901
Other long-term investments	4,367,000,000	-	8,640,000,000	-	4,367,000,000
Cash and cash equivalents	110,423,789,759	-	138,001,647,603	-	110,423,789,759
TOTAL	2,548,280,250,549	(2,306,413,077)	2,045,933,617,310	(1,283,053,783)	2,545,973,837,472
	Carrying amount		Fair value		VND
	31 March 2015	30 September 2014	31 March 2015	30 September 2014	
Financial liabilities					
Loans and borrowings	6,181,945,238,385	5,651,807,928,738	6,181,945,238,385	5,651,807,928,738	
Trade payables	782,660,894,926	1,817,785,651,168	782,660,894,926	1,817,785,651,168	
Payables from related parties	53,357,574,688	7,579,669,637	53,357,574,688	7,579,669,637	
Other payables and accrued expenses	40,981,185,900	35,450,554,800	40,981,185,900	35,450,554,800	
TOTAL	7,058,944,893,899	7,512,623,804,343	7,058,944,893,899	7,512,623,804,343	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2015

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- Cash and cash equivalents and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the financial assets and liabilities had not yet been formally assessed and determined as at the balance sheet date. However, the General Director assessed that the fair values of these financial assets and liabilities were not materially different from their carrying values as at balance sheet date.

35. EVENTS AFTER THE BALANCE SHEET INTERIM DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim separate financial statements.



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant

Tran Ngoc Chu
General Director

28 May 2015