

Hoa Sen Group

Interim separate financial statements

31 March 2017



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Hoa Sen Group

THE GENERAL INFORMATION

THE COMPANY

Hoa Sen Group ("the Company") is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam 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 roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company's registered 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 two hundred and seventy three (273) 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 as follows:

| | |
|------------------|---------------|
| Mr Le Phuoc Vu | Chairman |
| Mr Tran Ngoc Chu | Vice Chairman |
| Mr Pham Gia Tuan | Member |
| Mr Tran Quoc Tri | Member |
| Mr Ly Van Xuan | Member |

BOARD OF SUPERVISION

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

| | |
|------------------------|-------------------|
| Mr Le Vu Nam | Head of the Board |
| Mr Le Dinh Hanh | Member |
| Ms Dong Thi Thanh Hang | Member |

MANAGEMENT

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

| | | |
|---------------------|--------------------------------|----------------------------|
| 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 Tran Quoc Pham | Deputy General Director | |
| Mr Nguyen Ngoc Huy | Acting Deputy General Director | appointed on 15 March 2017 |
| Mr. Phan Duy Quang | Deputy General Director | resigned on 15 March 2017 |

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 2017 in accordance with the Letter of Authorisation No. 51/UQ/CT-HĐQT/2016 dated 23 March 2016.

AUDITORS

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

Hoa Sen Group

REPORT OF THE GENERAL DIRECTOR

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the interim separate financial statements of the Company for the six-month period ended 31 March 2017.

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.

APPROVAL OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

The General Director does hereby state that, in his 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 2017, and of the interim separate results of its operations and the 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.

As disclosed at Note 14.1 of the accompanying 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 2017 to meet the prevailing regulatory reporting requirements.

Users of the interim separate financial statements should read them together with the said interim consolidated financial statements of the Group the six-month period ended 31 March 2017 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Company and its subsidiaries.



Tran Ngoc Chu
General Director

25 May 2017

Reference: 61183992/19355153LR-Separate

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The Shareholders of Hoa Sen Group

We have reviewed the accompanying interim separate financial statements of Hoa Sen Group ("the Company") as prepared on 25 May 2017 and set out on pages 5 to 51, which comprise the interim separate balance sheet as at 31 March 2017, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

The General Director's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim separate financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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, in all material respects, of the interim separate financial position of the Company as at 31 March 2017, 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.

Emphasis of matter

As disclosed at Note 2.1 of the accompanying interim separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the preparation and presentation of the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month period ended 31 March 2017 to meet the prevailing regulatory reporting requirements. Users of the accompanying 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.

Our conclusion on the interim separate financial statement is not modified in respect of this matter.



Hang Nhat Quang
Deputy General Director
Audit Practicing Registration Certificate
No. 1772-2013-004-1

Ho Chi Minh City, Vietnam

25 May 2017

INTERIM SEPARATE BALANCE SHEET
as at 31 March 2017

VND

| Code | ASSETS | Notes | 31 March 2017 | 30 September 2016 |
|------------|---|-----------|---------------------------|---------------------------|
| 100 | A. CURRENT ASSETS | | 10,391,735,467,831 | 6,766,755,498,915 |
| 110 | I. Cash and cash equivalents | 4 | 171,880,295,222 | 447,518,356,022 |
| 111 | 1. Cash | | 171,736,773,347 | 447,374,834,147 |
| 112 | 2. Cash equivalents | | 143,521,875 | 143,521,875 |
| 130 | II. Current account receivables | | 4,412,091,757,707 | 2,734,790,808,631 |
| 131 | 1. Short-term trade receivables | 5.1 | 4,047,675,301,510 | 1,986,659,007,410 |
| 132 | 2. Short-term advances to suppliers | 5.2 | 90,728,335,432 | 74,284,302,601 |
| 135 | 3. Short-term loan receivables | | 61,687,540,665 | 400,000,000 |
| 136 | 4. Other short-term receivables | 6 | 216,804,182,665 | 678,251,101,185 |
| 137 | 5. Provision for doubtful short-term receivables | 5.1, 6 | (4,803,602,565) | (4,803,602,565) |
| 140 | III. Inventories | 7 | 4,727,427,960,589 | 3,169,484,056,346 |
| 141 | 1. Inventories | | 4,745,557,044,434 | 3,182,457,071,559 |
| 149 | 2. Provision for obsolete inventories | | (18,129,083,845) | (12,973,015,213) |
| 150 | IV. Other current assets | | 1,080,335,454,313 | 414,962,277,916 |
| 151 | 1. Short-term prepaid expenses | 8 | 110,684,165,840 | 63,632,969,870 |
| 152 | 2. Value-added tax deductible | 16 | 969,649,311,534 | 351,329,308,046 |
| 153 | 3. Tax and other receivables from the State | 16 | 1,976,939 | - |
| 200 | B. NON-CURRENT ASSETS | | 4,580,044,764,937 | 4,113,482,116,707 |
| 210 | I. Long-term receivables | | 27,012,549,901 | 27,012,549,901 |
| 215 | 1. Long-term loan receivables | 9 | 25,000,000,000 | 25,000,000,000 |
| 216 | 2. Other long-term receivable | 6 | 2,012,549,901 | 2,012,549,901 |
| 220 | II. Fixed assets | | 2,782,803,764,293 | 2,793,334,988,207 |
| 221 | 1. Tangible fixed assets | 10 | 2,441,562,877,820 | 2,440,269,368,323 |
| 222 | Cost | | 4,307,042,827,539 | 4,145,255,413,314 |
| 223 | Accumulated depreciation | | (1,865,479,949,719) | (1,704,986,044,991) |
| 224 | 2. Finance leases | 11 | 78,387,621,602 | 85,446,238,657 |
| 225 | Cost | | 135,252,035,604 | 135,252,035,604 |
| 226 | Accumulated depreciation | | (56,864,414,002) | (49,805,796,947) |
| 227 | 3. Intangible assets | 12 | 262,853,264,871 | 267,619,381,227 |
| 228 | Cost | | 284,777,213,976 | 288,233,543,976 |
| 229 | Accumulated amortisation | | (21,923,949,105) | (20,614,162,749) |
| 240 | III. Long-term assets in progress | | 114,519,310,638 | 45,622,693,380 |
| 242 | 1. Construction in progress | 13 | 114,519,310,638 | 45,622,693,380 |
| 250 | IV. Long-term investments | 14 | 1,457,736,736,926 | 1,051,478,371,384 |
| 251 | 1. Investments in subsidiaries | 14.1 | 1,386,576,000,000 | 1,025,576,000,000 |
| 252 | 2. Investment in associates | 14.2 | 56,002,178,134 | 52,852,178,134 |
| 254 | 3. Provision for diminution in value of long-term investments | 14.2 | (31,441,441,208) | (26,949,806,750) |
| 255 | 4. Held-to maturity investments | | 46,600,000,000 | - |
| 260 | V. Other long-term assets | | 197,972,403,179 | 196,033,513,835 |
| 261 | 1. Long-term prepaid expenses | 8 | 169,062,862,863 | 131,621,472,215 |
| 262 | 2. Deferred tax assets | 27.3 | 28,909,540,316 | 64,412,041,620 |
| 270 | TOTAL ASSETS | | 14,971,780,232,768 | 10,880,237,615,622 |

INTERIM SEPARATE BALANCE SHEET (continued)
as at 31 March 2017

VND

| Code | RESOURCES | Notes | 31 March 2017 | 30 September 2016 |
|------------|---|-----------|---------------------------|---------------------------|
| 300 | C. LIABILITIES | | 10,441,700,929,708 | 6,603,350,910,164 |
| 310 | I. Current liabilities | | 10,166,903,398,171 | 6,215,159,598,085 |
| 311 | 1. Short-term trade payables | 15.1 | 662,252,264,003 | 1,501,886,154,837 |
| 312 | 2. Short-term advances from customers | 15.2 | 161,762,185,453 | 130,240,194,421 |
| 313 | 3. Statutory obligations | 16 | 165,647,307,417 | 164,411,640,149 |
| 314 | 4. Payables to employees | | 65,524,298,028 | 62,752,064,223 |
| 315 | 5. Short-term accrued expenses | 17 | 45,857,922,435 | 187,888,512,542 |
| 319 | 6. Other short-term payables | 18 | 63,648,265,692 | 34,427,569,550 |
| 320 | 7. Short-term loans and finance lease obligations | 19 | 8,914,153,574,219 | 4,102,697,779,164 |
| 322 | 8. Bonus and welfare fund | | 88,057,580,924 | 30,855,683,199 |
| 330 | II. Non-current liabilities | | 274,797,531,537 | 388,191,312,079 |
| 338 | 1. Long-term loans and finance lease obligations | 19 | 272,096,334,037 | 385,490,114,579 |
| 342 | 2. Long-term provisions | | 2,701,197,500 | 2,701,197,500 |
| 400 | D. OWNERS' EQUITY | | 4,530,079,303,060 | 4,276,886,705,458 |
| 410 | I. Capital | 20 | 4,530,079,303,060 | 4,276,886,705,458 |
| 411 | 1. Share capital | | 1,965,398,290,000 | 1,965,398,290,000 |
| 411a | - Shares with voting rights | | 1,965,398,290,000 | 1,965,398,290,000 |
| 412 | 2. Share premium | | 551,571,933,521 | 551,571,933,521 |
| 420 | 3. Other funds belonging to owners' equity | | 47,901,636,552 | 6,784,575,670 |
| 421 | 4. Undistributed earnings | | 1,965,207,442,987 | 1,753,131,906,267 |
| 421a | - Undistributed earnings up to prior period-end | | 1,377,435,634,604 | 177,198,643,612 |
| 421b | - Undistributed earnings of current period | | 587,771,808,383 | 1,575,933,262,655 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 14,971,780,232,768 | 10,880,237,615,622 |



Nguyen Thi Thanh Tuyen
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant




Tran Ngoc Chu
General Director


25 May 2017


INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 31 March 2017

VND

| Code | ITEMS | Notes | For the six-month period ended 31 March 2017 | For the six-month period ended 31 March 2016 |
|------|--|-------|--|--|
| 01 | 1. Revenues from sale of goods and rendering of services | 21.1 | 22,029,294,923,416 | 12,939,626,459,759 |
| 02 | 2. Deductions | 21.1 | (81,507,342,295) | (49,647,582,051) |
| 10 | 3. Net revenues from sale of goods and rendering of services | 21.1 | 21,947,787,581,121 | 12,889,978,877,708 |
| 11 | 4. Costs of goods sold and services rendered | 22 | (20,284,139,904,211) | (11,506,883,200,423) |
| 20 | 5. Gross profit from sale of goods and rendering of services | | 1,663,647,676,910 | 1,383,095,677,285 |
| 21 | 6. Finance income | 21.2 | 30,863,725,117 | 25,781,897,367 |
| 22 | 7. Finance expenses | 23 | (215,872,117,027) | (115,196,501,573) |
| 23 | In which: Interest expense | | (136,838,829,918) | (91,997,362,776) |
| 25 | 8. Selling expenses | 24 | (522,938,269,203) | (402,206,394,150) |
| 26 | 9. General and administrative expenses | 24 | (264,492,162,551) | (335,377,839,810) |
| 30 | 10. Operating profit | | 691,208,853,246 | 556,096,839,119 |
| 31 | 11. Other income | 25 | 59,065,916,454 | 8,042,570,526 |
| 32 | 12. Other expenses | 25 | (638,879,439) | (9,908,517,153) |
| 40 | 13. Other profit (loss) | 25 | 58,427,037,015 | (1,865,946,627) |
| 50 | 14. Accounting profit before tax | | 749,635,890,261 | 554,230,892,492 |
| 51 | 15. Current corporate income tax expense | 27.1 | (126,361,580,574) | (129,206,928,549) |
| 52 | 16. Deferred tax (expense) income | 27.3 | (35,502,501,304) | 1,023,548,962 |
| 60 | 17. Net profit after tax | | 587,771,808,383 | 426,047,512,905 |


Nguyen Thi Thanh Tuyen
Preparer


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
General Director

25 May 2017

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 31 March 2017


VND


| Code | ITEMS | Notes | For the six-month period ended 31 March 2017 | For the six-month period ended 31 March 2016 |
|------|---|------------|--|--|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Accounting profit before tax | | 749,635,890,261 | 554,230,892,492 |
| | <i>Adjustments for:</i> | | | |
| 02 | Depreciation and amortisation | 10, 11, 12 | 198,779,522,832 | 194,632,425,463 |
| 03 | Provisions | | 9,647,703,090 | 4,491,634,459 |
| 04 | Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency | 23 | 8,463,524,412 | 3,418,637,062 |
| 05 | Profits from investing activities | | (18,161,658,223) | (5,506,541,239) |
| 06 | Interest expense | 23 | 136,838,829,918 | 91,997,362,776 |
| 08 | Operating profit before changes in working capital | | 1,085,203,812,290 | 843,264,411,013 |
| 09 | (Increase) decrease in receivables | | (2,343,801,914,453) | 1,596,431,282,467 |
| 10 | Increase in inventories | | (1,563,099,972,875) | (221,757,172,435) |
| 11 | Decrease (increase) in payables | | (961,087,579,063) | 369,211,753,666 |
| 12 | Increase in prepaid expenses | | (83,064,730,445) | (8,266,178,543) |
| 14 | Interest expense paid | | (130,000,437,842) | (93,376,144,142) |
| 15 | Corporate income tax paid | 16 | (141,421,965,232) | (89,046,802,557) |
| 17 | Other cash outflows for operating activities | | (29,537,484,056) | (13,539,077,582) |
| 20 | Net cash flows (used in) from operating activities | | (4,166,810,271,676) | 2,382,922,071,887 |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchases of fixed assets | | (277,827,432,427) | (92,128,335,905) |
| 22 | Proceeds from disposals of fixed assets | | 36,301,468,280 | 576,586,376 |
| 25 | Investment in other entities | | (364,150,000,000) | (121,000,000,000) |
| 26 | Proceeds from sale of investment in other entity | | - | 4,367,000,000 |
| 27 | Interest received | 21.2 | 1,114,850,021 | 5,336,680,499 |
| 30 | Net cash flows used in investing activities | | (604,561,114,126) | (202,848,069,030) |


INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 31 March 2017

VND

| Code | ITEMS | Notes | For the six-month period ended 31 March 2017 | For the six-month period ended 31 March 2016 |
|------|---|-------|--|--|
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 31 | Reissuance of treasury shares | | - | 116,395,667,397 |
| 32 | Capital redemption | | - | (508,729) |
| 33 | Drawdown of borrowings | | 12,510,545,296,194 | 4,665,576,580,960 |
| 34 | Repayment of borrowings | | (7,807,986,130,274) | (6,247,793,892,374) |
| 35 | Finance lease payments | | (10,518,171,966) | (10,518,171,966) |
| 36 | Dividends paid | 20.2 | (195,895,385,600) | (121,824,000) |
| 40 | Net cash flows from (used in) financing activities | | 4,496,145,608,354 | (1,476,462,148,712) |
| 50 | Net (decrease) increase in cash and cash equivalents | | (275,225,777,448) | 703,611,854,145 |
| 60 | Cash and cash equivalents at beginning of period | | 447,518,356,022 | 233,828,787,007 |
| 61 | Impact of exchange rate fluctuation | | (412,283,352) | (2,467,447,737) |
| 70 | Cash and cash equivalents at end of period | 4 | 171,880,295,222 | 934,973,193,415 |


Nguyen Thi Thanh Tuyen
Preparer


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
General Director



25 May 2017

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at and for the six-month period ended 31 March 2017

1. **CORPORATE INFORMATION**

Hoa Sen Group ("the Company") is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam 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 roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company's registered 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 two hundred and seventy three (273) branches located in various provinces in Vietnam.

The number of the Company's employees as at 31 March 2017 was 5,124 (30 September 2016: 4,536).

Corporate structure

The Company's corporate structure includes 16 subsidiaries, as follows:

▶ **Hoa Sen Steel Sheet One Member Limited Liability Company ("HSS")**

HSS is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700763651 issued by the Department of Planning and Investment of Binh Duong Province on 9 November 2006, as amended. HSS's registered 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. The current principal activities of HSS are manufacturing and trading cold rolled steel products.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSS (30 September 2016: 100%).

▶ **Hoa Sen Building Materials One Member Limited Liability Company ("HSBM")**

HSBM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3500786179 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 26 March 2007, as amended. HSBM's registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSBM are manufacturing and trading in plastic building materials and steel pipe products.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSBM (30 September 2016: 100%).

▶ **Hoa Sen Binh Dinh One Member Limited Liability Company ("HSBD")**

HSBD is a one-member limited liability established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101425750 issued by the Department of Planning and Investment of Binh Dinh Province on 14 May 2014. HSBD's registered head office is located at Lot A1.1 and TT 6.2 & 7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam. The current principal activities of HSBD are manufacturing and trading in plastic building materials and steel pipe products.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSBD (30 September 2016: 100%).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

- ▶ Hoa Sen Transportation and Engineering One Member Limited Liability Company ("HTME")

HTME is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, as amended. HTME's registered 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. The current principal activities of HTME are providing services of cargo transportation by road.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HTME (30 September 2016: 100%).

- ▶ Hoa Sen Nghe An One Member Limited Liability Company ("HSNA")

HSNA is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 2901788319 issued by the Department of Planning and Investment of Nghe An Province on 12 June 2015, as amended. HSNA's registered head office is located at Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province, Vietnam. The current principal activities of HSNA are manufacturing and trading in metal roofing sheets and steel pipes.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSNA (30 September 2016: 100%).

- ▶ Hoa Sen Ha Nam One Member Limited Liability Company ("HSHN")

HSHN is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 0700759219 issued by the Department of Planning and Investment of Ha Nam Province on 15 September 2015. HSHN's registered head office is located at Kien Khe I Industrial Complex, Kien Khe Town, Thanh Liem District, Ha Nam Province, Vietnam. The current principal activities of HSHN are manufacturing and trading in plastic building materials and steel pipe products.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSHN (30 September 2016: 100%).

- ▶ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company ("HSNH")

HSNH is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101453370 issued by the Department of Planning and Investment of Binh Dinh Province on 26 November 2015. HSNH's registered head office is located at Hoi Son Village, Nhon Hoi Commune, Quy Nhon City, Vietnam. The current principal activities of HSNH are manufacturing and trading in metal roofing sheets.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSNH (30 September 2016: 100%).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

▶ Hoa Sen Van Hoi Joint Stock Company ("HSVH")

HSVH is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861301 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSVH's registered head office is located at 48 civil group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSVH are trading in real estate and rendering of real estate services and supporting services for trading real estate.

As at 31 March 2017, the Company holds 70% equity interests and 70% voting rights in HSVH (30 September 2016: 70%).

▶ Hoa Sen Yen Bai Joint Stock Company ("HSYB")

HSYB is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861319 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSYB's registered head office is located at 48 civil group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB are operating a hotel, restaurant services and commercial center.

As at 31 March 2017, the Company holds 70% equity interests and 70% voting rights in HSYB (30 September 2016: 70%).

▶ Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company ("HSRE")

HSRE is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSRE's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSRE are manufacturing, transmitting and distributing electricity.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSRE (30 September 2016: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company ("HSCC")

HSCC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607946 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSCC's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSCC are manufacturing cement, lime and plaster.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSCC (30 September 2016: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company ("HSIP")

HSIP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607978 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIP's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIP are trading in real estate and land use right for use or rent.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSIP (30 September 2016: 100%).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

- ▶ Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company ("HSSP")

HSSP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607985 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSSP's registered head office is located at Thuong Diem 2 Village, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSSP are investing riverport, seaport.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSSP (30 September 2016: 100%).

- ▶ Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company ("HSIC")

HSIC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607953 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIC's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIC are manufacturing iron, steel, cast iron products.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSIC (30 September 2016: 100%).

- ▶ Hoa Sen Phu My One Member Limited Liability Company ("HSPM")

HSPM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3502313442 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province on 8 August 2016. HSPM's registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSPM are manufacturing steel for building materials and consumer goods.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSPM (30 September 2016: 100%).

- ▶ Hoa Sen Yen Bai Building Materials One Member Liability Company ("HSYB-LTD")

HSYB-LTD is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200870602 issued by the Department of Planning and Investment of Yen Bai Province on 6 January 2017. HSYB-LTD's registered head office is located at 48 civil group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSPM are manufacturing and trading steel pipes.

As at 31 March 2017, the Company holds 100% equity interests and 100% voting rights in HSYB-LTD.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

2. BASIS OF PREPARATION

2.1 Purpose of preparing the interim separate financial statements

The Company has subsidiaries as disclosed at Note 14.1. The Company prepared these interim separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by this regulation, the Company is in process of preparation and presentation of the interim consolidated financial statements of the Company and its subsidiaries for the six-month period ended 31 March 2017.

Users of the 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 Company and its subsidiaries.

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

Accordingly, the accompanying interim separate financial statements, 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.

2.3 Applied accounting documentation system

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

2.4 Fiscal year

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

2.5 Accounting currency

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit 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 realizable 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 or 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, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

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, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) 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 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 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, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim separate income statement.

Land use rights

Land use rights are recorded as intangible assets representing the value of the right to use the lands acquired or leased by the Company. 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and 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 the Company incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized. 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 Investments

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 to the Company's 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.

Investments 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 to the Company's 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.

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in value of investments

Provision for any diminution in value of the investments in other entities at the balance sheet date is made 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 or decreases to the provision balance are recorded as finance 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 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year for all employees who have been in service for more than 12 months up to balance sheet date 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 period following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the interim 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 accounting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the period and arising from the revaluation of monetary accounts denominated in foreign currency at period-end are taken to the interim separate income statement.

3.14 Treasury shares

Own equity instruments which are reacquired (known as 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

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, and presented as a liability on the separate balance sheet.

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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 offset 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 statement purpose.

Deferred tax liabilities are recognised for all taxable temporary differences.

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 profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Previously unrecognised deferred 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 offset 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

4. CASH AND CASH EQUIVALENTS

| | VND | |
|----------------------|------------------------|------------------------|
| | 31 March 2017 | 30 September 2016 |
| Cash on hand | 20,859,586,987 | 11,585,393,615 |
| Cash in banks | 150,655,752,360 | 385,789,440,532 |
| Cash in transit | 221,434,000 | 50,000,000,000 |
| Cash equivalents (*) | 143,521,875 | 143,521,875 |
| TOTAL | 171,880,295,222 | 447,518,356,022 |

(*) Cash equivalents represent deposits at the commercial banks with original maturity of less than three (3) months and earn interest at the rates 5% per annum.

5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

5.1 Short-term trade receivables

| | VND | |
|---|--------------------------|--------------------------|
| | 31 March 2017 | 30 September 2016 |
| Due from related parties (Note 28) | 3,121,616,617,207 | 1,517,220,453,750 |
| Due from third parties | 926,058,684,303 | 469,438,553,660 |
| TOTAL | 4,047,675,301,510 | 1,986,659,007,410 |
| Provision for doubtful short-term receivables | (4,063,602,565) | (4,063,602,565) |
| NET | 4,043,611,698,945 | 1,982,595,404,845 |

5.2 Short-term advances to suppliers

| | VND | |
|------------------------------------|-----------------------|-----------------------|
| | 31 March 2017 | 30 September 2016 |
| Due from related parties (Note 28) | 5,000,000,000 | 6,795,198,682 |
| Due from third parties | 85,728,335,432 | 67,489,103,919 |
| TOTAL | 90,728,335,432 | 74,284,302,601 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

6. OTHER RECEIVABLES

| | VND | |
|--|------------------------|------------------------|
| | 31 March 2017 | 30 September 2016 |
| Short-term | 216,804,182,665 | 678,251,101,185 |
| Advance for purchase of lands | 90,183,227,000 | 90,183,227,000 |
| Deposits | 81,819,178,380 | 53,187,465,900 |
| Advances to employees | 35,685,158,180 | 19,858,438,997 |
| Profits shared from subsidiaries | - | 509,778,179,025 |
| Others | 9,116,619,105 | 5,243,790,263 |
| Long-term | 2,012,549,901 | 2,012,549,901 |
| Deposits | 2,012,549,901 | 2,012,549,901 |
| TOTAL | 218,816,732,566 | 680,263,651,086 |
| Provision for doubtful other receivables | (740,000,000) | (740,000,000) |
| NET | 218,076,732,566 | 679,523,651,086 |
| <i>In which:</i> | | |
| Due from related parties (Note 28) | 93,845,126,128 | 600,946,505,775 |
| Due from third parties | 124,231,606,438 | 78,577,145,311 |

7. INVENTORIES

| | VND | |
|------------------------------------|--------------------------|--------------------------|
| | 31 March 2017 | 30 September 2016 |
| Raw materials | 2,648,730,189,510 | 305,548,805,026 |
| Finished goods | 1,054,884,831,854 | 992,881,622,867 |
| Merchandises | 615,284,799,904 | 275,747,646,476 |
| Tools and supplies | 235,433,147,197 | 183,876,072,415 |
| Goods in transit | 191,224,075,969 | 1,424,402,924,775 |
| TOTAL | 4,745,557,044,434 | 3,182,457,071,559 |
| Provision for obsolete inventories | (18,129,083,845) | (12,973,015,213) |
| NET | 4,727,427,960,589 | 3,169,484,056,346 |

As disclosed at Note 19, the Company has pledged inventories with the carrying amount as at 31 March 2017 amounting to VND 3,345,490,119,643 to secure its bank loans.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

8. PREPAID EXPENSES

| | VND | |
|---|------------------------|------------------------|
| | 31 March 2017 | 30 September 2016 |
| Short-term | 110,684,165,840 | 63,632,969,870 |
| Advertising expenses | 33,072,294,375 | 23,835,246,313 |
| Rental expenses | 19,024,688,575 | 11,971,103,911 |
| Tools and equipment | 12,631,443,434 | 12,457,928,551 |
| Repair and maintenance | 3,822,492,933 | 1,124,882,823 |
| Advisory fee | 2,998,767,433 | 1,615,463,792 |
| Insurance fee | 1,825,990,461 | 1,082,517,262 |
| Others | 37,308,488,629 | 11,545,827,218 |
| Long-term | 169,062,862,863 | 131,621,472,215 |
| Factory, machinery and equipment rental expense | 87,615,363,188 | 65,147,659,827 |
| Tools and equipment | 63,969,440,950 | 50,315,244,895 |
| Repairing and maintenance | 11,629,048,405 | 11,079,041,450 |
| Others | 5,849,010,320 | 5,079,526,043 |
| TOTAL | 279,747,028,703 | 195,254,442,085 |

9. LONG-TERM LOAN RECEIVABLES

The ending balance of long-term loan receivable represented the unsecured and non-interest bearing lending to the Finance Department of Nghe An Province for the purpose of compensating the clearance costs of the land located at Dong Hoi Industrial Park, Nghe An Province, Vietnam. This lending will be due on 25 June 2018.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

10. TANGIBLE FIXED ASSET

| | Buildings and structures | Machinery and equipment | Means of transportation | Office equipment | Others | Total |
|---|-----------------------------|----------------------------|----------------------------|------------------|------------------|---------------------|
| | | | | | | VND |
| Cost: | | | | | | |
| As at 30 September 2016 | 620,092,251,986 | 3,174,255,498,187 | 310,270,251,683 | 21,883,292,617 | 18,754,118,841 | 4,145,255,413,314 |
| New purchase | 1,479,821,711 | 74,204,226,037 | 47,006,754,488 | 10,861,890,416 | - | 133,552,692,652 |
| Transfer from construction in progress | 13,370,829,100 | 56,617,482,698 | 3,961,954,546 | - | - | 73,950,266,344 |
| Disposals | (600,000,000) | (44,051,478,770) | (1,064,066,001) | - | - | (45,715,544,771) |
| As at 31 March 2017 | 634,342,902,797 | 3,261,025,728,152 | 360,174,894,716 | 32,745,183,033 | 18,754,118,841 | 4,307,042,827,539 |
| <i>In which:</i> | | | | | | |
| Fully depreciated | 1,876,106,118 | 264,005,343,932 | 18,439,961,976 | 1,231,953,898 | 113,339,238 | 285,666,705,162 |
| Accumulated depreciation: | | | | | | |
| As at 30 September 2016 | (218,297,241,782) | (1,385,067,803,192) | (81,715,948,876) | (6,416,338,968) | (13,488,712,173) | (1,704,986,044,991) |
| Depreciation for the period | (19,433,412,783) | (148,663,465,449) | (18,997,265,528) | (1,924,805,987) | (1,392,169,674) | (190,411,119,421) |
| Disposals | 311,083,333 | 28,542,065,359 | 1,064,066,001 | - | - | 29,917,214,693 |
| As at 31 March 2017 | (237,419,571,232) | (1,505,189,203,282) | (99,649,148,403) | (8,341,144,955) | (14,880,881,847) | (1,865,479,949,719) |
| Net carrying amount: | | | | | | |
| As at 30 September 2016 | 401,795,010,204 | 1,789,187,694,995 | 228,554,302,807 | 15,466,953,649 | 5,265,406,668 | 2,440,269,368,323 |
| As at 31 March 2017 | 396,923,331,565 | 1,755,836,524,870 | 260,525,746,313 | 24,404,038,078 | 3,873,236,994 | 2,441,562,877,820 |

As disclosed at Note 19, the Company has pledged its buildings and structures, machinery and equipment and means of transportation with their respective carrying amounts as at 31 March 2017 of VND 123,910,829,846, VND 1,368,851,387,196 and VND 133,431,365,368 to secure its bank loans.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

11. FINANCE LEASES

| | | | VND |
|---|--------------------------------|--------------------------------|-------------------------|
| | <i>Machinery and equipment</i> | <i>Means of transportation</i> | <i>Total</i> |
| Cost: | | | |
| As at 30 September 2016 and 31 March 2017 | <u>114,919,308,334</u> | <u>20,332,727,270</u> | <u>135,252,035,604</u> |
| Accumulated depreciation: | | | |
| As at 30 September 2016 | (45,699,813,686) | (4,105,983,261) | (49,805,796,947) |
| Depreciation for the period | <u>(6,040,059,378)</u> | <u>(1,018,557,677)</u> | <u>(7,058,617,055)</u> |
| As at 31 March 2017 | <u>(51,739,873,064)</u> | <u>(5,124,540,938)</u> | <u>(56,864,414,002)</u> |
| Net carrying amount: | | | |
| As at 30 September 2016 | <u>69,219,494,648</u> | <u>16,226,744,009</u> | <u>85,446,238,657</u> |
| As at 31 March 2017 | <u>63,179,435,270</u> | <u>15,208,186,332</u> | <u>78,387,621,602</u> |

12. INTANGIBLE ASSETS

| | | | VND |
|----------------------------------|-------------------------|--------------------------|-------------------------|
| | <i>Land use rights</i> | <i>Computer software</i> | <i>Total</i> |
| Cost: | | | |
| As at 30 September 2016 | 286,888,786,265 | 1,344,757,711 | 288,233,543,976 |
| Disposals | <u>(3,456,330,000)</u> | - | <u>(3,456,330,000)</u> |
| As at 31 March 2017 | <u>283,432,456,265</u> | <u>1,344,757,711</u> | <u>284,777,213,976</u> |
| <i>In which:</i> | | | |
| Fully amortised | 456,396,144 | 1,344,757,711 | 1,801,153,855 |
| Accumulated amortisation: | | | |
| As at 30 September 2016 | (19,269,405,038) | (1,344,757,711) | (20,614,162,749) |
| Amortisation for the period | <u>(1,309,786,356)</u> | - | <u>(1,309,786,356)</u> |
| As at 31 March 2017 | <u>(20,579,191,394)</u> | <u>(1,344,757,711)</u> | <u>(21,923,949,105)</u> |
| Net carrying amount: | | | |
| As at 30 September 2016 | <u>267,619,381,227</u> | - | <u>267,619,381,227</u> |
| As at 31 March 2017 | <u>262,853,264,871</u> | - | <u>262,853,264,871</u> |

As disclosed at Note 19, the Company has pledged its land use rights with their carrying amounts as at 31 March 2017 of VND 211,119,565,414 to secure its bank loans.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

13. CONSTRUCTION IN PROGRESS

| | VND | |
|------------------------------|------------------------|-----------------------|
| | 31 March 2017 | 30 September 2016 |
| Purchases of fixed assets | 111,855,743,125 | 42,037,817,373 |
| Major repair of fixed assets | 2,310,627,743 | 3,031,321,051 |
| Others | 352,939,770 | 553,554,956 |
| TOTAL | 114,519,310,638 | 45,622,693,380 |

14. LONG-TERM INVESTMENTS

| | VND | |
|--|--------------------------|--------------------------|
| | 31 March 2017 | 30 September 2016 |
| Investments in subsidiaries (Note 14.1) | 1,386,576,000,000 | 1,025,576,000,000 |
| Investment in associates (Note 14.2) | 56,002,178,134 | 52,852,178,134 |
| Bonds at Bank for Foreign Trade of Vietnam (*) | 46,600,000,000 | - |
| TOTAL | 1,489,178,178,134 | 1,078,428,178,134 |
| Provision for diminution in value of long-term investments | (31,441,441,208) | (26,949,806,750) |
| NET | 1,457,736,736,926 | 1,051,478,371,384 |

(*) Bonds at Bank for Foreign Trade of Vietnam with original maturity of ten (10) year and earn interest at the floating rates +1% per annum.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and the six-month period ended 31 March 2017

14. LONG-TERM INVESTMENTS (continued)

14.1 Investments in subsidiaries

Details of the Company's investments in subsidiaries were as follows:

| <i>Name of subsidiaries</i> | <i>31 March 2017</i> | | <i>30 September 2016</i> | | <i>Location</i> | <i>Business activities</i> |
|---|----------------------|---------------------------------|--------------------------|---------------------------------|-------------------------------------|---|
| | <i>% of interest</i> | <i>Cost of investment (VND)</i> | <i>% of interest</i> | <i>Cost of investment (VND)</i> | | |
| Hoa Sen Steel Sheet One Member Co., Ltd. | 100 | 280,000,000,000 | 100 | 280,000,000,000 | Binh Duong Province, Vietnam | Manufacturing and trading in cold rolled steel products |
| Hoa Sen Nghe An One Member Co., Ltd. | 100 | 330,000,000,000 | 100 | 300,000,000,000 | Nghe An Province, Vietnam | Manufacturing and trading in metal roofing sheets and steel pipes |
| Hoa Sen Building Materials One Member Co., Ltd. | 100 | 150,000,000,000 | 100 | 150,000,000,000 | Ba Ria – Vung Tau Province, Vietnam | Manufacturing and trading in plastic building materials and steel pipe products |
| Hoa Sen Binh Dinh One Member Co., Ltd. | 100 | 55,000,000,000 | 100 | 55,000,000,000 | Binh Dinh Province, Vietnam | Manufacturing and trading in plastic building materials and steel pipe products |
| Hoa Sen Nam Cam Nghe An One Member Co., Ltd. | - | - | 100 | 30,000,000,000 | Nghe An Province, Vietnam | Manufacturing and trading in 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 | Providing services of cargo transportation by road |
| Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd. | 100 | 200,000,000,000 | 100 | 136,000,000,000 | Binh Dinh Province, Vietnam | Manufacturing and trading in metal roofing sheets |
| Hoa Sen Ha Nam One Member Co., Ltd. | 100 | 200,000,000,000 | 100 | 50,000,000,000 | Ha Nam Province, Vietnam | Manufacturing and trading in plastic building materials and steel pipe products |
| Hoa Sen Van Hoi Joint Stock Company | 70 | 2,800,000,000 | 70 | 2,800,000,000 | Yen Bai Province, Vietnam | Trading in real estate and rendering of supporting services for trading real estate |
| Hoa Sen Yen Bai Joint Stock Company | 70 | 84,000,000,000 | 70 | 5,500,000,000 | Yen Bai Province, Vietnam | Operating hotel, restaurant services and commercial center |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

14. LONG-TERM INVESTMENTS (continued)

14.1 Investments in subsidiaries (continued)

Details of the Company's investments in subsidiaries were as follows (continued):

| Name of subsidiaries | 31 March 2017 | | 30 September 2016 | | Location | Business activities |
|--|---------------|--------------------------|-------------------|--------------------------|-------------------------------------|---|
| | % of interest | Cost of investment (VND) | % of interest | Cost of investment (VND) | | |
| Hoa Sen Phu My One Member Co., Ltd. | 100 | 50,000,000,000 | - | - | Ba Ria – Vung Tau Province, Vietnam | Manufacturing steel for building materials and consumer goods |
| Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Co., Ltd. | 100 | 12,500,000,000 | - | - | Ninh Thuan Province, Vietnam | Manufacturing iron, steel and cast iron products |
| Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Co., Ltd. | 100 | 3,000,000,000 | - | - | Ninh Thuan Province, Vietnam | Trading in real estate and land use right for use or rent |
| Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Co., Ltd | 100 | 1,000,000,000 | - | - | Ninh Thuan Province, Vietnam | Investing riverport, seaport |
| Hoa Sen Yen Bai Building Materials One Member Co., Ltd. | 100 | 2,000,000,000 | - | - | Yen Bai Province, Vietnam | Manufacturing and trading in plastic building materials and steel pipe products |
| TOTAL | | 1,386,576,000,000 | | 1,025,576,000,000 | | |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

14. LONG-TERM INVESTMENTS (continued)

14.2 Investment in associates

Details of the Company's investments in the associates were as follows:

| Name of associate | 31 March 2017 | | 30 September 2016 | | 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 | 51,952,178,134 | Ba Ria – Vung Tau Province, Vietnam | Provide sea cargo agency services |
| Hoa Sen Hoi Van Joint Stock Company | 45 | 450,000,000 | 45 | 450,000,000 | Binh Dinh Province, Vietnam | Trading in real estate and rendering of real estate services and supporting services for trading real estate |
| Hoa Sen Quy Nhon Joint Stock Company | 45 | 3,600,000,000 | 45 | 450,000,000 | Binh Dinh Province, Vietnam | Trading in real estate and rendering of real estate services and supporting services for trading real estate |
| Provision for diminution in value of long-term investments | | (31,441,441,208) | | (26,949,806,750) | | |
| | | <u>24,560,736,926</u> | | <u>25,902,371,384</u> | | |

15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

| | VND | |
|----------------------------------|------------------------|--------------------------|
| | 31 March 2017 | 30 September 2016 |
| Due to related parties (Note 28) | 89,386,780,879 | 215,023,244,843 |
| Due to third parties | 572,865,483,124 | 1,286,862,909,994 |
| In which: | | |
| Severstal Export GmbH | 90,045,228,045 | - |
| Ep Steel Trading Co., Ltd. | - | 489,859,708,622 |
| Baosteel Singapore Pte Ltd. | - | 256,372,215,014 |
| Others | 482,820,255,079 | 540,630,986,358 |
| TOTAL | 662,252,264,003 | 1,501,886,154,837 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS (continued)

15.2 Short-term advances from customers

| | VND | |
|----------------------------------|------------------------|------------------------|
| | 31 March 2017 | 30 September 2016 |
| Due to a related party (Note 28) | 80,125,138,800 | 8,394,282,049 |
| Due to third parties | 81,637,046,653 | 121,845,912,372 |
| TOTAL | 161,762,185,453 | 130,240,194,421 |

16. TAXES

| | VND | | | |
|----------------------|------------------------|----------------------------|----------------------------|------------------------|
| | 30 September 2016 | Increase during the period | Decrease during the period | 31 March 2017 |
| Payables | | | | |
| Corporate income tax | 85,377,201,933 | 126,361,580,574 | (141,421,965,232) | 70,316,817,275 |
| Value-added tax | 74,546,062,946 | 846,418,259,132 | (842,631,154,596) | 78,333,167,482 |
| Personal income tax | 2,574,386,936 | 25,518,104,163 | (20,091,890,303) | 8,000,600,796 |
| Other taxes | 1,913,988,334 | 68,677,815,164 | (61,595,081,634) | 8,996,721,864 |
| TOTAL | 164,411,640,149 | 1,066,975,759,033 | (1,065,740,091,765) | 165,647,307,417 |
| Receivables | | | | |
| Value-added tax | 351,329,308,046 | 618,321,980,427 | - | 969,651,288,473 |

17. SHORT-TERM ACCRUED EXPENSES

| | VND | |
|---|-----------------------|------------------------|
| | 31 March 2017 | 30 September 2016 |
| Bonuses and 13 th month salary | 18,376,735,000 | 133,842,548,580 |
| Electricity fee | 12,444,707,414 | 9,619,132,214 |
| Loan interest | 9,549,334,041 | 2,710,941,965 |
| Construction in progress expense | 5,322,145,980 | 7,125,696,789 |
| Others | 165,000,000 | 34,590,192,994 |
| TOTAL | 45,857,922,435 | 187,888,512,542 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

18. OTHER SHORT-TERM PAYABLES

| | VND | |
|---|-----------------------|-----------------------|
| | 31 March 2017 | 30 September 2016 |
| Cash received from employees relating to the issuance of shares under Employee Share Option Program | 34,371,710,000 | - |
| Deposits received | 6,943,790,000 | 26,301,326,100 |
| Social insurance, health insurance, unemployment insurance, and trade union fees | 5,195,131,600 | 297,013,000 |
| Dividends | 5,066,063,550 | 4,421,620,150 |
| Discount export documents | 3,099,848,000 | - |
| Other payables to related parties (Note 28) | 1,440,655,600 | 1,009,084,000 |
| Others | 7,531,066,942 | 2,398,526,300 |
| TOTAL | 63,648,265,692 | 34,427,569,550 |

19. LOANS AND FINANCE LEASES

| | VND | |
|---|--------------------------|--------------------------|
| | 31 March 2017 | 30 September 2016 |
| Short-term loans and finance leases | 8,914,153,574,219 | 4,102,697,779,164 |
| Loans from banks (Note 19.1) | 8,673,164,937,126 | 3,829,686,778,983 |
| Current portion of long-term loans from banks (Note 19.2) | 230,779,836,020 | 255,864,471,340 |
| Current portion of finance leases (Note 19.3) | 10,208,801,073 | 17,146,528,841 |
| Long-term loans and finance leases | 272,096,334,037 | 385,490,114,579 |
| Loans from banks (Note 19.2) | 264,238,224,928 | 374,051,561,272 |
| Finance leases (Note 19.3) | 7,858,109,109 | 11,438,553,307 |
| TOTAL | 9,186,249,908,256 | 4,488,187,893,743 |

Movements of loans and finance leases during the period were as follows:

| | VND Amount |
|------------------------------|---------------------|
| As at 30 September 2016 | 4,488,187,893,743 |
| Drawdown from borrowings | 12,510,545,296,194 |
| Repayment from borrowings | (7,818,504,302,240) |
| Foreign exchange differences | 6,021,020,559 |
| As at 31 March 2017 | 9,186,249,908,256 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

19. LOANS AND FINANCE LEASES (continued)

19.1 Short-term loans from banks

Details of short-term loans from banks were as follows:

| <i>Name of bank</i> | <i>31 March 2017</i> | <i>Maturity date</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|---|----------------------|---|----------------------|--|
| | <i>(VND)</i> | | <i>(% p.a.)</i> | |
| <i>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</i> | | | | |
| Loan in VND | 1,508,029,548,473 | From 22 April 2017 to 30 September 2017 | From 4.7 to 5.3 | Land use rights, and machinery and equipment |
| Loan in USD | 225,040,991,082 | Form 15 May 2017 to 20 July 2017 | From 1.8 to 2.4 | Land use rights, and machinery and equipment |
| <i>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</i> | | | | |
| Loan in VND | 3,233,424,410,632 | From 21 May 2017 to 31 August 2017 | From 4.5 to 5 | Land use rights, buildings and structures, and machinery and equipment |
| Loan in USD | 237,606,097,032 | From 10 July 2017 to 24 July 2017 | 2 | Land use rights, buildings and structures, and machinery and equipment |
| <i>Military Commercial Joint Stock Bank – Binh Duong Branch</i> | | | | |
| Loan in VND | 248,696,037,484 | From 9 May 2017 to 18 May 2017 | From 5.0 to 5.2 | Land use rights, and inventories |
| Loan in USD | 50,095,801,812 | 9 August 2017 | 2.4 | Land use rights |
| <i>Joint Stock Commercial Bank for Investment and Development of Vietnam – Transaction Center No. 2 Branch</i> | | | | |
| Loan in VND | 113,250,390,970 | From 27 June 2017 to 20 July 2017 | 5.5 | Unsecured |
| <i>Asia Commercial Joint Stock Bank – Tan Thuan Branch</i> | | | | |
| Loan in VND | 82,314,069,927 | From 14 May 2017 to 20 May 2017 | 6 | Inventories |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

19. LOANS AND FINANCE LEASES (continued)

19.1 Short-term loans from banks (continued)

Details of short-term loans from banks were as follows (continued):

| <i>Name of bank</i> | <i>31 March 2017</i> <i>(VND)</i> | <i>Maturity date</i> | <i>Interest rate</i> <i>(% p.a.)</i> | <i>Description of collateral</i> |
|--|--------------------------------------|--------------------------------------|---|---|
| Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch | | | | |
| Loan in VND | 55,603,069,703 | 14 June 2017 | 5.2 | Inventories, and machinery and equipment |
| Loan in USD | 100,139,773,492 | 5 June 2017 | 2 | Inventories, and machinery and equipment |
| ANZ Bank (Vietnam) Limited | | | | |
| Loan in VND | 365,805,087,709 | From 15 April 2017 to 14 July 2017 | From 4.95 to 5.4 | Land use rights |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch | | | | |
| Loan in VND | 877,614,137,531 | From 5 May 2017 to 20 September 2017 | From 4.7 to 5.3 | Unsecured |
| Vietnam Bank for Agriculture and Rural Development – Saigon Branch | | | | |
| Loan in VND | 110,690,000,000 | From 11 April 2017 to 29 June 2017 | From 4.5 to 5.0 | Unsecured |
| Vietnam Prosperity Joint Stock Commercial Bank | | | | |
| Loan in USD | 39,674,284,863 | 12 June 2017 | 2.3 | Inventories |
| HSBC Bank (Vietnam) Limited | | | | |
| Loan in VND | 40,508,411,214 | 28 April 2017 | 4.6 | Inventories, land use rights, buildings and structures, and machinery and equipment |
| Loan in USD | 506,658,181,547 | From 18 May 2017 to 19 July 2017 | From 1.75 to 1.9 | Inventories, land use rights, buildings and structures, and machinery and equipment |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

19. LOANS AND FINANCE LEASES (continued)

19.1 Short-term loans from banks (continued)

Details of short-term loans from banks were as follows (continued):

| <i>Name of bank</i> | <i>31 March 2017</i> | <i>Maturity date</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|---|---------------------------------|--|----------------------|----------------------------------|
| | <i>(VND)</i> | | <i>(% p.a.)</i> | |
| <i>United Overseas Bank Limited Co. – Ho Chi Minh Branch</i> | | | | |
| Loan in USD | 89,043,057,300 | 25 May 2017 | 1.75 | Inventories |
| <i>Orient Commercial Joint Stock Bank – Tan Binh Branch</i> | | | | |
| Loan in USD | 184,938,606,416 | From 13 July 2017 to 21 August 2017 | From 2.0 to 2.4 | Unsecured |
| <i>Vietnam Maritime Commercial Joint Stock Bank</i> | | | | |
| Loan in USD | 306,769,154,743 | From 16 May 2017 to 10 July 2017 | From 1.85 to 1.95 | Unsecured |
| <i>Vietnam International Commercial Joint Stock Bank– Ho Chi Minh branch</i> | | | | |
| Loan in USD | 297,263,825,196 | From 21 May 2017 to 24 June 2017 | 1.8 | Land use right, inventories |
| TOTAL | <u>8,673,164,937,126</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 2017

19. LOANS AND FINANCE LEASES (continued)

19.2 Long-term loans from banks

Details of long-term loans from banks were as follows:

| <i>Name of bank</i> | <i>31 March 2017</i> | <i>Maturity date</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|---|-------------------------------|--|----------------------|--|
| | <i>(VND)</i> | | <i>(% p.a.)</i> | |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch | | | | |
| Loan in VND | 24,497,913,400 | From 15 August 2019 to 7 February 2020 | From 8 to 9 | Land use rights, and machinery and equipment |
| Viet Capital Commercial Joint Stock Bank | | | | |
| Loan in VND | 42,684,410,000 | From 4 February 2018 to 26 November 2019 | 8 | Means of transportation |
| Asia Commercial Joint Stock Bank – Tan Thuan Branch | | | | |
| Loan in VND | 18,947,584,000 | From 6 January 2020 to 17 June 2020 | 8 | Means of transportation |
| Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch | | | | |
| Loan in VND | 348,924,771,861 | 16 July 2019 | 8.3 | Land use rights, buildings and structures, and machinery and equipment |
| Vietnam Development Bank – Binh Duong Branch | | | | |
| Loan in USD | 21,899,301,702 | 20 June 2018 | 1.7 | Land use right, buildings and structures, and machinery and equipment |
| Military Commercial Joint Stock Bank – Binh Duong Branch | | | | |
| Loan in VND | 22,784,079,985 | 7 January 2019 | 8.0 | Means of transportation |
| Vietnam Bank for Agriculture and Rural Development – Binh Duong Branch | | | | |
| Loan in VND | 15,280,000,000 | 25 September 2017 | 8.0 | Land use rights, and machinery and equipment |
| TOTAL | <u>495,018,060,948</u> | | | |
| <i>In which:</i> | | | | |
| Current portion | 230,779,836,020 | | | |
| Non-current portion | 264,238,224,928 | | | |

The Company used these loans to finance its construction and purchase of fixed assets.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

19. LOANS AND FINANCE LEASES (continued)

19.3 Finance leases

Details of finance leases were as follows:

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 2017 | | | 30 September 2016 | | |
|--------------------------------|---|------------------------|--------------------------|---|------------------------|--------------------------|
| | <i>Total minimum lease payments</i> | <i>Finance charges</i> | <i>Lease liabilities</i> | <i>Total minimum lease payments</i> | <i>Finance charges</i> | <i>Lease liabilities</i> |
| Current liabilities | | | | | | |
| Less than 1 year | 11,190,033,413 | 981,232,340 | 10,208,801,073 | 18,718,404,629 | 1,571,875,788 | 17,146,528,841 |
| Non-current liabilities | | | | | | |
| From 1-5 years | 8,255,065,224 | 396,956,115 | 7,858,109,109 | 12,229,792,718 | 791,239,411 | 11,438,553,307 |
| TOTAL | 19,445,098,637 | 1,378,188,455 | 18,066,910,182 | 30,948,197,347 | 2,363,115,199 | 28,585,082,148 |

VND

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

20. OWNERS' EQUITY

20.1 Movements in owners' equity

| | Issued share capital | Share premium | Treasury shares | Investment and development fund | Financial reserve fund | Other funds belongs to equity | Undistributed earnings | Total | VND |
|--|----------------------|-----------------|------------------|---------------------------------|------------------------|-------------------------------|------------------------|-------------------|-----|
| <i>For the six-month period ended 31 March 2016:</i> | | | | | | | | | |
| As at 30 September 2015 (previously presented) | 1,007,907,900,000 | 487,290,470,363 | (52,113,695,510) | - | 8,525,313,060 | 6,605,155,369 | 1,531,127,724,105 | 2,989,342,867,387 | |
| As at 30 September 2015 (reclassified) (*) | 1,007,907,900,000 | 487,290,470,363 | (52,113,695,510) | 8,525,313,060 | - | 6,605,155,369 | 1,531,127,724,105 | 2,989,342,867,387 | |
| Net profit for the period | - | - | - | - | - | - | 426,047,512,905 | 426,047,512,905 | |
| Stock dividends | 302,362,770,000 | - | - | - | - | - | (302,362,770,000) | - | |
| Repurchase of treasury shares | - | - | (508,729) | - | - | - | - | (508,729) | |
| Reissuance of treasury shares | - | 64,281,463,158 | 52,114,204,239 | - | - | - | - | 116,395,667,397 | |
| Transferred to bonus and welfare fund | - | - | - | - | - | - | (26,114,981,672) | (26,114,981,672) | |
| Appropriated to other funds | - | - | - | - | - | 29,379,354,381 | (29,379,354,381) | - | |
| Reversal of fund Performance bonus | - | - | - | (8,525,313,060) | - | - | 8,525,313,060 | - | |
| Use of funds | - | - | - | - | - | - | (21,902,000,000) | (21,902,000,000) | |
| | - | - | - | - | - | (11,254,269,393) | - | (11,254,269,393) | |
| As at 31 March 2016 | 1,310,270,670,000 | 551,571,933,521 | - | - | - | 24,730,240,357 | 1,585,941,444,017 | 3,472,514,287,895 | |

(*) The reclassification was carried out in accordance with the Circular No. 200/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

20. OWNERS' EQUITY (continued)

20.1 Movements in owners' equity (continued)

| | Issued share capital | Share premium | Treasury shares | Investment and development fund | Financial reserve fund | Other funds belongs to equity | Undistributed earnings | Total |
|--|----------------------|-----------------|-----------------|---------------------------------|------------------------|-------------------------------|------------------------|-------------------|
| <i>For the six-month period ended 31 March 2017:</i> | | | | | | | | |
| As at 30 September 2016 | 1,965,398,290,000 | 551,571,933,521 | - | - | - | 6,784,575,670 | 1,753,131,906,267 | 4,276,886,705,458 |
| Net profit for the period | - | - | - | - | - | - | 587,771,808,383 | 587,771,808,383 |
| Dividends (*) | - | - | - | - | - | - | (196,539,829,000) | (196,539,829,000) |
| Transferred to bonus and welfare fund | - | - | - | - | - | - | (60,167,737,724) | (60,167,737,724) |
| Appropriated to other funds | - | - | - | - | - | 67,688,704,939 | (67,688,704,939) | - |
| Performance bonus | - | - | - | - | - | - | (51,300,000,000) | (51,300,000,000) |
| Use of funds | - | - | - | - | - | (26,571,644,057) | - | (26,571,644,057) |
| As at 31 March 2017 | 1,965,398,290,000 | 551,571,933,521 | - | - | - | 47,901,636,552 | 1,965,207,442,987 | 4,530,079,303,060 |

(*) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the Resolution of Board of Directors No. 09/NQ/HDT/2017 dated 7 February 2017 approved the payments of cash dividends to its existing shareholders.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends, profits

| | VND | |
|----------------------------|--|--|
| | For the six-month period ended 31 March 2017 | For the six-month period ended 31 March 2016 |
| Contributed capital | | |
| Beginning balances | 1,965,398,290,000 | 1,007,907,900,000 |
| Increase | - | 302,362,770,000 |
| Ending balance | <u>1,965,398,290,000</u> | <u>1,310,270,670,000</u> |
| Dividends | | |
| Dividends declared | 196,539,829,000 | - |
| Dividends paid by cash | 195,895,385,600 | 121,824,000 |

20.3 Share capital

| | Number of shares | |
|----------------------------------|------------------|-------------------|
| | 31 March 2017 | 30 September 2016 |
| Issued shares | | |
| Shares issued and paid-up shares | | |
| <i>Ordinary shares</i> | 196,539,829 | 196,539,829 |
| Treasury shares | | |
| <i>Ordinary shares</i> | - | - |
| Shares in circulation | | |
| <i>Ordinary shares</i> | 196,539,829 | 196,539,829 |

The par value of the Company's issued shares is VND 10,000 per share. The holders of the Company's 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 2017

21. REVENUES

21.1 Revenues from sale of goods and rendering of services

| | VND | |
|--------------------------------|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Gross revenues | 22,029,294,923,416 | 12,939,626,459,759 |
| <i>Of which:</i> | | |
| <i>Sale of finished goods</i> | 8,966,902,442,739 | 7,266,500,217,044 |
| <i>Sale of merchandises</i> | 12,942,848,868,880 | 5,569,247,376,207 |
| <i>Others</i> | 119,543,611,797 | 103,878,866,508 |
| Sales deduction | (81,507,342,295) | (49,647,582,051) |
| <i>Of which:</i> | | |
| <i>Trade discount</i> | (76,204,794,414) | (44,113,113,005) |
| <i>Sales returns</i> | (4,836,405,320) | (2,797,667,033) |
| <i>Sales allowances</i> | (466,142,561) | (2,736,802,013) |
| NET | <u>21,947,787,581,121</u> | <u>12,889,978,877,708</u> |
| <i>Of which:</i> | | |
| <i>Sale to third parties</i> | 9,794,182,482,384 | 6,051,342,375,435 |
| <i>Sale to related parties</i> | 12,153,605,098,737 | 6,838,636,502,273 |

21.2 Finance income

| | VND | |
|-----------------------------------|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Foreign exchange gains | 29,748,875,096 | 20,445,216,868 |
| Financial income from investments | 884,469,964 | 4,997,054,930 |
| Interest income | 230,380,057 | 339,625,569 |
| TOTAL | <u>30,863,725,117</u> | <u>25,781,897,367</u> |

22. COSTS OF GOODS SOLD AND SERVICES RENDERED

| | VND | |
|---------------------------------|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Costs of sale of finished goods | 7,773,388,291,484 | 6,014,922,886,080 |
| Costs of sale of merchandises | 12,510,751,612,727 | 5,491,960,314,343 |
| TOTAL | <u>20,284,139,904,211</u> | <u>11,506,883,200,423</u> |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

23. FINANCE EXPENSES

| | VND | |
|---|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Loan interest | 136,838,829,918 | 91,997,362,776 |
| Foreign exchange losses | 66,078,128,239 | 15,288,867,276 |
| Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency | 8,463,524,412 | 3,418,637,062 |
| Provision for long-term investments | 4,491,634,458 | 4,491,634,459 |
| TOTAL | 215,872,117,027 | 115,196,501,573 |

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

| | VND | |
|--|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Selling expenses | 522,938,269,203 | 402,206,394,150 |
| Labour costs | 135,058,420,660 | 96,213,135,700 |
| Depreciation and amortisation | 31,570,900,618 | 17,461,991,699 |
| Expenses for external services | 227,044,616,252 | 202,348,098,718 |
| Other expenses | 129,264,331,673 | 86,183,168,033 |
| General and administrative expenses | 264,492,162,551 | 335,377,839,810 |
| Labour costs | 130,482,064,997 | 161,148,094,604 |
| Depreciation and amortisation | 17,185,911,905 | 14,857,604,409 |
| Expenses for external services | 11,264,150,327 | 15,158,100,657 |
| Other expenses | 105,560,035,322 | 144,214,040,140 |
| TOTAL | 787,430,431,754 | 737,584,233,960 |

25. OTHER INCOME AND EXPENSES

| | VND | |
|---------------------------------|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Other income | 59,065,916,454 | 8,042,570,526 |
| Compensation | 36,059,780,905 | 3,531,317,775 |
| Gain from disposed fixed assets | 17,046,808,202 | 169,860,740 |
| Others | 5,959,327,347 | 4,341,392,011 |
| Other expenses | (638,879,439) | (9,908,517,153) |
| Others | (638,879,439) | (9,908,517,153) |
| NET | 58,427,037,015 | (1,865,946,627) |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

26. PRODUCTION AND OPERATING COSTS

| | VND | |
|--|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Raw materials | 7,367,347,822,763 | 5,437,243,304,563 |
| Labour costs | 328,529,107,384 | 306,878,252,589 |
| Depreciation and amortisation (Notes 10, 11 and 12) | 198,779,522,832 | 194,632,425,463 |
| Expenses for external services | 479,089,808,949 | 443,254,667,031 |
| Others | 379,267,145,154 | 328,629,143,187 |
| TOTAL | <u>8,753,013,407,082</u> | <u>6,710,637,792,833</u> |

27. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

The tax returns filed by the Company 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.

27.1 CIT expense

| | VND | |
|------------------------------------|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Current CIT expense | 126,362,430,574 | 129,206,928,549 |
| Adjusted CIT from previous periods | (850,000) | - |
| Deferred CIT expense (benefit) | 35,502,501,304 | (1,023,548,962) |
| TOTAL | <u>161,864,081,878</u> | <u>128,183,379,587</u> |

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

| | VND | |
|--|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Accounting profit before tax | 749,635,890,261 | 554,230,892,492 |
| At CIT rate of 20% (for the six-month period ended 31 March 2016: 1 st quarter: 22% and 2 nd quarter: 20%) | 149,927,178,052 | 116,388,487,423 |
| <i>Adjustments to increase (decrease)</i> | | |
| Non-deductible expenses | 11,937,753,826 | 11,743,714,713 |
| Adjustment for over accrual of CIT from prior period | (850,000) | - |
| Effect of change applicable tax rate | - | 51,177,451 |
| Current CIT expense | <u>161,864,081,878</u> | <u>128,183,379,587</u> |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

27. CORPORATE INCOME TAX (continued)

27.2 Current tax

The current CIT payable is based on taxable profit for the current period. The taxable profit of the Company for the year differs from the accounting profit as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other years 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.

27.3 Deferred CIT

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

| | <i>Interim separate balance sheet</i> | | <i>Interim separate income statement</i> | |
|--|---------------------------------------|------------------------------|---|---|
| | <i>31 March 2017</i> | <i>30 September 2016</i> | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Unrealised profits | 4,240,440,395 | 12,352,884,544 | (8,112,444,149) | (986,440,187) |
| Accrued operating expenses | 11,551,054,331 | 37,498,959,182 | (25,947,904,851) | 2,788,263,466 |
| Provisions | 10,874,825,524 | 8,945,284,906 | 1,929,540,618 | 898,326,891 |
| Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency | 398,253,660 | 68,118,757 | 330,134,903 | (1,412,783,196) |
| Others | 1,844,966,406 | 5,546,794,231 | (3,701,827,825) | (263,818,012) |
| Deferred tax assets | 28,909,540,316 | 64,412,041,620 | | |
| Deferred CIT (expense) benefit | | | (35,502,501,304) | 1,023,548,962 |

VND

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions of the Company with its related parties during the current and previous periods were as follows:

| <i>Related party</i> | <i>Relationship</i> | <i>Transactions</i> | <i>For the six-month period ended 31 March 2017</i> | <i>VND For the six-month period ended 31 March 2016</i> |
|---|---------------------|---|---|---|
| Hoa Sen Steel Sheet One Member Co., Ltd. | Subsidiary | Purchase of goods Sale of goods Leasing of assets Payment on behalf Purchase of gas | 6,740,929,492,579 7,285,547,757,649 69,648,000,000 79,826,451,769 4,075,460,000 | 4,577,589,994,434 3,550,750,002,185 84,552,600,000 75,472,066,111 3,921,200,000 |
| Hoa Sen Building Materials One Member Co., Ltd. | Subsidiary | Sale of goods Purchase of goods Sale of fixed assets Sales return Leasing of assets | 2,069,224,218,756 1,747,939,570,484 200,000,000 397,974,795 339,272,730 | 1,597,457,728,614 1,349,348,807,897 - 655,656,201 405,272,730 |
| Hoa Sen Transportation and Engineering One Member Co., Ltd. | Subsidiary | Sale of goods Purchase of goods Transportation expenses Leasing of assets Repayment of short-term loans | 14,225,521 4,611,416,810 18,186,425,568 3,402,000,000 - | - - 36,026,392,981 7,641,600,000 9,460,000,000 |
| Hoa Sen Nam Cam Nghe An One Member Co., Ltd. | Subsidiary | Purchase of goods Sale of goods | - - | 165,084,564,405 15,564,015,253 |
| Hoa Sen Binh Dinh One Member Co., Ltd. | Subsidiary | Purchase of goods Sale of goods | 366,288,302,562 12,234,344,996 | 224,092,246,544 171,355,220,960 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions of the Company with its related parties during the current and previous periods were as follows (continued):

| Related party | Relationship | Transactions | For the six-month period ended 31 March 2017 | For the six-month period ended 31 March 2016 |
|---|--------------|-----------------------|--|--|
| | | | | VND |
| Hoa Sen Nghe An One Member Co., Ltd. | Subsidiary | Capital contribution | 30,000,000,000 | 120,000,000,000 |
| | | Purchase of goods | 1,804,295,595,967 | - |
| | | Sale of goods | 1,760,509,877,822 | 19,290,111,258 |
| | | Leasing of assets | 3,324,000,000 | - |
| | | Collection of lending | - | 152,000,000,000 |
| | | Loan interest | - | 3,170,444,445 |
| | | Lending of money | - | 52,000,000,000 |
| Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd. | Subsidiary | Capital contribution | 64,000,000,000 | 1,000,000,000 |
| | | Sales of goods | 17,856,223,488 | - |
| | | Interest income | 167,082,436 | - |
| Hoa Sen Ha Nam One Member Co., Ltd | Subsidiary | Sales of goods | 4,318,604,349 | - |
| | | Purchase of goods | 3,313,073,985 | - |
| | | Interest income | 717,387,528 | - |
| | | Capital contribution | 150,000,000,000 | - |
| | | Lending | 61,437,540,665 | - |
| Hoa Sen Yen Bai Joint Stock Company | Subsidiary | Capital contribution | 78,500,000,000 | - |
| Hoa Sen Phu My One Member Co., Ltd | Subsidiary | Capital contribution | 50,000,000,000 | - |
| Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Co., Ltd | Subsidiary | Capital contribution | 12,500,000,000 | - |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions of the Company with its related parties during the current and previous periods were as follows (continued):

| Related party | Relationship | Transactions | For the six-month period ended 31 March 2017 | For the six-month period ended 31 March 2016 |
|---|---------------|----------------------------|--|--|
| | | | | VND |
| Ca Na – Ninh Thuan International General Seaport One Member Co., Ltd | Subsidiary | Capital contribution | 1,000,000,000 | - |
| Hoa Sen Yen Bai Building Materials One Member Co., Ltd | Subsidiary | Capital contribution | 2,000,000,000 | - |
| Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company | Subsidiary | Capital contribution | 3,000,000,000 | - |
| Hoa Sen Quy Nhon Joint Stock Company | Associate | Capital contribution | 3,150,000,000 | - |
| Hoa Sen Holdings Group | Related party | Sale of goods | 957,011,460,274 | 615,842,800,646 |
| | | Purchase of goods | 1,164,342,628,636 | 199,714,631,001 |
| | | Trade discount | 30,367,059,146 | 11,692,382,124 |
| | | Gains from disposed assets | 28,338,441,005 | 330,000,000 |
| | | Other purchase | 14,245,901,816 | 8,165,942,500 |
| | | Leasing of assets | 957,468,178 | 867,136,360 |
| | | Office rental | 223,636,362 | 223,636,362 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the balance sheet dates were as follows:

| <i>Related party</i> | <i>Relationship</i> | <i>Transaction</i> | <i>31 March 2017</i> | <i>30 September 2016</i> |
|---|---------------------|--------------------|--------------------------|--------------------------|
| Short-term trade receivables | | | | |
| Hoa Sen Steel Sheet One Member Co., Ltd. | Subsidiary | Sales of goods | 2,040,223,714,025 | 800,534,662,997 |
| Hoa Sen Nghe An One Member Co., Ltd. | Subsidiary | Sales of goods | 579,580,140,998 | 420,889,853,059 |
| Hoa Sen Building Materials One Member Co., Ltd. | Subsidiary | Sales of goods | 480,050,792,201 | 232,002,562,858 |
| Hoa Sen Binh Dinh One Member Co., Ltd. | Subsidiary | Sales of goods | 67,447,537 | 60,250,074,913 |
| Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd | Subsidiary | Sales of goods | 12,311,853,975 | 2,433,567,426 |
| Hoa Sen Ha Nam One Member Co., Ltd. | Subsidiary | Sales of goods | 5,039,135,311 | 496,554,009 |
| Hoa Sen Holdings Group | Related party | Sales of goods | - | 27,493,400 |
| Hoa Sen Transportation and Engineering One Member Co., Ltd. | Subsidiary | Sales of goods | 4,343,533,160 | 585,685,088 |
| TOTAL | | | 3,121,616,617,207 | 1,517,220,453,750 |
| Short-term advances to suppliers | | | | |
| Hoa Sen Holdings Group | Related party | Advances | - | 1,303,140,682 |
| Hoa Sen Binh Dinh One Member Co., Ltd. | Subsidiary | Advances | - | 5,492,058,000 |
| Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd | Subsidiary | Advances | 5,000,000,000 | - |
| TOTAL | | | 5,000,000,000 | 6,795,198,682 |
| Short-term loan receivables | | | | |
| Hoa Sen Ha Nam One Member Co., Ltd. | Subsidiary | Lending | 61,687,540,665 | - |

Hoa Sen Group

B09a-DN

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the separate balance sheet dates were as follows (continued):

| Related party | Relationship | Transaction | 31 March 2017 | 30 September 2016 |
|---|-------------------------|------------------------------------|--------------------------|-----------------------------|
| Other short-term receivables | | | | |
| Mr Hoang Duc Huy | Deputy General Director | Advance for purchase of lands | 90,183,227,000 | 90,183,227,000 |
| Hoa Sen Yen Bai Joint Stock Company | Subsidiary | Lending | 2,000,000,000 | - |
| Hoa Sen Ha Nam One Member Co., Ltd. | Subsidiary | Payment on behalf Loan interest | 1,199,350 717,387,528 | - - |
| Hoa Sen Ca Na – Ninh Thuan Intergrated Iron and Steel Complex Investment One Member Limited Liabilities Company | Subsidiary | Payment on behalf | 923,312,250 | 923,312,250 |
| Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company | Subsidiary | Payment on behalf | 10,000,000 | 5,000,000 |
| Hoa Sen Phu My One Member Co., Ltd | Subsidiary | Payment on behalf | - | 5,000,000 |
| Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company | Subsidiary | Payment on behalf | 10,000,000 | 5,000,000 |
| Hoa Sen Building Materials One Member Co., Ltd. | Subsidiary | Profit shared | - | 357,177,111,985 |
| Hoa Sen Steel Sheet One Member Co., Ltd. | Subsidiary | Profit shared | - | 79,655,811,634 |
| Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company | Subsidiary | Payment on behalf | - | 5,000,000 |
| Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company | Subsidiary | Payment on behalf | - | 5,000,000 |
| Hoa Sen Transportation and Engineering One Member Co., Ltd. | Subsidiary | Profit shared Payment on behalf | - - | 3,423,095,400 36,787,500 |
| Hoa Sen Binh Dinh One Member Co., Ltd. | Subsidiary | Profit shared | - | 69,522,160,006 |
| TOTAL | | | 93,845,126,128 | 600,946,505,775 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

| Related party | Relationship | Transaction | 31 March 2017 | 30 September 2016 |
|---|---------------|----------------------|-----------------------|------------------------|
| Short-term trade payables | | | | |
| Hoa Sen Nam Cam Nghe An One Member Co., Ltd. | Subsidiary | Purchases of goods | - | 128,981,860,181 |
| Hoa Sen Binh Dinh One Member Co, Ltd. | Subsidiary | Purchases of goods | 43,664,883,622 | 56,093,633,619 |
| Hoa Sen Steel Sheet One Member Co., Ltd. | Subsidiary | Purchases of goods | 14,000,000,000 | 14,500,000,000 |
| Hoa Sen Transportation and Engineering One Member Co., Ltd. | Subsidiary | Purchases of goods | 15,520,764,304 | 9,331,853,822 |
| Hoa Sen Ha Nam One Member Co., Ltd | Subsidiary | Purchases of goods | 1,461,035,977 | - |
| Hoa Sen Holdings Group | Related party | Purchases of goods | 14,740,096,976 | 6,115,897,221 |
| TOTAL | | | 89,386,780,879 | 215,023,244,843 |
| Short-term advances from customers | | | | |
| Hoa Sen Binh Dinh On Member Co., Ltd | Subsidiary | Advance | 13,191,648,106 | - |
| Hoa Sen Holdings Group | Related party | Advance | 66,933,490,694 | 8,394,282,049 |
| TOTAL | | | 80,125,138,800 | 8,394,282,049 |
| Other short-term payables | | | | |
| Huong Sen Real Estate | Related party | Payable of advance | 1,000,000,000 | 1,000,000,000 |
| Hoa Sen Transportation and Engineering One Member Co., Ltd. | Subsidiary | Receivable on behalf | 440,655,600 | 784,000 |
| Hoa Sen Holdings Group | Related party | Receivable on behalf | - | 2,300,000 |
| Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd. | Subsidiary | Receivable on behalf | - | 6,000,000 |
| TOTAL | | | 1,440,655,600 | 1,009,084,000 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

28. 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 management during the period are as set out below:

| | VND | |
|--|---|---|
| | <i>For the six-month period ended 31 March 2017</i> | <i>For the six-month period ended 31 March 2016</i> |
| Salaries of management | 9,206,791,955 | 6,917,110,950 |
| Bonuses of management | 14,580,000,000 | 5,968,000,000 |
| Remuneration of the Board of Directors and the Board of Supervision | 990,000,000 | 869,000,000 |
| Bonuses of the Board of Directors and the Board of Supervision | 26,810,000,000 | 11,636,460,000 |
| TOTAL | 51,586,791,955 | 25,390,570,950 |

29. COMMITMENTS

Operating lease commitment - the Company as lessee

The Company leases land and factories under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under operating lease arrangements are as follows:

| | VND | |
|-------------------|------------------------|--------------------------|
| | <i>31 March 2017</i> | <i>30 September 2016</i> |
| Less than 1 year | 78,595,322,800 | 75,550,440,800 |
| From 1 to 5 years | 276,350,767,560 | 266,600,521,480 |
| More than 5 years | 189,680,931,000 | 182,710,585,480 |
| TOTAL | 544,627,021,360 | 524,861,547,760 |

Operating lease commitment - the Company as lessor

The Company leases out buildings and structures, machinery and equipment, and means of transportation under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements are as follows:

| | VND | |
|-------------------|--------------------------|--------------------------|
| | <i>31 March 2017</i> | <i>30 September 2016</i> |
| Less than 1 year | 155,984,627,278 | 186,859,086,366 |
| From 1 to 5 years | 618,220,700,000 | 741,692,236,365 |
| More than 5 years | 418,124,000,000 | 593,967,700,000 |
| TOTAL | 1,192,329,327,278 | 1,522,519,022,731 |

Capital commitments

As at 31 March 2017, the Company had commitments of VND 132,621,239,901 (30 September 2016: VND 200,919,905,078) mainly related to the acquisition of new machinery for its operations.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

29. COMMITMENTS (continued)

Capital commitments


As at 31 March 2017, the Company had capital-contributed commitments into subsidiaries and associates as follows:


| | Cost of investment | | Contributed |
|--|------------------------|------|-----------------------|
| | Amount (VND) | % | Amount (VND) |
| Hoa Sen Van Hoi Joint Stock Company | 70,000,000,000 | 70% | 2,800,000,000 |
| Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company | 20,000,000,000 | 100% | - |
| Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company | 30,000,000,000 | 100% | - |
| Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company | 50,000,000,000 | 100% | 3,000,000,000 |
| Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company | 50,000,000,000 | 100% | 1,000,000,000 |
| Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company | 100,000,000,000 | 100% | 12,500,000,000 |
| Hoa Sen Phu My One Member Limited Liability Company | 100,000,000,000 | 100% | 50,000,000,000 |
| Hoa Sen Yen Bai Building Materials One Member Liability Company | 50,000,000,000 | 100% | 2,000,000,000 |
| Hoa Sen Hoi Van Joint Stock Company | 22,500,000,000 | 45% | 450,000,000 |
| Hoa Sen Quy Nhon Joint Stock Company | 45,000,000,000 | 45% | 3,600,000,000 |
| TOTAL | 537,500,000,000 | | 75,350,000,000 |


30. EVENTS AFTER THE BALANCE SHEET DATE

On 20 April 2017, the Company obtained the twenty-seventh amended Business Registration Certificate issued by the Department of Planning and Investment of Binh Duong approving the increase of the Company's share capital to VND 2,000,000,000,000 from the issuance of new ordinary shares to the Company's employees in accordance with the Employee Stock Ownership Plan program.

Except for an event above, there is no other significant matter or circumstance that has arisen since the balance date that requires adjustment or disclosure in the interim separate financial statements of the Company.


Nguyen Thi Thanh Tuyen
Preparer


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
General Director

25 May 2017