

HOA SEN GROUP

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



HOA SEN GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

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HOA SEN GROUP

CORPORATE INFORMATION

Business Registration Certificate

No. 3700381324 dated 23 October 2014

First issued on 8 August 2001

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 23 October 2014. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

Board of Management

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

Board of Directors

Mr. Tran Ngoc Chu	General Director
Mr. Hoang Duc Huy	Deputy General Director
Mr. Tran Quoc Tri	Deputy General Director
Mr. Vu Van Thanh	Deputy General Director
Mr. Nguyen Minh Khoa	Deputy General Director
Mr. Ho Thanh Hieu	Deputy General Director
Mr. Nguyen Van Quy	Deputy General Director

Legal representative

Mr. Le Phuoc Vu	Chairman
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Registered office

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

Auditor

PricewaterhouseCoopers (Vietnam) Limited

HOA SEN GROUP

STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The legal representative authorized the General Director to be responsible for the consolidated financial statements which give a true and fair view of the financial position of the Company and its subsidiaries (together "the Group") as at 30 September 2014 and the results of their operations and cash flows for the year then ended. In preparing these consolidated financial statements, the General Director is required to:

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 5 to 43 which give a true and fair view of the financial position of the Group as at 30 September 2014 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.



Tran Ngoc Chu *Qw*
General Director

Binh Duong Province, SR Vietnam
16 December 2014



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

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries (together "the Group") which were prepared on 30 September 2014 and approved by the General Director on 16 December 2014. The consolidated financial statements comprise the consolidated balance sheet as at 30 September 2014, the consolidated income statement, the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 43.

The General Director's Responsibility for the Consolidated Financial Statements

The General Director of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal controls which the General Director determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

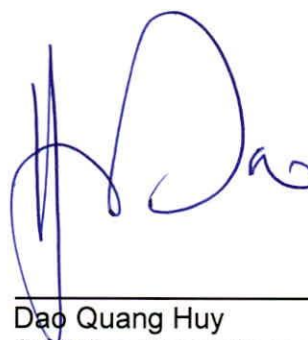
PricewaterhouseCoopers (Vietnam) Ltd.





Ian S. Lydall

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



Dao Quang Huy

Audit Practising Licence No.
1895-2013-006-1

Audit report number: HCM4373
Ho Chi Minh City, 16 December 2014

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

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 30 September	
			2014 VND	2013 VND
100	CURRENT ASSETS		6,399,611,833,585	4,214,832,811,102
110	Cash and cash equivalents	3	155,963,095,793	177,312,594,189
111	Cash		139,263,095,793	177,312,594,189
112	Cash equivalent		16,700,000,000	-
130	Accounts receivable		823,122,365,399	748,158,629,178
131	Trade accounts receivable		639,992,051,617	548,362,562,681
132	Prepayments to suppliers	4	169,550,875,892	187,574,760,737
135	Other receivables		16,761,942,226	15,225,431,240
139	Provision for doubtful debts		(3,182,504,336)	(3,004,125,480)
140	Inventories	5	4,746,911,757,910	3,019,573,646,607
141	Inventories		4,747,945,028,668	3,020,464,536,423
149	Provision for decline in value of inventories		(1,033,270,758)	(890,889,816)
150	Other current assets		673,614,614,483	269,787,941,128
151	Short-term prepayments	6	63,446,522,228	79,882,282,268
152	Value Added Tax to be reclaimed		605,808,775,598	169,583,730,029
154	Other taxes receivable		106,928,841	3,821,219
158	Other current assets	7	4,252,387,816	20,318,107,612
200	LONG-TERM ASSETS		3,806,028,656,750	2,927,338,171,070
220	Fixed assets		3,654,010,184,217	2,789,679,562,937
221	Tangible fixed assets	8(a)	3,189,284,149,072	2,235,719,440,684
222	Cost		4,589,465,633,409	3,304,809,510,491
223	Accumulated depreciation		(1,400,181,484,337)	(1,069,090,069,807)
224	Financial lease assets	8(b)	165,181,799,071	122,416,298,653
225	Cost		197,947,748,863	141,197,532,904
226	Accumulated depreciation		(32,765,949,792)	(18,781,234,251)
227	Intangible fixed assets	8(c)	233,117,465,014	234,454,547,464
228	Cost		255,736,845,670	253,522,432,543
229	Accumulated amortisation		(22,619,380,656)	(19,067,885,079)
230	Construction in progress	8(d)	66,426,771,060	197,089,276,136
250	Long-term investments	9	45,924,232,017	59,456,331,634
252	Investments in associates and joint ventures		44,456,331,634	44,456,331,634
258	Other long-term investments		8,640,000,000	15,000,000,000
259	Provision for diminution in value of long-term investments		(7,172,099,617)	-
260	Other long-term assets		106,094,240,516	78,202,276,499
261	Long-term prepayments	10	70,471,118,888	57,767,508,898
262	Deferred income tax assets	11	31,207,571,727	16,019,217,700
268	Other long-term assets		4,415,549,901	4,415,549,901
270	TOTAL ASSETS		10,205,640,490,335	7,142,170,982,172

The notes on pages 10 to 43 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
 (continued)

		As at 30 September	
Code	RESOURCES	2014	2013
	LIABILITIES	VND	VND
300		7,826,443,294,669	4,931,735,187,568
310	Current liabilities	6,867,040,020,620	4,338,668,254,238
311	Short-term borrowings	4,756,010,502,749	2,814,413,724,769
312	Trade accounts payable	1,885,979,467,059	1,317,685,051,025
313	Advances from customers	61,287,438,660	73,221,290,326
314	Taxes and other payables to the State		
	Budget	13 47,193,566,120	51,640,398,454
315	Payable to employees	41,256,129,506	38,337,483,577
316	Accrued expenses	14 42,578,494,225	22,392,802,462
319	Other payables	15 23,486,905,843	16,513,722,110
323	Bonus and welfare fund	16 9,247,516,458	4,463,781,515
330	Long-term liabilities	959,403,274,049	593,066,933,330
334	Long-term borrowings	12(b) 953,820,775,299	588,026,924,580
336	Provision for severance allowances	5,582,498,750	5,040,008,750
400	SHAREHOLDERS' EQUITY	2,379,197,195,666	2,210,435,794,604
410	Capital and reserves	2,379,197,195,666	2,210,435,794,604
411	Shareholder's capital	17, 18 1,007,907,900,000	1,007,907,900,000
412	Share premium	18 451,543,290,363	451,543,290,363
414	Treasury shares	18 (81,038,848,436)	(81,035,546,498)
418	Financial reserve funds	18 8,525,313,060	8,525,313,060
419	Other funds	13,278,012,117	2,007,734,351
420	Undistributed earnings	18 978,981,528,562	821,487,103,328
440	TOTAL RESOURCES	10,205,640,490,335	7,142,170,982,172

The notes on pages 10 to 43 are an integral part of these financial statements.

OFF BALANCE SHEET ITEMS

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

	As at 30 September	
	2014	2013
US\$	1,890,293.59	3,915,198.11
EUR	226.09	223.83
AUD	306.85	84.78



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu 
General Director
16 December 2014

The notes on pages 10 to 43 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 30 September	
			2014 VND	2013 VND
01	Sales		15,005,074,576,304	11,772,644,300,807
02	Less deductions		(14,713,596,230)	(12,745,708,265)
10	Net sales	19(a)	14,990,360,980,074	11,759,898,592,542
11	Cost of sales	20	(13,240,125,281,029)	(10,052,386,178,283)
20	Gross profit		1,750,235,699,045	1,707,512,414,259
21	Financial income	19(b)	30,490,606,576	39,687,232,366
22	Financial expenses	21	(256,363,406,116)	(246,584,741,097)
23	<i>Included: interest expense</i>		(183,558,980,466)	(167,862,447,942)
24	Selling expenses	22	(672,774,723,079)	(491,346,997,958)
25	General and administration expenses	23	(393,176,046,163)	(350,540,024,416)
30	Operating profit		458,412,130,263	658,727,883,154
31	Other income	24	96,439,652,562	37,177,802,534
32	Other expense	25	(31,462,908,658)	(16,908,741,004)
40	Net other income		64,976,743,904	20,269,061,530
50	Net accounting profit before tax		523,388,874,167	678,996,944,684
51	Business income tax - current	26	(128,234,861,960)	(106,636,699,375)
52	Business income tax - deferred	11	15,188,354,027	8,479,404,568
60	Net profit after tax		410,342,366,234	580,839,649,877
70	Earnings per share	27	4,261	5,941



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director
16 December 2014


The notes on pages 10 to 43 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 30 September	
		2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		523,388,874,167	678,996,944,684
	Net profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	353,992,992,730	290,579,709,448
03	Provisions	7,492,859,415	566,356,047
04	Unrealised foreign exchange losses	8,461,111,522	5,951,795,789
05	Losses/(Gains) from investing activities	2,131,230,144	(2,777,208,102)
06	Interest expense	183,558,980,466	167,862,447,942
08	Operating profit before changes in working capital	1,079,026,048,444	1,141,180,045,808
09	(Increase)/decrease in receivables	(501,431,627,983)	22,278,890,459
10	Increase in inventories	(1,727,480,492,245)	(1,478,856,827,280)
11	Increase in payables	553,788,629,711	863,895,232,096
12	Decrease/(increase) in prepaid expenses	9,913,139,325	(30,435,599,644)
13	Interest paid	(182,868,316,481)	(169,528,086,627)
14	Business income tax paid	(102,155,293,588)	(101,210,750,769)
16	Other payments on operating activities	(44,167,732,291)	(26,422,339,778)
20	Net cash (outflows)/inflows from operating activities	(915,375,645,108)	220,900,564,265
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(1,192,558,723,263)	(492,271,535,137)
22	Proceeds from disposals of fixed assets	20,653,245,183	7,248,031,779
26	Proceeds from divestment in other entities	6,360,000,000	-
27	Interest received	2,019,860,610	5,940,385,291
30	Net cash outflows from investing activities	(1,163,525,617,470)	(479,083,118,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Purchases of treasury shares	(3,301,938)	(24,318,822,516)
33	Proceeds from borrowings	12,580,815,674,804	9,167,945,362,267
34	Repayments of borrowings	(10,295,025,989,274)	(8,408,050,209,722)
35	Finance lease payments	(33,198,199,870)	(24,793,510,017)
36	Dividends paid	(192,217,558,300)	(337,811,193,325)
40	Net cash inflows from financing activities	2,060,370,625,422	372,971,626,687
50	Net (decrease)/increase in cash and cash equivalents	(18,530,637,156)	114,789,072,885
60	Cash and cash equivalents at beginning of year	177,312,594,189	67,431,992,847
61	Effect of foreign exchange differences	(2,818,861,240)	(4,908,471,543)
70	Cash and cash equivalents at end of year	155,963,095,793	177,312,594,189


 Tran Cong Tien
 Preparer


 Nguyen Thi Ngoc Lan
 Chief Accountant


 Tran Ngoc Chu
 General Director
 16 December 2014



The notes on pages 10 to 43 are an integral part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014****1 GENERAL INFORMATION**

Hoa Sen Group – Vietnamese name is Cong ty Co phan Tap doan Hoa Sen - (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province and the latest amendment was on 23 October 2014.

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

The principal activities of the Company are to:

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

1 GENERAL INFORMATION (continued)

As at 30 September 2014, the Company had the following subsidiaries:

Subsidiary name	Location	Principal activities	% ownership and voting rights	
			30.9.2014	30.9.2013
Hoa Sen Steel Sheet One Member Co., Ltd.	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.	Manufacture and trade in cold rolled steel products.	100	100
Hoa Sen Building Materials One Member Co., Ltd.	Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam.	Manufacture and trade in plastic building materials and steel pipe products.	100	100
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment.	100	100
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	Lot A1.1 and TT6.2 & 7 Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam.	Manufacture and trade in iron, steel products; manufacture and trade in plastic building materials and steel pipe products.	100	Nil
Hoa Sen Nghe An Steel Sheet Sole Member Ltd.	Nam Cam Industrial Park, Nghi Xa Ward, Nghi Loc Town, Nghe An Province, Vietnam.	Manufacture and trade in iron, steel products.	100	Nil

All subsidiaries are incorporated in Vietnam.

As at 30 September 2014, the Company and its subsidiaries (together “the Group”) had 4,269 employees (30 September 2013: 3,731 employees).

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

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations over financial reporting. The consolidated financial statements have been prepared under the historical cost convention.

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

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

The Group's fiscal year is from 1 October to 30 September of the following year.

2.3 Consolidation

The Group prepared its consolidated financial statements in accordance with the Vietnamese Accounting Standard 25 – *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures and associates

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealised gains and losses on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.4 Form of records applied**

The Group uses journal ledgers to record its transactions.

2.5 Use of accounting estimates

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

2.6 Currency

The consolidated financial statements are measured and presented in Vietnam Dong ("VND").

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

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

2.7 Cash and cash equivalents

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

2.8 Trade receivables

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

2.9 Inventories

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.10 Investments****(a) Investments in joint ventures and associates**

Investments in joint ventures and associates are accounted for using equity method. The investments in joint ventures and associates which are acquired and held exclusively with a view to its disposal in the near future (under 12 months) are accounted for at cost less provision for diminution in value.

(b) Other long-term investments

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

2.11 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of project (Investment Certificate) if shorter. The principal annual rates used are:

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

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

Disposals

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.12 Leased assets**

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

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

2.13 Borrowing costs

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

2.14 Long-term prepayments

Long-term prepayments represent the expenditure relating to periods more than one year but unqualified for being classified as fixed assets. These items are recognised at historical cost and amortised over their estimated useful life.

2.15 Revenue recognition**(a) Sales of goods**

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

(b) Sales of services

Revenue from the sales of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.15 Revenue recognition (continued)****(c) Interest income**

Interest income is recognised on an earned basis.

(d) Dividend income

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

2.16 Current and deferred income tax

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

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

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

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

2.17 Share capital and treasury shares

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

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.18 Other funds**

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

2.19 Dividend distribution

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

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

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

2.20 Related parties

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

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

2.21 Provisions

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

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.22 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Group. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Group is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2014 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

3 CASH AND CASH EQUIVALENTS

	30.9.2014	30.9.2013
	VND	VND
Cash on hand	19,964,286,190	14,705,019,494
Cash at bank	119,298,809,603	107,927,629,097
Cash in transit	-	54,679,945,598
Cash equivalent (*)	16,700,000,000	-
	<u>155,963,095,793</u>	<u>177,312,594,189</u>

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

4 PREPAYMENTS TO SUPPLIERS

	30.9.2014	30.9.2013
	VND	VND
Third parties	79,367,648,892	97,391,533,737
Related parties (Note 32(b))	90,183,227,000	90,183,227,000
	<u>169,550,875,892</u>	<u>187,574,760,737</u>

5 INVENTORIES

	30.9.2014 VND	30.9.2013 VND
Goods in transit	1,541,887,466,350	999,031,492,810
Raw materials	795,263,809,305	658,962,090,300
Tools	264,784,363,942	219,682,548,931
Work in progress	290,820,956	-
Finished goods	1,923,425,222,895	1,023,718,161,252
Merchandises (*)	222,293,345,220	119,070,243,130
	<u>4,747,945,028,668</u>	<u>3,020,464,536,423</u>
Provision for decline in value of inventory	(1,033,270,758)	(890,889,816)
	<u><u>4,746,911,757,910</u></u>	<u><u>3,019,573,646,607</u></u>

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

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

6 SHORT-TERM PREPAYMENTS

	Year ended 30 September	
	2014 VND	2013 VND
Opening balance	79,882,282,268	37,748,239,662
Additions	192,618,577,371	192,998,954,765
Transferred from fixed assets	17,247,961	2,590,784,552
Amortisation	(209,071,585,372)	(153,455,696,711)
	<u>63,446,522,228</u>	<u>79,882,282,268</u>
Closing balance	<u><u>63,446,522,228</u></u>	<u><u>79,882,282,268</u></u>

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

7 OTHER CURRENT ASSETS

	30.9.2014 VND	30.9.2013 VND
Short-term deposits	75,092,012	15,962,822,128
Advances to employees	4,177,295,804	4,355,285,484
	<u>4,252,387,816</u>	<u>20,318,107,612</u>
	<u><u>4,252,387,816</u></u>	<u><u>20,318,107,612</u></u>

8 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
Historical cost						
As at 1 October 2013	684,546,510,581	2,491,012,327,096	103,078,965,662	5,109,009,537	21,062,697,615	3,304,809,510,491
New purchases	359,490,104	53,253,336,612	10,965,313,264	2,073,267,895	372,830,000	67,024,237,875
Transferred from construction in progress (Note 8(d))	152,232,880,365	1,075,313,269,202	12,311,333,236	7,746,518,386	-	1,247,604,001,189
Disposals	(2,033,106,393)	(24,789,372,263)	(699,822,507)	-	-	(27,522,301,163)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(124,634,502)	(2,449,814,983)
As at 30 September 2014	834,824,965,463	3,594,243,176,066	125,150,162,661	13,936,436,106	21,310,893,113	4,589,465,633,409
Accumulated depreciation						
As at 1 October 2013	151,402,386,130	865,275,677,919	42,339,352,045	3,659,546,155	6,413,107,558	1,069,090,069,807
Charge for the year	41,158,578,077	279,845,602,863	11,662,765,863	692,827,814	3,038,329,869	336,398,104,486
Disposals	(809,498,512)	(1,686,992,651)	(405,935,008)	-	-	(2,902,426,171)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(79,083,304)	(2,404,263,785)
As at 30 September 2014	191,470,656,501	1,142,887,903,550	53,090,555,906	3,360,014,257	9,372,354,123	1,400,181,484,337
Net book value						
As at 1 October 2013	533,144,124,451	1,625,736,649,177	60,739,613,617	1,449,463,382	14,649,590,057	2,235,719,440,684
As at 30 September 2014	643,354,308,962	2,451,355,272,516	72,059,606,755	10,576,421,849	11,938,538,990	3,189,284,149,072

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

As at 30 September 2014, cost of tangible fixed assets fully depreciated but are still in use was VND98,590,949,426 (As at 30 September 2013: VND65,035,423,772).

As at 30 September 2014, tangible fixed assets with net book value of VND2,254,823,445,654 (As at 30 September 2013: VND1,415,732,334,554) have been pledged as security for the borrowings.

(b) Finance lease assets

	Machinery and equipment VND	Motor vehicles VND	Total VND
Historical cost			
As at 1 October 2013	141,197,532,904	-	141,197,532,904
Additions	46,583,852,324	10,166,363,635	56,750,215,959
As at 30 September 2014	<u>187,781,385,228</u>	<u>10,166,363,635</u>	<u>197,947,748,863</u>
Accumulated amortisation			
As at 1 October 2013	18,781,234,251	-	18,781,234,251
Charge for the year	13,425,038,162	559,677,379	13,984,715,541
As at 30 September 2014	<u>32,206,272,413</u>	<u>559,677,379</u>	<u>32,765,949,792</u>
Net book value			
As at 1 October 2013	<u>122,416,298,653</u>	-	<u>122,416,298,653</u>
As at 30 September 2014	<u><u>155,575,112,815</u></u>	<u><u>9,606,686,256</u></u>	<u><u>165,181,799,071</u></u>

8 FIXED ASSETS (continued)

(c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 October 2013	251,658,491,739	1,863,940,804	253,522,432,543
Additions	2,412,000,000	-	2,412,000,000
Other decreases	(151,870,850)	(45,716,023)	(197,586,873)
As at 30 September 2014	<u>253,918,620,889</u>	<u>1,818,224,781</u>	<u>255,736,845,670</u>
Accumulated amortisation			
As at 1 October 2013	17,537,217,237	1,530,667,842	19,067,885,079
Charge for the year	3,356,642,802	253,529,901	3,610,172,703
Other decreases	(12,961,103)	(45,716,023)	(58,677,126)
As at 30 September 2014	<u>20,880,898,936</u>	<u>1,738,481,720</u>	<u>22,619,380,656</u>
Net book value			
As at 1 October 2013	<u>234,121,274,502</u>	<u>333,272,962</u>	<u>234,454,547,464</u>
As at 30 September 2014	<u><u>233,037,721,953</u></u>	<u><u>79,743,061</u></u>	<u><u>233,117,465,014</u></u>

As at 30 September 2014, the cost of intangible fixed assets fully amortised but still in use was VND1,945,726,855 (As at 30 September 2013: VND424,934,120).

As at 30 September 2014, land use rights with net book value of VND175,838,557,866 (As at 30 September 2013: VND179,608,001,028) have been pledged as security for the bank loans.

8 FIXED ASSETS (continued)

(d) Construction in progress

	Year ended 30 September	
	2014 VND	2013 VND
Opening balance	197,089,276,136	26,003,881,904
Additions	1,123,094,182,151	448,796,039,075
Transferred to long-term prepayments (Note 12)	(6,152,686,038)	(3,100,596,167)
Transferred to tangible fixed assets (Note 10(a))	(1,247,604,001,189)	(274,610,048,676)
Closing balance	<u>66,426,771,060</u>	<u>197,089,276,136</u>

Major projects include:

	30.9.2014 VND	30.9.2013 VND
Machinery and equipment for Hoa Sen Building Material One Member Co., Ltd.	25,843,570,212	-
Machinery and equipment for Hoa Sen Phu My Steel Sheet Plant	18,879,194,234	154,161,951,042
Hoa Sen Phu My Steel Sheet Plant Project	<u>1,170,024,655</u>	<u>15,404,412,315</u>

Borrowing costs capitalised in construction in progress for the year ended 30 September 2014 was VND14,407,589,760 (for the year ended 30 September 2013: VND6,815,357,992).

9 LONG-TERM INVESTMENTS

Investee	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2014 VND	30.9.2013 VND
Associates:					
Hoa Sen-Gemadep Logistics and International Port Corporation (*)	Provide sea cargo agency services.	Business Registration Certificate No. 3500751828 issued by Department of Planning and Investment of Ba Ria-Vung Tau Province on 20 June 2006 and amended on 13 October 2009.	45	44,456,331,634	44,456,331,634
Other long-term investment:					
Viet Capital Health Care Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam.	Decision No. 08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008.	3	8,640,000,000	15,000,000,000
SUB-TOTAL				53,096,331,634	59,456,331,634
Provision for diminution in value of long-term investments				(7,172,099,617)	-
TOTAL				45,924,232,017	59,456,331,634

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

10 LONG-TERM PREPAYMENTS

	Year ended 30 September	
	2014	2013
	VND	VND
Opening balance	57,767,508,898	61,094,031,932
Additions	68,141,157,631	38,681,223,302
Transferred from construction in progress (Note 10(d))	6,152,686,038	3,100,596,167
Transferred from tangible fixed assets	28,303,237	2,553,338,709
Other increases	-	127,200,500
Amortisation	(61,615,712,108)	(47,788,881,712)
Disposals	(2,824,808)	-
Closing balance	<u>70,471,118,888</u>	<u>57,767,508,898</u>

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

11 DEFERRED INCOME TAX ASSETS

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

	Year ended 30 September	
	2014	2013
	VND	VND
Opening balance	16,019,217,700	7,539,813,132
Credited to income statement	15,188,354,027	8,479,404,568
Closing balance	<u>31,207,571,727</u>	<u>16,019,217,700</u>

Deferred income tax assets arise mainly from the temporary differences relating to unrealised profits on internal sales to branches of the Company and the subsidiaries within the Group, accrued interest expense and other accrued expenses.

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

		30.9.2014 VND	30.9.2013 VND
Bank loans	(*)	4,545,014,751,312	2,468,854,540,949
Current portion of long-term loans (Note 14(b))		184,033,020,160	298,642,575,600
Current portion of finance lease liabilities (Note 14(b))		26,962,731,277	20,616,608,220
Other short-term borrowings	(**)	-	26,300,000,000
		<u>4,756,010,502,749</u>	<u>2,814,413,724,769</u>

(*) Detail of short-term bank loans is as follows:

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

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

(**) The loan balance of VND26,300,000,000 from an individual as at 30 September 2013 was fully repaid during the year ended 30 September 2014.

12 BORROWINGS (continued)**(b) Long-term borrowings**

		30.9.2014	30.9.2013
		VND	VND
Bank loans	(*)	1,041,736,693,623	789,545,123,372
Finance lease liabilities	(**)	96,309,529,273	73,614,825,028
Other long-term debts	(***)	26,770,303,840	44,126,160,000
		<u>1,164,816,526,736</u>	<u>907,286,108,400</u>
Less: Current portion of long-term loans (Note 12(a))		(184,033,020,160)	(298,642,575,600)
Less: Current portion of finance lease liabilities (Note 12(a))		(26,962,731,277)	(20,616,608,220)
		<u>953,820,775,299</u>	<u>588,026,924,580</u>

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

Loan	Currency	Repayment	Annual interest	30.9.2014	30.9.2013
				VND	VND
1	VND	25/9/2017	10% - 11.5%	162,350,000,000	326,339,516,000
2	USD	16/7/2019	3.9% - 4.15%	355,589,385,675	58,081,311,390
3	VND	16/7/2019	9.5% - 10%	203,927,766,824	52,220,357,395
4	USD	31/10/2018	3.8% - 4%	45,287,111,012	-
5	VND	14/8/2019	9.5% - 11.6%	135,530,421,695	212,001,916,695
6	USD	8/9/2018	1.7%	64,016,099,517	80,621,411,392
7	VND	25/9/2015	7.8%	10,660,000,000	21,280,000,000
8	VND	17/7/2017	9.5% - 11%	28,601,098,900	39,000,610,500
9	VND	16/9/2019	9% - 9.25%	7,334,810,000	-
10	VND	22/8/2018	9.5%	15,900,000,000	-
11	VND	11/2/2019	9.5%	12,540,000,000	-
				<u>1,041,736,693,623</u>	<u>789,545,123,372</u>

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

12 BORROWINGS (continued)

(b) Long-term borrowings (continued)

(**) Finance lease liabilities

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

	30.9.2014		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	34,431,379,642	7,468,648,365	26,962,731,277
Between 1 and 5 years	65,039,338,838	8,385,507,694	56,653,831,144
	<u>99,470,718,480</u>	<u>15,854,156,059</u>	<u>83,616,562,421</u>

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

	30.9.2013		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	27,224,643,135	6,608,034,915	20,616,608,220
Between 1 and 5 years	60,316,844,271	7,318,627,463	52,998,216,808
	<u>87,541,487,406</u>	<u>13,926,662,378</u>	<u>73,614,825,028</u>

(***) A loan balance of EUR976,000 equivalent to VND26,770,303,840 (As at 30 September 2013: VND44,126,160,000) from a Company's supplier for purchases of fixed assets, bearing interest at the rate of 5.8% p.a and to be repaid in six-month instalments to May 2016.

13 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2014	30.9.2013
	VND	VND
VAT on imported goods	-	11,189,715,893
Output VAT	2,488,344,659	9,823,141,547
Import – export duties	-	94,673
Business income tax	43,843,685,867	25,104,924,169
Other taxes	861,535,594	5,522,522,172
	<u>47,193,566,120</u>	<u>51,640,398,454</u>

14 ACCRUED EXPENSES

	30.9.2014	30.9.2013
	VND	VND
Electricity	9,362,335,924	117,193,240
Payable relating to construction in progress	10,317,543,485	334,545,454
Transportation fee	32,632,321	582,558,457
Audit fee	560,000,000	711,496,656
13 th month salary	16,229,395,000	14,993,297,000
Loan interest	2,917,954,261	2,227,290,276
Other accrued expenses	3,158,633,234	3,426,421,379
	<u>42,578,494,225</u>	<u>22,392,802,462</u>

15 OTHER PAYABLES

	30.9.2014	30.9.2013
	VND	VND
Dividends	3,762,584,900	3,634,861,200
Social insurance, health insurance, unemployment insurance, and trade union fee	2,316,381,763	1,436,549,180
Tender deposits received	3,370,000,330	3,580,000,000
Other payables	14,037,938,850	7,862,311,730
	<u>23,486,905,843</u>	<u>16,513,722,110</u>

16 BONUS AND WELFARE FUND

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

	Year ended 30 September	
	2014	2013
	VND	VND
Opening balance	4,463,781,515	5,225,251,199
Appropriated from undistributed earnings	23,233,584,000	14,724,134,716
Utilisation	(18,449,849,057)	(15,485,604,400)
Closing balance	<u>9,247,516,458</u>	<u>4,463,781,515</u>

17 NUMBER OF SHARES

	30.9.2014		30.9.2013	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(4,477,692)	-	(4,477,692)	-
Number of existing shares in issue	<u>96,313,098</u>	<u>-</u>	<u>96,313,098</u>	<u>-</u>

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meeting of the Group. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares re-purchased by the Group, all rights are suspended until those shares are re-issued.

18 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Undistributed earnings VND	Other funds VND	Treasury shares VND	Financial reserves VND	Total VND
As at 1 October 2012	1,007,907,900,000	451,543,290,363	605,119,013,987	2,148,326,909	(56,716,723,982)	8,525,313,060	2,018,527,120,337
Net profit for the year	-	-	580,839,649,877	-	-	-	580,839,649,877
Dividends declared	-	-	(338,951,283,000)	-	-	-	(338,951,283,000)
Repurchase of treasury shares	-	-	-	-	(24,318,822,516)	-	(24,318,822,516)
Appropriated to bonus and welfare funds (Note 16)	-	-	(14,724,134,716)	-	-	-	(14,724,134,716)
Appropriated to other funds	-	-	(10,796,142,820)	10,796,142,820	-	-	-
Use of other funds during the year	-	-	-	(10,936,735,378)	-	-	(10,936,735,378)
As at 30 September 2013	1,007,907,900,000	451,543,290,363	821,487,103,328	2,007,734,351	(81,035,546,498)	8,525,313,060	2,210,435,794,604
Net profit for the year	-	-	410,342,366,234	-	-	-	410,342,366,234
Dividends declared (*)	-	-	(192,626,196,000)	-	-	-	(192,626,196,000)
Repurchase of treasury shares	-	-	-	-	(3,301,938)	-	(3,301,938)
Appropriated to bonus and welfare funds (Note 16)	-	-	(23,233,584,000)	-	-	-	(23,233,584,000)
Appropriated to other funds	-	-	(36,988,161,000)	36,988,161,000	-	-	-
Use of other funds during the year (**)	-	-	-	(25,717,883,234)	-	-	(25,717,883,234)
As at 30 September 2014	1,007,907,900,000	451,543,290,363	978,981,528,562	13,278,012,117	(81,038,848,436)	8,525,313,060	2,379,197,195,666

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

(**) The amount includes performance bonus of VND10,850,378,000 that the Group has made to members of Board of Directors and Board of Supervisors for over achievement of the Group's earnings target for the year ended 30 September 2013 pursuant to Resolution No. 01/NQ/ĐHĐCĐ/HSG/2014 dated 8 January 2014 and Resolution No. 01/NQ/ĐHĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

19 REVENUE

(a) Net sales

	Year ended 30 September	
	2014 VND	2013 VND
Sales		
Finished goods	12,515,189,659,910	10,487,450,517,931
Merchandises	2,488,094,369,488	1,282,248,639,458
Services	1,790,546,906	2,945,143,418
	<u>15,005,074,576,304</u>	<u>11,772,644,300,807</u>
Sales deductions		
Trade discounts	(1,072,761,848)	-
Sales returns	(11,726,618,268)	(10,075,592,636)
Sales allowances	(1,914,216,114)	(2,670,115,629)
	<u>(14,713,596,230)</u>	<u>(12,745,708,265)</u>
	<u><u>14,990,360,980,074</u></u>	<u><u>11,759,898,592,542</u></u>

(b) Financial income

	Year ended 30 September	
	2014 VND	2013 VND
Interest income from deposits	880,300,610	5,940,385,291
Interest from financial investments	1,139,560,000	-
Realised foreign exchange gains	28,470,745,966	33,746,847,075
	<u>30,490,606,576</u>	<u>39,687,232,366</u>

20 COST OF SALES

	Year ended 30 September	
	2014 VND	2013 VND
Cost of finished goods sold	11,090,002,610,791	9,070,323,972,296
Cost of merchandises sold	2,149,668,822,482	981,192,369,717
Cost of services provided	453,847,756	869,836,270
	<u>13,240,125,281,029</u>	<u>10,052,386,178,283</u>

21 FINANCIAL EXPENSES

	Year ended 30 September	
	2014 VND	2013 VND
Interest expense	183,558,980,466	167,862,447,942
Provision for diminution in value of long-term investments	7,172,099,617	-
Realised foreign exchange losses	57,171,214,511	72,770,497,366
Net loss from foreign currency translation at year-end	8,461,111,522	5,951,795,789
	<u>256,363,406,116</u>	<u>246,584,741,097</u>

22 SELLING EXPENSES

	Year ended 30 September	
	2014 VND	2013 VND
Staff costs	133,738,282,342	112,379,881,503
Depreciation and amortisation expenses	18,501,701,637	17,184,774,819
Material expenses	2,676,051,869	2,009,817,580
Transportation expenses	293,653,639,114	195,254,600,898
Outside service expenses	92,184,486,513	88,826,051,397
Other expenses	132,020,561,604	75,691,871,761
	<u>672,774,723,079</u>	<u>491,346,997,958</u>

23 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 September	
	2014	2013
	VND	VND
Staff costs	193,470,211,558	162,745,207,547
Office supplies	9,357,005,908	5,683,523,403
Depreciation and amortisation expenses	27,385,492,517	20,993,304,362
Outside service expenses	50,334,788,501	71,696,571,637
Other expenses	112,628,547,679	89,421,417,467
	<u>393,176,046,163</u>	<u>350,540,024,416</u>

24 OTHER INCOME

	Year ended 30 September	
	2014	2013
	VND	VND
Sales of scraps	59,110,061,831	8,946,444,701
Proceeds from disposal of fixed assets	20,653,245,183	7,248,031,779
Others	16,676,345,548	20,983,326,054
	<u>96,439,652,562</u>	<u>37,177,802,534</u>

25 OTHER EXPENSES

	Year ended 30 September	
	2014	2013
	VND	VND
Net book value of disposed fixed assets	24,619,874,992	10,177,993,053
Others	6,843,033,666	6,730,747,951
	<u>31,462,908,658</u>	<u>16,908,741,004</u>

26 TAXATION

Hoa Sen Group

Under the terms of its Investment Incentives Certificate No. 108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 25% on taxable profit. The provisions of the Company's Investment Incentive Certificate allow the Company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for the 7 thereafter years. Trading activities are subject to 25% tax rate and are not exempted for business income tax.

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

Hoa Sen Building Materials One Member Co., Ltd.

Hoa Sen Building Materials One Member Co., Ltd. has an obligation to pay income tax at the rate of 15% on taxable profit in 12 years since the first year of operation and of 25% for the following years. The provisions of the Business Registration Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in business income tax for the 5 thereafter years.

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

Hoa Sen Steel Sheet One Member Co., Ltd.

Hoa Sen Steel Sheet One Member Co., Ltd. has an obligation to pay income tax at the rate of 15% on taxable profit in 12 years since the first year of operation and of 25% for the following years. The provisions of its Business Registration Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in business income tax for the 5 thereafter years.

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

Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.

Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd. have an obligation to pay income tax at the rate of 25% on taxable profit.

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

26 TAXATION (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates of the Company and its subsidiaries as follows:

	Year ended 30 September	
	2014	2013
	VND	VND
Net accounting profit before tax	523,388,874,167	678,996,944,684
Tax calculated at rates of the Group	151,786,294,428	169,749,236,171
Effect of:		
Income not subject to tax	(48,676,517,704)	(7,365,965,578)
Expenses not deductible for tax purposes	18,939,623,524	40,609,921,753
Impact of tax reductions	(10,048,705,916)	(91,737,371,901)
Impact of tax increases	1,056,475,694	-
Income tax on transfer of land use rights	-	986,723
Under provision from previous years	(10,662,093)	884,768,556
Other impacts	-	(13,984,280,917)
Business income tax charge	<u>113,046,507,933</u>	<u>98,157,294,807</u>
In which:		
Business income tax - Current	128,234,861,960	106,636,699,375
Business income tax – Deferred (Note 11)	<u>(15,188,354,027)</u>	<u>(8,479,404,568)</u>

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

27 EARNINGS PER SHARE

Basic earnings per share as at 30 September 2014 is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 September	
	2014	2013
	VND	VND
Net profit attributable to shareholders (VND)	410,342,366,234	580,839,649,877
Weighted average number of ordinary shares in issue (shares)	96,313,098	97,766,865
Basic earnings per share (VND)	<u>4,261</u>	<u>5,941</u>

28 COST OF GOODS MANUFACTURED BY FACTORS

	Year ended 30 September	
	2014 VND	2013 VND
Raw materials	13,047,737,366,791	9,461,695,196,929
Labour costs	492,472,692,820	389,205,966,441
Depreciation and amortisation expense	255,898,067,354	203,258,305,042
Outside service expenses	1,140,070,851,867	903,045,565,648
Other expenses	652,049,041,026	482,435,036,033
	<u>15,588,228,019,858</u>	<u>11,439,640,070,093</u>

29 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

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

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

(i) Foreign exchange risk

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

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

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

As at 30 September 2014, if the USD had strengthened/weakened by 1% against the VND with all other variables being held constant the Group's profit after tax for the financial year would have been lower/higher by VND43,129,809,655 (year ended 30 September 2013: VND25,006,830,332).

As at 30 September 2014, if the EUR had strengthened/weakened by 1% against the VND with all other variables being held constant, the Group's profit after tax for the financial year would have been lower/higher by VND185,490,275 (year ended 30 September 2013: VND386,048,502).

(ii) Price risk

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

(iii) Interest rate risk

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

As at 30 September 2014, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the profit after tax for the financial year would have been lower/higher by VND9,881,388,773 (year ended 30 September 2013: VND9,231,138,166).

As at 30 September 2014, if the USD interest rates had increased/decreased by 0.5% with all other variables being held constant, the profit after tax for the financial year would have been lower/higher by VND12,264,593,436 (year ended 30 September 2013: VND8,451,016,886).

31 SEGMENT REPORTING

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

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

Geographical segments

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

	Domestic sales		Export sales		Total	
	30.9.2014 VND	30.9.2013 VND	30.9.2014 VND	30.9.2013 VND	30.9.2014 VND	30.9.2013 VND
Sales revenue	9,042,506,962,551	6,492,126,663,638	5,947,854,017,523	5,267,771,928,904	14,990,360,980,074	11,759,898,592,542
Cost of sales	(7,662,704,741,381)	(5,115,273,135,370)	(5,577,420,539,648)	(4,937,113,042,913)	(13,240,125,281,029)	(10,052,386,178,283)
Segment income	1,379,802,221,170	1,376,853,528,268	370,433,477,875	330,658,885,991	1,750,235,699,045	1,707,512,414,259

32 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	30.9.2014 VND	30.9.2013 VND
Within 1 year	35,342,143,903	30,199,614,448
Between 1 and 5 years	103,819,767,860	78,858,214,022
Over 5 years	204,775,855,609	285,475,419,963
Total minimum payments	<u>343,937,767,371</u>	<u>394,533,248,433</u>

33 CAPITAL COMMITMENTS

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

	30.9.2014 VND	30.9.2013 VND
Buildings, machinery and equipment	<u>81,753,325,170</u>	<u>615,558,105,177</u>

The consolidated financial statements were approved by the General Director on 16 December 2014.



Tran Cong Tien
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director

