

# **Hoa Sen Group**

Consolidated financial statements

30 September 2016

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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 and its subsidiaries 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 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 twenty seven (227) branches located at various provinces in Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year 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 year 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	appointed on 18 January 2016

### MANAGEMENT

Members of the Management during the year 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 Nguyen Van Quy	Deputy General Director	resigned on 20 January 2016
Mr Phan Duy Quang	Deputy General Director	appointed on 1 November 2016
Mr Tran Quoc Pham	Deputy General Director	appointed on 11 June 2016

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year 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 consolidated financial statements for the year ended 30 September 2016 in accordance with the Letter of Authorisation No. 51/UQ/CT-HDQT/2016 dated 23 March 2016.

### AUDITORS

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



# Hoa Sen Group

## REPORT OF GENERAL DIRECTOR

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for year ended 30 September 2016.

### THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The General Director is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated 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 consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. He 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.

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

### STATEMENTS BY THE GENERAL DIRECTOR

The General Director does hereby state that, in his opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2016 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.



Tran Ngoc Chu  
General Director

16 December 2016





**Building a better  
working world**

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2 Hai Trieu Street, District 1  
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Reference: 61183992/18452358-HN

## **INDEPENDENT AUDITORS' 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 ("the Group") as prepared on 16 December 2016 and set out on pages 5 to 46, which comprise the consolidated balance sheet as at 30 September 2016, and the consolidated income statement and consolidated cash flow statement for the year 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 consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements, and for such internal control as the General Director determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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 and plan and perform the audit to obtain reasonable assurance about 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 the 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 control relevant to the Group's preparation 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 Group's internal control. 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 accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 30 September 2016, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

**Ernst & Young Vietnam Limited**



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



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

Ho Chi Minh City, Vietnam

16 December 2016



CONSOLIDATED BALANCE SHEET  
as at 30 September 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>7,057,496,113,079</b>	<b>5,169,208,246,510</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>576,620,705,083</b>	<b>276,693,474,303</b>
111	1. Cash		576,477,183,208	276,553,474,303
112	2. Cash equivalents		143,521,875	140,000,000
<b>130</b>	<b>II. Current account receivables</b>		<b>1,097,734,614,933</b>	<b>771,974,037,263</b>
131	1. Short-term trade receivables	5.1	512,883,028,481	463,585,455,917
132	2. Short-term advances to suppliers	5.2	418,334,564,354	167,828,872,721
135	3. Short-term loan receivables		400,000,000	400,000,000
136	4. Other short-term receivables	6	172,878,302,008	145,139,853,044
137	5. Provision for doubtful short-term receivables		(6,761,279,910)	(4,980,144,419)
<b>140</b>	<b>III. Inventories</b>	<b>7</b>	<b>4,821,500,983,389</b>	<b>3,543,824,680,642</b>
141	1. Inventories		4,835,669,252,872	3,556,893,515,074
149	2. Provision for obsolete inventories		(14,168,269,483)	(13,068,834,432)
<b>150</b>	<b>IV. Other current assets</b>		<b>561,639,809,674</b>	<b>576,716,054,302</b>
151	1. Short-term prepaid expenses	8	89,057,046,906	70,777,061,388
152	2. Value-added tax deductible	16	472,570,764,899	505,938,992,914
153	3. Tax and other receivables from the State		11,997,869	-
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>5,252,489,822,394</b>	<b>4,271,405,772,353</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>28,470,549,901</b>	<b>28,585,549,901</b>
215	1. Long-term loan receivables	9	25,000,000,000	25,000,000,000
216	2. Other long-term receivables	6	3,470,549,901	3,585,549,901
<b>220</b>	<b>II. Fixed assets</b>		<b>4,590,256,155,671</b>	<b>3,923,344,582,750</b>
221	1. Tangible fixed assets	10	4,010,721,553,262	3,403,033,912,877
222	Cost		6,334,589,034,551	5,246,748,844,976
223	Accumulated depreciation		(2,323,867,481,289)	(1,843,714,932,099)
224	2. Finance lease assets	11	286,223,132,542	225,651,722,500
225	Cost		390,450,105,019	283,930,508,092
226	Accumulated depreciation		(104,226,972,477)	(58,278,785,592)
227	3. Intangible assets	12	293,311,469,867	294,658,947,373
228	Cost		322,941,011,046	320,750,579,776
229	Accumulated amortisation		(29,629,541,179)	(26,091,632,403)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>294,089,597,497</b>	<b>111,013,797,983</b>
242	1. Construction in progress	13	294,089,597,497	111,013,797,983
<b>250</b>	<b>IV. Long-term investments</b>	<b>14</b>	<b>25,902,371,384</b>	<b>38,352,640,301</b>
252	1. Investments in associates		25,902,371,384	33,985,640,301
253	2. Investment in other entity		-	4,367,000,000
<b>260</b>	<b>V. Other long-term assets</b>		<b>313,771,147,941</b>	<b>170,109,201,418</b>
261	1. Long-term prepaid expenses	8	218,966,831,302	110,638,707,574
262	2. Deferred tax assets	26.3	94,804,316,639	59,470,493,844
<b>270</b>	<b>TOTAL ASSETS</b>		<b>12,309,985,935,473</b>	<b>9,440,614,018,863</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 30 September 2016

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>8,180,013,371,207</b>	<b>6,529,891,553,340</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>6,757,387,367,397</b>	<b>5,554,945,442,317</b>
311	1. Short-term trade payables	15.1	1,620,489,926,985	626,270,248,080
312	2. Short-term advances from customers	15.2	152,344,207,252	134,061,742,054
313	3. Statutory obligations	16	196,510,882,399	71,263,611,531
314	4. Payables to employees		82,046,846,238	40,673,027,547
315	5. Short-term accrued expenses	17	262,426,636,612	104,040,657,497
319	6. Other short-term payables	18	46,540,401,931	48,854,120,155
320	7. Short-term loans and finance lease obligations	19	4,366,172,782,781	4,521,419,411,847
322	8. Bonus and welfare fund		30,855,683,199	8,362,623,606
<b>330</b>	<b>II. Non-current liabilities</b>		<b>1,422,626,003,810</b>	<b>974,946,111,023</b>
338	1. Long-term loans and finance lease obligations	19	1,418,572,001,810	969,894,221,023
342	2. Long-term provisions		4,054,002,000	5,051,890,000
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>4,129,972,564,266</b>	<b>2,910,722,465,523</b>
<b>410</b>	<b>I. Capital</b>	<b>20.1</b>	<b>4,129,972,564,266</b>	<b>2,910,722,465,523</b>
411	1. Share capital		1,965,398,290,000	1,007,907,900,000
411a	- Shares with voting rights		1,965,398,290,000	1,007,907,900,000
412	2. Share premium		551,571,933,521	487,290,470,363
415	3. Treasury shares		-	(52,113,695,510)
418	4. Investment and development fund		-	8,525,313,060
420	5. Other funds belonging to owners' equity		6,784,575,670	6,605,155,369
421	6. Undistributed earnings		1,602,771,684,847	1,452,507,322,241
421a	- Undistributed earnings up to prior year-end		98,578,241,748	799,632,780,434
421b	- Undistributed earnings of current year		1,504,193,443,099	652,874,541,807
429	7. Non-controlling interests		3,446,080,228	-
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>12,309,985,935,473</b>	<b>9,440,614,018,863</b>

Tran Cong Tien  
Preparer

Nguyen Thi Ngoc Lan  
Chief Accountant

Tran Ngoc Chu  
General Director

16 December 2016

CONSOLIDATED INCOME STATEMENT  
for the year ended 30 September 2016

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	21.1	18,006,498,541,322	17,490,999,218,809
02	2. Deductions	21.1	(112,783,060,369)	(23,022,952,903)
10	3. Net revenues from sale of goods and rendering of services	21.1	17,893,715,480,953	17,467,976,265,906
11	4. Costs of goods sold and services rendered	22	(13,717,393,786,963)	(14,869,355,353,248)
20	5. Gross profit from sale of goods and rendering of services		4,176,321,693,990	2,598,620,912,658
21	6. Finance income	21.2	38,428,728,972	31,594,688,388
22	7. Finance expenses	23	(255,684,384,136)	(424,655,641,040)
23	In which: Interest expense		(209,035,437,498)	(224,013,370,890)
25	8. Selling expenses	24	(1,139,602,275,640)	(864,210,788,876)
26	9. General and administrative expenses	24	(900,715,660,702)	(511,797,744,891)
30	10. Operating profit		1,918,748,102,484	829,551,426,239
31	11. Other income		12,438,447,274	16,076,636,419
32	12. Other expenses		(24,436,799,077)	(13,312,792,265)
40	13. Other (loss)/profit		(11,998,351,803)	2,763,844,154
50	14. Profit before tax		1,906,749,750,681	832,315,270,393
51	15. Current corporate income tax expense	26.2	(437,894,050,149)	(207,703,650,703)
52	16. Deferred income tax benefit	26.3	35,333,822,795	28,262,922,117
60	17. Net profit after tax		1,504,189,523,327	652,874,541,807
61	18. Net profit after tax attributable to shareholders of the parent		1,504,193,443,099	652,874,541,807
62	19. Net loss after tax attributable to non-controlling interests		(3,919,772)	-
70	20. Earnings per share (VND/share)	20.4		
	- Basic earnings per share			3,309
	- Diluted earnings per share			3,309

Tran Cong Tien  
Preparer

Nguyen Thi Ngoc Lan  
Chief Accountant

Tran Ngoc Chu  
General Director

16 December 2016



CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 30 September 2016

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>1,906,749,750,681</b>	<b>832,315,270,393</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11, 12	548,687,219,681	481,865,483,538
03	Provisions		11,863,839,459	24,627,641,973
04	Foreign exchange difference arising from revaluation of monetary accounts denominated in foreign currency	23	4,522,119,842	39,200,387,990
05	Profits from investing activities		(6,762,148,291)	(1,831,119,281)
06	Interest expense	23	209,035,437,498	224,013,370,890
08	<b>Operating profit before changes in working capital</b>		<b>2,674,096,218,870</b>	<b>1,600,191,035,503</b>
09	(Increase) decrease in receivables		(275,398,648,744)	70,085,534,668
10	(Increase) decrease in inventories		(1,278,775,737,798)	1,191,051,513,594
11	Increase (decrease) in payables		1,251,763,256,721	(1,092,412,971,892)
12	Increase in prepaid expenses		(110,709,151,095)	(26,873,180,734)
14	Interest expense paid		(209,357,317,508)	(222,444,620,537)
15	Corporate income tax paid	26.2	(377,577,508,418)	(196,935,049,387)
17	Other cash outflows for operating activities		(32,821,856,159)	(42,436,850,728)
20	<b>Net cash flows from operating activities</b>		<b>1,641,219,255,869</b>	<b>1,280,225,410,487</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets		(1,306,700,247,402)	(735,065,118,851)
22	Proceeds from disposals of fixed assets		5,357,567,669	27,911,515,269
25	Payments for investments in other entities		(900,000,000)	(7,495,846,500)
26	Proceeds from sale of investments in other entities		4,367,000,000	4,273,000,000
27	Interest received		4,781,142,242	3,679,594,871
30	<b>Net cash flows used in investing activities</b>		<b>(1,293,094,537,491)</b>	<b>(706,696,855,211)</b>




CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 30 September 2016

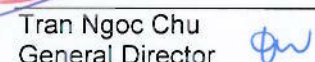
VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of treasury shares		116,395,667,397	64,721,580,000
32	Capital redemption		(508,729)	(49,247,074)
33	Drawdown of borrowings		12,715,960,175,942	13,314,828,925,538
34	Repayment of borrowings		(12,485,356,652,060)	(13,606,183,791,767)
35	Finance lease payments		(67,794,496,495)	(71,830,837,088)
36	Dividends paid	20.2	(327,038,699,875)	(144,058,665,375)
40	<b>Net cash flows used in financing activities</b>		<b>(47,834,513,820)</b>	<b>(442,572,035,766)</b>
50	<b>Net increase in cash and cash equivalents</b>		<b>300,290,204,558</b>	<b>130,956,519,510</b>
60	<b>Cash and cash equivalents at beginning of year</b>		<b>276,693,474,303</b>	<b>155,963,095,793</b>
61	<b>Impact of exchange rate fluctuation</b>		<b>(362,973,778)</b>	<b>(10,226,141,000)</b>
70	<b>Cash and cash equivalents at end of year</b>	4	<b>576,620,705,083</b>	<b>276,693,474,303</b>

  
Tran Cong Tien  
Preparer

  
Nguyen Thi Ngoc Lan  
Chief Accountant



  
Tran Ngoc Chu  
General Director

16 December 2016



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at and for the year ended 30 September 2016

**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 and its subsidiaries 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; manufacturing PVC ceiling; 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 as HSG in accordance with 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 twenty seven (227) branches located at various provinces of Vietnam.

The number of employees of the Company and its subsidiaries ("the Group") as at 30 September 2016 was 7,095 (30 September 2015: 4,543).

**Corporate structure**

The Group's corporate structure includes the Company and the following 16 subsidiaries:

► **Hoa Sen Steel Sheet One Member Limited Liabilities 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 in cold rolled steel products.

As at 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSS (30 September 2015: 100%).

► **Hoa Sen Building Materials One Member Limited Liabilities 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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSBM (30 September 2015: 100%).

► **Hoa Sen Binh Dinh One Member Limited Liabilities 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 30 September 2016, the Company holds 100% equity interest and 100% voting rights in HSBD (30 September 2015: 100%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

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 transportation services and civil, industrial construction projects.

As at 30 September 2016, the Company holds 100% equity interest and 100% voting rights in HTME (30 September 2015: 100%).

- ▶ Hoa Sen Nam Cam Nghe An One Member Limited Liability Company ("HSNC")

HSNC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 2901722597 issued by the Department of Planning and Investment of Nghe An Province on 28 May 2014, as amended. HSNC's registered head office is located at Lot C, Nam Cam Industrial Park, Nghi Xa Commune, Nghi Loc District, Nghe An Province, Vietnam. The current principal activities of HSNC are manufacturing and trading in steel pipe products.

As at 30 September 2016, the Company holds 100% equity interest and 100% voting rights in HSNC (30 September 2015: 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. 29011788319 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.

As at 30 September 2016, the Company holds 100% equity interest and 100% voting rights in HSNA (30 September 2015: 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 30 September 2016, the Company holds 100% equity interest and 100% voting rights in HSHN (30 September 2015: 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, Binh Dinh Province, Vietnam. The current principal activities of HSNH are manufacturing and trading in metal roofing sheets.

As at 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSNH.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**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 to render real estate services and supporting services for trading real estate.

As at 30 September 2016, the Company holds 70% equity interests and 70% voting rights in HSVH.

► 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 HSVH are operating a hotel, restaurant services and commercial center.

As at 30 September 2016, the Company holds 70% equity interests and 70% voting rights in HSVH.

► 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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSRE.

► 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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSCC.

► 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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSIP.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSSP.

- ▶ 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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSIC

- ▶ 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 30 September 2016, the Company holds 100% equity interests and 100% voting rights in HSPM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**2. BASIS OF PREPARATION**

**2.1 *Applied accounting standards and system***

The consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and 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 consolidated 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 consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

**2.2 *Applied accounting documentation system***

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

**2.3 *Fiscal year***

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

**2.4 *Accounting currency***

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

**2.5 *Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 30 September 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in retained earnings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Change in accounting policies and disclosures*

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 September 2015, except for the changes in the accounting policies in relation to the following:

##### 3.1.1 *Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system*

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies under Circular 200 to the Group's consolidated financial statements are applied on a prospective basis as Circular 200 does not require for retrospective application. The Group also reclassifies certain corresponding figures of prior year following the presentation of the current year's consolidated financial statements in accordance with Circular 200 as disclosed in Note 30.

##### 3.1.2 *Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements*

On 22 December 2014, the Ministry of Finance also issued the Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202") replacing section XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007. Circular 202 is effective for the preparation and presentation of consolidated financial statements for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting treatment under Circular 202 are applied on a prospective basis as this Circular does not require for retrospective application.

#### 3.2 *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.

#### 3.3 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Raw materials, tools and supplies, and merchandise	- 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Inventories (continued)**

*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 Group, based on appropriate evidence of impairment available at the balance sheet date.

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

**3.4 Receivables**

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

The provision for doubtful debts represents 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 consolidated income statement.

**3.5 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 consolidated 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 consolidated income statement.

**3.6 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 Group is the lessee*

Assets held under finance leases are capitalised in the consolidated 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 consolidated income statement over the lease term to achieve a constant 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 Group will obtain ownership by the end of the lease term.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Leased assets (continued)**

*Where the Group is the lessor*

Assets subject to operating leases are included as the Group's fixed assets in the consolidated 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 consolidated income statement over the lease term.

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

**3.7 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 consolidated 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 consolidated 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 Group. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful lives representing the land lease are amortised over the lease term while the land use rights with indefinite useful lives are not amortised.

**3.8 Depreciation and amortisation**

Depreciation of tangible fixed assets and financial 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	5 - 50 years
Machinery and equipment	3 - 15 years
Means of transportation	6 - 10 years
Office equipment	3 - 8 years
Others	5 - 8 years
Land use rights	14 - 55 years
Computer software	3 - 10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.9 Borrowing costs**

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds

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

**3.10 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated 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.

**3.11 Investments**

*Investments in associates*

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associate is presented on the face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend or profit sharing received or receivable from the associate reduce the carrying amount of the investment.

*Investment in other entity*

Investment in other entity is are stated at their acquisition costs.

*Provision for diminution in value of investments*

Provision for any diminution in value of the investments in capital of 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 consolidated income statement.

**3.12 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 Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.13 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 the 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 is revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

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

**3.14 Foreign currency transactions**

Transactions in currencies other than the Group's reporting 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 year, 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 Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

**3.15 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 Group's own equity instruments.

**3.16 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 and reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

The Group maintains the following fund which is appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by 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 consolidated balance sheet.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.17 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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*

Income is recognised when the Group is entitled to receive dividends.

*Rental income*

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

**3.18 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior years 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 consolidated 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 Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.18 Taxation (continued)**

*Deferred tax (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset 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 consolidated 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 Group to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.19 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.20 Segment information**

A segment is a component determined consolidated by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

**4. CASH AND CASH EQUIVALENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	12,729,078,269	12,935,643,278
Cash in banks	513,748,104,939	263,617,831,025
Cash in transit	50,000,000,000	-
Cash equivalents	143,521,875	140,000,000
<b>TOTAL</b>	<b>576,620,705,083</b>	<b>276,693,474,303</b>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS**

**5.1 Short-term trade receivables**

	VND	
	Ending balance	Beginning balance
Due from third parties	512,855,535,081	462,253,669,867
Due from a related party (Note 27)	27,493,400	1,331,786,050
<b>TOTAL</b>	<b>512,883,028,481</b>	<b>463,585,455,917</b>
Provision for doubtful short-term trade receivables	(6,021,279,910)	(4,240,144,419)
<b>NET</b>	<b>506,861,748,571</b>	<b>459,345,311,498</b>

**5.2 Short-term advances to suppliers**

	VND	
	Ending balance	Beginning balance
Advances to third parties	413,718,365,689	159,535,893,785
Advance to a related party (Note 27)	4,616,198,665	8,292,978,936
<b>TOTAL</b>	<b>418,334,564,354</b>	<b>167,828,872,721</b>

**6. OTHER RECEIVABLES**

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>172,878,302,008</b>	<b>145,139,853,044</b>
Advance for purchase of lands	90,183,227,000	90,183,227,000
Deposits	53,959,892,062	23,632,000,000
Advances to employees	20,846,911,314	6,884,731,461
Others	7,888,271,632	24,439,894,583
<b>Long-term</b>	<b>3,470,549,901</b>	<b>3,585,549,901</b>
Deposits	3,470,549,901	3,585,549,901
<b>TOTAL</b>	<b>176,348,851,909</b>	<b>148,725,402,945</b>
Provision for doubtful other short-term receivables	(740,000,000)	(740,000,000)
<b>NET</b>	<b>175,608,851,909</b>	<b>147,985,402,945</b>
<i>In which:</i>		
Due from a related party (Note 27)	90,183,227,000	90,183,227,000
Due from third parties	85,425,624,909	57,802,175,945



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**7. INVENTORIES**

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Finished goods	1,358,911,213,509	1,476,736,000,611
Raw materials	1,211,410,567,699	1,211,706,536,815
Goods in transit	1,576,075,705,558	333,244,047,678
Tools and supplies	385,159,981,694	336,834,222,083
Merchandises	273,447,375,269	198,372,707,887
Work in process	30,664,409,143	-
<b>TOTAL</b>	<b>4,835,669,252,872</b>	<b>3,556,893,515,074</b>
Provision for obsolete inventories	(14,168,269,483)	(13,068,834,432)
<b>NET</b>	<b>4,821,500,983,389</b>	<b>3,543,824,680,642</b>

As disclosed in Note 19, the Company has pledged inventories with the carrying amount as at 30 September 2016 amounting to VND 1,776,879,348,899 to secure its bank loans.

**8. PREPAID EXPENSES**

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>89,057,046,906</b>	<b>70,777,061,388</b>
Advertising expenses	24,585,328,927	25,002,327,467
Tools and equipment	30,110,567,566	20,121,636,138
Rental expenses	13,439,356,204	9,708,434,406
Insurance fees	1,272,363,610	1,987,968,179
Advisory fees	1,615,463,792	1,408,729,769
Others	18,033,966,807	12,547,965,429
<b>Long-term</b>	<b>218,966,831,302</b>	<b>110,638,707,574</b>
Tools, materials and equipment	101,715,319,644	64,635,313,493
Repairing and maintenance	12,044,617,510	19,177,548,798
Rental fees	96,224,400,019	24,100,752,551
Others	8,982,494,129	2,725,092,732
<b>TOTAL</b>	<b>308,023,878,208</b>	<b>181,415,768,962</b>

**9. LONG-TERM LOAN RECEIVABLE**

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 CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

10. TANGIBLE FIXED ASSET

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	VND Total
<b>Cost:</b>						
Beginning balance	973,370,477,968	3,931,062,601,094	305,738,512,240	15,040,698,414	21,536,555,260	5,246,748,844,976
Additions	500,730,727	118,828,009,263	63,081,448,815	10,549,099,870	-	192,959,288,675
Transfer from construction in progress	236,112,405,952	633,860,559,099	42,602,804,741	-	-	912,575,769,792
Transfer from finance leases	-	4,730,267,558	-	-	-	4,730,267,558
Disposals	(1,445,715,000)	(19,701,665,328)	(1,007,223,391)	(127,049,979)	(66,579,000)	(22,348,232,698)
Reclassified	(188,011,399)	111,107,647	-	-	-	(76,903,752)
Ending balance	1,208,349,888,248	4,668,890,879,333	410,415,542,405	25,462,748,305	21,469,976,260	6,334,589,034,551
<i>In which:</i>						
Fully depreciated	11,649,725,109	300,600,770,995	21,007,563,177	1,262,869,898	1,072,290,294	335,593,219,473
<b>Accumulated depreciation:</b>						
Beginning balance	(239,889,118,823)	(1,511,366,510,993)	(74,598,448,933)	(5,481,053,880)	(12,379,799,470)	(1,843,714,932,099)
Depreciation for the year	(59,427,200,715)	(393,752,227,747)	(38,168,970,503)	(3,694,246,602)	(3,016,055,469)	(498,058,701,036)
Transfer from finance leases	-	(1,142,422,984)	-	-	-	(1,142,422,984)
Disposals	913,215,000	17,558,339,560	383,391,291	127,049,979	66,579,000	19,048,574,830
Ending balance	(298,403,104,538)	(1,888,702,822,164)	(112,384,028,145)	(9,048,250,503)	(15,329,275,939)	(2,323,867,481,289)
<b>Net carrying amount:</b>						
Beginning balance	733,481,359,145	2,419,696,090,101	231,140,063,307	9,559,644,534	9,156,755,790	3,403,033,912,877
Ending balance	909,946,783,710	2,780,188,057,169	298,031,514,260	16,414,497,802	6,140,700,321	4,010,721,553,262

As disclosed in Note 19, the Group has pledged its buildings and structures, machinery and equipment, means of transportation and other fixed assets with their respective carrying amounts as at 30 September 2016 of VND 620,403,978,972, VND 2,279,547,488,047, VND 176,347,516,248 and VND 3,612,001,907 to secure its bank loan facilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

# 11. FINANCE LEASES

			VND
	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	263,597,780,822	20,332,727,270	283,930,508,092
Additions	111,524,704,867	-	111,524,704,867
Transfer to fixed assets	(5,005,107,940)	-	(5,005,107,940)
Ending balance	370,117,377,749	20,332,727,270	390,450,105,019
<b>Accumulated depreciation:</b>			
Beginning balance	(56,209,917,691)	(2,068,867,901)	(58,278,785,592)
Depreciation for the year	(45,053,494,509)	(2,037,115,360)	(47,090,609,869)
Transfer to fixed assets	1,142,422,984	-	1,142,422,984
Ending balance	(100,120,989,216)	(4,105,983,261)	(104,226,972,477)
<b>Net carrying amount:</b>			
Beginning balance	207,387,863,131	18,263,859,369	225,651,722,500
Ending balance	269,996,388,533	16,226,744,009	286,223,132,542

# 12. INTANGIBLE ASSETS

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	318,932,354,995	1,818,224,781	320,750,579,776
Additions	2,190,431,270	-	2,190,431,270
Ending balance	321,122,786,265	1,818,224,781	322,941,011,046
<i>In which:</i>			
<i>Fully amortised</i>	456,396,144	1,734,584,781	2,190,980,925
<b>Accumulated amortisation:</b>			
Beginning balance	(24,310,153,352)	(1,781,479,051)	(26,091,632,403)
Amortisation for the year	(3,517,751,646)	(20,157,130)	(3,537,908,776)
Ending balance	(27,827,904,998)	(1,801,636,181)	(29,629,541,179)
<b>Net carrying amount:</b>			
Beginning balance	294,622,201,643	36,745,730	294,658,947,373
Ending balance	293,294,881,267	16,588,600	293,311,469,867

As disclosed in Note 19, the Group has pledged its land use rights with their carrying amounts as at 30 September 2016 of VND 247,217,652,310 to secure its bank loan facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

### 13. CONSTRUCTION IN PROGRESS

	VND	
	Ending balance	Beginning balance
Purchases of fixed assets	173,966,203,042	34,779,434,350
Plant construction	112,969,902,665	70,263,136,487
Major repair of fixed assets	6,599,936,834	4,454,470,560
Others	553,554,956	1,516,756,586
<b>TOTAL</b>	<b>294,089,597,497</b>	<b>111,013,797,983</b>

### 14. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investment in associates (*)	25,902,371,384	33,985,640,301
Investment in other entity	-	4,367,000,000
<b>TOTAL</b>	<b>25,902,371,384</b>	<b>38,352,640,301</b>

(\*) Details of investments in the associates were as follow:

Name of associate	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment	% of interest	Cost of investment		
		VND		VND		
Hoa Sen-Gemadep Logistics and International Port Corporation	45	25,002,371,384	45	33,985,640,301	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Hoa Sen Hoi Van Joint Stock Company	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	450,000,000			- Binh Dinh Province, Vietnam	Trading in real estate and to render real estate services and supporting services for trading real estate
<b>TOTAL</b>		<b>25,902,371,384</b>		<b>33,985,640,301</b>		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

# 15. TRADE PAYABLES AND ADVANCE FROM CUSTOMERS

## 15.1 Short-term trade payables

	VND	
	Ending balance	Beginning balance
Due to third parties	1,609,231,521,388	626,132,304,095
In which:		
Ep Steel Trading Co., Ltd.	489,859,708,622	141,777,423,312
Baosteel Singapore Pte Ltd.	256,372,215,014	-
Hongkong Grand International Co., Ltd.	181,747,126,994	67,847,770,463
Others	681,252,470,758	416,507,110,320
Due to a related party (Note 27)	11,258,405,597	137,943,985
<b>TOTAL</b>	<b>1,620,489,926,985</b>	<b>626,270,248,080</b>

## 15.2 Short-term advances from customers

	VND	
	Ending balance	Beginning balance
Due to third parties	125,931,086,087	131,643,165,514
Due to a related party (Note 27)	26,413,121,165	2,418,576,540
<b>TOTAL</b>	<b>152,344,207,252</b>	<b>134,061,742,054</b>

# 16. TAXES

	VND			
	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Payables				
Corporate income tax (Note 26.2)	54,612,287,183	437,894,050,149	(377,577,508,418)	114,928,828,914
Value-added tax	15,399,013,086	1,769,502,871,402	(1,708,354,081,023)	76,547,803,465
Personal income tax	1,174,732,989	28,734,635,250	(26,789,516,585)	3,119,851,654
Other taxes	77,578,273	12,619,822,052	(10,783,001,959)	1,914,398,366
<b>TOTAL</b>	<b>71,263,611,531</b>	<b>2,248,751,378,853</b>	<b>(2,123,504,107,985)</b>	<b>196,510,882,399</b>
Receivables				
Value-added tax deductible	505,938,992,914	854,416,707,722	(887,784,935,737)	472,570,764,899
Value-added tax receivables	-	11,997,869	-	11,997,869
Personal income tax	-	108,671,392	(108,671,392)	-
<b>TOTAL</b>	<b>505,938,992,914</b>	<b>854,537,376,983</b>	<b>(887,893,607,129)</b>	<b>472,582,762,768</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

17. SHORT-TERM ACCRUED EXPENSES

	<i>Ending balance</i>	<i>Beginning balance</i>
Bonuses and 13th month salary	187,345,248,580	65,064,286,000
Electricity	11,627,442,689	11,691,391,739
Payables relating to construction in progress	13,043,613,180	7,662,678,218
Loan interest	4,164,824,604	4,486,704,614
Others	46,245,507,559	15,135,596,926
<b>TOTAL</b>	<b>262,426,636,612</b>	<b>104,040,657,497</b>

18. OTHER SHORT-TERM PAYABLES

	<i>Ending balance</i>	<i>Beginning balance</i>
Tender deposits received	28,888,223,493	1,490,000,000
Dividends	4,702,534,150	4,173,566,525
Social insurance, health insurance, unemployment insurance, and trade union fees	761,223,150	3,169,672,863
Due to a related party (Note 27)	1,002,300,000	1,000,000,000
Discount export documents	-	29,719,800,000
Others	11,186,121,138	9,301,080,767
<b>TOTAL</b>	<b>46,540,401,931</b>	<b>48,854,120,155</b>

19. LOANS AND FINANCE LEASES OBLIGATIONS

	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term loans and finance leases</b>	<b>4,366,172,782,781</b>	<b>4,521,419,411,847</b>
Loans from banks (Note 19.1)	3,954,271,503,856	4,113,021,943,841
Current portion of long-term loans (Note 19.2)	340,564,271,336	352,373,244,022
Current portion of finance leases (Note 19.3)	71,337,007,589	46,054,879,984
Current portion of other long-term debts	-	9,969,344,000
<b>Long-term loans and finance leases</b>	<b>1,418,572,001,810</b>	<b>969,894,221,023</b>
Loans from banks (Note 19.2)	1,316,636,732,692	871,015,408,270
Finance leases (Note 19.3)	101,935,269,118	98,878,812,753
<b>TOTAL</b>	<b>5,784,744,784,591</b>	<b>5,491,313,632,870</b>

Movements of loans and finance leases during the year are as follows:

	<i>VND Amount</i>
Beginning balance	5,491,313,632,870
Drawdown from borrowings	12,715,960,175,942
Addition of finance lease obligations	129,897,057,881
Repayment from borrowings	(12,485,356,652,060)
Repayment from finance lease obligation	(67,794,496,495)
Foreign exchange differences	725,066,453
<b>Ending balance</b>	<b>5,784,744,784,591</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**19. LOANS AND FINANCE LEASES**

**19.1 Short-term loans from banks**

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

<i>Name of banks</i>	<i>Ending balance</i> VND	<i>Maturity date</i>	<i>Interest rate</i> (% p.a.)	<i>Description of collateral</i>
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</b>				
Loan in VND	609,524,423,267	From 13 November 2016 to 26 February 2017	From 4.5 to 4.7	Land use rights, and machinery and equipment
Loan in USD	76,602,549,622	28 February 2017	1.6	Land use rights, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</b>				
Loan in VND	312,100,776,310	From 18 November 2016 to 12 December 2016	From 4.0 to 4.5	Land use rights, buildings and structures, and machinery and equipment
Loan in USD	1,120,512,959,036	From 27 November 2016 to 28 February 2017	From 1.1 to 1.4	Land use rights, buildings and structures, and machinery and equipment
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in USD	310,635,603,614	From 24 October 2016 to 15 December 2016	1.0	Land use rights, and means of transportation
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	56,565,757,987	5 December 2016	4.1	Inventories, and machinery and equipment
<b>ANZ Bank (Vietnam) Limited</b>				
Loan in VND	432,838,005,434	From 1 October 2016 to 3 December 2016	From 4.0 to 4.05	Land use rights
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch</b>				
Loan in VND	556,762,565,014	From 14 November 2016 to 28 February 2017	From 4.5 to 4.7	Unsecured
<b>Vietnam Bank for Agriculture and Rural Development – Saigon branch</b>				
Loan in VND	99,800,000,000	From 21 October 2016 to 30 November 2016	From 4.0 to 4.5	Unsecured

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

19. **LOANS AND FINANCE LEASES**(continued)

19.1 **Short-term loans from banks** (continued)

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

<i>Name of banks</i>	<i>Ending balance</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND		(% p.a.)	
<b><i>Vietnam Prosperity Joint Stock Commercial Bank</i></b>				
Loan in USD	67,886,940,450	19 December 2016	1.4	Unsecured
<b><i>United Overseas Bank</i></b>				
Loan in VND	69,453,200,475	21 October 2016	4.2	Unsecured
<b><i>Vietnam Technological and Commercial Joint Stock Bank</i></b>				
Loan in VND	117,003,997,774	From 17 November 2016 to 22 January 2017	From 4.4 to 4.5	Unsecured
<b><i>Vietnam Bank for Industry and Trade – Vung Tau Branch</i></b>				
Loan in VND	22,891,126,027	27 October 2016	4.5	Building and structures, and machinery and equipment
<b><i>Vietnam Bank for Industry and Trade – Phu Tai Industrial Park Branch</i></b>				
Loan in VND	9,770,631,288	14 November 2016	From 4.0 to 4.4	Unsecured
<b><i>Vietnam Bank for Industry and Trade – Nghe An Branch</i></b>				
Loan in VND	91,922,967,558	From 16 July 2016 to 30 June 2017	4.5	Building and structures, and machinery
<b>TOTAL</b>	<b><u>3,954,271,503,856</u></b>			

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**19. LOANS AND FINANCE LEASES (continued)**

**19.2 Long-term loans from banks**

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

<i>Name of banks</i>	<i>Ending balance</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>VND</i>		<i>(% p.a.)</i>	
<b>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</b>				
Loan in VND	103,364,120,000	From 14 November 2018 to 15 September 2019	8.0	Land use rights, and machinery and equipment
<b>Viet Capital Commercial Joint Stock Bank</b>				
Loan in VND	54,624,410,000	From 4 February 2018 to 26 November 2019	8.0	Means of transportation
<b>Asia Commercial Joint Stock Bank – Tan Thuan Branch</b>				
Loan in VND	38,989,585,320	From 26 June 2018 to 17 June 2020	8.0	Means of transportation
<b>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</b>				
Loan in VND	1,261,449,434,765	From 16 July 2019 to 24 October 2024	From 8.0 to 8.3	Land use rights, buildings and structures, and machinery and equipment
<b>Vietnam Development Bank – Binh Duong Branch</b>				
Loan in USD	30,489,125,436	20 June 2018	1.7	Land use rights, and machinery and equipment
<b>Military Commercial Joint Stock Bank – Binh Duong Branch</b>				
Loan in VND	29,224,019,995	7 January 2019	8.0	Land use rights and means of transportation
<b>Vietnam Bank for Agriculture and Rural Development – Binh Duong Branch</b>				
Loan in VND	30,560,000,000	25 September 2017	8.0	Land use rights, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Vung Tau Branch</b>				
Loan in VND	26,962,525,175	19 July 2021	7.0	Buildings and structures, and machinery and equipment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**19. LOANS AND FINANCE LEASES (continued)**

**19.2 Long-term loans from banks (continued)**

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

<i>Name of banks</i>	<i>Ending balance</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND		(% p.a.)	
<b>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</b>				
Loan in VND	77,083,333,337	10 September 2019	From 5.7 to 8.06	Buildings and structures, and machinery and equipment
<b>Vietnam Bank for Industry and Trade – Phu Tai Industrial Park Branch</b>				
Loan in VND		From 25 July 2016 to 28 April 2019	8.0	Buildings and structures, and machinery and equipment
	4,454,450,000			
<b>TOTAL</b>	<b><u>1,657,201,004,028</u></b>			
<i>In which:</i>				
Current portion	340,564,271,336			
Non-current portion	1,316,636,732,692			

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**19. LOANS AND FINANCE LEASES (continued)**

**19.3 Finance leases**

The Group 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:

	Ending balance			Beginning balance			VND
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities	
<b>Current liabilities</b>							
Less than 1 year	82,543,681,008	11,206,673,419	71,337,007,589	56,474,403,722	10,419,523,738	46,054,879,984	
<b>Non-current liabilities</b>							
From 1 - 5 years	110,918,984,884	8,983,715,766	101,935,269,118	110,179,398,375	11,300,585,622	98,878,812,753	
<b>TOTAL</b>	<b>193,462,665,892</b>	<b>20,190,389,185</b>	<b>173,272,276,707</b>	<b>166,653,802,097</b>	<b>21,720,109,360</b>	<b>144,933,692,737</b>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

20. OWNERS' EQUITY

20.1 *Movements in owners' equity*

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Other funds belonging to owners' equity	Total
								VND
<i>Previous year</i>								
Beginning balance	1,007,907,900,000	451,543,290,363	(81,038,848,436)	-	8,525,313,060	978,981,528,562	13,278,012,117	2,379,197,195,666
Net profit for the year	-	-	-	-	-	652,874,541,807	-	652,874,541,807
Dividends declared	-	-	-	-	-	(144,469,647,000)	-	(144,469,647,000)
Repurchase of treasury shares	-	-	(49,247,074)	-	-	-	-	(49,247,074)
Reissuance of treasury shares (*)	-	35,747,180,000	28,974,400,000	-	-	-	-	64,721,580,000
Transferred to bonus and welfare fund	-	-	-	-	-	-	-	-
belonging to owners' equity	-	-	-	-	-	(16,413,694,648)	-	(16,413,694,648)
Appropriated to other funds	-	-	-	-	-	-	-	-
belonging to owners' equity	-	-	-	-	-	(18,465,406,480)	18,465,406,480	-
Use of other funds	-	-	-	-	-	-	-	-
during the year	-	-	-	-	-	-	(25,138,263,228)	(25,138,263,228)
Ending balance	1,007,907,900,000	487,290,470,363	(52,113,655,510)	-	8,525,313,060	1,452,507,322,241	6,605,155,369	2,910,722,465,523

(\*) During the year, the Company has reissued 1,600,000 treasury shares to its existing shareholders at the price of VND 40,500 per share in accordance with the Resolution of Board of Directors No. 36/NQ/HĐQT/2015 dated 29 June 2015.



# Hoa Sen Group

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) as at and for the year ended 30 September 2016

### 20. OWNERS' EQUITY (continued)

#### 20.1 *Movements in owners' equity* (continued)

<i>Current year</i>	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Other funds belonging to owners' equity	VND
Beginning balance (previously presented)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	-	8,525,313,060	1,452,507,322,241	6,605,155,369	2,910,722,465,523
Beginning balance (reclassified under Circular 200-Note 30)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	8,525,313,060	-	1,452,507,322,241	6,605,155,369	2,910,722,465,523
Net profit for the year	-	-	-	-	-	1,504,193,443,099	-	1,504,193,443,099
Stock dividends (*)	957,490,390,000	-	-	-	-	(957,490,390,000)	-	-
Dividend declared	-	-	-	-	-	(327,567,667,500)	-	(327,567,667,500)
Repurchase of treasury shares	-	-	(508,729)	-	-	-	-	(508,729)
Reissuance of treasury shares	-	-	-	-	-	-	-	-
(**) Reversal of fund Transferred to bonus and welfare fund	64,281,463,158	-	52,114,204,239	(8,525,313,060)	-	8,525,313,060	-	116,395,667,397
Appropriated to other funds belonging to owner's equity	-	-	-	-	-	(26,114,981,672)	-	(26,114,981,672)
Performance bonus (***)	-	-	-	-	-	(29,379,354,381)	29,379,354,381	-
Use of other funds to belonging to owner's equity	-	-	-	-	-	(21,902,000,000)	-	(21,902,000,000)
Ending balance	1,965,398,290,000	551,571,933,521	-	-	-	1,602,771,684,847	6,784,575,670	4,126,526,484,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

20. OWNERS' EQUITY (continued)

20.1 *Movements in owners' equity* (continued)

(\*) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2015 dated 19 January 2015 and the Resolution of Board of Directors No. 64/NQ/HDQT/2015 dated 16 October 2015 approved the payments of stock dividends to its existing shareholders, which were appropriated from the undistributed earnings, at a ratio of 10:3 (i.e. issuing 3 new shares for every 10 shares holding by existing shareholders). The Company completed the issuance of 30,236,277 new shares on 7 December 2015 at price of VND 10,000 per share. Accordingly, the Company's share capital was increased by VND 302,362,770,000 to VND 1,310,270,670,000 as at this date. The Company also received the 25th amended BRC dated 18 December 2015 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2016 dated 18 January 2016 and the Resolution of Board of Directors No. 09/NQ/HDQT/2016 dated 4 March 2016 approved the payments of stock dividends to its existing shareholders, which were appropriated from the undistributed earnings, at a ratio of 10:5 (i.e. issuing 5 new shares for every 10 shares holding by existing shareholders). The Company completed the issuance of 65,512,762 new shares on 1 June 2016 at price of VND 10,000 per share. Accordingly, the Company's share capital was increased by VND 655,127,620,000 to VND 1,965,398,290,000 as at this date. The Company also received the 26th amended BRC dated 10 June 2016 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(\*\*) In accordance with the Resolution of Board of Directors No. 36/NQ/HDQT/2015 dated 29 June 2015, the Company has reissued 2,877,692 treasury shares to its existing shareholders at the price of VND 40,500 per share on 7 October 2015.

(\*\*\*) In accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2015 dated 19 January 2015, the Company's shareholders approved the performance bonus at 3.4% of profit after tax.

20.2 *Capital transactions with owners and distribution of dividends, profits*

	VND	
	Current year	Previous year
<b>Contributed capital</b>		
Beginning balance	1,007,907,900,000	1,007,907,900,000
Increase	957,490,390,000	-
Ending balance	1,965,398,290,000	1,007,907,900,000
<b>Dividends</b>		
Dividends declared	327,567,667,500	144,469,647,000
Dividends paid by cash	327,038,699,875	144,058,665,375



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

20. OWNERS' EQUITY (continued)

20.3 Share capital

	Number of shares	
	Ending balance	Beginning balance
<b>Issued shares</b>		
Shares issued and paid-up shares		
<i>Ordinary shares</i>	196,539,829	100,790,790
<b>Treasury shares</b>		
<i>Ordinary shares</i>	-	(2,877,692)
<b>Shares in circulation</b>		
<i>Ordinary shares</i>	196,539,829	97,913,098

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

20.4 Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Current year	Previous year
Net profit attributable to ordinary equity holders of the Company (VND)	1,504,193,443,099	652,874,541,807
Distribution to bonus and welfare fund (VND) (*)	(60,167,737,724)	(26,114,981,672)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	1,444,025,705,375	626,759,560,135
Weighted average number of ordinary shares (shares) (**)	196,471,180	189,400,678
<b>Earnings per share (VND/share)</b>		
Basic	7,350	3,309
Diluted	7,350	3,309

(\*) Profit used to compute earnings per share for the year ended 30 September 2016 as presented in the consolidated financial statements of previous year was restated to reflect the actual allocation to bonus and welfare fund from previous year's net profit after tax in accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2016 dated 18 January 2016.

Net profit used to compute earnings per share for the year ended 30 September 2016 is adjusted for distribution to Bonus and welfare funds, which is appropriated at 4% of net profit after tax as approved in accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2016 dated 18 January 2016.

(\*\*) The weighted average number of ordinary shares in the previous years has been retrospectively adjusted for the payments of stock dividends to the Company's existing shareholders during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

## 21. REVENUES

### 21.1 Revenues from sale of goods and rendering of services

		VND
	Current year	Previous year
<b>Gross revenues</b>	<b>18,006,498,541,322</b>	<b>17,490,999,218,809</b>
Of which:		
Sale of finished goods	13,186,708,856,497	13,780,568,305,421
Sale of merchandises	4,788,804,258,942	3,686,752,977,336
Others	30,985,425,883	23,677,936,052
<b>Sales deduction</b>	<b>(112,783,060,369)</b>	<b>(23,022,952,903)</b>
Of which:		
Sales discount	(97,697,573,236)	(9,174,845,515)
Sales allowances	(10,157,008,501)	(5,937,377,797)
Sales returns	(4,928,478,632)	(7,671,981,524)
Export tax	-	(238,748,067)
<b>NET</b>	<b>17,893,715,480,953</b>	<b>17,467,976,265,906</b>
Of which:		
Sale to third parties	15,461,462,955,111	16,306,322,233,978
Sale to related parties (Note 27)	2,432,252,525,842	1,161,654,031,928

### 21.2 Finance income

		VND
	Current year	Previous year
Foreign exchange gains	33,647,586,730	27,915,093,517
Finance income from investments	1,826,610,485	1,727,000,000
Interest income	2,954,531,757	1,952,594,871
<b>TOTAL</b>	<b>38,428,728,972</b>	<b>31,594,688,388</b>

## 22. COST OF GOODS SOLD AND SERVICES RENDERED

		VND
	Current year	Previous year
Costs of sale of finished goods	9,483,644,403,917	11,455,050,521,672
Costs of sale of merchandises	4,208,202,828,538	3,414,011,508,400
Others	25,546,554,508	293,323,176
<b>TOTAL</b>	<b>13,717,393,786,963</b>	<b>14,869,355,353,248</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

### 23. FINANCE EXPENSES

		VND
	<i>Current year</i>	<i>Previous year</i>
Interest expense	209,035,437,498	224,013,370,890
Foreign exchange losses	33,143,557,879	150,647,443,944
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	4,522,119,842	39,200,387,990
Provision for long-term investments	8,983,268,917	10,794,438,216
<b>TOTAL</b>	<b>255,684,384,136</b>	<b>424,655,641,040</b>

### 24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

		VND
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>1,139,602,275,640</b>	<b>864,210,788,876</b>
Labour costs	273,388,599,137	178,661,267,893
Depreciation and amortisation	48,244,020,726	27,560,870,780
Expenses for external services	551,250,173,010	506,000,337,984
Other expenses	266,719,482,767	151,988,312,219
<b>General and administrative expenses</b>	<b>900,715,660,702</b>	<b>511,797,744,891</b>
Labour costs	482,969,462,270	268,348,471,061
Depreciation and amortisation	38,808,799,980	32,913,652,457
Expenses for external services	56,362,244,197	49,020,233,261
Other expenses	322,575,154,255	161,515,388,112
<b>TOTAL</b>	<b>2,040,317,936,342</b>	<b>1,376,008,533,767</b>

### 25. PRODUCTION AND OPERATING COSTS

		VND
	<i>Current year</i>	<i>Previous year</i>
Raw materials	12,819,482,741,240	12,876,638,971,133
Labour costs	987,026,559,466	657,035,704,773
Depreciation and amortisation (Notes 10, 11 and 12)	548,687,219,681	481,865,483,538
Expenses for external services	1,587,140,983,390	1,491,493,342,227
Others	1,088,873,335,950	750,448,046,376
<b>TOTAL</b>	<b>17,031,210,839,727</b>	<b>16,257,481,548,047</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

## 26. CORPORATE INCOME TAX

The Company and its subsidiaries have the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits for the period from 1st October 2015 to 31st December 2015 and at the rate of 20% of taxable profits for the period from 1st January 2016 to 30th September 2016, except for the following:

- HSBD is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following 4 years.
- The CIT rate applicable to HSNC, HSNA and HSNH is 10% of taxable profits in 15 years since the first year of revenue and the applicable tax rate for the years thereafter. These subsidiaries are entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 9 years.
- The CIT rate applicable to HSHN is 17% of taxable profits in 10 years since year 2016 and the applicable tax rate for the years thereafter. This subsidiary is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 4 years.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

### 26.1 CIT expense

	VND	
	Current year	Previous year
Current CIT expense	438,192,658,926	207,702,023,401
Adjustment for CIT from previous years	(298,608,777)	1,627,302
Deferred CIT benefit	(35,333,822,795)	(28,262,922,117)
<b>TOTAL</b>	<b><u>402,560,227,354</u></b>	<b><u>179,440,728,586</u></b>

### 26.2 Current CIT

The current tax payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the income as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

A reconciliation between the accounting profit before tax as reported in the consolidated income statement and taxable profit is presented below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

26. CORPORATE INCOME TAX (continued)

26.2 Current CIT (continued)

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b>1,906,749,750,681</b>	<b>832,315,270,393</b>
<b>Adjustments:</b>		
Non-deductible expenses	113,311,319,094	61,320,749,471
Change in unrealised profits	29,161,775,849	68,889,166,364
Change in accrued expenses	159,438,492,863	61,789,316,001
Change in provisions	10,910,900,590	24,011,800,723
Change in foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	(9,211,779,959)	6,588,906,387
Tax losses of subsidiaries	28,460,623,960	743,828,162
Others	12,529,481,916	(2,638,243,869)
<b>Adjusted net profit before tax and tax loss carried forward</b>	<b>2,251,350,564,994</b>	<b>1,053,020,793,632</b>
Tax loss carried forward	-	(104,249,982)
<b>Estimated current taxable profit</b>	<b>2,251,350,564,994</b>	<b>1,052,916,543,650</b>
Estimated current CIT	461,256,440,840	231,291,948,544
CIT exempted	(23,063,781,914)	(23,589,925,143)
<b>Estimated current CIT after exemption</b>	<b>438,192,658,926</b>	<b>207,702,023,401</b>
Adjustment for CIT from previous years	(298,608,777)	1,627,302
<b>Total estimated current CIT</b>	<b>437,894,050,149</b>	<b>207,703,650,703</b>
CIT payables at beginning of year	54,612,287,183	43,843,685,867
CIT paid during the year	(377,577,508,418)	(196,935,049,387)
<b>CIT payables at end of year</b>	<b>114,928,828,914</b>	<b>54,612,287,183</b>

26.3 Deferred CIT

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

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Unrealised profits	33,017,132,333	30,030,570,812	2,986,561,521	10,637,554,324
Accrued expenses	45,849,491,271	17,689,924,504	28,159,566,767	12,095,247,512
Provisions	13,760,789,860	7,203,103,336	6,557,686,524	5,115,650,021
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	68,118,757	1,910,474,749	(1,842,355,992)	1,258,511,931
Others	2,108,784,418	2,636,420,443	(527,636,025)	(844,041,671)
<b>Deferred tax assets</b>	<b>94,804,316,639</b>	<b>59,470,493,844</b>		
<b>Deferred CIT income</b>			<b>35,333,822,795</b>	<b>28,262,922,117</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Current year</i>	<i>Previous year</i>
				<i>VND</i>
Hoa Sen Investment and Tourism Co., Ltd.	Related party	Sale of goods	2,430,784,452,088	1,160,917,402,701
		Purchase of goods	929,183,348,655	184,654,533,072
		Purchase of services	4,772,436,591	3,948,581,818
		Rendering of services	1,400,609,480	731,699,999
		Sale of fixed assets	2,617,000,000	521,000,000
		Purchase of fixed assets	656,000,000	-
		Transportation fees	27,949,504,004	45,327,000
		Other sale	67,464,274	4,929,228
		Other purchase	189,184,542	441,051,660
Hoa Sen-Gemadept Logistics and International Port Corporation	Associate	Capital contribution	-	7,495,846,500
Viet Capital Health Care Fund	Related party	Reclaim of investment	4,367,000,000	4,273,000,000
Huong Sen Real Estate	Related party	Land returned	-	60,000,000,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

Related party	Relationship	Transaction	Ending balance	VND Beginning balance
<b>Short-term trade receivable</b>				
Hoa Sen Investment and Tourism Co., Ltd.	Related party	Sales of goods	27,493,400	1,331,786,050
<b>Short-term advances to supplier</b>				
Hoa Sen Investment and Tourism Co., Ltd.	Related party	Advances	4,616,198,665	8,292,978,936
<b>Other short-term receivable</b>				
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000
<b>Short-term trade payable</b>				
Hoa Sen Investment and Travel Co., Ltd.	Related party	Purchases of goods	11,258,405,597	137,943,985
<b>Short-term advance from customer</b>				
Hoa Sen Investment and Travel Co., Ltd.	Related party	Purchases of goods	26,413,121,165	2,418,576,540
<b>Other short-term payable</b>				
Huong Sen Real Estate	Related party	Payable of advance	1,000,000,000	1,000,000,000
Hoa Sen Investment and Tourism Co., Ltd.	Related party	Others	2,300,000	-
			1,002,300,000	1,000,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

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

*Transactions with other related parties*

Remuneration to members of the Board of Directors, the Board of Supervision and management is as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Salaries of management	13,233,255,424	8,118,957,415
Bonuses of management	5,968,000,000	1,050,000,000
Remuneration of the Board of Directors and the Board of Supervision	1,859,000,000	1,054,000,000
Bonuses of the Board of Directors and the Board of Supervision	11,636,460,000	-
<b>TOTAL</b>	<b>32,696,715,424</b>	<b>10,222,957,415</b>

**28. COMMITMENTS**

*Operating lease commitments*

The Group leases land under operating lease arrangements. The minimum lease commitments as at the balance sheet date under operating lease arrangements is as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	82,759,697,967	42,332,637,447
From 1 to 5 years	287,468,710,149	124,191,468,650
More than 5 years	301,261,164,310	268,627,842,340
<b>TOTAL</b>	<b>671,489,572,426</b>	<b>435,151,948,437</b>

*Capital expenditure commitments*

As at 30 September 2016, the Group had commitments of VND 1,476,770,906,397 (30 September 2015: VND 836,113,556,098) mainly related to the acquisition of new machinery for its operation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**29. 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		Export		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Sales revenue	11,693,250,961,546	10,686,357,646,889	6,200,464,519,407	6,781,618,619,017	17,893,715,480,953	17,467,976,265,906
Cost of sales	(7,869,961,490,057)	(8,547,682,145,156)	(5,847,432,296,906)	(6,321,673,208,092)	(13,717,393,786,963)	(14,869,355,353,248)
Gross profit	3,823,289,471,489	2,138,675,501,733	353,032,222,501	459,945,410,925	4,176,321,693,990	2,598,620,912,658

VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 30 September 2016

**30. RECLASSIFICATION OF CORRESPONDING FIGURES FOLLOWING APPLICATION OF CIRCULAR 200**

Certain corresponding figures on the consolidated financial statements for the year ended 30 September 2015 have been reclassified to reflect the presentation of the current year's consolidated financial statements. Details are as follows:


			VND
	<i>Beginning balance (previously presented)</i>	<i>Impact of reclassification</i>	<i>Beginning balance (reclassified)</i>
<b>CONSOLIDATED BALANCE SHEET</b>			
Short-term loan receivables	-	400,000,000	400,000,000
Other short-term receivables	128,763,462,383	16,376,390,661	145,139,853,044
Other current assets	16,776,390,661	(16,776,390,661)	-
Long-term loan receivables	-	25,000,000,000	25,000,000,000
Other long-term receivables	25,000,000,000	(21,414,450,099)	3,585,549,901
Other long-term assets	3,585,549,901	(3,585,549,901)	-
Financial reserve fund	8,525,313,060	(8,525,313,060)	-
Investment and development fund	-	8,525,313,060	8,525,313,060

			VND
	<i>Previous year (previously presented)</i>	<i>Impact of reclassification</i>	<i>Previous year (reclassified)</i>
<b>CONSOLIDATED INCOME STATEMENT</b>			
Revenues from sale of goods and rendering of services	17,469,894,530,725	21,104,688,084	17,490,999,218,809
Other income	64,879,565,362	(48,802,928,943)	16,076,636,419
Other expenses	(41,011,033,124)	27,698,240,859	(13,312,792,265)

**31. EVENTS AFTER THE BALANCE SHEET DATE**

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

  
Tran Cong Tien  
Preparer

  
Nguyen Thi Ngoc Lan  
Chief Accountant



  
Tran Ngoc Chu  
General Director

16 December 2016