

Hoa Sen Group

Interim consolidated financial statements

31 March 2017

CONTENTS

	<i>Pages</i>
General information	1
Report of the General Director	2
Report on review of interim consolidated financial statements	3 - 4
Interim consolidated balance sheet	5 - 6
Interim consolidated income statement	7
Interim consolidated cash flow statement	8 - 9
Notes to the interim consolidated financial statements	10 - 47

Hoa Sen Group

THE GENERAL INFORMATION

THE COMPANY

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

The Company's current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has two hundred and seventy three (273) branches located at various provinces in Vietnam.

BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISION

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

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

MANAGEMENT

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

Mr Tran Ngoc Chu	General Director	
Mr Hoang Duc Huy	Deputy General Director	
Mr Tran Quoc Tri	Deputy General Director	
Mr Vu Van Thanh	Deputy General Director	
Mr Nguyen Minh Khoa	Deputy General Director	
Mr Ho Thanh Hieu	Deputy General Director	
Mr Tran Quoc Pham	Deputy General Director	
Mr Nguyen Ngoc Huy	Acting Deputy General Director	appointed on 15 March 2017
Mr Phan Duy Quang	Deputy General Director	resigned on 15 March 2017

LEGAL REPRESENTATIVE

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

Mr Tran Ngoc Chu is authorised by Mr Le Phuoc Vu to sign the accompanying interim consolidated financial statements for the six-month period ended 31 March 2017 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 THE GENERAL DIRECTOR

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

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

The General Director is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim 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 interim consolidated financial statements; and
- prepare the interim 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 interim 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 interim consolidated financial statements.

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The General Director approves the accompanying interim consolidated financial statements which give a true and fair view of the interim consolidated financial position of the Group as at 31 March 2017, and of the interim consolidated results of its operations and the interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.



Tran Ngoc Chu
General Director

26 May 2017

Reference: 61183992/19355153/LR-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Hoa Sen Group

We have reviewed the accompanying interim consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries ("the Group") as prepared on 26 May 2017 and set out on pages 5 to 47 which comprise the interim consolidated balance sheet as at 31 March 2017, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

The General Director's responsibility

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

Auditor's responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Company as at 31 March 2017, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.



Ernst & Young Vietnam Limited

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

Ho Chi Minh City, Vietnam

26 May 2017

CONSOLIDATED BALANCE SHEET
as at 31 March 2017

VND

Code	ASSETS	Notes	31 March 2017	30 September 2016
100	A. CURRENT ASSETS		11,913,197,235,497	7,057,496,113,079
110	I. Cash and cash equivalents	4	236,776,280,693	576,620,705,083
111	1. Cash		236,632,758,818	576,477,183,208
112	2. Cash equivalents		143,521,875	143,521,875
130	II. Current account receivables		1,695,188,251,920	1,097,734,614,933
131	1. Short-term trade receivables	5.1	966,187,061,438	512,883,028,481
132	2. Short-term advances to suppliers	5.2	517,427,647,660	418,334,564,354
135	3. Short-term loan receivables		400,000,000	400,000,000
136	4. Other short-term receivables	6	217,934,822,732	172,878,302,008
137	5. Provision for doubtful short-term receivables	5.1, 6	(6,761,279,910)	(6,761,279,910)
140	III. Inventories	7	8,446,775,186,391	4,821,500,983,389
141	1. Inventories		8,466,099,524,506	4,835,669,252,872
149	2. Provision for obsolete inventories		(19,324,338,115)	(14,168,269,483)
150	IV. Other current assets		1,534,457,516,493	561,639,809,674
151	1. Short-term prepaid expenses	8	141,634,670,204	89,057,046,906
152	2. Value-added tax deductible	16	1,392,179,429,559	472,570,764,899
153	3. Tax and other receivables from the State	16	643,416,730	11,997,869
200	B. NON-CURRENT ASSETS		6,906,610,241,442	5,252,489,822,394
210	I. Long-term receivables		28,470,549,901	28,470,549,901
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	3,470,549,901
220	II. Fixed assets		4,968,216,774,590	4,590,256,155,671
221	1. Tangible fixed assets	10	4,405,255,742,862	4,010,721,553,262
222	Cost		6,989,140,438,683	6,334,589,034,551
223	Accumulated depreciation		(2,583,884,695,821)	(2,323,867,481,289)
224	2. Finance lease assets	11	274,874,489,583	286,223,132,542
225	Cost		409,001,932,431	390,450,105,019
226	Accumulated depreciation		(134,127,442,848)	(104,226,972,477)
227	3. Intangible assets	12	288,086,542,145	293,311,469,867
228	Cost		319,484,681,046	322,941,011,046
229	Accumulated amortisation		(31,398,138,901)	(29,629,541,179)
240	III. Long-term assets in progress		1,431,821,962,200	294,089,597,497
242	1. Construction in progress	13	1,431,821,962,200	294,089,597,497
250	IV. Long-term investments	14	71,160,736,926	25,902,371,384
252	1. Investments in associates		24,560,736,926	25,902,371,384
255	2. Held-to maturity investments		46,600,000,000	-
260	V. Other long-term assets		406,940,217,825	313,771,147,941
261	1. Long-term prepaid expenses	8	346,216,176,377	218,966,831,302
262	2. Deferred tax assets	27.3	60,724,041,448	94,804,316,639
270	TOTAL ASSETS		18,819,807,476,939	12,309,985,935,473

CONSOLIDATED BALANCE SHEET (continued)
as at 31 March 2017

VND

Code	RESOURCES	Notes	31 March 2017	30 September 2016
300	C. LIABILITIES		14,134,926,189,205	8,180,013,371,207
310	I. Current liabilities		11,889,435,615,001	6,757,387,367,397
311	1. Short-term trade payables	15.1	1,037,780,948,906	1,620,489,926,985
312	2. Short-term advances from customers	15.2	209,441,184,396	152,344,207,252
313	3. Statutory obligations	16	185,098,369,419	196,510,882,399
314	4. Payables to employees		91,845,670,446	82,046,846,238
315	5. Short-term accrued expenses	17	62,869,492,509	262,426,636,612
319	6. Other short-term payables	18	77,908,888,809	46,540,401,931
320	7. Short-term loans and finance lease obligations	19	10,136,433,479,592	4,366,172,782,781
322	8. Bonus and welfare fund		88,057,580,924	30,855,683,199
330	II. Non-current liabilities		2,245,490,574,204	1,422,626,003,810
338	1. Long-term loans and finance lease obligations	19	2,241,279,758,454	1,418,572,001,810
342	2. Long-term provisions		4,210,815,750	4,054,002,000
400	B. OWNERS' EQUITY		4,684,881,287,734	4,129,972,564,266
410	I. Capital	20.1	4,684,881,287,734	4,129,972,564,266
411	1. Share capital		1,965,398,290,000	1,965,398,290,000
411a	- Shares with voting rights		1,965,398,290,000	1,965,398,290,000
412	2. Share premium		551,571,933,521	551,571,933,521
420	3. Other funds belonging to owners' equity		47,901,636,552	6,784,575,670
421	4. Undistributed earnings		2,082,818,313,466	1,602,771,684,847
421a	- Undistributed earnings up to prior period-end		1,227,075,413,184	98,578,241,748
421b	- Undistributed earnings of current period		855,742,900,282	1,504,193,443,099
429	5. Non-controlling interests		37,191,114,195	3,446,080,228
440	TOTAL LIABILITIES AND OWNERS' EQUITY		18,819,807,476,939	12,309,985,935,473

Nguyen Thi Thanh Tuyen
Preparer

Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director

26 May 2017

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

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2017	For the six-month period ended 31 March 2016
01	1. Revenues from sale of goods and rendering of services	21.1	12,064,180,908,246	8,357,689,023,864
02	2. Deductions	21.1	(84,652,337,465)	(53,876,969,381)
10	3. Net revenues from sale of goods and rendering of services	21.1	11,979,528,570,781	8,303,812,054,483
11	4. Costs of goods sold and services rendered	22	(9,776,047,018,207)	(6,556,039,486,631)
20	5. Gross profit from sale of goods and rendering of services		2,203,481,552,574	1,747,772,567,852
21	6. Finance income	21.2	31,352,129,122	26,723,721,600
22	7. Finance expenses	23	(276,555,439,488)	(131,743,557,900)
23	In which: Interest expense		(193,855,852,810)	(108,384,318,734)
25	8. Selling expenses	24	(642,563,300,681)	(473,701,714,961)
26	9. General and administrative expenses	24	(323,318,417,202)	(386,290,734,635)
30	10. Operating profit		992,396,524,325	782,760,281,956
31	11. Other income	25	62,021,735,829	8,956,713,228
32	12. Other expenses	25	(890,451,967)	(10,285,856,298)
40	13. Other profit (loss)	25	61,131,283,862	(1,329,143,070)
50	14. Profit before tax		1,053,527,808,187	781,431,138,886
51	15. Current corporate income tax expense	27.2	(163,709,598,747)	(178,390,198,220)
52	16. Deferred income tax benefit	27.3	(34,080,275,191)	2,709,793,904
60	17. Net profit after tax		855,737,934,249	605,750,734,570
61	18. Net profit after tax attributable to shareholders of the parent		855,742,900,282	605,750,734,570
62	19. Net loss after tax attributable to non-controlling interests		(4,966,033)	-
70	20. Earnings per share (VND/share)	20.4		
	- Basic earnings per share		4,180	2,959
	- Diluted earnings per share		4,180	2,959



Nguyen Thi Thanh Tuyen
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director



26 May 2017

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


VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2017	For the six-month period ended 31 March 2016
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		1,053,527,808,187	781,431,138,886
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10,11,12	321,603,497,318	261,520,727,145
03	Provisions		9,647,703,090	4,598,634,459
04	Foreign exchange difference arising from revaluation of monetary accounts denominated in foreign currency	21.2, 23	8,105,848,424	2,936,580,936
05	Profits from investing activities		(17,409,118,274)	(5,727,611,617)
06	Interest expense	23	193,855,852,810	108,384,318,734
08	Operating profit before changes in working capital		1,569,331,591,555	1,153,143,788,543
09	(Increase) decrease in receivables		(1,565,876,694,085)	482,279,120,417
10	(Increase) decrease in inventories		(3,630,430,271,634)	514,521,066,427
11	(Decrease) increase in payables		(680,857,036,986)	463,428,941,885
12	Increase in prepaid expenses		(87,860,222,497)	(18,969,048,580)
14	Interest expense paid		(185,227,829,959)	(109,184,806,370)
15	Corporate income tax paid		(190,540,377,926)	(124,407,687,736)
17	Other cash outflows for operating activities		(29,537,484,056)	(13,539,077,582)
20	Net cash flows (used in) from operating activities		(4,800,998,325,588)	2,347,272,297,004
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(1,948,517,886,894)	(630,038,861,648)
22	Proceeds from disposals of fixed assets		36,301,468,280	576,586,376
25	Payments for investments in other entities		(3,150,000,000)	-
26	Proceeds from sale of investments in other entities		-	4,367,000,000
27	Interest received		362,310,072	5,557,750,877
30	Net cash flows used in investing activities		(1,915,004,108,542)	(619,537,524,395)

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

VND

Code	ITEMS	Notes	For the six-month period ended 31 March 2017	For the six-month period ended 31 March 2016
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Reissuance of treasury shares		-	116,395,667,397
32	Capital redemption		-	(508,729)
33	Drawdown of borrowings		15,298,355,966,508	5,233,165,402,343
34	Repayment of borrowings		(8,686,374,327,021)	(6,339,508,826,961)
35	Finance lease payments		(39,507,020,621)	(33,205,585,562)
36	Dividends paid		(195,895,385,600)	(121,824,000)
40	Net cash flows (used in) from financing activities		6,376,579,233,266	(1,023,275,675,512)
50	Net increase in cash and cash equivalents		(339,423,200,864)	704,459,097,097
60	Cash and cash equivalents at beginning of period		576,620,705,083	276,693,474,303
61	Impact of exchange rate fluctuation		(421,223,526)	(2,467,849,427)
70	Cash and cash equivalents at end of the period	4	236,776,280,693	978,684,721,973


Nguyen Thi Thanh Tuyen
Preparer


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
General Director



26 May 2017

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

1. CORPORATE INFORMATION

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

The Company's current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; 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/QD-SGDHCM dated 5 November 2008.

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has two hundred and seventy three (273) branches located at various provinces of Vietnam.

The number of employees of the Group as at 31 March 2017 was 7,941 (30 September 2016: 7,095).

Corporate structure

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

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

HSS is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700763651 issued by the Department of Planning and Investment of Binh Duong Province on 9 November 2006, as amended. HSS's registered head office is located at No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HSS are manufacturing and trading cold rolled steel products.

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

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

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

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

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

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

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

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

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

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

HTME is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, as amended. HTME's registered head office is located at No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HTME are providing services of cargo transportation by road.

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

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

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

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

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

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

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

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

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

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

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

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and system*

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

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

Accordingly, the accompanying interim 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 interim consolidated financial position and interim consolidated results of operations and interim 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 annual consolidated financial statements starts on 1 October and ends on 30 September.

2.4 *Accounting currency*

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

2.5 *Basis of consolidation*

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiaries for six-month period the period ended 31 March 2017.

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 interim financial statements of subsidiaries are prepared for the same reporting year as the 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 interim consolidated income statement and within equity in the interim 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 six-month period ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Inventories*

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

Net 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.

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

3.3 *Receivables*

Receivables are presented in the interim 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 interim consolidated income statement.

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim 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 interim consolidated income statement.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leased assets

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

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

Where the Group is the lessee

Assets held under finance leases are capitalised in the interim 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 interim 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 interim consolidated income statement on a straight-line basis over the lease term.

Where the Group is the lessor

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

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

3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim 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 interim 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and 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	5 - 20 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

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

3.9 Prepaid expenses

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

3.10 Investments

Investment in an associate

The Group's investment in its associate is 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 interim 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 interim 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 interim 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 stated at their acquisition costs.

Provision for investments

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Payables and accruals

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

3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to 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. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the interim 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.

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

- Monetary assets are translated at buying exchange rate of the commercial bank where the 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 period and arisen from the translation of monetary accounts denominated in foreign currency at period-end are taken to the interim consolidated income statement.

3.14 Treasury shares

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to funds 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 the approval of shareholders at the annual general meeting.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the interim consolidated balance sheet.

3.16 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

Revenue 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.

3.17 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 interim 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

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 interim 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.

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 interim 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 offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the 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.

3.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the period 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 period.

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 period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19 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.

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

4. CASH AND CASH EQUIVALENTS

	VND	
	31 March 2017	30 September 2016
Cash on hand	21,490,220,177	12,729,078,269
Cash in banks	214,921,104,641	513,748,104,939
Cash in transit	221,434,000	50,000,000,000
Cash equivalents (*)	143,521,875	143,521,875
TOTAL	236,776,280,693	576,620,705,083

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

5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

5.1 Short-term trade receivables

	VND	
	31 March 2017	30 September 2016
Due from third parties	965,959,761,438	512,855,535,081
Due from a related party (Note 28)	227,300,000	27,493,400
TOTAL	966,187,061,438	512,883,028,481
Provision for doubtful short-term receivables	(6,021,279,910)	(6,021,279,910)
NET	960,165,781,528	506,861,748,571

5.2 Short-term advances to suppliers

	VND	
	31 March 2017	30 September 2016
Due from third parties	517,427,647,660	413,718,365,689
Due from a related party (Note 28)	-	4,616,198,665
TOTAL	517,427,647,660	418,334,564,354

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

6. OTHER RECEIVABLES

	VND	
	31 March 2017	30 September 2016
Short-term	217,934,822,732	172,878,302,008
Advance for purchase of lands	90,183,227,000	90,183,227,000
Deposits	81,885,178,380	53,959,892,062
Advances to employees	36,509,440,741	20,846,911,314
Others	9,356,976,611	7,888,271,632
Long-term	3,470,549,901	3,470,549,901
Deposits	3,470,549,901	3,470,549,901
TOTAL	221,405,372,633	176,348,851,909
Provision for doubtful other short-term receivables	(740,000,000)	(740,000,000)
NET	220,665,372,633	175,608,851,909
<i>In which:</i>		
Due from a related party (Note 28)	90,183,227,000	90,183,227,000
Due from third parties	130,482,145,633	85,425,624,909

7. INVENTORIES

	VND	
	31 March 2017	30 September 2016
Raw materials	5,199,681,919,397	1,211,410,567,699
Finished goods	1,588,476,870,317	1,358,911,213,509
Merchandises	621,732,462,047	273,447,375,269
Tools and supplies	589,114,252,843	385,159,981,694
Goods in transit	308,175,261,402	1,576,075,705,558
Work in process	158,918,758,500	30,664,409,143
TOTAL	8,466,099,524,506	4,835,669,252,872
Provision for obsolete inventories	(19,324,338,115)	(14,168,269,483)
NET	8,446,775,186,391	4,821,500,983,389

As disclosed in Note 19, the Group has pledged inventories with the carrying amount as at 31 March 2017 amounting to VND 4,596,479,628,862 to secure its bank loans.

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

8. PREPAID EXPENSES

	VND	
	31 March 2017	30 September 2016
Short-term	141,634,670,204	89,057,046,906
Advertising expenses	33,384,382,810	24,585,328,927
Tools and equipment	22,444,561,929	30,110,567,566
Factory, machinery and equipment rental fees	26,878,311,409	13,439,356,204
Insurance fees	2,520,233,977	1,272,363,610
Advisory fees	2,998,767,433	1,615,463,792
Others	53,408,412,646	18,033,966,807
Long-term	346,216,176,377	218,966,831,302
Tools and equipment	120,077,915,204	101,715,319,644
Factory, machinery and equipment rental fees	202,119,143,179	96,224,400,019
Repairing and maintenance	12,697,915,562	12,044,617,510
Others	11,321,202,432	8,982,494,129
TOTAL	487,850,846,581	308,023,878,208

9. LONG-TERM LOAN RECEIVABLE

The balance of long-term loan receivable at 31 March 2017 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 six-month period ended 31 March 2017

10. TANGIBLE FIXED ASSET

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	VND Total
Cost:						
As at 30 September 2016	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
Additions	1,479,821,711	109,816,514,412	59,290,707,571	12,404,209,707	-	182,991,253,401
Transfer from construction in progress	77,489,318,132	427,405,512,441	10,939,411,487	1,441,453,442	-	517,275,695,502
Disposal	(600,000,000)	(44,051,478,770)	(1,064,066,001)	-	-	(45,715,544,771)
As at 31 March 2017	1,286,719,028,091	5,162,061,427,416	479,581,595,462	39,308,411,454	21,469,976,260	6,989,140,438,683
<i>In which:</i>						
Fully depreciated	17,095,415,553	558,586,303,082	20,298,604,624	1,704,510,398	1,173,730,294	598,858,563,951
As at 30 September 2016	(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)
Depreciation for the period	(33,773,907,631)	(226,772,810,957)	(25,353,565,090)	(2,544,201,955)	(1,489,943,592)	(289,934,429,225)
Disposals	311,083,333	28,542,065,359	1,064,066,001	-	-	29,917,214,693
As at 31 March 2017	(331,865,928,836)	(2,086,933,567,762)	(136,673,527,234)	(11,592,452,458)	(16,819,219,531)	(2,583,884,695,821)
Net carrying amount:						
As at 30 September 2016	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 at 31 March 2017	954,853,099,255	3,075,127,859,654	342,908,068,228	27,715,958,996	4,650,756,729	4,405,255,742,862

As disclosed in Note 19, the Group has pledged its buildings and structures, machinery and equipment, means of transportation, office equipment and other fixed assets with their respective carrying amounts as at 31 March 2017 of VND 583,303,903,704; VND 2,738,027,651,756; VND 186,581,786,028; VND 5,609,128,456 and VND 569,889,188 to secure the bank loan facilities.

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

11. FINANCE LEASES

			VND
	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Total</i>
Cost:			
As at 30 September 2016	370,117,377,749	20,332,727,270	390,450,105,019
Additions	18,551,827,412	-	18,551,827,412
As at 31 March 2017	388,669,205,161	20,332,727,270	409,001,932,431
Accumulated depreciation:			
As at 30 September 2016	(100,120,989,216)	(4,105,983,261)	(104,226,972,477)
Depreciation for the period	(28,881,912,694)	(1,018,557,677)	(29,900,470,371)
As at 31 March 2017	(129,002,901,910)	(5,124,540,938)	(134,127,442,848)
Net carrying amount:			
As at 30 September 2016	269,996,388,533	16,226,744,009	286,223,132,542
As at 31 March 2017	259,666,303,251	15,208,186,332	274,874,489,583

12. INTANGIBLE ASSETS

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost:			
As at 30 September 2016	321,122,786,265	1,818,224,781	322,941,011,046
Additions	(3,456,330,000)	-	(3,456,330,000)
As at 31 March 2017	317,666,456,265	1,818,224,781	319,484,681,046
<i>In which:</i>			
<i>Fully amortised</i>	456,396,144	1,734,584,781	2,190,980,925
Accumulated amortisation:			
As at 30 September 2016	(27,827,904,998)	(1,801,636,181)	(29,629,541,179)
Amortisation for the period	(1,760,233,722)	(8,364,000)	(1,768,597,722)
As at 31 March 2017	(29,588,138,720)	(1,810,000,181)	(31,398,138,901)
Net carrying amount:			
As at 30 September 2016	293,294,881,267	16,588,600	293,311,469,867
As at 31 March 2017	288,078,317,545	8,224,600	288,086,542,145

As disclosed in Note 19, the Group has pledged its land use rights with their carrying amounts as at 31 March 2017 of VND 236,344,618,088 to secure the bank loan facilities.

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

13. CONSTRUCTION IN PROGRESS

	VND	
	31 March 2017	30 September 2016
Purchases of fixed assets	1,015,449,228,498	173,966,203,042
Plant constructions	410,913,095,114	112,969,902,665
Major repair of fixed assets	2,310,627,743	6,599,936,834
Others	3,149,010,845	553,554,956
TOTAL	1,431,821,962,200	294,089,597,497

14. LONG-TERM INVESTMENTS

	VND	
	31 March 2017	30 September 2016
Investment in associates (*)	24,560,736,926	25,902,371,384
Bonds at Bank for Foreign Trade of Vietnam (**)	46,600,000,000	-
TOTAL	71,160,736,926	25,902,371,384

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

Name of associate	31 March 2017		30 September 2016		Location	Business activities
	% of interest	Cost of investment VND	% of interest	Cost of investment VND		
Hoa Sen-Gemadep Logistics and International Port Corporation	45	20,510,736,926	45	25,002,371,384	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Hoa Sen Hoi Van Joint Stock Company	45	450,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and rendering of real estate serviced and supporting services for trading real estate
Hoa Sen Quy Nhon Joint Stock Company	45	3,600,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and to render real estate services and supporting services for trading real estate
TOTAL		24,560,736,926		25,902,371,384		

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

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

15. TRADE PAYABLES AND ADVANCE FROM CUSTOMERS

15.1 Short-term trade payables

	VND	
	31 March 2017	30 September 2016
Due to a related party (Note 28)	19,879,969,750	11,258,405,597
Due to third parties	1,017,900,979,156	1,609,231,521,388
<i>In which:</i>		
Ep Steel Trading Co., Ltd.	-	489,859,708,622
Baosteel Singapore Pte Ltd.	-	256,372,215,014
Others	1,017,900,979,156	862,999,597,752
TOTAL	1,037,780,948,906	1,620,489,926,985

15.2 Short-term advances from customers

	VND	
	31 March 2017	30 September 2016
Due to a related party (Note 28)	123,473,371,876	26,413,121,165
Due to third parties	85,967,812,520	125,931,086,087
TOTAL	209,441,184,396	152,344,207,252

16. TAXES

	30 September 2016	Increase during the period	Decrease during the period	VND 31 March 2017
Payables				
Corporate income tax	114,928,828,914	163,709,598,747	(190,540,377,926)	88,098,049,735
Value-added tax	76,547,803,465	1,115,086,552,896	(1,113,098,608,005)	78,535,748,356
Personal income tax	3,119,851,654	30,608,926,366	(24,266,989,575)	9,461,788,445
Other taxes	1,914,398,366	148,774,735,194	(141,686,350,677)	9,002,782,883
TOTAL	196,510,882,399	1,458,179,813,203	(1,469,592,326,183)	185,098,369,419
Receivables				
Value-added tax deductible	472,570,764,899	1,079,395,723,649	(159,785,082,050)	1,392,181,406,498
Personal income tax	11,997,869	627,914,049	-	639,911,918
Other taxes	-	1,527,873	-	1,527,873
TOTAL	472,582,762,768	1,080,025,165,571	(159,785,082,050)	1,392,822,846,289

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

17. SHORT-TERM ACCRUED EXPENSES

	VND	
	31 March 2017	30 September 2016
Bonuses and 13th month salary	25,984,154,500	187,345,248,580
Electricity	12,641,465,164	11,627,442,689
Loan interest	12,792,847,455	4,164,824,604
Payables relating to construction in progress	7,051,141,532	13,043,613,180
Others	4,399,883,858	46,245,507,559
TOTAL	62,869,492,509	262,426,636,612

18. OTHER SHORT-TERM PAYABLES

	VND	
	31 March 2017	30 September 2016
Cash received from employees relating to the issuance of shares under Employee Share Option Program	34,371,710,000	-
Social insurance, health insurance, unemployment insurance, and trade union fees	5,817,163,780	761,223,150
Deposits received	6,943,790,000	28,888,223,493
Dividends	5,346,977,550	4,702,534,150
Discount export documents	3,099,848,000	-
Other payables to related parties (Note 28)	1,009,075,091	1,002,300,000
Others	21,320,324,388	11,186,121,138
TOTAL	77,908,888,809	46,540,401,931

19. LOANS AND FINANCE LEASES OBLIGATIONS

	VND	
	31 March 2017	30 September 2016
Short-term loans and finance leases	10,136,433,479,592	4,366,172,782,781
Loans from banks (Note 19.1)	9,751,040,384,232	3,954,271,503,856
Current portion of long-term loans (Note 19.2)	313,706,183,993	340,564,271,336
Current portion of finance leases (Note 19.3)	71,686,911,367	71,337,007,589
Long-term loans and finance leases	2,241,279,758,454	1,418,572,001,810
Loans from banks (Note 19.2)	2,164,728,599,705	1,316,636,732,692
Finance leases (Note 19.3)	76,551,158,749	101,935,269,118
TOTAL	12,377,713,238,046	5,784,744,784,591

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

	VND Amount
As at 30 September 2016	5,784,744,784,591
Drawdown from borrowings	15,298,355,966,508
Addition of finance lease obligations	14,472,814,030
Repayment from borrowings	(8,725,881,347,642)
Foreign exchange differences	6,021,020,559
As at 31 March 2017	<u>12,377,713,238,046</u>

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

19. LOANS AND FINANCE LEASES OBLIGATIONS (continued)

19.1 Short-term loans from banks

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

<i>Name of bank</i>	<i>31 March 2017</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>(VND)</i>		<i>(% p.a.)</i>	
<i>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</i>				
Loan in VND	1,748,491,945,121	From 22 April 2017 to 30 September 2017	From 4.7 to 5.3	Land use rights, and machinery and equipment
Loan in USD	225,040,991,082	From 15 May 2017 to 20 July 2017	From 1.8 to 2.4	Land use rights, and machinery and equipment
<i>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</i>				
Loan in VND	3,233,424,410,632	From 21 May 2017 to 31 August 2017	From 4.5 to 5	Land use rights, buildings and structures, and machinery and equipment
Loan in USD	237,606,097,032	From 10 July 2017 to 24 July 2017	2.0	Land use rights, buildings and structures, and machinery and equipment
<i>Military Commercial Joint Stock Bank – Binh Duong Branch</i>				
Loan in VND	248,696,037,484	From 9 May 2017 to 18 May 2017	From 5.0 to 5.2	Land use rights and inventories
Loan in USD	50,095,801,812	9 August 2017	2.4	Land use rights
<i>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</i>				
Loan in VND	55,603,069,703	14 June 2017	5.2	Inventories, and machinery and equipment
Loan in USD	100,139,773,492	5 June 2017	2.0	Inventories, and machinery and equipment
<i>ANZ Bank (Vietnam) Limited</i>				
Loan in VND	365,805,087,709	From 15 April 2017 to 14 July 2017	From 4.95 to 5.4	Land use rights
<i>Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch</i>				
Loan in VND	877,614,137,531	From 5 May 2017 to 20 September 2017	From 4.7 to 5.3	Unsecured
<i>Vietnam Bank for Agriculture and Rural Development – Saigon Branch</i>				
Loan in VND	110,690,000,000	From 11 April 2017 to 29 June 2017	From 4.5 to 5.0	Unsecured

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

19. LOANS AND FINANCE LEASES OBLIGATIONS (continued)

19.1 Short-term loans from banks (continued)

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

<i>Name of bank</i>	<i>31 March 2017</i> <i>(VND)</i>	<i>Maturity date</i>	<i>Interest rate</i> <i>(% p.a.)</i>	<i>Description of collateral</i>
HSBC Bank (Vietnam) Limited				
Loan in VND	40,508,411,214	28 April 2017	4.6	Inventories, land use rights, buildings and structures, and machinery and equipment
Loan in USD	506,658,181,547	From 18 May 2017 to 19 July 2017	From 1.75 to 1.9	Inventories, land use rights, buildings and structures, and machinery and equipment
Vietnam Prosperity Joint Stock Commercial Bank				
Loan in USD	39,674,284,863	12 June 2017	2.3	Inventories
United Overseas Bank (Vietnam) Limited – Ho Chi Minh Branch				
Loan in USD	89,043,057,300	25 May 2017	1.75	Inventories
Asia Commercial Joint Stock Bank – Tan Thuan Branch				
Loan in VND	82,314,069,927	From 14 May 2017 to 20 May 2017	6.0	Inventories
Vietnam Bank for Industry and Trade – Ba Ria Vung Tau Branch				
Loan in VND	99,410,937,811	25 December 2017	4.5	Inventories
Vietnam Bank for Industry and Trade – Phu Tai Branch				
Loan in VND	170,319,276,756	From 28 May 2017 to 22 August 2017	From 4.6 to 5.0	Inventories
Vietnam Bank for Industry and Trade – Nghe An Branch				
Loan in VND	567,682,835,891	From 25 May 2017 to 25 August 2017	From 4.8 to 5.0	Building and machinery

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

19. LOANS AND FINANCE LEASES OBLIGATIONS (continued)

19.1 Short-term loans from banks (continued)

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

<i>Name of bank</i>	<i>31 March 2017</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>(VND)</i>		<i>(% p.a.)</i>	
Joint Stock Commercial Bank for Investment and Development of Vietnam – Transaction Center No. 2 Branch				
Loan in VND	113,250,390,970	From 27 June 2017 to 20 July 2017	5.5	Unsecured
Orient Commercial Joint Stock Bank – Tan Binh Branch				
Loan in USD	184,938,606,416	From 13 July 2017 to 21 August 2017	From 2.0 to 2.4	Unsecured
Vietnam Maritime Commercial Joint Stock Bank				
Loan in USD	306,769,154,743	From 16 May 2017 to 10 July 2017	From 1.85 to 1.95	Unsecured
Vietnam International Commercial Joint Stock Bank – Ho Chi Minh Branch				
Loan in USD	297,263,825,196	From 21 May 2017 to 24 June 2017	1.8	Land use rights, inventories
TOTAL	<u>9,751,040,384,232</u>			

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

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

19. LOANS AND FINANCE LEASES (continued)

19.2 Long-term loans from banks

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

<i>Name of bank</i>	<i>31 March 2017</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>VND</i>		<i>(% p.a.)</i>	
<i>Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch</i>				
Loan in VND	169,715,791,002	From 31 October 2018 to 7 February 2023	From 7.5 to 9.0	Land use rights, and machinery and equipment
<i>Viet Capital Commercial Joint Stock Bank</i>				
Loan in VND	42,684,410,000	From 4 February 2018 to 26 November 2019	8.0	Means of transportation
<i>Asia Commercial Joint Stock Bank – Tan Thuan Branch</i>				
Loan in VND	18,947,584,000	From 6 January 2020 to 17 June 2020	8.0	Means of transportation
<i>Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch</i>				
Loan in VND	2,000,070,966,045	From 25 June 2017 to 5 January 2026	From 7.5 to 10.5	Land use rights, buildings and structures, and machinery and equipment
<i>Vietnam Development Bank – Binh Duong Branch</i>				
Loan in USD	21,899,301,702	20 June 2018	1.7	Land use right, and machinery and equipment
<i>Military Commercial Joint Stock Bank – Binh Duong Branch</i>				
Loan in VND	22,784,079,985	7 January 2019	8.0	Land use rights, and means of transportation
<i>Vietnam Bank for Agriculture and Rural Development – Binh Duong Branch</i>				
Loan in VND	15,280,000,000	25 September 2017	8.0	Land use rights, and machinery and equipment
<i>Vietnam Bank for Industry and Trade – Ba Ria Vung Tau Branch</i>				
Loan in VND	118,824,767,625	18 July 2021	7.0	Buildings and structures, and machinery and equipment

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

19. LOANS AND FINANCE LEASES (continued)

19.2 Long-term loans from banks (continued)

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

<i>Name of bank</i>	<i>31 March 2017</i>	<i>Maturity date</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>(VND)</i>		<i>(% p.a.)</i>	
<i>Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch</i>				
Loan in VND	64,583,333,339	From 10 April 2017 to 9 October 2019	From 6.37 to 8.39	Buildings and structures, and machinery and equipment
<i>Vietnam Bank for Industry and Trade – Phu Tai Industrial Zone Branch</i>				
Loan in VND	3,644,550,000	From 25 April 2017 to 25 April 2019	8.0	Buildings and structures, machinery and equipment, and means of transportation
TOTAL	<u>2,478,434,783,698</u>			
<i>In which:</i>				
<i>Current portion</i>	<i>313,706,183,993</i>			
<i>Non-current portion</i>	<i>2,164,728,599,705</i>			

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 six-month period ended 31 March 2017

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:

	31 March 2017			30 September 2016		
	Total minimum lease payments	Finance charges	Lease liabilities	Total minimum lease payments	Finance charges	Lease liabilities
Current liabilities						
Less than 1 year	80,456,336,460	8,769,425,093	71,686,911,367	82,643,681,008	11,206,673,419	71,337,007,689
Non-current liabilities						
From 1-5 years	82,173,209,214	5,622,050,465	76,551,158,749	110,918,984,884	8,983,715,766	101,935,269,118
TOTAL	162,629,545,674	14,391,475,558	148,238,070,116	193,462,665,892	20,190,389,185	173,272,276,707

VND

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

20. OWNERS' EQUITY

20.1 Movements in owners' equity

	Issued share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Other funds belongs to owners' equity	Undistributed earnings	Total
For the six-month period ended 31 March 2016:								
As at 30 September 2015	1,007,907,900,000	487,290,470,363	(52,113,695,510)	-	8,525,313,060	6,605,155,369	1,452,507,322,241	2,910,722,465,523
As at 30 September 2015 (reclassified) (*)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	8,525,313,060	-	6,605,155,369	1,452,507,322,241	2,910,722,465,523
Net profit for the period	-	-	-	-	-	-	605,750,734,570	605,750,734,570
Stock dividends	302,362,770,000	-	-	-	-	-	(302,362,770,000)	-
Repurchase of treasury shares	-	-	(508,729)	-	-	-	-	(508,729)
Reissuance of treasury shares	-	64,281,463,158	52,114,204,239	-	-	-	-	116,395,667,397
Transferred to bonus and welfare fund	-	-	-	-	-	-	(26,114,981,672)	(26,114,981,672)
Appropriated to other funds	-	-	-	-	-	29,379,354,381	(29,379,354,381)	-
Reversal of fund Performance bonus	-	-	-	(8,525,313,060)	-	-	8,525,313,060	-
Use of other funds	-	-	-	-	-	-	(21,902,000,000)	(21,902,000,000)
	-	-	-	-	-	(11,254,269,393)	-	(11,254,269,393)
As at 31 March 2016	1,310,270,670,000	551,571,933,521	-	-	-	24,730,240,357	1,687,024,263,818	3,573,597,107,696

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

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

20. OWNERS' EQUITY (continued)

20.1 Movements in owners' equity (continued)

	Issued share capital	Share premium	Treasury shares	Investment and development fund	Other funds belongs to owners' equity	Undistributed earnings	VND Total
For the six-month period ended 31 March 2017:							
As at 30 September 2016	1,965,398,290,000	551,571,933,521	-	-	6,784,575,670	1,602,771,684,847	4,126,526,484,038
Net profit for the period	-	-	-	-	-	855,742,900,282	855,742,900,282
Dividends (*)	-	-	-	-	-	(196,539,829,000)	(196,539,829,000)
Transferred to bonus and welfare fund	-	-	-	-	-	(60,167,737,724)	(60,167,737,724)
Appropriated to other funds	-	-	-	-	67,688,704,939	(67,688,704,939)	-
Performance bonus	-	-	-	-	-	(51,300,000,000)	(51,300,000,000)
Use of other funds during the period	-	-	-	-	(26,571,644,057)	-	(26,571,644,057)
As at 31 March 2017	1,965,398,290,000	551,571,933,521	-	-	47,901,636,552	2,082,818,313,466	4,647,690,173,539

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

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

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends, profits

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

20.3 Share capital

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

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

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

20. OWNERS' EQUITY (continued)

20.4 Earnings per share

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

	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Net profit after tax attributable to ordinary equity holders (VND)	855,742,900,282	605,750,734,570
Distribution to bonus and welfare fund (VND) (*)	(34,229,716,011)	(24,230,029,383)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	821,513,184,271	581,520,705,187
Weighted average number of ordinary shares (share) (**)	<u>196,539,829</u>	<u>196,539,829</u>
Earnings per share (VND/share)		
Basic	4,180	2,959
Diluted	4,180	2,959

(*) Net profit used to compute earnings per share for the six-month period ended 31 March 2017 is adjusted for distribution to Bonus and welfare, 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/2017 dated 6 January 2017.

(**) The weighted average number of ordinary shares in the previous period has been retrospectively adjusted for the payments of stock dividends to the Company's existing shareholders as at 10 June 2016.

21. REVENUES

21.1 Revenues from sale of goods and rendering of services

	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
		VND
Gross revenues	12,064,180,908,246	8,357,689,023,864
Of which:		
Sale of finished goods	7,967,431,655,643	6,281,103,732,236
Sale of merchandises	4,047,694,577,320	2,066,940,901,321
Others	49,054,675,283	9,644,390,307
Sales deduction	(84,652,337,465)	(53,876,969,381)
Of which:		
Sales discount	(79,737,302,640)	(49,012,730,422)
Sales returns	(4,447,891,270)	(2,127,436,946)
Sales allowances	(467,143,555)	(2,736,802,013)
NET	<u>11,979,528,570,781</u>	<u>8,303,812,054,483</u>
Of which:		
Sale to third parties	10,167,735,937,669	7,082,639,391,610
Sale to a related parties	1,811,792,633,112	1,221,172,662,873

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

21. REVENUES (continued)

21.2 Finance income

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Foreign exchange gains	30,461,243,671	20,672,374,750
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency	528,575,379	493,595,973
Interest income	362,310,072	560,695,947
Finance income from investments	-	4,997,054,930
TOTAL	31,352,129,122	26,723,721,600

22. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Costs of sale of finished goods	6,236,842,913,967	4,667,989,269,588
Costs of sale of merchandises	3,539,204,104,240	1,886,515,569,446
Others	-	1,534,647,597
TOTAL	9,776,047,018,207	6,556,039,486,631

23. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Interest expense	193,855,852,810	108,384,318,734
Foreign exchange losses	69,573,528,417	15,437,427,798
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	8,634,423,803	3,430,176,909
Provision for long-term investments	4,491,634,458	4,491,634,459
TOTAL	276,555,439,488	131,743,557,900

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

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Selling expenses	642,563,300,681	473,701,714,961
Labour costs	161,420,235,880	109,083,631,003
Depreciation and amortisation	35,993,633,659	20,002,861,377
Expenses for external services	306,877,325,566	251,058,458,011
Other expenses	138,272,105,576	93,556,764,570
General and administrative expenses	323,318,417,202	386,290,734,635
Labour costs	155,930,668,893	183,559,412,760
Depreciation and amortisation	21,400,731,297	18,593,198,425
Expenses for external services	23,420,880,452	23,534,828,996
Other expenses	122,566,136,560	160,603,294,454
TOTAL	965,881,717,883	859,992,449,596

25. OTHER INCOME AND EXPENSES

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Other income	62,021,735,829	8,956,713,228
Compensation	37,945,082,919	3,557,160,129
Disposed fixed assets	17,046,808,202	169,860,740
Others	7,029,844,708	5,229,692,359
Other expenses	(890,451,967)	(10,285,856,298)
Others	(890,451,967)	(10,285,856,298)
NET	61,131,283,862	(1,329,143,070)

26. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Raw materials	7,561,353,099,972	5,860,673,907,771
Labour costs	462,255,184,773	407,284,083,760
Depreciation and amortisation (Notes 10, 11 and 12)	321,603,497,318	261,520,727,145
Expenses for external services	865,625,866,573	756,637,502,584
Others	582,248,831,280	459,306,675,511
TOTAL	9,793,086,479,916	7,745,422,896,771

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

27. CORPORATE INCOME TAX

The Company and its subsidiaries have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits, 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 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 interim consolidated financial statements could change at a later date upon final determination by the tax authorities.

27.1 CIT expense

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Current CIT expense	163,710,448,747	178,351,108,492
Adjustment for (over) under accrued CIT from previous periods	(850,000)	39,089,728
Deferred CIT expense (income)	34,080,275,191	(2,709,793,904)
TOTAL	197,789,873,938	175,680,404,316

A reconciliation between the accounting profit before tax as reported in the interim consolidated financial statements and taxable profit is presented below:

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Accounting profit before tax	1,053,527,808,187	781,431,138,886
At CIT rate applied for companies in the Group	197,611,055,696	165,050,817,417
<i>Adjustments to increases (decreases):</i>		
Non-deductible expenses	11,937,753,826	12,086,135,410
Adjustment for (over) under accrued CIT from previous periods	(850,000)	39,089,728
Others	4,059,112,803	227,926,357
Tax exempted	(15,817,198,387)	(1,774,742,047)
Effect of change applicable tax rate	-	51,177,451
Current CIT expense	197,789,873,938	175,680,404,316

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

27. CORPORATE INCOME TAX

27.2 Current CIT

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

27.3 Deferred CIT

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

	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>	
	<i>31 March 2017</i>	<i>30 September 2016</i>	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Unrealised profits	30,386,027,100	33,017,132,333	(2,631,105,233)	907,300,040
Accrued expenses	16,136,587,126	45,849,491,271	(29,712,904,145)	2,580,768,181
Provisions	11,652,224,152	13,760,789,860	(2,108,565,708)	898,326,891
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	398,253,660	68,118,757	330,134,903	(1,412,783,196)
Others	2,150,949,410	2,108,784,418	42,164,992	(263,818,012)
Deferred tax assets	60,724,041,448	94,804,316,639		
Deferred CIT (expense) income			(34,080,275,191)	2,709,793,904

VND

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

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>For the six-month period ended 31 March 2017</i>	<i>VND For the six-month period ended 31 March 2016</i>
Hoa Sen Holdings Group	Related party	Sale of goods	1,810,835,164,934	1,232,439,200,996
		Purchase of goods	1,150,472,006,130	192,120,189,885
		Trade discount	30,338,104,597	11,699,309,329
		Sales of fixed asset	28,338,441,005	-
		Transportation service provided	25,664,857,497	9,726,003,705
		Service received	18,874,499,997	11,260,082,500

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

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

Related party	Relationship	Transaction	31 March 2017	30 September 2016
VND				
Short-term trade receivable				
Hoa Sen Holdings Group	Related party	Sale of goods	227,300,000	27,493,400
Short-term advance to a supplier				
Hoa Sen Holdings Group	Related party	Advances	-	4,616,198,665
Other short-term receivable				
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000
Short-term trade payable				
Hoa Sen Holdings Group	Related party	Purchase of goods	19,879,969,750	11,258,405,597
Short-term advance from a customer				
Hoa Sen Holdings Group	Related party	Advances	123,473,371,876	26,413,121,165
Other short-term payable				
Huong Sen Real Estate	Related party	Payable of advance	1,000,000,000	1,000,000,000
Hoa Sen Holdings Group	Related party	Others	9,075,091	2,300,000
			1,009,075,091	1,002,300,000

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

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Transactions with other related parties

Details of salary and remuneration to members of the Board of Directors, the Board of Supervision and management in the period were as follows:

	VND	
	<i>For the six-month period ended 31 March 2017</i>	<i>For the six-month period ended 31 March 2016</i>
Salaries of management	11,081,156,666	6,917,110,950
Bonuses of management	14,580,000,000	5,968,000,000
Remuneration of the Board of Directors and the Board of Supervision	990,000,000	869,000,000
Bonuses of the Board of Directors and the Board of Supervision	26,810,000,000	11,636,460,000
TOTAL	53,461,156,666	25,390,570,950

29. 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>31 March 2017</i>	<i>30 September 2016</i>
Less than 1 year	86,064,360,653	82,759,697,967
From 1 to 5 years	295,066,044,061	287,468,710,149
More than 5 years	415,323,400,767	301,261,164,310
TOTAL	796,453,805,481	671,489,572,426

Capital expenditure commitments

As at 31 March 2017, the Group has commitments of VND 1,748,194,316,732 (30 September 2016: VND 1,476,770,906) mainly related to the acquisition of new machinery for the operation.

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

30. 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	
	For the six-month period ended 31 March 2017	For the six-month period ended 31 March 2016	For the six-month period ended 31 March 2017	For the six-month period ended 31 March 2016	For the six-month period ended 31 March 2017	For the six-month period ended 31 March 2016
Revenue	7,306,567,433,204	5,383,328,445,500	4,672,961,137,577	2,920,483,608,983	11,979,528,570,781	8,303,812,054,483
Cost of goods sold	(5,850,506,066,393)	(3,691,231,524,450)	(3,925,540,951,814)	(2,864,807,962,181)	(9,776,047,018,207)	(6,556,039,486,631)
Gross profit	1,456,061,366,811	1,692,096,921,050	747,420,185,763	55,675,646,802	2,203,481,552,574	1,747,772,567,852

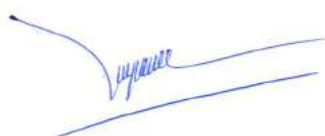
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 31 March 2017

31. EVENTS AFTER THE BALANCE SHEET DATE

On 20 April 2017, the Company obtained the twenty-seventh amended Investment Certificate issued by the People's Committee of Binh Duong Province approving the increase of the Company's share capital to VND 2,000,000,000,000 from the issuance of new ordinary shares to the Company's employees in accordance with the Employee Share Option Program.

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



Nguyen Thi Thanh Tuyen
Preparer



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director

26 May 2017