

HOA SEN GROUP

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2011**



HOA SEN GROUP

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HOA SEN GROUP

CORPORATE INFORMATION

Business Registration Certificate

No. 3700381324 dated 4 July 2011

First issued on 8 August 2001

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 4 July 2011. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

Board of Management

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice Chairman
Mr Le Phung Hao	Member
Mr Pham Gia Tuan	Member
Mr Nguyen Van Quy	Member

Board of Directors

Mr Le Phuoc Vu	General Director (resigned as General Director on 1 April 2011)
Mr Pham Van Trung	General Director (appointed on 1 April 2011, resigned on 27 April 2011)
Mr Tran Ngoc Chu	General Director (appointed on 27 April 2011)
Mr Hoang Duc Huy	Deputy General Director
Mr Vu Van Binh	Deputy General Director
Mr Tran Quoc Tri	Deputy General Director
Mr Vu Van Thanh	Deputy General Director (appointed on 1 April 2011)

Legal representative

Mr Le Phuoc Vu	Chairman
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Registered office

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

Auditor

PricewaterhouseCoopers (Vietnam) Limited

HOA SEN GROUP

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

The legal representative of the Company authorized the General Director to be responsible for the consolidated financial statements which give a true and fair view of the financial position of Hoa Sen Group ("the Company") and its subsidiaries (together "the Group") as at 30 September 2011 and the results of their operations and cash flows for the year then ended. In preparing these financial statements, the General Director is required to:

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 5 to 33 which give a true and fair view of the financial position of the Group as at 30 September 2011 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Tran Ngoc Chu
General Director

Binh Duong Province, SR Vietnam
30 December 2011



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

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries (together "the Group") which were approved by the General Director on 30 December 2011. The consolidated financial statements comprise the consolidated balance sheet as at 30 September 2011, the consolidated income statement and consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 33.

The General Director's Responsibility for the Consolidated Financial Statements

The General Director of the Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2011, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations in SR Vietnam.



Quach Thanh Chau
AC No. N.0875/KTV
Deputy General Director
Authorised signatory

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM2993
30 December 2011



Le Van Hoa
AC No. 0248/KTV

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

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 30 September	
			2011 VND	2010 VND
100	CURRENT ASSETS		3,070,651,036,971	2,302,873,881,552
110	Cash and cash equivalents	3	128,408,998,636	50,162,949,043
111	Cash		128,408,998,636	50,162,949,043
130	Accounts receivable		632,788,578,046	561,336,612,666
131	Trade accounts receivable		464,096,658,842	324,687,042,256
132	Prepayments to suppliers	4	119,593,897,331	237,304,512,408
135	Other receivables		52,961,014,461	1,418,702,328
139	Provision for doubtful debts		(3,862,992,588)	(2,073,644,326)
140	Inventories	5	2,015,660,254,333	1,446,169,048,203
141	Inventories		2,015,660,254,333	1,447,032,284,609
149	Provision for decline in value of inventories		-	(863,236,406)
150	Other current assets		293,793,205,956	245,205,271,640
151	Short-term prepayments		34,577,517,459	16,237,807,971
152	Value Added Tax to be reclaimed		213,700,550,637	144,205,215,793
154	Other taxes receivable	6	8,374,590	5,160,690,546
158	Other current assets	7	45,506,763,270	79,601,557,330
200	LONG-TERM ASSETS		2,845,099,689,574	2,246,229,628,497
220	Fixed assets		2,720,787,750,583	2,149,009,604,340
221	Tangible fixed assets	8(a)	1,961,530,503,848	1,241,359,830,839
222	Cost		2,511,865,176,918	1,595,239,953,323
223	Accumulated depreciation		(550,334,673,070)	(353,880,122,484)
224	Financial lease assets	8(b)	44,582,403,790	42,055,952,359
225	Cost		49,508,539,047	44,378,948,327
226	Accumulated depreciation		(4,926,135,257)	(2,322,995,968)
227	Intangible fixed assets	8(c)	243,757,899,911	264,730,776,465
228	Cost		255,572,485,421	273,228,167,033
229	Accumulated amortisation		(11,814,585,510)	(8,497,390,568)
230	Construction in progress	8(d)	470,916,943,034	600,863,044,677
250	Long-term investments	9	58,329,390,954	57,861,544,958
252	Investments in associates		44,456,331,634	43,414,544,958
258	Other long-term investments		15,000,000,000	15,000,000,000
259	Provision for diminution in value of long-term investments		(1,126,940,680)	(553,000,000)
260	Other long-term assets		65,982,548,037	39,358,479,199
261	Long-term prepayments	10	55,981,627,029	34,231,203,940
262	Deferred income tax assets	11	7,615,641,836	4,727,275,259
268	Other long-term assets		2,385,279,172	400,000,000
270	TOTAL ASSETS		5,915,750,726,545	4,549,103,510,049

The notes on pages 9 to 33 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
 (continued)

Code	RESOURCES	Note	As at 30 September	
			2011 VND	2010 VND
			(Restated – Note 34)	
300	LIABILITIES		4,133,025,325,171	2,837,604,785,156
310	Current liabilities		3,486,299,271,149	2,396,798,340,290
311	Short-term borrowings	12(a)	2,254,114,037,158	1,775,370,331,718
312	Trade accounts payable	13	1,098,014,470,240	441,737,582,232
313	Advances from customers		44,418,201,611	23,177,497,131
314	Taxes and other payables to the State			
	Budget	14	20,104,318,464	33,566,752,470
315	Payable to employees		22,094,211,560	18,269,725,463
316	Accrued expenses	15	31,567,537,547	91,523,947,964
319	Other payables	16	8,040,036,459	11,423,505,936
323	Bonus and welfare fund	17	7,946,458,110	1,728,997,376
330	Long-term liabilities		646,726,054,022	440,806,444,866
334	Long-term borrowings	12(b)	644,525,996,522	438,660,845,266
336	Provision for severance allowances		2,200,057,500	2,145,599,600
400	SHAREHOLDERS' EQUITY		1,782,725,401,374	1,711,498,724,893
410	Capital and reserves		1,782,725,401,374	1,711,498,724,893
411	Shareholders' capital	18, 19	1,007,907,900,000	1,007,907,900,000
412	Share premium	19	451,543,290,363	451,543,290,363
414	Treasury shares	19	(28,588,182,845)	(572,094,000)
416	Financial reserve funds	19	8,525,313,060	8,525,313,060
420	Undistributed earnings	19	343,337,080,796	244,094,315,470
440	TOTAL RESOURCES		5,915,750,726,545	4,549,103,510,049


OFF BALANCE SHEET ITEMS

Cash and cash equivalents are balances held in foreign currencies of US\$16,550
 (As at 30 September 2010: US\$229,597).



 Nguyen Thi Ngoc Lan
 Chief Accountant





 Tran Ngoc Chu
 General Director
 30 December 2011

The notes on pages 9 to 33 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 30 September	
			2011 VND	2010 VND
01	Sales		8,179,487,707,829	4,912,610,384,192
02	Less deductions		(13,501,096,775)	(13,429,851,006)
10	Net sales	20(a)	8,165,986,611,054	4,899,180,533,186
11	Cost of sales	21	(7,110,055,086,800)	(3,968,224,548,046)
20	Gross profit		1,055,931,524,254	930,955,985,140
21	Financial income	20(b)	48,951,041,047	24,103,464,903
22	Financial expenses	22	(457,975,718,659)	(372,873,198,649)
24	Selling expenses	23	(308,909,934,516)	(209,477,229,128)
25	General and administration expenses	24	(189,005,431,707)	(148,691,601,966)
30	Operating profit		148,991,480,419	224,017,420,300
40	Net other income	25	19,484,318,511	27,884,256,150
50	Net accounting profit before tax		168,475,798,930	251,901,676,450
51	Business income tax - current	26	(11,195,790,606)	(38,773,640,483)
52	Business income tax - deferred	11	2,888,366,577	2,251,175,546
60	Net profit after tax		160,168,374,901	215,379,211,513
70	Earnings per share	27	1,622	2,241



 Nguyen Thi Ngoc Lan
 Chief Accountant



 Tran Ngoc Chu
 General Director
 30 December 2011

The notes on pages 9 to 33 are an integral part of these financial statements.


CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 30 September	
		2011 VND	2010 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	168,475,798,930	251,901,676,450
	Adjustments for:		
02	Depreciation and amortisation	208,003,503,569	152,071,726,357
03	Provisions	1,500,052,536	3,338,187,673
04	Unrealised foreign exchange losses	2,215,074,573	336,345,088
05	Gain from investing activities	(3,664,797,659)	(1,874,898,464)
06	Interest expense	288,078,153,510	166,117,089,761
07	Gain from disposals of fixed assets	(395,174,775)	-
08	Operating profit before changes in working capital	664,212,610,684	571,890,126,865
09	Increase in receivables	(103,477,956,957)	(391,790,399,980)
10	Increase in inventories	(568,627,969,724)	(698,157,711,665)
11	Increase in payables	585,354,085,832	283,148,424,670
12	Increase in prepaid expenses	(37,754,505,715)	-
13	Interest paid	(280,776,644,491)	(163,639,782,761)
14	Business income tax paid	(4,883,181,198)	(47,142,162,249)
16	Other payments on operating activities	(4,551,499,841)	(11,547,619,579)
20	Net cash inflows/(outflows) from operating activities	249,494,938,590	(457,239,124,699)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(841,373,598,312)	(1,141,051,750,493)
22	Proceeds from disposals of fixed assets	62,548,208,722	3,744,605,904
27	Interest received	3,664,797,659	3,224,898,464
30	Net cash outflows from investing activities	(775,160,591,931)	(1,134,082,246,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	-	562,915,578,363
32	Purchase of treasury shares	(28,016,088,845)	(94,000)
33	Proceeds from borrowings	5,971,137,263,295	4,531,607,145,366
34	Repayments of borrowings	(5,279,815,361,496)	(3,434,156,471,290)
35	Repayment of finance lease liabilities	(7,063,426,703)	(9,516,098,987)
36	Dividend paid	(50,029,215,450)	(57,019,354,000)
40	Net cash inflows from financing activities	606,213,170,801	1,593,830,705,452
50	Net increase in cash and cash equivalents	80,547,517,460	2,509,334,628
60	Cash and cash equivalents at beginning of year	3 50,162,949,043	47,653,614,415
61	Effect of foreign exchange differences	(2,301,467,867)	-
70	Cash and cash equivalents at end of year	3 128,408,998,636	50,162,949,043



 Nguyen Thi Ngoc Lan
 Chief Accountant





 Tran Ngoc Chu
 General Director
 30 December 2011

The notes on pages 9 to 33 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 GENERAL INFORMATION

Hoa Sen Group – Vietnamese name is Cong ty Co phan Tap doan Hoa Sen - ("the Company") was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province. The latest amendment is on 4 July 2011.

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

The principal activities of the Company are:

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

As at 30 September 2011, the Company had the following subsidiaries:

Subsidiary name	Location	Principal activities	% ownership and voting rights	
			30.9.2011	30.9.2010
Hoa Sen Steel Sheet One Member Co., Ltd.	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province	Manufacture and trade in cold rolled steel products	100	100
Hoa Sen Building Materials One Member Co., Ltd.	Phu My I Industrial Zones, Phu My Ward, Tan Thanh District, Ba Ria – Vung Tau Province	Manufacture and trade in plastic building materials and steel pipe products	100	100
Hoa Sen Phu My Steel Sheet One Member Co., Ltd. (*)	Road No. 1, Phu My I Industrial Zones, Phu My Ward, Tan Thanh District, Ba Ria – Vung Tau Province	Manufacture and trade galvanized steel products	-	100
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment	100	100
Hoa Sen Plastic One Member Co., Ltd. (**)	Phu My I Industrial Zones, Phu My Ward, Tan Thanh District, Ba Ria – Vung Tau Province	Manufacture and trade in plastic building materials	-	100

1 GENERAL INFORMATION (continued)

All subsidiaries are incorporated in Vietnam.

(*) During the year, Hoa Sen Phu My Steel Sheet One Member Co., Ltd. was liquidated in accordance to Decision No. 244/QD/HDQT/2010 dated 20 December 2010.

(**) During the year, Hoa Sen Plastic One Member Co., Ltd. was liquidated in accordance to Decision No. 245/QD/HDQT/2010 dated 20 December 2010.

As at 30 September 2011, the Group had 2,960 employees (30 September 2010: 2,904 employees).

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

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

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

2.2 Fiscal year

The Company's fiscal year is from 1 October to 30 September.

2.3 Consolidation

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

Subsidiaries

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

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

2.3 Consolidation (continued)***Joint ventures and associates***

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

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

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

2.3 Form of records applied

The Group uses journal vouchers to record its transactions.

2.4 Use of accounting estimate

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

2.5 Currency

The consolidated financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

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

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

2.6 Cash and cash equivalents

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

2.7 Trade receivables

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

2.8 Inventories

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

2.9 Investments**(a) Investments in joint-ventures and associates**

Investments in joint-ventures and associates are accounted using equity method.

(b) Long-term investments

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

2.10 Fixed assets*Tangible and intangible fixed assets*

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

Depreciation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

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

2.10 Fixed assets (continued)

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

Disposals

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

2.11 Leased assets

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

2.12 Borrowing costs

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

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

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

(b) Sales of services

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

(c) Interest income

Interest income is recognised on an earned basis.

2.13 Revenue recognition (continued)**(d) Dividend income**

Dividend income is recognised in the period in which the dividends are declared by the investee entities.

2.14 Deferred income tax

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

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

2.15 Share capital and treasury shares

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

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

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders in general meetings.

2.17 Related parties

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

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

2.18 Provisions

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

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

2.19 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Group. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Group is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2011 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

3 CASH AND CASH EQUIVALENTS

	30.9.2011 VND	30.9.2010 VND
Cash on hand	9,386,304,571	10,509,814,611
Cash at bank	118,988,694,065	39,653,134,432
Cash in transit	34,000,000	-
	<u>128,408,998,636</u>	<u>50,162,949,043</u>

4 PREPAYMENTS TO SUPPLIERS

	30.9.2011 VND	30.9.2010 VND
Third parties	29,410,670,331	132,948,582,908
Related parties (Note 29(b))	90,183,227,000	104,355,929,500
	<u>119,593,897,331</u>	<u>237,304,512,408</u>

5 INVENTORIES

	30.9.2011 VND	30.9.2010 VND
Goods in transit	328,588,358,524	130,488,445,168
Raw materials	424,301,598,775	455,333,364,646
Tools	181,491,551,424	149,703,264,790
Work in progress	10,095,839	898,557,068
Finished goods	960,731,017,901	599,489,042,076
Merchandises	120,537,631,870	111,119,610,861
	<u>2,015,660,254,333</u>	<u>1,447,032,284,609</u>
Provision for decline in value of inventory	-	(863,236,406)
	<u>2,015,660,254,333</u>	<u>1,446,169,048,203</u>

As at 30 September 2011, inventories with a carrying amount of VND1,363,091,358,973 (As at 30 September 2010: VND1,117,449,650,648) have been pledged as security for the bank loans.

6 OTHER TAXES RECEIVABLE

	30.9.2011 VND	30.9.2010 VND
Business income tax refundable	-	4,344,829,871
Other receivables from the State	8,374,590	815,860,675
	<u>8,374,590</u>	<u>5,160,690,546</u>

7 OTHER CURRENT ASSETS

	30.9.2011 VND	30.9.2010 VND
Short-term deposits	39,207,131,927	76,802,474,615
Advance to employees	6,108,106,507	2,799,082,715
Shortage of assets awaiting for resolution	191,524,836	-
	<u>45,506,763,270</u>	<u>79,601,557,330</u>

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8 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other assets VND	Total VND
Historical cost						
At 1 October 2010	351,994,958,167	1,168,671,628,495	68,238,234,048	4,458,316,205	1,876,816,408	1,595,239,953,323
New purchases	9,773,733,859	46,252,534,886	4,991,745,146	41,170,000	13,425,220,104	74,484,403,995
Transfers from construction in progress	160,257,172,200	691,379,136,430	378,000,000	93,360,012	32,256,000	852,139,924,642
Disposals	-	(9,723,453,157)	(75,850,455)	-	(17,557,418)	(9,816,861,030)
Others	-	(88,884,000)	-	(93,360,012)	-	(182,244,012)
At 30 September 2011	522,025,864,226	1,896,490,962,654	73,532,128,739	4,499,486,205	15,316,735,094	2,511,865,176,918
Accumulated depreciation						
At 1 October 2010	51,474,946,388	281,816,730,476	18,081,369,916	1,889,157,739	617,917,965	353,880,122,484
Charge for the year	27,469,568,546	164,394,120,001	8,350,112,525	732,790,612	1,110,035,985	202,056,827,669
Disposals	-	(5,534,829,759)	(56,566,548)	-	(10,680,776)	(5,602,077,083)
At 30 September 2011	78,944,514,934	440,676,020,718	26,374,915,893	2,621,948,351	1,717,273,174	550,334,673,070
Net book value						
At 1 October 2010	300,520,011,779	886,854,898,019	50,156,864,132	2,569,158,466	1,258,898,443	1,241,359,830,839
At 30 September 2011	443,081,349,292	1,455,814,941,936	47,157,212,846	1,877,537,854	13,599,461,920	1,961,530,503,848

Cost of fixed assets fully depreciated but are still in use as at 30 September 2011 was VND6,617,650,581 (As at 30 September 2010: VND2,260,247,317).

As at 30 September 2011 fixed assets with a carrying value of VND937,725,317,496 (As at 30 September 2010: VND186,113,705,790) have been pledged as security for the borrowings.

8 FIXED ASSETS (continued)

(b) Finance lease assets

Machinery and equipment
VND

Historical cost

As at 1 October 2010	44,378,948,327
Additions	5,129,590,720

As at 30 September 2011	49,508,539,047
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Accumulated depreciation

As at 1 October 2010	2,322,995,968
Charge for the year	2,603,139,289

As at 30 September 2011	4,926,135,257
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Net book value

As at 1 October 2010	42,055,952,359
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As at 30 September 2011	44,582,403,790
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(c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 October 2010	271,285,699,879	1,942,467,154	273,228,167,033
New purchases	40,488,269,438	17,860,950	40,506,130,388
Disposals	(57,938,250,000)	-	(57,938,250,000)
Other	(87,062,000)	(136,500,000)	(223,562,000)
As at 30 September 2011	253,748,657,317	1,823,828,104	255,572,485,421
Accumulated amortisation			
As at 1 October 2010	7,840,075,849	657,314,719	8,497,390,568
Charge for the year	3,020,882,125	322,854,486	3,343,736,611
Other	-	(26,541,669)	(26,541,669)
As at 30 September 2011	10,860,957,974	953,627,536	11,814,585,510
Net book value			
As at 1 October 2010	263,445,624,030	1,285,152,435	264,730,776,465
As at 30 September 2011	242,887,699,343	870,200,568	243,757,899,911

As at 30 September 2011 land use rights with a carrying value of VND150,236,457,785 (At 30 September 2010: VND153,410,730,556) have been pledged with banks as security for the borrowings granted to the Group.

8 FIXED ASSETS (continued)**(d) Construction in progress**

	Year ended 30 September	
	2011 VND	2010 VND
Opening balance	600,863,044,677	204,166,561,719
Additions	726,383,063,929	960,382,180,020
Transfers to long-term prepayments	(4,138,662,022)	(23,732,250,374)
Transfers to tangible fixed assets	(852,139,924,642)	(538,097,496,397)
Disposals	(50,578,908)	(1,855,950,291)
Closing balance	470,916,943,034	600,863,044,677

Major projects include:

	30.9.2011 VND	30.9.2010 VND
Machinery and equipment for		
Hoa Sen Phu My Steel Sheet Plant	344,399,711,468	227,058,465,745
Hoa Sen Phu My Steel Sheet Plant Project	78,778,683,205	199,735,784,653
Pho Dong Project	-	28,345,838,053

Borrowing costs capitalised in construction in progress for the year ended 30 September 2011 was VND7,300,447,031 (For the year ended 30 September 2010: VND5,367,725,100).

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9 LONG-TERM INVESTMENTS

Details of the investments in associates and other long-term investments are as follows:

Investees	Principal activities	Business License	% ownership and voting rights	30.9.2011 VND	30.9.2010 VND
Associates					
Hoa Sen-Gemadep Logistics and International Port Corporation	Provide sea cargo agency services	Business Registration Certificate No. 3500751828 issued by the Department of Planning and Investment of Ba Ria-Vung Tau Province on 20 June 2006 and amended on 13 October 2009	45	44,456,331,634	43,414,544,958
Other long-term investments					
Viet Capital Health Care Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam	Decision No. 08/TB-UBCK issued by the State Securities Commission of Vietnam on 15 January 2008	3	15,000,000,000	15,000,000,000
Provision for diminution in value of long-term investments				59,456,331,634	58,414,544,958
				(1,126,940,680)	(553,000,000)
				58,329,390,954	57,861,544,958

10 LONG-TERM PREPAYMENTS

	Year ended 30 September	
	2011 VND	2010 VND
Opening balance	34,231,203,940	10,779,291,756
Additions	40,881,582,593	26,684,298,194
Transferred from construction in progress	4,138,662,022	23,732,250,374
Transferred from tangible fixed assets	93,360,012	-
Amortisation	(22,377,114,533)	(14,655,031,638)
Disposals	-	(198,365,203)
Transferred to fixed assets	(143,091,058)	(12,111,239,543)
Transferred to inventories	(842,975,947)	-
Closing balance	55,981,627,029	34,231,203,940

11 DEFERRED INCOME TAX ASSETS

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

	Year ended 30 September	
	2011 VND	2010 VND
Opening balance	4,727,275,259	2,476,099,713
Credited to income statement	2,888,366,577	2,251,175,546
Closing balance	7,615,641,836	4,727,275,259

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

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

	30.9.2011 VND	30.9.2010 VND
Short-term bank loans (*)	2,058,178,693,714	1,646,489,975,890
Current portion of long-term loans	187,289,179,248	126,466,320,112
Current portion of finance lease liabilities	8,646,164,196	2,414,035,716
	2,254,114,037,158	1,775,370,331,718

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

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

Loan No.	Currency	Annual interest	30.9.2011 VND	30.9.2010 VND
01	VND	13.5% - 18.5%	416,200,000,000	379,172,838,000
02	USD	5.5% - 7%	162,816,804,000	170,232,246,436
03	VND	17.5%-18.5%	21,960,000,000	-
04	USD	5.3% - 8%	39,224,142,000	32,689,327,799
05	VND	13% - 20%	170,041,793,679	180,434,911,000
06	USD	6.0% - 6.5%	268,532,580,897	89,605,926,343
07	VND	17.5% - 20.4%	42,600,000,000	-
08	USD	6% - 8%	150,378,120,000	81,645,101,940
09	VND	16.5% - 20%	48,000,000,000	114,975,000,000
10	USD	5.6% - 6.2%	117,411,357,826	15,165,383,940
11	USD	5% - 5.5%	5,961,492,000	100,665,786,622
12	VND	15.5% - 16.6%	-	16,808,000,000
13	USD	6%	92,788,745,832	33,963,421,108
14	USD	6.8%	-	44,875,660,253
15	USD	5.8% - 6.8%	22,741,543,436	31,466,190,536
16	USD	6.5% - 8.2%	35,536,177,397	-
17	USD	13.2% - 19.8%	35,100,000,000	150,649,994,231
18	VND	16.1%	-	23,167,387,682
19	VND	20%	44,000,000,000	51,972,800,000
20	USD	6.2% - 7.5%	98,364,141,906	-
21	VND	12.7% - 19%	85,400,000,000	129,000,000,000
22	USD	4.7% - 5.1%	129,789,639,741	-
23	VND	18%	71,332,155,000	-
			<u>2,058,178,693,714</u>	<u>1,646,489,975,890</u>

All above short-term loans are secured by Group's fixed assets and inventory.

(b) Long-term borrowings

		30.9.2011 VND	30.9.2010 VND
Bank loans	(*)	734,218,920,873	536,717,208,898
Finance lease liabilities	(**)	29,110,947,093	30,823,992,196
Other long-term debt	(***)	77,131,472,000	-
		<u>840,461,339,966</u>	<u>567,541,201,094</u>
Less: Amount due within one year		<u>(195,935,343,444)</u>	<u>(128,880,355,828)</u>
		<u>644,525,996,522</u>	<u>438,660,845,266</u>

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

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

Loan	Currency	Repayment	Annual interest	30.9.2011 VND	30.9.2010 VND
01	VND	29/04/2014	10.5%-17.6%	188,753,256,000	251,296,096,000
02	USD	02/05/2012	6.5%	14,439,600,000	33,131,000,000
03	VND	29/03/2016	14.9% – 21%	297,075,482,971	27,494,990,147
04	USD	08/06/2018	7%	3,098,985,696	4,266,288,336
05	USD	08/06/2018	1.7%	112,403,818,206	118,534,946,415
06	VND	25/03/2013	7.8% - 8.4%	49,720,000,000	63,940,000,000
07	VND	26/10/2016	15% - 18.5%	40,865,888,000	35,023,888,000
08	VND	06/11/2014	15% - 19%	13,861,890,000	3,030,000,000
09	VND	27/12/2012	23%	14,000,000,000	-
				<u>734,218,920,873</u>	<u>536,717,208,898</u>

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

() Finance lease liabilities**

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

Finance lease liabilities	30.9.2011		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	12,912,102,101	4,265,937,905	8,646,164,196
From 1 to 5 years	25,157,668,888	4,692,905,991	20,464,782,897
	<u>38,069,790,989</u>	<u>8,958,843,896</u>	<u>29,110,947,093</u>
	30.9.2010		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	3,274,035,939	860,000,223	2,414,035,716
From 1 to 5 years	5,552,282,136	724,210,712	4,828,071,424
	<u>8,826,318,075</u>	<u>1,584,210,935</u>	<u>7,242,107,140</u>

(*) Other long-term debt:**

Other long-term debt of EUR2,728,000, equivalent to VND77,131,472,000 (2010: nil) is from a supplier for purchase of fixed assets, bearing interest at the rate of 5.8% p.a and to be repaid in 6-month instalments from March 2011 to May 2016.

13 TRADE ACCOUNTS PAYABLE

	30.9.2011 VND	30.9.2010 VND
Third parties	1,098,014,470,240	441,737,582,232

14 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2011 VND	30.9.2010 VND
VAT on importation	10,340,205,509	16,600,684,204
Value Added Tax	2,804,260,421	12,714,726,882
Import – Export duties	-	1,128,280,960
Business income tax	4,811,764,787	2,869,712,219
Other taxes	2,148,087,747	253,348,205
	<u>20,104,318,464</u>	<u>33,566,752,470</u>

15 ACCRUED EXPENSES

	30.9.2011 VND	30.9.2010 VND
Electricity	235,804,437	638,239,530
Accrued expenses for construction in progress	9,737,303,244	80,484,320,287
Transportation fee	7,285,891,191	-
Audit fee	919,599,998	906,874,000
13 th month salary	3,472,230,000	5,513,234,395
Remuneration for Board of Management, Board of Advisors and Board of Supervisors	-	221,479,998
Loan interest	9,778,816,019	2,477,307,000
Other accrued expenses	137,892,658	1,282,492,754
	<u>31,567,537,547</u>	<u>91,523,947,964</u>

16 OTHER PAYABLES

	30.9.2011 VND	30.9.2010 VND
Dividends	1,397,909,550	1,270,476,000
Short-term deposits received	-	2,397,024,758
Social insurance, health insurance, trade union fee	918,853,052	558,510,674
Unearned revenue (*)	-	4,560,000,000
Other payables	5,723,273,857	2,637,494,504
	<u>8,040,036,459</u>	<u>11,423,505,936</u>

(*) Unearned revenue represents the amounts received by the Company in advance for selling the apartments in Pho Dong – Hoa Sen Apartment Building project. As at 30 September 2011, this project had been transferred to Pho Dong Investment Development JSC, the joint venture partner.

17 BONUS AND WELFARE FUND

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

	Year ended 30 September	
	2011	2010
Opening balance	1,728,997,376	7,151,926,861
Addition	10,768,960,575	6,121,598,094
Utilisation	(4,551,499,841)	(11,544,527,579)
Closing balance	<u>7,946,458,110</u>	<u>1,728,997,376</u>

18 NUMBER OF SHARES

	30.9.2011		30.9.2010	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(2,020,012)	-	(20,012)	-
Number of existing shares in issue	<u>98,770,778</u>	<u>-</u>	<u>100,770,778</u>	<u>-</u>

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

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19 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Differences upon asset revaluation VND	Undistributed earnings VND	Treasury shares VND	Financial Reserves VND	Total VND
As at 1 October 2009 (as previously reported) Restatement (Note 34)	570,385,000,000	88,222,712,000	21,447,090,156 (21,447,090,156)	259,845,916,955 21,447,090,156	(572,000,000)	-	939,328,719,111
As at 1 October 2009 (as restated)	570,385,000,000	88,222,712,000	-	281,293,007,111	(572,000,000)	-	939,328,719,111
Issued shares	129,615,000,000	438,652,500,000	-	-	-	-	568,267,500,000
Issued bonus shares	69,980,000,000	(69,980,000,000)	-	-	-	-	-
Dividends by shares issued	237,927,900,000	-	-	(237,927,900,000)	-	-	-
Commission and brokerage fee on issuing shares	-	(5,351,921,637)	-	-	-	-	(5,351,921,637)
Profit for the year	-	-	-	215,379,211,513	-	-	215,379,211,513
Repurchase of treasury shares	-	-	-	-	(94,000)	-	(94,000)
Appropriated to financial reserves	-	-	-	(8,525,313,060)	-	8,525,313,060	-
Appropriated to bonus and welfare funds	-	-	-	(6,121,598,094)	-	-	(6,121,598,094)
Others	-	-	-	(3,092,000)	-	-	(3,092,000)
As at 30 September 2010	1,007,907,900,000	451,543,290,363	-	244,094,315,470	(572,094,000)	8,525,313,060	1,711,498,724,893
Profit for the year	-	-	-	160,168,374,901	-	-	160,168,374,901
Dividends payment	-	-	-	(50,156,649,000)	-	-	(50,156,649,000)
Repurchase of treasury shares	-	-	-	-	(28,016,088,845)	-	(28,016,088,845)
Appropriated to bonus and welfare funds	-	-	-	(10,768,960,575)	-	-	(10,768,960,575)
As at 30 September 2011	1,007,907,900,000	451,543,290,363	-	343,337,080,796	(28,588,182,845)	8,525,313,060	1,782,725,401,374

20 REVENUE**(a) Net sales**

	Year ended 30 September	
	2011	2010
	VND	VND
Sales		
Finished goods	7,036,652,233,437	4,650,441,833,391
Merchandises	1,142,374,278,626	261,858,135,103
Services	461,195,766	310,415,698
	<u>8,179,487,707,829</u>	<u>4,912,610,384,192</u>
Sales deductions		
Trade discounts	(771,748,862)	(1,141,442,287)
Sales returns	(12,399,818,026)	(10,372,643,709)
Sales allowances	(329,529,887)	(901,116,976)
Other reductions	-	(1,014,648,034)
	<u>(13,501,096,775)</u>	<u>(13,429,851,006)</u>
	<u><u>8,165,986,611,054</u></u>	<u><u>4,899,180,533,186</u></u>

(b) Financial income

	Year ended 30 September	
	2011	2010
	VND	VND
Interest income from deposits	3,664,797,659	1,874,898,464
Gain from foreign exchange differences	45,286,243,388	20,878,566,439
Interest income from long-term investments	-	1,350,000,000
	<u>48,951,041,047</u>	<u>24,103,464,903</u>

21 COST OF SALES

	Year ended 30 September	
	2011	2010
	VND	VND
Cost of finished goods sold	6,134,894,497,014	3,702,573,076,185
Cost of merchandises sold	974,686,899,800	256,905,738,257
Cost of services provided	473,689,986	-
Under-capacity depreciation	-	9,632,919,832
Provision for decline in value of inventories	-	(887,186,228)
	<u>7,110,055,086,800</u>	<u>3,968,224,548,046</u>

22 FINANCIAL EXPENSES

	Year ended 30 September	
	2011 VND	2010 VND
Interest expense	288,078,153,510	166,117,089,761
Loss from foreign exchange differences	169,323,624,469	206,203,108,888
Provision for decline in value of long-term investments	573,940,680	553,000,000
	<u>457,975,718,659</u>	<u>372,873,198,649</u>

23 SELLING EXPENSES

	Year ended 30 September	
	2011 VND	2010 VND
Staff costs	74,294,554,728	51,188,675,860
Depreciation expenses	19,076,605,544	16,553,461,206
Material expenses	2,224,576,875	2,280,873,123
Outside service expenses	200,283,807,110	128,891,754,308
Other expenses	13,030,390,259	10,562,464,631
	<u>308,909,934,516</u>	<u>209,477,229,128</u>

24 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 September	
	2011 VND	2010 VND
Staff costs	85,402,603,087	72,705,146,621
Office supplies	6,897,187,132	5,934,543,076
Depreciation	15,456,525,191	13,176,443,490
Outside service expenses	58,734,562,479	41,080,078,694
Other expenses	22,514,553,818	15,795,390,085
	<u>189,005,431,707</u>	<u>148,691,601,966</u>

25 NET OTHER INCOME/EXPENSES

	Year ended 30 September	
	2011 VND	2010 VND
Other income		
Sales of scraps	13,889,373,722	22,862,510,533
Proceeds from disposal of fixed assets	62,548,208,722	3,744,605,904
Income from stockcounts	-	4,441,228,219
Others	11,621,983,577	6,857,208,804
	<u>88,059,566,021</u>	<u>37,905,553,460</u>
Other expenses		
Net book value of disposed fixed assets	(62,153,033,947)	(5,430,950,992)
Others	(6,422,213,563)	(4,590,346,318)
	<u>(68,575,247,510)</u>	<u>(10,021,297,310)</u>
Net other income	<u>19,484,318,511</u>	<u>27,884,256,150</u>

26 TAXATION

Hoa Sen Group

Under the terms of its Investment Incentives Certificate No.108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 15% on taxable profit and of 25% for the years from the year 2014. The provisions of the Investment Incentive Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for the 7 thereafter years.

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

Hoa Sen Building Materials One Member Co., Ltd

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

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

26 TAXATION (continued)

Hoa Sen Steel Sheet One Member Co., Ltd

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

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

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

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

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate regulated in Investment Incentives Certificate of the Company as follows:

	Year ended 30 September	
	2011 VND	2010 VND
Net accounting profit before tax	168,475,798,930	251,901,676,450
Tax calculated at a rate of the Group	32,817,263,416	38,801,867,795
Effect of:		
Expenses not deductible for tax purposes	11,733,495,715	1,846,521,469
Impact of higher tax rate	222,349,899	2,326,062,258
Income not subject to tax	(7,834,555,531)	(860,852,830)
Tax losses for which no deferred tax assets were recognised	-	304,824,518
Impact of tax reductions	(16,706,325,506)	(11,932,013,693)
Tax underprovisioned for previous years	7,174,128,628	17,290,970,599
Impact of increase in tax rate	(5,282,277,768)	(872,694,535)
Income tax on transfer of land use rights	515,437,500	-
Tax exemption in subsidiaries	-	(10,382,220,644)
Business income tax refunded (*)	(14,332,092,324)	-
Business income tax charge	8,307,424,029	36,522,464,937

(*) Refunded business income tax represents the amount Hoa Sen Steel Sheet One Member Company Limited was refunded as the result of the tax inspection performed by the General Department of Taxation. Previously, this amount was recorded as business income tax expense for the year ended 30 September 2010 and paid to the local Tax Department. The refund was resulted from the different interpretation of tax regulations regarding the tax incentives between the General Department of Taxation and the local Tax Department.

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

27 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares:

	Year ended 30 September	
	2011 VND	2010 VND
Net profit attributable to shareholders	160,168,374,901	215,379,211,513
Weighted average number of ordinary shares in issue (shares)	98,770,778	96,126,246
Basic earnings per share (VND)	1,622	2,241

28 COST OF GOODS MANUFACTURED BY FACTORS

	Year ended 30 September	
	2011 VND	2010 VND
Raw materials	11,051,234,931,496	7,414,331,080,870
Labour costs	211,527,664,606	168,501,575,254
Depreciation expense	194,945,656,330	152,071,726,357
Outside service expenses	456,919,316,405	234,812,128,309
Other expenses	107,380,837,177	93,715,928,905
	<u>12,022,008,406,014</u>	<u>8,063,432,439,695</u>

29 RELATED PARTY TRANSACTIONS

Related parties include shareholders, members of Board of Management, and key personnel.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

Compensation of key management

	Year ended 30 September	
	2011 VND	2010 VND
Compensation for Board of Management, Board of Advisors and Board of Supervisors	954,000,000	2,349,028,027
Gross salary for Board of Management	<u>4,293,126,682</u>	<u>3,134,997,000</u>

29 RELATED PARTY TRANSACTIONS (continued)**(b) Year end balances with related parties**

	Year ended 30 September	
	2011	2010
	VND	VND
Prepayments to suppliers (Note 4)		
Mr Hoang Duc Huy (Deputy General Director)		
advance for acquisition of land use rights	90,183,227,000	104,355,929,500

30 SEGMENT REPORTING

The Board of Directors is of the opinion that the Group operates in one single business segment, which is the manufacture and sale of coated steel sheet, steel and building materials and one single geographical segment, which is Vietnam.

31 COMMITMENTS UNDER OPERATING LEASES

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

	Year ended 30 September	
	2011	2010
	VND	VND
Within 1 year	21,194,152,720	13,245,089,660
Between 1 and 5 years	69,375,630,134	39,247,257,679
Over 5 years	251,241,359,892	214,808,752,227
Total minimum payments	341,811,142,746	267,301,099,566

32 CAPITAL COMMITMENTS

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

	Year ended 30 September	
	2011	2010
	VND	VND
Buildings, machinery and equipment	28,575,744,556	430,793,791,230

33 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

34 RESTATEMENTS

The comparative figures of the consolidated financial statements have been restated as follows:


	Previously reported VND	Adjustments VND	Restated VND
Difference on asset revaluation as at 30 September 2010 (*)	21,447,090,156	(21,447,090,156)	-
Undistributed earnings as at 30 September 2010	222,647,225,314	21,447,090,156	244,094,315,470
Difference on asset revaluation as at 30 September 2009	21,447,090,156	(21,447,090,156)	-
Undistributed earnings as at 30 September 2009	259,845,916,955	21,447,090,156	281,293,007,111

(*) The difference on revaluation of a land use right contributed by the Company to Hoa Sen Steel Sheet One Member Co. Ltd. was incorrectly recognised under the account "Differences upon asset revaluation" instead of "other income" in 2006. Since this treatment in 2006 is not in accordance with the current accounting regulations, the Company has restated this by reclassifying the amount from "Differences upon asset revaluation" to "Undistributed earnings".

The consolidated financial statements were approved by the General Director on 30 December 2011.



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director