



Hoa Sen Group Corporation

Separate financial statements for the
year ended 30 September 2010



Hoa Sen Group Corporation
Corporate Information

**Business Registration
Certificate No**

3700381324

21 July 2010

The Business Registration Certificate has been amended many times, the most recent of which is Business Registration No. 3700381324 dated 21 July 2010. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

Board of Management

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice chairman
Mr Pham Van Trung	Member
Mr Le Phung Hao	Member
Mr Pham Gia Tuan	Member
Mr Nguyen Van Quy	Member
Mr Ly Duy Hoang	Member (from 27 March 2010)
Mr Vu Bao Quoc	Member (until 27 March 2010)

Board of Directors

Mr Le Phuoc Vu	General Director
Mr Tran Ngoc Chu	Deputy General Director
Mr Pham Van Trung	Deputy General Director
Mr Hoang Duc Huy	Deputy General Director
Mr Vu Van Binh	Deputy General Director

Registered Office

9 Thong Nhat Boulevard
Song Than II Industrial Park
Di An District
Binh Duong Province
Vietnam

Auditors

KPMG Limited
Vietnam



KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
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REPORT OF THE INDEPENDENT AUDITORS

**To the Shareholders
Hoa Sen Group Corporation**

Scope

We have audited the accompanying separate balance sheet of Hoa Sen Group Corporation ("the Company") as of 30 September 2010 and the related separate statements of income, changes in equity and cash flows for year then ended which were authorised for issue by the Company's management on 23 December 2010 and the explanatory notes thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion


In our opinion, the financial statements give a true and fair view of the unconsolidated financial position of Hoa Sen Group Corporation as of 30 September 2010 and of its unconsolidated results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.


KPMG Limited
Vietnam

Investment Certificate No: 011043000345

Audit Report No: 10-01-149




Tran Dinh Vinh
CPA No. 0339/KTV
Deputy General Director


Nguyen Thanh Nghi
CPA No. 0304/KTV

Ho Chi Minh City, 23 December 2010

Hoa Sen Group Corporation
Separate balance sheet at 30 September 2010

	Code	Note	30/9/2010 VND	30/9/2009 VND
ASSETS				
Current assets	100		2,291,431,199,109	1,122,794,394,649
Cash	110	3	34,385,502,402	39,974,272,469
Accounts receivable	130		887,185,802,758	472,260,378,021
Accounts receivable - trade	131	4	661,298,057,012	346,857,104,239
Prepayments to suppliers	132	5	226,712,593,700	126,473,511,048
Other receivables	135		239,956,240	518,838,153
Allowance for doubtful debts	139	6	(1,064,804,194)	(1,589,075,419)
Inventories	140	7	1,148,133,598,975	512,340,807,422
Inventories	141		1,149,809,053,367	513,808,017,441
Allowance for inventories	149		(1,675,454,392)	(1,467,210,019)
Other current assets	150		221,726,294,974	98,218,936,737
Short-term prepayments	151		5,861,946,803	2,416,138,455
Deductible value added tax	152		132,743,741,516	19,527,633,660
Taxes receivable from State Treasury	154	8	5,089,952,473	250,000
Other current assets	158	9	78,030,654,182	76,274,914,622
Long-term assets	200		2,205,572,301,519	1,239,527,361,833
Fixed assets	220		1,637,724,636,483	726,568,079,225
Tangible fixed assets	221	10	864,121,262,830	372,729,849,805
Cost	222		1,058,282,843,705	500,950,417,638
Accumulated depreciation	223		(194,161,580,875)	(128,220,567,833)
Intangible fixed assets	227	11	233,250,118,120	153,720,622,242
Cost	228		238,442,173,613	157,263,818,213
Accumulated amortisation	229		(5,192,055,493)	(3,543,195,971)
Construction in progress	230	12	540,353,255,533	200,117,607,178
Long-term investments	250	13	536,656,010,464	504,690,544,958
Investments in subsidiaries	251		478,794,465,506	446,276,000,000
Investments in associate	252		43,414,544,958	43,414,544,958
Other long-term investments	258		15,000,000,000	15,000,000,000
Provision for a decline in value of long-term investments	259		(553,000,000)	-
Other long-term assets	260		31,191,654,572	8,268,737,650
Long-term prepayments	261	14	28,561,120,370	6,648,137,493
Deferred tax assets	262	15	2,630,534,202	1,620,600,157
TOTAL ASSETS	270		4,497,003,500,628	2,362,321,756,482

The accompanying notes form an integral part of these separate financial statements

Hoa Sen Group Corporation
Separate balance sheet at 30 September 2010 (continued)


	Code	Note	30/9/2010 VND	30/9/2009 VND
RESOURCES				
LIABILITIES	300		2,901,254,960,323	1,457,632,074,060
Current liabilities	310		2,489,655,796,537	1,127,978,495,997
Short-term borrowings	311	16	1,772,956,296,002	738,555,380,149
Accounts payable – trade	312	17	534,909,040,497	268,619,827,540
Advances from customers	313		20,844,467,979	12,744,139,963
Taxes payable to State Treasury	314	18	19,644,877,230	19,669,995,714
Payables to employees	315		15,478,943,361	10,629,323,221
Accrued expenses	316	19	89,732,655,785	11,621,369,156
Other payables	319	20	34,360,518,307	58,986,533,393
Bonus and welfare fund	323	21	1,728,997,376	7,151,926,861
Long-term liabilities	330		411,599,163,786	329,653,578,063
Long-term borrowings	334	22	410,250,888,786	328,201,130,563
Provision for severance allowance	336	23	1,348,275,000	1,452,447,500
EQUITY	400		1,595,748,540,305	904,689,682,422
Equity	410		1,595,748,540,305	904,689,682,422
Share capital	411	24	1,007,907,900,000	570,385,000,000
Capital surplus	412		451,543,290,363	88,222,712,000
Treasury shares	414		(572,094,000)	(572,000,000)
Differences upon asset revaluation	415	25	21,447,090,156	21,447,090,156
Financial reserve	416		8,525,313,060	-
Retained profits	420		106,897,040,726	225,206,880,266
TOTAL RESOURCES	440		4,497,003,500,628	2,362,321,756,482

Prepared by:


 Nguyen Thi Ngoc Lan
 Chief Accountant



Approved by:


 Le Phuoc Vu
 General Director

23 December 2010

The accompanying notes form an integral part of these separate financial statements

Hoa Sen Group Corporation
Separate statement of income for the year ended 30 September 2010

	Code	Note	2010 VND	2009 VND
Total revenue	01	26	7,840,320,534,315	4,239,549,857,723
Less sales deductions	02	26	(12,203,286,223)	(8,301,799,945)
Net sales	10		7,828,117,248,092	4,231,248,057,778
Cost of sales	11	27	(7,077,670,608,388)	(3,755,362,976,557)
Gross profit	20		750,446,639,704	475,885,081,221
Financial income	21	28	21,603,447,113	14,101,016,420
Financial expenses	22	29	(353,150,476,524)	(158,400,597,289)
Selling expenses	24		(181,126,845,061)	(118,796,310,577)
General and administration expenses	25		(114,996,048,992)	(77,925,044,221)
Net operating profit	30		122,776,716,240	134,864,145,554
Results of other activities	40			
Other income	31	30	304,369,562,294	27,960,374,205
Other expenses	32	31	(282,008,853,604)	(16,680,064,164)
Profit before tax	50		145,137,424,930	146,144,455,595
Income tax expense – current	51	32	(11,879,295,361)	(6,836,031,836)
Income tax benefit/(expense) – deferred	52	32	1,009,934,045	(3,207,315,496)
Net profit	60		134,268,063,614	136,101,108,263
Basic earnings per share	70	33	1,397	1,550

Prepared by:


 Nguyen Thi Ngoc Lan
 Chief Accountant

Approved by:


 Le Phuoc Vu
 General Director

23 December 2010

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Hoa Sen Group Corporation

Separate statement of changes in equity for the year ended 30 September 2010

	Share capital VND	Capital surplus VND	Treasury shares VND	Differences upon asset revaluation VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 30 September 2008	570,385,000,000	88,222,712,000	(572,000,000)	21,447,090,156	-	151,950,794,278	831,433,596,434
Net profit for the year	-	-	-	-	-	136,101,108,263	136,101,108,263
Dividends	-	-	-	-	-	(57,018,500,000)	(57,018,500,000)
Transfer to bonus and welfare fund	-	-	-	-	-	(5,841,522,275)	(5,841,522,275)
Other receipts	-	-	-	-	-	15,000,000	15,000,000
Balance at 1 October 2009	570,385,000,000	88,222,712,000	(572,000,000)	21,447,090,156	-	225,206,880,266	904,689,682,422
Shares issued	129,615,000,000	438,652,500,000	-	-	-	-	568,267,500,000
Bonus shares issued (Note 34)	69,980,000,000	(69,980,000,000)	-	-	-	-	-
Share dividends (Note 34)	237,927,900,000	-	-	-	-	(237,927,900,000)	-
Commission and brokerage fees for shares issue	-	(5,351,921,637)	-	-	-	-	(5,351,921,637)
Net profit for the year	-	-	-	-	-	134,268,063,614	134,268,063,614
Treasury shares bought back	-	-	(94,000)	-	-	-	(94,000)
Transfer to financial reserve	-	-	-	-	8,525,313,060	(8,525,313,060)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(6,121,598,094)	(6,121,598,094)
Other payments	-	-	-	-	-	(3,092,000)	(3,092,000)

Balance at 30 September 2010

1,007,907,900,000	451,543,290,363	(572,094,000)	21,447,090,156	8,525,313,060	106,897,040,726	1,595,748,540,305
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Prepared by:

Nguyen Thi Ngoc Lan

Nguyen Thi Ngoc Lan
Chief Accountant

Approved by:



Le Phuoc Vu
General Director

23 December 2010

The accompanying notes form an integral part of these separate financial statements

Hoa Sen Group Corporation
Separate statement of cash flows for the year ended 30 September 2010

	Code	Note	2010 VND	2009 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		145,137,424,930	146,144,455,595
Adjustments for				
Depreciation and amortisation	02		81,524,654,434	62,407,756,896
Allowances and provisions	03		1,116,545,008	(42,170,573,806)
Profits from investing activities	04		(555,019)	(1,911,249,145)
Interest income	05		(1,532,993,102)	(861,299,937)
Interest expense	06		159,160,398,441	73,751,347,739
Operating profit before changes in working capital	08		385,405,474,692	237,360,437,342
Change in receivables and other current assets	09		(534,592,437,342)	(66,481,738,921)
Change in inventories	10		(636,001,035,926)	195,962,103,752
Change in payables and other liabilities	11		393,880,638,676	82,340,828,783
Change in prepayments	12		-	(4,265,683,974)
			(391,307,359,900)	444,915,946,982
Interest paid	13		(156,683,091,441)	(73,751,347,739)
Corporate income tax paid	14		(22,873,084,632)	(773,182,098)
Receipts of bonus and welfare fund from a subsidiary			-	3,660,408,981
Other receipts for operating activities	15		-	15,000,000
Other payments for operating activities	16		(11,547,619,579)	(2,350,004,395)
Net cash (used in)/generated from operating activities	20		(582,411,155,552)	371,716,821,731

The accompanying notes form an integral part of these separate financial statements

Hoa Sen Group Corporation

Separate statement of cash flows for the year ended 30 September 2010 (continued)

	Code	Note	2010 VND	2009 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,310,794,454,603)	(304,186,300,250)
Proceeds from disposals of fixed assets and other long-term assets	22		268,338,978,568	17,933,406,877
Payments for investments in subsidiaries	25		(6,006,629,021)	(15,710,184,000)
Receipts of interests and dividends	27		2,882,993,102	861,299,937
Net cash used in investing activities	30		(1,045,579,111,954)	(301,101,777,436)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from shares issued	31		562,915,578,363	-
Payments for shares repurchases	32		(94,000)	-
Proceeds from short-term and long-term borrowings	33		4,390,607,145,366	2,320,032,416,307
Payments to settle debts	34		(3,274,156,471,290)	(2,308,891,868,896)
Payments of dividends	36		(56,964,661,000)	(56,103,747,000)
Net cash generated from/(used in) financing activities	40		1,622,401,497,439	(44,963,199,589)
Net cash flows during the year	50		(5,588,770,067)	25,651,844,706
Cash at the beginning of the year	60		39,974,272,469	14,322,427,763
Cash at the end of the year	70	3	34,385,502,402	39,974,272,469

The accompanying notes form an integral part of these separate financial statements

Hoa Sen Group Corporation

Separate statement of cash flows for the year ended 30 September 2010 (continued)

NON-CASH INVESTING AND FINANCING ACTIVITIES

	2010 VND	2009 VND
Receipts of dividends from Hoa Sen Steel One Member Company Limited by netting off with payables	-	81,168,958,541
Receipts of dividends from Hoa Sen Transportation and Mechanical Engineering One Member Company Limited by netting off with payables	-	7,040,814,247
Capital contributions to Hoa Sen Phu My Steel One Member Company Limited in form of fixed assets	26,511,836,485	6,276,000,000
Issuance of new shares in form of bonus shares and share dividends	307,907,900,000	-

Prepared by:



Nguyen Thi Ngoc Lan
Chief Accountant



Approved by:



Le Phuoc Vu
General Director

23 December 2010

The accompanying notes form an integral part of these separate financial statements

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting Entity

Hoa Sen Group Corporation ("the Company") is a joint stock company incorporated in Vietnam. The principal activities of the Company are to manufacture and trade galvanised steel products under the Business Licence No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001 and updated on 21 July 2010.

The charter capital of the Company as stipulated in the Business Registration Certificate is VND1,007,907,900,000.

As at 30 September 2010 the Company had 1,836 employees (30 September 2009: 1,422 employees).

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

(a) Basis of financial statement preparation

The financial statements, expressed in Vietnam Dong ("VND"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using historical cost concept. The statement of cash flows is prepared using the indirect method.

These financial statements are the Company's separate financial statements and do not include financial statements of its subsidiaries. Investments in subsidiaries and associates are stated at cost. The Company produces consolidated financial statements that include the Company and its subsidiaries and issues them separately.

(b) Fiscal year

The fiscal year of the Company is from 1 October to 30 September.

Hoa Sen Group Corporation
Notes to the separate financial statements for the year ended 30 September 2010
(continued)

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income in accordance with Vietnamese Accounting Standard No. 10 ("VAS10") – *The Effects of Changes in Foreign Exchange Rates*.

On 15 October 2009, the Ministry of Finance issued Circular No. 201/2009/TT-BTC providing guidance on recognition of foreign exchange differences. This Circular requires that foreign exchange differences arising from period end translation of current monetary assets and liabilities denominated in currencies other than VND be recorded in the Foreign Exchange Difference Account in equity; and that such exchange differences be subsequently reversed at the beginning of the following period. The Company chose to continue applying VAS 10 for recognition of foreign exchange differences. Had the Company adopted Circular No. 201/2009/TT-BTC effective from 1 January 2010, net profit for the year ended 30 September 2010 would increase by VND4,335,257,243 (net of deferred income tax effect of VND150,348,495).

(d) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Investments

Investments in entities over which the Company does not have control or significant influence are stated at cost. Allowance is made for reductions in investment values which in the opinion of the management are not temporary. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(f) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

Hoa Sen Group Corporation

**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventory.

(h) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance costs, is normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	5 – 30 years
▪ machinery and equipment	3 – 10 years
▪ motor vehicles	6 – 10 years
▪ office equipment	6 – 8 years
▪ other tangible fixed assets	5 – 20 years

(i) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost/valuation less accumulated amortisation. The initial cost of a land use rights, except for land use rights used as capital contribution, comprises the value of the right as its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Land use rights used as a capital contribution is stated at the valuation at the time of capital contribution. Amortisation is computed on a straight-line basis ranging from 35 to 50 years.

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010
(continued)

(ii) Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis ranging from 3 to 5 years.

(j) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(k) Long-term prepayments

Long-term prepayments represents tools and supplies and overhaul expenditure which are initially stated at cost and amortised on a straight line basis over their useful lives ranging from 2 to 3 years.

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Hoa Sen Group Corporation

**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Treasury shares

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(p) Revenue

Revenue from the sale of goods is recognised in the statement of income 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.

(q) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(r) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****(s) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

(t) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Management is of the opinion that the Company operates in one single business segment, which is the manufacture and sale of steel and plastic construction materials and one single geographical segment, which is Vietnam.

(u) Related companies

Related companies include its subsidiaries.

(v) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

3. Cash

	30/9/2010 VND	30/9/2009 VND
Cash on hand	10,019,512,212	5,407,621,221
Cash in banks	24,365,990,190	34,564,251,248
Cash in transit	-	2,400,000
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	34,385,502,402	39,974,272,469

Cash at 30 September 2010 included amounts denominated in currencies other than VND amounting to VND4,336,130,970 (30 September 2009: VND1,120,785,053).

Hoa Sen Group Corporation
Notes to the separate financial statements for the year ended 30 September 2010
(continued)

4. Accounts receivable – trade

Accounts receivable - trade included the following amounts due from related companies:

	30/9/2010 VND	30/9/2009 VND
Hoa Sen Steel One Member Company Limited	192,446,316,023	189,664,213,128
Hoa Sen Building Materials Company Limited	155,681,149,969	-
Hoa Sen Plastics One Member Company Limited	3,436,138,374	-
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	351,563,604,366	189,664,213,128

At 30 September 2010 accounts receivable with a carrying value of VND658,002,919,146 (30 September 2009: VND157,192,891,111) were pledged with banks as security for loans granted to the Company.

5. Prepayments to suppliers

Prepayments to suppliers at of 30 September 2010 included amounts prepaid for acquisition of construction services of VND91,289,936,605 (30 September 2009: VND50,106,856,597).

6. Allowance for doubtful debts

Movements in the allowance for doubtful debts during the year were as follows:

	2010 VND	2009 VND
Opening balance	1,589,075,419	3,108,941,086
Increase in allowance during the year	1,064,804,194	-
Allowance utilised during the year	(738,081,860)	(1,115,758,029)
Written back	(850,993,559)	(404,107,638)
	<hr/>	<hr/>
Closing balance	1,064,804,194	1,589,075,419

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****7. Inventories**

	30/9/2010 VND	30/9/2009 VND
Goods in transit	130,224,610,443	216,463,292,491
Raw materials	328,977,587,629	105,447,846,658
Tools and supplies	42,318,656,668	10,040,171,983
Finished goods	516,458,743,292	134,331,387,538
Merchandise inventory	101,145,507,008	47,525,318,771
Assets imported on behalf	30,683,948,327	-
	<hr/>	<hr/>
	1,149,809,053,367	513,808,017,441
Allowance for inventories	(1,675,454,392)	(1,467,210,019)
	<hr/>	<hr/>
	1,148,133,598,975	512,340,807,422

Movements in the allowance for inventories during the year were as follows:

	2010 VND	2009 VND
Opening balance	1,467,210,019	43,487,436,187
Increase in allowance during the year	1,675,454,392	-
Written back	(1,467,210,019)	(42,020,226,168)
	<hr/>	<hr/>
Closing balance	1,675,454,392	1,467,210,019

At 30 September 2010 inventories with a carrying value of VND1,117,449,650,648 (30 September 2009: VND512,070,807,422) were pledged with banks as security for loans granted to the Company.

Included in raw materials and finished goods at of 30 September 2010 was VND49,259,506,424 (30 September 2009: VND16,024,601,673) of inventories carried at net realisable value.

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****8. Taxes receivable from State Treasury**

	30/9/2010 VND	30/9/2009 VND
Corporate income tax prepaid	4,299,818,767	-
Natural resource taxes	788,004,700	-
Other taxes	2,129,006	250,000
	<hr/>	<hr/>
	5,089,952,473	250,000
	<hr/>	<hr/>

9. Other current assets

	30/9/2010 VND	30/9/2009 VND
Short-term deposits	75,629,296,596	74,523,355,561
Advances	2,401,357,586	1,751,559,061
	<hr/>	<hr/>
	78,030,654,182	76,274,914,622
	<hr/>	<hr/>

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010 (continued)

10. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
Cost						
Opening balance	139,016,311,845	337,038,360,702	23,174,357,886	1,416,777,323	304,609,882	500,950,417,638
Additions	71,460,665,966	231,779,835,249	11,395,171,967	1,605,593,963	-	316,241,267,145
Transfers from construction in progress	109,531,560,351	414,274,267,356	6,929,973,234	706,359,905	-	531,442,160,846
Transfers from long-term prepayments	-	11,213,839,784	-	-	-	11,213,839,784
Transfer from Hoa Sen Phu My Steel One Member Company Limited (HSPM) as withdrawal of capital contribution (*)	17,298,194,747	174,659,339,747	524,000,000	-	-	192,481,534,494
Disposals	(73,816,938,038)	(199,570,716,423)	(937,263,306)	(714,042,001)	-	(275,038,959,768)
Written off	-	-	(14,045,455)	-	-	(14,045,455)
Transfer to HSPM as capital contribution (*)	(17,344,617,709)	(201,124,753,270)	(524,000,000)	-	-	(218,993,370,979)
Closing balance	246,145,177,162	768,270,173,145	40,548,194,326	3,014,689,190	304,609,882	1,058,282,843,705
Accumulated depreciation						
Opening balance	19,822,937,244	98,397,887,905	8,973,673,659	814,086,081	211,982,944	128,220,567,833
Charge for the year	12,248,914,457	54,741,448,246	3,991,012,508	301,806,333	22,413,172	71,305,594,716
Disposals	(191,402,150)	(4,935,798,193)	(224,432,720)	(7,681,559)	-	(5,359,314,622)
Written off	-	-	(5,267,052)	-	-	(5,267,052)
Closing balance	31,880,449,551	148,203,537,958	12,734,986,395	1,108,210,855	234,396,116	194,161,580,875
Net book value						
Closing balance	214,264,727,611	620,066,635,187	27,813,207,931	1,906,478,335	70,213,766	864,121,262,830
Opening balance	119,193,374,601	238,640,472,797	14,200,684,227	602,691,242	92,626,938	372,729,849,805

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

(*) These tangible fixed assets was transferred to Hoa Sen Phu My Steel One Member Limited, the Company's new and wholly owned subsidiary in December 2009, as a capital contribution made by the Company and was then transferred back to the Company in September 2010 as the Company's management decision to convert this entity into a production branch of the Company in 2011.

Included in the cost of tangible fixed assets were assets costing VND2,200,154,117 which were fully depreciated as of 30 September 2010 (30 September 2009: VND815,969,320), but which are still in active use.

At 30 September 2010 tangible fixed assets with a carrying value of VND186,113,705,790 (30 September 2009: VND179,947,324,116) were pledged with banks as security for loans granted to the Company.

11. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	155,873,344,479	1,390,473,734	157,263,818,213
Additions	81,178,355,400	-	81,178,355,400
Closing balance	237,051,699,879	1,390,473,734	238,442,173,613
Accumulated amortisation			
Opening balance	3,268,709,563	274,486,408	3,543,195,971
Charge for the year	1,418,436,998	230,422,524	1,648,859,522
Closing balance	4,687,146,561	504,908,932	5,192,055,493
Net book value			
Closing balance	232,364,553,318	885,564,802	233,250,118,120
Opening balance	152,604,634,916	1,115,987,326	153,720,622,242

At 30 September 2010 land use rights with a carrying value of VND153,410,730,556 (30 September 2009: VND43,142,147,340) were pledged with banks as security for loans granted to the Company.

Hoa Sen Group Corporation
Notes to the separate financial statements for the year ended 30 September 2010
(continued)

12. Construction in progress

	2010 VND	2009 VND
Opening balance	200,117,607,178	15,714,280,369
Additions during the year	895,290,399,939	218,729,131,404
Transfers to tangible fixed assets	(531,442,160,846)	(33,878,703,771)
Transfers to long-term prepayments	(23,612,590,738)	(447,100,824)
Closing balance	540,353,255,533	200,117,607,178

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010 (continued)

13. Long-term investments

Details of the investments in subsidiaries, associate and other long-term investments are as follows:

Name	Principal activity	Business Registration Certificate	% of equity owned and voting right	Amount	
				30/9/2010 VND	30/9/2009 VND
Subsidiaries					
Hoa Sen Steel One Member Company Limited	Manufacture and trade in cold rolled steel products	Business Registration Certificate No 4603000282 and No. 4604000225 issued by Department of Planning and Investment of Binh Duong on 9 November 2006 and 24 December 2007, respectively	100%	280,000,000,000	280,000,000,000
Hoa Sen Building Materials Company Limited	Manufacture and trade in plastic building materials and steel pipe products	Business Registration Certificate No. 4903000343 and No 4904000228 issued by Department of Planning and Investment of Ba Ria Vung Tau on 26 March 2007 and 18 December 2007, respectively and amended on 18 May 2009.	100%	150,000,000,000	150,000,000,000
Hoa Sen Transportation and Mechanical Engineering One Member Company Limited	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill, cutter and industrial machine, equipment	Business Registration Certificate No. 4603000325, No. 4604000224 and No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, 24 December 2007 and 18 March 2009, respectively	100%	16,276,000,000	16,276,000,000

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010 (continued)

	Name	Principal activity	Business Registration Certificate	% of equity owned and voting right	Amount	
					30/9/2010 VND	30/9/2009 VND
	Hoa Sen Phu My Steel One Member Company Limited	Manufacture and trade galvanised steel products	Business Registration Certificate No. 3501504130 issued by the Department of Planning and Investment of Ba Ria-Vung Tau Province on 04 December 2009.	100%	27,518,465,506	-
	Hoa Sen Plastic One Member Company Limited	Manufacture and trade in plastic building materials	Business Registration Certificate No. 3501548411 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 04 Feb 2010.	100%	5,000,000,000	-
					478,794,465,506	446,276,000,000
Associate	Hoa Sen – Gemadept 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 on 20 June 2006 and amended on 13 October 2009	45%	43,414,544,958	43,414,544,958

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010 (continued)

Name	Principal activity	Business Registration Certificate	% of equity owned and voting right	Amount	
				30/9/2010 VND	30/9/2009 VND
Other long-term investments					
Viet Capital Healthcare Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam	08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008	3%	15,000,000,000	15,000,000,000
				537,209,010,464	504,690,544,958
Allowance for diminution in value of long-term investments				(553,000,000)	-
				536,656,010,464	504,690,544,958

Allowance for diminution in value of long-term investments represented the allowance made during the year.

Hoa Sen Group Corporation
Notes to the separate financial statements for the year ended 30 September 2010
(continued)

14. Long-term prepayments

	Tools and supplies VND
Opening balance	6,648,137,493
Additions	18,084,432,119
Transfers from construction in progress	23,612,590,738
Transfers to tangible fixed assets	(11,213,839,784)
Amortisation for the year	(8,570,200,196)
	<hr/>
Closing balance	28,561,120,370
	<hr/>

15. Deferred tax assets

Deferred tax assets are attributable to the following:

	30/9/2010 VND	30/9/2009 VND
Internal profits on sales to Branches	1,508,648,540	364,649,191
Allowances and provisions	386,148,475	274,761,898
Unrealised foreign exchange differences	-	815,800,061
Unearned revenue	735,737,187	165,389,007
	<hr/>	<hr/>
	2,630,534,202	1,620,600,157
	<hr/>	<hr/>

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010
(continued)

16. Short-term borrowings

	Note	30/9/2010 VND	30/9/2009 VND
Short-term borrowings			
Vietnam Bank for Agriculture and Rural Development			
Loan 1		-	169,331,769,100
Loan 2		-	133,119,838,000
Loan 3	(a)	379,172,838,000	-
Loan 4	(b)	170,217,214,428	-
Loan 5	(c)	15,032,008	-
The Bank for Foreign Trade of Vietnam			
Loan 1		-	192,365,305,600
Loan 2		-	33,323,750,000
Loan 3	(d)	89,605,926,343	-
Loan 4	(e)	180,434,911,000	-
Vietnam Bank for Industry and Trade			
Loan 1	(f)	32,689,327,799	26,483,871,700
Loan 2		-	3,576,686,786
The Hongkong and Shanghai Banking Corporation	(g)	130,140,383,940	-
Far East National Bank			
Loan 1	(h)	100,665,786,622	57,940,948,782
Loan 2		-	4,494,047,225
Indovina Bank	(i)	50,771,421,108	47,060,000,000
Sacombank			
Loan 1		-	6,245,000,000
Loan 2	(j)	81,645,101,940	-
Techcombank	(k)	44,875,660,253	-
Military Bank	(l)	129,000,000,000	-
Tien Phong Bank	(m)	51,972,800,000	-
Bao Viet Bank	(n)	150,649,994,231	-
ANZ Bank	(o)	23,167,387,682	-
Asia Commercial Bank	(p)	31,466,190,536	-
		1,646,489,975,890	673,941,217,193
Current portion of long-term borrowings (Note 22)		126,466,320,112	64,614,162,956
		1,772,956,296,002	738,555,380,149

Hoa Sen Group Corporation

**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

- a. This loan is secured by the Company's land use rights, tangible fixed assets and inventories with carrying value as at 30 September 2010 of VND773,220,403,861 and shareholders' assets with value at 30 September 2010 of VND373,027,129,500. The loan includes the VND and USD facilities.

The VND facility with the outstanding balance as at 30 September 2010 amounting to VND250,172,838,000 bore interest at rates ranging from 12% to 13.8% per annum during the year.

The USD facility with the outstanding balance as at 30 September 2010 amounting to VND129,000,000,000 bore interest at 6% per annum during the year.

- b. This loan is secured by the Company's land use rights, tangible fixed assets and inventories with carrying value as at 30 September 2010 of VND924,015,485,931 and shareholders' assets with value at 30 September 2010 of VND244,616,200,000. The loan bore interest at rates ranging from 12% to 13.8% per annum during the year.
- c. This loan, denominated in USD, is secured by the Company's land use rights and inventories with carrying value as at 30 September 2010 of VND570,912,485,120 and shareholders' assets with value at 30 September 2010 of VND244,616,200,000. The loan bore interest at rates ranging from 5% to 6% per annum during the year.
- d. This loan is secured by the Company's land use rights and inventories with carrying value as at 30 September 2010 of VND23,331,039,217 and tangible fixed assets of Hoa Sen Building Materials Company Limited with carrying value as at 30 September 2010 of VND74,623,980,768. The loan includes the VND and USD facilities.

The USD facility with the outstanding balance as at 30 September 2010 amounting to VND 89,605,926,343 bore interest at 6.5% per annum during the year.

The VND facility with the outstanding balance as at 30 September 2010 amounting to VND 180,434,911,000 bore interest at rates ranging from 12.0% to 13.8% per annum during the year.

- e. This loan is secured by the Company's land use rights and inventories with carrying value at 30 September 2010 of VND23,331,039,217 and tangible fixed assets of Hoa Sen Building Materials Company Limited with carrying value at 30 September 2010 of VND74,623,980,768. The loan bore interest at rates ranging from 12.0% to 13.8% per annum during the year.
- f. This loan, denominated in USD, is secured by the Company's land use rights and inventories with carrying value as at 30 September 2010 of VND34,537,974,060 (30 September 2009: VND52,534,494,614). The loan bore interest at rates ranging from 6.4% to 6.8% (2009: 3%) per annum during the year.
- g. This loan is secured by the Company's land use rights, tangible fixed assets and inventories with carrying value as at 30 September 2010 of VND186,457,842,869 and shareholders' assets with value as at 30 September 2010 of VND151,456,000,000. The loan includes the VND and USD facilities.

The USD facility with the outstanding balance as at 30 September 2010 amounting to VND 15,165,383,940 bore interest at rates ranging from 4.9% to 5.0% per annum during the year.

Hoa Sen Group Corporation

**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

The VND facility with the outstanding balance as at 30 September 2010 amounting to VND 114,975,000,000 bore interest at rates ranging from 10% to 14% per annum during the year.

- h. This loan, denominated in USD, is secured by the Company's accounts receivable and inventories with carrying value as at 30 September 2010 of VND1,775,452,569,794 (30 September 2009: VND670,730,908,552). The loan bore interest at 5% (2009: 5%) per annum during the year.
- i. This loan is secured by the Company's land use rights and inventories with carrying value as at 30 September 2010 of VND1,121,401,125,648 (30 September 2009: VND71,247,275,000). The loan includes the VND and USD facilities.

The VND facility with the outstanding balance as at 30 September 2010 amounting to VND 16,808,000,000 bore interest at rates ranging from 14.2% to 14.4% (2009: 6.5%) per annum during the year.

The USD facility with the outstanding balance as at 30 September 2010 amounting to VND 33,963,421,108 bore interest at 6.5% per annum during the year.

- j. This loan, denominated in USD, is secured by the Company's land use rights and inventories with carrying value as at 30 September 2010 of VND12,045,062,463. The loan bore interest at rates ranging from 6% to 7% per annum during the year.
- k. This loan, denominated in USD, is secured by the Company's inventories with carrying value as at 30 September 2010 of VND36,678,818,118. The loan bore interest at 7% per annum during the year.
- l. This loan is secured by the Company's land use rights and inventories with carrying value as at 30 September 2010 of VND81,923,979,627. The loan bore interest at 12.7% per annum during the year.
- m. This loan is secured by the Company's inventories with carrying value as at 30 September 2010 of VND46,903,586,256. The loan bore interest at rates ranging from 13.7% to 14.3% per annum during the year.
- n. This loan is secured by the Company's tangible fixed assets and inventories with carrying value as at 30 September 2010 of VND1,120,740,032,248. The loan bore interest at 13.5% per annum during the year.
- o. This loan is secured by the Company's accounts receivable and inventories with carrying value as at 30 September 2010 of VND1,775,452,569,794. The loan bore interest at rates ranging from 13.5% to 13.8% per annum during the year.
- p. This loan, denominated in USD, is secured by the Company's inventories with carrying value as at 30 September 2010 of VND1,117,449,650,648. The loan bore interest at rates ranging from 4.8% to 6.3% per annum during the year.

The same assets were used as security for more than one loan from the same bank.

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****17. Accounts payable - trade**

Accounts payable – trade included the following amounts due to related companies:

	30/9/2010 VND	30/9/2009 VND
Hoa Sen Steel One Member Company Limited	33,501,245,750	-
Hoa Sen Transportation and Mechanical Engineering One Member Company Limited	5,493,422,472	3,544,165,739
Hoa Sen Phu My Steel One Member Company Limited	71,343,507,328	-
Hoa Sen Plastics One Member Company Limited	24,830,330,005	-
Hoa Sen Building Materials Company Limited	81,114,355	5,467,088,689
	<hr/> 135,249,619,910	<hr/> 9,011,254,428

18. Taxes payable to State Treasury

	30/9/2010 VND	30/9/2009 VND
Value added tax	18,314,375,991	12,549,813,842
Corporate income tax	-	6,693,970,504
Import tax	1,128,280,960	194,360,082
Personal income tax	202,220,279	231,851,286
	<hr/> 19,644,877,230	<hr/> 19,669,995,714

19. Accrued expenses

	30/9/2010 VND	30/9/2009 VND
13 th month salary	4,823,503,000	2,273,431,000
Construction in progress	80,408,592,287	8,546,829,336
Audit fee	397,572,000	339,820,000
Electricity expenses	454,389,585	461,288,820
Bank interest	2,477,307,000	-
Others	1,171,291,913	-
	<hr/> 89,732,655,785	<hr/> 11,621,369,156

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****20. Other payables**

	30/9/2010	30/9/2009
	VND	VND
Dividends payable	968,592,000	57,933,253,000
Union fees	146,888,800	65,938,000
Social insurance	347,246,050	232,100,000
Deposits from drivers	102,399,758	317,240,000
Unearned revenue	4,560,000,000	-
Advance for asset imported on behalf of other (*)	23,581,885,056	-
Others	4,653,506,643	438,002,393
	34,360,518,307	58,986,533,393

(*) This related to advance from Vietcombank Finance Lease Company – Ho Chi Minh City Branch (“Vietcombank”) for the payment of finance leased asset on behalf of Vietcombank under the finance leased agreement and entrusted import agreement between Hoa Sen Building Material Company Limited and Vietcombank.

Other payables included the following amounts due to related parties:

	30/9/2010	30/9/2009
	VND	VND
Hoa Sen Phu My Steel One Member Company Limited	3,459,769,879	-
Hoa Sen Transportation and Mechanical Engineering One Member Company Limited	102,399,758	-
Hoa Sen Building Materials Company Limited	187,334,654	-
	3,749,504,291	-

21. Bonus and welfare fund

The fund is established by appropriating from retained profits at the discretion of shareholders at shareholder's meetings. The fund is used to pay bonus and welfare to the Company's and its subsidiaries employees in accordance with the Company's bonus and welfare policies. The fund is reclassified to current liability in accordance with Circular 244/2009/TT-BTC dated 31/12/2009. Movements of bonus and welfare fund of the year were as follows:

	2010	2009
	VND	VND
Opening balance	7,151,926,861	-
Increase during the year	6,121,598,094	5,841,522,275
Receipt of bonus and welfare fund from a subsidiary	-	3,660,408,981
Utilisation of bonus and welfare fund	(11,544,527,579)	(2,350,004,395)
Closing balance	1,728,997,376	7,151,926,861

Hoa Sen Group Corporation

Notes to the separate financial statements for the year ended 30 September 2010
(continued)

22. Long term borrowings

	Note	30/9/2010 VND	30/9/2009 VND
Vietnam Bank for Agriculture and Rural Development			
Loan 1		-	23,360,000,000
Loan 2	(a)	33,131,000,000	47,574,800,000
Loan 3		-	9,275,000,000
Loan 4		-	9,312,000,000
Loan 5	(b)	3,381,580,000	2,944,000,000
Loan 6	(c)	112,556,000,000	54,494,000,000
Loan 7		-	579,930,000
Loan 8	(d)	135,358,516,000	38,841,516,000
The Bank for Foreign Trade of Vietnam			
Loan 1	(e)	4,266,288,336	5,105,183,824
Loan 2		-	2,990,000,000
Loan 3	(f)	27,494,990,147	-
The Vietnam Development Bank			
Loan 1	(g)	118,534,946,415	120,178,863,695
Loan 2	(h)	53,140,000,000	63,760,000,000
Loan 3	(i)	10,800,000,000	14,400,000,000
The Bao Viet Bank	(j)	3,030,000,000	-
The Indovina Bank	(k)	35,023,888,000	-
		536,717,208,898	392,815,293,519
Repayable within twelve months (Note 16)		(126,466,320,112)	(64,614,162,956)
Repayable after twelve months		410,250,888,786	328,201,130,563

- a. This loan, denominated in USD, is secured by tangible fixed assets with carrying value as at 30 September 2010 of VND94,309,561,304 (30 September 2009: VND111,469,227,314). The loan bore interest at rates ranging from 5.7% to 6.5% (2009: 5.7% to 6.8%) per annum during the year and the remaining balance at 30 September 2010 is repayable in 20 (30 September 2009: 32) equal monthly instalments amounting to VND1,656,550,000 (30 September 2009: VND1,486,712,500) each.
- b. This loan is secured by shareholders' assets with value at 30 September 2010 of VND244,616,200,000 (30 September 2009: VND244,616,200,000). The loan bore interest at rates ranging from 8.0% to 10.5% (2009: 6.5% to 10.5%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 42 equal monthly instalments amounting to VND78,570,000 each and a final instalment of VND81,640,000.

Hoa Sen Group Corporation

**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

- c. This loan is secured by land use rights, tangible fixed assets and inventories with carrying value as at 30 September 2010 of VND671,698,706,451 (30 September 2009: VND642,890,832,569) and shareholders' assets with value as at 30 September 2010 of VND244,616,200,000 (30 September 2009: VND244,616,200,000). The loan bore interest at rates ranging from 8.0% to 10.5% (2009: 6.5% to 10.5%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 16 equal quarterly instalments amounting to VND7,000,000,000 each and a final instalment of VND556,000,000.
- d. This loan is secured by land use rights, tangible fixed assets and inventories with carrying value as at 30 September 2010 of VND671,698,706,451 (30 September 2009: VND642,890,832,569). The loan bore interest at rates ranging from 8.0% to 10.5% (2009: 6.5% to 10.5%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 15 equal quarterly instalments amounting to VND8,400,000,000 each and a final instalment of VND9,358,516,000.
- e. This loan, denominated in USD, is secured by tangible fixed assets of Hoa Sen Steel One Member Company Limited with carrying value at 30 September 2010 of VND11,295,653,403 (30 September 2009: VND12,517,806,060) and the Company's tangible fixed assets with carrying value at 30 September 2010 of VND7,033,523,327 (30 September 2009: VND7,894,159,499). The loan bore interest at rates ranging from 5.0% to 7.0% (2009: 5.5%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 12 (30 September 2009: 16) equal quarterly instalments amounting to VND355,524,028 (30 September 2009: VND319,073,989) each.
- f. This loan is secured by inventories with carrying value as at 30 September 2010 of VND13,936,776,538. The loan bore interest at rates ranging from 10.5% to 14.2% per annum during the year. The loan is repayable in 2 equal annual instalments amounting to VND10,000,000,000 each beginning in 11 September 2011 and a final instalment comprising the remaining balance.
- g. This loan, denominated in USD, is secured by tangible fixed assets and land use rights of Hoa Sen Steel One Member Company Limited with carrying value at 30 September 2010 of VND267,189,735,416 (30 September 2009: VND299,969,634,464). The loan bore interest at 1.7% (2009: 1.7%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 30 (30 September 2009: 34) equal quarterly instalments amounting to VND3,843,196,000 (30 September 2009: VND3,449,173,000) each and a final instalment of VND3,239,066,415 (30 September 2009: VND2,906,981,695).
- h. This loan is secured by the Company's tangible fixed assets with carrying value at 30 September 2010 of VND15,558,013,280 (30 September 2009: VND18,396,454,160). The loan bore interest at 7.8% (2009: 7.8%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 59 (30 September 2009: 71) equal monthly instalments amounting to VND885,000,000 (30 September 2009: VND885,000,000) each and a final instalment of VND925,000,000 (30 September 2009: VND925,000,000).
- i. This loan is secured by the tangible fixed assets and land use rights of Hoa Sen Steel One Member Company Limited with carrying value at 30 September 2010 of VND267,189,735,416 (30 September 2009: VND299,969,634,464). The loan bore interest at 8.4% (2009: 8.4%) per annum during the year. The remaining balance at 30 September 2010 is repayable in 36 (30 September 2009: 48) equal monthly instalments amounting to VND300,000,000 (30 September 2009: VND300,000,000) each.

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

- j. This loan is secured by assets financed by the loan and inventories with carrying value at 30 September 2010 of VND1,120,740,032,248. The loan bore interest at rates ranging from 13.5% to 16.0% per annum during the year. The remaining balance at 30 September 2010 is repayable in 7 equal monthly instalments amount to VND386,000,000 each and a final instalment of VND328,000,000 each.
- k. This loan is secured by assets financed by the loan and inventories with carrying value at 30 September 2010 of VND63,463,443,278. The loan bore interest at rates ranging from 13.5% - 14.5% per annum during the year. At 30 September 2010 the payment schedule was not yet determined.

23. Provision for severance allowance

Movements of provision for severance allowance during the year were as follows:

	VND
Opening balance	1,452,447,500
Provision made during the year	141,490,000
Provision used during the year	(245,662,500)
	<hr/>
Closing balance	1,348,275,000

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****24. Share capital**

The Company's authorised and issued share capital are:

	30/9/2010		30/9/2009	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	100,790,790	1,007,907,900,000	57,038,500	570,385,000,000
Treasury shares	(20,012)	(572,094,000)	(20,000)	(572,000,000)
	100,770,778	1,007,335,806,000	57,018,500	569,813,000,000

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

Movements in share capital during the year were as follows:

	2010		2009	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	57,018,500	569,813,000,000	57,018,500	569,813,000,000
Shares issued during the year	12,961,500	129,615,000,000	-	-
Bonus shares issued during the year	6,998,000	69,980,000,000	-	-
Share dividends	23,792,790	237,927,900,000	-	-
Treasury shares repurchased during the year	(12)	(94,000)	-	-
Balance at the end of the year	100,770,778	1,007,335,806,000	57,018,500	569,813,000,000

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****25. Differences upon asset revaluation**

This balance represented the revaluation of land use rights before the land use rights were used as a capital contribution to Hoa Sen Steel One Member Company Limited, a subsidiary.

26. Total revenue

Total revenue represented the gross invoiced value of goods sold exclusive of value added tax.

Net sales comprised:

	2010 VND	2009 VND
Total revenue		
▪ Finished goods sold	3,831,706,127,593	2,498,255,502,616
▪ Merchandise goods sold	4,008,614,406,722	1,741,294,355,107
	<hr/>	<hr/>
	7,840,320,534,315	4,239,549,857,723
Less sales deductions		
▪ Sales allowances	(874,650,617)	(478,956,348)
▪ Sales returns	(9,131,632,824)	(7,822,843,597)
▪ Direct tax	(1,014,648,034)	-
▪ Sales discount	(1,182,354,748)	-
	<hr/>	<hr/>
	(12,203,286,223)	(8,301,799,945)
Net sales	<hr/>	<hr/>
	7,828,117,248,092	4,231,248,057,778

27. Cost of sales

	2010 VND	2009 VND
Total cost of sales		
▪ Finished goods sold	3,215,184,509,174	2,132,883,454,064
▪ Merchandise goods sold	3,862,277,854,841	1,664,499,748,661
▪ Allowance for inventories	208,244,373	(42,020,226,168)
	<hr/>	<hr/>
	7,077,670,608,388	3,755,362,976,557

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****28. Financial income**

	2010 VND	2009 VND
Interest income	1,532,993,102	861,299,937
Dividends	1,350,000,000	-
Foreign exchange gains	18,720,454,011	13,239,716,483
	<hr/>	<hr/>
	21,603,447,113	14,101,016,420

29. Financial expenses

	2010 VND	2009 VND
Interest expenses	159,160,398,441	73,751,347,739
Foreign exchange losses	193,437,078,083	84,649,249,550
Provision for long-term investment	553,000,000	-
	<hr/>	<hr/>
	353,150,476,524	158,400,597,289

30. Other income

	2010 VND	2009 VND
Sales of scraps	17,084,031,062	6,679,188,602
Proceeds from disposals of tangible fixed assets	268,338,978,568	15,898,152,845
Rental income	3,582,256,006	-
Gains from physical stock count	4,080,763,468	2,211,887,642
Electricity recharged to subsidiaries	7,883,306,542	-
Others	3,400,226,648	3,171,145,116
	<hr/>	<hr/>
	304,369,562,294	27,960,374,205

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****31. Other expenses**

	2010 VND	2009 VND
Book value of tangible fixed assets disposed	269,679,645,146	16,355,794,687
Book value of tangible fixed assets written off	8,778,403	-
Depreciation of rental fixed assets	2,218,953,776	-
Electricity	7,879,817,971	-
Welfare expenses	1,379,139,407	-
Others	842,518,901	324,269,477
	<hr/>	<hr/>
	282,008,853,604	16,680,064,164

32. Income tax**(a) Recognised in the statement of income**

	2010 VND	2009 VND
Current tax expense		
Current year	11,879,295,361	6,836,031,836
	<hr/>	<hr/>
Deferred tax (benefit)/expense		
Origination of temporary differences	(1,070,029,194)	-
Reversal of temporary differences	932,789,684	6,414,630,992
Increase in tax rate	(872,694,535)	(3,207,315,496)
	<hr/>	<hr/>
	(1,009,934,045)	3,207,315,496
	<hr/>	<hr/>
Income tax expense	10,869,361,316	10,043,347,332

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****(b) Reconciliation of effective tax rate**

	2010 VND	2009 VND
Profit before tax	145,137,424,930	146,144,455,595
Tax at the Company's tax rate	21,770,613,740	21,921,668,340
Non-deductible expenses	2,711,590,302	547,993,200
Tax exempt income	(860,852,830)	-
Increase in tax rate	(872,694,535)	-
Effect of tax incentives	(11,879,295,361)	(12,426,314,208)
	10,869,361,316	10,043,347,332

(c) Applicable tax rates

Under the terms of its Investment Incentive 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 the Government income tax at the rate of 15% of taxable profits and 25% for the succeeding years from the year 2014. The provisions of the Company's Investment Incentive Certificate allow the Company to be exempt from income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in income tax for the 7 succeeding years.

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

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****33. Basic earnings per share**

The calculation of basic earnings per share at 30 September 2009 and 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2010 VND	2009 VND
Net profit attributable to ordinary shareholders	134,268,063,614	136,101,108,263

(ii) Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at the beginning of the year	57,018,500	57,018,500
Effect of shares issued	8,316,962	-
Effect of bonus shares issued during the year	30,790,790	30,790,790
Effect of treasury shares bought back	(6)	-
Weighted average number of ordinary shares at the end of the year.	96,126,246	87,809,290

As of 30 September 2010, the Company does not have potentially dilutive ordinary shares.

34. Dividends

The Extraordinary Meeting of Shareholders of the Company on 3 October 2009 resolved to distribute third phase dividends of 2008 in form of shares at a ratio of one share for every ten shares held by existing shareholders as at 31 March 2010.

The Extraordinary Meeting of Shareholders of the Company on 3 October 2009 also resolved to distribute bonus shares from share premium at a ratio of one share for every ten shares held by existing shareholders as at 31 March 2010.

The 2009 Annual General Meeting of Shareholders of the Company on 27 March 2010 resolved to distribute dividends amounting to VND167,947,900,000 in form of shares at a ratio of one share for every five shares held by existing shareholders as at 30 Jun 2010.

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****35. Significant transactions with related parties****Identity of related parties**

The Company has related parties' relationship with its subsidiaries, shareholders, directors and executive officers.

Significant transactions with key management personnel and shareholders:

	Transaction value	
	2010 VND	2009 VND
Hoang Duc Huy (Deputy General Director)		
Prepayment for purchase of land use rights	104,355,929,500	21,353,612,000
Board of Management, Advisory and Supervisory		
Board of Management, Advisory and Supervisory fee	2,349,028,027	708,000,000
Board of Directors		
Remunerations to Board of Directors	3,134,997,000	1,921,600,000

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****Significant transactions with subsidiaries**

In additions to balances with subsidiaries disclosed in other notes to these financial statements, during the year there were the following significant transactions with subsidiaries:

	Transaction value	
	2010	2009
	VND	VND
Hoa Sen Steel One Member Company Limited		
Sales of raw material	2,175,011,156,952	1,367,225,052,589
Sales of tools and supplies	14,455,950,572	11,503,621,681
Sales of fixed assets	-	15,331,014,305
Other sales	867,785,872	508,561,122
Purchases of finished goods	1,750,719,334,480	1,416,809,632,564
Purchases of raw materials	266,252,298,827	53,297,053,889
Purchases of tools and supplies	1,132,500	95,567,069
Purchases of fixed assets	-	495,472,676
Other purchases	9,097,536,679	566,680,455
Purchase returns	(141,526,000)	-
Hoa Sen Building Materials Company Limited		
Sales of raw materials	-	144,959,947,176
Sales of fixed assets	16,773,152,000	554,293,547
Sales of finished goods	348,485,485,690	43,729,500
Sales of tools and supplies	-	19,568,513
Sales returns	(2,398,494,519)	-
Other sales	5,255,435,242	79,798,958
Purchases of raw materials	17,486,355,141	258,611,774,792
Purchases of fixed assets	-	364,447,983
Purchases of tools and supplies	28,888,694	6,720,000
Purchases of finished goods	15,790,912,316	-
Purchases of merchandise	508,453,238,912	-
Purchase returns	(1,609,169,618)	(6,123,743,147)
Purchase discounts	(52,964,298)	(1,393,823,479)
Purchase allowances	-	(19,912,909)
Hoa Sen Transportation and Mechanical Engineering One Member Company Limited		
Sales of raw materials	18,544,040	239,020,465
Sales of fuel	2,554,391,748	1,404,885,945
Construction services	-	6,066,249,849
Sales of fixed assets	425,538,304	-
Other sales	-	18,551,214
Purchases of construction services	2,906,176,618	3,893,498,861
Purchases of fixed assets	245,773,390	190,476,190
Purchases of raw materials and supplies	909,758,428	-
Purchases of repairing and processing services	1,044,153,282	3,151,157,054
Purchases of transportation services	8,797,643,790	4,490,951,954
Capital contribution in form of fixed assets	-	6,276,000,000

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

	Transaction value	
	2010 VND	2009 VND
Hoa Sen Phu My One Member Company Limited		
Sales of raw materials and finished goods	604,525,204,113	-
Sales of fixed assets	250,158,302,275	-
Sales of merchandise	194,497,150,054	-
Sales of tools and supplies	34,057,968,755	-
Other sales	9,282,169,944	-
Purchases of raw materials	907,169,850,062	-
Purchases of fixed assets	287,008,377,786	-
Purchases of tools and supplies	25,348,027,157	-
Purchases of finished goods	115,567,200	-
Other purchases	6,681,006,427	-
Purchase returns	(200,136,265)	-
Capital contribution in form of fixed assets	26,511,836,485	-
Capital contribution in form of cash	1,006,629,021	-
Hoa Sen Plastic One Member Company Limited		
Sales of raw materials and finished goods	117,845,372	-
Other sales	35,924,600	-
Purchases of raw materials	6,671,554,387	-
Purchases of merchandise	33,869,942,594	-
Purchase returns	(266,478,771)	-
Capital contribution	5,000,000,000	-

36. Commitments**(a) Capital expenditure**

As at 30 September 2010 the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	30/9/2010 VND	30/9/2009 VND
Approved and contracted	407,313,388,205	322,049,155,252
Approved but not contracted	14,471,313,109	3,285,125,048,197
	421,784,701,314	3,607,174,203,449

Hoa Sen Group Corporation**Notes to the separate financial statements for the year ended 30 September 2010
(continued)****(b) Leases**

The future minimum lease payments under non-cancellable operating leases were:

	30/9/2010 VND	30/9/2009 VND
Within one year	8,638,765,316	6,411,600,986
Within two to five years	23,503,960,302	23,809,576,287
More than five years	123,135,490,313	129,070,565,427
	<hr/>	<hr/>
	155,278,215,931	159,291,742,700

37. Foreign exchange contracts

The Company had the following commitments under foreign exchange contracts to purchase USD and EUR at 30 September 2010 which were recorded as an off balance sheet item:

	30/9/2010 VND	30/9/2009 VND
Forward foreign exchange contract commitments		
▪ USD	235,305,133,574	-
▪ EUR	1,073,680,000	-
	<hr/>	<hr/>
	236,378,813,574	-

38. Production and business costs by element

	2010 VND	2009 VND
Raw material costs included in production costs	3,596,822,623,725	1,771,218,831,492
Labour costs and staff costs	122,210,770,228	78,180,952,141
Depreciation and amortisation	81,524,654,434	62,407,756,896
Outside services	192,014,751,265	121,374,493,976
Other expenses	35,003,387,650	18,007,030,585

Hoa Sen Group Corporation

**Notes to the separate financial statements for the year ended 30 September 2010
(continued)**

39. Corresponding figures

Certain corresponding figures have been reclassified to conform with the current year's presentation as follows:

Balance sheet

	30/9/2010	30/9/2009
	(reclassified)	(as previously
	VND	reported)
		VND
Bonus and welfare fund (current liabilities)	7,151,926,861	-
Bonus and welfare fund (equity)	-	7,151,926,861

Prepared by:



Nguyen Thi Ngoc Lan
Chief Accountant



Approved by:



Le Phuoc Vu
General Director

23 December 2010