



Hoa Phat Group Joint Stock Company

Separate interim financial statements for
the six-month period ended
30 June 2019



Hoa Phat Group Joint Stock Company

Report of the Board of Directors

The Board of Directors of Hoa Phat Group Joint Stock Company (“the Company”) presents this report and the separate interim financial statements of the Company for the six-month period ended 30 June 2019.

The members of the Board of Management and the Board of Directors during the period and at the date of this report are as follows:

Board of Management	Mr. Tran Dinh Long	Chairman
	Mr. Tran Tuan Duong	Vice Chairman
	Mr. Nguyen Manh Tuan	Vice Chairman
	Mr. Doan Gia Cuong	Vice Chairman
	Mr. Nguyen Ngoc Quang	Member
	Mr. Ta Tuan Quang	Member
	Mr. Hoang Quang Viet	Member
	Mr. Nguyen Viet Thang	Member
	Mr. Hans Christian Jacobsen	Member

Board of Directors	Mr. Tran Tuan Duong	General Director
	Mrs. Nguyen Thi Thao Nguyen	Deputy General Director
	Mr. Nguyen Viet Thang	Deputy General Director

Corporate information

The Company was originated from Hoa Phat Steel Joint Stock Company incorporated under the Law on Enterprise of Viet Nam pursuant to the initial Business Registration Certificate No. 0503000008 issued by Hung Yen Department of Planning and Investment on 26 October 2001. In accordance with the 8th amendment of the Business Registration Certificate No. 0503000008 issued by Hung Yen Department of Planning and Investment on 9 January 2007, Hoa Phat Steel Joint Stock Company was transformed into Hoa Phat Group Joint Stock Company.

The Company’s Enterprise Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0900189284 dated 4 July 2019. The Enterprise Registration Certificate was issued by the Hung Yen Department of Planning and Investment.

The registered office of the Company is located in Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam.

Hoa Phat Group Joint Stock Company Report of the Board of Directors (continued)

Operating results and dividends

The Company's unconsolidated net profit for the six-month period ended 30 June 2019 was VND1,994,523 million (six-month period ended 30 June 2018: VND4,576,297 million).

On 29 March 2019, the Company's General Meeting of Shareholders passed the resolution on the distribution of 2018 dividends to the shareholders in the form of shares at the rate of 30% (shareholders will receive 3 additionally-issued shares for every 10 ordinary shares they own). This dividend payment scheme was approved for execution by the Company's Board of Management in the resolution dated 9 May 2019 and executed during the second Quarter of 2019.

Post balance sheet event

There are no significant post balance sheet events that need to be adjusted or disclosed in the separate interim financial statements.

Auditor

The auditor of the Company is KPMG Limited.

Statement of the Board of Directors' responsibility in respect of the separate interim financial statements

The Board of Directors is responsible for the preparation and presentation of the separate interim financial statements which give a true and fair view of the Company's unconsolidated financial position as at 30 June 2019, unconsolidated results of operations and unconsolidated cash flows for the six-month period then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In preparing the separate interim financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate interim financial statements; and
- prepare the separate interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is also responsible for ensuring that proper accounting records are prepared and kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms with the Company's Board of Management and shareholders that they have complied with the above requirements in preparing the separate interim financial statements.



Hoa Phat Group Joint Stock Company
Report of the Board of Directors (continued)

Approval of the separate interim financial statements

We hereby approve the accompanying separate interim financial statements for the six-month period ended 30 June 2019. These financial statements give a true and fair view of the unconsolidated financial position of Hoa Phat Group Joint Stock Company as at 30 June 2019, its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.



On behalf of the Board of Directors

Tran Tuan Duong
General Director

Hung Yen, 28 August 2019



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders and Board of Management Hoa Phat Group Joint Stock Company

We have reviewed the accompanying separate interim financial statements of Hoa Phat Group Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 30 June 2019, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 28 August 2019, as set out on pages 6 to 48.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 Review of interim financial information performed by the independent auditor of the entity.

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





Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Hoa Phat Group Joint Stock Company as at 30 June 2019 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited
Vietnam
Review Report No. 19-02-00206-19-1



Wang Toon Kim
Practicing Auditor Registration
Certificate No.: 0557-2018-007-1
Deputy General Director
Hanoi, 28 August 2019

Doan Thanh Toan
Practicing Auditor Registration
Certificate No.: 3073-2019-007-1

Hoa Phat Group Joint Stock Company
Separate balance sheet as at 30 June 2019

Form B 01a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		2,026,242,867,293	883,016,799,690
Cash and cash equivalents	110	8	1,466,536,355,214	299,197,614,989
Cash	111		15,936,355,214	267,297,614,989
Cash equivalents	112		1,450,600,000,000	31,900,000,000
Accounts receivable – short-term	130		527,879,962,673	546,430,640,742
Accounts receivable from customers	131	9	77,492,100,330	70,798,261,210
Prepayments to suppliers	132		9,590,246,390	4,049,490,139
Loans receivable – short-term	135	10.1	430,750,000,000	470,400,000,000
Other receivables	136	11	10,047,615,953	1,182,889,393
Inventories	140		439,106,757	1,003,971,509
Other current assets	150		31,387,442,649	36,384,572,450
Short-term prepaid expenses	151	16.1	19,939,686,446	24,703,655,577
Deductible value added tax	152		349,456,561	582,646,711
Taxes and others receivable from State Treasury	153	18	11,098,299,642	11,098,270,162

The accompanying notes are an integral part of these separate interim financial statements

Hoa Phat Group Joint Stock Company
Separate balance sheet as at 30 June 2019 (continued)

Form B 01a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		39,598,505,891,493	35,195,468,020,706
Accounts receivable – long-term	210		805,249,000,000	4,099,000,000
Loans receivable – long-term	215	10.2	801,150,000,000	-
Other long-term receivables	216		4,099,000,000	4,099,000,000
Fixed assets	220		96,934,075,330	92,864,513,263
Tangible fixed assets	221	12	57,781,501,822	51,406,081,966
Cost	222		113,843,426,963	105,708,056,943
Accumulated depreciation	223		(56,061,925,141)	(54,301,974,977)
Intangible fixed assets	227	13	39,152,573,508	41,458,431,297
Cost	228		47,659,621,840	47,259,621,840
Accumulated amortisation	229		(8,507,048,332)	(5,801,190,543)
Investment property	230	14	193,931,331,045	201,177,059,811
Cost	231		295,423,374,882	295,423,374,882
Accumulated depreciation	232		(101,492,043,837)	(94,246,315,071)
Long-term work in progress	240		1,789,818,182	-
Construction in progress	242		1,789,818,182	-
Long-term financial investments	250	15	38,416,404,800,000	34,803,904,800,000
Investments in subsidiaries	251		38,415,704,800,000	34,803,204,800,000
Equity investments in other entities	253		700,000,000	700,000,000
Other long-term assets	260		84,196,866,936	93,422,647,632
Long-term prepaid expenses	261	16.2	84,196,866,936	93,422,647,632
TOTAL ASSETS (270 = 100 + 200)	270		41,624,748,758,786	36,078,484,820,396

The accompanying notes are an integral part of these separate interim financial statements

Hoa Phat Group Joint Stock Company
Separate balance sheet as at 30 June 2019 (continued)

Form B 01a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,390,091,813,937	1,624,350,630,791
Current liabilities	310		720,091,813,937	925,350,630,791
Accounts payable to suppliers	311	17	4,093,599,921	7,192,330,039
Taxes and others payable to State Treasury	313	18	4,017,559,377	172,671,015
Payables to employees	314		603,541,539	1,644,736,794
Accrued expenses – short-term	315	19	49,292,887,674	1,423,057,108
Unearned revenue – short-term	318		2,039,673,662	-
Other payables – short-term	319		2,014,153,589	1,805,683,823
Short-term borrowings	320	20.1	-	376,000,000,000
Bonus and welfare fund	322	21	658,030,398,175	537,112,152,012
Long-term liabilities	330		4,670,000,000,000	699,000,000,000
Long-term borrowings	338	20.2	4,670,000,000,000	699,000,000,000
EQUITY (400 = 410)	400		36,234,656,944,849	34,454,134,189,605
Owners' equity	410	22	36,234,656,944,849	34,454,134,189,605
Share capital	411	23	27,610,741,150,000	21,239,071,660,000
- Ordinary shares with voting rights	411a		27,610,741,150,000	21,239,071,660,000
Share premium	412		3,211,560,416,270	3,211,560,416,270
Investment and development fund	418		902,000,000,000	902,000,000,000
Retained profits	421		4,510,355,378,579	9,101,502,113,335
- Retained profits brought forward	421a		2,515,832,623,335	1,808,371,722,636
- Retained profits for current period/year	421b		1,994,522,755,244	7,293,130,390,699
TOTAL RESOURCES (440 = 300 + 400)	440		41,624,748,758,786	36,078,484,820,396

28 August 2019

Prepared by:



Nguyen Thi Thu Trang
General Accountant

Approved by:



Pham Thi Kim Oanh
Chief Accountant



Tran Tuan Duong
General Director

The accompanying notes are an integral part of these separate interim financial statements

Hoa Phat Group Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2019

Form B 02a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Six-month period ended	
			30/6/2019 VND	30/6/2018 VND
Revenue from provision of services	01	26	84,101,667,835	67,244,835,352
Cost of sales	11	27	66,761,609,369	52,197,230,315
Gross profit (20 = 01 - 11)	20		17,340,058,466	15,047,605,037
Financial income	21	28	2,163,622,615,519	4,597,444,025,831
Financial expenses	22	29	154,092,323,566	-
<i>In which: Interest expense</i>	23		126,760,823,566	-
General and administration expenses	26	30	33,249,214,042	31,665,618,853
Net operating profit (30 = 20 + 21 - 22 - 26)	30		1,993,621,136,377	4,580,826,012,015
Other income	31		2,988,552,462	2,611,884,580
Other expenses	32		2,086,933,595	1,554,360,669
Results of other activities (40 = 31 - 32)	40		901,618,867	1,057,523,911
Accounting profit before tax (50 = 30 + 40)	50		1,994,522,755,244	4,581,883,535,926
Income tax expense – current	51	32	-	5,586,049,802
Net profit after tax (60 = 50 - 51)	60		1,994,522,755,244	4,576,297,486,124

28 August 2019

Prepared by:



Nguyen Thi Thu Trang
 General Accountant

Approved by:



Pham Thi Kim Oanh
 Chief Accountant



Tran Tuan Duong
 General Director

The accompanying notes are an integral part of these separate interim financial statements

Hoa Phat Group Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2019
(Indirect method)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Six-month period ended 30/6/2019 VND	30/6/2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		1,994,522,755,244	4,581,883,535,926
Adjustments for				
Depreciation and amortisation	02		14,794,933,499	13,267,471,125
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		15,100,000,000	-
Profits from investing activities	05		(2,163,414,837,999)	(4,597,444,025,831)
Interest expense	06		126,760,823,566	-
Operating loss before changes in working capital	08		(12,236,325,690)	(2,293,018,780)
Change in receivables	09		(12,570,006,591)	(52,161,451,314)
Change in inventories	10		564,864,752	(347,850,440)
Change in payables and other liabilities	11		(570,415,079)	(9,058,354,150)
Change in prepaid expenses	12		6,248,715,363	(969,451,516)
			(18,563,167,245)	(64,830,126,200)
Interest paid	14		(68,606,253,555)	-
Other payments for operating activities	17		(92,815,937,837)	(63,104,659,740)
Net cash flows from operating activities	20		(179,985,358,637)	(127,934,785,940)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(14,196,846,047)	(21,146,369,952)
Proceeds from disposals of fixed assets and other long-term assets	22		404,545,455	-
Payments for granting loans, purchase of debt instruments of other entities	23		(1,759,160,000,000)	(1,018,000,000,000)
Receipts from collecting loans, sales of debt instruments of other entities	24		997,660,000,000	791,400,000,000
Payments for investments in other entities	25		(3,612,500,000,000)	(4,170,000,000,000)
Receipts of interests on term deposits, loans granted and profits from subsidiaries	27		2,105,229,287,974	4,591,039,011,090
Net cash flows from investing activities	30		(2,282,563,012,618)	173,292,641,138

The accompanying notes are an integral part of these separate interim financial statements

Hoa Phat Group Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2019
(Indirect method - continued)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Six-month period ended	
			30/6/2019 VND	30/6/2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued	31		-	11,424,719,202
Proceeds from borrowings	33		3,955,900,000,000	-
Payments to settle loan principals	34		(326,000,000,000)	-
Payments of dividends	36		(12,888,520)	-
Net cash flows from financing activities	40		3,629,887,111,480	11,424,719,202
Net cash flows during the period (50 = 20 + 30 + 40)	50		1,167,338,740,225	56,782,574,400
Cash and cash equivalents at the beginning of the period	60		299,197,614,989	515,263,544,879
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	8	1,466,536,355,214	572,046,119,279

28 August 2019

Prepared by:



Nguyen Thi Thu Trang
General Accountant

Approved by:



Pham Thi Kim Oanh
Chief Accountant



Tran Tuan Duong
General Director

The accompanying notes are an integral part of these separate interim financial statements

Hoa Phat Group Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting entity

1.1 Ownership structure

Hoa Phat Group Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam.

1.2 Principal activities

The principal activities of the Company are office leasing and financial investments.

1.3 Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

1.4 Company structure

As at 30 June 2019, the Company had 11 tier 1 subsidiaries (1/1/2019: 11 tier 1 subsidiaries), as listed in Note 15.

As at 30 June 2019, the Company had 103 employees (1/1/2019: 109 employees).

2. Basis of preparation

2.1 Statement of compliance

These separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting. The Company prepares and issues its consolidated interim financial statements. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate interim financial statements should be read in conjunction with the consolidated interim financial statements.

2.2 Basis of measurement

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

2.3 Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

Hoa Phat Group Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN
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2.4 Accounting currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for separate interim financial statement presentation purpose.

3. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Company in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements.

3.1 Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rates (for assets) and selling rates (for liabilities) at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the separate statement of income.

3.2 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 amounts 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.

3.3 Investments

(a) Investments in subsidiaries

For the purpose of these separate interim financial statements, investments in subsidiaries are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Hoa Phat Group Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(b) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

3.4 Accounts receivable

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

Allowance for doubtful debts is established for amount of outstanding receivables at the end of the accounting period which are overdue more than six months or are doubtful of recovery. Increases and decreases to the allowance for doubtful debts balance are recorded in general and administration expense account in the separate statement of income.

3.5 Tangible fixed assets

(a) 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 for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the separate statement of income in the period in which the cost is 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.

(b) 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	10 years
▪ machinery and equipment	3 – 10 years
▪ motor vehicles	6 – 10 years
▪ office equipment	3 – 7 years

Hoa Phat Group Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN
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3.6 Intangible fixed assets

(a) Land use rights

Land use rights acquired in a legitimate transfer are stated at cost and not amortised as they have infinite useful lives. The initial cost of land use rights comprises purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

(b) Software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 3 to 6 years.

3.7 Investment property held to earn rental

(a) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Directors. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the separate statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property held to earn rental. The estimated useful lives are as follows:

- buildings 20 years

3.8 Long-term prepaid expenses

(a) Office maintenance expenses

Office maintenance expenses include expenses for repair and replacement of work items at the Company's office. These expenses are initially stated at cost and amortised to the separate statement of income over a period of 3 years.

Hoa Phat Group Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN
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(b) Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business. Tools and instruments are labour materials not satisfying requirements pertaining to value and use time prescribed in regulations of fixed assets. Cost of tools and instruments are amortised on a straight-line basis over a maximum period of 3 years.

(c) Advertising expenses

Advertising expenses include the Company's image advertising expenses and marketing expenses. These expenses are initially stated at cost and amortised to the separate statement of income over a period of 3 years.

(d) Borrowing related costs

Borrowing related costs comprise arrangement costs, security costs and agent fee. Borrowing related costs are initially stated at cost and are amortised to the separate statement of income on a straight-line basis over the loan term of 5 years.

3.9 Trade and other payables

Trade and other payables are stated at their cost.

3.10 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.

3.11 Share capital

(a) Ordinary shares

Ordinary shares are recognised at par value. The excess of proceeds from share issuance over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from capital surplus.

(b) Issuance of bonus shares to employees

Under the Company's policies, bonus shares issued for employees from capital surplus are recognised at par value and not recognised as expenses in the separate statements of income.

Hoa Phat Group Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN
*(Issued under Circular No. 200/2014/TT-BTC
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(c) *Withdrawal of bonus shares to employees as treasury shares*

When bonus shares recognised as equity are withdrawn, the par value of these shares is recognised in retained profits under equity. Withdrawn shares are classified as treasury shares under equity. When treasury shares are sold for reissue, subsequently, the cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the reissued shares is presented within capital surplus.

3.12 Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's separate financial position and separate results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

(a) *Financial assets*

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Board of Directors as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- Those that the Company upon initial recognition designates as at fair value through profit or loss;
- Those that the Company designates as available-for-sale; and
- Those that meet the definition of loans and receivables.

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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- That the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- That the Company upon initial recognition designates as available-for-sale; or
- For which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; or
- Loans and receivables.

(b) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Board of Directors as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

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3.13 Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the separate 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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 amounts of assets and liabilities using the tax rates enacted or substantively enacted at end of the accounting period.

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.

3.14 Revenue and other income

(a) Services rendered

Revenue from services rendered is recognised in the separate statement of income in proportion to the stage of completion of the transaction. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(b) Rental income

Rental income from leased property is recognised in the separate statement of income on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised on a time basis with reference to the principal outstanding and the applicable interest rate.

(d) Dividend income

Dividend income is recognised when the rights to receive dividend is established.

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3.15 Operating lease payments

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

3.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

3.17 Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to subsidiaries of the Company.

4. Seasonality of operations

The Company does not have any business segments, the seasonality of which may affect the Company's operating results for the six-month period ended 30 June 2019.

5. Changes in accounting estimates

In preparing these separate annual and interim financial statements, the Board of Directors has made several accounting estimates. Actual results may differ from these estimates. There were not any significant changes in accounting estimates since the latest annual accounting period.

6. Unusual items

The Company does not have any unusual items which may affect the Company's separate interim financial statements for the six-month period ended 30 June 2019.

7. Changes in the composition of the Company

There were no significant changes in the composition of the Company for the six-month period ended 30 June 2019.

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	30/6/2019	1/1/2019
	VND	VND
Cash on hand	723,305,734	459,625,055
Cash in banks	15,213,049,480	266,837,989,934
Cash equivalents	1,450,600,000,000	31,900,000,000
	<hr/>	<hr/>
	1,466,536,355,214	299,197,614,989
	<hr/>	<hr/>

As at 30 June 2019, no cash in banks were pledged with banks as security for loans granted to the Company (1/1/2019: VND231,499 million).

9. Accounts receivable from customers

Accounts receivable from customers detailed by customer with significant balances and related parties:

	30/6/2019	1/1/2019
	VND	VND
Related parties		
<i>Subsidiaries</i>		
Hoa Phat Hai Duong Steel JSC	27,387,084,102	17,089,050,191
Hoa Phat Hung Yen Steel Co., Ltd.	16,587,136,306	5,898,012,984
Hoa Phat Steel Pipe Co., Ltd.	15,420,211,507	20,165,444,109
Other related parties	18,093,289,759	27,641,375,270
Other parties		
Other customers	4,378,656	4,378,656
	<hr/>	<hr/>
	77,492,100,330	70,798,261,210
	<hr/>	<hr/>

The trade related amounts due from related parties were unsecured, interest free and are due in 30 to 60 days from invoice date.

Hoa Phat Group Joint Stock Company**Notes to the separate interim financial statements for the six-month period ended****30 June 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***10. Loans receivable****10.1 Loans receivable – short-term**

	30/6/2019	1/1/2019
	VND	VND
Related parties		
<i>Subsidiaries</i>		
Hoa Phuoc Breeding Co., Ltd.	156,000,000,000	156,000,000,000
Hoa Phat Phu Tho Poultry One Member Co., Ltd.	115,050,000,000	13,200,000,000
Hoa Yen Breeding One Member Co., Ltd.	71,700,000,000	71,700,000,000
Hoa Phat Dong Nai Feeds Co., Ltd.	58,000,000,000	-
Hoa Phat Mechanism Manufacturing Co., Ltd.	30,000,000,000	20,000,000,000
Hoa Phat Hung Yen Feeds Co., Ltd.	-	69,600,000,000
Hoa Phat Hai Duong Steel JSC	-	34,000,000,000
Hoa Phat Furniture JSC	-	21,000,000,000
Hoa Phat Refrigeration Engineering Co., Ltd.	-	20,000,000,000
Hoa Phat Quang Binh Breeding Co., Ltd.	-	19,600,000,000
Hoa Phat Mining and Construction Machinery Manufacturing Co., Ltd.	-	17,800,000,000
Long Viet Construction JSC	-	17,000,000,000
Hoa Phat Urban Development and Construction JSC	-	10,500,000,000
	430,750,000,000	470,400,000,000

These unsecured, flexible loans in VND were provided to the Company's subsidiaries. During the period, these loans had fixed interest rates ranging from 3% to 5% (2018: from 1% to 6%) per annum.

10.2 Loans receivable – long-term

	30/6/2019	1/1/2019
	VND	VND
Related parties		
<i>Subsidiaries</i>		
Hoa Phat Dung Quat Steel JSC	778,100,000,000	-
Hoa Phat Pre-stressed Steel One Member Co., Ltd.	23,050,000,000	-
	801,150,000,000	-

These unsecured, flexible loans in VND with a 3-year term were provided to the Company's subsidiaries. During the period, these loans had fixed interest rates ranging from 8% to 9% per annum (2018: Nil).

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11. Other receivables

	30/6/2019	1/1/2019
	VND	VND
Interests receivable	5,392,712,330	141,342,458
Others	4,654,903,623	1,041,546,935
	<hr/>	<hr/>
	10,047,615,953	1,182,889,393
	<hr/>	<hr/>

Hoa Phat Group Joint Stock Company

Notes to the separate interim financial statements for the six-month period ended 30 June 2019 (continued)

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12. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	24,860,459,741	6,432,481,745	44,620,070,030	29,795,045,427	105,708,056,943
Additions	-	-	9,834,720,000	2,282,846,800	12,117,566,800
Disposals	-	-	(3,934,924,053)	(47,272,727)	(3,982,196,780)
Closing balance	24,860,459,741	6,432,481,745	50,519,865,977	32,030,619,500	113,843,426,963
Accumulated depreciation					
Opening balance	2,386,410,951	3,626,203,222	29,570,927,578	18,718,433,226	54,301,974,977
Charge for the period	1,243,022,988	368,881,872	2,680,160,126	1,450,081,958	5,742,146,944
Disposals	-	-	(3,934,924,053)	(47,272,727)	(3,982,196,780)
Closing balance	3,629,433,939	3,995,085,094	28,316,163,651	20,121,242,457	56,061,925,141
Net book value					
Opening balance	22,474,048,790	2,806,278,523	15,049,142,452	11,076,612,201	51,406,081,966
Closing balance	21,231,025,802	2,437,396,651	22,203,702,326	11,909,377,043	57,781,501,822

As at 30 June 2019, included in tangible fixed assets were assets costing VND24,625 million which were fully depreciated but which are still in active use (1/1/2019: VND27,594 million).

Hoa Phat Group Joint Stock Company**Notes to the separate interim financial statements for the six-month period ended
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	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	28,755,408,500	18,504,213,340	47,259,621,840
Additions	-	400,000,000	400,000,000
Closing balance	28,755,408,500	18,904,213,340	47,659,621,840
Accumulated amortisation			
Opening balance	-	5,801,190,543	5,801,190,543
Charge for the period	-	2,705,857,789	2,705,857,789
Closing balance	-	8,507,048,332	8,507,048,332
Net book value			
Opening balance	28,755,408,500	12,703,022,797	41,458,431,297
Closing balance	28,755,408,500	10,397,165,008	39,152,573,508

Included in intangible fixed assets were assets costing VND2,355 million which were fully amortised as at 30 June 2019 (1/1/2019: VND2,355 million), but which are still in use.

Hoa Phat Group Joint Stock Company**Notes to the separate interim financial statements for the six-month period ended****30 June 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Buildings VND
Cost	
Opening and closing balance	295,423,374,882
Accumulated depreciation	
Opening balance	94,246,315,071
Charge for the period	7,245,728,766
Closing balance	101,492,043,837
Net book value	
Opening balance	201,177,059,811
Closing balance	193,931,331,045

Investment property of the Company represents the office building at 39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi and the office building at 643-645 Dien Bien Phu, Ward 25, Binh Thanh District, Ho Chi Minh City.

At the reporting date, the Company has not determined the fair value of its investment property as there was no active market for such property for reliable determination of the fair value.

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15. Long-term financial investments

	30/6/2019		1/1/2019					
	% of equity owned	% of voting rights	Fair value VND	% of equity owned	% of voting rights	Fair value VND	Cost VND	Fair value VND
Equity investments in:								
▪ Subsidiaries								
- An Thong Mineral Investment JSC	99.96%	99.96%	845,030,800,000	99.96%	99.96%	845,030,800,000	845,030,800,000	845,030,800,000
- Hoa Phat Hai Duong Steel JSC	99.99%	99.99%	3,595,924,000,000	99.99%	99.99%	3,595,924,000,000	3,595,924,000,000	3,595,924,000,000
- Hoa Phat Dung Quat Steel JSC (i)	99.20%	99.20%	24,800,000,000,000	99.20%	99.20%	21,687,500,000,000	21,687,500,000,000	21,687,500,000,000
- Hoa Phat Hung Yen Steel Co., Ltd.	100.00%	100.00%	600,000,000,000	100.00%	100.00%	600,000,000,000	600,000,000,000	600,000,000,000
- Hoa Phat Steel Pipe Co., Ltd.	99.97%	99.97%	1,499,500,000,000	99.97%	99.97%	1,499,500,000,000	1,499,500,000,000	1,499,500,000,000
- Hoa Phat Steel Sheet Co., Ltd. (i)	100.00%	100.00%	2,000,000,000,000	100.00%	100.00%	1,500,000,000,000	1,500,000,000,000	1,500,000,000,000
- Hoa Phat Equipment and Accessories Co., Ltd.	99.86%	99.86%	349,500,000,000	99.86%	99.86%	349,500,000,000	349,500,000,000	349,500,000,000
- Hoa Phat Furniture JSC	99.60%	99.60%	398,400,000,000	99.60%	99.60%	398,400,000,000	398,400,000,000	398,400,000,000
- Hoa Phat Refrigeration Engineering Co., Ltd.	99.67%	99.67%	149,500,000,000	99.67%	99.67%	149,500,000,000	149,500,000,000	149,500,000,000
- Hoa Phat Urban Development and Construction JSC	99.85%	99.85%	1,298,000,000,000	99.85%	99.85%	1,298,000,000,000	1,298,000,000,000	1,298,000,000,000
- Hoa Phat Agriculture Development JSC	99.99%	99.99%	2,879,850,000,000	99.99%	99.99%	2,879,850,000,000	2,879,850,000,000	2,879,850,000,000
			38,415,704,800,000			34,803,204,800,000		34,803,204,800,000
▪ Other entity								
- Bac Ha Noi Urban Development JSC	7%	7.99%	700,000,000	7%	7.99%	700,000,000	700,000,000	700,000,000
			38,416,404,800,000 (*)			34,803,904,800,000 (*)		34,803,904,800,000 (*)

All the subsidiaries and other entities are incorporated in Vietnam.

(i) During the period, the Company contributed an addition in cash into these companies.

(*) The Company has not determined fair values of these investments for disclosure in the separate interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair value of these investments may differ from their carrying amounts.

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16. Prepaid expenses

16.1 Short-term prepaid expenses

	30/6/2019 VND	1/1/2019 VND
Advertising expenses	9,242,674,264	13,656,004,222
Office rental	10,431,259,092	10,357,865,104
Other expenses	265,753,090	689,786,251
	19,939,686,446	24,703,655,577

16.2 Long-term prepaid expenses

	Office maintenance expenses VND	Tools and supplies VND	Advertising expenses VND	Loan related expenses VND	Others VND	Total VND
Opening balance	1,615,231,149	3,430,457,039	4,479,164,027	81,975,918,506	1,921,876,911	93,422,647,632
Additions	753,483,954	-	-	1,353,999,700	56,400,000	2,163,883,654
Amortisation for the period	(484,022,617)	(836,248,095)	(1,138,010,520)	(8,788,415,743)	(142,967,375)	(11,389,664,350)
Closing balance	1,884,692,486	2,594,208,944	3,341,153,507	74,541,502,463	1,835,309,536	84,196,866,936

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17. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by suppliers with significant balances and related parties:

	30/6/2019	1/1/2019
	VND	VND
Related parties		
<i>Subsidiaries</i>		
Hoa Phat Furniture JSC	172,916,277	2,163,000
Other related parties	23,820,000	4,950,000
Other parties		
Lac Viet Media Advertising Printing Co., Ltd.	619,608,000	-
Green Advertisement Trading Services JSC	499,775,430	-
Viettel Group	448,000,000	797,349,574
Dentsu Vietnam Co., Ltd.	-	474,115,950
Other suppliers	2,329,480,214	5,913,751,515
	4,093,599,921	7,192,330,039

The trade related amounts due to related parties were unsecured, interest free and are due in 30 to 60 days from invoice date.

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18. Taxes and others receivable from and payable to State Treasury

	1/1/2019		Movement during the period		30/6/2019	
	Receivable VND	Payable VND	Payable during the period VND	Paid/offset with receivable amount during the period VND	Receivable VND	Payable VND
Value added tax	11,369,174	67,261,665	9,255,584,352	(8,049,464,945)	11,398,654	1,273,410,552
Personal income tax	-	105,409,350	1,460,117,036	(1,415,740,076)	-	149,786,310
Corporate income tax	11,086,900,988	-	-	-	11,086,900,988	-
Foreign contractor tax	-	-	5,703,455,325	(3,109,092,810)	-	2,594,362,515
Land rental	-	-	268,764,577	(268,764,577)	-	-
Other taxes and fees	-	-	6,000,000	(6,000,000)	-	-
	11,098,270,162	172,671,015	16,693,921,290	(12,849,062,408)	11,098,299,642	4,017,559,377

19. Accrued expenses – short-term

	30/6/2019 VND	1/1/2019 VND
Interest expense	49,292,887,674	1,423,057,108

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20. Borrowings

20.1 Short-term borrowings

	1/1/2019 Carrying amount and amount within repayment capacity VND	Movement during the period		30/6/2019 Carrying amount and amount within repayment capacity VND
		Addition VND	Decrease VND	
Short-term borrowings	376,000,000,000	-	(376,000,000,000)	-

Terms and conditions of outstanding short-term borrowings were as follows:

	Currency	Annual interest rate	30/6/2019 VND	1/1/2019 VND
Related parties				
<i>Subsidiaries</i>				
Hoa Phat Hai Duong Steel JSC	VND	0%	-	26,000,000,000
Hoa Phat Hung Yen Steel Co., Ltd.	VND	5%	-	50,000,000,000
Others				
Loan from individual	VND	9.6%	-	300,000,000,000
			-	376,000,000,000

Short-term borrowings are unsecured.

20.2 Long-term borrowings

Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	30/6/2019 VND	1/1/2019 VND
BNP Paribas	USD	LIBOR + 2.05%	2023	4,670,000,000,000	699,000,000,000

This loan has a limit of USD200 million from BNP Paribas Bank– Singapore Branch that acts as the representative of the lenders. The loan is secured over the debt payment account at the account managing bank - BNP Paribas Bank – Hanoi Branch and is guaranteed by 2 subsidiaries of the Company, namely Hoa Phat Hai Duong Steel JSC and Hoa Phat Steel Pipe Co., Ltd.

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21. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by the General Meeting of Shareholders. This fund is used to pay bonus and welfare to the Company's Board of Management, Board of Directors and employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the period were as follows:

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Balance at the beginning of the period	537,112,152,012	490,541,681,776
Appropriation during the period (Note 22)	214,000,000,000	180,700,000,000
Utilisation during the period	(93,081,753,837)	(48,445,721,769)
	<hr/>	<hr/>
Balance at the end of the period	658,030,398,175	622,795,960,007

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22. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1 January 2018	15,170,790,000,000	3,202,198,967,068	(1,693,270,000)	502,000,000,000	8,456,983,382,636	27,330,279,079,704
Net profit for the period	-	-	-	-	4,576,297,486,124	4,576,297,486,124
Appropriation to funds	-	-	-	400,000,000,000	(400,000,000,000)	-
Appropriation to bonus and welfare fund	-	-	-	-	(180,700,000,000)	(180,700,000,000)
Withdrawal of bonus shares to employees as treasury shares	-	-	(370,000,000)	-	370,000,000	-
Reissuance of treasury shares	-	9,361,449,202	2,063,270,000	-	-	11,424,719,202
Balance at 30 June 2018	15,170,790,000,000	3,211,560,416,270	-	902,000,000,000	12,452,950,868,760	31,737,301,285,030
Balance at 1 January 2019	21,239,071,660,000	3,211,560,416,270	-	902,000,000,000	9,101,502,113,335	34,454,134,189,605
Net profit for the period	-	-	-	-	1,994,522,755,244	1,994,522,755,244
Dividend payments in the form of shares (Note 24)	6,371,669,490,000	-	-	-	(6,371,669,490,000)	-
Appropriation to bonus and welfare fund	-	-	-	-	(214,000,000,000)	(214,000,000,000)
Balance at 30 June 2019	27,610,741,150,000	3,211,560,416,270	-	902,000,000,000	4,510,355,378,579	36,234,656,944,849

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23. Share capital

The Company's authorised and issued share capital are:

	30/6/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised share capital	2,761,074,115	27,610,741,150,000	2,123,907,166	21,239,071,660,000
Issued share capital				
Ordinary shares	2,761,074,115	27,610,741,150,000	2,123,907,166	21,239,071,660,000
Shares in circulation				
Ordinary shares	2,761,074,115	27,610,741,150,000	2,123,907,166	21,239,071,660,000

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.

Movements of shares in circulation during the period were as follows:

	Six-month period ended		Six-month period ended	
	30/6/2019		30/6/2018	
	Number of shares	Par value VND	Number of shares	Par value VND
Balance at the beginning of the period	2,123,907,166	21,239,071,660,000	1,516,909,673	15,169,096,730,000
Dividend payments in the form of shares	637,166,949	6,371,669,490,000	-	-
Withdrawal of bonus shares to employees as treasury shares	-	-	(37,000)	(370,000,000)
Reissuance of treasury shares	-	-	206,327	2,063,270,000
Balance at the end of the period	2,761,074,115	27,610,741,150,000	1,517,079,000	15,170,790,000,000

24. Dividends

On 29 March 2019, the Company's General Meeting of Shareholders passed the resolution on the distribution of 2018 dividends to the shareholders in the form of shares at the rate of 30% (shareholders will receive 3 additionally-issued shares for every 10 ordinary shares they own). This dividend payment scheme was approved for execution by the Company's Board of Management in the resolution dated 9 May 2019 and executed during the second quarter of 2019.

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25. Off balance sheet items

25.1 Foreign currencies

	30/6/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,287	26,150,772	10,001,058	231,524,837,010

25.2 Lease

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

	30/6/2019 VND	1/1/2019 VND
Within one year	22,861,626,010	22,861,626,010
Within two to five years	91,446,504,041	91,446,504,041
More than five years	84,609,618,019	121,694,102,489
	<u>198,917,748,070</u>	<u>236,002,232,540</u>

26. Revenue from provision of services

Total revenue represents the gross value of rental income from properties leased and services rendered exclusive of value added tax.

	Six-month period ended	
	30/6/2019 VND	30/6/2018 VND
Total revenue		
▪ Rental income from investment property	13,486,560,000	12,507,570,000
▪ Services	70,615,107,835	54,737,265,352
	<u>84,101,667,835</u>	<u>67,244,835,352</u>

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27. Cost of sales

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Total cost of sales:		
▪ Operating costs of investment property held to earn rental	7,245,728,766	7,245,728,766
▪ Services provided	59,515,880,603	44,951,501,549
	66,761,609,369	52,197,230,315

28. Financial income

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Interest income from deposits and loans	42,486,441,108	22,475,148,673
Profits transferred from subsidiaries	2,120,523,851,436	4,574,968,877,158
Realised foreign exchange gains	612,322,975	-
	2,163,622,615,519	4,597,444,025,831

29. Financial expenses

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Borrowing costs	126,760,823,566	-
Realised foreign exchange losses	12,231,500,000	-
Unrealised foreign exchange losses	15,100,000,000	-
	154,092,323,566	-

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30. General and administration expenses

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Staff costs	9,273,022,315	8,620,190,529
Amortisation of office maintenance expenses, tools and instruments and other long-term prepaid expenses	379,733,034	1,703,762,904
Depreciation and amortisation	6,622,754,311	4,899,548,373
Outside services	10,885,396,859	13,485,637,615
Other general and administration expenses	6,088,307,523	2,956,479,432
	33,249,214,042	31,665,618,853

31. Business costs by element

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Staff costs	9,273,022,315	8,620,190,529
Depreciation and amortisation	14,794,933,499	13,267,471,125
Outside services	70,159,093,404	59,662,152,094
Other expenses	6,088,307,523	2,956,479,432

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32. Income tax

32.1 Current income tax

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Accounting profit before tax	1,994,522,755,244	4,581,883,535,926
Adjustments to increase/(decrease) accounting profit		
Non-deductible expenses	2,200,076,636	2,022,000,092
Profits after tax received from subsidiaries	(2,120,523,851,436)	(4,574,968,877,158)
Current period (tax losses)/taxable profits	(123,801,019,556)	8,936,658,860
Current income tax expense	-	1,787,331,772
Under provision in prior periods	-	3,798,718,030
Total current income tax expense	-	5,586,049,802

32.2 Applicable tax rates

Under the terms of the prevailing Law on Corporate Income, the Company has an obligation to pay the Government income tax at the rate of 20% of taxable profits.

33. Financial instruments

33.1 Financial risk management

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

(b) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Management oversees how the Board of Directors monitor the compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management policies in relation to the risks faced by the Company.

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33.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash placed at banks, receivables and loans granted to subsidiaries.

Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30/6/2019 VND million	1/1/2019 VND million
Cash at banks and cash equivalents	(a)	1,465,813	298,738
Trade and other receivables – short-term and long-term	(b)	91,639	76,080
Loans receivable – short-term and long-term	(c)	1,231,900	470,400
		2,789,352	845,218

(a) Cash at banks and cash equivalents

Cash at banks and cash equivalents of the Company are mainly held with well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

(b) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

No receivables as at 30 June 2019 were past due (1/1/2019: Nil).

Based on historic default rates, the Company's Board of Directors believes that no allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables at the reporting date.

(c) Loans receivable – short-term and long-term

Loans receivable – short-term and long-term represent loans granted to the Company's subsidiaries. The Board of Directors does not foresee any significant credit risks from these loans and does not expect that these subsidiaries default and cause losses to the Company.

33.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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As at reporting date, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million
30/6/2019					
Accounts payable to suppliers and other short-term payables	55,401	55,401	55,401	-	-
Borrowings	4,670,000	5,280,381	216,408	1,276,898	3,787,075
	<u>4,725,401</u>	<u>5,335,782</u>	<u>271,809</u>	<u>1,276,898</u>	<u>3,787,075</u>
1/1/2019					
Accounts payable to suppliers and other short-term payables	10,421	10,421	10,421	-	-
Borrowings	1,075,000	1,202,984	413,964	86,581	702,439
	<u>1,085,421</u>	<u>1,213,405</u>	<u>424,385</u>	<u>86,581</u>	<u>702,439</u>

33.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency risk

The Company is exposed to currency risk on borrowings that are denominated in a currency other than VND, the accounting currency of the Company. The currency in which these transactions primarily are denominated is United States Dollar (USD).

The Company's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

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Exposure to currency risk

At the reporting date, the Company had the following net monetary liability exposed to currency risk:

	30/6/2019	1/1/2019
	USD	USD
Cash and cash equivalents	1,287	10,001,058
Borrowings	(200,000,000)	(30,000,000)
	<hr/>	<hr/>
	(199,998,713)	(19,998,942)
	<hr/>	<hr/>

The followings are the significant exchange rates applied by the Company:

	Exchange rate as at	
	30/6/2019	1/1/2019
Buying exchange rate of USD/VND	23,230	23,150
Selling exchange rate of USD/VND	23,350	23,300
	<hr/>	<hr/>

(b) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	30/6/2019	1/1/2019
	VND million	VND million
Fixed rate financial instruments		
Financial assets	2,682,500	502,300
Financial liabilities	-	(376,000)
	<hr/>	<hr/>
	2,682,500	126,300
	<hr/>	<hr/>
Variable rate financial instruments		
Financial liabilities	(4,670,000)	(699,000)
	<hr/>	<hr/>

A change of 100 basis points in interest rates would have increased or decreased the net profit before tax of the Company by VND23,350 million for the six-month period ended 30 June 2019 (2018: VND6,990 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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The fair values of financial assets and liabilities, together with the carrying amounts shown in the separate balance sheet, are as follows:

	30/6/2019		1/1/2019	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
Categorised as loans and receivables:				
- Cash and cash equivalents	1,466,536	1,466,536	299,198	299,198
- Accounts receivable from customers and other short-term receivables	87,540	87,540	71,981	71,981
- Loans receivable – short-term	430,750	430,750	470,400	470,400
- Loans receivable – long-term and other long-term receivables	805,249	(*)	4,099	(*)
Categorised as available-for-sale:				
- Equity investments in other entities	38,416,405	(*)	34,803,905	(*)
Categorised as liabilities at amortised cost:				
- Accounts payable to suppliers and other short-term payables	(55,401)	(55,401)	(10,421)	(10,421)
- Borrowings	(4,670,000)	(*)	(1,075,000)	(1,049,017)
	36,481,079	(*)	34,564,162	(*)

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(b) Basis for determining fair values

Cash and cash equivalents, trade and other short-term receivables, loans receivable – short-term and short-term non-derivative financial liabilities

The fair value of cash and cash equivalents, trade and other short-term receivables, loans receivable – short-term and short-term non-derivative financial liabilities approximates the carrying value due to the short-term nature of these financial instruments. The fair value of the instruments is determined for disclosure purpose only.

(*) The Company has not determined fair values of these financial instruments for disclosure in the separate interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these financial instruments may differ from their carrying amounts.

34. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the separate financial statements, the Company had the following significant transactions with related parties during the period:

	Transaction value	
	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Subsidiaries		
<i>Hoa Phat Equipment and Accessories Co., Ltd.</i>		
Sales of services	1,231,711,029	1,176,000,000
Capital contribution	-	170,000,000,000
Profits transferred from subsidiary	-	78,607,952,213
<i>Hoa Phat Furniture JSC</i>		
Sales of services	636,010,194	3,143,310,000
Loans granted	60,000,000,000	118,500,000,000
Receipt of loan repayment	81,000,000,000	20,500,000,000
Profits transferred from subsidiary	70,000,000,000	234,130,721,310
<i>Hoa Phat Steel Pipe Co., Ltd.</i>		
Sales of services	16,310,631,663	11,386,724,484
Capital contribution	-	500,000,000,000
Profits transferred from subsidiary	173,978,738,081	984,732,406,574
<i>Hoa Phat Refrigeration Engineering Co., Ltd.</i>		
Sales of services	676,582,875	2,047,587,225
Loans granted	19,000,000,000	10,000,000,000
Receipt of loan repayment	39,000,000,000	16,000,000,000
Profits transferred from subsidiary	-	45,239,903,421

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	Transaction value	
	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
<i>An Thong Mineral and Investment JSC</i>		
Sales of services	1,996,443,517	1,879,200,000
Loans granted	-	18,000,000,000
Receipt of loan repayment	-	18,000,000,000
Profits transferred from subsidiary	20,000,000,000	-
<i>Hoa Phat Hai Duong Steel JSC</i>		
Sales of services	30,928,912,864	18,648,995,151
Receipt of loan repayment	34,000,000,000	-
Repayment of loan principal	26,000,000,000	-
Profits transferred from subsidiary	1,806,545,113,355	2,900,000,000,000
<i>Hoa Phat Hung Yen Steel Co., Ltd.</i>		
Sales of services	14,508,770,598	8,206,707,179
Profits transferred from subsidiary	50,000,000,000	332,257,893,640
Offsetting short-term borrowings against profits transferred from subsidiary	50,000,000,000	-
<i>Golden Gain Vietnam JSC</i>		
Loans granted	-	16,000,000,000
Receipt of loan repayment	-	16,000,000,000
<i>Hoa Phat Urban Development and Construction JSC</i>		
Sales of services	1,345,800,000	2,452,800,000
Loans granted	-	254,000,000,000
Receipt of loan repayment	10,500,000,000	134,000,000,000
<i>Hoa Phat Steel Sheet Co., Ltd.</i>		
Sales of services	3,640,251,940	10,099,141,313
Capital contribution	500,000,000,000	-
<i>Hoa Phat Dung Quat Steel JSC</i>		
Sales of services	6,023,289,461	5,432,400,000
Capital contribution	3,112,500,000,000	3,500,000,000,000
Loans granted	1,381,260,000,000	-
Receipt of loan repayment	603,160,000,000	-
<i>Hoa Phat Agriculture Development JSC</i>		
Sales of services	571,062,500	-
<i>Hoa Phat Trading Co., Ltd.</i>		
Sales of services	847,771,533	798,000,000

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	Transaction value	
	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
<i>Hoa Phat Hung Yen Feeds Co., Ltd.</i>		
Sales of services	734,835,166	697,200,000
Loans granted	-	89,600,000,000
Receipt of loan repayment	69,600,000,000	93,000,000,000
<i>Hoa Phat Dong Nai Feeds Co., Ltd.</i>		
Sales of services	46,147,877	-
Loans granted	82,000,000,000	153,400,000,000
Receipt of loan repayment	24,000,000,000	92,400,000,000
<i>Hoa Phat Quang Binh Breeding Co., Ltd.</i>		
Receipt of loan repayment	19,600,000,000	45,500,000,000
<i>Hoa Phuoc Breeding Co., Ltd.</i>		
Loans granted	-	156,000,000,000
Receipt of loan repayment	-	156,000,000,000
<i>Hoa Yen Breeding One Member Co., Ltd.</i>		
Loans granted	-	145,000,000,000
Receipt of loan repayment	-	145,000,000,000
<i>Lac Thuy Breeding Co., Ltd.</i>		
Loans granted	-	55,000,000,000
Receipt of loan repayment	-	55,000,000,000
<i>Hoa Phat Poultry Co., Ltd.</i>		
Sales of services	351,138,474	-
Loans granted	-	2,500,000,000
<i>Hoa Phat Phu Tho Poultry One Member Co., Ltd.</i>		
Loans granted	101,850,000,000	-
<i>Branch of Hoa Phat Steel Pipe Co., Ltd.</i>		
Sales of services	134,000,640	-
Loans granted	75,000,000,000	-
Receipt of loan repayment	75,000,000,000	-
<i>Hoa Phat Mechanical Manufacturing Co., Ltd.</i>		
Sales of services	1,562,064	-
Loans granted	17,000,000,000	-
Receipt of loan repayment	7,000,000,000	-

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	Transaction value	
	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
<i>Hoa Phat Pre-stressed Steel One Member Co., Ltd.</i>		
Loans granted	23,050,000,000	-
<i>Long Viet Construction JSC</i>		
Sales of services	1,304,611,740	-
Receipt of loan repayment	17,000,000,000	-
<i>Hoa Phat Mining and Construction Machinery Manufacturing Co., Ltd.</i>		
Sales of services	11,646,865	-
Receipt of loan repayment	17,800,000,000	-
Members of Supervisory Board, Board of Directors and Board of Management		
Salary and bonus	1,560,000,000	863,680,000
Allowances	2,724,000,000	2,724,000,000

35. Non-cash investing and financing activities

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Dividend payments in the form of shares	6,371,669,490,000	-
Offsetting short-term borrowings against profits transferred from subsidiary	50,000,000,000	-

