

**VinaCafé Bien Hoa Joint Stock Company  
and its subsidiary**

Consolidated Financial Statements  
for the nine-month period ended  
30 September 2018



## VinaCafé Bien Hoa Joint Stock Company and its subsidiary Corporate Information

### Business Registration Certificate No.

3600261626

29 December 2004

The Company's business registration certificate has been amended several times, the most recent of which is dated 5 May 2016. The business registration certificate and its amendments were issued by the Planning and Investment Department of Dong Nai Province.

### Board of Directors

Pham Quang Vu	Chairman
Nguyen Hoang Yen	Member
Truong Cong Thang	Member
Pham Dinh Toai	Member
Pham Hong Son	Member
Nguyen Nam Hai	Member

### Board of Management

Nguyen Tan Ky	Chief Executive Officer
Nguyen Thanh Tung	Deputy Chief Executive Officer
Doan Quoc Hung	Deputy Chief Executive Officer

### Registered Office

Bien Hoa Industrial Zone 1  
An Binh Ward  
Bien Hoa City  
Dong Nai Province  
Vietnam

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 September 2018**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>1,336,392,820,194</b>	<b>2,829,757,572,782</b>
<b>Cash and cash equivalents</b>	<b>110</b>	4	<b>534,238,969,333</b>	<b>2,495,714,686,629</b>
Cash	111		7,238,969,333	11,814,686,629
Cash equivalents	112		527,000,000,000	2,483,900,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>100,000,000,000</b>	-
Held-to-maturity investments	123	5	100,000,000,000	-
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>474,228,352,897</b>	<b>43,705,236,791</b>
Accounts receivable from customers	131		461,887,024,830	36,981,549,864
Prepayments to suppliers	132		4,627,983,614	751,791,204
Other short-term receivables	136	6(a)	7,713,344,453	5,971,895,723
<b>Inventories</b>	<b>140</b>	7	<b>218,036,768,345</b>	<b>276,210,369,895</b>
Inventories	141		218,987,195,241	278,109,725,782
Allowance for inventories	149		(950,426,896)	(1,899,355,887)
<b>Other current assets</b>	<b>150</b>		<b>9,888,729,619</b>	<b>14,127,279,467</b>
Short-term prepaid expenses	151		1,161,392,865	3,907,334,338
Deductible value added tax	152		8,727,336,754	8,750,729,417
Taxes receivable from State Treasury	153		-	1,469,215,712

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 September 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND	1/1/2018 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 260)	<b>200</b>		<b>662,928,484,595</b>	<b>753,585,571,436</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,000,000</b>	<b>199,160,000</b>
Other long-term receivables	216	6(b)	5,000,000	199,160,000
<b>Fixed assets</b>	<b>220</b>		<b>612,263,471,164</b>	<b>666,554,636,023</b>
Tangible fixed assets	221	8	611,459,177,919	665,582,559,639
<i>Cost</i>	222		1,077,547,336,352	1,070,794,281,378
<i>Accumulated depreciation</i>	223		(466,088,158,433)	(405,211,721,739)
Intangible fixed assets	227	9	804,293,245	972,076,384
<i>Cost</i>	228		2,180,358,879	2,180,358,879
<i>Accumulated amortisation</i>	229		(1,376,065,634)	(1,208,282,495)
<b>Long-term work in progress</b>	<b>240</b>		<b>3,863,239,732</b>	<b>8,261,322,378</b>
Construction in progress	242	10	3,863,239,732	8,261,322,378
<b>Other long-term assets</b>	<b>260</b>		<b>46,796,773,699</b>	<b>78,570,453,035</b>
Long-term prepaid expenses	261	11	23,675,488,540	24,054,252,687
Deferred tax assets	262		2,286,269,780	31,642,976,938
Goodwill	269	12	20,835,015,379	22,873,223,410
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>1,999,321,304,789</b>	<b>3,583,343,144,218</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 September 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>804,828,191,649</b>	<b>2,818,126,415,213</b>
<b>Current liabilities</b>	<b>310</b>		<b>799,757,869,975</b>	<b>2,812,041,458,744</b>
Accounts payable to suppliers	311		261,372,891,050	392,142,293,178
Advances from customers	312		6,669,984,725	17,118,507,057
Taxes payable to State Treasury	313	13	40,953,299,185	26,640,938,561
Payables to employees	314		4,108,668,301	-
Accrued expenses	315	14	27,574,478,633	191,663,284,616
Other short-term payables	319	15(a)	5,738,823,560	1,756,282,893,506
Short-term borrowings	320	16	432,307,827,063	407,161,644,368
Bonus and welfare funds	322	17	21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,070,321,674</b>	<b>6,084,956,469</b>
Other long-term payables	337	15(b)	279,449,963	1,011,020,719
Provisions – long-term	342		4,790,871,711	5,073,935,750
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,194,493,113,140</b>	<b>765,216,729,005</b>
<b>Owners' equity</b>	<b>410</b>	<b>18</b>	<b>1,194,493,113,140</b>	<b>765,216,729,005</b>
Share capital	411	19	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412	19	29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		692,197,041,513	260,832,034,286
- Undistributed profits after tax brought forward	421a		260,832,034,286	-
- Undistributed profit after tax for the current period	421b		431,365,007,227	260,832,034,286
Non-controlling interests	429		(6,980,369,288)	(4,891,746,196)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>1,999,321,304,789</b>	<b>3,583,343,144,218</b>

29 October 2018

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of income for the nine-month period ended 30 September 2018**

**Form B 02a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Quarter III		Year to date	
			2018 VND	2017 VND	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	21	805,482,103,183	794,670,847,006	2,286,820,163,691	2,116,248,295,605
Revenue deductions	02	21	3,354,964,323	12,960,548,137	19,064,846,199	63,943,197,916
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>21</b>	<b>802,127,138,860</b>	<b>781,710,298,869</b>	<b>2,267,755,317,492</b>	<b>2,052,305,097,689</b>
Cost of sales	11	22	620,656,315,682	479,410,514,003	1,707,622,853,988	1,288,396,754,935
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>181,470,823,178</b>	<b>302,299,784,866</b>	<b>560,132,463,504</b>	<b>763,908,342,754</b>
Financial income	21	23	7,304,889,274	23,079,165,311	26,543,424,638	62,635,256,303
Financial expenses	22	24	4,934,482,402	3,036,506,710	12,707,917,253	7,520,260,229
<i>In which: Interest expense</i>	23		<i>4,759,437,590</i>	<i>2,990,264,855</i>	<i>12,487,116,280</i>	<i>6,817,627,775</i>
Selling expenses	25		11,314,696,591	136,406,218,061	25,717,025,920	535,518,564,062
General and administration expenses	26		8,350,555,342	29,796,111,665	25,961,011,115	91,518,580,595
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>164,175,978,117</b>	<b>156,140,113,741</b>	<b>522,289,933,854</b>	<b>191,986,194,171</b>
Other income	31		33,182,500	3,981,490	44,141,824	354,038,785
Other expenses	32		134	822,293	608,902,741	18,251,436
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>33,182,366</b>	<b>3,159,197</b>	<b>(564,760,917)</b>	<b>335,787,349</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>164,209,160,483</b>	<b>156,143,272,938</b>	<b>521,725,172,937</b>	<b>192,321,981,520</b>
Income tax expense – current	51		26,060,847,960	28,758,899,280	63,092,081,645	38,017,485,382
Income tax expense (benefit) – deferred	52		2,916,022,887	656,584,126	29,356,707,157	(3,033,983,303)
<b>Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)</b>	<b>60</b>		<b>135,232,289,636</b>	<b>126,727,789,532</b>	<b>429,276,384,135</b>	<b>157,338,479,441</b>

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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of income for the nine-month period ended 30 September 2018**  
**(continued)**

**Form B 02a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Quarter III		Year to date	
			2018 VND	2017 VND	2018 VND	2017 VND
<b>Net profit after tax</b> <b>(brought forward from</b> <b>previous page)</b>	60		135,232,289,636	126,727,789,532	429,276,384,135	157,338,479,441
<b>Attributable to:</b>						
Equity holders of the Company	61		136,030,285,487	127,916,677,223	431,365,007,227	159,822,935,284
Non-controlling interests	62		(797,995,851)	(1,188,887,691)	(2,088,623,092)	(2,484,455,843)
<b>Earnings per share</b>						
Basic earnings per share	70	25	5,118	4,813	16,229	6,013

29 October 2018

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the nine-month period ended 30 September 2018**  
**(Indirect method)**

**Form B 03a – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	For the nine-month period ended	
		30/9/2018 VND	30/9/2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>521,725,172,937</b>	<b>192,321,981,520</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	63,082,427,864	60,273,171,921
Allowances and provisions	03	3,101,278,535	6,711,420,364
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(10,271,636)	(36,036,391)
Profit from investing activities	05	(25,795,013,932)	(62,138,105,973)
Interest expense	06	12,487,116,280	6,817,627,775
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>574,590,710,048</b>	<b>203,950,059,216</b>
Change in receivables and other current assets	09	(426,579,233,654)	28,818,728,187
Change in inventories	10	54,789,258,976	(142,716,339,048)
Change in payables and other liabilities	11	(288,515,213,071)	(110,226,359,063)
Change in prepaid expenses	12	7,805,856,030	(4,175,267,476)
		<b>(77,908,621,671)</b>	<b>(24,349,178,184)</b>
Interest paid	14	(12,945,720,405)	(7,087,779,693)
Corporate income tax paid	15	(58,600,855,463)	(40,851,983,283)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(149,455,197,539)</b>	<b>(72,288,941,160)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(8,115,168,756)	(13,760,383,215)
Proceeds from disposals of fixed assets	22	33,090,909	225,017,682
Placement of term deposits at banks and payment for other investments	23	(100,000,000,000)	(2,078,000,000,000)
Withdrawal of term deposits at banks	24	-	1,546,000,000,000
Receipts of interests	27	23,504,808,946	56,361,516,133
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(84,577,268,901)</b>	<b>(489,173,849,400)</b>

*The accompanying notes are an integral part of these consolidated financial statements*



**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the nine-month period ended 30 September 2018**  
**(Indirect method - continued)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	For the nine-month period ended	
		30/9/2018 VND	30/9/2017 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	1,141,679,239,716	861,572,129,118
Payments to settle loan principals	34	(1,116,533,057,021)	(832,076,707,425)
Payments of dividend to owners	36	(1,752,597,119,200)	-
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(1,727,450,936,505)</b>	<b>29,495,421,693</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(1,961,483,402,945)</b>	<b>(531,967,368,867)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>2,495,714,686,629</b>	<b>1,614,295,701,893</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>7,685,649</b>	<b>42,264,175</b>
<b>Cash and cash equivalents at the end of period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>534,238,969,333</b>	<b>1,082,370,597,201</b>

29 October 2018

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:




Phan Thi Thuy Hoa  
Chief Accountant

Nguyen Tan Ky  
Chief Executive Officer

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended**  
**30 September 2018**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/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 these accompanying consolidated financial statements.

**1. Reporting entity**

**(a) Ownership structure**

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for nine-month period ended 30 September 2018 comprise the Company and its subsidiary (collectively referred to as “the Group”).

**(b) Principal activities**

The principal activities of the Company are to manufacture and sell various kinds of coffees, instant cereals and non-alcoholic drinks in the domestic and overseas markets.

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 30 September 2018, the Group has 1 subsidiary (1/1/2018: 1 subsidiary), the detail information of the subsidiary are described as follows:

<b>Name</b>	<b>Principal activities</b>	<b>Address</b>	<b>Percentage of economic interests and voting rights</b>	
			<b>30/9/2018</b>	<b>1/1/2018</b>
CDN Production Trading Corporation	Beverage manufacturing and trading	C I.III – 3+5+7, Long Thanh Industrial Zones, Tam An, Long Thanh, Dong Nai, Vietnam	85%	85%

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As at 30 September 2018, the Group had 327 employees (1/1/2018: 346 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
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**2. Basis of preparation**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

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

**(c) Annual accounting period**

The annual accounting period of the Group is from 1 January to 31 December. These interim financial statements are prepared for the nine-month period ended 30 September 2018.

**(d) Accounting and presentation currency**

The Group's accounting currency is Vietnam Dong ("VND") which is also the currency used for financial statements presentation purpose.

**(e) Corresponding figures**

The corresponding figures as at 1 January 2018 were brought forward from the audited figures as at 31 December 2017.

**3. Summary of significant accounting policies**

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

**(a) Basis of consolidation**

**(i) Subsidiary**

Subsidiary is an entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(ii) Non-controlling interests**

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
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**(iii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(iv) Business combination**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

**(b) Foreign currency transactions**

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Company or its subsidiary most frequently conduct transactions.

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

**(c) 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.

**(d) Investments**

***Held-to-maturity investments***

Held-to-maturity investments are those that the Boards of Management of the Company and its subsidiary have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and other investment. These investments are stated at cost less allowance for doubtful debts.

**(e) Accounts receivables from customers and other receivables**

Account receivables from customers and other receivables are stated at cost less allowance for doubtful debts.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
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**(f) 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 Group applies the perpetual method of accounting for inventories.

**(g) 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 for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the consolidated 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.

**(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 and structures	5 – 25 years
▪ machinery and equipment	3 – 20 years
▪ office equipment	3 – 7 years
▪ motor vehicles	5 – 10 years

**(h) Intangible fixed assets**

**(i) Software**

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

**(ii) Brand name**

Cost of acquiring brand name is capitalised and treated as an intangible asset and is amortised on a straight-line basis over 8 years.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
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**(i) Construction in progress**

Construction in progress represents the costs 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.

**(j) Long-term prepaid expenses**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the remaining term of the lease of 43 years.

**(ii) Tools and supplies**

Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(k) Goodwill**

Goodwill arising on the acquisition of a subsidiary is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

**(l) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their costs.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group 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.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the nine-month period prior to the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

**(n) Share capital and share premium**

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

**(o) Taxation**

Income tax on the consolidated profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated 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 amount of assets and liabilities using tax rates enacted or substantively enacted at the end of 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.

**(p) Revenue**

**(i) Sales of goods**

Revenue from sales of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue from sales of goods is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Rental income**

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**(q) Financial income and financial expenses**

**(i) Financial income**

Financial income comprises interest income from deposits at banks, foreign exchange gains and interest income from other financial investments.

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

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings and foreign exchange losses.

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 assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

**(r) Operating lease payments**

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

**(s) Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the consolidated 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 consolidated profit or loss attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

The consolidated profit or loss attributable to the ordinary shareholders of Company is determined after deducting any amounts appropriated to bonus and welfare funds for the accounting period.

**(t) Related parties**

Parties are considered to be related to the Group 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 Group 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.

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



**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**4. Cash and cash equivalents**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	18,769,599	106,401,725
Cash at banks	7,220,199,734	11,708,284,904
Cash equivalents	527,000,000,000	2,483,900,000,000
	<hr/>	<hr/>
	534,238,969,333	2,495,714,686,629
	<hr/>	<hr/>

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

**5. Held-to-maturity investments – short term**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments – short term	100,000,000,000	-
	<hr/>	<hr/>

Held-to-maturity investments – short-term represented other financial investment with remaining terms to maturity of twelve months or less from the accounting period.

**6. Other receivables**

**(a) Other short-term receivables**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable	6,591,397,410	4,334,283,333
Short-term deposits	822,000,000	1,132,677,200
Other receivables	299,947,043	504,935,190
	<hr/>	<hr/>
	7,713,344,453	5,971,895,723
	<hr/>	<hr/>

**(b) Other long-term receivables**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	5,000,000	199,160,000
	<hr/>	<hr/>

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**7. Inventories**

	<b>30/9/2018</b>		<b>1/1/2018</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	-	-	21,040,427,795	-
Raw materials	143,179,720,392	(950,426,896)	155,070,062,658	(128,614,804)
Tools and supplies	6,816,666,343	-	7,819,180,031	-
Finished goods	67,895,840,505	-	91,653,447,622	(1,770,408,875)
Merchandise inventories	1,094,968,001	-	2,526,607,676	(332,208)
	<b>218,987,195,241</b>	<b>(950,426,896)</b>	<b>278,109,725,782</b>	<b>(1,899,355,887)</b>

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

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	1,899,355,887	2,889,903,268
Increase in allowance during	3,384,342,574	6,746,376,412
Allowance utilised during the period	(4,333,271,565)	(9,349,349,952)
Written back	-	(34,956,048)
Closing balance	<b>950,426,896</b>	<b>251,973,680</b>

Included in inventories at 30 September 2018 was VND950 million (1/1/2018: VND1,899 million) of slow- moving inventories.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**

**Notes to the consolidated financial statements for the nine-month period ended 30 September 2018 (continued)**

**Form B 09a – DN/HN**  
(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

**8. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	203,621,464,636	859,281,736,596	3,405,124,475	4,485,955,671	1,070,794,281,378
Transfer from construction in progress	-	6,384,254,974	368,800,000	-	6,753,054,974
Closing balance	203,621,464,636	865,665,991,570	3,773,924,475	4,485,955,671	1,077,547,336,352
<b>Accumulated depreciation</b>					
Opening balance	52,113,103,886	346,922,647,185	2,897,034,083	3,278,936,585	405,211,721,739
Charge for the period	8,343,106,101	52,086,578,996	127,048,838	319,702,759	60,876,436,694
Closing balance	60,456,209,987	399,009,226,181	3,024,082,921	3,598,639,344	466,088,158,433
<b>Net book value</b>					
Opening balance	151,508,360,750	512,359,089,411	508,090,392	1,207,019,086	665,582,559,639
Closing balance	143,165,254,649	466,656,765,389	749,841,554	887,316,327	611,459,177,919

Included in the cost of tangible fixed assets were assets costing VND163,668 million which were fully depreciated as of 30 September 2018 (1 January 2018: VND162,481 million), but are still in active use.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**9. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,012,406,973	195,875,522	1,208,282,495
Charge for the period	74,999,997	92,783,142	167,783,139
Closing balance	1,087,406,970	288,658,664	1,376,065,634
<b>Net book value</b>			
Opening balance	291,666,667	680,409,717	972,076,384
Closing balance	216,666,670	587,626,575	804,293,245

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 September 2018 (1 January 2018: VND1,004 million), but are still in active use.

**10. Construction in progress**

<b>For the nine-month period ended</b>	<b>30/9/2018 VND</b>
Opening balance	8,261,322,378
Additions during the period	7,036,122,738
Transfer to tangible fixed assets	(6,753,054,974)
Transfer to long-term prepaid expenses	(4,681,150,410)
Closing balance	3,863,239,732

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**11. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,903,157,509	9,151,095,178	24,054,252,687
Additions during the period	-	611,841,888	611,841,888
Transfer from construction in progress	-	4,681,150,410	4,681,150,410
Amortisation for the period	(302,091,030)	(5,369,665,415)	(5,671,756,445)
Closing balance	14,601,066,479	9,074,422,061	23,675,488,540

**12. Goodwill**

<b>For the nine-month period ended</b>	<b>30/9/2018 VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
<b>Accumulated amortisation</b>	
Opening balance	4,302,883,621
Charge for the period	2,038,208,031
Closing balance	6,341,091,652
<b>Net book value</b>	
Opening balance	22,873,223,410
Closing balance	20,835,015,379

**13. Taxes payable to State Treasury**

	<b>30/9/2018 VND</b>	<b>1/1/2018 VND</b>
Corporate income tax	31,004,267,027	26,513,040,845
Value added tax	9,792,383,899	-
Personal income tax	156,648,259	127,897,716
	40,953,299,185	26,640,938,561

VinaCafé Bien Hoa Joint Stock Company and its subsidiary  
Notes to the consolidated financial statements for the nine-month period ended 30  
September 2018 (continued)

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**14. Accrued expenses**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	-	131,957,794,807
Bonus and 13 <sup>th</sup> month salary	6,426,889,938	8,167,950,513
Market research expenses	-	4,318,011,343
Purchases not yet received invoices	10,011,977,681	1,211,168,861
Sales discounts	-	20,875,377,191
Construction in progress	725,618,182	1,804,664,200
Accrued interest expenses	967,697,841	1,426,301,966
Logistics expenses	-	15,199,962,019
Others	9,442,294,991	6,702,053,716
	<hr/>	<hr/>
	27,574,478,633	191,663,284,616
	<hr/>	<hr/>

**15. Other payables**

**(a) Other short-term payables**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Dividend payables	1,652,178,000	1,754,222,910,000
Short-term deposits received	1,383,182,626	1,093,187,218
Social insurance, health insurance, unemployment insurance and trade union fees	216,815,651	222,848,390
Others	2,486,647,283	743,947,898
	<hr/>	<hr/>
	5,738,823,560	1,756,282,893,506
	<hr/>	<hr/>

**(b) Other long-term payables**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	279,449,963	1,011,020,719
	<hr/>	<hr/>

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**16. Short term borrowings**

	30/9/2018		1/1/2018	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	432,307,827,063	432,307,827,063	407,161,644,368	407,161,644,368

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

	Currency	Annual interest rate	30/9/2018	1/1/2018
			VND	VND
Unsecured bank loan	VND	4.7% – 5.2%	432,307,827,063	407,161,644,368

**17. Bonus and welfare funds**

These funds are established by appropriating from profit after tax as approved by shareholders at the Annual General Meeting of Shareholders of the Company. These funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the period were as follows:

	For the nine-month period ended	
	30/9/2018 VND	30/9/2017 VND
Opening and closing balances	21,031,897,458	21,031,897,458

There was no bonus and welfare funds appropriated from profit after tax at the Annual General Meetings of the Company's shareholders on 10 April 2018 and 15 April 2017.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**

**Notes to the consolidated financial statements for the nine-month period 30 September 2018 (continued)**

**Form B 09a – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**18. Changes in owners' equity**

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests VND	Total owners' equity VND
<b>Balance at 1 January 2017</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>1,642,561,068,149</b>	<b>(1,740,706,214)</b>	<b>2,150,096,802,850</b>
Net profit for the period	-	-	-	159,822,935,284	(2,484,455,843)	157,338,479,441
<b>Balance at 30 September 2017</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>1,802,384,003,433</b>	<b>(4,225,162,057)</b>	<b>2,307,435,282,291</b>
<b>Balance at 1 January 2018</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>260,832,034,286</b>	<b>(4,891,746,196)</b>	<b>765,216,729,005</b>
Net profit for the period	-	-	-	431,365,007,227	(2,088,623,092)	429,276,384,135
<b>Balance at 30 September 2018</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>692,197,041,513</b>	<b>(6,980,369,288)</b>	<b>1,194,493,113,140</b>

Investment and development fund was appropriated from undistributed profits after tax in accordance with the resolution of Annual General Meeting of Shareholders. This fund was established for the purpose of future business expansion.



**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**19. Share capital and share premium**

The Company's authorised and issued share capitals are:

	30/9/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>	-	29,974,241,968	-	29,974,241,968

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.

There were no movements in share capital during the period.

**20. Off balance sheet items**

**Foreign currency**

	30/9/2018		1/1/2018	
	Original currency	VND Equivalent	Original currency	VND equivalent
USD	3,570	83,147,862	56,025	1,269,529,446

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**21. Revenue from sales of goods**

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

Net revenue comprised:

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Total revenue	2,286,820,163,691	2,116,248,295,605
Less revenue deductions		
▪ Sales discounts	2,280,157,248	24,159,357,471
▪ Sales returns	16,784,688,951	39,783,840,445
	<hr/>	<hr/>
	19,064,846,199	63,943,197,916
Net revenue	<hr/> <hr/>	<hr/> <hr/>
	2,267,755,317,492	2,052,305,097,689

**22. Cost of sales**

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	1,704,238,511,414	1,281,685,334,571
▪ Allowance for inventories	3,384,342,574	6,711,420,364
	<hr/>	<hr/>
	1,707,622,853,988	1,288,396,754,935

**23. Financial income**

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks and other investment	25,761,923,023	62,040,899,466
Foreign exchange gains	702,344,241	594,356,837
Others	79,157,374	-
	<hr/>	<hr/>
	26,543,424,638	62,635,256,303

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**24. Financial expenses**

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Interest expenses	12,487,116,280	6,817,627,775
Foreign exchange losses	220,800,973	702,632,454
	12,707,917,253	7,520,260,229

**25. Basic earnings per share**

The calculation of basic earnings per share for the nine-month period ended 30 September 2018 was based on the consolidated profit attributable to ordinary shareholders of the Company, after deducting the amounts appropriated to bonus and welfare fund, and a weighted average number of ordinary shares outstanding calculated as follows:

*(i) Net profit attributable to ordinary shareholders*

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders	431,365,007,227	159,822,935,284

*(ii) Weighted average number of ordinary shares*

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

*(iii) Basic earnings per share*

	<b>For the nine-month period ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	16,229	6,013

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**26. Significant transactions with related parties**

During the period and as at the period end, the Group has the following significant transactions and balances with its related parties:

	Transaction value		Receivables/(payables)	
	For the nine-month period ended 30/9/2018 VND	30/9/2017 VND	as at 30/9/2018 VND	1/1/2018 VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	43,417,033,878	31,978,588,796	-	(3,870,083,455)
Sales of goods	1,900,991,724,741	515,518,338	451,270,937,048	-
Management service charge	-	117,784,133,558	-	(87,828,531,406)
<b>The parent company</b>				
<b>Masan Beverage Company Limited</b>				
Dividends declared	-	-	-	(1,200,921,084,000)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	156,852,523	367,439,960	6,999,300	6,999,300
Purchases of goods	261,868,574	224,160,115	(144,787,933)	(160,505,736)
Purchase of service	14,691,713,220	9,627,563,667	(12,040,011,655)	(7,850,547,520)
Management service charge	1,080,000,000	1,613,245,311	(1,080,000,000)	(2,366,093,123)
Purchases of fixed assets	-	118,094,403	-	-
Sales of fixed assets	-	83,124,995	-	91,437,495
<b>Quang Hanh Mineral Water Corporation</b>				
Sales of goods	745,229,922	-	-	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	25,506,000	1,194,436,740	-	-
Sales of service	10,965,500	-	-	834,643,095
Purchases of goods	126,159,696,376	109,762,958,919	(77,259,270,984)	(22,218,429,105)
Purchase of service	67,537,568,304	63,311,582,592	(18,493,727,736)	(18,016,844,285)
<b>Key management personnel</b>				
Remunerations	3,580,261,904	1,116,066,307	-	-

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**27. Explanation for fluctuation in net profit after tax**

The Group's net profit after tax for quarter 3 of 2018 increased by VND8.5 billion, equivalent to 7% when comparing with the same period in previous year. This is mainly due to:

- Net revenue lightly increased by 3% and selling activities expenses significantly decreased by 92% when comparing with the same period in previous year, respectively, as a result of the transformation of business model from “sales driven” to “brands building” and centralisation of the sale and distribution of the Company to sell through Masan Consumer Corporation (the parent of parent company);
- Decreased net financial activities by VND17.8 billion, equivalent to 88% as compared to the same period last year, primarily from lower cash balance as a result of dividend pay-out.

29 October 2018

Prepared by:



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Approved by:



Phan Thi Thuy Hoa  
*Chief Accountant*



Nguyen Tan Ky  
*Chief Executive Officer*