

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

Consolidated Financial Statements  
for the nine-month period ended  
30 September 2017



**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 (from 24 August 2017)
Pham Dinh Toai	Member
Pham Hong Son	Member
Le Trung Thanh	Member (untill 24 August 2017)
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 2017**

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

	Code	Note	30/9/2017 VND	1/1/2017 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>2,446,453,636,195</b>	<b>2,323,304,183,347</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>1,082,370,597,201</b>	<b>1,614,295,701,893</b>
Cash	111		8,970,597,201	5,195,701,893
Cash equivalents	112		1,073,400,000,000	1,609,100,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>977,000,000,000</b>	<b>445,000,000,000</b>
Held-to-maturity investments	123	5	977,000,000,000	445,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>33,792,202,784</b>	<b>57,038,432,612</b>
Accounts receivable from customers	131		16,943,544,217	47,312,797,128
Prepayments to suppliers	132		3,798,462,331	4,061,378,970
Other short-term receivables	136	6(a)	13,050,196,236	6,464,871,199
Allowance for doubtful debts	137		-	(800,614,685)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>328,962,975,509</b>	<b>192,958,056,825</b>
Inventories	141		329,214,949,189	195,847,960,093
Allowance for inventories	149		(251,973,680)	(2,889,903,268)
<b>Other current assets</b>	<b>150</b>		<b>24,327,860,701</b>	<b>14,011,992,017</b>
Short-term prepaid expenses	151		15,590,538,815	5,886,117,913
Deductible value added tax	152		8,737,321,886	8,125,874,104

*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 2017 (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	30/9/2017 VND	1/1/2017 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 260)	<b>200</b>		<b>768,582,285,186</b>	<b>816,955,643,678</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>199,160,000</b>	<b>787,337,200</b>
Other long-term receivables	216	6(b)	199,160,000	787,337,200
<b>Fixed assets</b>	<b>220</b>		<b>610,846,751,116</b>	<b>666,253,545,393</b>
Tangible fixed assets	221	8	610,135,413,685	665,449,424,820
<i>Cost</i>	222		996,029,277,241	996,849,362,350
<i>Accumulated depreciation</i>	223		(385,893,863,556)	(331,399,937,530)
Intangible fixed assets	227	9	711,337,431	804,120,573
<i>Cost</i>	228		1,880,358,879	1,880,358,879
<i>Accumulated amortisation</i>	229		(1,169,021,448)	(1,076,238,306)
<b>Long-term work in progress</b>	<b>240</b>		<b>78,009,529,815</b>	<b>69,877,443,965</b>
Construction in progress	242	10	78,009,529,815	69,877,443,965
<b>Other long-term assets</b>	<b>260</b>		<b>79,526,844,255</b>	<b>80,037,317,120</b>
Long-term prepaid expenses	261	11	23,964,459,248	25,470,707,385
Deferred tax assets	262		32,009,758,920	28,975,775,617
Goodwill	269	12	23,552,626,087	25,590,834,118
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>3,215,035,921,381</b>	<b>3,140,259,827,025</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 2017 (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	30/9/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>907,600,639,090</b>	<b>990,163,024,175</b>
<b>Current liabilities</b>	<b>310</b>		<b>906,405,258,369</b>	<b>988,304,815,498</b>
Accounts payable to suppliers	311		233,034,000,102	342,122,116,780
Advances from customers	312		22,851,801,727	6,600,908,908
Taxes payable to State Treasury	313	13	47,061,560,863	69,121,472,935
Employees payables	314		3,597,225,221	-
Accrued expenses	315	14	204,144,629,226	206,835,685,717
Other short-term payables	319	15(a)	4,808,797,636	2,212,809,257
Short-term borrowings	320	16	369,875,346,136	340,379,924,443
Bonus and welfare funds	322	17	21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>1,195,380,721</b>	<b>1,858,208,677</b>
Other long-term payables	337	15(b)	1,195,380,721	1,858,208,677
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>2,307,435,282,291</b>	<b>2,150,096,802,850</b>
<b>Owners' equity</b>	<b>410</b>	<b>18</b>	<b>2,307,435,282,291</b>	<b>2,150,096,802,850</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		1,802,384,003,433	1,642,561,068,149
- Undistributed profits after tax brought forward	421a		1,642,561,068,149	1,259,419,681,720
- Undistributed profit after tax for the current period	421b		159,822,935,284	383,141,386,429
Non-controlling interests	429		(4,225,162,057)	(1,740,706,214)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>3,215,035,921,381</b>	<b>3,140,259,827,025</b>

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
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 2017**

**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	
			2017 VND	2016 VND	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	21	794,670,847,006	834,256,147,462	2,116,248,295,605	2,086,408,377,392
Revenue deductions	02	21	12,960,548,137	15,540,316,199	63,943,197,916	70,673,189,398
Net revenue (10 = 01 - 02)	10	21	781,710,298,869	818,715,831,263	2,052,305,097,689	2,015,735,187,994
Cost of sales	11	22	479,410,514,003	500,883,787,299	1,288,396,754,935	1,322,555,670,199
Gross profit (20 = 10 - 11)	20		302,299,784,866	317,832,043,964	763,908,342,754	693,179,517,795
Financial income	21	23	23,079,165,311	18,503,588,811	62,635,256,303	52,579,328,196
Financial expenses	22	24	3,036,506,710	4,943,723,830	7,520,260,229	10,261,753,376
<i>In which: interest expenses</i>	23		2,990,264,855	4,870,684,142	6,817,627,775	10,114,082,575
Selling expenses	25		136,406,218,061	183,377,299,013	535,518,564,062	491,710,944,067
General and administration expenses	26		29,796,111,665	22,578,346,181	91,518,580,595	59,868,614,915
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		156,140,113,741	125,436,263,751	191,986,194,171	183,917,533,633
Other income	31		3,981,490	7,568,852	354,038,785	18,802,118
Other expenses	32		822,293	22,505,787	18,251,436	642,371,546
Results of other activities (40 = 31 - 32)	40		3,159,197	(14,936,935)	335,787,349	(623,569,428)
Accounting profit before tax (50 = 30 + 40)	50		156,143,272,938	125,421,326,816	192,321,981,520	183,293,964,205
Income tax expense – current	51		28,758,899,280	18,459,050,114	38,017,485,382	33,106,193,926
Expense/(income) tax benefit – deferred	52		656,584,126	1,731,405,140	(3,033,983,303)	(3,871,519,894)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		126,727,789,532	105,230,871,562	157,338,479,441	154,059,290,173

*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 2017**  
**(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	
			2017 VND	2016 VND	2017 VND	2016 VND
Net profit after tax (brought forward from previous page)	60		126,727,789,532	105,230,871,562	157,338,479,441	154,059,290,173
<b>Attributable to:</b>						
Equity holders of the Company	61		127,916,677,223	106,477,116,128	159,822,935,284	155,811,035,315
Non-controlling interests	62		(1,188,887,691)	(1,246,244,566)	(2,484,455,843)	(1,751,745,142)
<b>Earnings per share</b>						
Basic earnings per share	70	25	4,813	4,006	6,013	5,862

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
*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 2017**  
**(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 30/9/2017 VND	30/9/2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>192,321,981,520</b>	<b>183,293,964,205</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	60,273,171,921	45,701,846,340
Allowances and provisions	03	6,711,420,364	14,067,054,753
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(36,036,391)	(886,741,666)
Profit from investing activities	05	(62,138,105,973)	(49,349,963,163)
Interest expense	06	6,817,627,775	10,114,082,575
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>203,950,059,216</b>	<b>202,940,243,044</b>
Change in receivables and other current assets	09	28,818,728,187	11,280,298,599
Change in inventories	10	(142,716,339,048)	(72,661,098,832)
Change in payables and other liabilities	11	(110,226,359,063)	29,900,159,474
Change in prepaid expenses	12	(4,175,267,476)	5,513,290,659
		<b>(24,349,178,184)</b>	<b>176,972,892,944</b>
Interest paid	14	(7,087,779,693)	(10,850,997,223)
Corporate income tax paid	15	(40,851,983,283)	(23,093,692,638)
Other payments for operating activities	17	-	(928,752,000)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(72,288,941,160)</b>	<b>142,099,451,083</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(13,760,383,215)	(64,945,737,665)
Proceeds from disposals of fixed assets	22	225,017,682	4,945,455
Payments for other investment	23	(900,000,000,000)	-
Placement of term deposits at banks	23	(1,178,000,000,000)	(5,701,900,000,000)
Withdrawal of term deposits at banks	24	1,546,000,000,000	5,621,900,000,000
Acquisition of subsidiaries, net of cash acquired	25	-	(11,555,624,763)
Receipts of interest	27	56,361,516,133	46,112,619,096
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(489,173,849,400)</b>	<b>(110,383,797,877)</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 2017**  
**(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	
		30/9/2017 VND	30/9/2016 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	861,572,129,118	825,710,701,057
Payments to settle loan principals	34	(832,076,707,425)	(810,187,554,009)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>29,495,421,693</b>	<b>15,523,147,048</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(531,967,368,867)</b>	<b>47,238,800,254</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>1,614,295,701,893</b>	<b>1,425,460,022,439</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>42,264,175</b>	<b>983,237,859</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>1,082,370,597,201</b>	<b>1,473,682,060,552</b>

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
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 2017**

**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 the period ended 30 September 2017 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 oversea markets.

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 30 September 2017, the Group has 1 subsidiary (1/1/2017: 1 subsidiary), detail information of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			30/9/2017	1/1/2017
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%

As at 30 September 2017, the Group had 344 employees (1/1/2017: 423 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the nine-month period ended 30**  
**September 2017 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
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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 are prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Group is from 1 January to 31 December. These consolidated financial statements are prepared for the nine-month period ended 30 September 2017.

**(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 2017 were brought forward from the audited figures as at 31 December 2016.

**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 2017 (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 annual 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. 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 2017 (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 year 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 2017 (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.

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**(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 annual accounting period, and any adjustment to tax payable in respect of previous period.

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 annual 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.

**(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.

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**(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 investment.

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 year. 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 annual 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.

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**4. Cash and cash equivalents**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	24,016,860	66,338,875
Cash at banks	8,946,580,341	5,129,363,018
Cash equivalents	1,073,400,000,000	1,609,100,000,000
	<hr/>	<hr/>
	1,082,370,597,201	1,614,295,701,893
	<hr/>	<hr/>

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

**5. Short-term financial investments**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments – short term	977,000,000,000	445,000,000,000
	<hr/>	<hr/>

Held-to-maturity investments represented term deposits at banks and interest bearing financial investment with remaining terms to maturity of twelve months or less from the end of the accounting period.

**6. Other receivables**

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable	11,269,072,222	5,589,688,889
Short-term deposits	1,269,597,200	770,340,000
Other receivables	511,526,814	104,842,310
	<hr/>	<hr/>
	13,050,196,236	6,464,871,199
	<hr/>	<hr/>

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	199,160,000	787,337,200
	<hr/>	<hr/>

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**7. Inventories**

	30/9/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	6,081,183,900	-	8,995,171,080	-
Raw materials	151,658,038,107	(3,850,559)	77,283,049,615	(1,906,172,751)
Tools and supplies	8,730,154,016	-	9,303,833,294	-
Finished goods	157,986,405,843	(247,790,913)	99,386,124,065	(983,730,517)
Merchandise inventories	4,759,167,323	(332,208)	879,782,039	-
	<b>329,214,949,189</b>	<b>(251,973,680)</b>	<b>195,847,960,093</b>	<b>(2,889,903,268)</b>

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

	For the nine-month period ended	
	30/9/2017 VND	30/9/2016 VND
Opening balance	2,889,903,268	6,617,541,636
Increase in allowance during the period	6,746,376,412	14,582,473,673
Allowance utilised during the period	(9,349,349,952)	(14,032,778,441)
Written back	(34,956,048)	(467,386,276)
Closing balance	<b>251,973,680</b>	<b>6,699,850,592</b>

Included in inventories at 30 September 2017 was VND252 million (1/1/2017: VND2,890 million) of slow-moving inventories.

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**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	785,238,921,190	3,015,921,125	4,973,055,399	996,849,362,350
Addition during the period	-	115,000,000	73,400,000	-	188,400,000
Transfer from construction in progress	-	2,707,012,788	60,568,000	-	2,767,580,788
Disposals	-	(3,270,008,647)	-	(506,057,250)	(3,776,065,897)
Closing balance	203,621,464,636	784,790,925,331	3,149,889,125	4,466,998,149	996,029,277,241
<b>Accumulated depreciation</b>					
Opening balance	39,451,334,717	286,056,934,911	2,533,223,252	3,358,444,650	331,399,937,530
Charge for the period	9,735,156,879	47,771,321,977	309,470,836	326,231,056	58,142,180,748
Disposals	-	(3,142,197,472)	-	(506,057,250)	(3,648,254,722)
Closing balance	49,186,491,596	330,686,059,416	2,842,694,088	3,178,618,456	385,893,863,556
<b>Net book value</b>					
Opening balance	164,170,129,919	499,181,986,279	482,697,873	1,614,610,749	665,449,424,820
Closing balance	154,434,973,040	454,104,865,915	307,195,037	1,288,379,693	610,135,413,685

Included in the cost of tangible fixed assets were assets costing VND150,557 million which were fully depreciated as of 30 September 2017 (1 January 2017: VND141,939 million), but are still in active use.

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**9. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,004,073,640	876,285,239	1,880,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,004,073,640	72,164,666	1,076,238,306
Charge for the period	-	92,783,142	92,783,142
Closing balance	1,004,073,640	164,947,808	1,169,021,448
<b>Net book value</b>			
Opening balance	-	804,120,573	804,120,573
Closing balance	-	711,337,431	711,337,431

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 September 2017 (1 January 2017: VND1,004 million), but are still in active use.

**10. Construction in progress**

<b>For the nine-month period ended</b>	<b>30/9/2017 VND</b>
Opening balance	69,877,443,965
Additions during the period	14,922,571,927
Transfer to tangible fixed assets	(2,767,580,788)
Transfer to long-term prepaid expenses	(4,022,905,289)
Closing balance	78,009,529,815

During the nine-month period ended 30 September 2017, there was no borrowing costs capitalised into construction in progress (the nine-month period ended 30 September 2016: VND2,761 million).

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**11. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	15,305,945,549	10,164,761,836	25,470,707,385
Additions during the period	-	194,944,661	194,944,661
Transfer from construction in progress	-	4,022,905,289	4,022,905,289
Disposal	-	(17,471,531)	(17,471,531)
Amortisation for the period	(302,091,030)	(5,404,535,526)	(5,706,626,556)
			<hr/>
Closing balance	15,003,854,519	8,960,604,729	23,964,459,248

**12. Goodwill**

<b>For the nine-month period ended</b>	<b>30/9/2017 VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	1,585,272,913
Charge for the period	2,038,208,031
	<hr/>
Closing balance	3,623,480,944
	<hr/>
<b>Net book value</b>	
Opening balance	25,590,834,118
Closing balance	23,552,626,087

**13. Taxes payable to State Treasury**

	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
Value added tax	15,329,519,997	34,424,926,330
Corporate income tax	31,603,223,855	34,437,721,756
Personal income tax	128,817,011	258,824,849
	<hr/>	<hr/>
	47,061,560,863	69,121,472,935

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**14. Accrued expenses**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	102,219,165,725	158,942,644,197
Logistics expenses	15,747,122,935	12,011,662,043
Sales discounts	9,093,062,717	7,739,728,317
Research and development expenses	7,974,906,883	5,245,604,249
Bonus and 13 <sup>th</sup> month salary	6,669,593,353	9,019,082,037
Purchases not yet received invoices	11,376,415,266	5,800,034,813
Exhibition expenses	3,683,086,223	1,210,431,934
Construction in progress	1,423,974,320	157,000,000
Accrued interest expenses	141,282,037	411,433,955
Others	45,816,019,767	6,298,064,172
	<hr/>	<hr/>
	204,144,629,226	206,835,685,717
	<hr/>	<hr/>

**15. Other payables**

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Short-term deposits received	1,250,443,048	1,115,638,268
Social insurance, health insurance, unemployment insurance and trade union fees	182,958,178	253,685,303
Others	3,375,396,410	843,485,686
	<hr/>	<hr/>
	4,808,797,636	2,212,809,257
	<hr/>	<hr/>

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	1,195,380,721	1,858,208,677
	<hr/>	<hr/>

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**16. Short term borrowings**

	30/9/2017		1/1/2017	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	369,875,346,136	369,875,346,136	340,379,924,443	340,379,924,443

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

	Currency	Annual interest rate	30/9/2017 VND	1/1/2017 VND
Unsecured bank loan	VND	4.9% – 5.2%	369,875,346,136	340,379,924,443

**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	
	30/9/2017 VND	30/9/2016 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 15 April 2017 and 20 April 2016.

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**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 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,259,419,681,720	-	1,768,696,122,635
Non-controlling interests at acquisition date	-	-	-	-	1,380,686,995	1,380,686,995
Net profit for the period	-	-	-	155,811,035,315	(1,751,745,142)	154,059,290,173
Board of Directors fee	-	-	-	(928,752,000)	-	(928,752,000)
<b>Balance at 30 September 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,414,301,965,035	(371,058,147)	1,923,207,347,803
<b>Balance at 1 January 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,642,561,068,149	(1,740,706,214)	2,150,096,802,850
Net profit for the period	-	-	-	159,822,935,284	(2,484,455,843)	157,338,479,441
<b>Balance at 30 September 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,802,384,003,433	(4,225,162,057)	2,307,435,282,291

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.

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**19. Share capital and share premium**

The Company's authorised and issued share capitals are:

	30/9/2017		1/1/2017	
	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**

	30/9/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	331,703	7,523,017,462	161,941	3,679,293,840

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**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>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Total revenue	2,116,248,295,605	2,086,408,377,392
Less revenue deductions		
▪ Sales discounts	24,159,357,471	47,829,179,929
▪ Sales returns	39,783,840,445	22,844,009,469
	<hr/> 63,943,197,916	<hr/> 70,673,189,398
Net revenue	<hr/> 2,052,305,097,689	<hr/> 2,015,735,187,994

**22. Cost of sales**

	<b>For the nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	1,281,685,334,571	1,308,440,582,802
▪ Allowance for inventories	6,711,420,364	14,115,087,397
	<hr/> 1,288,396,754,935	<hr/> 1,322,555,670,199

**23. Financial income**

	<b>For the nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks	53,645,066,133	49,345,017,708
Interest income from financial activities	8,395,833,333	-
Foreign exchange gains	594,356,837	724,889,598
Realised gains from derivative financial instruments	-	2,509,420,890
	<hr/> 62,635,256,303	<hr/> 52,579,328,196

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**24. Financial expenses**

	For the nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Interest expenses	6,817,627,775	10,114,082,575
Foreign exchange losses	702,632,454	147,670,801
	<hr/>	<hr/>
	7,520,260,229	10,261,753,376
	<hr/>	<hr/>

**25. Earnings per share**

The calculation of basic earnings per share for the nine-month period ended 30 September 2017 was based on the consolidated profit or loss after tax attributable to ordinary shareholders of the Company, after deducting the amounts appropriated to bonus and welfare fund on prospective basis, and a weighted average number of ordinary shares outstanding calculated as follows:

*(i) Net profit attributable to ordinary shareholders*

	For the nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Net profit attributable to ordinary shareholders	159,822,935,284	155,811,035,315
	<hr/>	<hr/>

*(ii) Weighted average number of ordinary shares*

	For the nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135
	<hr/>	<hr/>

*(iii) Basic earnings per share*

	For the nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Basic earnings per share	6,013	5,862
	<hr/>	<hr/>

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**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		as at	
	30/9/2017	30/9/2016	30/9/2017	1/1/2017
	VND	VND	VND	VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	31,978,588,796	35,970,794,479	(7,202,037,310)	(6,080,686,267)
Sales of goods	515,518,338	1,431,363,264	-	-
Management service charge	117,784,133,558	88,762,017,847	(38,190,170,848)	(105,559,512,066)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	367,439,960	110,411,943	4,199,580	1,399,860
Purchases of goods/return	224,160,115	(60,267,500)	(118,518,716)	(2,002,149,996)
Purchase of service	9,627,563,667	2,721,384,000	(7,610,075,392)	-
Management service charge	1,613,245,311	1,080,000,000	(1,613,245,311)	-
Purchase of fixed assets	118,094,403	31,882,155	(129,903,843)	-
Sales of fixed assets	83,124,995	-	91,437,495	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	1,194,436,740	1,680,893,191	-	-
Purchases of goods	109,762,958,919	108,768,933,590	(22,972,141,757)	(17,639,556,739)
Purchase of service	63,311,582,592	62,326,524,336	(9,271,944,000)	(20,992,292,640)
<b>Key management personnel</b>				
Remunerations	1,116,066,307	1,624,692,000	-	-

VinaCafé Bien Hoa Joint Stock Company and its subsidiary  
Notes to the consolidated financial statements for the nine-month period ended 30  
September 2017 (continued)

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dated 22 December 2014 of the Ministry of Finance)

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

Net profit after tax for quarter 3 of 2017 increased by VND21 billion, equivalent to 20% when comparing with the same period in previous year. This increment mainly due to:

- Selling expenses and General and administration expense decrease by VND40 billion or 19% in quarter 3 of 2017 whilst in quarter 3 of 2016, the Group has high spending on adverting to build a new brand, Buon Me Thuot Coffee.
- Results of financial activities increased by VND6 billion, equivalent to 48% come from optimizing cash flow.

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer