



**VinaCafé Bien Hoa Joint Stock Company -
Dong Nai Head Office**

Financial Statements for the year ended
31 December 2013

**VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Corporate Information**

Business Registration Certificate 3600261626 22 May 2013

The Company's business registration certificate has been amended several times, the most recent is dated 22 May 2013. The business registration certificate was issued by the Planning and Investment Department of Dong Nai Province.

Board of Management	Pham Quang Vu	Chairman	(from 10 April 2013)
	Truong Cong Thang	Vice Chairman	(from 10 April 2013)
	Nguyen Van Ha	Member	(from 10 April 2013)
	Nguyen Hoang Yen	Member	(from 11 May 2013)
	Pham Dinh Toai	Member	(from 11 May 2013)
	Pham Hong Son	Member	(from 11 May 2013)
	Le Quang Chinh	Member	
	To Hai	Member	
	Le Hung Dung	Member	
	Nguyen Cong Trung	Member	
Dinh Quang Hoan	Member		

Board of Directors	Nguyen Tan Ky	General Director	(from 13 May 2013)
	Nguyen Thanh Tung	Vice Director	
	Le Quang Chinh	Vice Director	
	Le Hung Dung	Vice Director	
	Truong Thi Hieu	Chief Accountant	(from 1 June 2013)

Registered Office
Industrial Zone 1
Bien Hoa City
Dong Nai Province
Vietnam

Auditors
KPMG Limited
Vietnam



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office

We have audited the accompanying financial statements of the Dong Nai Head Office (“the Head Office”) of VinaCafé Bien Hoa Joint Stock Company (“the Company”), which comprise the balance sheet as of ended 31 December 2013, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 17 March 2014, as set out on pages 5 to 39.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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



Audit Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office as at 31 December 2013 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Audit Report No: 13-01-285



Pan Thi Ngoc Hao
Practicing Auditor Registration Certificate
No. 0866-2013-007-1
Deputy General Director

Nguyen Anh Tuan
Practicing Auditor Registration Certificate
Certificate No. 0436-2013-007-1

Ho Chi Minh City, 17 March 2014

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Balance sheet as at 31 December 2013

Form B 01 – DN

	Code	Note	31/12/2013 VND	31/12/2012 VND
ASSETS				
Current assets				
(100 = 110 + 130 + 140 + 150)	100		1,001,228,885,329	606,591,514,523
Cash and cash equivalents	110	5	751,024,359,956	275,247,810,871
Cash	111		18,024,359,956	36,247,810,871
Cash equivalents	112		733,000,000,000	239,000,000,000
Accounts receivable	130		84,042,274,472	93,356,340,665
Accounts receivable – trade	131		41,003,914,375	45,473,617,260
Prepayments to suppliers	132		41,921,628,035	46,233,637,411
Intra-company receivables	133		209,213,207	-
Other receivables	135		2,086,777,601	1,705,716,110
Allowance for doubtful debts	139		(1,179,258,746)	(56,630,116)
Inventories	140	6	165,403,747,776	235,125,058,511
Inventories	141		175,152,000,778	237,524,985,122
Allowance for inventories	149		(9,748,253,002)	(2,399,926,611)
Other current assets	150		758,503,125	2,862,304,476
Short-term prepayments	151		526,526,501	-
Deductible value added tax	152		-	2,054,465,851
Other current assets	158		231,976,624	807,838,625

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Balance sheet as at 31 December 2013 (continued)

Form B 01 – DN

	Code	Note	31/12/2013 VND	31/12/2012 VND
Long-term assets (200 = 210 + 220 + 260)	200		612,306,253,022	526,596,112,341
Accounts receivable – long-term	210		2,200,516,212	-
Intra-company long-term receivables	213		2,200,516,212	-
Fixed assets	220		600,129,935,161	521,226,687,073
Tangible fixed assets	221	7	131,806,971,812	145,292,224,060
<i>Cost</i>	222		303,099,603,731	294,992,911,341
<i>Accumulated depreciation</i>	223		(171,292,631,919)	(149,700,687,281)
Intangible fixed assets	227	8	17,267,364,899	16,917,097,709
<i>Cost</i>	228		18,323,959,390	17,319,885,750
<i>Accumulated amortisation</i>	229		(1,056,594,491)	(402,788,041)
Construction in progress	230	9	451,055,598,450	359,017,365,304
Other long-term assets	260		9,975,801,649	5,369,425,268
Long-term prepayments	261	10	4,979,643,797	5,369,425,268
Deferred tax assets	262	11	4,762,157,852	-
Other long-term assets	268		234,000,000	-
TOTAL ASSETS (270 = 100 + 200)	270		1,613,535,138,351	1,133,187,626,864

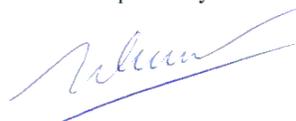
The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Balance sheet as at 31 December 2013 (continued)

Form B 01 – DN

	Code	Note	31/12/2013 VND	31/12/2012 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		479,807,477,022	181,732,436,025
Current liabilities	310		479,378,967,872	181,732,436,025
Short-term borrowings	311	12	231,380,072,002	-
Accounts payable – trade	312	13	96,981,542,350	85,067,348,919
Advances from customers	313		4,026,255,204	4,666,340,859
Taxes payable to State Treasury	314	14	44,650,393,961	22,815,785,614
Payables to employees	315		16,817,248,508	11,664,445,994
Accrued expenses	316	15	66,911,272,529	44,589,151,600
Intra-company payables	317		189,839,950	-
Other payables	319		2,678,015,941	2,160,525,595
Bonus and welfare fund	323	16	15,744,327,427	10,768,837,444
Long-term liabilities	330		428,509,150	-
Other long-term liabilities	333		428,509,150	-
EQUITY (400 = 410)	400		1,133,727,661,329	951,455,190,839
Owners' equity	410	17	1,133,727,661,329	951,455,190,839
Share capital	411	18	265,791,350,000	265,791,350,000
Capital surplus	412		29,974,241,968	29,974,241,968
Investment and development funds	417	19	173,925,282,879	173,925,282,879
Financial reserves	418	19	39,585,566,068	39,585,566,068
Retained profits	420		624,451,220,414	442,178,749,924
TOTAL RESOURCES (440 = 300 + 400)	440		1,613,535,138,351	1,133,187,626,864
OFF BALANCE SHEET ITEMS				
			31/12/2013	31/12/2012
Foreign currencies				
- USD			395,982	108,617
- EUR			3,117	4,947

Prepared by:



Truong Thi Hieu
Chief Accountant

17 March 2014



Approved by:



Nguyen Tan Ky
General Director

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Statement of income for the year ended 31 December 2013

Form B 02 – DN

	Code	Note	2013 VND	2012 VND
Total revenue	01	20	2,341,031,594,398	2,141,776,188,691
Less revenue deductions	02	20	42,708,554,256	27,117,318,962
Net revenue (10 = 01 - 02)	10	20	2,298,323,040,142	2,114,658,869,729
Cost of sales	11		1,613,600,747,713	1,530,525,587,622
Gross profit (20 = 10 - 11)	20		684,722,292,429	584,133,282,107
Financial income	21	21	16,994,408,484	17,377,974,589
Financial expenses	22	22	5,393,790,048	2,402,076,249
<i>In which: Interest expense</i>	23		3,210,620,308	508,800,000
Selling expenses	24		389,978,943,140	254,799,624,784
General and administration expenses	25		36,186,626,908	41,611,558,271
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		270,157,340,817	302,697,997,392
Other income	31	23	21,658,402,444	23,789,399,663
Other expenses	32		4,483,726,523	318,128,588
Results of other activities (40 = 31 - 32)	40		17,174,675,921	23,471,271,075
Profit before tax (50 = 30 + 40)	50		287,332,016,738	326,169,268,467
Income tax expense – current	51	24	31,688,078,755	27,927,220,906
Income tax benefit – deferred	52	24	(4,762,157,852)	-
Net profit after tax (60 = 50 - 51 - 52)	60		260,406,095,835	298,242,047,561
Basic earnings per share	70	25	9,797	11,221

17 March 2014

Prepared by:



Trung Thi Hieu
Chief Accountant

Approved by:



Nguyen Tan Ky
General Director

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Statement of cash flows for the year ended 31 December 2013
(Indirect method)

Form B 03 – DN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		287,332,016,738	326,169,268,467
Adjustments for				
Depreciation and amortisation	02		27,302,730,041	11,867,826,836
Allowances and provisions	03		18,584,678,552	(2,962,430,984)
Unrealised foreign exchange losses	04		429,264,212	-
Profits from investing activities	05		(15,510,694,892)	(16,936,941,307)
Interest expense	06		3,210,620,308	508,800,000
Operating profit before changes in working capital	08		321,348,614,959	318,646,523,012
Change in receivables and other current assets	09		12,633,828,691	110,973,609,915
Change in inventories	10		52,259,260,813	17,203,475,861
Change in payables and other liabilities	11		50,296,987,457	82,405,882,078
Change in prepayments	12		2,849,723,024	4,720,185,183
			439,388,414,944	533,949,676,049
Interest paid	13		(2,940,676,890)	(508,800,000)
Corporate income tax paid	14		(20,514,577,651)	(25,250,558,702)
Other payments for operating activities	16		(19,999,865,362)	(12,024,337,395)
Net cash flows from operating activities	20		395,933,295,041	496,165,979,952

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Statement of cash flows for the year ended 31 December 2013
(Indirect method - continued)

Form B 03 – DN

	Code	Note	2013 VND	2012 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(111,518,914,776)	(483,566,028,626)
Proceeds from disposals of fixed assets	22		38,589,906	-
Placement of term deposits to banks			(1,391,900,000,000)	-
Withdrawal of term deposits			1,391,900,000,000	-
Receipts of interests	27		13,598,599,033	17,584,486,097
Net cash flows from investing activities	30		(97,881,725,837)	(465,981,542,529)
CASH FLOWS FROM FINANCING ACTIVITIES				
Processing from short-term borrowings	33		279,829,609,779	-
Payments to settle loan principals	34		(48,449,537,777)	-
Payments of dividends	36	26	(53,158,270,000)	(53,158,270,000)
Net cash flows from financing activities	40		178,221,802,002	(53,158,270,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50		476,273,371,206	(22,973,832,577)
Cash and cash equivalents at the beginning of the year	60		275,247,810,871	298,221,643,448
Effect of exchange rate fluctuations on cash and cash equivalents	61		(496,822,121)	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	751,024,359,956	275,247,810,871

17 March 2014

Prepared by:



Truong Thi Hieu
Chief Accountant

Approved by:



Nguyen Tan Ky
General Director

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013

Form B 09 – DN

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

1. Reporting Entity

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The Company has one Head Office in Bien Hoa, Dong Nai Province (“the Head Office”) and a dependent branch in Ba Dinh District, Ha Noi City (“the Branch”). The principal activities of the Head Office are to manufacture and sell various kinds of coffees and instant cereals in the domestic and export markets.

As at 31 December 2013, the Company had 746 employees (31 December 2012: 716 employees).

2. Basis of preparation

(a) Statement of compliance

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

This is the financial statements of the Head Office that do not include transactions recorded by the Company's Branch in Hanoi. The Company also prepare its combined financial statements that include transactions recorded by both the Head Office and the Hanoi Branch and issue them with these financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

The financial statements are prepared and presented in Vietnam Dong (“VND”).

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

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

(b) 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.

(c) Accounts receivable

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

(d) 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 Head Office applies the perpetual method of accounting for inventory.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

(e) 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 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 – 7 years |
| ▪ office equipment | 6 years |
| ▪ motor vehicles | 3 – 4 years |

(f) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises the value of the right as stated in the Investment Licence and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

(ii) 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.

(g) Construction in progress

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

(h) Long-term prepayments

(i) Coffee shops

Coffee shops represents renovation costs for coffee shops and are amortised over 5 years.

(ii) Equipment and motor vehicles

Equipment and motor vehicles include assets held for use by the Head Office 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 Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets ("Circular 45"). Cost of equipment and motor vehicles are amortised on a straight-line basis over a period ranging from one to three years.

(i) Trade and other payables

Trade and other payables are stated at their cost.

(j) Provisions

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

(k) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

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

Loans and receivables

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

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

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

Available-for-sale financial assets

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

(l) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income. The Head Office did not have any income tax recognising to equity during the year.

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

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

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

(m) Revenue

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

(n) Operating lease payments

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

(o) Borrowing costs

Borrowing costs are recognised as an expense in the year 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.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09 – DN

(p) Earnings per share

The Head Office presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Head Office by the weighted average number of ordinary shares outstanding during the year. The Head Office did not have any dilutive potential ordinary shares during the year.

(q) Segment reporting

A segment is a distinguishable component of the Head Office that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Head Office’s primary format for segment reporting is based on business segments.

(r) Related company

Related companies include the Company's parent company, Ma San Consumer Corporation, the ultimate parent company and their subsidiaries and associates.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

Form B 09– DN

I. Segment reporting

The Head Office operates in the following main business segments:

- Coffee and related products made from coffee
- Cereals
- Others

	Coffee		Cereals		Others		Total	
	2013 VND	2012 VND	2013 VND	2012 VND	2013 VND	2012 VND	2013 VND	2012 VND
Local sales	1,671,188,066,814	1,480,826,756,326	326,159,534,814	470,073,983,208	125,359,788,174	5,793,449,567	2,122,707,389,802	1,956,694,189,101
Export sales	171,296,239,612	153,650,959,682	2,964,865,375	3,760,807,478	1,354,545,353	552,913,468	175,615,650,340	157,964,680,628
Total segment revenue	1,842,484,306,426	1,634,477,716,008	329,124,400,189	473,834,790,686	126,714,333,527	6,346,363,035	2,298,323,040,142	2,114,658,869,729
Cost of sales	(1,403,616,540,545)	(1,223,680,863,445)	(202,100,037,171)	(302,240,924,406)	(7,884,169,997)	(4,603,799,771)	(1,613,600,747,713)	(1,530,525,587,622)
Segment result	438,867,765,881	410,796,852,563	127,024,363,018	171,593,866,280	118,830,163,530	1,742,563,264	684,722,292,429	584,133,282,107
Unallocated expenses (net)							(414,564,951,612)	(281,435,284,715)
Result from operating activities							270,157,340,817	302,697,997,392
Other income							21,658,402,444	23,789,399,663
Other expenses							(4,483,726,523)	(318,128,588)
Income tax							(26,925,920,903)	(27,927,220,906)
Net profit after tax							260,406,095,835	298,242,047,561

Assets and liabilities cannot be segregated to different segments on a reasonable basis.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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5. Cash and cash equivalents

	31/12/2013	31/12/2012
	VND	VND
Cash on hand	2,208,267	431,408,199
Cash in banks	18,022,151,689	35,816,402,672
Cash equivalents	733,000,000,000	239,000,000,000
	<hr/>	<hr/>
	751,024,359,956	275,247,810,871
	<hr/>	<hr/>

6. Inventories

	31/12/2013	31/12/2012
	VND	VND
Raw materials	143,380,342,897	175,638,787,174
Tools and supplies	169,454,346	263,148,362
Work in progress	26,259,695,287	37,625,544,422
Finished goods	4,521,972,752	23,975,474,913
Merchandise inventories	820,535,496	22,030,251
	<hr/>	<hr/>
	175,152,000,778	237,524,985,122
Allowance for inventories	(9,748,253,002)	(2,399,926,611)
	<hr/>	<hr/>
	165,403,747,776	235,125,058,511
	<hr/>	<hr/>

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

	2013	2012
	VND	VND
Opening balance	2,399,926,611	-
Increase in allowance during the year	17,462,049,922	2,399,926,611
Allowance utilised during the year	(10,113,723,531)	-
	<hr/>	<hr/>
Closing balance	9,748,253,002	2,399,926,611
	<hr/>	<hr/>

At 31 December 2013 inventories with a carrying value of VND165.5 million (31 December 2012: Nil) were pledged with banks as security for loans granted to the Head Office.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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7. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	40,911,058,429	241,766,361,844	5,014,763,249	7,300,727,819	294,992,911,341
Additions	1,576,066,719	11,036,102,682	180,200,000	575,000,000	13,367,369,401
Transfers from construction in progress	-	2,358,310,799	243,013,404	-	2,601,324,203
Reclassification to long-term prepayments (*)	(149,047,568)	(1,634,169,627)	(4,186,978,284)	(341,167,455)	(6,311,362,934)
Disposal	-	(1,113,259,380)	-	-	(1,113,259,380)
Transfers to Ha Noi Branch	(100,320,000)	-	(337,058,900)	-	(437,378,900)
Closing balance	42,237,757,580	252,413,346,318	913,939,469	7,534,560,364	303,099,603,731
Accumulated depreciation					
Opening balance	14,143,405,364	128,868,409,436	2,531,785,496	4,157,086,985	149,700,687,281
Charge for the year	3,506,477,072	22,069,849,389	390,842,839	681,754,291	26,648,923,591
Reclassification to long-term prepayments (*)	(149,047,568)	(1,209,177,287)	(2,291,427,042)	(121,189,398)	(3,770,841,295)
Disposal	-	(987,306,999)	-	-	(987,306,999)
Transfers to Ha Noi Branch	(48,488,000)	-	(250,342,659)	-	(298,830,659)
Closing balance	17,452,346,868	148,741,774,539	380,858,634	4,717,651,878	171,292,631,919
Net book value					
Opening balance	26,767,653,065	112,897,952,408	2,482,977,753	3,143,640,834	145,292,224,060
Closing balance	24,785,410,712	103,671,571,779	533,080,835	2,816,908,486	131,806,971,812

Included in the cost of tangible fixed assets were assets costing VND120,089 million which were fully depreciated as of 31 December 2013 (31 December 2012: VND120,544 million), but which are still in active use.

(*) The reclassification represented net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to long-term prepayments (Note 10).

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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8. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	17,319,885,750	-	17,319,885,750
Additions	-	1,004,073,640	1,004,073,640
Closing balance	17,319,885,750	1,004,073,640	18,323,959,390
Accumulated amortisation			
Opening balance	402,788,041	-	402,788,041
Charge for the year	402,788,040	251,018,410	653,806,450
Closing balance	805,576,081	251,018,410	1,056,594,491
Net book value			
Opening balance	16,917,097,709	-	16,917,097,709
Closing balance	16,514,309,669	753,055,230	17,267,364,899

9. Construction in progress

	2013 VND	2012 VND
Opening balance	359,017,365,304	4,752,070,645
Additions during the year	97,147,471,735	413,943,061,815
Transfers to tangible fixed assets	(2,601,324,203)	(59,677,767,156)
Transfers to short-term prepayments	(2,507,914,386)	-
Closing balance	451,055,598,450	359,017,365,304

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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10. Long-term prepayments

	Coffee shops VND	Equipment and motor vehicles VND	Total VND
Opening balance	5,369,425,268	-	5,369,425,268
Reclassification from tangible fixed assets (*)	-	2,540,521,639	2,540,521,639
Additions	1,281,362,453	-	1,281,362,453
Amortisation for the year	(1,348,297,889)	(925,399,703)	(2,273,697,592)
Transfer to Ha Noi Branch	(1,800,402,612)	(137,565,359)	(1,937,967,971)
	<hr/>		
Closing balance	3,502,087,220	1,477,556,577	4,979,643,797
	<hr/>		

(*) Reclassification from fixed assets represented the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible fixed assets during the period (Note 7). The remaining net book value of fixed assets costing less than VND30 million are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

11. Deferred tax assets

Deferred tax assets were recognised on the following item:

	31/12/2013 VND	31/12/2012 VND
Accrued expenses	4,762,157,852	-
	<hr/>	

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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12. Short-term borrowings

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

	Currency	Annual interest rate	31/12/2013 VND	31/12/2012 VND
Bank loan 1	VND	6%	99,998,230,937	-
Bank loan 2	VND	6%	131,381,841,065	-
			231,380,072,002	-

The bank loan 1 is unsecured and the bank loan 2 is secured over inventory with a carrying amount of VND165.5 million (31 December 2012: Nil).

13. Account payable – trade

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

	31/12/2013 VND	31/12/2012 VND
Amounts due to Ma San Consumer Corporation	-	234,039,035

The trade amounts due to the related company were unsecured, interest free and repayable within 30 to 60 days from date of invoice.

14. Taxes payable to State Treasury

	31/12/2013 VND	31/12/2012 VND
Value added tax	19,931,861,814	2,031,221,607
Import tax	3,331,819,473	10,761,761,210
Corporate income tax	21,196,303,901	10,022,802,797
Personal income tax	190,408,773	-
	44,650,393,961	22,815,785,614

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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15. Accrued expenses

	31/12/2013 VND	31/12/2012 VND
Advertisement and promotion expense	31,300,138,224	29,120,808,726
Sales discount	14,017,037,720	2,201,727,277
Market research expense	5,120,446,588	218,408,000
Selling expense to a related company	8,855,719,783	8,363,951,000
Logistics expense	4,457,670,397	3,906,797,610
Interest expense	269,943,418	-
Others	2,890,316,399	777,458,987
	66,911,272,529	44,589,151,600

16. Bonus and welfare fund

Movements of bonus and welfare fund during the year were:

	2013 VND	2012 VND
Opening balance	10,768,837,444	3,982,082,093
Allocation from retained profits	21,566,755,345	15,271,615,351
Utilisation	(16,591,265,362)	(8,484,860,000)
	15,744,327,427	10,768,837,444

The General Meeting of Shareholders of the Head Office on 11 May 2013 resolved to appropriate to bonus and welfare fund an amount of VND21,566,755,345 (2012: VND15,271,615,351) from retained profits.

VinaCafé Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2013 (continued)

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17. Changes in owners' equity

	Share capital VND	Capital surplus VND	Investment and development funds VND	Financial reserves VND	Retained profits VND	Total owners' equity VND
Balance at 1 January 2012	265,791,350,000	29,974,241,968	137,456,077,032	30,814,459,873	261,146,377,151	725,182,506,024
Net profit for the year	-	-	-	-	298,242,047,561	298,242,047,561
Interim dividends (Note 26)	-	-	-	-	(21,263,308,000)	(21,263,308,000)
Cash dividends (Note 26)	-	-	-	-	(31,894,962,000)	(31,894,962,000)
Board management fee	-	-	-	-	(3,539,477,395)	(3,539,477,395)
Appropriation to bonus and welfare fund (Note 16)	-	-	-	-	(15,271,615,351)	(15,271,615,351)
Appropriation to equity funds	-	-	36,469,205,847	8,771,106,195	(45,240,312,042)	-
Balance at 1 January 2013	265,791,350,000	29,974,241,968	173,925,282,879	39,585,566,068	442,178,749,924	951,455,190,839
Net profit for the year	-	-	-	-	260,406,095,835	260,406,095,835
Interim dividend (Note 26)	-	-	-	-	(21,263,308,000)	(21,263,308,000)
Cash dividends (Note 26)	-	-	-	-	(31,894,962,000)	(31,894,962,000)
Board management fee	-	-	-	-	(3,408,600,000)	(3,408,600,000)
Appropriation to bonus and welfare fund (Note 16)	-	-	-	-	(21,566,755,345)	(21,566,755,345)
Balance at 31 December 2013	265,791,350,000	29,974,241,968	173,925,282,879	39,585,566,068	624,451,220,414	1,133,727,661,329

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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18. Share capital

The Company's authorised and issued share capitals are:

	31/12/2013		31/12/2012	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000

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

There were no movements in share capital during the year.

19. Equity funds

(i) *Investment and development funds*

Investment and development funds were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. These funds were established for the purpose of future business expansion.

(ii) *Financial reserves*

Financial reserves were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. The reserves are established as recourse for the Head Office's future general business risks.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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20. Total revenue

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

Net revenue comprised of:

	2013 VND	2012 VND
Total revenue		
▪ Sales of finished goods	2,341,031,594,398	2,141,776,188,691
	<hr/>	
Less revenue deductions		
▪ Sales discount	(25,277,061,574)	(19,480,524,683)
▪ Sales returns	(17,420,992,537)	(7,636,794,279)
▪ Sales allowances	(10,500,145)	-
	<hr/>	
	(42,708,554,256)	(27,117,318,962)
	<hr/>	
Net revenue	2,298,323,040,142	2,114,658,869,729
	<hr/> <hr/>	

21. Financial income

	2013 VND	2012 VND
Interest income	15,598,057,367	16,941,494,589
Realised foreign exchange gains	1,328,433,513	436,480,000
Unrealised foreign exchange gains	67,917,604	-
	<hr/>	
	16,994,408,484	17,377,974,589
	<hr/> <hr/>	

22. Financial expenses

	2013 VND	2012 VND
Interest expense	3,210,620,308	508,800,000
Realised foreign exchange losses	1,428,821,692	1,893,276,249
Unrealised foreign exchange losses	497,181,816	-
Other financial expenses	257,166,232	-
	<hr/>	
	5,393,790,048	2,402,076,249
	<hr/> <hr/>	

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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23. Other income

	2013 VND	2012 VND
Proceeds from disposals of tangible fixed assets	38,589,906	-
Selling scrap	660,968,071	-
Import tax refund	19,289,451,767	18,977,397,433
Reversal of provision for severance allowances	-	3,568,169,279
Others	1,669,392,700	1,243,832,951
	<hr/>	<hr/>
	21,658,402,444	23,789,399,663
	<hr/>	<hr/>

24. Income tax

(a) **Recognised in the statement of income**

	2013 VND	2012 VND
Current tax expense		
Current year	32,567,005,217	28,225,377,794
Over provision in prior years	(878,926,462)	(298,156,888)
	<hr/>	<hr/>
	31,688,078,755	27,927,220,906
Deferred tax benefit		
Origination and reversal of temporary differences	(4,762,157,852)	-
	<hr/>	<hr/>
Income tax expense	26,925,920,903	27,927,220,906
	<hr/>	<hr/>

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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(b) Reconciliation of effective tax rate

	2013 VND	2012 VND
Profit before tax	287,332,016,738	326,169,268,467
Tax at the Head Office's tax rate	43,099,802,511	48,925,390,270
Effect of different tax rate applied to branch and other income	2,149,988,769	1,508,005,987
Non-deductible expenses	4,103,684,085	1,156,580,374
Tax incentives	(21,548,628,000)	(23,364,598,837)
Over provision in prior years	(878,926,462)	(298,156,888)
	26,925,920,903	27,927,220,906

(c) Applicable tax rates

Under the terms of its income tax law the Head Office has an obligation to pay the government income tax at the rate of 15% of taxable profits. However, as a joint stock company which is converted from state-owned company before 2006, the Head Office is exempted from income tax for 3 years starting from the first year it generates a taxable profit (2005), and entitled to a 50% reduction in income tax for the seven succeeding years (2008 to 2014). All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 25%.

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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25. Basic earning per share

The calculation of basic earnings per share for the year then ended 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2013 VND	2012 VND
Net profit for the year and attributable to ordinary shareholders	260,406,095,835	298,242,047,561

(ii) Weighted average number of ordinary shares

	2013	2012
Weighted average number of ordinary shares as at 31 December 2013	26,579,135	26,579,135

As of 31 December 2013, the Head Office did not have any potential dilutive shares.

26. Dividends

The General Meeting of Shareholders of the Company on 11 May 2013 resolved to distribute dividends amounting to VND31,894,962,000 in cash equivalent to VND1,200 per share (2012: VND31,894,962,000 in cash equivalent to VND1,200 per share)

The General Meeting of shareholders on 14 November 2013 resolved to grant authority to the Company's Board of Management to decide the percentage of distribution of interim dividends based on the Company's business performance in the year 2013. Accordingly, the Board of Management's meeting resolved to distribute interim dividends for the year ended 31 December 2013 at 8% of the share capital amounting to VND21,263,308,000 equivalent to VND800 per share (2012: VND21,263,308,000 equivalent to VND800 per share).

27. Financial instruments

(a) Financial risk management

(i) Overview

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

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

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

(ii) Risk management framework

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

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

(b) Credit risk

Credit risk is the risk of financial loss to the Head Office if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Head Office's receivables from customers and deposits at banks.

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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(i) Exposure to credit risk

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

	Note	31/12/2013 VND	31/12/2012 VND
Cash and cash equivalents	(ii)	751,022,151,689	274,816,402,672
Trade and other receivables	(iii)	43,090,691,976	47,179,333,370
		<hr/>	<hr/>
		794,112,843,665	321,995,736,042

(ii) Cash and cash equivalents

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

(iii) Trade and other receivables

The Head Office's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, management of the Head Office has established a credit policy under which each new customer is analysed individually for creditworthiness before the Head Office's standard payment and delivery terms and conditions are offered. No collateral is collected from the customers. Trade and other receivables that are neither past due nor impaired are mostly companies with good collection track records with the Head Office. Management believes that those receivables are of high credit quality.

The aging of trade and other receivables at the balance sheet date that were past due but not impaired is as follows:

	31/12/2013 VND	31/12/2012 VND
Past due 0 – 30 days	-	7,864,265,971
Past due 31 – 180 days	-	2,858,618,587
Past due more than 180 days	1,502,781,897	4,388,586,873
	<hr/>	<hr/>
	1,502,781,897	15,111,471,431

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
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Movements in the allowance for doubtful debts during the year were as follows:

	2013 VND	2012 VND
Opening balance	56,630,116	-
Increase in allowance during the year	1,122,628,630	56,630,116
Closing balance	<u>1,179,258,746</u>	<u>56,630,116</u>

(c) Liquidity risk

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

The financial liabilities with fixed or determinable payments have the following contractual maturities:

31 December 2013

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Short-term borrowings	231,380,072,002	232,967,562,729	232,967,562,729
Accounts payable - trade	96,981,542,350	96,981,542,350	96,981,542,350
Payables to employees	16,817,248,508	16,817,248,508	16,817,248,508
Accrued expenses	66,911,272,529	66,911,272,529	66,911,272,529
Other payables	2,678,015,941	2,678,015,941	2,678,015,941
	<u>414,768,151,330</u>	<u>416,355,642,057</u>	<u>416,355,642,057</u>

VinaCafé Bien Hoa Joint Stock Company - Dong Nai Head Office
Notes to the financial statements for the year ended 31 December 2013 (continued)

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31 December 2012

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Accounts payable - trade	85,067,348,919	85,067,348,919	85,067,348,919
Payables to employees	11,664,445,994	11,664,445,994	11,664,445,994
Accrued expenses	44,589,151,600	44,589,151,600	44,589,151,600
Other payables	2,160,525,595	2,160,525,595	2,160,525,595
	<u>143,481,472,108</u>	<u>143,481,472,108</u>	<u>143,481,472,108</u>

(d) **Market risk**

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

(i) **Currency risk**

The Head Office's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

The Head Office had the following net exposed asset/(liability) position:

	31/12/2013		31/12/2012	
	USD	EUR	USD	EUR
Cash and cash equivalents	395,982	3,117	108,617	4,947
Accounts receivable – trade	1,059,203	-	1,021,407	-
Accounts payable – trade	(75,429)	-	(111,367)	(559,700)
	<u>1,379,756</u>	<u>3,117</u>	<u>1,018,657</u>	<u>(554,753)</u>

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The following are significant exchange rates applied by the Head Office:

	Exchange rate as at	
	31/12/2013	31/12/2012
	VND	VND
USD	21,080	20,828
EUR	28,890	27,371

The possible impact on the net profit of the Head Office as at 31 December 2013 and 2012 of foreign currencies movement after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2013 and 2012 is not considered significant. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

(ii) Interest rate risk

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

	Carrying amount	
	31/12/2013	31/12/2012
	VND	VND
Fixed rate instruments		
Cash equivalents	733,000,000,000	239,000,000,000
Short-term borrowings	(231,380,072,002)	-
	501,619,927,998	239,000,000,000
Variable rate instruments		
Cash in bank	18,022,151,689	35,816,402,672

A change of 100 basis points in interest rates of the variable rate instruments would not have a significant impact on the net profit of the Head Office.

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(e) **Fair value**

(i) **Carrying amount**

The carrying amount of financial assets and liabilities shown in the balance sheet, are as follows:

	31/12/2013 Carrying amount VND	31/12/2012 Carrying amount VND
Categorised as loans and receivables:		
- Cash and cash equivalents	751,024,359,956	275,247,810,871
- Trade and other receivables	43,090,691,976	47,179,333,370
Categorised as liabilities at amortised cost:		
- Trade payables	(96,981,542,350)	(85,067,348,919)
- Payables to employees	(16,817,248,508)	(11,664,445,994)
- Accruals	(66,911,272,529)	(44,589,151,600)
- Other payables	(2,678,015,941)	(2,160,525,595)
- Borrowing	(231,380,072,002)	-
	379,346,900,602	178,945,672,133

(ii) **Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction on the measurement date. The Head Office has not determined fair values of these financial assets and liabilities for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because quoted prices in active market are not available for these financial assets and liabilities; and Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair values of these financial instruments may be different from their carrying values.

28. Non-cash investing and financing activities

	2013 VND	2012 VND
Short-term prepayments transferred to Ha Noi Branch	124,000,000	-
Cost of fixed assets transferred to Ha Noi Branch	138,548,241	-
Long-term prepayments transferred to Ha Noi Branch	1,937,967,971	-

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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29. Significant transactions with related parties

During the year, the Head Office had the following transactions with related parties:

	Transaction value	
	2013 VND	2012 VND
Ma San Consumer Corporation - the parent company		
Cash dividends	28,281,823,000	27,170,114,000
Purchases of goods	803,302,789	2,713,113,359
Selling expense sharing cost	33,568,799,503	13,304,374,000
Vietnam National Coffee Corporation		
Cash dividends	12,690,400,000	19,828,750,000
Board of Directors and Board of Management		
Cash dividends	767,060,000	1,179,310,000
Remunerations	24,975,355,345	11,675,585,528

30. Commitments

(a) Capital expenditure

As at 31 December 2013, the Head Office had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2013 VND	31/12/2012 VND
Approved but not contracted	55,551,079,747	147,286,025,021
Approved and contracted	64,109,557,775	246,955,554,216
	119,660,637,522	394,241,579,237

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The summarised budget of soluble coffee factory project in Long Thanh is as follows:

	31/12/2013 VND	31/12/2012 VND
Project value approved and contracted	561,846,260,633	470,111,315,363
- Project value has been progressed	497,736,702,858	223,155,761,147
- Project value has not been progressed	64,109,557,775	246,955,554,216
Project value approved but not contracted	55,551,079,751	147,286,025,021
Total budget value approved	617,397,340,384	617,397,340,384

(b) Leases

The future minimum lease payments under non-cancellable operating leases including house and warehouse rental were:

	31/12/2013 VND	31/12/2012 VND
Within one year	10,985,502,420	6,757,097,748
From two to five years	4,271,379,760	9,579,278,272
	15,256,882,180	16,336,376,020

31. Production and business costs by element

	2013 VND	2012 VND
Raw material costs included in production costs	1,498,359,738,480	1,417,264,175,089
Labour costs and staff costs	133,882,675,011	96,135,014,175
Depreciation and amortisation	27,302,730,041	11,867,826,836
Outside services	280,898,595,609	203,456,935,705
Other expenses	99,322,578,620	42,862,384,923

17 March 2014

Prepared by:



Truong Thi Hieu
Chief Accountant

Approved by:



Nguyen Tan Ky
General Director

