



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

Consolidated Interim Financial Statements  
for the six-month period ended 30 June 2018



## VinaCafé Bien Hoa Joint Stock Company 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 Department of Planning and Investment of Dong Nai Province.

### Board of Directors

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

### Board of Management

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

### Registered Office

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

### Auditor

KPMG Limited  
Vietnam

## VinaCafé Bien Hoa Joint Stock Company Statement of the Board of Management

The Board of Management of VinaCafé Bien Hoa Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiary (collectively referred to as “the Group”) for the six-month period ended 30 June 2018.

The Company’s Board of Management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Company’s Board of Management:

- (a) the consolidated interim financial statements set out on pages 5 to 44 give a true and fair view of the consolidated financial position the Group as at 30 June 2018, and of its consolidated results of operations and its consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised these accompanying consolidated interim financial statements for issue.

On behalf of the Board of Management



*Nguyen Tan Ky*  
*Chief Executive Officer*

Dong Nai Province, 8 August 2018



KPMG Limited Branch  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
+84 (28) 3821 9266 | kpmg.com.vn

## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders VinaCafé Bien Hoa Joint Stock Company**

We have reviewed the accompanying consolidated interim financial statements of VinaCafé Bien Hoa Joint Stock Company (“the Company”) and its subsidiary (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2018, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto, which were authorised for issue by the Company’s Board of Management on 8 August 2018, as set out on pages 5 to 44.

### **Management’s Responsibility**

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

### **Auditor’s Responsibility**

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

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



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of VinaCafé Bien Hoa Joint Stock Company and its subsidiary as at 30 June 2018 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 18-01-288/1



  
Lam Thi Ngoc Hao  
Practicing Auditor Registration  
Certificate No. 0866-2018-007-1  
*Deputy General Director*

  
Nelson Rodriguez Casihan  
Practicing Auditor Registration  
Certificate No. 2225-2018-007-1

Ho Chi Minh City, 8 August 2018

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

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>1,112,073,496,534</b>	<b>2,829,757,572,782</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>8</b>	<b>443,687,054,822</b>	<b>2,495,714,686,629</b>
Cash	111		9,687,054,822	11,814,686,629
Cash equivalents	112		434,000,000,000	2,483,900,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>100,000,000,000</b>	<b>-</b>
Held-to-maturity investments – short-term	123	9	100,000,000,000	-
<b>Accounts receivable – short-term</b>	<b>130</b>	<b>10</b>	<b>263,192,708,076</b>	<b>43,705,236,791</b>
Accounts receivable from customers	131		256,059,529,812	36,981,549,864
Prepayments to suppliers	132		3,316,280,576	751,791,204
Other short-term receivables	136	11(a)	3,816,897,688	5,971,895,723
<b>Inventories</b>	<b>140</b>	<b>12</b>	<b>295,180,650,984</b>	<b>276,210,369,895</b>
Inventories	141		295,266,870,876	278,109,725,782
Allowance for inventories	149		(86,219,892)	(1,899,355,887)
<b>Other current assets</b>	<b>150</b>		<b>10,013,082,652</b>	<b>14,127,279,467</b>
Short-term prepaid expenses	151		1,247,132,262	3,907,334,338
Deductible value added tax	152		8,706,872,493	8,750,729,417
Taxes and others receivable from State Treasury	153		59,077,897	1,469,215,712

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

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

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>684,948,509,386</b>	<b>753,585,571,436</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>257,000,000</b>	<b>199,160,000</b>
Other long-term receivables	216	11(b)	257,000,000	199,160,000
<b>Fixed assets</b>	<b>220</b>		<b>632,467,238,988</b>	<b>666,554,636,023</b>
Tangible fixed assets	221	13	631,607,018,030	665,582,559,639
Cost	222		1,077,398,836,352	1,070,794,281,378
Accumulated depreciation	223		(445,791,818,322)	(405,211,721,739)
Intangible fixed assets	227	14	860,220,958	972,076,384
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,320,137,921)	(1,208,282,495)
<b>Long-term work in progress</b>	<b>240</b>		<b>2,518,198,694</b>	<b>8,261,322,378</b>
Construction in progress	242	15	2,518,198,694	8,261,322,378
<b>Other long-term assets</b>	<b>260</b>		<b>49,706,071,704</b>	<b>78,570,453,035</b>
Long-term prepaid expenses	261	16	22,989,360,980	24,054,252,687
Deferred tax assets	262	17	5,202,292,668	31,642,976,938
Goodwill	269	18	21,514,418,056	22,873,223,410
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>1,797,022,005,920</b>	<b>3,583,343,144,218</b>

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

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

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>737,761,182,416</b>	<b>2,818,126,415,213</b>
<b>Current liabilities</b>	<b>310</b>		<b>732,468,133,240</b>	<b>2,812,041,458,744</b>
Accounts payable to suppliers	311	19	256,178,739,204	392,142,293,178
Advances from customers	312		7,619,547,701	17,118,507,057
Taxes payable to State Treasury	313	20	49,210,023,543	26,640,938,561
Payables to employees	314		3,862,234,041	-
Accrued expenses	315	21	33,333,907,985	191,663,284,616
Other short-term payables	319	22(a)	5,648,497,468	1,756,282,893,506
Short-term borrowings	320	23	355,583,285,840	407,161,644,368
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,293,049,176</b>	<b>6,084,956,469</b>
Other long-term payables	337	22(b)	463,809,965	1,011,020,719
Provisions – long-term	342		4,829,239,211	5,073,935,750
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,059,260,823,504</b>	<b>765,216,729,005</b>
<b>Owners' equity</b>	<b>410</b>	<b>24</b>	<b>1,059,260,823,504</b>	<b>765,216,729,005</b>
Share capital	411	24	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	25	29,974,241,968	29,974,241,968
Investment and development fund	418	26	213,510,848,947	213,510,848,947
Undistributed profits after tax	421		556,166,756,026	260,832,034,286
- Undistributed profits after tax brought forward	421a		260,832,034,286	-
- Undistributed profit after tax for the current period/prior year	421b		295,334,721,740	260,832,034,286
Non-controlling interests	429		(6,182,373,437)	(4,891,746,196)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>1,797,022,005,920</b>	<b>3,583,343,144,218</b>

8 August 2018

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant



  
 Nguyen Tan Ky  
 Chief Executive Officer

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

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

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

	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>28</b>	<b>1,481,338,060,508</b>	<b>1,321,577,448,599</b>
<b>Revenue deductions</b>	<b>02</b>	<b>28</b>	<b>15,709,881,876</b>	<b>50,982,649,779</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>28</b>	<b>1,465,628,178,632</b>	<b>1,270,594,798,820</b>
<b>Cost of sales</b>	<b>11</b>	<b>29</b>	<b>1,076,770,972,647</b>	<b>808,986,240,932</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>388,857,205,985</b>	<b>461,608,557,888</b>
Financial income	21	30	19,238,535,364	39,556,090,992
Financial expenses	22	31	7,773,434,851	4,483,753,519
<i>In which: Interest expense</i>	23		<i>7,727,678,690</i>	<i>3,827,362,920</i>
Selling expenses	25	32	24,597,894,988	399,112,346,001
General and administration expenses	26	33	17,610,455,773	61,722,468,930
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>358,113,955,737</b>	<b>35,846,080,430</b>
Other income	31		10,959,324	350,057,295
Other expenses	32		608,902,607	17,429,143
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(597,943,283)</b>	<b>332,628,152</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>357,516,012,454</b>	<b>36,178,708,582</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>35</b>	<b>37,031,233,685</b>	<b>9,258,586,102</b>
<b>Income tax expense/(benefit) – deferred</b>	<b>52</b>	<b>35</b>	<b>26,440,684,270</b>	<b>(3,690,567,429)</b>
<b>Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)</b>	<b>60</b>		<b>294,044,094,499</b>	<b>30,610,689,909</b>

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

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

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

	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
<b>Net profit after tax (brought forward from previous page)</b>	<b>60</b>		<b>294,044,094,499</b>	<b>30,610,689,909</b>
<b>Attributable to:</b>				
Equity holders of the Company	61		295,334,721,740	31,906,258,061
Non-controlling interests	62		(1,290,627,241)	(1,295,568,152)
<hr/>				
<b>Earnings per share</b>				
Basic earnings per share	70	36	11,112	1,200
<hr/>				

8 August 2018

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:




Phan Thi Thuy Hoa  
Chief Accountant

Nguyen Tan Ky  
Chief Executive Officer

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

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

	Code	Six-month period ended	
		30/6/2018 VND	30/6/2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>357,516,012,454</b>	<b>36,178,708,582</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	42,050,757,363	39,412,524,075
Allowances and provisions	03	389,772,818	2,757,811,349
Exchange (gains)/losses arising from revaluation of monetary items dominated in foreign currencies	04	(245,444,009)	240,785,518
Profit from investing activities	05	(18,836,352,151)	(39,143,489,730)
Interest expense	06	7,727,678,690	3,827,362,920
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>388,602,425,165</b>	<b>43,273,702,714</b>
Change in receivables and other assets	09	(216,999,665,525)	25,980,987,577
Change in inventories	10	(19,604,750,446)	(89,547,101,363)
Change in payables and other liabilities	11	(288,784,412,010)	(38,977,431,107)
Change in prepaid expenses	12	6,309,925,783	7,402,121,400
		<b>(130,476,477,033)</b>	<b>(51,867,720,779)</b>
Interest paid	14	(8,266,053,530)	(4,015,978,497)
Corporate income tax paid	15	(22,028,450,990)	(20,446,952,111)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(160,770,981,553)</b>	<b>(76,330,651,387)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(7,407,949,326)	(7,997,727,282)
Proceeds from disposals of fixed assets	22	-	141,892,687
Placement of term deposits at banks and payment for other investment	23	(100,000,000,000)	(1,092,000,000,000)
Withdrawal of term deposits at banks	24	-	1,114,500,000,000
Receipts of interest	27	20,059,347,966	38,487,665,169
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(87,348,601,360)</b>	<b>53,131,830,574</b>

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

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

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

	Code	Six-month period ended	
		30/6/2018 VND	30/6/2017 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	709,371,412,653	517,774,843,477
Payments to settle loan principals	34	(760,949,771,181)	(530,407,404,683)
Payments of dividends	36	(1,752,597,119,200)	-
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(1,804,175,477,728)</b>	<b>(12,632,561,206)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(2,052,295,060,641)</b>	<b>(35,831,382,019)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>2,495,714,686,629</b>	<b>1,614,295,701,893</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>267,428,834</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>443,687,054,822</b>	<b>1,578,464,319,874</b>

8 August 2018

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Nguyen Tan Ky  
 Chief Executive Officer

  
 M.S.D. 00261626 - C.T.C. 00  
 CÔNG TY  
 CỔ PHẦN  
 VINACAFÉ  
 BIÊN HÒA  
 TP. BIÊN HÒA - TỈNH BÌNH DƯƠNG

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

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

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

These notes form an integral part of and should be read in conjunction with these accompanying consolidated interim 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 interim financial statements for the six-month period ended 30 June 2018 comprise the Company and its subsidiary (collectively referred to as “the Group”).

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 30 June 2018, the Group has 1 subsidiary (1/1/2018: the Group had 1 subsidiary). Detail information of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			30/6/2018	1/1/2018
CDN Production Trading Corporation	Beverage manufacturing and trading	Lot C I.III-3+5+7, Long Thanh industrial zone, Tam An commune, Long Thanh district, Dong Nai province, Vietnam.	85%	85%

The subsidiary is incorporated in Vietnam.

As at 30 June 2018, the Group had 322 employees (1/1/2018: 346 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidation interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

These consolidated interim 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. The consolidated interim financial statements are prepared for the six-month period ended 30 June 2018.

**(d) Accounting and presentation currency**

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

**(e) Corresponding figures**

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

**3. Summary of significant accounting policies**

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

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidation interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

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

**(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 interim 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.

**(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 interim financial statements.

**(iv) *Business combination***

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

**(b) Foreign currency transactions**

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

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

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

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

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

**(c) Cash and cash equivalents**

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

**(d) Investments**

*Held-to-maturity investments*

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

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

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

**(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 direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

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

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

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

**(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.

**(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.

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

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

**(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.

***Severance allowance***

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

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

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

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

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

**(o) Taxation**

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

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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

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

**(i) Financial income**

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

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

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

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

**(ii) Financial expenses**

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

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

**(r) Operating lease payments**

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

**(s) Earnings per share**

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

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

**(u) Segment reporting**

A segment is a distinguishable component of the Group 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 Group’s primary format for segment reporting is based on business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents and related income, investments and related income, loans and borrowings and related expenses, the Company’s headquarters’ corporate assets, selling expenses, general and administration expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

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

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

**(v) 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.

Related companies refer to parent company and its ultimate parent company and their subsidiaries and associates.

**4. Seasonality of operations**

Total revenue of the Group typically increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occur in the first quarter of each year. Accordingly, the Group typically increases the production of coffee, cereals and non-alcoholic drinks products and also increases advertising and promotion efforts in the fourth quarter of each year to boost sales during the period leading to the festive season.

**5. Changes in accounting estimates**

In preparing these consolidated interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. There was no significant changes in accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

**6. Changes in the composition of the Group**

There were no changes in the composition of the Group since the end of the last annual accounting period which affect the Group's consolidated interim financial statements for the six-month period ended 30 June 2018.

**7. Segment reporting**

**(a) Business segments**

The Group operates in the following main business segments:

- Coffee;
- Cereals;
- Non-alcoholic drinks; and
- Others.

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

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2018 (continued)**

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

<b>For the six-month period ended 30 June 2018</b>	<b>Coffee VND</b>	<b>Cereals VND</b>	<b>Non-alcoholic drinks VND</b>	<b>Others VND</b>	<b>Consolidated VND</b>
Local sales	574,605,136,667	122,333,253,145	662,680,587,024	7,424,569,944	1,367,043,546,780
Export sales	95,524,274,502	3,060,357,350	-	-	98,584,631,852
Total segment revenue – net	670,129,411,169	125,393,610,495	662,680,587,024	7,424,569,944	1,465,628,178,632
Segment cost of sales	(538,259,670,137)	(83,453,451,208)	(448,289,517,087)	(6,768,334,215)	(1,076,770,972,647)
Segment gross profit	131,869,741,032	41,940,159,287	214,391,069,937	656,235,729	388,857,205,985
Unallocated selling expenses					(24,597,894,988)
Unallocated general and administration expenses					(17,610,455,773)
Financial income					19,238,535,364
Financial expenses					(7,773,434,851)
Net operating profit					358,113,955,737
Other income					10,959,324
Other expenses					(608,902,607)
Income tax expense					(63,471,917,955)
Net profit after tax					294,044,094,499

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

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B 09a – DN/HN**

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

<b>For the six-month period ended 30 June 2017</b>	<b>Coffee VND</b>	<b>Cereals VND</b>	<b>Non-alcoholic drinks VND</b>	<b>Others VND</b>	<b>Consolidated VND</b>
Local sales	557,617,380,245	81,448,365,769	559,775,753,970	3,333,322,516	1,202,174,822,500
Export sales	67,452,271,820	967,704,500	-	-	68,419,976,320
Total segment revenue – net	625,069,652,065	82,416,070,269	559,775,753,970	3,333,322,516	1,270,594,798,820
Segment cost of sales	(444,997,293,191)	(44,862,276,614)	(316,938,361,107)	(2,188,310,020)	(808,986,240,932)
Segment gross profit	180,072,358,874	37,553,793,655	242,837,392,863	1,145,012,496	461,608,557,888
Unallocated selling expenses					(399,112,346,001)
Unallocated general and administration expenses					(61,722,468,930)
Financial income					39,556,090,992
Financial expenses					(4,483,753,519)
Net operating profit					35,846,080,430
Other income					350,057,295
Other expenses					(17,429,143)
Income tax expense					(5,568,018,673)
Net profit after tax					30,610,689,909

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

**(b) Geographical segments**

The Group operates in one geographical segment which is in Vietnam.

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

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

**8. Cash and cash equivalents**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	17,914,666	106,401,725
Cash at banks	9,669,140,156	11,708,284,904
Cash equivalents	434,000,000,000	2,483,900,000,000
	<hr/>	<hr/>
	443,687,054,822	2,495,714,686,629

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

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments – short-term	100,000,000,000	-
	<hr/>	<hr/>

This investment represented the other investment with remaining terms to maturity of twelve months or less from the accounting period.

**10. Accounts receivable from customers**

**Accounts receivable from customers who are related parties**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>The parent of parent company</b>		
▪ Masan Consumer Corporation	235,006,170,442	-
<b>Other related parties</b>		
▪ Quang Ninh Mineral Water Corporation	794,387,794	-
▪ Vinh Hao Mineral Water Corporation	-	834,643,095
▪ Masan HD One Member Company Limited	13,608,406	-
▪ Ma San PQ Corporation	-	2,051,555
▪ Masan Industrial One Member Company Limited	3,499,650	98,436,795
▪ Masan MB One Member Company Limited	-	3,225,596
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The trade related amounts due from other related parties were unsecured, interest free and are receivable within 90 days from invoice date.

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

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

**11. Other receivables**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from deposits at banks and other investment	3,111,287,518	4,334,283,333
Short-term deposits	655,856,000	1,132,677,200
Others	49,754,170	504,935,190
	3,816,897,688	5,971,895,723

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	257,000,000	199,160,000

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

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

**12. Inventories**

	<b>30/6/2018</b>		<b>1/1/2018</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	458,620,000	-	21,040,427,795	-
Raw materials	224,765,130,710	(86,219,892)	155,070,062,658	(128,614,804)
Tools and supplies	7,322,945,159	-	7,819,180,031	-
Finished goods	61,298,019,232	-	91,653,447,622	(1,770,408,875)
Merchandise inventories	1,422,155,775	-	2,526,607,676	(332,208)
	<u>295,266,870,876</u>	<u>(86,219,892)</u>	<u>278,109,725,782</u>	<u>(1,899,355,887)</u>

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

	<b>Six-month period ended</b>	
	<b>30/6/2018 VND</b>	<b>30/6/2017 VND</b>
Opening balance	1,899,355,887	2,889,903,268
Increase in allowance during the period	634,469,357	2,792,333,237
Allowance utilised during the period	(2,447,605,352)	(3,768,426,097)
Written back	-	(34,521,888)
Closing balance	<u>86,219,892</u>	<u>1,879,288,520</u>

Included in inventories of the Group at 30 June 2018 were VND86 million (1/1/2018: VND1,899 million) of slow-moving inventories.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2018 (continued)

Form B 09a – DN/HN

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

13. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
<b>Cost</b>					
Opening balance	203,621,464,636	859,281,736,596	3,405,124,475	4,485,955,671	1,070,794,281,378
Transfer from construction in progress	-	6,235,754,974	368,800,000	-	6,604,554,974
Closing balance	203,621,464,636	865,517,491,570	3,773,924,475	4,485,955,671	1,077,398,836,352
<b>Accumulated depreciation</b>					
Opening balance	52,113,103,886	346,922,647,185	2,897,034,083	3,278,936,585	405,211,721,739
Charge for the period	5,562,070,734	34,708,074,791	74,454,782	235,496,276	40,580,096,583
Closing balance	57,675,174,620	381,630,721,976	2,971,488,865	3,514,432,861	445,791,818,322
<b>Net book value</b>					
Opening balance	151,508,360,750	512,359,089,411	508,090,392	1,207,019,086	665,582,559,639
Closing balance	145,946,290,016	483,886,769,594	802,435,610	971,522,810	631,607,018,030

Included in the cost of tangible fixed assets were assets costing VND163,546 million which were fully depreciated as of 30 June 2018 (1/1/2018: VND162,481 million), but which are still in active use.

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

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

**14. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
<hr/>			
<b>Accumulated amortisation</b>			
Opening balance	1,012,406,973	195,875,522	1,208,282,495
Charge for the period	49,999,998	61,855,428	111,855,426
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Closing balance	1,062,406,971	257,730,950	1,320,137,921
<hr/>			
<b>Net book value</b>			
Opening balance	291,666,667	680,409,717	972,076,384
Closing balance	241,666,669	618,554,289	860,220,958

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

**15. Construction in progress**

<b>Six-month period ended</b>	<b>30/6/2018 VND</b>
Opening balance	8,261,322,378
Additions during the period	3,446,263,290
Transfer to tangible fixed assets	(6,604,554,974)
Transfer to long-term prepaid expenses	(2,584,832,000)
<hr/>	
Closing balance	2,518,198,694

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

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

Major constructions in progress were as follows:

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Machinery and equipment	2,509,073,694	8,261,322,378
Others	9,125,000	-
	<hr/>	<hr/>
	2,518,198,694	8,261,322,378
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## 16. Long-term prepaid expenses

	<b>Prepaid</b>	<b>Tools and</b>	<b>Total</b>
	<b>land costs</b>	<b>supplies</b>	<b>VND</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Opening balance	14,903,157,509	9,151,095,178	24,054,252,687
Additions during the period	-	565,054,137	565,054,137
Transfer from construction in progress	-	2,584,832,000	2,584,832,000
Amortisation for the period	(201,394,020)	(4,013,383,824)	(4,214,777,844)
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Closing balance	14,701,763,489	8,287,597,491	22,989,360,980
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## 17. Deferred tax assets

Deferred tax assets were recognised in respect of the following items:

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Accrued advertising and promotion expenses	2,471,811,327	22,546,637,213
Accrued logistic expenses	-	2,641,753,399
Accrued sales discounts	362,008,974	3,628,140,556
Unrealised profits	50,152,732	58,906,571
Other accruals	2,318,319,635	2,767,539,199
	<hr/>	<hr/>
	5,202,292,668	31,642,976,938
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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

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

**18. Goodwill**

<b>Six-month period ended</b>	<b>30/6/2018</b> <b>VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
<hr/>	
<b>Accumulated amortisation</b>	
Opening balance	4,302,883,621
Charge for the period	1,358,805,354
<hr/>	
Closing balance	5,661,688,975
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<b>Net book value</b>	
Opening balance	22,873,223,410
Closing balance	21,514,418,056
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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

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

**19. Accounts payable to suppliers**

**(a) Accounts payable to suppliers classified by payment term**

	30/6/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	256,178,739,204	256,178,739,204	392,142,293,178	392,142,293,178

**(b) Accounts payable to suppliers who are related parties**

	30/6/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
<b>The parent of parent company</b>				
▪ Masan Consumer Corporation	-	-	91,698,614,861	91,698,614,861
<b>Other related parties</b>				
▪ Vinh Hao Mineral Water Corporation	78,546,834,060	78,546,834,060	40,235,273,390	40,235,273,390
▪ Masan Industrial One Member Company Limited	9,360,864,122	9,360,864,122	10,384,145,679	10,384,145,679
▪ Masan Brewery Distribution One Member Company Limited	1,852,500	1,852,500	-	-

The trade related amounts due to the parent of parent company and other related parties were unsecured, interest free and are payable within 90 days from invoice date.

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

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2018 (continued)**

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

**20. Taxes payable to State Treasury**

	<b>1/1/2018 VND</b>	<b>Incurred VND</b>	<b>Paid/refunded VND</b>	<b>Deducted VND</b>	<b>30/6/2018 VND</b>
Corporate income tax	26,513,040,845	37,031,233,685	(22,028,450,990)	-	41,515,823,540
Value added tax	-	136,416,771,151	(35,287,732,299)	(93,453,379,949)	7,675,658,903
Personal income tax	127,897,716	2,884,330,542	(2,993,687,158)	-	18,541,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	26,640,938,561	176,332,335,378	(60,309,870,447)	(93,453,379,949)	49,210,023,543
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

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

**21. Accrued expenses**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	13,963,457,944	131,957,794,807
Logistics expenses	-	15,199,962,019
Sales discounts	1,692,260,612	20,875,377,191
Market research expenses	2,045,017,364	4,318,011,343
Bonus and 13 <sup>th</sup> month salary	4,926,019,463	8,167,950,513
Purchases not yet received invoices	1,982,130,328	1,211,168,861
Exhibition expenses	-	1,886,733,817
Construction in progress	157,625,000	1,804,664,200
Accrued interest expenses	887,927,126	1,426,301,966
Others	7,679,470,148	4,815,319,899
	<hr/>	<hr/>
	33,333,907,985	191,663,284,616
	<hr/>	<hr/>

**22. Other payables**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Dividend payables to parent company	-	1,200,921,084,00
Dividend payables to non-controlling interest	1,652,178,000	553,301,826,00
Short-term deposits received	1,352,568,428	1,093,187,21
Others payables to related party (*)	1,247,400,200	-
Social insurance, health insurance, unemployment insurance and trade union fees	333,068,927	222,848,39
Others	1,063,281,913	743,947,89
	<hr/>	<hr/>
	5,648,497,468	1,756,282,893,506
	<hr/>	<hr/>

(\*) The non-trade related amounts due to a related party were unsecured, interest free and are payable on demand.

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	463,809,965	1,011,020,719
	<hr/>	<hr/>

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

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B 09a – DN/HN**

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

**23. Short-term borrowings**

	1/1/2018		Movements during the period		30/6/2018	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	407,161,644,368	407,161,644,368	709,371,412,653	(760,949,771,181)	355,583,285,840	355,583,285,840

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

	Currency	Annual interest rate	30/6/2018 VND	1/1/2018 VND
Unsecured bank loan	VND	3.7% – 5.0%	355,583,285,840	407,161,644,368

VinaCafé Bien Hoa Joint Stock Company and its subsidiary

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2018 (continued)

Form B 09a – DN/HN

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

24. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interest VND	Total owners' equity VND
<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	-	-	-	31,906,258,061	(1,295,568,152)	30,610,689,909
<b>Balance at 30 June 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,674,467,326,210	(3,036,274,366)	2,180,707,492,759
<b>Balance at 1 January 2018</b>	265,791,350,000	29,974,241,968	213,510,848,947	260,832,034,286	(4,891,746,196)	765,216,729,005
Net profit for the period	-	-	-	295,334,721,740	(1,290,627,241)	294,044,094,499
<b>Balance at 30 June 2018</b>	265,791,350,000	29,974,241,968	213,510,848,947	556,166,756,026	(6,182,373,437)	1,059,260,823,504

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

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

**25. Share capital and share premium**

The Company's authorised and issued share capitals are as follow:

	<b>30/6/2018</b>		<b>1/1/2018</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
<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.

**26. Investment and development fund**

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

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

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

**27. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	8,060,752,000	6,049,348,200
Within 2 to 5 years	2,884,800,000	5,810,136,000
	<hr/>	<hr/>
	10,945,552,000	11,859,484,200
	<hr/>	<hr/>

**(b) Foreign currency**

	<b>30/6/2018</b>		<b>1/1/2018</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	168,061	3,851,956,515	56,025	1,269,529,446
	<hr/>		<hr/>	

**(c) Capital expenditure commitments**

As at 30 June 2018, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheets:

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	2,248,536,880	2,748,510,000
Approved and contracted	3,790,171,054	190,950,000
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	6,038,707,934	2,939,460,000
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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

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

**28. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of goods	1,477,357,893,232	1,319,396,993,023
▪ Other sales	3,980,167,276	2,180,455,576
	<hr/>	<hr/>
	1,481,338,060,508	1,321,577,448,599
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales discounts	3,966,131,135	14,511,102,627
▪ Sales returns	11,743,750,741	36,471,547,152
	<hr/>	<hr/>
	15,709,881,876	50,982,649,779
	<hr/>	<hr/>
Net revenue	1,465,628,178,632	1,270,594,798,820
	<hr/>	<hr/>

**29. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	1,071,100,824,503	804,694,934,760
▪ Other sales	5,035,678,787	1,533,494,823
▪ Allowance for inventories	634,469,357	2,757,811,349
	<hr/>	<hr/>
	1,076,770,972,647	808,986,240,932
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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

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

**30. Financial income**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks and other investment	18,836,352,151	39,049,449,891
Foreign exchange gains	402,183,213	506,641,101
	19,238,535,364	39,556,090,992
	19,238,535,364	39,556,090,992

**31. Financial expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Interest expense	7,727,678,690	3,827,362,920
Foreign exchange losses	45,756,161	656,390,599
	7,773,434,851	4,483,753,519
	7,773,434,851	4,483,753,519

**32. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	15,189,776,218	295,909,506,857
Management fee	-	37,243,324,004
Logistics expenses	4,503,026,139	45,337,251,158
Exhibition expenses	-	7,071,192,922
Staff costs	1,181,278,495	1,462,786,497
Other selling expenses	3,723,814,136	12,088,284,563
	24,597,894,988	399,112,346,001
	24,597,894,988	399,112,346,001

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

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

**33. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Management fee	720,000,000	43,426,135,580
Staff costs	8,141,833,335	9,321,933,286
Research and development expenses	633,562,626	1,225,273,230
Depreciation and amortisation of fixed assets	186,155,228	401,847,321
Amortisation of goodwill	1,358,805,354	1,358,805,354
Leased line system and information technology services	58,564,847	303,967,766
Others expenses	6,511,534,383	5,684,506,393
	<hr/>	<hr/>
	17,610,455,773	61,722,468,930
	<hr/>	<hr/>

**34. Production and business costs by element**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	932,450,822,279	678,632,767,204
Labour and staff costs	41,847,489,792	38,232,724,306
Depreciation and amortisation	42,050,757,363	39,412,524,075
Outside services	68,182,971,116	486,126,383,826
Other expenses	34,447,282,858	27,416,656,452
	<hr/>	<hr/>

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

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

**35. Income tax**

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

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current period	38,514,732,221	9,258,586,102
Over provision in prior periods	(1,483,498,536)	-
	37,031,233,685	9,258,586,102
<b>Deferred tax income</b>		
Origination and reversal of temporary differences	27,025,843,686	526,559,247
Effect of change in tax rate	(585,159,416)	(4,217,126,676)
	26,440,684,270	(3,690,567,429)
Income tax expense	63,471,917,955	5,568,018,673

**(b) Reconciliation of effective tax rate**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	357,516,012,454	36,178,708,582
Tax at the Company's tax rate	71,503,202,491	7,235,741,716
Effect of change in tax rate	(585,159,416)	(4,217,126,676)
Effect of amortisation of goodwill	271,761,069	271,761,071
Non-deductible expenses	908,849,684	852,022,976
Effect of different tax rate applied to expansion project	(8,106,331,322)	(262,667,297)
Over provision in prior periods	(1,483,498,536)	-
Deferred tax assets not recognised (*)	963,093,985	1,688,286,883
	63,471,917,955	5,568,018,673

(\*) Deferred tax assets have not been recognised in respect of temporary differences and tax losses of a subsidiary because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom. The tax losses of a subsidiary are subject to tax review and have not been finalised.

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

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

**(c) Applicable tax rates**

According to the corporate income tax law and the Law on encouragement of domestic investment, the Company has an obligation to pay the government corporate income tax at the incentive tax rate of 15% of taxable profits for the first twelve years (2005 to 2016) since the Company is a joint stock company which was converted from a state-owned enterprise before 2006. The Company is also exempted from corporate income tax for three years starting from the first year it generates taxable profits (2005 to 2007) and entitled to a 50% reduction in corporate income tax for seven succeeding years (2008 to 2014). All the above tax incentives are not applicable to other incomes and taxable profits from expansion project, which are subject to the normal corporate income tax rate.

The Company obtained an Investment Licence No, 47221000778 on 24 December 2009 for Bien Hoa II Coffee Manufacturing Factory based in Long Thanh District, Dong Nai Province (“Long Thanh Factory”). According to the first amended Investment Licence, taxable profits generated from Long Thanh Factory will be subject to the normal corporate income tax rate and is eligible to apply the tax exemption and reduction period as follows:

- Exempted from corporate income tax for two years starting from the first year Long Thanh Factory generates taxable profits (2014 to 2015); and
- Entitled to a 50% reduction in corporate income tax for four succeeding years (2016 to 2019).

The subsidiary has an obligation to pay the government corporate income tax rate 20% of taxable profits.

The normal corporate income tax rate applicable to enterprises before any incentives is 20%.

**(d) Tax contingencies**

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have different interpretations and the effects could be significant.

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

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

**36. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2018 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the period of VND295,334,721,740 (for the six-month period ended 30 June 2017: VND31,906,258,061) and a weighted average number of ordinary shares outstanding of 26,579,135 (for the six-month period ended 30 June 2017: 26,579,135), calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	295,334,721,740	31,906,258,061

**(ii) Weighted average number of ordinary shares**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

**(iii) Basic earnings per share**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	11,112	1,200

**(b) Diluted earnings per share**

As at 30 June 2018 and 1 January 2018, the Group did not have potential ordinary shares. Therefore the presentation of diluted earnings per share is not applicable.

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

**Form B 09a – DN/HN**

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

**37. 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) as at	
	30/6/2018 VND	30/6/2017 VND	30/6/2018 VND	1/1/2018 VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	28,304,772,566	20,202,616,597	-	(3,870,083,455)
Sales of goods	1,140,677,003,987	268,816,869	235,006,170,442	-
Management fee	-	79,593,962,710	-	(87,828,531,406)
<b>Parent company</b>				
<b>Masan Beverage Company Limited</b>				
Dividends	-	-	-	(1,200,921,084,000)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	83,548,558	201,658,018	3,499,650	6,999,300
Sales of fixed assets	-	-	-	91,437,495
Purchases of goods and service	10,370,860,248	6,019,316,194	(10,608,264,322)	(8,018,052,556)
Management fee	720,000,000	1,075,496,874	(720,000,000)	(2,366,093,123)
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	36,471,500	1,161,359,077	-	834,643,095
Purchases of goods	74,851,396,367	78,038,092,419	(41,842,549,212)	(22,218,429,105)
Purchase of service	46,318,707,504	43,849,104,192	(36,704,284,848)	(18,016,844,285)
<b>Masan Brewery Distribution Company Limited</b>				
Sales of goods	480,400	775,848,210	-	-
Purchases of goods	56,753,864	121,061,954	(1,852,500)	-
<b>Quang Ninh Mineral Water Corporation</b>				
Sales of goods	745,229,922	47,170,162	794,387,794	-

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

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

	Transaction value		Receivables/ (payables) as at	
	30/6/2018	30/6/2017	30/6/2018	1/1/2018
	VND	VND	VND	VND
<b>Masan HD One Member Company Limited</b>				
Sales of goods	33,388,778	10,718,274	13,608,406	-
<b>Ma San PQ Corporation</b>				
Sales of goods	5,186,821	-	-	2,051,555
<b>Masan MB One Member Company Limited</b>				
Sales of goods	26,782,300	11,272,255	-	3,225,596
<b>Key management personnel</b>				
Remunerations	2,369,933,936	735,322,107	-	-

As at 30 June 2018, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

### 38. Post balance sheet events

There has been no other significant event occurring after the balance sheet date which would require adjustment or disclosures to be made in the consolidated interim financial statements.

8 August 2018

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer