

VinaCafé Bien Hoa Joint Stock Company

Separate Financial Statements
for the six-month period ended
30 June 2017

**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 Planning and Investment Department of Dong Nai Province.

Board of Directors

Pham Quang Vu	Chairman
Nguyen Hoang Yen	Member
Pham Dinh Toai	Member
Pham Hong Son	Member
Le Trung Thanh	Member
Nguyen Nam Hai	Member

Board of Management

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

Registered Office

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 June 2017

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		2,308,293,955,300	2,301,453,842,958
Cash and cash equivalents	110	4	1,578,250,612,357	1,610,438,753,970
Cash	111		6,250,612,357	5,038,753,970
Cash equivalents	112		1,572,000,000,000	1,605,400,000,000
Short-term financial investments	120	5(a)	422,500,000,000	445,000,000,000
Held-to-maturity investments	123		422,500,000,000	445,000,000,000
Accounts receivable – short-term	130		30,161,179,953	53,080,410,777
Accounts receivable from customers	131		22,270,058,391	47,311,508,637
Prepayments to suppliers	132		514,281,955	284,092,400
Other receivables – short-term	136	6(a)	7,376,839,607	6,285,424,425
Allowance for doubtful debts	137		-	(800,614,685)
Inventories	140	7	275,377,075,956	187,616,263,632
Inventories	141		277,253,311,924	190,503,114,348
Allowance for inventories	149		(1,876,235,968)	(2,886,850,716)
Other current assets	150		2,005,087,034	5,318,414,579
Short-term prepaid expenses	151		2,005,087,034	5,318,414,579

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 June 2017 (continued)

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		823,510,698,871	847,692,598,331
Accounts receivable – long-term	210		110,269,752,433	101,913,612,201
Loans receivable – long-term	215	8	103,500,000,000	98,000,000,000
Other long-term receivables	216	6(b)	6,769,752,433	3,913,612,201
Fixed assets	220		623,097,963,485	658,591,496,693
Tangible fixed assets	221	9	622,355,698,340	657,787,376,120
<i>Cost</i>	222		985,455,132,796	988,717,247,905
<i>Accumulated depreciation</i>	223		(363,099,434,456)	(330,929,871,785)
Intangible fixed assets	227	10	742,265,145	804,120,573
<i>Cost</i>	228		1,880,358,879	1,880,358,879
<i>Accumulated amortisation</i>	229		(1,138,093,734)	(1,076,238,306)
Long-term work in progress	240		2,275,477,018	3,373,536,764
Construction in progress	242	11	2,275,477,018	3,373,536,764
Long-term financial investments	250		35,000,000,000	35,000,000,000
Investments in subsidiaries	251	5(b)	35,000,000,000	35,000,000,000
Other long-term assets	260		52,867,505,935	48,813,952,673
Long-term prepaid expenses	261	12	20,345,095,384	20,094,105,441
Deferred tax assets	262		32,522,410,551	28,719,847,232
TOTAL ASSETS (270 = 100 + 200)	270		3,131,804,654,171	3,149,146,441,289

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 June 2017 (continued)

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		919,461,517,186	976,775,277,196
Current liabilities	310		918,081,776,463	974,917,068,519
Accounts payable to suppliers	311		317,364,757,191	334,772,064,929
Advances from customers	312		16,957,162,760	6,600,908,908
Taxes payable to State Treasury	313	13	35,830,774,450	68,969,408,877
Accrued expenses	315	14	193,448,884,622	201,548,229,028
Other short-term payables	319	15(a)	5,700,936,745	1,614,634,876
Short-term borrowings	320	16	327,747,363,237	340,379,924,443
Bonus and welfare funds	322	17	21,031,897,458	21,031,897,458
Long-term liabilities	330		1,379,740,723	1,858,208,677
Other long-term payables	337	15(b)	1,379,740,723	1,858,208,677
EQUITY (400 = 410)	400		2,212,343,136,985	2,172,371,164,093
Owners' equity	410	18	2,212,343,136,985	2,172,371,164,093
Share capital	411	19	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412		29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		1,703,066,696,070	1,663,094,723,178
- Undistributed profits after tax brought forward	421a		1,663,094,723,178	1,259,419,681,720
- (Loss)/retained profit for the current period	421b		39,971,972,892	403,675,041,458
TOTAL RESOURCES (440 = 300 + 400)	440		3,131,804,654,171	3,149,146,441,289

27 July 2017

Prepared by:



Hong Do Nguyen Thao
General Accountant

Approved by:





Phan Thi Thuy Hoa
Chief Accountant

Nguyen Tan Ky
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company
Separate statement of income for the six-month year ended 30 June 2017

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

	Code	Note	Quarter II		Year to date	
			2017	2016	2017	2016
			VND	VND	VND	VND
Revenue from sales of goods	01	21	894,445,917,495	775,514,851,924	1,321,764,469,208	1,251,761,079,813
Revenue deductions	02	21	43,113,672,057	23,025,334,333	50,961,410,509	55,132,873,199
Net revenue (10 = 01 - 02)	10	21	851,332,245,438	752,489,517,591	1,270,803,058,699	1,196,628,206,614
Cost of sales	11	22	530,247,752,075	503,729,071,308	809,149,207,988	820,592,872,571
Gross profit (20 = 10 - 11)	20		321,084,493,363	248,760,446,283	461,653,850,711	376,035,334,043
Financial income	21	23	21,835,659,573	19,481,358,680	42,807,592,917	34,061,024,791
Financial expenses	22	24	2,593,811,359	2,392,768,313	4,065,777,119	5,194,602,918
Selling expenses	25	25	231,080,896,796	183,474,710,434	397,241,634,506	306,466,484,377
General and administration expenses	26	26	31,418,084,591	20,802,061,796	58,063,529,275	36,447,294,332
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		77,827,360,190	61,572,264,420	45,090,502,728	61,987,977,207
Other income	31		250,951,377	5,344,254	345,895,315	11,233,279
Other expenses	32		865,347	21,362,119	8,402,368	547,871,953
Results of other activities (40 = 31 - 32)	40		250,086,030	(16,017,865)	337,492,947	(536,638,674)
Accounting loss before tax (50 = 30 + 40)	50		78,077,446,220	61,556,246,555	45,427,995,675	61,451,338,533
Income tax expense – current	51		9,258,586,102	14,286,332,079	9,258,586,102	14,647,143,812
Income tax benefit – deferred	52		(3,802,563,319)	(7,201,127,629)	(3,802,563,319)	(5,600,785,877)
Net loss after tax (60 = 50 - 51 - 52)	60		72,621,423,437	54,471,042,105	39,971,972,892	52,404,980,598

27 July 2017

Prepared by:



Hong Do Nguyen Thao
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Nguyen Tan Ky
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2017
(Indirect method)

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

	Code	Six-month period ended	
		30/6/2017	30/6/2016
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	45,427,995,675	61,451,338,533
Adjustments for			
Depreciation and amortisation	02	37,645,806,148	29,558,538,838
Allowances and provisions	03	2,206,452,496	10,904,970,962
Exchange losses/(gains) arising from revaluation of monetary items dominated in foreign currencies	04	2,970,468	(957,168,091)
Profit from investing activities	05	(42,501,559,655)	(31,178,837,138)
Interest expense	06	3,827,362,920	5,122,900,942
Operating profit before changes in working capital	08	46,609,028,052	74,901,744,046
Change in receivables	09	24,082,718,379	13,242,595,731
Change in inventories	10	(89,967,264,820)	(76,482,452,823)
Change in payables and other liabilities	11	(33,307,187,686)	(17,023,828,082)
Change in prepaid expenses	12	5,951,210,926	1,572,806,415
		(46,631,495,149)	(3,789,134,713)
Interest paid	14	(4,015,978,497)	(5,381,060,177)
Income tax paid	15	(20,446,952,111)	(12,160,811,733)
Other payments for operating activities	17	-	(928,752,000)
Net cash flows from operating activities	20	(71,094,425,757)	(22,259,758,623)

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

VinaCafé Bien Hoa Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2017
(Indirect method - continued)

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

	Code	Six-month period ended	
		30/6/2017 VND	30/6/2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(5,762,703,421)	(15,239,205,490)
Proceeds from disposals of fixed assets	22	1,817,912,687	4,945,455
Loans provided	23	(5,500,000,000)	(55,000,000,000)
Placement of term deposits to banks	23	(1,092,000,000,000)	(3,564,900,000,000)
Withdrawal of term deposits	24	1,114,500,000,000	2,969,900,000,000
Payments for investments in a subsidiary	25	-	(35,000,000,000)
Receipts of interest	27	38,483,636,084	21,835,871,821
Net cash flows from investing activities	30	51,538,845,350	(678,398,388,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	517,774,843,477	543,110,325,539
Payments to settle loan principals	34	(530,407,404,683)	(548,881,095,838)
Net cash flows from financing activities	40	(12,632,561,206)	(5,770,770,299)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(32,188,141,613)	(706,428,917,136)
Cash and cash equivalents at the beginning of the period	60	1,610,438,753,970	1,425,460,022,439
Effect of exchange rate fluctuations on cash and cash equivalents	61	-	1,017,346,691
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	1,578,250,612,357	720,048,451,994

27 July 2017

Prepared by:



Hong Do Nguyen Thao
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Nguyen Tan Ky
Chief Executive Officer

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VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2017

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

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

1. Reporting entity

(a) Ownership structure

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam.

(b) Principals 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 export markets.

(c) Normal operating cycle

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

(d) Company structure

As at 30 June 2017, the Company has 1 subsidiary (1/1/2017: 1 subsidiary) as listed at Notes 5(b).

As at 30 June 2017, the Company had 341 employees (1/1/2017: 386 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December. These interim financial statements are prepared for the six-month period ended 30 June 2017.

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”) which is also the currency used for separate financial statements presentation purpose.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2017
(continued)

Form B 09a – DN
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(e) Corresponding figures

The corresponding figures as at 1 January 2017 were brought forward from the audited figures as at 31 December 2016.

3. Summary of significant accounting policies

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

(a) 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 most frequently conduct transactions.

All foreign exchange differences are recorded in the separate statements 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) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at cost less allowance for doubtful debts.

(ii) Investments in subsidiaries

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2017
(continued)

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(d) Trade and other receivables

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

(e) 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 Company applies the perpetual method of accounting for inventories.

(f) 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 – 20 years
▪ office equipment	3 – 7 years
▪ motor vehicles	5 – 10 years

(g) Intangible fixed assets

(i) Software

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

(ii) Brand name

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2017
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Form B 09a – DN
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(h) 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.

(i) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company 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 separate 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 Company 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.

(j) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) 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
Notes to the separate financial statements for the six-month period ended 30 June 2017
(continued)

Form B 09a – DN
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(m) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the separate balance sheet date, 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.

(n) Revenue

(i) Sales of goods

Revenue from sales of goods is recognised in the separate 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) Provision of services

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

(iii) Rental income

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

(o) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and 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
Notes to the separate financial statements for the six-month period ended 30 June 2017
(continued)

Form B 09a – DN
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(ii) Financial expenses

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

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.

(p) 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.

(q) Related parties

Related parties include enterprises and individuals that directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

4. Cash and cash equivalents

	30/6/2017	1/1/2017
	VND	VND
Cash on hand	1,450,696	66,338,875
Cash in banks	6,249,161,661	4,972,415,095
Cash equivalents	1,572,000,000,000	1,605,400,000,000
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	1,578,250,612,357	1,610,438,753,970
	<hr/>	<hr/>

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

VinaCafé Bien Hoa Joint Stock Company

Notes to the separate financial statements for the six-month period ended 30 June 2017 (continued)

Form B 09a – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

5. Investments

(a) Held-to-maturity investments – short-term

	30/6/2017 VND	1/1/2017 VND
Term deposits at banks	422,500,000,000	445,000,000,000

Held-to-maturity investments – short-term represented term deposits at banks with remaining terms to maturity of twelve months or less from the end of the annual accounting period.

(b) Investments in subsidiary

	30/6/2017 % of equity owned and voting rights	Cost VND	1/1/2017 % of equity owned and voting rights	Cost VND
CDN Production Trading Corporation (“CDN”)	2,524,500	85%	35,000,000,000	2,524,500
			85%	35,000,000,000

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2017
(continued)

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6. Other receivables

(a) Other short-term receivables comprised:

	30/6/2017	1/1/2017
	VND	VND
Accrued interest receivable from deposits at banks	6,151,473,611	5,589,586,111
Short-term deposits	1,104,116,000	641,340,000
Others	121,249,996	54,498,314
	<hr/>	<hr/>
	7,376,839,607	6,285,424,425

(b) Other long-term receivables comprised:

	30/6/2017	1/1/2017
	VND	VND
Long-term deposits	281,481,200	787,337,200
Accrued interest receivable from a subsidiary	6,488,271,233	3,126,275,001
	<hr/>	<hr/>
	6,769,752,433	3,913,612,201

7. Inventories

	30/6/2017		1/1/2017	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	7,634,024,488	-	7,328,414,698	-
Raw materials	150,926,682,817	(1,872,323,110)	72,704,256,296	(1,903,120,199)
Tools and supplies	8,862,689,341	-	9,303,833,294	-
Finished goods	104,081,379,913	(3,580,650)	96,803,696,914	(983,730,517)
Merchandise inventories	5,748,535,365	(332,208)	4,362,913,146	-
	<hr/>	<hr/>	<hr/>	<hr/>
	277,253,311,924	(1,876,235,968)	190,503,114,348	(2,886,850,716)

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

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Opening balance	2,886,850,716	6,617,541,636
Increase in allowance during the period	2,240,974,384	11,328,659,401
Allowance utilised during the period	(3,217,067,244)	(10,137,783,374)
Written back	(34,521,888)	(375,655,795)
	<hr/>	<hr/>
Closing balance	1,876,235,968	7,432,761,868
	<hr/>	<hr/>

Included in inventories at 30 June 2017 was VND1,876 million (1/1/2017: VND2,887 million) of slow-moving inventories.

8. Receivables on long-term lending loans

	30/6/2017	1/1/2017
	VND	VND
Long-term loans receivable from CDN, a subsidiary	103,500,000,000	98,000,000,000
	<hr/>	<hr/>

The long-term loans receivable of the Company as at 30 June 2017 was unsecured, bore fixed interest rate at 6.5% per annum and matures in 2019. The interest is receivable on the maturity of the loan agreement.

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9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	203,621,464,636	777,698,264,702	2,948,954,634	4,448,563,933	988,717,247,905
Additions during the period	-	-	35,000,000	-	35,000,000
Transfers from construction in progress	-	3,780,577,788	60,568,000	-	3,841,145,788
Disposals	-	(6,632,203,647)	-	(506,057,250)	(7,138,260,897)
Closing balance	203,621,464,636	774,846,638,843	3,044,522,634	3,942,506,683	985,455,132,796
Accumulated depreciation					
Opening balance	39,451,334,717	285,647,658,671	2,516,667,965	3,314,210,432	330,929,871,785
Charge for the period	5,551,544,586	31,642,764,693	201,643,549	187,997,892	37,583,950,720
Disposals	-	(4,908,330,799)	-	(506,057,250)	(5,414,388,049)
Closing balance	45,002,879,303	312,382,092,565	2,718,311,514	2,996,151,074	363,099,434,456
Net book value					
Opening balance	164,170,129,919	492,050,606,031	432,286,669	1,134,353,501	657,787,376,120
Closing balance	158,618,585,333	462,464,546,278	326,211,120	946,355,609	622,355,698,340

Included in the cost of tangible fixed assets were assets costing VND142,515 million which were fully depreciated as of 30 June 2017 (1/1/2017: VND VND141,939 million), but which are still in active use.

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10. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening and closing balances	1,004,073,640	876,285,239	1,880,358,879
Accumulated amortisation			
Opening balance	1,004,073,640	72,164,666	1,076,238,306
Charge for the period	-	61,855,428	61,855,428
Closing balance	1,004,073,640	134,020,094	1,138,093,734
Net book value			
Opening balance	-	804,120,573	804,120,573
Closing balance	-	742,265,145	742,265,145

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

11. Construction in progress

Six-month period ended	30/6/2017 VND
Opening balance	3,373,536,764
Additions during the period	5,631,959,366
Transfers to tangible fixed assets	(3,841,145,788)
Transfers to long-term prepaid expenses	(2,888,873,324)
Closing balance	2,275,477,018

During the six-month period ended 30 June 2017, there was no borrowing cost capitalised into construction in progress of the Company (The six-month period ended 30 June 2016: VND2,686 million)

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12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Total VND
Opening balance	15,305,945,549	4,788,159,892	20,094,105,441
Additions	-	194,944,661	194,944,661
Transfers from construction in progress	-	2,888,873,324	2,888,873,324
Disposal	-	(17,471,531)	(17,471,531)
Amortisation for the period	(201,394,020)	(2,613,962,491)	(2,815,356,511)
Closing balance	15,104,551,529	5,240,543,855	20,345,095,384

13. Taxes payable to State Treasury

	30/6/2017 VND	1/1/2017 VND
Value added tax	12,506,025,325	34,424,926,330
Corporate income tax	23,249,355,747	34,437,721,756
Personal income tax	75,393,378	106,760,791
	35,830,774,450	68,969,408,877

14. Accrued expenses

	30/6/2017 VND	1/1/2017 VND
Advertisement and promotion expenses	143,110,216,240	156,351,979,598
Logistics expenses	19,035,777,313	12,011,662,043
Sales discounts	5,690,497,948	7,739,728,317
Research and development expenses	9,098,592,891	4,831,004,249
Bonus and 13 th month salary	6,123,455,791	8,418,492,041
Purchases not yet received invoices	1,823,061,591	4,721,876,617
Exhibition expenses	3,078,787,501	947,931,934
Accrued interest expenses	222,818,378	411,433,955
Others	5,265,676,969	6,114,120,274
	193,448,884,622	201,548,229,028

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15. Other payables

(a) Other payables – short-term

	30/6/2017	1/1/2017
	VND	VND
Short-term deposits received	1,045,034,508	1,115,638,268
Social insurance, health insurance, unemployment insurance and trade union fees	204,048,630	199,032,290
Others	4,451,853,607	299,964,318
	5,700,936,745	1,614,634,876

(b) Other payables – long-term

	30/6/2017	1/1/2017
	VND	VND
Long-term deposits received	1,379,740,723	1,858,208,677

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16. Short-term Borrowings

	30/6/2017		1/1/2017	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	327,747,363,237	327,747,363,237	340,379,924,443	340,379,924,443

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

	Currency	Annual interest rate	30/6/2017 VND	1/1/2017 VND
Unsecured bank loans	VND	4.8%-5%	327,747,363,237	340,379,924,443

As at 30 June 2017, the Company does not have any overdue borrowings including principal and interest.

17. Bonus and welfare funds

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

	Six-month period ended	
	30/6/2017 VND	30/6/2016 VND
Opening balance and closing balance	21,031,897,458	21,031,897,458

There was no bonus and welfare funds appropriated from profit after tax at the Annual General Meetings of the Company's shareholders on 15 April 2017 and 20 April 2016

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18. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Total owners' equity VND
Balance at 1 January 2016	265,791,350,000	29,974,241,968	213,510,848,947	1,259,419,681,720	11,768,696,122,635
Net profit for the period	-	-	-	52,404,980,598	52,404,980,598
Board management fee	-	-	-	(928,752,000)	(928,752,000)
Balance at 30 June 2016	265,791,350,000	29,974,241,968	213,510,848,947	1,310,895,910,318	1,820,172,351,233
Balance at 1 January 2017	265,791,350,000	29,974,241,968	213,510,848,947	1,663,094,723,178	2,172,371,164,093
Net profit for the period	-	-	-	39,971,972,892	39,971,972,892
Balance at 30 June 2017	265,791,350,000	29,974,241,968	213,510,848,947	1,703,066,696,070	2,212,343,136,985

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

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19. Share capital

The Company's authorised and issued share capitals are:

	30/6/2017		1/1/2017	
	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
Shares in circulation				
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 period.

20. Off balance sheet items

Foreign currency

	30/6/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	183,073	4,150,293,533	161,941	3,679,293,840

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21. Revenue from sales of goods

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

Net revenue comprised:

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Total revenue	1,321,764,469,208	1,251,761,079,813
Less revenue deductions		
▪ Sales discounts	14,511,102,627	36,096,445,525
▪ Sales returns	36,450,307,882	19,036,427,674
	<hr/> 50,961,410,509	<hr/> 55,132,873,199
Net revenue	<hr/> 1,270,803,058,699	<hr/> 1,196,628,206,614

22. Cost of sales

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Total cost of sales		
▪ Goods sold	806,942,755,492	809,264,213,170
▪ Allowance for inventories	2,206,452,496	11,328,659,401
	<hr/> 809,149,207,988	<hr/> 820,592,872,571

23. Financial income

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Interest income from deposits	39,045,523,584	31,100,100,016
Interest income from loans	3,361,996,232	73,791,667
Foreign exchange gains	400,073,101	377,712,218
Other financial income	-	2,509,420,890
	<hr/> 42,807,592,917	<hr/> 34,061,024,791

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24. Financial expenses

	Six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Interest expense	3,827,362,920	5,122,900,942
Foreign exchange losses	238,414,199	71,701,976
	<hr/>	<hr/>
	4,065,777,119	5,194,602,918
	<hr/>	<hr/>

25. Significant transactions with related parties

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

	Transaction value		Receivables/(payables)	
	Six-month period ended		as at	
	30/6/2017	30/6/2016	30/6/2017	1/1/2017
	VND	VND	VND	VND
Parent of the parent company				
Masan Consumer Corporation				
Sales of goods	243,016,869	665,680,274	-	-
Purchases of goods	20,200,660,707	23,787,301,280	(7,706,562,381)	(6,078,604,247)
Management service charge	79,593,962,710	53,658,288,424	(87,553,358,981)	(105,559,512,066)
Related parties				
Masan Industrial One Member Company Limited				
Sales of goods	186,386,818	-	-	-
Purchases of goods	93,584,947	-	(24,729,337)	(2,002,149,996)
Purchase of service	5,925,731,247	1,753,988,500	(4,408,268,447)	-
Management service charge	1,075,496,874	720,000,000	(1,075,496,874)	-
Vinh Hao Mineral Water Corporation				
Sales of goods	1,161,359,077	1,646,672,963	-	-
Purchases of goods	78,038,092,419	75,737,725,134	(8,481,226,295)	(17,639,556,739)
Purchase of service	43,849,104,192	40,751,929,032	(9,041,107,838)	(20,992,292,640)

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	Transaction value		Receivables/(payables)	
	Six-month period ended 30/6/2017 VND	30/6/2016 VND	as at 30/6/2017 VND	1/1/2017 VND
Subsidiary				
CDN Production Trading Corporation				
Sales of goods	112,642,352	909,000	-	-
Service rendered	142,416,000	-	-	173,791,147
Sales of fixed assets	1,676,020,000	-	1,564,705,111	-
Purchases of goods	6,552,910,011	1,198,188,914	-	(982,973,503)
Loans receivable	5,500,000,000	55,000,000,000	103,500,000,000	98,000,000,000
Interest income from loans	3,361,996,232	73,791,667	6,488,271,233	3,126,275,001
Key management personnel				
Remunerations	735,322,107	928,752,000	-	-

26. Explanation for fluctuation in net profit after tax

Net profit after tax for the Quarter 2 of 2017 increased by VND18.1 billion, equivalent to 34% when comparing with the same period in previous year. This increment mainly due to:

- Net sale increased by VND98.8 billion, equivalent to 13%
- The increase in Selling expenses of VND47.6 billion equivalent to 26%. Selling expenses increased due to higher advertising and promotional expenses with an aim to increase competitive advantage of the Group.

27 July 2017

Prepared by:



Hong Do Nguyen Thao
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Nguyen Tan Ky
Chief Executive Officer