

**VinaCafé Bien Hoa Joint Stock Company**

Separate Financial Statements  
for the nine-month period ended  
30 September 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
Truong Cong Thang	Member (from 24 August 2017)
Pham Dinh Toai	Member
Pham Hong Son	Member
Le Trung Thanh	Member (untill 24 August 2017)
Nguyen Nam Hai	Member

### Board of Management

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

### Registered Office

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

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

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

	Code	Note	30/9/2017 VND	1/1/2017 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>2,433,585,112,095</b>	<b>2,301,453,842,958</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>1,081,710,131,188</b>	<b>1,610,438,753,970</b>
Cash	111		8,310,131,188	5,038,753,970
Cash equivalents	112		1,073,400,000,000	1,605,400,000,000
<b>Short-term financial investments</b>	<b>120</b>	<b>5(a)</b>	<b>977,000,000,000</b>	<b>445,000,000,000</b>
Held-to-maturity investments	123		977,000,000,000	445,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>34,612,197,005</b>	<b>53,080,410,777</b>
Accounts receivable from customers	131		20,823,539,454	47,311,508,637
Prepayments to suppliers	132		744,150,848	284,092,400
Other receivables – short-term	136	6(a)	13,044,506,703	6,285,424,425
Allowance for doubtful debts	137		-	(800,614,685)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>324,764,046,424</b>	<b>187,616,263,632</b>
Inventories	141		324,768,757,289	190,503,114,348
Allowance for inventories	149		(4,710,865)	(2,886,850,716)
<b>Other current assets</b>	<b>150</b>		<b>15,498,737,478</b>	<b>5,318,414,579</b>
Short-term prepaid expenses	151		15,498,737,478	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 September 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	30/9/2017 VND	1/1/2017 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>817,391,671,809</b>	<b>847,692,598,331</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>118,454,629,863</b>	<b>101,913,612,201</b>
Loans receivable – long-term	215	8	110,000,000,000	98,000,000,000
Other long-term receivables	216	6(b)	8,454,629,863	3,913,612,201
<b>Fixed assets</b>	<b>220</b>		<b>603,750,890,638</b>	<b>658,591,496,693</b>
Tangible fixed assets	221	9	603,039,553,207	657,787,376,120
Cost	222		986,095,987,796	988,717,247,905
Accumulated depreciation	223		(383,056,434,589)	(330,929,871,785)
Intangible fixed assets	227	10	711,337,431	804,120,573
Cost	228		1,880,358,879	1,880,358,879
Accumulated amortisation	229		(1,169,021,448)	(1,076,238,306)
<b>Long-term work in progress</b>	<b>240</b>		<b>8,708,041,779</b>	<b>3,373,536,764</b>
Construction in progress	242	11	8,708,041,779	3,373,536,764
<b>Long-term financial investments</b>	<b>250</b>		<b>35,000,000,000</b>	<b>35,000,000,000</b>
Investments in subsidiaries	251	5(b)	35,000,000,000	35,000,000,000
<b>Other long-term assets</b>	<b>260</b>		<b>51,478,109,529</b>	<b>48,813,952,673</b>
Long-term prepaid expenses	261	12	19,544,811,410	20,094,105,441
Deferred tax assets	262		31,933,298,119	28,719,847,232
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>3,250,976,783,904</b>	<b>3,149,146,441,289</b>

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

VinaCafé Bien Hoa Joint Stock Company  
Separate balance sheet as at 30 September 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	30/9/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>903,762,867,641</b>	<b>976,775,277,196</b>
<b>Current liabilities</b>	<b>310</b>		<b>902,567,486,920</b>	<b>974,917,068,519</b>
Accounts payable to suppliers	311		232,988,055,180	334,772,064,929
Advances from customers	312		22,851,801,727	6,600,908,908
Taxes payable to State Treasury	313	13	47,032,157,601	68,969,408,877
Employees payables	314		3,422,816,825	-
Accrued expenses	315	14	200,962,066,628	201,548,229,028
Other short-term payables	319	15(a)	4,403,345,365	1,614,634,876
Short-term borrowings	320	16	369,875,346,136	340,379,924,443
Bonus and welfare funds	322	17	21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>1,195,380,721</b>	<b>1,858,208,677</b>
Other long-term payables	337	15(b)	1,195,380,721	1,858,208,677
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>2,347,213,916,263</b>	<b>2,172,371,164,093</b>
<b>Owners' equity</b>	<b>410</b>	<b>18</b>	<b>2,347,213,916,263</b>	<b>2,172,371,164,093</b>
Share capital	411	19	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412		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		1,837,937,475,348	1,663,094,723,178
- Undistributed profits after tax brought forward	421a		1,663,094,723,178	1,259,419,681,720
- Undistributed profits after tax for the current period	421b		174,842,752,170	403,675,041,458
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>3,250,976,783,904</b>	<b>3,149,146,441,289</b>

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company

Separate statement of income for the nine-month period ended 30 September 2017

Form B 02a – DN/HN

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

	Code	Note	Quarter III		Year to date	
			2017	2016	2017	2016
			VND	VND	VND	VND
Revenue from sales of goods	01	21	794,937,251,697	832,703,648,032	2,116,701,720,905	2,084,464,727,845
Revenue deductions	02	21	12,960,548,137	15,536,388,926	63,921,958,646	70,669,262,125
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>21</b>	<b>781,976,703,560</b>	<b>817,167,259,106</b>	<b>2,052,779,762,259</b>	<b>2,013,795,465,720</b>
Cost of sales	11	22	475,699,049,503	500,467,634,460	1,284,848,257,491	1,321,060,507,031
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>306,277,654,057</b>	<b>316,699,624,646</b>	<b>767,931,504,768</b>	<b>692,734,958,689</b>
Financial income	21	23	24,846,220,967	19,432,368,120	67,653,813,884	53,493,392,911
Financial expenses	22	24	2,988,580,510	4,466,099,566	7,054,357,629	9,660,702,484
<i>In which: Interest expenses</i>	23		2,990,264,855	4,462,876,982	6,817,627,775	9,585,777,924
Selling expenses	25	25	135,522,702,096	177,521,370,479	532,764,336,602	483,987,854,856
General and administration expenses	26	26	28,394,591,541	19,181,001,601	86,458,120,816	55,628,295,933
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>164,218,000,877</b>	<b>134,963,521,120</b>	<b>209,308,503,605</b>	<b>196,951,498,327</b>
Other income	31		814,821	7,568,852	346,710,136	18,802,131
Other expenses	32		24,708	5,787	8,427,076	547,877,740
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>790,113</b>	<b>7,563,065</b>	<b>338,283,060</b>	<b>(529,075,609)</b>
<b>Accounting loss before tax (50 = 30 + 40)</b>	<b>50</b>		<b>164,218,790,990</b>	<b>134,971,084,185</b>	<b>209,646,786,665</b>	<b>196,422,422,718</b>
Income tax expense – current	51		28,758,899,280	18,459,050,114	38,017,485,382	33,106,193,926
Expense/(income) tax benefit – deferred	52		589,112,432	1,815,178,989	(3,213,450,887)	(3,785,606,888)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>134,870,779,278</b>	<b>114,696,855,082</b>	<b>174,842,752,170</b>	<b>167,101,835,680</b>

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of cash flows for the nine-month period ended 30 September 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	Nine-month period ended	
		30/9/2017	30/9/2016
		VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>209,646,786,665</b>	<b>196,422,422,718</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	57,633,733,995	44,529,252,820
Allowances and provisions	03	2,206,018,336	14,067,054,753
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(36,772,141)	(957,885,316)
Profit from investing activities	05	(67,260,064,886)	(50,506,725,185)
Interest expense	06	6,817,627,775	9,585,777,924
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>209,007,329,744</b>	<b>213,139,897,714</b>
Change in receivables	09	24,875,613,933	17,398,233,293
Change in inventories	10	(139,353,801,128)	(71,504,505,317)
Change in payables and other liabilities	11	(100,832,647,783)	23,490,684,282
Change in prepaid expenses	12	(6,275,242,044)	4,098,454,168
		<b>(12,578,747,278)</b>	<b>186,622,764,140</b>
Interest paid	14	(7,087,779,693)	(9,791,408,182)
Income tax paid	15	(40,851,983,283)	(23,093,692,638)
Other payments for operating activities	17	-	(928,752,000)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(60,518,510,254)</b>	<b>152,808,911,320</b>

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**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of cash flows for the nine-month period ended 30 September 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	Nine-month period ended	
		30/9/2017 VND	30/9/2016 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	21	(11,923,055,157)	(23,659,921,931)
Proceeds from disposals of fixed assets	22	1,817,912,687	4,945,455
Loans provided and other investments	23	(912,000,000,000)	(94,000,000,000)
Placement of term deposits to banks	23	(1,178,000,000,000)	(5,641,900,000,000)
Withdrawal of term deposits	24	1,546,000,000,000	5,561,900,000,000
Payments for investments in a subsidiary	25	-	(35,000,000,000)
Receipts of interest	27	56,357,344,074	45,815,139,452
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(497,747,798,396)</b>	<b>(186,839,837,024)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	861,572,129,118	825,710,701,057
Payments to settle loan principals	34	(832,076,707,425)	(760,187,554,009)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>29,495,421,693</b>	<b>65,523,147,048</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(528,770,886,957)</b>	<b>31,492,221,344</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>1,610,438,753,970</b>	<b>1,425,460,022,439</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>42,264,175</b>	<b>983,237,859</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>1,081,710,131,188</b>	<b>1,457,935,481,642</b>

30 October 2017

Prepared by:



Hong Do Nguyen Thao  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer

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

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the nine-month period ended 30**  
**September 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 September 2017, the Company has 1 subsidiary (1/1/2017: 1 subsidiary) as listed at Notes 5(b).

As at 30 September 2017, the Company had 334 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 nine-month period ended 30 September 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 nine-month period ended 30**  
**September 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 nine-month period ended 30**  
**September 2017 (continued)**

**Form B 09a – DN**  
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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.

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

**Form B 09a – DN**  
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**(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.

**(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 nine-month period ended 30**  
**September 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.

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

**(i) Financial income**

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

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

**(ii) Financial expenses**

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

Borrowing costs are recognised as an expense in the 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**

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

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

**4. Cash and cash equivalents**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	24,016,860	66,338,875
Cash in banks	8,286,114,328	4,972,415,095
Cash equivalents	1,073,400,000,000	1,605,400,000,000
	<hr/>	<hr/>
	1,081,710,131,188	1,610,438,753,970

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

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**5. Investments**

**(a) Held-to-maturity investments**

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

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

**(b) Investment in a subsidiary**

	Number of shares	30/9/2017 % of equity owned and voting rights	Cost VND	Number of shares	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

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**6. Other receivables**

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable	11,269,072,222	5,589,586,111
Short-term deposits	1,269,597,200	641,340,000
Other receivables	505,837,281	54,498,314
	<b>13,044,506,703</b>	<b>6,285,424,425</b>

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

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	199,160,000	787,337,200
Accrued interest receivable from a subsidiary	8,255,469,863	3,126,275,001
	<b>8,454,629,863</b>	<b>3,913,612,201</b>

**7. Inventories**

	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Goods in transit	6,081,183,900	-	7,328,414,698	-
Raw materials	148,543,494,566	(798,007)	72,704,256,296	(1,903,120,199)
Tools and supplies	8,730,154,016	-	9,303,833,294	-
Finished goods	157,124,076,767	(3,580,650)	96,803,696,914	(983,730,517)
Merchandise inventories	4,289,848,040	(332,208)	4,362,913,146	-
	<b>324,768,757,289</b>	<b>(4,710,865)</b>	<b>190,503,114,348</b>	<b>(2,886,850,716)</b>

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

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	2,886,850,716	6,617,541,636
Increase in allowance during the period	2,240,974,384	14,582,473,673
Allowance utilised during the period	(5,088,158,187)	(14,032,778,441)
Written back	(34,956,048)	(467,386,276)
Closing balance	4,710,865	6,699,850,592

Included in inventories at 30 September 2017 was VND4.7 million (1/1/2017: VND2,887 million) of slow-moving inventories.

**8. Receivables on long-term lending loans**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term loans receivable from CDN, a subsidiary	110,000,000,000	98,000,000,000

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

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**9. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	203,621,464,636	777,698,264,702	2,948,954,634	4,448,563,933	988,717,247,905
Additions during the period	-	-	73,400,000	-	73,400,000
Transfers from construction in progress	-	4,383,032,788	60,568,000	-	4,443,600,788
Disposals	-	(6,632,203,647)	-	(506,057,250)	(7,138,260,897)
Closing balance	203,621,464,636	775,449,093,843	3,082,922,634	3,942,506,683	986,095,987,796
<b>Accumulated depreciation</b>					
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	9,735,156,879	47,230,660,860	293,136,276	281,996,838	57,540,950,853
Disposals	-	(4,908,330,799)	-	(506,057,250)	(5,414,388,049)
Closing balance	49,186,491,596	327,969,988,732	2,809,804,241	3,090,150,020	383,056,434,589
<b>Net book value</b>					
Opening balance	164,170,129,919	492,050,606,031	432,286,669	1,134,353,501	657,787,376,120
Closing balance	154,434,973,040	447,479,105,111	273,118,393	852,356,663	603,039,553,207

Included in the cost of tangible fixed assets were assets costing VND150,520 million which were fully depreciated as of 30 September 2017 (1/1/2017: VND VND141,939 million), but are still in active use.

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**10. Intangible fixed assets**

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

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

**11. Construction in progress**

**Nine-month period ended**

	<b>30/9/2017</b> <b>VND</b>
Opening balance	3,373,536,764
Additions during the period	13,133,892,627
Transfers to tangible fixed assets	(4,443,600,788)
Transfers to long-term prepaid expenses	(3,355,786,824)
Closing balance	8,708,041,779

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

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**12. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	15,305,945,549	4,788,159,892	20,094,105,441
Additions	-	194,944,661	194,944,661
Transfers from construction in progress	-	3,355,786,824	3,355,786,824
Disposal	-	(17,471,531)	(17,471,531)
Amortisation for the period	(302,091,030)	(3,780,462,955)	(4,082,553,985)
Closing balance	15,003,854,519	4,540,956,891	19,544,811,410

**13. Taxes payable to State Treasury**

	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
Value added tax	15,329,519,997	34,424,926,330
Corporate income tax	31,603,223,855	34,437,721,756
Personal income tax	99,413,749	106,760,791
	47,032,157,601	68,969,408,877

**14. Accrued expenses**

	<b>30/9/2017 VND</b>	<b>1/1/2017 VND</b>
Advertisement and promotion expenses	99,897,102,662	156,351,979,598
Logistics expenses	15,747,122,935	12,011,662,043
Sales discounts	9,093,062,717	7,739,728,317
Research and development expenses	7,746,906,883	4,831,004,249
Bonus and 13 <sup>th</sup> month salary	6,394,634,444	8,418,492,041
Purchases not yet received invoices	11,135,681,524	4,721,876,617
Exhibition expenses	3,683,086,223	947,931,934
Accrued interest expenses	141,282,037	411,433,955
Construction in progress	1,423,974,320	-
Others	45,699,212,883	6,114,120,274
	200,962,066,628	201,548,229,028

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**15. Other payables**

**(a) Other payables – short-term**

	<b>30/9/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Short-term deposits received	1,250,443,048	1,115,638,268
Social insurance, health insurance, unemployment insurance and trade union fees	201,017,070	199,032,290
Others	2,951,885,247	299,964,318
	<hr/>	<hr/>
	4,403,345,365	1,614,634,876
	<hr/>	<hr/>

**(b) Other payables – long-term**

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

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**16. Short-term Borrowings**

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

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

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

As at 30 September 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:

	Nine-month period ended	
	30/9/2017 VND	30/9/2016 VND
Opening and closing balances	21,031,897,458	21,031,897,458

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

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18. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Total owners' equity VND
<b>Balance at 1 January 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,259,419,681,720	11,768,696,122,635
Net profit for the period	-	-	-	167,101,835,680	167,101,835,680
Board management fee	-	-	-	(928,752,000)	(928,752,000)
<b>Balance at 30 Sep 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,425,592,765,400	1,934,869,206,315
<b>Balance at 1 January 2017</b>	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	-	-	-	174,842,752,170	174,842,752,170
<b>Balance at 30 Sep 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,837,937,475,348	2,347,213,916,263

(\*) 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:

	30/9/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000

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

There were no movements in share capital during the period.

**20. Off balance sheet items**

**Foreign currency**

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

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**21. Revenue from sales of goods**

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

Net revenue comprised:

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Total revenue	2,116,701,720,905	2,084,464,727,845
Less revenue deductions		
▪ Sales discounts	24,159,357,471	47,829,179,929
▪ Sales returns	39,762,601,175	22,840,082,196
	<hr/> 63,921,958,646	<hr/> 70,669,262,125
Net revenue	<hr/> 2,052,779,762,259	<hr/> 2,013,795,465,720

**22. Cost of sales**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	1,282,642,239,155	1,306,945,419,634
▪ Allowance for inventories	2,206,018,336	14,115,087,397
	<hr/> 1,284,848,257,491	<hr/> 1,321,060,507,031

**23. Financial income**

	<b>Nine-month period ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	53,640,996,852	49,052,204,730
Interest income from financial activities	13,525,028,195	1,449,575,000
Foreign exchange gains	487,788,837	482,192,291
Realised gains from derivative financial instruments	-	2,509,420,890
	<hr/> 67,653,813,884	<hr/> 53,493,392,911

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**24. Financial expenses**

	Nine-month period ended	
	30/9/2017	30/9/2016
	VND	VND
Interest expense	6,817,627,775	9,585,777,924
Foreign exchange losses	236,729,854	74,924,560
	7,054,357,629	9,660,702,484

**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)	
	Nine-month period ended		as at	
	30/9/2017	30/9/2016	30/9/2017	1/1/2017
	VND	VND	VND	VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	489,718,338	848,727,856	-	-
Purchases of goods	31,976,130,690	35,969,077,403	(7,201,484,872)	(6,078,604,247)
Management service charge	117,784,133,558	88,762,017,847	(38,190,170,848)	(105,559,512,066)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	348,350,960	69,233,199	-	-
Purchases of goods>Returns	224,160,115	(60,267,500)	(118,518,716)	(2,002,149,996)
Purchase of service	9,627,563,667	2,721,384,000	(7,610,075,392)	-
Management service charge	1,613,245,311	1,080,000,000	(1,613,245,311)	-
Purchase of fixed assets	118,094,403	31,882,155	(129,903,843)	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	1,194,436,740	1,677,680,449	-	-
Purchases of goods	109,762,958,919	108,768,933,950	(22,972,141,757)	(17,639,556,739)
Purchase of service	63,311,582,592	62,326,524,336	(9,271,944,000)	(20,992,292,640)

