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**VinaCafé Bien Hoa Joint Stock Company**

Separate Financial Statements  
for the three-month period ended  
31 March 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 31 March 2017**

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

	Code	Note	31/3/2017 VND	1/1/2017 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>1,851,622,459,141</b>	<b>2,301,453,842,958</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>863,893,550,219</b>	<b>1,610,438,753,970</b>
Cash	111		4,393,550,219	5,038,753,970
Cash equivalents	112		859,500,000,000	1,605,400,000,000
<b>Short-term financial investments</b>	<b>120</b>	<b>5(a)</b>	<b>698,500,000,000</b>	<b>445,000,000,000</b>
Held-to-maturity investments	123		698,500,000,000	445,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>32,548,980,208</b>	<b>53,080,410,777</b>
Accounts receivable from customers	131		22,166,646,336	47,311,508,637
Prepayments to suppliers	132		4,842,942,772	284,092,400
Other receivables – short-term	136	6(a)	6,340,005,785	6,285,424,425
Allowance for doubtful debts	137		(800,614,685)	(800,614,685)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>252,839,791,226</b>	<b>187,616,263,632</b>
Inventories	141		252,843,029,869	190,503,114,348
Allowance for inventories	149		(3,238,643)	(2,886,850,716)
<b>Other current assets</b>	<b>150</b>		<b>3,840,137,488</b>	<b>5,318,414,579</b>
Short-term prepaid expenses	151		3,840,137,488	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 31 March 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	31/3/2017 VND	1/1/2017 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>834,353,647,540</b>	<b>847,692,598,331</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>106,116,081,200</b>	<b>101,913,612,201</b>
Loans receivable – long-term	215	8	101,000,000,000	98,000,000,000
Other receivables – long-term	216	6(b)	5,116,081,200	3,913,612,201
<b>Fixed assets</b>	<b>220</b>		<b>641,525,863,081</b>	<b>658,591,496,693</b>
Tangible fixed assets	221	9	640,752,670,222	657,787,376,120
Cost	222		990,184,662,067	988,717,247,905
Accumulated depreciation	223		(349,431,991,845)	(330,929,871,785)
Intangible fixed assets	227	10	773,192,859	804,120,573
Cost	228		1,880,358,879	1,880,358,879
Accumulated amortisation	229		(1,107,166,020)	(1,076,238,306)
<b>Long-term work in progress</b>	<b>240</b>		<b>3,970,404,002</b>	<b>3,373,536,764</b>
Construction in progress	242	11	3,970,404,002	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>47,741,299,257</b>	<b>48,813,952,673</b>
Long-term prepaid expenses	261	12	19,021,452,025	20,094,105,441
Deferred tax assets	262		28,719,847,232	28,719,847,232
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,685,976,106,681</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 31 March 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	31/3/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>546,254,393,133</b>	<b>976,775,277,196</b>
<b>Current liabilities</b>	<b>310</b>		<b>544,580,544,458</b>	<b>974,917,068,519</b>
Accounts payable to suppliers	311		235,716,513,474	334,772,064,929
Advances from customers	312		16,690,509,327	6,600,908,908
Taxes payable to State Treasury	313	13	17,055,319,041	68,969,408,877
Accrued expenses	315	14	182,402,819,188	201,548,229,028
Other payables – short-term	319	15(a)	2,385,318,495	1,614,634,876
Short-term borrowings	320	16	69,298,167,475	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>1,673,848,675</b>	<b>1,858,208,677</b>
Other payables – long-term	337	15(b)	1,673,848,675	1,858,208,677
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>2,139,721,713,548</b>	<b>2,172,371,164,093</b>
<b>Owners' equity</b>	<b>410</b>	<b>18</b>	<b>2,139,721,713,548</b>	<b>2,172,371,164,093</b>
Share capital	411	19	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		1,630,445,272,633	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		(32,649,450,545)	403,675,041,458
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,685,976,106,681</b>	<b>3,149,146,441,289</b>

28 April 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 three-month period ended 31 March 2017

Form B 02a – DN

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

	Code	Note	Quarter I		Year to date	
			2017	2016	2017	2016
			VND	VND	VND	VND
Revenue from sales of goods	01	21	427,318,551,713	476,246,227,889	427,318,551,713	476,246,227,889
Revenue deductions	02	21	7,847,738,452	32,107,538,866	7,847,738,452	32,107,538,866
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>21</b>	<b>419,470,813,261</b>	<b>444,138,689,023</b>	<b>419,470,813,261</b>	<b>444,138,689,023</b>
Cost of sales	11	22	278,901,455,913	316,863,801,263	278,901,455,913	316,863,801,263
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>140,569,357,348</b>	<b>127,274,887,760</b>	<b>140,569,357,348</b>	<b>127,274,887,760</b>
Financial income	21	23	20,971,933,344	14,579,666,111	20,971,933,344	14,579,666,111
Financial expenses	22	24	1,471,965,760	2,801,834,605	1,471,965,760	2,801,834,605
<i>In which: Interest expenses</i>	23		1,250,069,253	2,017,582,222	1,250,069,253	2,017,582,222
Selling expenses	25	25	166,160,737,710	122,991,773,943	166,160,737,710	122,991,773,943
General and administration expenses	26	26	26,645,444,684	15,645,232,536	26,645,444,684	15,645,232,536
<b>Net operating (loss)/profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>(32,736,857,462)</b>	<b>415,712,787</b>	<b>(32,736,857,462)</b>	<b>415,712,787</b>
Other income	31		142,796,786	5,889,025	142,796,786	5,889,025
Other expenses	32		55,389,869	526,509,834	55,389,869	526,509,834
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>87,406,917</b>	<b>(520,620,809)</b>	<b>87,406,917</b>	<b>(520,620,809)</b>
<b>Accounting loss before tax (50 = 30 + 40)</b>	<b>50</b>		<b>(32,649,450,545)</b>	<b>(104,908,022)</b>	<b>(32,649,450,545)</b>	<b>(104,908,022)</b>
Income tax expense – current	51		-	360,811,733	-	360,811,733
Income tax benefit – deferred	52		-	1,600,341,752	-	1,600,341,752
<b>Net loss after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>(32,649,450,545)</b>	<b>(2,066,061,507)</b>	<b>(32,649,450,545)</b>	<b>(2,066,061,507)</b>

28 April 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 cash flows for the three-month period ended 31 March 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	Three-month period ended	
		31/3/2017 VND	31/3/2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting loss before tax</b>	<b>01</b>	<b>(32,649,450,545)</b>	<b>(104,908,022)</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	18,898,800,764	14,784,491,602
Allowances and provisions	03	(32,129,337)	(48,032,644)
Exchange losses/(gains) arising from revaluation of monetary items dominated in foreign currencies	04	1,916,804	(190,059,584)
Profit from investing activities	05	(20,624,503,132)	(14,369,491,356)
Interest expense	06	1,250,069,253	2,017,582,222
<b>Operating (loss)/profit before changes in working capital</b>	<b>08</b>	<b>(33,155,296,193)</b>	<b>2,089,582,218</b>
Change in receivables	09	21,250,141,044	12,720,602,351
Change in inventories	10	(65,191,398,257)	(51,108,594,836)
Change in payables and other liabilities	11	(139,166,955,404)	(136,214,338,740)
Change in prepaid expenses	12	2,670,710,507	(620,301,240)
		<b>(213,592,798,303)</b>	<b>(173,133,050,247)</b>
Interest paid	14	(1,615,166,107)	(2,280,188,662)
Income tax paid	15	(20,446,952,111)	(12,160,811,733)
Other payments for operating activities	17	-	(494,786,050)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(235,654,916,521)</b>	<b>(188,068,836,692)</b>

*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 three-month period ended 31 March 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	Three-month period ended	
		31/3/2017 VND	31/3/2016 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	21	(2,580,936,244)	(9,950,683,360)
Proceeds from disposals of fixed assets	22	6,038,143	4,945,455
Loans provided	23	(3,000,000,000)	-
Placement of term deposits to banks	23	(698,500,000,000)	(2,255,000,000,000)
Withdrawal of term deposits	24	445,000,000,000	1,482,500,000,000
Payments for investments in a subsidiary	25	-	-
Receipts of interest	27	19,266,367,839	11,347,129,234
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(239,808,530,262)</b>	<b>(771,098,608,671)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	190,027,480,240	291,784,968,578
Payments to settle loan principals	34	(461,109,237,208)	(218,843,735,909)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(271,081,756,968)</b>	<b>72,941,232,669</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(746,545,203,751)</b>	<b>(886,226,212,694)</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>-</b>	<b>254,204,614</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>863,893,550,219</b>	<b>539,488,014,359</b>

28 April 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 three-month period ended 31 March 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 31 March 2017, the Company has 1 subsidiary (1/1/2017: 1 subsidiary) as listed at Notes 5(b).

As at 31 March 2017, the Company had 383 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 three-month period ended 31 March 2017.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the three-month period ended 31 March**  
**2017 (continued)**

**Form B 09a – DN**  
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**(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.

**(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 year 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.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the three-month period ended 31 March**  
**2017 (continued)**

**Form B 09a – DN**  
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**(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.

**(d) Accounts receivable**

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 – 15 years
▪ office equipment	4 – 6 years
▪ motor vehicles	3 – 10 years

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the three-month period ended 31 March**  
**2017 (continued)**

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

**(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.

**(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 term of the lease of 50 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.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the three-month period ended 31 March**  
**2017 (continued)**

**Form B 09a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
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**(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.

**(m) Taxation**

Income tax on the separate profit or separate loss for the year 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 year, using tax rates enacted at the separate balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

**(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.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the three-month period ended 31 March**  
**2017 (continued)**

**Form B 09a – DN**  
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**(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.

**(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 Group, including holding companies, subsidiaries and fellow subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the company, key management personnel, including directors and officers of the Group 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**

	<b>31/3/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	9,454,584	66,338,875
Cash in banks	4,384,095,635	4,972,415,095
Cash equivalents	859,500,000,000	1,605,400,000,000
	<hr/>	<hr/>
	863,893,550,219	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.

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<b>5. Investments</b>	<b>31/3/2017</b>	<b>1/1/2017</b>
<b>(a) Held-to-maturity investments – short-term</b>	<b>VND</b>	<b>VND</b>
Term deposits at banks	698,500,000,000	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 reporting date.		
<b>(b) Investments in subsidiary</b>	<b>31/3/2017</b>	
	<b>Number of shares owned</b>	<b>% of equity owned</b>
	<b>of voting rights</b>	<b>% of voting rights</b>
	<b>Number of shares owned</b>	<b>% of equity owned</b>
	<b>of voting rights</b>	<b>% of voting rights</b>
	<b>Cost VND</b>	<b>Cost VND</b>
CDN Production Trading Corporation (“CDN”)	2,524,500	85%
	85%	85%
	35,000,000,000	35,000,000,000
	2,524,500	85%
	85%	85%
	35,000,000,000	35,000,000,000

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**6. Other receivables**

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

	<b>31/3/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from deposits at banks	5,281,211,110	5,589,586,111
Short-term deposits	967,196,000	641,340,000
Others	91,598,675	54,498,314
	<hr/>	<hr/>
	6,340,005,785	6,285,424,425
	<hr/>	<hr/>

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

	<b>31/3/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	281,481,200	787,337,200
Accrued interest receivable from a subsidiary	4,834,600,000	3,126,275,001
	<hr/>	<hr/>
	5,116,081,200	3,913,612,201
	<hr/>	<hr/>

**7. Inventories**

	<b>31/3/2017</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	1,079,045,218	-	7,328,414,698	-
Raw materials	114,202,977,040	(2,448,406)	72,704,256,296	(1,903,120,199)
Tools and supplies	9,004,947,257	-	9,303,833,294	-
Finished goods	122,386,445,978	(790,237)	96,803,696,914	(983,730,517)
Merchandise inventories	6,169,614,376	-	4,362,913,146	-
	<hr/>	<hr/>	<hr/>	<hr/>
	252,843,029,869	(3,238,643)	190,503,114,348	(2,886,850,716)
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Movements in the allowance for inventories during the year were as follows:

	<b>Three-month period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	2,886,850,716	6,617,541,636
Allowance utilised during the year	(2,851,482,736)	(6,148,937,200)
Written back	(32,129,337)	-
Closing balance	3,238,643	468,604,436

Included in inventories at 31 March 2017 was VND3 million (1/1/2017: VND2,887 million) of slow-moving inventories.

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

	<b>31/3/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term loans receivable from CDN, a subsidiary	101,000,000,000	98,000,000,000

The long-term loans receivable of the Company as at 31 March 2017 was unsecured, bore fixed interest rate at 6.9% per annum and matures in 2019. The interest is receivable on the maturity of the loan agreement.

## 9. 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	777,698,264,702	2,948,954,634	4,448,563,933	988,717,247,905
Transfers from construction in progress	-	1,881,020,000	-	-	1,881,020,000
Disposals	-	(413,605,838)	-	-	(413,605,838)
Closing balance	203,621,464,636	779,165,678,864	2,948,954,634	4,448,563,933	990,184,662,067
<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	2,775,772,293	15,890,997,227	107,104,584	93,998,946	18,867,873,050
Disposals	-	(365,752,990)	-	-	(365,752,990)
Closing balance	42,227,107,010	301,172,902,908	2,623,772,549	3,408,209,378	349,431,991,845
<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	161,394,357,626	477,992,775,956	325,182,085	1,040,354,555	640,752,670,222

Included in the cost of tangible fixed assets were assets costing VND141,229 million which were fully depreciated as of 31 March 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
<b>Cost</b>			
Opening balance and closing balance	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	-	30,927,714	30,927,714
Closing balance	1,004,073,640	103,092,380	1,107,166,020
<b>Net book value</b>			
Opening balance	-	804,120,573	804,120,573
Closing balance	-	773,192,859	773,192,859

**11. Construction in progress**

**Three-month period ended**

	<b>31/3/2017</b> <b>VND</b>
Opening balance	3,373,536,764
Additions during the period	2,597,667,238
Transfers to tangible fixed assets	(1,881,020,000)
Transfers to long-term prepaid expenses	(119,780,000)
Closing balance	3,970,404,002

During the three-month period ended 31 March 2017, there was no borrowing cost capitalised into construction in progress of the Company (The three-month period ended 31 March 2016: VND1,383 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	-	119,780,000	119,780,000
Amortisation for the period	(100,697,010)	(1,286,681,067)	(1,387,378,077)
Closing balance	15,205,248,539	3,816,203,486	19,021,452,025

**13. Taxes payable to State Treasury**

	<b>31/3/2017 VND</b>	<b>1/1/2017 VND</b>
Value added tax	2,912,568,357	34,424,926,330
Corporate income tax	13,990,769,645	34,437,721,756
Personal income tax	151,981,039	106,760,791
	17,055,319,041	68,969,408,877

**14. Accrued expenses**

	<b>31/3/2017 VND</b>	<b>1/1/2017 VND</b>
Advertisement and promotion expenses	104,986,550,021	156,351,979,598
Logistics expenses	12,378,816,916	12,011,662,043
Sales discounts	3,860,108,180	7,739,728,317
Research and development expenses	5,384,024,431	6,521,004,249
Bonus and 13 <sup>th</sup> month salary	2,893,742,248	8,418,492,041
Purchases not yet received invoices	7,985,180,668	4,721,876,617
Exhibition expenses	3,359,420,379	947,931,934
Construction in progress	539,514,594	-
Accrued interest expenses	46,337,101	411,433,955
Management service charge payable to related parties	36,632,556,325	-
Others	4,336,568,325	4,424,120,274
	182,402,819,188	201,548,229,028

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**15. Other payables**

**(a) Other payables – short-term**

	<b>31/3/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Short-term deposits received	1,205,870,868	1,115,638,268
Social insurance, health insurance, unemployment insurance and trade union fees	206,602,713	199,032,290
Others	972,844,914	299,964,318
	<hr/>	<hr/>
	2,385,318,495	1,614,634,876
	<hr/>	<hr/>

**(b) Other payables – long-term**

	<b>31/3/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	1,673,848,675	1,858,208,677
	<hr/>	<hr/>

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## 16. Short-term Borrowings

	31/3/2017		1/1/2017	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	69,298,167,475	69,298,167,475	340,379,924,443	340,379,924,443

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

	Currency	Annual interest rate	31/3/2017 VND	1/1/2017 VND
Unsecured bank loans	VND	4%-5%	69,298,167,475	340,379,924,443

As at 31 March 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:

	Three-month period ended	
	31/3/2017 VND	31/3/2016 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 20 April 2016 and 21 April 2015.

**VinaCafé Bien Hoa Joint Stock Company**

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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 loss for the period	-	-	-	(2,066,061,507)	(2,066,061,507)
Board management fee	-	-	-	(494,786,050)	(494,786,050)
<b>Balance at 31 March 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,256,858,834,163	1,766,135,275,078
<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 loss for the period	-	-	-	(32,649,450,545)	(32,649,450,545)
<b>Balance at 31 March 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,630,445,272,633	2,139,721,713,548

(\*) 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:

	31/3/2017		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**

	31/3/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	65,693	1,490,581,729	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>Three-month period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>VND</b>	<b>VND</b>
Total revenue	427,318,551,713	476,246,227,889
Less revenue deductions		
▪ Sales discounts	5,084,544,101	15,590,196,361
▪ Sales returns	2,763,194,351	16,517,342,505
	7,847,738,452	32,107,538,866
Net revenue	419,470,813,261	444,138,689,023

**22. Cost of sales**

	<b>Three-month period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	278,933,585,250	316,863,801,263
▪ Allowance for inventories	(32,129,337)	-
	278,901,455,913	316,863,801,263
	278,901,455,913	316,863,801,263

**23. Financial income**

	<b>Three-month period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	18,957,992,838	14,364,545,901
Interest income from loans	1,708,324,999	-
Foreign exchange gains	305,615,507	215,120,210
	20,971,933,344	14,579,666,111
	20,971,933,344	14,579,666,111

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**24. Financial expenses**

	Three-month period ended	
	31/3/2017	31/3/2016
	VND	VND
Interest expense	1.250.069.253	2.017.582.222
Foreign exchange losses	221.896.507	784.252.383
	1.471.965.760	2.801.834.605

**25. Significant transactions with related parties**

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

	Transaction value		Receivables/(payables)	
	Three-month period ended		as at	
	31/3/2017	31/3/2016	31/3/2017	1/1/2017
	VND	VND	VND	VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	34,174,682	-	-	-
Purchases of goods	6,290,778,239	10,914,969,879	(3,637,561,019)	(6,078,604,247)
Management service charge	36,094,807,888	21,800,817,549	(141,654,319,954)	(105,559,512,066)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	101,720,418	11,933,600	-	-
Purchases of goods	38,349,443	(60,267,500)	(29,836,857)	(2,002,149,996)
Purchase of service	907,128,000	907,128,000	(332,613,600)	-
Management service charge	537,748,437	707,056,601	(537,748,437)	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	1,020,603,772	1,051,621,380	-	-
Purchases of goods	42,493,301,081	30,410,203,417	(23,746,194,658)	(17,639,556,739)
Purchase of service	21,438,822,672	12,890,851,200	(17,808,866,539)	(20,992,292,640)

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	Transaction value		Receivables/(payables)	
	Three-month period ended		as at	
	31/3/2017	31/3/2016	31/3/2017	1/1/2017
	VND	VND	VND	VND
<b>Subsidiary</b>				
<b>CDN Production Trading Corporation</b>				
Sales of goods	106,512,852	-	-	-
Service rendered	-	-	-	173,791,147
Purchases of goods	5,928,497,923	-	(2,779,673,585)	(982,973,503)
Loans receivable	3,000,000,000	-	101,000,000,000	98,000,000,000
Interest income from loans	1,708,324,999	-	4,834,600,000	3,126,275,001
<b>Board of Directors</b>				
Remunerations	309,448,650	494,786,050	-	-

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

Loss after tax for the three-month period ended 31 March 2017 increased by VND30.5 billion compared to the same period last year, mainly due to the increase in selling expense of 43.2 billion equivalent to 35%. During the first quarter of 2017, selling expenses increased due to higher advertising and promotional expenses with an aim to increase competitive advantage and ensure availability of products leading up to the Tet holiday.

28 April 2017

Prepared by:



Hong Do Nguyen Thao  
*General Accountant*

Approved by:



Phan Thi Thuy Hoa  
*Chief Accountant*



Nguyen Tan Ky  
*Chief Executive Officer*