



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

Consolidated Interim 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 Department of Planning and Investment 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

**Auditor**

KPMG Limited  
Vietnam

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

The Board of Management of VinaCafé Bien Hoa Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiary (collectively referred to as “the Group”) for the six-month period ended 30 June 2017.

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

- (a) the consolidated interim financial statements set out on pages 5 to 45 give a true and fair view of the consolidated financial position the Group as at 30 June 2017, and of its consolidated results of operations and its consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Nguyen Tan Ky  
*Chief Executive Officer*

Dong Nai, 15 August 2017



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115 Nguyen Hue Street, Ben Nghe Ward  
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## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

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

We have reviewed the accompanying consolidated interim financial statements of VinaCafé Bien Hoa Joint Stock Company (“the Company”) and its subsidiary (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2017, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto, which were authorised for issue by the Company’s Board of Management on 15 August 2017, as set out on pages 5 to 45.

### **Management’s Responsibility**

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

### **Auditor’s Responsibility**

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

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



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of VinaCafé Bien Hoa Joint Stock Company and its subsidiary as at 30 June 2017 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

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

Vietnam  
Review Report No. 17-01-288/1



Chong Kwang Puy  
Practicing Auditor Registration  
Certificate No. 0864-2013-007-1  
Deputy General Director

Ho Chi Minh City, 15 August 2017

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 June 2017**

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>2,323,108,934,755</b>	<b>2,323,304,183,347</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>8</b>	<b>1,578,464,319,874</b>	<b>1,614,295,701,893</b>
Cash	111		6,464,319,874	5,195,701,893
Cash equivalents	112		1,572,000,000,000	1,609,100,000,000
<b>Short-term financial investments</b>	<b>120</b>	<b>9</b>	<b>422,500,000,000</b>	<b>445,000,000,000</b>
Held-to-maturity investments	123		422,500,000,000	445,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>31,676,128,744</b>	<b>57,038,432,612</b>
Accounts receivable from customers	131	10	20,748,582,078	47,312,797,128
Prepayments to suppliers	132		3,550,530,639	4,061,378,970
Other short-term receivables	136	11(a)	7,377,016,027	6,464,871,199
Allowance for doubtful debts	137		-	(800,614,685)
<b>Inventories</b>	<b>140</b>	<b>12</b>	<b>279,747,346,839</b>	<b>192,958,056,825</b>
Inventories	141		281,626,635,359	195,847,960,093
Allowance for inventories	149		(1,879,288,520)	(2,889,903,268)
<b>Other current assets</b>	<b>150</b>		<b>10,721,139,298</b>	<b>14,011,992,017</b>
Short-term prepaid expenses	151		2,273,915,368	5,886,117,913
Deductible value added tax	152		8,447,223,930	8,125,874,104

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 June 2017 (continued)**

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 260)	<b>200</b>		<b>784,858,393,798</b>	<b>816,955,643,678</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>281,481,200</b>	<b>787,337,200</b>
Other long-term receivables	216	11(b)	281,481,200	787,337,200
<b>Fixed assets</b>	<b>220</b>		<b>630,467,099,612</b>	<b>666,253,545,393</b>
Tangible fixed assets	221	13	629,724,834,467	665,449,424,820
Cost	222		995,483,422,241	996,849,362,350
Accumulated depreciation	223		(365,758,587,774)	(331,399,937,530)
Intangible fixed assets	227	14	742,265,145	804,120,573
Cost	228		1,880,358,879	1,880,358,879
Accumulated amortisation	229		(1,138,093,734)	(1,076,238,306)
<b>Long-term work in progress</b>	<b>240</b>		<b>71,974,660,857</b>	<b>69,877,443,965</b>
Construction in progress	242	15	71,974,660,857	69,877,443,965
<b>Other long-term assets</b>	<b>260</b>		<b>82,135,152,129</b>	<b>80,037,317,120</b>
Long-term prepaid expenses	261	16	25,236,780,319	25,470,707,385
Deferred tax assets	262	17	32,666,343,046	28,975,775,617
Goodwill	269	18	24,232,028,764	25,590,834,118
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>3,107,967,328,553</b>	<b>3,140,259,827,025</b>

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 June 2017 (continued)**

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>927,259,835,794</b>	<b>990,163,024,175</b>
<b>Current liabilities</b>	<b>310</b>		<b>925,880,095,071</b>	<b>988,304,815,498</b>
Accounts payable to suppliers	311	19	321,966,156,486	342,122,116,780
Advances from customers	312		16,957,162,760	6,600,908,908
Taxes payable to State Treasury	313	20	35,864,588,713	69,121,472,935
Accrued expenses	315	21	196,207,720,228	206,835,685,717
Other short-term payables	319	22(a)	6,105,206,189	2,212,809,257
Short-term borrowings	320	23	327,747,363,237	340,379,924,443
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>1,379,740,723</b>	<b>1,858,208,677</b>
Other long-term payables	337	22(b)	1,379,740,723	1,858,208,677
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>2,180,707,492,759</b>	<b>2,150,096,802,850</b>
<b>Owners' equity</b>	<b>410</b>	<b>24</b>	<b>2,180,707,492,759</b>	<b>2,150,096,802,850</b>
Share capital	411	25	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412	25	29,974,241,968	29,974,241,968
Investment and development fund	418	26	213,510,848,947	213,510,848,947
Undistributed profits after tax	421		1,674,467,326,210	1,642,561,068,149
- Undistributed profits after tax brought forward	421a		1,642,561,068,149	1,259,419,681,720
- Undistributed profit after tax for the current period/prior year	421b		31,906,258,061	383,141,386,429
Non-controlling interests	429		(3,036,274,366)	(1,740,706,214)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>3,107,967,328,553</b>	<b>3,140,259,827,025</b>

15 August 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 consolidated interim financial statements*

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

**Consolidated statement of income for the six-month period ended 30 June 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	Six-month period ended	
			30/6/2017 VND	30/6/2016 VND
Revenue from sales of goods and provision of services	01	28	1,321,577,448,599	1,252,152,229,930
Revenue deductions	02	28	50,982,649,779	55,132,873,199
Net revenue (10 = 01 - 02)	10	28	1,270,594,798,820	1,197,019,356,731
Cost of sales	11	29	808,986,240,932	821,671,882,900
Gross profit (20 = 10 - 11)	20		461,608,557,888	375,347,473,831
Financial income	21	30	39,556,090,992	34,075,739,385
Financial expenses	22	31	4,483,753,519	5,318,029,546
<i>In which: Interest expense</i>	23		3,827,362,920	5,243,398,433
Selling expenses	25	32	399,112,346,001	308,333,645,054
General and administration expenses	26	33	61,722,468,930	37,290,268,734
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		35,846,080,430	58,481,269,882
Other income	31		350,057,295	11,233,266
Other expenses	32		17,429,143	619,865,759
Results of other activities (40 = 31 - 32)	40		332,628,152	(608,632,493)
Accounting profit before tax (50 = 30 + 40)	50		36,178,708,582	57,872,637,389
Income tax expense – current	51	35	9,258,586,102	14,647,143,812
Income tax benefit – deferred	52	35	(3,690,567,429)	(5,602,925,034)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		30,610,689,909	48,828,418,611

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of income for the six-month period ended 30 June 2017**  
(continued)

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

	Code	Note	Six-month period ended	
			30/6/2017 VND	30/6/2016 VND
<b>Net profit after tax (brought forward from previous page)</b>	<b>60</b>		<b>30,610,689,909</b>	<b>48,828,418,611</b>
<b>Attributable to:</b>				
Equity holders of the Company	61		31,906,258,061	49,333,919,187
Non-controlling interests	62		(1,295,568,152)	(505,500,576)
<b>Earnings per share</b>				
Basic earnings per share	70	36	1,200	1,856

15 August 2017

Prepared by:



Hong Do Nguyen Thao  
General Accountant

Approved by:




Phan Thi Thuy Hoa  
Chief Accountant

Nguyen Tan Ky  
Chief Executive Officer

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

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

	Code	Six-month period ended	
		30/6/2017 VND	30/6/2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>36,178,708,582</b>	<b>57,872,637,389</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	39,412,524,075	29,850,987,218
Allowances and provisions	03	2,757,811,349	10,904,970,962
Exchange losses/(gains) arising from revaluation of monetary items dominated in foreign currencies	04	240,785,518	(955,683,706)
Profit from investing activities	05	(39,143,489,730)	(31,192,152,263)
Interest expense	06	3,827,362,920	5,243,398,433
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>43,273,702,714</b>	<b>71,724,158,033</b>
Change in receivables and other assets	09	25,980,987,577	13,876,196,856
Change in inventories	10	(89,547,101,363)	(77,684,945,667)
Change in payables and other liabilities	11	(38,977,431,107)	(17,377,230,766)
Change in prepaid expenses	12	7,402,121,400	2,062,027,993
		<b>(51,867,720,779)</b>	<b>(7,399,793,551)</b>
Interest paid	14	(4,015,978,497)	(6,032,842,058)
Corporate income tax paid	15	(20,446,952,111)	(12,160,811,733)
Other payments for operating activities	17	-	(928,752,000)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(76,330,651,387)</b>	<b>(26,522,199,342)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(7,997,727,282)	(16,519,217,956)
Proceeds from disposals of fixed assets	22	141,892,687	4,945,455
Placement of term deposits at banks	23	(1,092,000,000,000)	(3,584,900,000,000)
Withdrawal of term deposits at banks	24	1,114,500,000,000	2,989,900,000,000
Acquisition of a subsidiary, net of cash acquired	25	-	(11,555,624,763)
Receipts of interest	27	38,487,665,169	21,922,561,945
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>53,131,830,574</b>	<b>(601,147,335,319)</b>

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the six-month period ended 30 June 2017**  
**(Indirect method – continued)**

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

	Code	Six-month period ended	
		30/6/2017 VND	30/6/2016 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	517,774,843,477	543,110,325,539
Payments to settle loan principals	34	(530,407,404,683)	(598,881,095,838)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(12,632,561,206)</b>	<b>(55,770,770,299)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(35,831,382,019)</b>	<b>(683,440,304,960)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>1,614,295,701,893</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>1,017,346,691</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>1,578,464,319,874</b>	<b>743,037,064,170</b>

15 August 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 consolidated interim financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2017**

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

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

**1. Reporting entity**

**(a) Ownership structure**

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated interim financial statements for the six-month period ended 30 June 2017 comprise the Company and its subsidiary (collectively referred to as “the Group”).

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 30 June 2017, the Group has 1 subsidiary. Detail information of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			30/6/2017	1/1/2017
CDN Production Trading Corporation	Beverage manufacturing and trading	10 Hung Gia 2, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam	85%	85%

The subsidiary is incorporated in Vietnam.

As at 30 June 2017, the Group had 351 employees (1/1/2017: 423 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidation interim financial statements for the six-month period ended**  
**30 June 2017 (continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting and presentation currency**

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

**(e) Corresponding figures**

The corresponding figures as at 1 January 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 Group in the preparation of these consolidated interim financial statements.

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2017 (continued)**

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

**(a) Basis of consolidation**

**(i) Subsidiary**

Subsidiary is an entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

**(ii) Non-controlling interests**

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity.

**(iii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements.

**(iv) Business combination**

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

**(b) Foreign currency transactions**

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

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

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2017 (continued)**

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

**(c) Cash and cash equivalents**

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

**(d) Investments**

*Held-to-maturity investments*

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

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

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

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
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**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 – 25 years
▪ machinery and equipment	3 – 20 years
▪ office equipment	3 – 7 years
▪ motor vehicles	5 – 10 years

**(h) Intangible fixed assets**

**(i) Software**

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

**(ii) Brand name**

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

**(i) Construction in progress**

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

**(j) Long-term prepaid expenses**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the remaining term of the lease of 43 years.

**(ii) Tools and supplies**

Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 to 3 years.

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**(k) Goodwill**

Goodwill arising on the acquisition of a subsidiary is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

**(l) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their costs.

**(m) Provisions**

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

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

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

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**(o) Taxation**

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

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

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

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

**(p) Revenue**

**(i) Sales of goods**

Revenue from sales of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue from sales of goods is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Rental income**

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

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

**(i) Financial income**

Financial income mainly comprises interest income from deposits at banks 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 mainly comprise interest expenses on borrowings and foreign exchange losses.

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

**(r) Operating lease payments**

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

**(s) Earnings per share**

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

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

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**(t) Segment reporting**

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

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

**(u) Related parties**

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

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

**4. Seasonality of operations**

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

**5. Changes in accounting estimates**

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

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

There was no change in the composition of the Group since the end of the last annual accounting period which affect the Group's consolidated interim financial statements for the six-month period ended 30 June 2017.

**7. Segment reporting**

**(a) Business segments**

The Group operates in the following main business segments:

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

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

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary

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

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For the six-month period ended 30 June 2016	Coffee VND	Cereals VND	Non-alcoholic drinks VND	Others VND	Consolidated VND
Local sales	663,168,784,760	111,561,951,977	322,993,594,136	2,087,014,853	1,099,811,345,726
Export sales	94,845,889,150	2,362,121,855	-	-	97,208,011,005
Total segment revenue – net	758,014,673,910	113,924,073,832	322,993,594,136	2,087,014,853	1,197,019,356,731
Segment cost of sales	(552,838,599,181)	(62,257,706,764)	(205,382,746,258)	(1,192,830,697)	(821,671,882,900)
Segment gross profit	205,176,074,729	51,666,367,068	117,610,847,878	894,184,156	375,347,473,831
Unallocated selling expenses					(308,333,645,054)
Unallocated general and administration expenses					(37,290,268,734)
Financial income					34,075,739,385
Financial expenses					(5,318,029,546)
Net operating profit					58,481,269,882
Other income					11,233,266
Other expenses					(619,865,759)
Income tax expense					(9,044,218,778)
Net profit after tax					48,828,418,611

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

**(b) Geographical segments**

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

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**8. Cash and cash equivalents**

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	1,450,696	66,338,875
Cash at banks	6,462,869,178	5,129,363,018
Cash equivalents	1,572,000,000,000	1,609,100,000,000
	<hr/>	<hr/>
	1,578,464,319,874	1,614,295,701,893
	<hr/>	<hr/>

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

**9. Short-term investments**

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments	422,500,000,000	445,000,000,000
	<hr/>	<hr/>

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

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**10. Accounts receivable from customers**

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

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Other related parties</b>		
▪ Masan Brewery Distribution Company Limited	850,796,780	-
▪ Masan MB One Member Company Limited	9,084,278	-
	859,881,058	-

The trade related amounts due from other related parties were unsecured, interest free and are receivable within 30 days from invoice date.

**11. Other receivables**

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

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from deposits at banks	6,151,473,611	5,589,688,889
Short-term deposits	1,104,116,000	770,340,000
Others	121,426,416	104,842,310
	7,377,016,027	6,464,871,199

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

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	281,481,200	787,337,200
	281,481,200	787,337,200

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**12. Inventories**

	30/6/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	7,617,859,079	-	8,995,171,080	-
Raw materials	154,524,390,194	(1,875,375,662)	77,283,049,615	(1,906,172,751)
Tools and supplies	8,862,689,341	-	9,303,833,294	-
Finished goods	107,919,161,490	(3,580,650)	99,386,124,065	(983,730,517)
Merchandise inventories	2,702,535,255	(332,208)	879,782,039	-
	281,626,635,359	(1,879,288,520)	195,847,960,093	(2,889,903,268)

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

	Six-month period ended	
	30/6/2017 VND	30/6/2016 VND
Opening balance	2,889,903,268	6,617,541,636
Increase in allowance during the period	2,792,333,237	11,328,659,401
Allowance utilised during the period	(3,768,426,097)	(10,137,783,374)
Written back	(34,521,888)	(375,655,795)
Closing balance	1,879,288,520	7,432,761,868

Included in inventories of the Group at 30 June 2017 was VND1,879 million (1/1/2017: VND2,890 million) of slow-moving inventories.

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**13. 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	785,238,921,190	3,015,921,125	4,973,055,399	996,849,362,350
Additions during the period	-	115,000,000	35,000,000	-	150,000,000
Transfer from construction in progress	-	2,104,557,788	60,568,000	-	2,165,125,788
Disposals	-	(3,175,008,647)	-	(506,057,250)	(3,681,065,897)
Closing balance	203,621,464,636	784,283,470,331	3,111,489,125	4,466,998,149	995,483,422,241
<b>Accumulated depreciation</b>					
Opening balance	39,451,334,717	286,056,934,911	2,533,223,252	3,358,444,650	331,399,937,530
Charge for the period	5,551,544,586	32,001,177,661	213,228,110	225,912,936	37,991,863,293
Disposals	-	(3,127,155,799)	-	(506,057,250)	(3,633,213,049)
Closing balance	45,002,879,303	314,930,956,773	2,746,451,362	3,078,300,336	365,758,587,774
<b>Net book value</b>					
Opening balance	164,170,129,919	499,181,986,279	482,697,873	1,614,610,749	665,449,424,820
Closing balance	158,618,585,333	469,352,513,558	365,037,763	1,388,697,813	629,724,834,467

Included in the cost of tangible fixed assets were assets costing VND142,552 million which were fully depreciated as of 30 June 2017 (1/1/2017: VND141,939 million), but which are still in active use.

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**14. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,004,073,640	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	-	61,855,428	61,855,428
Closing balance	1,004,073,640	134,020,094	1,138,093,734
<b>Net book value</b>			
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 (1/1/2017: VND1,004 million), but which are still in active use.

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**15. Construction in progress**

	<b>VND</b>
Opening balance	69,877,443,965
Additions during the period	7,818,334,469
Transfer to tangible fixed assets	(2,165,125,788)
Transfer to long-term prepaid expenses	(3,555,991,789)
	71,974,660,857
Closing balance	71,974,660,857

During the period, no borrowing cost capitalised into construction in progress (six-month period ended 30 June 2016: VND2,761 million).

Major constructions in progress were as follows:

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Machinery and equipment	71,674,660,857	69,877,443,965
Software	300,000,000	-
	71,974,660,857	69,877,443,965
	71,974,660,857	69,877,443,965

**16. 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	10,164,761,836	25,470,707,385
Additions during the period	-	194,944,661	194,944,661
Transfer from construction in progress	-	3,555,991,789	3,555,991,789
Disposals	-	(17,471,531)	(17,471,531)
Amortisation for the period	(201,394,020)	(3,765,997,965)	(3,967,391,985)
	15,104,551,529	10,132,228,790	25,236,780,319
Closing balance	15,104,551,529	10,132,228,790	25,236,780,319

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**17. Deferred tax assets**

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

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Accrued advertising and promotion expenses	24,425,289,984	23,885,586,840
Accrued logistic expenses	3,335,068,185	1,834,998,172
Accrued sales discounts	996,975,240	1,182,383,193
Unrealised profits	143,932,495	227,462,349
Other accruals	3,765,077,142	1,845,345,063
	<hr/>	<hr/>
	32,666,343,046	28,975,775,617
	<hr/>	<hr/>

**18. Goodwill**

	<b>VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	1,585,272,913
Charge for the period	1,358,805,354
	<hr/>
Closing balance	2,944,078,267
	<hr/>
<b>Net book value</b>	
Opening balance	25,590,834,118
Closing balance	24,232,028,764
	<hr/>

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
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**19. Accounts payable to suppliers**

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

	30/6/2017		1/1/2017	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	321,966,156,486	321,966,156,486	342,122,116,780	342,122,116,780

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

	30/6/2017		1/1/2017	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
<b>The parent of parent company</b>				
▪ Masan Consumer Corporation	95,260,230,770	95,260,230,770	111,640,198,333	111,640,198,333
<b>Other related parties</b>				
▪ Vinh Hao Mineral Water Corporation	17,522,334,133	17,522,334,133	38,631,849,379	38,631,849,379
▪ Masan Industrial One Member Company Limited	321,522,537	321,522,537	2,002,149,996	2,002,149,996
▪ Viet Tien Food Technology One Member Limited	14,465,000	14,465,000	-	-

The trade related amounts due to the parent of parent company and other related parties were unsecured, interest free and are payable within 30 days from invoice date.

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20. Taxes payable to State Treasury

	1/1/2017 VND	Incurred VND	Paid/refunded VND	Deducted VND	30/6/2017 VND
Value added tax	34,424,926,330	122,645,975,200	(47,145,103,425)	(97,419,772,780)	12,506,025,325
Corporate income tax	34,437,721,756	9,258,586,102	(20,446,952,111)	-	23,249,355,747
Personal income tax	258,824,849	1,207,532,360	(1,357,149,568)	-	109,207,641
Import tax	-	300,727,900	(300,727,900)	-	-
Other taxes	-	5,596,752,400	(5,596,752,400)	-	-
	69,121,472,935	139,009,573,962	(74,846,685,404)	(97,419,772,780)	35,864,588,713

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**21. Accrued expenses**

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	145,234,792,541	158,942,644,197
Logistics expenses	19,035,777,313	12,011,662,043
Sales discounts	5,690,497,948	7,739,728,317
Market research expenses	9,098,592,891	5,245,604,249
Bonus and 13 <sup>th</sup> month salary	6,332,214,801	9,019,082,037
Purchases not yet received invoices	2,114,076,676	5,800,034,813
Exhibition expenses	3,078,787,501	1,210,431,934
Construction in progress	-	157,000,000
Accrued interest expenses	222,818,378	411,433,955
Management fee from a related company	1,075,496,874	-
Others	4,324,665,305	6,298,064,172
	<hr/>	<hr/>
	196,207,720,228	206,835,685,717

The management fee from a related company were unsecured, interest free and are payable at call.

**22. Other payables**

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

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Short-term deposits received	1,045,034,508	1,115,638,268
Social insurance, health insurance, unemployment insurance and trade union fees	184,806,911	253,685,303
Other payable to a related company	4,111,475,247	-
Others	763,889,523	843,485,686
	<hr/>	<hr/>
	6,105,206,189	2,212,809,257

The non-trade amounts due to a related company were unsecured, interest free and are payable at call.

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

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

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

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

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**23. Short-term borrowings**

	1/1/2017		Movements during the period		30/6/2017	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	340,379,924,443	340,379,924,443	517,774,843,477	(530,407,404,683)	327,747,363,237	327,747,363,237

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 loan	VND	4.8% – 5.0%	327,747,363,237	340,379,924,443

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

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**24. Changes in owners' equity**

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interest VND	Total owners' equity VND
<b>Balance at 1 January 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,259,419,681,720	-	1,768,696,122,635
Net profit for the period	-	-	-	49,333,919,187	(505,500,576)	48,828,418,611
Board of Directors fee	-	-	-	(928,752,000)	-	(928,752,000)
Non-controlling interest at acquisition date	-	-	-	-	1,380,686,995	1,380,686,995
<b>Balance at 30 June 2016</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,307,824,848,907	875,186,419	1,817,976,476,241
<b>Balance at 1 January 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,642,561,068,149	(1,740,706,214)	2,150,096,802,850
Net profit for the period	-	-	-	31,906,258,061	(1,295,568,152)	30,610,689,909
<b>Balance at 30 June 2017</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,674,467,326,210	(3,036,274,366)	2,180,707,492,759

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**25. Share capital and share premium**

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

	<b>30/6/2017</b>		<b>1/1/2017</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>		29,974,241,968		29,974,241,968

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

There were no movements in share capital during the period.

**26. Investment and development fund**

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

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**27. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	13,482,742,400	16,795,146,400
Within 2 to 5 years	8,497,972,200	8,933,421,400
	<hr/>	<hr/>
	21,980,714,600	25,728,567,800
	<hr/>	<hr/>

**(b) Foreign currency**

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

**(c) Capital expenditure commitments**

As at 30 June 2017, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheets:

	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	1,990,521,303	16,580,764,897
Approved and contracted	5,765,930,224	3,274,340,479
	<hr/>	<hr/>
	7,756,451,527	19,855,105,376
	<hr/>	<hr/>

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
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**28. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of goods	1,319,396,993,023	1,250,065,215,077
▪ Service and other sales	2,180,455,576	2,087,014,853
	<hr/>	<hr/>
	1,321,577,448,599	1,252,152,229,930
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales discounts	14,511,102,627	36,096,445,525
▪ Sales returns	36,471,547,152	19,036,427,674
	<hr/>	<hr/>
	50,982,649,779	55,132,873,199
	<hr/>	<hr/>
Net revenue	1,270,594,798,820	1,197,019,356,731
	<hr/>	<hr/>

**29. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	804,694,934,760	809,526,048,597
▪ Other sales	1,533,494,823	1,192,830,697
▪ Allowance for inventories	2,757,811,349	10,953,003,606
	<hr/>	<hr/>
	808,986,240,932	821,671,882,900
	<hr/>	<hr/>

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**30. Financial income**

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks	39,049,449,891	31,187,206,808
Foreign exchange gains	506,641,101	379,111,687
Other financial income	-	2,509,420,890
	<hr/>	<hr/>
	39,556,090,992	34,075,739,385
	<hr/>	<hr/>

**31. Financial expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Interest expense	3,827,362,920	5,243,398,433
Foreign exchange losses	656,390,599	74,631,113
	<hr/>	<hr/>
	4,483,753,519	5,318,029,546
	<hr/>	<hr/>

**32. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	295,909,506,857	222,107,852,719
Management fee	37,243,324,004	37,767,520,235
Logistics expenses	45,337,251,158	39,517,955,289
Exhibition expenses	7,071,192,922	6,859,226,686
Staff costs	1,462,786,497	602,842,819
Other selling expenses	12,088,284,563	1,478,247,306
	<hr/>	<hr/>
	399,112,346,001	308,333,645,054
	<hr/>	<hr/>

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**33. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Management fee	43,426,135,580	16,538,968,636
Staff costs	9,321,933,286	9,182,523,287
Research and development expenses	1,225,273,230	4,957,377,245
Depreciation and amortisation of fixed assets	401,847,321	533,101,281
Amortisation of goodwill	1,358,805,354	226,467,559
System lease line and information technology services	303,967,766	-
Others expenses	5,684,506,393	5,851,830,726
	<hr/>	<hr/>
	61,722,468,930	37,290,268,734
	<hr/>	<hr/>

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

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	678,632,767,204	705,578,533,475
Labour and staff costs	38,232,724,306	39,829,171,616
Depreciation and amortisation	39,412,524,075	29,850,987,218
Outside services	486,126,383,826	367,099,390,292
Other expenses	27,416,656,452	24,937,714,087
	<hr/>	<hr/>

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**35. Income tax**

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

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current period	9,258,586,102	14,286,332,079
Under provision in prior periods	-	360,811,733
	<hr/> 9,258,586,102	<hr/> 14,647,143,812
<b>Deferred tax income</b>		
Origination and reversal of temporary differences	526,559,247	(3,973,577,541)
Effect of change in tax rate	(4,217,126,676)	(1,629,347,493)
	<hr/> (3,690,567,429)	<hr/> (5,602,925,034)
Income tax expense	<hr/> 5,568,018,673	<hr/> 9,044,218,778

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

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	36,178,708,582	57,872,637,389
Tax at the Company's tax rate	7,235,741,716	8,680,895,608
Effect of change in tax rate	(4,217,126,676)	(1,629,347,493)
Effect of amortisation of goodwill	271,761,071	45,293,512
Effect of different tax rate applied to subsidiary and other income	-	1,233,198,159
Non-deductible expenses	852,022,976	64,770,489
Effect of different tax rate applied to expansion project	(262,667,297)	(212,633,900)
Under provision in prior periods	-	360,811,733
Deferred tax assets not recognised (*)	1,688,286,883	501,230,670
	<hr/> 5,568,018,673	<hr/> 9,044,218,778

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

**(c) Applicable tax rates**

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

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

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

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

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

**(d) Tax contingencies**

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

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**36. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the period of VND31,906,258,061 (for the six-month period ended 30 June 2016: VND49,333,919,187) and a weighted average number of ordinary shares outstanding of 26,579,135 (for the six-month period ended 30 June 2016: 26,579,135), calculated as follows:

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

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	31,906,258,061	49,333,919,187

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

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

**(iii) Basic earnings per share**

	<b>Six-month period ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	1,200	1,856

**(b) Diluted earnings per share**

As at 30 June 2017, the Group did not have potential ordinary shares therefore the presentation of diluted earnings per share is not applicable.

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**37. Significant transactions with related parties**

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

	<b>Transaction value</b>		<b>Receivables/ (payables) as at</b>	
	<b>Six-month period ended</b>	<b>Six-month period ended</b>	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	20,202,616,597	23,787,301,280	(7,706,871,789)	(6,080,686,267)
Sales of goods	268,816,869	665,680,274	-	-
Management fee	79,593,962,710	53,658,288,424	(87,553,358,981)	(105,559,512,066)
<b>Related parties</b>				
<b>Masan Industrial One</b>				
<b>Member Company Limited</b>				
Sales of goods	201,658,018	-	-	1,399,860
Purchases of goods and service	6,019,316,194	1,753,988,500	(4,432,997,784)	(2,002,149,996)
Management fee	1,075,496,874	720,000,000	(1,075,496,874)	-
<b>Vinh Hao Mineral Water Corporation</b>				
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)
<b>Quang Ninh Mineral Water Corporation</b>				
Purchases of goods	-	6,772,989,600	-	-

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	Transaction value		Receivables/ (payables) as at	
	30/6/2017	30/6/2016	30/6/2017	1/1/2017
	VND	VND	VND	VND
<b>Masan Brewery Distribution Company Limited</b>				
Sales of goods	775,848,210	-	850,796,780	-
Purchases of goods	121,061,954	-	-	-
<b>Key management personnel</b>				
Remunerations	735,322,107	928,752,000	-	-

As at 30 June 2017, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal term.

15 August 2017

Prepared by:



Hong Do Nguyen Thao  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer

